



**SUBMISSION ON THE REVIEW OF BUS  
FARE**

*to*

**THE FIJIAN COMPETITION AND  
CONSUMER COMMISSION**

**ON BEHALF OF FIJIAN CONSUMERS**

13 October 2023

*The Voice of Fijian Consumers*

## **1.0 INTRODUCTION**

In the fabric of a nation's economic vitality and societal well-being, the realm of public transportation holds a pivotal role. The Consumer Council of Fiji stands as a vigilant advocate, attuned to the concerns and interests of the Fijian populace. In this capacity, we present this submission, meticulously crafted to dissect and comprehend the intricacies surrounding the current state of bus fares, against the backdrop of both local and global economic dynamics.

### **a. Purpose and Context of the Submission:**

The essence of this submission lies in our unwavering commitment to represent the voice of the Fijian consumers in the ongoing review of bus fares. The Council endeavors to provide a well-informed and objective perspective, grounded in a thorough analysis of economic landscapes, to ensure that public transportation remains not only a necessity but a viable and affordable option for all.

### **b. The Imperative of Affordable and Accessible Public Transportation:**

Affordable and accessible public transportation is more than mere conveyance; it's a linchpin for socioeconomic progress and inclusivity. It is the conduit that bridges the divide between opportunities and obstacles, enabling citizens to reach educational institutions, workplaces, healthcare facilities, and other essential destinations crucial for a thriving society. Recognizing this, the need for affordable and accessible public transportation cannot be overstated. It is a cornerstone of social equity, environmental sustainability, and economic growth.

In this submission, we delve into the pertinent factors that influence bus fares, striving for a holistic understanding that promotes the interests of consumers. We advocate for a fare structure that aligns with the financial capacities of the diverse population we serve, fostering a society where public transportation is not a burden but a catalyst for progress and prosperity.

## **2.0 CURRENT ECONOMIC LANDSCAPE**

### **a. Analysis of Local Economic Factors:**

Understanding the cost of living within Fiji necessitates a careful examination of the intricate interplay of local economic factors. Inflation rates, fluctuations in currency values, and the cost of essential commodities are pivotal influencers. Additionally, employment rates, wage scales, and overall income distribution profoundly impact the purchasing power of the citizens. These economic metrics coalesce to shape the affordability of daily necessities, including transportation. Unfortunately, the current inflationary rates in Fiji are much higher to that of the Country's pre-pandemic levels, profoundly impacting the purchasing power of consumers. This increase in inflation (due to importation), coupled with local factors such as the recent 6% increase in VAT and the current volatile international socio-economic conditions is greatly impacting consumers and our local economy.

### **b. Examination of International Economic Influences:**

Fiji, like many nations in our interconnected world, is not insulated from the ripple effects of the global economy. International trade agreements, shifts in commodity prices, and geopolitical events reverberate within our shores. Exchange rates, linked to global markets,

directly influence the costs of imports, subsequently affecting the price indices domestically. Furthermore, economic policies and trends in major economies can significantly sway Fiji's economic trajectory.

### **c. Contribution to Consumer Financial Burden:**

The amalgamation of local and international economic dynamics plays a profound role in shaping the financial burden on consumers. Escalating prices of fuel, influenced by global oil prices, directly impact transportation costs. Fluctuations in commodity prices, often tied to international markets, have a cascading effect on the cost of living. As these costs increase, the burden on consumers mounts, particularly affecting vulnerable segments of the population. Transportation expenses, including bus fares, become a notable portion of household expenditures, posing financial challenges for many.

Understanding these economic facets is imperative in formulating equitable policies that alleviate the financial strain on consumers. The intricate relationship between economic factors and consumer welfare underscores the necessity for a thoughtful and consumer-centric approach in the evaluation of bus fares.

## **3.0 IMPACT OF HIGH COST OF LIVING ON CONSUMERS**

### **1.0 Direct and Indirect Effects of the High Cost of Living:**

The high cost of living permeates various aspects of daily life, both directly and indirectly affecting consumers. Direct effects encompass escalated prices of essential goods and services, including food, housing, healthcare, and education. These inflated costs place immediate strain on household budgets, leaving consumers with less disposable income for other necessities or savings. Indirectly, the high cost of living can exacerbate stress levels, impact mental and physical well-being, and hinder long-term financial planning.

