



# Price and Competition Regulation for Fijian Economy



Nilesh Chand

Fijian Competition & Consumer Commission

Independent Statutory Body

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## Introduction and Objectives

Basically, the principal objective of competition law in Fiji is to:

- ❑ Promote efficient competition in the interest of consumers and industry
- ❑ Promote effective and efficient development of industry, trade or commerce.
- ❑ Ensure equitable returns for business with fair and reasonable prices charged to consumers.

Types of Price Control methods used in Fiji.

1. Ceiling prices (upper limit)-Maximum prices
2. Fixed price
3. Percentage Margin on price control

## Background to Price Controls



To illuminate the importance of price control and competition laws in Fiji, this has been in the Fiji market for more than 4 decades.

The price controls also addresses the importance of competition regime, (competition policy and Law).

These provisions address trading behavior where markets fail to provide services at a fair price.

# Why Price Regulation?



Because of market failures...

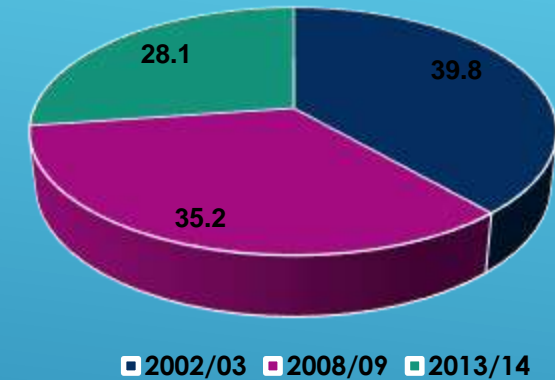
On top of that Fijian economy is vulnerable to the following conditions;

- Natural disasters
- Rising prices for imported commodities
- National crises
- Uncompetitive markets and anti behavior of local traders.
- Of course the poverty rates

These failure occurs due to variety of reasons:

- Monopoly charging higher prices, abuse of market position
- Anticompetitive conduct, forming cartels, fixing prices, controlling production etc.
- Exclusive dealings and contract arrangements for terms and prices.
- Non disclosure of information
- Property rights failure to own a property.

Overall poverty from 2002-2013



# Status of Competition Regulation with Comparable Countries



Countries	Governing Law	Regulator Agency	Are basic food item controlled
<b>New Zealand</b>	Fair Trading Act	Commerce Commission New Zealand	Some items under price control
<b>Australia</b>	Competition and consumer Act 2010 (CCA)	Australian Competition and Consumer Commission (ACCC)	Some items under price control
<b>Singapore</b>	Singapore Competition Law	Competition & Consumer Commission Singapore	Some items under price control
<b>Malaysia</b>	Competition Act 2010 (Act 712) Competition Commission Act 2010 (Act 713)	Malaysia Competition Commission (MyCC)	Some items under price control
<b>Fiji</b>	FCCC Act 2010	Fijian Competition & Consumer Commission (FCCC)	Some items under price control
<b>Tonga</b>	Unfair competition Act 2002	Tongan Government	Some items under price control
<b>Tuvalu</b>	No such laws	By Government	Some items under price control
<b>Solomon Islands</b>	In process	Ministry of Commerce	Some items under price control
<b>Marshall Islands</b>	Consumer Protection Act	BY Government	Not known
<b>PNG</b>	Independent Consumer and Competition Commission Act 2002	Independent Consumer and Competition Commission (ICCC)	Some items under price control
<b>Samoa</b>	Consumer Protection Act	By Government	Some items under price control
<b>Cooks Islands</b>	Fair Trading Practices Act with Ministry of Commerce	By Government	Some items under price control
<b>Kiribati</b>	Consumer Protection Act 2001	By Government	Not known

