A Submission to the

Fiji Commerce Commission on

Review of Shipping Fares and Freight Charges

August 2012
1.0 Introduction

The Consumer Council of Fiji supports Fiji Commerce Commission’s review of shipping fares and freights levied on travellers in the maritime community by private shipping companies and Government vessels. A review of the outdated price control orders (PCOs) under the Prices and Incomes Board (PIB) regime is overdue and the Council welcomes the Commission’s move to consider regulating shipping fares charged to passengers. The old PCOs – Copra Freight Charges No.12, Barge Freight Charges No.13 and Ship Freight Rates No.14 are all outdated. Apart from irrelevance to current market conditions, these PCOs were hardly monitored and enforced by the PIB. Despite its own peculiar problems, inter-island shipping services have blossomed in Fiji with more ships servicing the larger islands and an increase in tourism traffic particularly in the West and North. Furthermore, while the Council supports the Commission’s foray into some form of regulatory controls on shipping fares, this submission focuses mainly on the problems facing consumers as taken from our complaints register and our own research into services and business practices in this sector. In fact the Consumer Council has been a lone voice in past several years, highlighting problems such as poor services, unfair charges, sanitary conditions of ships, lack of regulation on non-safety aspects of shipping services etc. The Council believes that the Commission’s initiative to review the domestic shipping should not be limited to the PCOs, but take into consideration non-pricing issues especially in a market where consumer protection and redress is seriously lacking. The Council hopes that this review will not only result in more effective and practical PCOs, but also measures to address consumer protection issues.

1.1 Role of Consumer Council of Fiji

The Council has statutory obligations under the Consumer Council of Fiji Act (Cap 235) to “to do all such acts and things which it may consider necessary or expedient to ensure that the interests of consumers of goods and services are promoted and protected.” The Council is also obliged to advise and make recommendations to the Minister responsible for consumer affairs in Fiji or any other Minister on issues affecting the interests of consumers. This work extends to providing advice and making submissions to regulatory agencies, policymaking bodies, private sector or industry groups and international agencies. The Council is a key stakeholder in the formulation of policies, legislations and standards in the country. As the Council is often in the frontline and first point of contact for consumer grievances, it has a strong mandate from consumers to express their viewpoints on issues affecting them. For shipping services, the Council has been the first point of contact for consumer complaints and our experience with these complaints has led us to discover a very serious absence of consumer protection and redress in this sector. We find that for many years Government policies have not addressed these issues as there is preoccupation on interactions with the shipping operators on the Government franchise scheme and related issues. There has been very little or no initiative at all to address consumer complaints related to bad services.
2.0 Complaints on Shipping Services

The Council presents here some statistics on the complaints officially lodged at its offices in Suva, Lautoka and Labasa. This is for the period from January 2008 to June 2012.

2.1 Official Complaints not fully representative

It must be highlighted that the official complaints figures discussed here is the tip of the iceberg as it does not truly reflect the actual number of complaints and extent of problems consumers are facing. Following are reasons for underreporting of consumer complaints or problems.

- The Consumer Council receives and documents complaints on a ‘per complaint’ or ‘per case’ basis rather than enumerating the number of aggrieved persons. The Council has received complaints from individuals representing a larger group of affected consumers and from provincial council representatives, so the actual number of aggrieved consumers is underestimated in our complaints register.

- The complaints process becomes a very costly, time-consuming and tedious affair if aggrieved passengers reside in the islands or outside the main urban centres. High communication costs and being unable to speak face-to-face to a shipping company representative or with the authorities is a major deterrent. The cost of trying to resolve a complaint sometimes is more than the monetary value of the complaint itself!

- Consumers of domestic shipping services are mostly rural island dwellers who often do not have the required level of literacy, know-how and tact to take their complaints to the authorities. Even if they decide to lodge an official complaint they often have to rely on one person, most likely a more learned relative on the urban mainland to manage their complaints.