### **2.0 Significance of Transportation Costs, Specifically Bus Fares:**

Among the many expenses influenced by the high cost of living, transportation costs, particularly bus fares, hold a prominent position. For a considerable portion of the population, especially low-income and middle-income earners, transportation is a non-negotiable expense. Bus fares directly impact their daily commute to work, school, healthcare facilities, and other essential destinations. When transportation costs are high, consumers are compelled to allocate a larger portion of their income to commuting, leaving them with less for other vital needs.

### **3.0 Real-life Examples and Case Studies:**

To shed light on the tangible impact, consider the case of a low-income family in Suva. With a significant portion of their income allocated to housing and food due to the high cost of living, they find it challenging to afford bus fares for all family members. Consequently, the children's university attendance and parents' work attendance would become irregular. This affects the family's overall well-being and economic stability. Additionally, a case study of a student struggling to afford transportation to attend a caregiving course due to high bus fares showcases how this cost directly impedes opportunities, limiting future prospects.

These real-life examples underscore the pressing need to address transportation costs to ensure that all segments of the society can access essential services and opportunities without disproportionate financial strain.

#### 4.0 REVIEW OF BUS FARES

##### a. Overview of the Current Bus Fare Structure:

The current bus fare structure in Fiji varies based on stages of travel. As of September 2023, the transportation sub-index of the Consumer Price Index has seen an increase from 122.10 in August to 123.50, indicating a rise in average transportation prices. Notably, the recent removal of the bus subsidy and fuel price hikes have been significant contributors to this increase, impacting consumers' cost of living and income. The fare structure is influenced by factors such as fuel costs, maintenance expenses, and operational overheads.

##### b. Comparison of Current Bus Fares with Historical Data and Inflation Rates:

Consumers have seen a steady increase in bus fare prices over the last few years. In 2020, there was a maximum increase of 36.3 per cent in bus fares in all stages. To put the price changes into perspective, the stage one fares increased from \$0.75 to \$1.02, stage two fares from \$1.18 to \$1.61, and so on. This was a considerable increase. In August 2023, the bus fare subsidy was removed, resulting in consumers facing a 10 per cent increase in bus fares across the board.

Whilst the Order in February 2020 explicitly stated that the next review of bus fares would be conducted in January 2023, the Council has noted that the bus fares have been reviewed several times prior to the date stipulated in the Order. Additionally, a total of 4 reviews have been made till date. Refer to the table below.

Changes in Bus Fares Effective Dates	Stage 1	Stage 2
10 February 2020	\$0.75	\$1.18
13 May 2022	\$1.02	\$1.61
01 August 2022	\$0.92	\$1.45
01 August 2023	\$1.02	\$1.61

Further to this, though we understand that the global fuel prices continue to dictate the domestic diesel prices, our investigations reveals that the price has declined 7 times in the last 10 months of 2023 when compared to the increase with lowest price registered at \$2.22.

**Table 1 Fuel Prices (Diesel) from April 2019 to October 2023**

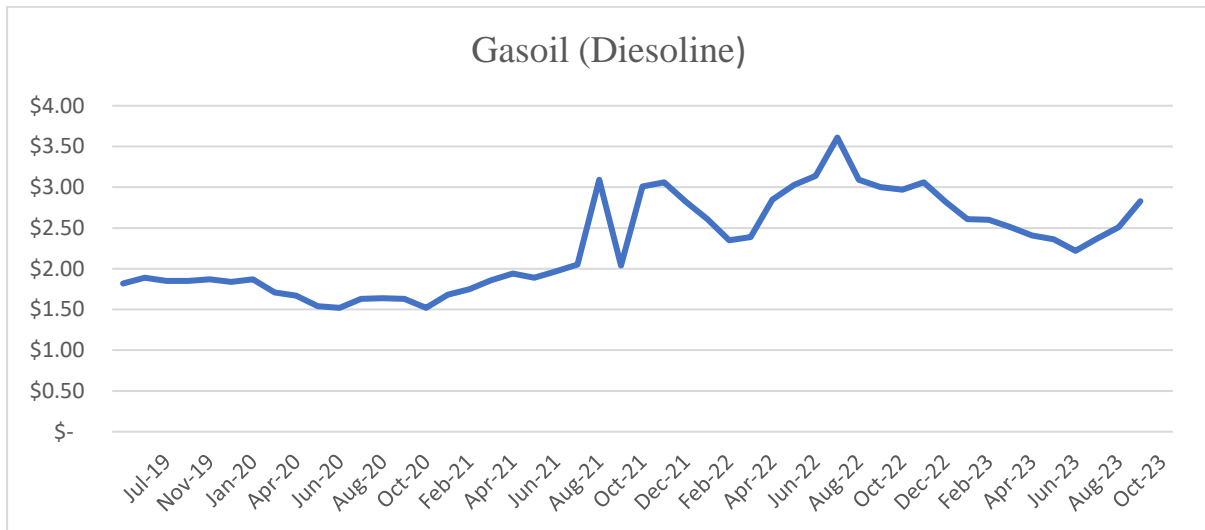
Year	Start Price	End Price	Lowest Within the Period	Comments
2019*	\$1.82	\$1.87	\$1.82	Changed 4 times
2020	\$1.84	\$1.52	\$1.52	Changed 10 times
2021	\$1.68	\$3.09	\$1.68	Changed 11 times

