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DETERMINATION ON BUTTER PRICE FOR REWA – CO-OPERATIVE PRICE REVIEW

Date of Report: 23 December 2010

1.0 INTRODUCTION

1.0 In the recent budget announcement, the Attorney General and Acting Minister for Finance announced an increase in VAT from 12.5% to 15% effective from 1st January 2011.

1.1 This would have an impact on the retail prices of Butter packed by Rewa Co-operative Dairy Company Ltd, and as such the need for revision of prices released on 19th November, 2010.

2.0 LEGAL FRAMEWORK

2.1 The Commerce (Control of Ex-factory prices for the wholesale supply of Butter) Order 2010 empowers the Commission to control/regulate ex-factory prices of butter in the wholesale supply.

3.0 LAST PRICE REVIEW

3.1 The last price review carried out on 19th November 2010 increased the wholesale & retail price of butter due to the increase in its major raw materials costs.

4.0 COMMISSIONS DETERMINATION

4.1 In view of the increase in VAT as per 2011 Budget announcement, the Commission has revised and approved the following retail price of local butter as tabulated below to be effective from 1st January, 2011. This increase in VAT components will only increase the retail price of butter while wholesale price will remain same as the prices released on 19th November, 2010.

Summary

Table 1 – Retail Price of Butter

| Butter (Quantity) | Existing (12.5% VAT) | Proposed (15% VAT) | % increase |
|-------------------|----------------------|--------------------|------------|
| 125g | \$1.50 | \$1.53 | 2% |
| 250g | \$2.97 | \$3.04 | 2.3% |
| 500g | \$5.92 | \$6.05 | 2.1% |

The prices set out in schedule 1 to schedule 8 herein shall be the maximum retail price, as the case may be, at which the goods mentioned therein may be sold in the area so specified in the schedule. Furthermore, where the maximum price of an item listed in the schedules is required to be rounded up by reason of cessations of one (1) cent and two (2) sent denominations, the consequential increase in the price of that item does not constitute a contravention of this determination.

Schedule 1

The prices set out in Schedule 1 are the maximum retail or wholesale prices, as the case may be, at which the goods specified in it may be sold within the cities of Suva and Lautoka, the towns of Ba, Lami, Nadi, Sigatoka, Tavua, Nausori and Nasinu and the areas on the island of Viti Levu within the radius of 5 kilometers from any of the post officers situated at Korovou, Navua or Rakiraki.

| Product | Quantity | Retail price (\$) Vat Inclusive | Quantity | Wholesale Price (\$) Vat Exclusive |
|---------|---------------|------------------------------------|-------------------------|---------------------------------------|
| Butter | Per 500 grams | \$6.05 | Per carton (32 x 500g) | \$160.45 |
| Butter | Per 250 grams | \$3.04 | Per carton (60 x 250g) | \$150.67 |
| Butter | Per 125 grams | \$1.53 | Per carton (100 x 125g) | \$126.83 |

Schedule 2

The prices set out in Schedule 2 are the maximum retail or wholesale prices, as the case may be, at which the goods specified in it may be sold in any area on the island of Viti Levu located within 1 kilometer from any public road except an area mentioned in Schedule 1.

| Product | Quantity | Retail price (\$) Vat Inclusive | Quantity | Wholesale Price (\$) Vat Exclusive |
|---------|---------------|------------------------------------|-------------------------|---------------------------------------|
| Butter | Per 500 grams | \$6.08 | Per carton (32 x 500g) | \$161.09 |
| Butter | Per 250 grams | \$3.05 | Per carton (60 x 250g) | \$151.27 |
| Butter | Per 125 grams | \$1.53 | Per carton (100 x 125g) | \$127.33 |

Schedule 3

The prices set out in Schedule 3 are the maximum retail or wholesale prices, as the case may be, at which the goods specified in it may be sold in any area on the island of Viti Levu not mentioned in Schedule 1 or 2.

| Product | Quantity | Retail price (\$) Vat Inclusive | Quantity | Wholesale Price (\$) Vat Exclusive |
|---------|---------------|------------------------------------|-------------------------|---------------------------------------|
| Butter | Per 500 grams | \$6.09 | Per carton (32 x 500g) | \$161.41 |
| Butter | Per 250 grams | \$3.05 | Per carton (60 x 250g) | \$151.57 |
| Butter | Per 125 grams | \$1.54 | Per carton (100 x 125g) | \$127.83 |