- Many shipping companies do not have full time offices or services in the islands (outside the main islands). They rely mostly on ad hoc agents, who are often the local shop keeper or a local resident whose main business lie elsewhere. Agents are more often not in a position to resolve complaints effectively as all decisions are made at the company head office. They are simply fare collectors and disbursers of tickets.

- The lack of a clear and visible regulatory system for consumer protection in inter-island shipping means consumers are unable to take their complaints to official levels. Consumers simply do not know where and to whom to raise their complaints.

- Shipping companies are a lifeline for many island communities especially when there are virtually no other viable and safe alternative transportation to access goods and services on the mainland. Islanders depend heavily on one or two service providers. Consumers may be deterred from complaining against a particular shipping company so as not to disturb this relationship.
Some consumers may have actually raised their complaints to other authorities, e.g. local police station, provincial council, etc or directly with the shipping company. Official statistics may have not captured these.

Local shipping service providers operate under conditions where information and disclosures are severely lacking. Operators, particularly those who service the smaller outer islands often do not provide proper information on schedules, fares and conditions of travel. A lot of information gets circulated via word-of-mouth in the islands. This makes complaints management very difficult as there is often very little documentary evidence to rely on.

Consumers and the general public also raise their complaints and concerns in public forums such as letters to the editor columns of the daily newspapers or other publications.

2.2 Number of complaints lodged at the Consumer Council, 2008 – June 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>14</td>
</tr>
<tr>
<td>2009</td>
<td>11</td>
</tr>
<tr>
<td>2010</td>
<td>17</td>
</tr>
<tr>
<td>2011</td>
<td>20</td>
</tr>
<tr>
<td>2012 (June)</td>
<td>13</td>
</tr>
</tbody>
</table>

As highlighted in Part 2.0, the number of complaints registered at the Consumer Council is an underestimated and does not truly reflect the actual number of aggrieved consumers. A total of 75 complaints were received for the period (2008 – June 2012). In many cases complaints were lodged on behalf of a group of passengers. For example in 2008 a complaint was lodged at the Council’s Labasa office against Raja Ferry Services operating on the Vanua Levu – Taveuni route. Passengers had paid up their fare, the trip was cancelled. The company had to compensate all passengers who had travelled in by bus from Savusavu and other places. In another case in 2010, a complaint was received against Bligh Water Shipping where 177 paid passengers were affected. Bligh Water had oversold tickets on its ship MV Westerland bound for Rotuma. Despite, the Fiji Island Maritime Safety Authority (FIMSA) only approved about 260 passengers for the trip. The shipping company sold more than 400 tickets. In this case the shipping company had compromised safety in its desire to maximise profit from this particular trip.1 These are just two cases where a complaint has been lodged by one person or a small group, but involves a much large number of aggrieved consumers. The biggest loss suffered by a customer in terms of monetary value was $2,500 (2011) where food items had gone bad after delays in service by the operator. Most consumer complaints are above $1,000 mark had to do with missing or damaged cargo for which the shipping company always denied responsibility when the consumer complained. More often than not the company blamed staff or wharf workers who handled the cargo.

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1 A big conference for a women’s church group was scheduled for Rotuma. It appeared that Bligh Water Shipping deliberately took on more passengers than required to maximise revenue.
2.1 Problems/issues in complaints

The government policy objective on marine transport is: "Communities and the country enjoy better access to passenger and cargo shipping services." The Council notes that inter-island shipping has improved a lot in terms of newly refurbished and larger ships serving the outer islands including Rotuma. However, Council’s register of complaints regarding the onboard and port services provided by the shipping companies leaves a lot to be desired. Some shipping companies disregard the provision of hygienic amenities and proper cargo bays for passengers. In some cases passenger belongings are stored together with live animals and other cargo. Most of the problems encountered by complainants mostly relate to delays/cancellation of services, lost cargo, poor conditions, lack of information or disclosure in regards to cancellations/delays, extra charges such as handling fees, and so forth. In the majority of cases, the Council has had to refer cases to the Small Claims Tribunal and in the case of freight charges to the PIB (prior to 2011).

