

June 11, 2008

# Industry Advisory

## Temporary Fuel Surcharges

### *Taxicabs*

The provincial weekly price of regular, unleaded gas has surpassed \$1.35. This previously-announced cost threshold is the point at which the Board will consider a temporary fuel surcharge.

In light of the sustained and continuing increases in fuel costs, the Board has decided to implement a temporary fuel surcharge of 3.5% to give operators interim relief. The surcharge will apply to the rates of metered and non-metered taxicabs in British Columbia. The rate changes will start on **July 12, 2008**, in most cities and communities in the province. The Board is mailing new rates to taxi operators over the next week.

The temporary fuel surcharge is mandatory unless a licensee can satisfy the Board that the application of the surcharge in a specific community is not warranted. A licensee who does not want the surcharge must make a request to the Board prior to **July 4, 2008**. Any request should outline why a surcharge should not be applied.

It is expected that licensees will extend the benefit of a fuel surcharge to any owner/operators, lessees, drivers or other persons who actually pay for fuel.

The temporary fuel surcharge for taxis will remain in effect until the next Taxi Cost Index (TCI) increase is implemented or until the Board decides to end or vary a surcharge due to a significant change in fuel prices. The earliest opportunity for a TCI increase will be Spring 2009.

### *Passenger Directed Vehicles, excluding taxis (e.g. limousines/vans/shuttles)*

The Board has had requests from limousine and other passenger directed vehicle operators for fuel surcharges, and it has conducted a limousine industry survey to obtain more current information relating to fuel and other operating costs. We thank those who participated in the survey.

Based on the requests and operating costs, the Board is setting a temporary fuel surcharge of 3.5 % on the rates of limousine and other non-taxi passenger directed vehicles. The surcharge applies to hourly rates, point to point rates and individual fare rates. **The surcharge applies**

**to driving rates only.** It does not apply to cancellation fees, tolls, vehicle clean up or other non-driving fees. The surcharge supersedes any pre-existing fuel surcharges.

The temporary fuel surcharge is mandatory unless a licensee can satisfy the Board that the application of the surcharge in a specific community is not warranted. A licensee who does not want the surcharge must make a written request to the Board prior to **July 4, 2008**. Any request should outline why a surcharge should not be applied.

It is expected that licensees will extend the benefit of a fuel surcharge to any owner/operators, lessees, drivers or other persons who actually pay for fuel.

The temporary fuel surcharge will remain in effect until the Board decides to end or vary a surcharge due to a significant change in fuel prices.

### *Limousine Minimum Rates & Common Rules*

Some limousine operators have asked the Board to take a second look at establishing a minimum rate and common rules for the limousine industry. The Board recognizes the potential benefits of such an approach, and it remains open to considering minimum rates in the future.

A change to minimum rates would be a significant change in the way that rates are set and charged over time. At this point, the Board has not received sufficient indication from the industry to indicate that broad support exists within the industry. In order for the Board to consider a change towards a minimum rate system for limousines, the Board would need to receive from industry more information about how such a proposal would be workable for operators, along with indicators of broader support.