



STANDING COMMITTEE ON ECONOMIC AFFAIRS

Review of Fiji Commerce Commission 2016 Annual Report



Parliamentary Paper No.123 of 2019

September, 2019

Published and Printed by the Department of Legislature, Parliament House, SUVA.



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Chairperson's Foreword

The Standing Committee on Economic Affairs is pleased to report to Parliament, its findings and recommendations on the Fiji Commerce Commission 2016 Annual Report.

The Fiji Commerce Commission ("Commission") is an independent statutory body that works with the objective to promote effective competition and informed markets, encourages fair trading practices as well as controls the prices of regulated industries and other markets where competition is limited.

In the year 2016, the Commission's Board embarked on development of the first ever strategic plan which was finalized and adopted in 2018. It was also the year which marked the change in Executive Management where Mr. Joel Abraham was appointed as the CEO.

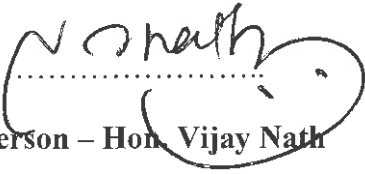
While deliberating on the Annual report, it was noted that fuel price reviews are currently done on a quarterly basis and recommends a more regular review to better manage the effects of the fluctuation of global prices to benefit the consumers. Further to this, the Committee understood the challenges of reporting breaches enforced under the CCA 2010, especially in rural and isolated areas and recommends that means of communication such as toll free line be established for whistle blowers.

The Committee would like to express its concerns on the rise in online scams locally and cautions the general public to be extremely vigilant when engaging with online traders to ensure that they do not fall victim to fraudulent activities.

Further to this, the Committee is aware of the important role FCC plays towards achieving key Sustainable Development Goals. In particular, Goal 1 against poverty; Goal 7 on Affordable and Clean Energy; and Goal 16 on Peace and Justice, respectively. The price regulations on products that are in place, regulatory oversight with regards to importing Petroleum and ensuring Fijians have access to consumer protection all reflect their commitment towards achieving the above goals respectively.

Finally, I would like to thank our Committee Members who were part of the team that produced this report: - Deputy Chair Hon. Veena Bhatnagar, Hon. George Vegnathan, Hon. Ro Filipe Tuisawau, Hon. Viliame Gavoka and Hon. Inosi Kuridrani. I also take this opportunity to acknowledge and thank the Parliamentary Staff who have given us invaluable support.

On behalf of the Standing Committee on Economic Affairs, I commend the Fiji Commerce Commission 2016 Annual Report to the Parliament.

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Chairperson – Hon. Vijay Nath

1.0 Introduction

1.1 Background

The Fiji Commerce Commission was initially established in 1998 under the Commerce Act and was then known as the Commerce Commission. Through the introduction of the Commerce Commission Act 2010 (“CCA 2010”), the Commerce Commission received its new name of **Fiji Commerce Commission** (“Commission”), following merger of the Commerce Commission, Department of fair trading and Consumer Affairs and the Price and Income Board.

The Commission works with the mission to enhance the welfare of the people of Fiji by fostering a competitive, efficient, fair and informed market place.

In the year 2016, the Commission conducted a total of sixty (60) public awareness sessions with a total of 1975 participants in order to ensure that businesses and consumers are fully aware of their rights and responsibilities under the CCA 2010. Other programs such as Trade Awareness, Radio Talkback Shows, educational programs in schools and newspaper articles were also used to reach a wide range of audience.

The Commission filed 155 cases for prosecutions for cases such as accepting payments without being able to supply as ordered. Further to this, the Commission received 290 fair trading related complaints from members of the public of which 124 cases were successfully resolved during the year 2016.

With regards to trader inspections, a total of 5,910 inspections were carried out in the Central Eastern, Western and Northern division.

1.2 Committee Remit and Composition

The Committee is made up of five (5) Members of Parliament, three (3) of which are Government members and two Opposition members. According to Section 109(2)(a) the Standing Committee is responsible to look into matters related to economic development, finance, banking and taxation.

2.0 Findings and Recommendations

1. The Committee noted that the fuel price reviews are currently done on a quarterly basis and recommends a more regular review to better manage the effects of the fluctuation of global prices to benefit the consumers. Additionally, perhaps in future, the Commission could explore the possibilities of deregulating fuel prices like in overseas countries to benefit the customers at large.
2. The Committee understands the challenges of reporting the breaches enforced under the CCA 2010, especially in rural and isolated areas. The Committee recommends that means of communication such as toll free line be established to ensure members of public are able to lodge complaints.
3. Given the concerning rise in online scams locally, the Committee recommends that relevant stakeholders such as FCC, Consumer Council of Fiji, FIU and others to work in collaboration to combat these threats and create more awareness programs with the general public.
4. The Committee is pleased to note that the expertise to assess and clear the acquisition of shares in British Oxygen Company Limited (BOC) by Vinod Patel Investments was carried out in-house without assistance from external agencies indicating that capacity building within the Commission is progressing well.
5. With the rent freeze in place since 2007, there has been concerns of neglect by landlords regarding the upkeep of properties. The Committee notes that there are provisions in Section 46(2) of the CCA 2010 for the landlords to be exempted from the rent freeze to address these issues. The Committee feels that there needs to be more awareness on these provisions. Further to this, the Committee understands the draft legislation (Landlords and Tenants Bill) is inclusive of this provision.