2022	\$2.82	\$3.06	\$2.35	Changed 12 times
2023**	\$2.82	\$2.83	\$2.22	Changed 10 times

\* Starts from April 2019 – As per FCCC Petroleum Records (Source - <https://fccc.gov.fj/petroleum/> and <https://fccc.gov.fj/wp-content/uploads/2019/04/LN-22-FCCC-Price-Control-Petroleum-Prices-No.-2-Order-2019.pdf>)

\*\* till October 2023

**Graph 1 illustrates the Fuel Prices of Diesoline from 2019 to October 2023**



Comparing these figures with the Consumer Price Index and inflation rates provides insights into the proportional adjustments of bus fares over time.

**c. Analysis of Affordability and Reasonableness of Current Fares:**

The affordability and reasonableness of current bus fares are paramount, considering their direct impact on the financial capacity of consumers. The 36.3% increase in 2022, attributed to global price changes and increased shipping freight costs, heightened concerns about fare affordability. The recent transportation sub-index increase indicates a continuous upward trajectory. Striking a balance between ensuring the sustainability of the bus industry and safeguarding consumers from unreasonable or exorbitant prices is essential. It is imperative to evaluate whether the current fares align with the actual costs of providing transportation services while remaining accessible to the diverse consumer base.

**5.0 CONSUMER PERSPECTIVES AND FEEDBACK**

**a. Data from Complaints:**

The Consumer Council of Fiji has diligently recorded and analyzed numerous complaints from consumers concerning the services within the bus industry. A total of 821 complaints since 2015 have been registered, reflecting a total monetary value of \$15,283.07. This substantial volume of complaints, particularly the staggering increase in 2022, raises serious concerns regarding the effectiveness of handling operational costs by bus operators, especially following

the fare increase. Importantly, these figures only represent consumers who have been assertive enough to lodge complaints; many more choose not to do so due to personal reasons.

<b>Year</b>	<b>Registered Complaints</b>	<b>Monetary Value (\$)</b>
<b>2015</b>	12	10,309.90
<b>2016</b>	86	1,354.15
<b>2017</b>	83	210.02
<b>2018</b>	106	567.64
<b>2019</b>	72	168.33
<b>2020</b>	99	717.14
<b>2021</b>	102	90.60
<b>2022</b>	219	207.89
<b>2023</b>	102	1657.40
<b>Total</b>	<b>821</b>	<b>15,283.07</b>

**b. Common Problems and Consumer Concerns:**

- **Overloading of Passengers:**

Overloading of bus passengers is a critical concern and a direct result of insufficient bus services, especially in densely populated areas. Overcrowding poses safety risks and discomfort to passengers. Increasing fares without addressing this issue exacerbates the burden on consumers who are already grappling with inadequate services.

- **Not Following Approved Schedules:**

Deviating from approved schedules disrupts the travel plans of commuters. Delays caused by drivers waiting for buses to fill up affect punctuality and add stress to passengers. Addressing this issue is vital before considering fare hikes to ensure that the increased fares translate into improved adherence to schedules.

- **Overcharging on Student Bus Fares:**

Overcharging on student bus fares signifies a lack of proper implementation and understanding of the fare system. Before any fare increase, ensuring that the fare collection system is functioning correctly and fairly, especially for students, is crucial. Increasing fares without resolving this issue would result in unjust financial burden on students.

- **Overcharging of Bus Fares:**

Inconsistencies in bus fares due to route changes and a lack of proper stage markings point to a need for clarity and standardization in the fare structure. Increasing fares without addressing this issue would only compound the confusion and consumer dissatisfaction.