Some of the most common problems/issues faced by the complainants are listed here:

Table 2: Common Complaints Against Shipping Services

<table>
<thead>
<tr>
<th>Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delays – hours/days, complainants incur travel and accommodation costs due to change in departure dates and time</td>
</tr>
<tr>
<td>Damaged, missing/lost cargo and luggage – often a part of cargo goes missing</td>
</tr>
<tr>
<td>Passenger comfort and safety – Poor condition of ship, bad sanitary conditions</td>
</tr>
<tr>
<td>Route changed without notification to passengers</td>
</tr>
<tr>
<td>Cancellation without notification</td>
</tr>
<tr>
<td>Cabin fare paid, but passengers given deck</td>
</tr>
<tr>
<td>Substandard food</td>
</tr>
<tr>
<td>Fare too high – does not match service provided</td>
</tr>
<tr>
<td>Fare paid, but ticket not delivered;</td>
</tr>
<tr>
<td>Extra charges – handling charges on top of normal freight charge</td>
</tr>
<tr>
<td>Refund delays – Trip cancelled, company takes weeks to refund passengers</td>
</tr>
<tr>
<td>Overloading – ship overbooked where paid passengers were refused from travel by maritime authority</td>
</tr>
<tr>
<td>Bus not provided, although paid fare was inclusive of land transportation</td>
</tr>
<tr>
<td>Delay in information on cancellations</td>
</tr>
<tr>
<td>No redress offered</td>
</tr>
<tr>
<td>Shipping companies denying responsibility and liability for missing or damaged cargo</td>
</tr>
<tr>
<td>No proper waiting facilities at wharves/jetties.</td>
</tr>
<tr>
<td>Inhuman conditions – rest/wash rooms, deck etc</td>
</tr>
<tr>
<td>Personal luggage often place together with livestock and other cargo</td>
</tr>
</tbody>
</table>
2.2 Case Studies

We present here a sample of cases of complaints lodged with the Council (January 2008 – June 2012). [The Council will confidentially divulge the details of the complainants to the Fiji Commerce Commission on request]. We also include recommendations for each case/issue.

Case 1: Damaged Vehicle in Overload Ferry

Apart from damage to his vehicle and potential safety risk, complainant was given the run around by the shipping company.

**Subject:** Fwd: Attn Ali Complaint regarding ...

Hi Maya

We spoke. Please note that on 5th of December, I travelled from Nabouwatu to Natovi. I boarded the ship with my vehicle Honda CRV. I was surprised to find the ship overloaded.

One of the staff asked me to park in between a mini van and a car and there was barely any space in between them. I hesitated and asked him there was not enough space. He just shoved my side mirrors (which is automatic) and asked me to move my vehicle in between those two vehicles. In doing that, he damaged my side mirrors which is not working.

I parked my vehicle as directed and there was basically no space for me to get out. I called this staff and asked him how will I get out but instead of helping me out, he walked away. I even pressed my horn but to no avail as I was trapped in my vehicle for over 20 minutes. It was so hot and I was sweating like anything. I was also short of breath and could have easily died in the vehicle. (for your information, I was admitted in Suva Private hospital a week ago on the 27th of November for severe chest pain and high pressure). and was not fit to go through this ordeal. Lucky for me, I’ll say is that the car owner was also stuck in his vehicle. I asked him to move his vehicle back (as I could not move mine as a 10 wheeler van was behind my vehicle) and somehow I managed to get out. Then that vehicle owner squeezed out.

I saw on Monday (7th December) and told him about this ordeal and he directed his staff Ali to have my vehicle window fixed. As advised by Ali, I took my vehicle to Kheminda St in Vatuaqa and their mechanic checked the vehicle and asked me to come on Saturday. I went on Saturday (12th December) and they tried to repair it but could not and told me that I need to take my vehicle to Carpenters. I contacted Ali on Monday (14th December) but could not get in touch with him. I finally spoke to Ali on Wednesday (16th December) and he told me that its my problem to have it fixed.