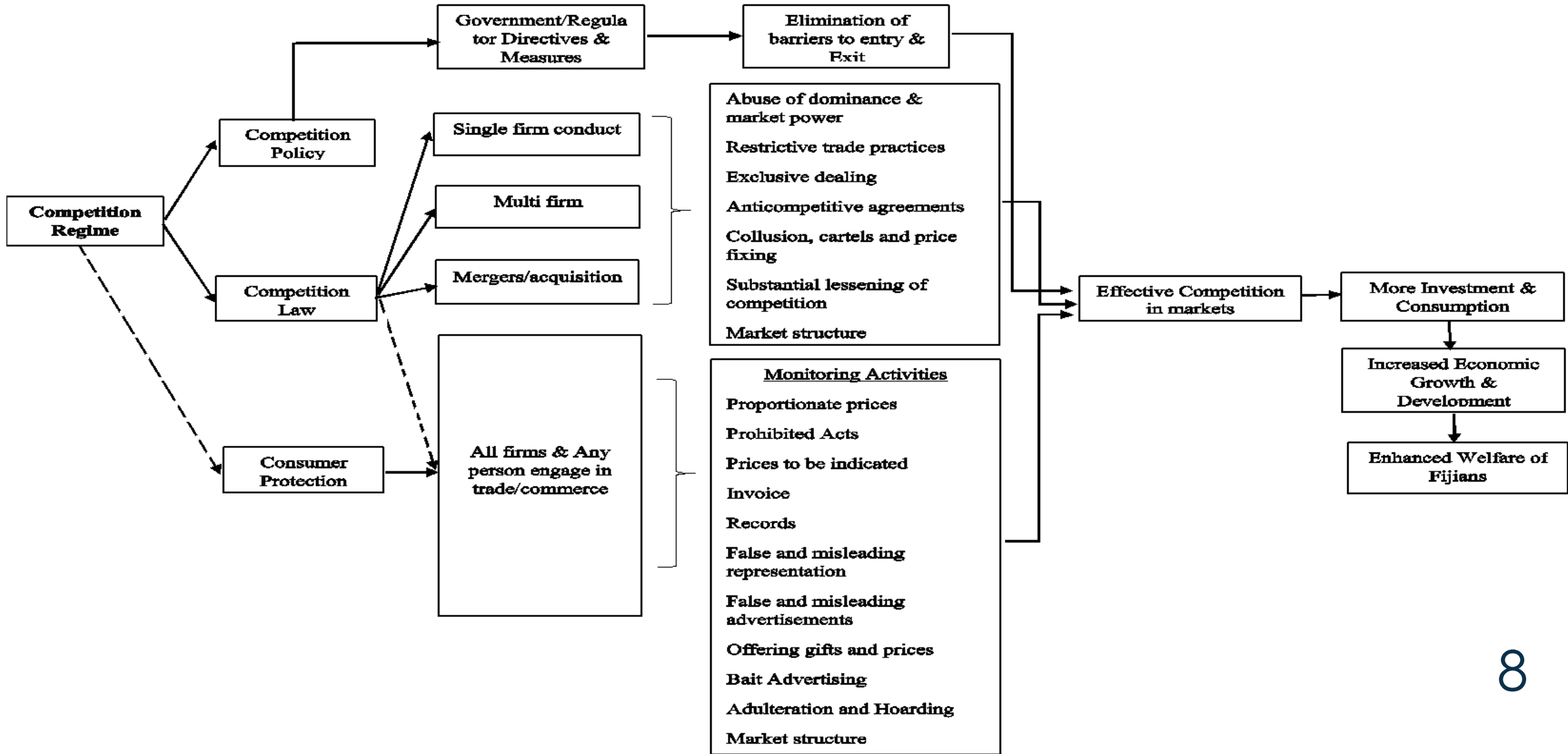
# List of Price Control Items for Fiji



Goods description (18)	No. of items	no of line items	Type of Control
Basic food items	22	App 320-line items	Prices fixed by FCCC
Biscuit/flour/bread	3	App 10-line items	Prices fixed by FCCC
Hardware items	11	Deps on trader	Prices fixed by FCCC
Pharmaceuticals medicines	75	150-line items	Prices fixed by FCCC
Electricity rates	11	11	Prices fixed by FCCC
Port tariffs	All categories	All rates	Prices fixed by FCCC
Airport tariffs	All categories	All rates	Prices fixed by FCCC
LPG and fuels	5	6 items	Prices fixed by FCCC
Shipping freight rates	All island routes	All freight	Prices fixed by FCCC
Marina rates	App 15 for operators	Deps on trader	Prices fixed by FCCC
Steel	2	2	Prices fixed by FCCC
Cement	2	2	Prices fixed by FCCC
Telecommunications	5 for 5 operators		
Postal (Domestic, Surface,)	10	10	Prices fixed by FCCC
Harvesting Rates	1	1	Prices fixed by FCCC
Stationery items	31	App 20 items	On percentage control
Agricultural pesticide and fertilizers all types	2	Dep on trader	On percentage control
Spare part & accessories	22	App 20 items	On percentage control



