

Bundling of Cruise **Fees**

AAPA Cruise Seminar
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Bundling of Fees

- Ports providing to the cruise line a single per passenger fee for all port services associated with that port of call
- Easy accounting
- Single point of service

Bundling is Also

- A methodology in which the cruise line can increase their revenue by passing certain fees and expenses on to the consumer without increasing ticket prices. These fees are non-commissionable

What Really is Bundling

- Port Fees ?
 - Government Fees ?
 - Why – What is driving this ?
 - What's the deal - Who benefits ?
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- Traditionally it has not been a “port” issue but rather one between the cruise lines and their customers and travel agents

The issue !

“The taxes that foreign jurisdictions impose on arriving passengers — are itemized separately on the cruise bill. This practice came about a decade ago after a legal decision in Florida prohibited cruise lines from charging customers any fees beyond the advertised ticket price, *except for* the taxes and fees charged by a government agency”.

Attorney General of Florida

Bob Butterworth-

Feb. 5, 1997

"Port charges should only reflect the fees cruise ships actually pay for use of port facilities and services," Butterworth said. "The companies have included such things in port charges as their own operating expenses for fuel, fresh water and wages. The consumer winds up paying the cruise line more than the advertised price of the cruise, and that is inherently deceptive."

Under the agreements, the cruise lines can no longer charge customers any fees in addition to the advertised initial ticket price except those fees actually passed on by the company to a governmental agency.

Travel Agents

“Travel agents hate these miscellaneous fees because they don’t earn commissions on them. Agents also point out that while base cruise fares have remained steady in recent years, non-commissionable fares just keep going up — evidence, they say, that the cruise lines are creating a profit center at the agents’ expense. There’s no question that the non-commissionable fares are contributing a significant portion to the cruise lines’ bottom line,”

Traditional Port Fee Bundling

- Fee covers port expenses
- associated with port tariff items:
 - Passenger Wharfage
 - Vessel Dockage
 - Port Security
 - Harbor Fee
- Additional services that the lines' determine to be "quasi-governmental" can also be passed along to the passenger (concept of franchising)

Aggressive Bundling

- Fee is composed of a core charge, as previously described, plus an optional service charge.
- Optional charges may include, but are not limited to:
 - Stevedoring Services
 - Line Handling Services
 - Pilotage
 - Terminal Security
 - Trash Collection
 - Ground Services

Smooth Sailing or Stormy Seas



Today's Questions

- Why do it – Who is doing it ?
- What are some of the legal questions for the ports ?
- What are some of the different ways to accomplish this ?
- Is it the proper use of public dollars ?

Today's Questions

- Does it increase the exposure of the port to costs outside their control ?
- How will ports recover those additional costs ?
- Will the port alienate the travel agent industry and get the reputation of being an expensive port