I called and spoke to a while ago and he advised me that he has asked Ali to have my vehicle fixed at Carpenters but when I called Ali again, he told me that did not tell him anything.

I paid for the service and don’t expect this unusual treatment. Due to the carelessness, my vehicle got damaged. I was stuck in my van for over 20 mins and could have died.

It is apparent that shipping companies do not take responsibility for damage to vehicles (and cargo) although the fault lies with the operator. The laxity of Maritime Safety Authority of Fiji (MSAF) previously known as FIMSA (Fiji Islands Maritime Safety Authority) is evident here. Most often the vehicle decks of ferries are overloaded with vehicles and the Council questions whether MSAF inspectors actually take into account vehicle deck space rather than simply looking at vehicle numbers and weight limitations. Furthermore, as common with complaints in this sector, shipping companies take a long time to respond where consumers are given a run around.
**Council’s Recommendation** – Shipping companies must take responsibility for damage to vehicles and cargo on their vessels and compensation to affected consumers must not be delayed. The Fiji Commerce Commission should require shipping companies to provide mandatory disclosures to consumers and regulators in regards to liability for damages to vehicles or cargo on board their vessels.

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**Case 2: Stranded Cargo – Company’s financial problems leave cargo high and dry**

A customer’s cargo was left stranded on the wharf after the ship was unable to provide the service. Company put blame on its own financial problems. Complainant incurred costs trying to get compensation from the company for loss of cargo.

Dear Sir/ Madam,

I Mrs. [Name], the owner of [Shop name] humbly request that you carry out an enquiry into the matter of the barge [Code] that loaded my shop cargo bound for [Destination] but never left for [Reason due to financial problems].

My cargo, along with other shop cargo, was detained for two (2) months and I sustained a loss of $550 from 3 crates of eggs, 3 bags of onions, and 2 bags of potatoes that went bad due to its long storage in the container. That is not to mention the cost of the numerous phone calls I had to make to [Name of contact person], enquiring about the shipment of my cargo. Mr. [Name] was the contact person whom we the shop and cargo owners in [Shop name] contacted for this particular shipment. For 2 months I called [Name] on his Vodafone from my Digicel phone to enquire about my consignment, and was always given the false promise of ‘tomorrow’.

I had to close the shop for two months due to no cargo and when my cargo finally arrived in [Destination], even the 15 cartons of biscuits had lost its freshness.

I believe you are the final authority that can help bring the ones responsible to justice so that future shady ventures of this sort are not repeated.

We in Fiji may not be so advanced in many ways, but we make an honest living from our natural resources on the island, and are not so far setback to know that we have been unjustly robbed and taken advantage of by persons on the mainland Fiji. I hope and trust that you will diligently look into this matter and ensure that the welfare of the consumers in [Destination] are protected from such unscrupulous and dishonest people.

Thank you in advance for your consideration and assistance in this matter.

Yours faithfully,

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This is a common occurrence when shipping companies face problems other than weather/sea conditions. Customers have paid up for a delivery of cargo or for a trip, but there is a cancellation where the company blames financial or mechanical problems. No compensation is offered when cargo, especially food items go bad or are damaged while in storage.

**Council’s Recommendation** – Shipping companies who are not financially viable should not be allowed to operate services. These inefficient and bad operators should be weeded out of this sector.
Case 3: Cargo not delivered and tempered with

The complainant took more than a month chasing up his cargo. Some items were missing.

The General Manager,
Suva.

Dear Sir,

I wish to write to you Sir, to express my great disappointment at the services provided by certain people within your shipping office.

I had a carton of dry goods, consisting of forty-five gross of cigarettes (Benson & Hedges 10s), a portable R.V.D. player and some other little items brought and shipped in your warehouse on Friday morning, prior to the boat departure for on Saturday afternoon, by my son Joseph .

