

Hidden-surcharge law leaves retailers wondering

Ashley Midalia

Customers presented with a restaurant bill only to be surprised by a hefty 15 per cent weekend or holiday surcharge can now refuse to pay the surcharge – and tell the restaurant to expect a visit from the consumer regulator.

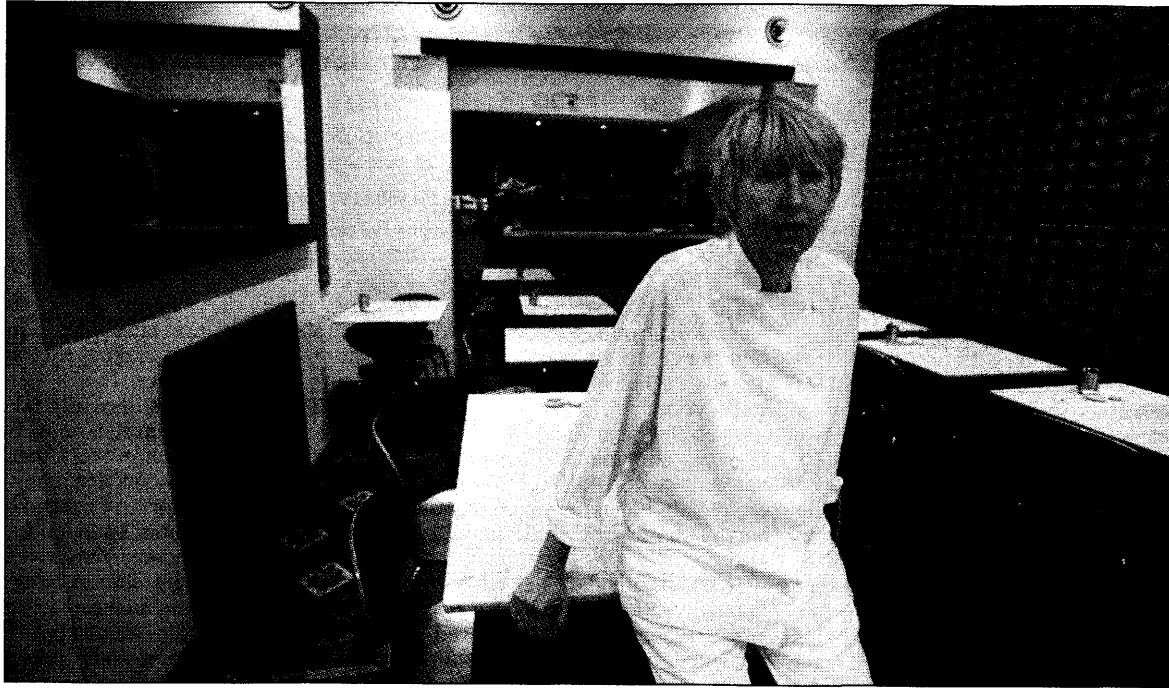
Laws that require businesses to prominently display the total price of a product or service – inclusive of all quantifiable surcharges, fees and taxes – came into effect yesterday after a six-month amnesty.

The laws apply to all businesses and will stop car dealerships from advertising prices “plus on-road costs” or airlines from advertising flights without including all unavoidable taxes and charges in the advertised prices.

Similarly, rather than handing customers menus that mention a weekend or holiday “surcharge” in small print at the bottom, cafes must print separate menus for weekends and holidays with any surcharge incorporated into the prices, an Australian Competition and Consumer Commission guidance note says.

But some cafe owners are not aware of the new requirements.

“I’ve got no notification of this. It’s a bit sneaky,” the owner of Yellow Bistro in Sydney’s Potts



Many business people, including Lorraine Godsmark, say they haven’t been advised of the new law.

Photo: MICHELE MOSSOP

Point, Lorraine Godsmark, said. Between 5 per cent and 10 per cent of customers were “disgruntled” when asked to pay the 15 per cent weekend and holiday surcharge but it was needed to cover higher labour costs on those days, Ms Godsmark

said. “We’ll have to write another menu,” she conceded.

The owner of Sugarloaf cafe in Sydney’s Rose Bay, Kim Teeling, said customers generally did not mind paying a 15 per cent surcharge but tended to reduce their tips.

Ms Teeling said she was reluctant to change her menus until formally advised to do so.

The penalties for failing to comply with the component pricing laws could be extremely harsh.

Mallesons Stephen Jaques

partner Dave Poddar said that a related provision had made participating a criminal offence, with penalties of up to \$1.1 million for corporations or \$220,000 for individuals.

ACCC chairman Graeme Samuel said the regulator would have little patience for businesses that ignored the new laws.

Aside from criminal prosecutions, however, the ACCC will have limited powers of enforcement until late this year, when civil penalties will be introduced as part of the federal government’s new national consumer law.

Mr Samuel said he expected a “plethora of complaints” in the first week of the pricing law’s operation, not only from consumers but also from business rivals.

The new laws ban Virgin Blue’s existing practice of advertising prices exclusive of an unavoidable credit card surcharge. But on Friday Virgin sidestepped the problem by introducing an additional online method of paying for flights directly without incurring the surcharge.

Competitor Tiger Airways, however, has advertised its airfares exclusive of a mandatory \$5 “convenience fee” for credit card bookings, even though customers are only able to pay by credit card, a practice that is now illegal.