



## FIJI COMMERCE COMMISSION

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## FINAL DETERMINATION FOR PRICES AT COPRA SHED 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 Copra Shed Marina requesting the following information:
  - Financial Statements for Copra Shed 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* 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 CORPA SHED MARINA

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

The 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 Copra Shed Marina.

#### 3.3 Return on Capital

The revenue generated from the Copra Shed Marina comprises of:

- Rental Incomes;
- Mooring;
- Berthing and
- Accommodation and others

#### 3.4 Benchmarking

Only four anchoring charges could be benchmarked with those of Port Denarau Marina and are shown below:

	Copra Shed	Port Denarau
<b>At Anchor (VIP)</b>		
Per Day – In Season	7.00	Higher
Per Day – off Season	5.00	Higher
Per Month – In Season	168.00	Higher
Per Month – off Season	120.00	Higher

It is clearly seen that the comparative charges by Copra Shed Marina are lower than those of Port Denarau Marina.

<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>At Anchor</b>			
Per Day – In Season	7.00	NIL	7.00
Per Day – off Season	5.00	NIL	5.00
Per Week – In Season	42.00	NIL	42.00
Per Week – off Season	30.00	NIL	30.00
Per Month – In Season	168.00	NIL	168.00
Per Month – off Season	120.00	NIL	120.00
<b>Mooring</b>			
Per Day – In Season	10.00	NIL	10.00
Per Day – off Season	8.00	NIL	8.00
Per Week – In Season	63.00	NIL	63.00
Per Week – off Season	51.00	NIL	51.00
Per Month – In Season	258.00	NIL	258.00
Per Month – off Season	210.00	NIL	210.00
<b>Stern to Berth (Plus Power &amp; Water)</b>			
Per Day – In Season	14.00	NIL	14.00
Per Day – off Season	10.00	NIL	10.00
Per Week – In Season	84.00	NIL	84.00
Per Week – off Season	60.00	NIL	60.00
Per Month – In Season	336.00	NIL	336.00
Per Month – off Season	220.00	NIL	220.00

<b>Use of Toilets &amp; Shower only</b>			
Per Day – In Season	4.00	NIL	4.00
Per Week – In Season	24.00	NIL	24.00
Per Month – In Season	96.00	NIL	96.00
<b>Use of Dinghy dock only</b>			
Per Week – In Season	7.00	NIL	7.00
Per Month – In Season	30.00	NIL	30.00

The above or any other charges by Copra Shed will not be changed 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>

**Date of Issue: 8 September 2010**  
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