

## **Chairman's Annual Report 2015.**

The popularity of smart phone taxi booking applications and the disruptive impact of unregulated and unauthorised ride-share services has negatively impacted on the volume of both mobile and fixed line calls to our Australia wide network. The reduction in call numbers was most pronounced among our east coast capital city licensees however Australia wide 26.4 million calls were made to our national number this financial year.

In March this year, after many months of difficult and protracted negotiations, the Company in the absence of any practical alternative, entered into a revised service contract with Telstra, its longstanding communications carrier. Pro-rata time based charges on all inbound mobile calls to our 131 008 service plus an additional flat fee per call on calls directed to a licensee's answer point via an IVR platform are being imposed on us by our carrier under this latest contract. Inbound call charges to June 30<sup>th</sup> 2015 amounting to \$117,000.00 have been born by the company and the Board in correspondence to licensees announced that in the 2015/16 year and beyond inbound charges for calls from mobiles and IVR usage would need to be passed on at cost to our licensees. Licensees were further advised that inbound charges would be partially offset by a rebate of 5 cents per inbound fixed line call. Given further consideration in the light of this year's one off profit result, the Board has now decided that the proposed fixed line call rebate will be suspended and that the Company will continue to fully absorb inbound charges for calls from mobiles until December 31<sup>st</sup> 2015 and IVR usage charges until June 30<sup>th</sup> 2016. Inbound charges for calls from mobiles and IVR usage accruing after each respective date will then be passed on to licensees as previously announced. The board is budgeting for a substantial reduction in administrative costs in the 2015/16 year through re-evaluation of administrative procedures aimed at achieving the most cost effective and efficient application of resources, however with respect to revenue, licences fees that have remained static for some years will be substantially increased in the 2016/17 financial year.

The board acknowledges that in the past IVR platforms provided this company with the opportunity to vastly expand the reach and consequent value to licence-holders of 131008 as national booking number. The imposition of usage charges by our carrier threatens our national coverage in many urban and country areas. The company is active in investigating alternative routing technology aimed at obviating or minimising the impost of call based IVR charges.

Developed to take advantage of technological change, our smartphone booking application was a late entry into a highly competitive market where the take-up of the application by networks and subsequent downloads and usage by taxi users has not met anticipated outcomes. Faced with increasing support overheads, the board is investigating a number of alternative arrangements to minimise recurrent costs associated with this venture.

Constitutional anomalies highlighted last year have been addressed and a draft constitution is available for adoption at this year's AGM.

The 131-008 service continues to be a valuable and sought after asset for taxi services and the company continues to welcome new shareholder taxi services. In the 2015 financial year, the share register expanded to include new shareholders representing taxi services from Karratha in Western Australia, Nhulunbuy in the Northern Territory and Forbes in New South Wales.

Finally, on behalf of the Directors and management, I thank all members for their support and we look forward to continuing our mutually beneficial relationship.