On the arrival of the and after patiently waiting most of the day for all the cargo to unload, I found out that my carton of dry goods was not among the cargo, though it was listed in the manifest together with the shipping receipt.

After a certain number of telephone calls to your shipping office in Suva, I was told that my carton which was well labelled was still lying safely in the office.

It was a relief that my carton was not missing, but a huge disappointment because with the cigarettes I get every boat, I sell and make a profit of about five hundred dollars, which I use to live on, while I send the rest of the money to my son for more cigarettes for the next boat.

After consulting with in your office, she promised to keep my carton safe, and that she would make sure that it comes on the next trip to Rotuma ie. the August trip.

Last Thursday (29/07/10) and again on Friday (30/07/10) I made two calls to your shipping office to remind them about my carton. On Saturday morning (31/07/10) I called your agent , to call and remind to be sure to load my carton with the rest of the Rotuma cargo.

This is another case of missing and tempered cargo where the shipping company has not taken any responsibility. Apart from losses suffered, the consumer incurs costs trying to get his cargo and answers from the shipping company. Cargo tempering is a major issue, where shipping companies have a habit of denying any responsibility.
Case 4: Ship diverted while on route

While on route, the ship diverted to cater for its sister ship (broken down). The sister ship was not in distress but berthed at Narain Jetty, Suva. Customers suffered long hours of travelling and waiting. No proper meals or appropriate compensation was provided.

I wish to bring to your attention about customer grievances & dissatisfaction with the services provided by the [redacted] Ltd. Last Friday (10th June), I paid a return ticket to [redacted] (Customer manager) for [redacted] via [redacted]. The schedule was 6pm depart for [redacted] on 10th June and depart [redacted] for [redacted] on Monday 13th June. At 6pm on Friday evening, the boat departed (as scheduled) [redacted] wharf for [redacted]. Around 10pm, a staff came around and announced that the boat was diverting to Natovi and not to Lautoka as scheduled. Meanwhile, there was absolutely, NOTHING wrong with the boat. Later, we heard that the [redacted] had broken down at Narain Jetty and the passengers were stranded onboard, not out at sea, not anywhere remote, but on the boat which was STILL AT THE WHARF. It became clear that the interest and convenience of those passengers took priority over ours.

We reached [redacted] about 4.30am and waited for about 1 hour for the bus to take us down to [redacted]. We had some small children with us who at times got irritated and frustrated from the interrupted sleep and having to change mode of transportation in the early hours of the morning. Just before leaving the boat, I overheard one of the staff telling us that the return boat from [redacted] on Monday evening was still on schedule.

Being unsure of the return trip, on Sunday night, I began calling [redacted] mobile number to confirm our return trip back to [redacted]. On Sunday night she told me to call her back the next day. When I called her on Monday morning, just before 10am, all she said was “I will call you back”- and she never did. When I tried her mobile number again in the evening, my call went unanswered. On Tuesday morning, I called about 3 or 4 times to her mobile, she never answered her phone. Then I called [redacted] office, and they told me that a bus had been provided yesterday (Monday) to Suva and if I were to catch the boat, I would have to pay for my own way to Suva. I told him right there, that it was not going to happen and that this was not in anyway my fault. I then later called the landline at [redacted] office and

This is a common occurrence in the inter-island shipping sector where ships are often diverted on-route or delayed at the last minute with passengers inconvenienced and no appropriate compensation given.