Schedule 4

The prices set out in Schedule 4 are the maximum retail or wholesale prices, as the case may be, at which the goods specified in it may be sold within the towns of Labasa, Savusavu and Levuka and the areas on the island of Taveuni within a radius of 8 kilometers from the Post Office at Waiyevo.

| Product | Quantity | Retail price (\$) Vat Inclusive | Quantity | Wholesale Price (\$) Vat Exclusive |
|---------|---------------|------------------------------------|-------------------------|---------------------------------------|
| Butter | Per 500 grams | \$6.24 | Per carton (32 x 500g) | \$165.41 |
| Butter | Per 250 grams | \$3.13 | Per carton (60 x 250g) | \$155.47 |
| Butter | Per 125 grams | \$1.58 | Per carton (100 x 125g) | \$130.83 |

Schedule 5

The prices set out in Schedule 5 are the maximum retail or wholesale prices, as the case may be, at which the goods specified in it may be sold in all areas on the island of Taveuni not mentioned in Schedule 4.

| Product | Quantity | Retail price (\$) Vat Inclusive | Quantity | Wholesale Price (\$) Vat Exclusive |
|---------|---------------|------------------------------------|-------------------------|---------------------------------------|
| Butter | Per 500 grams | \$6.25 | Per carton (32 x 500g) | \$165.57 |
| Butter | Per 250 grams | \$3.13 | Per carton (60 x 250g) | \$155.62 |
| Butter | Per 125 grams | \$1.58 | Per carton (100 x 125g) | \$130.96 |

Schedule 6

The prices set out in Schedule 6 are the maximum retail or wholesale prices, as the case may be, at which the goods specified in it may be sold in all areas on the island of Vanua Levu and Ovalau located within 1 kilometer from any public road except the towns of Labasa, Savusavu and Levuka

| Product | Quantity | Retail price (\$) Vat Inclusive | Quantity | Wholesale Price (\$) Vat Exclusive |
|---------|---------------|------------------------------------|-------------------------|---------------------------------------|
| Butter | Per 500 grams | \$6.26 | Per carton (32 x 500g) | \$165.73 |
| Butter | Per 250 grams | \$3.14 | Per carton (60 x 250g) | \$155.77 |
| Butter | Per 125 grams | \$1.58 | Per carton (100 x 125g) | \$131.33 |

Schedule 7

The prices set out in Schedule 7 are the maximum retail or wholesale prices, as the case may be, at which the goods specified in it may be sold in any area on the island of Vanua Levu and Ovalau not mentioned in Schedule 4 or 6.

| Product | Quantity | Retail price (\$) Vat Inclusive | Quantity | Wholesale Price (\$) Vat Exclusive |
|---------|---------------|------------------------------------|-------------------------|---------------------------------------|
| Butter | Per 500 grams | \$6.27 | Per carton (32 x 500g) | \$166.05 |
| Butter | Per 250 grams | \$3.14 | Per carton (60 x 250g) | \$156.07 |
| Butter | Per 125 grams | \$1.59 | Per carton (100 x 125g) | \$131.83 |

Schedule 8

The prices set out in Schedule 8 are the maximum retail or wholesale prices, as the case may be, at which the goods specified in it may be sold in any areas in Fiji Islands except the island of Ovalau, Taveuni, Vanua Levu and Viti Levu.

| Product | Quantity | Retail price (\$) Vat Inclusive | Quantity | Wholesale Price (\$) Vat Exclusive |
|---------|---------------|------------------------------------|-------------------------|---------------------------------------|
| Butter | Per 500 grams | \$6.35 | Per carton (32 x 500g) | \$168.13 |
| Butter | Per 250 grams | \$3.18 | Per carton (60 x 250g) | \$157.87 |
| Butter | Per 125 grams | \$1.62 | Per carton (100 x 125g) | \$133.83 |

The above or any charges by RCDC will remain the same and no other new charges should be introduced unless authorized by the Commission.

Commissioners:

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|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|  |  |  |
| Dr Mahendra Reddy | Leba Mataitini | Sepeti Tagilala |
| Chairman | Commissioner | Commissioner |

Date of issue: 23 December 2010.
Fiji Commerce Commission