# Competition Model to Growth

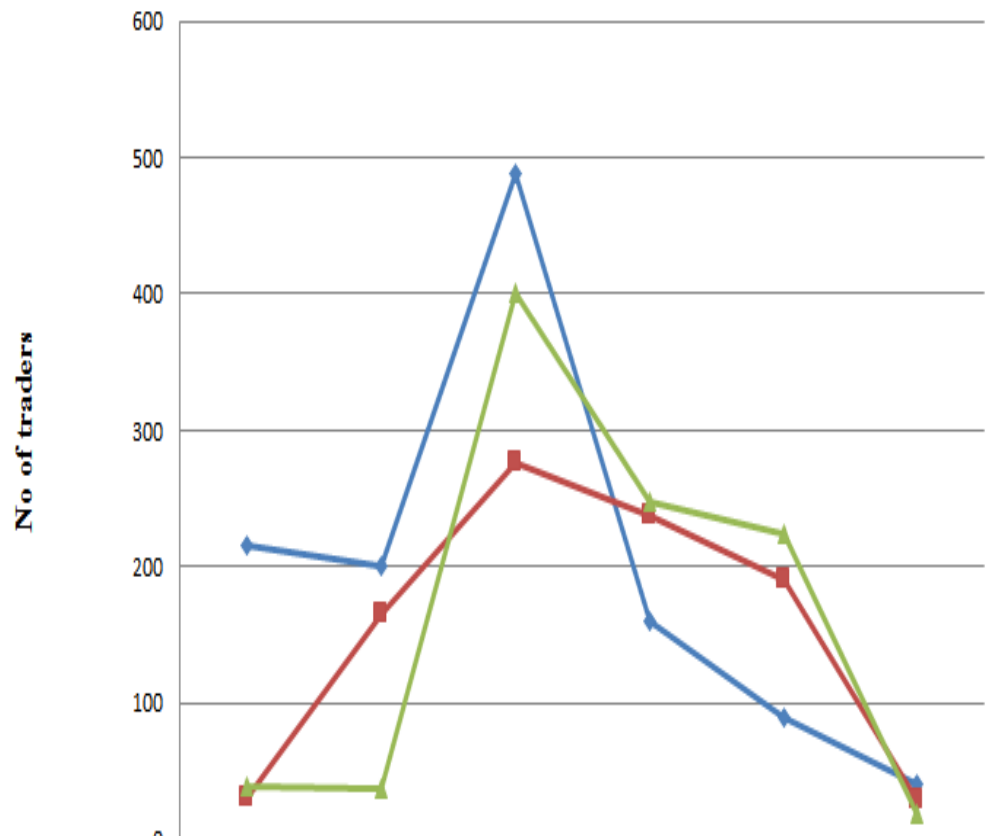




# Common Offences

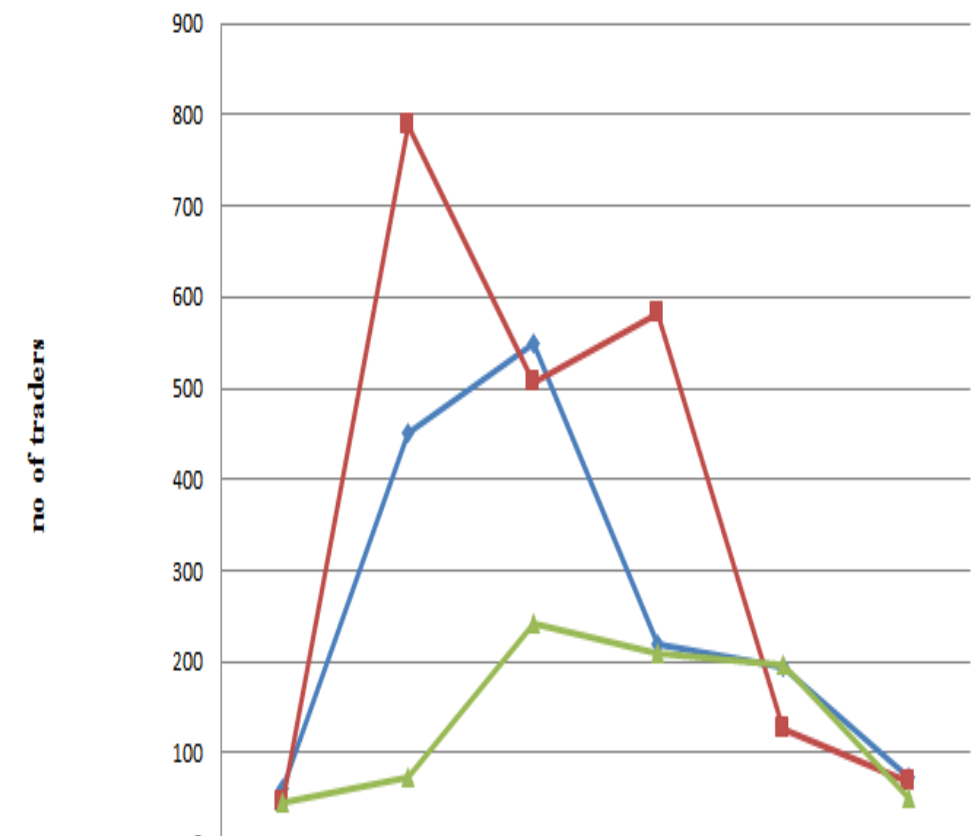


Breach: Overcharge



	2011	2012	2013	2014	2015	2016
Central-O/C	215	201	488	160	89	41
Western-O/C	31	165	276	237	190	28
Northern-O/C	38	37	400	248	224	18

Breach: no price display/marketing



	2011	2012	2013	2014	2015	2016
Central-NPM/D	60	452	549	220	194	72
Western-NPM/D	46	789	507	583	127	68
Northern-NPM/D	46	73	242	208	197	51

