

Information Paper – Not Government Policy

A proposal to regulate High Occupancy, Luxury and Premium surcharge

Overview

The maximum fares that can be charged for taxi journeys in Queensland are determined by the chief executive of the Department of Transport and Main Roads (DTMR) and published by Government Gazette.

The High Occupancy (HO), Luxury and Premium surcharges are the only components of the taxi fare that are not regulated by DTMR.

The surcharge amount that is applied to a HO, Luxury and Premium taxi journey varies depending on the taxi booking company. Generally the surcharge is a set amount for journeys in these vehicles or in some circumstances the surcharge for a HO journey is a percentage of the total taxi fare for the journey.

Current policy requires that the HO, Luxury and Premium surcharge can only be applied if the taxi journey is pre-booked and the passenger specifically requests the particular vehicle (HO, Luxury or Premium) and agrees to the surcharge. No surcharge can be applied to hirings of a HO vehicle where a passenger is in a wheelchair.

DTMR is aware that on occasion, the surcharge is applied to taxi fares illegally. This includes for HO hirings off taxi ranks and hails and in some circumstances is applied to charge for helping with luggage, using the air conditioner or for providing a baby capsule. DTMR is also aware that the variance in how the surcharge is applied (a set amount vs a percentage of the total taxi fare) can exacerbate perceptions of overcharging and lead to complaints.

DTMR is considering options to regulate the HO, Luxury and Premium surcharge so that all components of the taxi fare are regulated, providing consistency in the application of charges and creating greater transparency of taxi fares for passengers. These charges would then be reviewed as part of the regular taxi fare review process.

Consideration of this proposal is in the public interest.

Background

DTMR acknowledges that there are mixed views within the taxi industry about why the HO surcharge was introduced. DTMR's view is that it was introduced as an incentive to drivers to travel longer distances to complete bookings when the HO fleet was small. Since then, the HO fleet has grown representing 22.8% of the total taxi fleet in Queensland. Data provided by the taxi industry indicates that the demand for these journeys has also grown. On average:

- 30,000 HO jobs are performed per quarter in the Brisbane taxi service area;
- 30,000 HO jobs are performed per quarter in the Gold Coast taxi service area;
- 10,000 HO jobs are performed per quarter in the Sunshine Coast taxi service area;
- 15,000 HO jobs are performed per quarter in the Cairns taxi service area.

Currently only three taxi booking companies charge a set amount for HO taxi trips. The amount varies between \$11 and \$12. All other taxi booking companies charge a percentage amount of the total taxi fare. Analysis of data supplied by taxi booking companies indicates that booked HO taxi trips are generally longer journeys. An analysis of the HO surcharge in the Brisbane taxi service area indicates that the average taxi fare for a HO vehicle (without the surcharge

applied) is \$23.10 meaning that the set amount charged (\$11 and \$12) generally represents about 50% of the taxi fare.

DTMR acknowledges that there may be mixed views within the taxi industry about the purpose of the Luxury and Premium taxi surcharge. DTMR's view is that passengers perceive the surcharge to be for the use of vehicle that has a superior level of comfort and higher level of customer service.

Currently, Luxury and Premium taxi services are a product predominantly offered in the Brisbane taxi service area with few other taxi service areas having more than five vehicles. While this is not a state-wide issue and issues of overcharging do not appear to be prevalent, in the interests of consistency and transparency of taxi fares, regulation of this surcharge has merit.

Options

A number of options are being considered to regulate the HO surcharge including:

- Remove the ability to apply a surcharge altogether;
- Allow taxi booking companies to continue to choose the method of application for the surcharge (set amount or percentage amount) but cap the set amount and percentage amount that can be charged. For example the maximum surcharge that can be applied for HO journeys is \$12 or 40% of the total taxi fare up to a maximum of \$12;
- Restrict the method of application for the surcharge to a set amount and cap the set amount, for example \$12;
- Restrict the method of application for the surcharge to a percentage amount and cap the percentage amount, for example 40% or 50%;
- Expand the restriction of the application of the HO surcharge to trips with wheelchair passengers to include mobility scooters and other mobility devices.

A number of options are being considered to regulate the Luxury and Premium surcharge including:

- Allow taxi booking companies to choose the method of application for the surcharge (currently a set amount) and cap the percentage or set amount that can be charged;

Next steps

1. Taxi Council of Queensland (TCQ) to consider proposal to regulate surcharges, the purpose of surcharges and most appropriate options if surcharges are to be regulated and provide position to DTMR.
2. DTMR to consider TCQ feedback and determine the most appropriate method of regulation in the public interest.
3. DTMR to make any change to the way these surcharges are currently being applied by Government Gazette and notify industry stakeholders in writing.