- **Condition of Buses:**

The deplorable condition of buses compromises the quality of service. Passengers deserve to travel in safe, clean, and well-maintained buses. Before increasing fares, there should be a guarantee of an improved and acceptable level of service. A fare increase without addressing the dismal condition of buses would be unjust and inequitable.

These consumer grievances emphasize that increasing fares without resolving fundamental issues within the bus industry would unfairly shift the financial burden onto consumers. Addressing these concerns is pivotal to ensure that any fare adjustments are justified and truly beneficial to consumers.

## **6.0 RECOMMENDATIONS AND RATIONALE**

### **a. Justification Based on Economic Analysis and Consumer Feedback:**

The economic analysis, coupled with consumer feedback, underscores the necessity for these proposed changes:

- **Economic Justification:**

Rationalizing the fare structure based on economic factors such as fuel costs, maintenance, and operational overheads will ensure fares are reasonable and reflective of actual operational expenses. This will enable operators to sustain their businesses while maintaining affordability for consumers.

- **Consumer-Centric Approach:**

Addressing complaints related to overloading, schedule adherence, and fare clarity directly alleviates consumer burdens. Affordable and consistent student fares, transparent fare stages, and well-maintained buses prioritize consumers' interests, ensuring a reliable and comfortable travel experience.

### **b. Alleviating Burden on Consumers and Ensuring a Sustainable Public Transportation System:**

- **Consumer Burden Alleviation:**

Implementing these changes will ease the financial strain on consumers. Affordable fares for students and transparent fare structures will ensure that transportation remains accessible and does not unduly burden the populace, especially the vulnerable and students.

- **Sustainable Transportation System:**

By rationalizing fares, ensuring fair treatment of customers, and maintaining quality standards, the transportation system becomes more sustainable. It incentivizes commuters to choose public transport, reducing traffic congestion, improving environmental outcomes, and supporting a healthier economy.

These recommendations are essential to strike a balance between the sustainability of the bus industry and the well-being of consumers. They ensure that public transportation remains a viable option for all while fostering a sustainable and consumer-friendly travel environment.

**c. Mandatory Submission of Audited Financials**

**• Recommendation:**

The Council recommends implementing a mandatory requirement for all bus companies to submit their audited financial statements to the Fijian Competition & Consumer Commission (FCCC) before any fare adjustments are considered or approved. This requirement ensures that claims made by bus companies regarding the necessity of fare increases for the profitability and sustainability of the industry are substantiated by factual financial data.

**• Rationale:**

Transparency and verifiability are fundamental aspects of any price adjustment process. Requiring bus companies to submit audited financials provides a robust benchmark for assessing the economic viability of proposed fare adjustments. In numerous industries, businesses are mandated to present financial statements to substantiate requests for price changes. This practice ensures that any adjustments are grounded in accurate financial data, fostering trust and accountability within the industry.

**• Consumer-Centric Perspective:**

From a consumer-centric perspective, this recommendation serves to protect the interests of the consumers who rely heavily on public transportation. By demanding audited financial statements, we establish a system where fare adjustments are backed by financial prudence. It also empowers consumers by promoting transparency and ensuring that fare hikes, if necessary, are justified, reasonable, and in the best interest of both the industry's sustainability and the consumers' financial well-being.

## **7.0 CONCLUSION**

**a. Summary of Key Points:**

In this submission, the Council has meticulously analyzed the current state of bus services in Fiji, considering both consumer perspectives and economic realities. Consumer complaints have unveiled critical issues such as overloading, deviation from schedules, fare clarity, and the deplorable condition of buses. These concerns underscore the need for immediate reforms within the bus industry.

**b. Reiteration of Considering Consumer Interests:**

It is imperative that any review of bus fares prioritizes consumer interests. Affordability, reliability, and safety must be at the forefront of fare adjustments. Consumers should not bear the brunt of operational inefficiencies, but rather witness tangible benefits in the form of improved services and fair fare structures.

**c. Readiness to Collaborate and Provide Assistance:**

The Consumer Council of Fiji stands prepared to collaborate with all stakeholders to implement the recommendations provided in this submission. We are committed to working closely with relevant authorities, bus operators, and other stakeholders to ensure that the proposed changes are effectively executed for the benefit of consumers. Our aim is to foster a transportation system that is not only sustainable but also consumer-centric and just.