Council’s Recommendation: Heavy penalties or fines should be imposed against shipping companies who take such actions. Mandatory compensation should be given to aggrieved consumers when ships make unscheduled changes on-route without prior disclosure to passengers.
Case 5: Overbooking, overloading

In August 2010, Bligh Water Shipping’s irresponsible actions saw 177 paid passengers being disallowed from travelling to Rotuma from Lautoka. Bligh Water had oversold tickets on its ship MV Westerland bound for Rotuma. Despite, the company being fully aware of its passenger load limits, it still went ahead sold more than 400 tickets which was more than the allowable number. Bligh Water Shipping gave excuses that they were to comply with FIMSA rules and regulation and could only allow 244 passengers to travel. Despite FIMSA’s actions, no appropriate penalties were imposed on Bligh Water for the 177 passengers who were inconvenienced and incurred costs. Many affected passengers had travelled in from outside Lautoka to board the ship and had two weeks waiting for the ship’s return. [While there was much publicity on this issue with passengers relaying their dissatisfaction in media reports, the Council did register a complaint from one passenger]

This is a case where FIMSA’s regulatory priorities are revealed, i.e. safety issue. Bligh Water’s reckless overbooking and collection of money from unsuspecting consumers was not addressed. This is an ongoing anomaly where consumers are penalised in terms of costs when travel is denied but the shipping company is not punished or stopped for overbooking or shipping company made to compensate the overbooked passengers in terms of accommodation, land travel and meals.

In this case FIMSA was on spot with its functions and responsibilities as the vessel was due to sail with over-capacity. However, what concerned the Council was the unscrupulous business practice of the vessel’s owners Bligh Water Shipping who appeared to have deliberately oversold tickets to passengers. While the passengers were able to get a refund, only after FIMSA’s and the Ministry of Transport’s intervention, the company should never have sold tickets beyond the ship’s capacity. This practice of over-selling and overloading ships has become a habit amongst inter-island shipping companies and FIMSA is on the right path of tightening up controls in this regard. FIMSA’s priorities are on maritime safety and it lacks any effective jurisdictional authority to monitor or impose penalties in cases where shipping companies have taken irresponsible commercial action or engaged in bad business practices.

Council’s recommendation: This gap in the regulatory system needs to be addressed. This can be done in two ways. Either: FIMSA should be left to continue its jurisdictional authority over safety issues only and matters in regards to bad business practices and abuse of consumer rights should be covered by another regulatory (preferable FCC) Or: FIMSA’s role should effectively be expanded to include non-safety issues i.e. hygiene, ticketing rules, information dissemination, compensation, consumer complaints etc.

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2 See ‘No ride to the island’ Fiji Times 24 August 2010
3.0 Regulation of Fares/Fare Structure

The Council notes that there is no fare regulation in shipping services and believes that a thorough study of current fare structures should be undertaken. A thorough investigation into passenger fares on inter-island vessels is a costly and time-consuming undertaking which the Council is unable to undertake. However, the Council does have views on fares, particular in regards to disclosure, charging of appropriate fares and refunds.

3.1 Disclosure of fares

This is one area that needs to be policed closely and regularly. Many operators do not fully disclose fares for their routes and this information is rarely made available to the public. They are often disclosed when consumers make a booking. This is particularly the case for small operators servicing the long routes and smaller outlying islands. Most of the larger shipping companies provide disclosures and we can say they do provide some disclosure of fares. An example is Bligh Water Shipping illustrated below (although more information is needed such as limits (if any) on personal cargo and carry-on luggage.

<table>
<thead>
<tr>
<th>PASSENGERS</th>
<th>NTV/SSV</th>
<th>SUV/SSV</th>
<th>SUV/CICIA/VBL</th>
<th>CICIA/VBL</th>
<th>LTK/MALAU</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECONOMY CLASS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADULTS</td>
<td>$50.00</td>
<td>$56.00</td>
<td>$134.00</td>
<td>$33.00</td>
<td>$56.00</td>
</tr>
<tr>
<td>12 - 25 yrs</td>
<td>STUDENTS</td>
<td>$40.00</td>
<td>$46.00</td>
<td>$85.00</td>
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</tr>
<tr>
<td>6 - 11 yrs</td>
<td>CHILDREN</td>
<td>$33.00</td>
<td>$39.00</td>
<td>$65.00</td>
<td>$21.00</td>
</tr>
<tr>
<td>3 - 5 yrs</td>
<td>TODDLER</td>
<td>$16.00</td>
<td>$22.00</td>
<td>$34.00</td>
<td>$17.00</td>
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<tr>
<td>2 yrs &amp; below</td>
<td>BABIES</td>
<td>Free</td>
<td>Free</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FIRST CLASS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADULTS</td>
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<td>Free</td>
<td>Free</td>
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<tr>
<td>CABINS</td>
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<tr>
<td>PM'S CABIN</td>
<td>$350.00</td>
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<td>SENJALE</td>
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<td>SENIBUA</td>
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<tr>
<td>MAKOSOI</td>
<td>$90.00</td>
<td>$96.00</td>
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<td>SLEEPER</td>
<td>$80.00</td>
<td>$86.00</td>
<td>$184.00</td>
<td>$67.00</td>
<td>$80.00</td>
</tr>
</tbody>
</table>