Overcharge

2013=C 42%  
2013=W 24%  
2013=N 34%

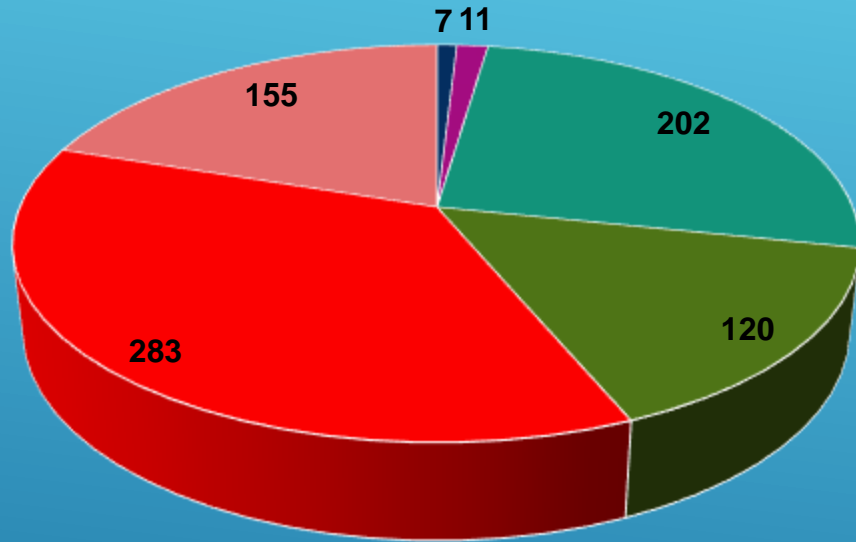
No price marking/display

2012=C 34%  
2012=W 60%  
2012=N 6%

# Offences



Breach details from 2010-2016



- Merger cases
- Market Power
- Misleading
- Expiry Dates
- Non issue of receipts
- No records, adulteration, Bait Advertising, Hoarding

### Natural Disaster–Winston February 2016

Total Inspections	680
Traders non compliance	81:12%
Spot fined via complaints	34:5%
Spot fined via inspections	34:5%
traders in prosecution	13:2%

# Pricing Methodology



Cost-plus mark up pricing methodology is used by the regulator to do product costing.

Under this approach you add together the direct materials costs for a product, and add to it a mark-up percentage (to create a profit margin) in order to derive the (W/R) price of the product.

- Total amount are converted to Fj \$ (amount for goods plus freight depends (FOB, CIF, CFR))
- add duty plus insurance
- local clearances plus cartage charges and overhead costs added to get=Total landed cost
- Total landed costs plus VAT = unit costs \$
- Add respective mark-ups

Total landed costs plus VAT = Unit cost	\$9.50
Wholesale markup 5%	\$9.97
Retail Mark up 10%	\$10.96
Direct Imported	\$9.50
Retail Mark up 10%	\$10.45

## Challengers and Impediments

- ❑ Continuous offenders (paper work etc.)
- ❑ Lack of technical expertise and staff turnover
- ❑ Access to Geographical Areas
- ❑ Developing operational centers, and the required resources.
- ❑ Stakeholder Acceptance, mostly business sectors, are reluctant towards reforms due to misinformation and ignorance
- ❑ All types of complaints

## Policy Direction



- ❑ To develop guidelines which are best seen as supporting macroeconomic and microeconomic strategy.
- ❑ More structured and certified trainings should be conducted to authorized personnel of so that they are trained to maintain compliance.
- ❑ To add more items such as imported packed vegetables, fruits grains and cereals to the PC lists so that it becomes affordable for consumers to purchase. This will reduce NCD's amongst people and unnecessary costs for treatment.
- ❑ To consider stabilization mechanism, remove items, and strengthen the monitoring team.
- ❑ To consider strategies in order to control short term inflation volatility
- ❑ Take proper legal action (s) on continuous offenders.

## Conclusion



- ❑ One of the major challenge in small and developing economies towards promoting effective competition is the implementation of appropriate competition law and policies.
- ❑ Fiji has structured competition regime that protects consumers and business. Breach is reported to the regulator through monitoring on daily basis and accordingly actions are taken.
- ❑ One of our objective is to create competition and benefits which will be passed on to consumers via, lower prices, enhanced social service, improved product quality and innovation, hence in doing this we are contributing to inclusive socio-economic development by improving and enhancing the living standards of all Fijians
- ❑ Awareness and information dissemination is vital to allow consumers and traders to make informed decision on goods and services that they will purchase/sell.
- ❑ Illuminating new tariffs rates will allow more developments, modern look, and attract business, thus this enhances living and contributes to growth.



# Thank You