



FIJI COMMERCE COMMISSION

HEAD OFFICE & CENTRAL

EASTERN DIVISION
Level 1 Garden City Complex,
Raiwai, Suva.
P O Box 5031, Raiwaqa, Suva.
Phone: (679) 337 2178
Fax: (679) 337 2389
Email :
sbaba@commcomm.gov.fj
Website:
www.commcomm.gov.fj

WESTERN DIVISION

DIVISION
1st Floor, Downtown Holdings Bldgs,
Street,
155 Vitogo Parade,
P O Box 594, Lautoka
1155
Telephone/Fax: (679) 666 1853

NORTHERN

Corner of Nanuku/Jaduram
P O Box 262, Labasa
Telephone/Fax: (679) 881

30th September 2010

Press Statement

Price Control of Basic Food Items

The Minister Aiyaz Sayed-Khaiyum, the Attorney General and Minister for Justice, Anti Corruption, Public Enterprise, Industry, Tourism, Trade and Communications yesterday signed off a Price Control Order giving powers to the Fiji Commerce Commission to set prices of a range of essential items - including some food and fuel items.

Two months ago, the Minister had requested the Commission to undertake a research on why prices of goods under Price Control had remained high. This is particularly a concern for goods which was imported duty free.

Three weeks ago, the Commerce Commission made a submission to the Minister the problems with the old Price Control Order of 1970 and how it defeated delivery of the objectives of the Government as well distorted demand side of the market.

In light of the Commissions submission and Cabinet had approved a new Price Control Order, , **Commerce (Price Control) (Percentage Control of Prices for Food Items (No 1) Order 2010** ("Order") which empowers the Commission to:

1. Control prices of specified items (Schedule 1 of PCO) which were price controlled either by the non-imposition of duty or otherwise; and
2. Obtain evidential documentation of costs incurred prior to approving the prices of the said goods.

The items that will be subjected to this Order are: Milk including baby milk, baby food, imported butter, chicken, corned beef and mutton, edible oils, imported dried leguminous vegetables, garlic, ghee, imported fish and other seafood, margarine, noodles, onions, imported potatoes, imported rice, sheep meat, sugar, tea, medicine, premium unleaded petrol, kerosene, white benzene and pre-mixed out board fuel.

The Commission in its submission to the Minister noted the following major problems:

- a) Under the old Order, the retailers who were importing goods were being allowed to add up the import, wholesale and retail markup before arriving at the final price. In the new order, a retailer importing a product will only be allowed to add up all three mark-up but rather only add up the retail mark-up;
- b) Under the old Order, traders provided the unit cost to the PIB and PIB approved the price by applying the mark-up stipulated in the Order. Under the new Order, the Commission will compute the unit cost based on primary data supplied by the traders;
- c) Under the old Order, traders were beating the system by establishing related companies thus adding up the mark-ups. Under the new Order, we will investigate any such case of a related company and thus disallow double dipping on mark-ups; and,
- d) Under the old Order, traders were changing the dimensions of the product thus keeping their product out of Price Control. We now have adjusted the specification by stating "all types".

We have written today to the traders and retailers that all prices of the said products that they are selling:

- a) are, as per the PCO 1, 2010, controlled from 29th September, 2010;
- b) have current prices which are interim only;

Furthermore, they must supply to us, within 2 weeks from the date of this letter, all costs relating to the said products with primary source documents. The Commission will then analyze the data and compute the unit costs and set prices. The traders must then charge those, and ONLY those prices as approved by the Commission.

We look forward to working with the retailers and traders and looking forward to fully deliver on to the objectives of the Commission.



Dr Mahendra Reddy,
Chair, Fiji Commerce Commission.
30th September, 2010.