Note: An additional $6.00 is applied for all passengers travelling to Ladosca by bus.

Cabins
PM’s Cabin has a large bed, Private TV & DVD deckle, Bar Fridge, Private Lounge, Washroom facilities and Private enclosed balcony.

Senijale Cabin
(Owner's Suite/ 1 Cabin) Cabin 1 accommodates 3 people with own bathroom & toilet facilities while Cabin 2 otherwise known as the owners cabin has 2 bunks, own bathroom and toilet facilities and a mini bar fridge.

Senibua Cabin
(4 Cabins available) All Senibua cabins can accommodate two people with own toilets. Share shower facility.

Makosoi Cabin
(6 Cabins available) All Makosoi cabins can accommodate two people per cabin with shared bathroom and toilet facilities.

All cabin bookings must be paid for and confirmed by 10am on the day of travel otherwise it will be sold to next customer.

No drinking alcohol, grog or smoking is allowed in the cabin.
Disclosure of fares and information on services provided for each fare stream should be made compulsory on all inter-island vessels. And these should be displayed at the companies’ offices, websites (if any) and regularly in the local newspapers. This information should also be made available on request. Our research has found that fare information is not easily available particularly for the smaller operators.

3.2 Fare Structure and Freight Rates

The Council recommends that FCC establish a regulated fare structure and freight rates that are both affordable to consumers (and businesses) and on which operators can derive a fair return. Fare structures and freight rates have an impact beyond the ordinary consumer or business using shipping services. It has important implications for the setting of prices of goods and services in the outer islands. The percentage mark-up on prices of goods for the outer islands is primarily pegged on the cost of cartage or freight. Thus a rationalisation of the domestic shipping freight rates is needed to ensure that island consumers pay fair prices for goods they purchase on the islands. This should also include consumer freight charges. Inter-island companies have been found to impose other unreasonable and unjustifiable charges like handling charges, wharf charges, etc. The price control on freight has been around for more than 20 years and needs an urgent review. The PCO’s are outdated and do not provide for effective enforcement and penalties. Furthermore, the schedules in PCO No.14 need serious review to include any new goods that may have entered the market since the 1990s.

3.2.1 Fares

The Council recommends that fares should be regulated, but must consider the following factors:

- Affordability levels for regular users of inter-island vessels, in particular those who reside in the outer islands.

- Distance to destination. This has implications on fuel costs to the operator and thus the appropriate fares must be established. However, in the case of operators that do island-hopping, fares must not include distance travelled to other routes. For example a passage travelling from Suva to Vunabalavu should not incur a fare based on the total distance travelled by the vessels which includes stopover in other islands on the way. Such consumers should not be penalised with higher fares since they do incur a lot of inconvenience with onboard time before they get to their destination.

- Level and standards of onboard and port services provided by the shipping companies. Fare levels much also commensurate with the standards and quality of services provided on board ships and at port.

- Government franchise scheme holders to have a mandatory and separate fare structure.

