



02 May 2014 | [TONGAN](#) **The Ministry of Commerce, Tourism and Labour, is hereby advise the public that the rates for bus fares are regulated by the Ministry under the Price and Wages Control Act, through the mandatory of the Competent Authority Committee.**

The Price and Wages Control Act is key legislation that stipulates the regulation of maximum prices applied to range of goods and services that are identified by the Law, as well as regulating of fix minimum rates to be applied for wages. The Ministry is administering the Act, with the aim to create fair pricing for goods and services that are available locally through creating a more transparent and facilitative environment for both the consumers and local businesses in Tonga.

The Competent Authority is responsible for determining the prices for petroleum and fuel, by processing the submissions from the petroleum suppliers through the Ministry and verified with the petroleum specialist contracted by Government. The process is overlooked by the Ministry to ensure that the prices submitted for approval by the Competent Authority is compliance with the agreed process and precisely follow the application of the agreed international benchmarks. The prices for fuel are changed in the 16th of every month based on the international market price data from the previous month.

The rates for the bus fare is regulated by the Competent Authority based on various key factors including the economic conditions of the country, cost of living, employment situation, general wage levels and the price of oil.

The Competent Authority approved the proposal from the Friendly Island Bus Association in 2008 to increase the bus fare and vehicle hire rates by 10% and to be effective on the 1st October 2008 with 0.65 seniti for adults and 0.35 seniti for students for a journey not greater than 3 kilometers. The main reasons for approving the increases in the bus fare rate in 2008 were including the rise in the oil prices, inflation rate and the increasing in the prices of spare parts.

Petroleum prices for 2008 were recorded as the highest price in Tonga. The price for August 2008 recorded the highest price in 2008 with price of diesel at \$3.93/litre and price of petrol at \$3.50/litre. The price of diesel and petrol from January-September 2008 were effective prior to the bus fare rate approved by the Competent Authority on the 1st October 2008. As such, it is important for the public to notice that the increase in the price of oil from January-September 2008 were already considered as one of the key factors to determine the normal rates for bus fares, prior to the increase in the bus fare rate as effective from the 1st October 2008.

## **New Petroleum Prices for April - May 2014 : Oil Price and Bus rates**

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The price of oil for 2009-2014 was relatively stable compared to the price of oil in 2008. The Competent Authority approved price for January 2014 was \$3.00/litre for diesel and \$2.88/litre for petrol. In comparison to the price approved by the Competent Authority for August 2008, the price variation is 0.93 seniti per litre decrease for diesel and 0.62 seniti per litre decrease for petrol. The price of oil for 2009-2014 was relatively stable and lower as compared to when the bus fare rate was set back in 2008, when the price of the oil was on its highest ever recorded and to that effect, the Ministry and the Competent Authority has agreed that there is no basis for reviewing the rates for bus fares.

On that basis, the Ministry is hereby encouraging the public to do take note of the bus fare rates that approved by the Competent Authority back in 2008, is already taking into account the inflation rate and as well as the template for setting the price of oil that reviewed once a year during the Annual Petroleum Price Negotiation. The Competent Authority is reviewing the bus fare on a quarterly basis to reflect the increase and decrease in oil prices on a timely manner.

If you require further information with regards to the Competent Authority Committee and the process for determining the price of oil and the rates for bus fares, please contact the Ministry of Commerce, Tourism and Labour on 23-688 or 27-302 during normal business hours.

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