



## FIJI COMMERCE COMMISSION

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## FINAL DETERMINATION FOR PRICES AT VUDA POINT MARINA

Date of Report: 8 September 2010

### 1.0 INTRODUCTION

- 1.1 On 24 March 2010, *Section 3 of the Commerce Act 1998* was amended by the *Commerce Act (Amendment) Decree 2010* which authorised the Commission to regulate the Marina Operators in Fiji.
- 1.2 On 7 April 2010, the Commission wrote to Vuda Point Marina requesting for the following information:
  - Financial Statements for Vuda Point Marina for the last 10 years;
  - List of current charges levied;
  - Forecasted financials for the next 5 years.

### 2.0 LEGAL FRAMEWORK

- 2.1 **Section 32** of the *Commerce Act 1998* empowers the Minister, on the recommendation of the Commission to declare that prices for particular goods or services are controlled.
- 2.2 The *Commerce Act 1998* provides two criteria for imposition of price control :
  - a) that the goods or services to which the recommendation relates are or will be supplied or acquired in a market in which competition is limited or likely to be lessened; and
  - b) it is necessary or desirable for the prices of those goods or services to be controlled in accordance with this Act in the interest of users, consumers or suppliers.
- 2.3 With the *Commerce Act (Amendment) Decree 2010*, the Commission submitted its Recommendation to the Minister to control the price of ports and marina management services.
- 2.4 The *Commerce (Control of Prices for Ports and Marina Management Services) Order 2010* was endorsed and signed by the Minister which authorised the control of prices for ports and marina management services.

### 3.0 ANALYSIS OF INFORMATION SUBMITTED BY VUDA POINT MARINA

#### 3.1 Weighted Average Cost of Capital (WACC)

Commission calculated a fair return on capital<sup>1</sup> using the Weighted Average Cost of Capital (WACC<sup>2</sup>) methodology.

#### 3.2 Regulatory asset base

The regulatory asset base only includes assets that are being used in the operations of Vuda Point Marina.

#### 3.3 Return on Capital

The revenue generated from the Vuda Point Marina comprises of:

- Marina
- Bar and
- Café

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<sup>1</sup> Return on capital is the profits to be earned for assets invested.

<sup>2</sup> Formula for WACC:  $WACC = Re * (E/V) + Rd * (1-T) * (D/V)$

#### 4.0 Conclusion


The following will be the authorized prices for the Marina:

	Existing Prices (VIP) in (\$)	Increase/(Decrease) from current prices (\$)	Commission's Authorized Price
<b>Berthing Fees/ Foot</b>			
Per day	0.55	NIL	0.55
Per Week	3.30	NIL	3.30
Per Month	11.50	NIL	11.50
Per 6 Months	55.00	NIL	55.00
<b>Out of Water/ Foot</b>			
Per day	0.85	NIL	0.85
Per Week	4.95	NIL	4.95
Per Month	17.50	NIL	17.50
Per 6 Months	85.00	NIL	85.00
<b>Props</b>			
Per Day (Minimum of 4)	7.00	NIL	7.00
Extra props (each)	3.00	NIL	3.00
<b>Cradles</b>			
Per day	15.00	NIL	15.00
<b>Scaffoldings</b>			
Per Day (pair)	7.00	NIL	7.00
<b>Ladders</b>			
Per Day (each)	3.00	NIL	3.00
<b>Travel Lift</b>			
<b>Haul out and relaunch</b>			
Less than 2 Tonnes	295.00	NIL	295.00
Extra Move	250.00	NIL	250.00
Surcharge – on Weekends or public holiday	95.00	NIL	95.00
<b>Waterblast</b>			

<b>Wash down</b>			
Minimum of 1 hour	85.00	NIL	85.00
Thereafter (per ½ hour)	45.00	NIL	45.00
<b>Electrical Charge</b>			
Per Day (In Water)	3.80	NIL	3.80
Per Day (Dock #31 to 34)	14.00	NIL	14.00
Per Day (3 Phase)	30.00	NIL	30.00
<b>Charges to Contractor who does job in the Marina</b>			
Annual Base Fee	495.00	NIL	495.00
Commission on invoice	7.50%	(7.50%)	No Charge allowed

The above or any other charges by Vuda Point Marina will remain the same and no new charges will be introduced unless authorised by the Commission.

**Commissioners:**

		
<b>Dr. Mahendra Reddy</b>	<b>Leba Mataitini</b>	<b>Krishan Shah</b>
<b>Chairman</b>	<b>Commissioner</b>	<b>Commissioner</b>

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