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3 Commerce Commission comment, 2011 Shipping Sector Consultation [Transport Planning Unit/Ministry of Transport]
- Routes serviced by more than one operator should be regulated in a manner that will allow fair competition. In the current situation large and well established operators have greater economic power and resources and are in a position to cut prices down to drive out smaller competitors. This will eventually give the larger operators market power and eventually act in monopolistic manner.

- Special fares for people with disabilities, children and the elderly.

- It must be noted that fares charged by Government Shipping Services vessels are much lower than the other commercial operators. For instance Government shipping charges about $90 saloon and $30 deck adult fares for Suva to Northern Lau islands, while an operator like Bligh Water Shipping charges around $130. This is about 44% higher, however there are differences in quality of services and facilities. It is recommended that Government Shipping Services and Government Franchise routes should come under mandatory price control.

3.2.1 Freight Charges

The Council agrees that PCO No.14 (Ship Freight Rates) should be reviewed and be replaced by a much clearer and more effective price control order. PCOs should not simply be issued, but should go parallel with a monitoring and enforcement regime to make it effective. For many years shipping companies have overcharged consumers by imposing additional non-freight charges like handling fees often calculated as a percentage of the initial freight charge. This practice has gone on unnoticed by the PIB and there is no clause in the old PCOs that makes it illegal for operators to impose ancillary charges. The PIB had done very little enforcement on freight rates and successful cases where operators have been penalised is not well documented.

Furthermore shipping companies do not always disclose freight charges. Consumers and businesses have to find this out themselves by calling up their offices. This practice makes freight rates non-transparent, subjective and unpredictable. Our research team made calls to two major operators on freight charges and the information provided is in the table below.

<table>
<thead>
<tr>
<th>Shipping Name</th>
<th>Route</th>
<th>Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consort Shipping Line Limited</td>
<td>Suva-Labasa</td>
<td>For a 3 ton truck the freight is $562.25 for one way but as for the cargo it depends on the weight. For return the charge is $805.70</td>
</tr>
<tr>
<td>Patterson Brothers Shipping</td>
<td>Suva-Labasa</td>
<td>For a 3 ton truck the charge is $550 return and for one way it is $385</td>
</tr>
</tbody>
</table>
5.0 Conclusion

The Council is concerned that disadvantaged island communities and consumers continue to be exploited by shipping companies through bad business practices and abuse of consumer rights. Most shipping companies disregard the provision of hygienic amenities and proper cargo bays for passengers. Delays, cancellations, missing/lost/damaged cargo, non-disclosure of fares and conditions, overbooking, unhygienic conditions, absence of redress and compensation, etc are some of the major problems facing consumers. Some of the other common complaints that the Council has received from consumers are those regarding: consumers incurring costs due to ship delays or cancellation; non-provision of bus transportation for ferry services in Vanua Levu; and no responsibility taken for damaged vehicles on ferries.

Fiji Commerce Commission should scrutinise the shipping sector more carefully particularly the business practices, customer care and complaints handling systems of the shipping operators.

Recommendations

• The Council supports some form of price control on domestic shipping fares. Government Shipping Services and Government Franchise operators must be subject to mandatory shipping services. Price control on fares should consider what is a fair return to both consumers and operators. Special fares should be established for vulnerable groups e.g. persons with disabilities, the elderly and children.

• Strengthen MSAF so that its work extends beyond maritime safety to include monitoring and enforcing service quality and shipping business practices. This includes monitoring ticket sales so that they match the regulated safety capacity of the ships and avoid consumers being turned back at the wharf after paying their tickets.

• MSAF should establish a consumer complaints office in the country’s main centres to allow consumers to raise their complaints not just on safety but customer care, quality of services, trade practices etc.

• The PCOs should be established to address new issues and economic circumstances. The new PCOs must come in parallel with appropriate monitoring and enforcement systems. Penalties must be provided and adjusted to be in line with similar price control violation penalties imposed by the FCC.

• Shipping companies should share with Government the burden of improving port facilities by providing basic amenities like proper toilets, bathroom and roofed waiting rooms for their customers/passengers.