3.0 Gender Analysis

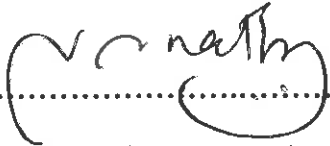
Gender composition in 2016 equated to 22% women and 78% men. The Committee was pleased to note that the women made up 40% of the Management team which is a positive move towards promoting gender equality (SDG 5).

4.0 Conclusion

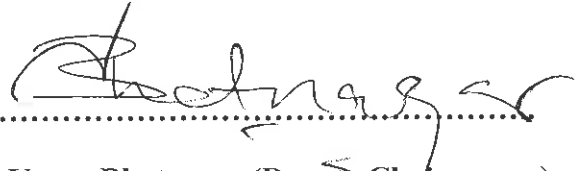
To conclude, the Committee is pleased with the overall performance of FCC and encourages the Commission to continue to contribute towards achieving the Government's social and economic goals.

The Committee recognizes the importance of achieving SDGs and would encourage FCC to continue to align themselves with the Sustainable Development Goals under its remit.

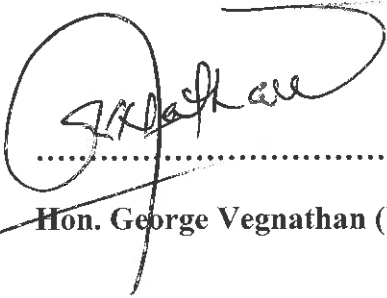
Members Signature



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Hon. Vijay Nath (Chairperson)



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Hon. Veena Bhatnagar (Deputy Chairperson)



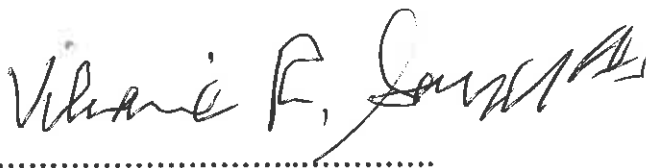
.....
Hon. George Vignathan (Member)



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Hon. Inosi Kuridrani (Member)

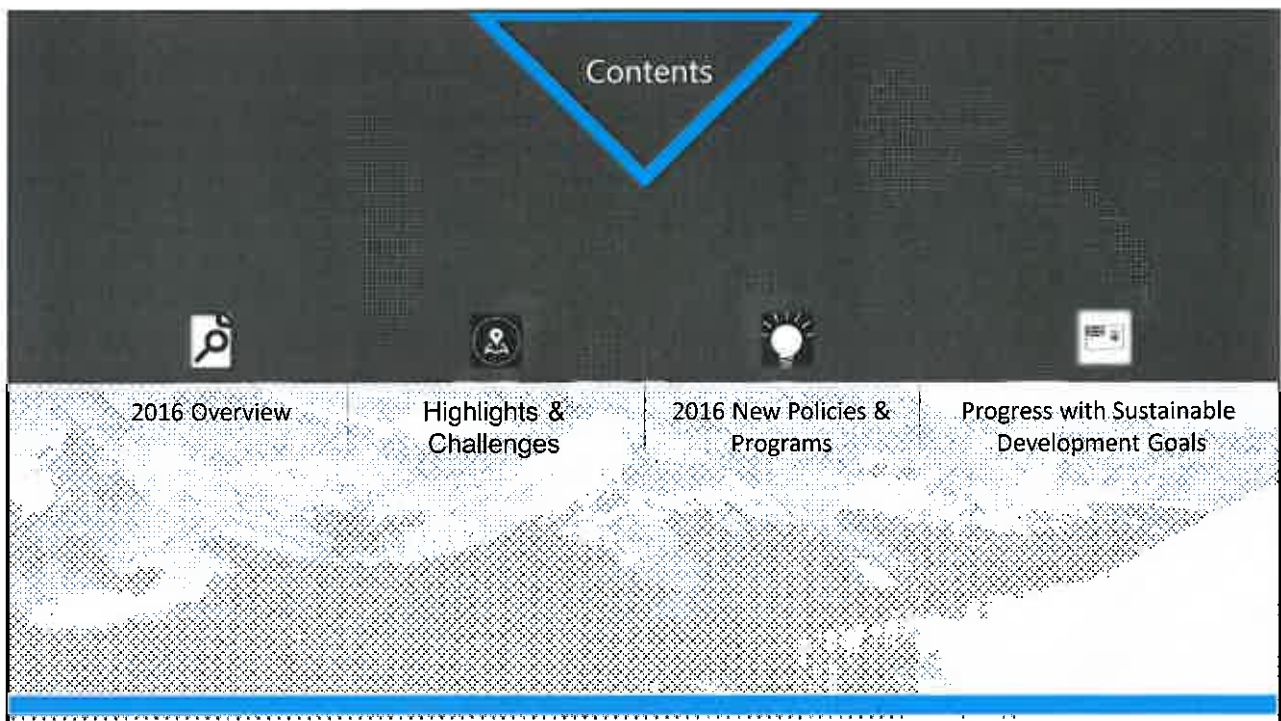


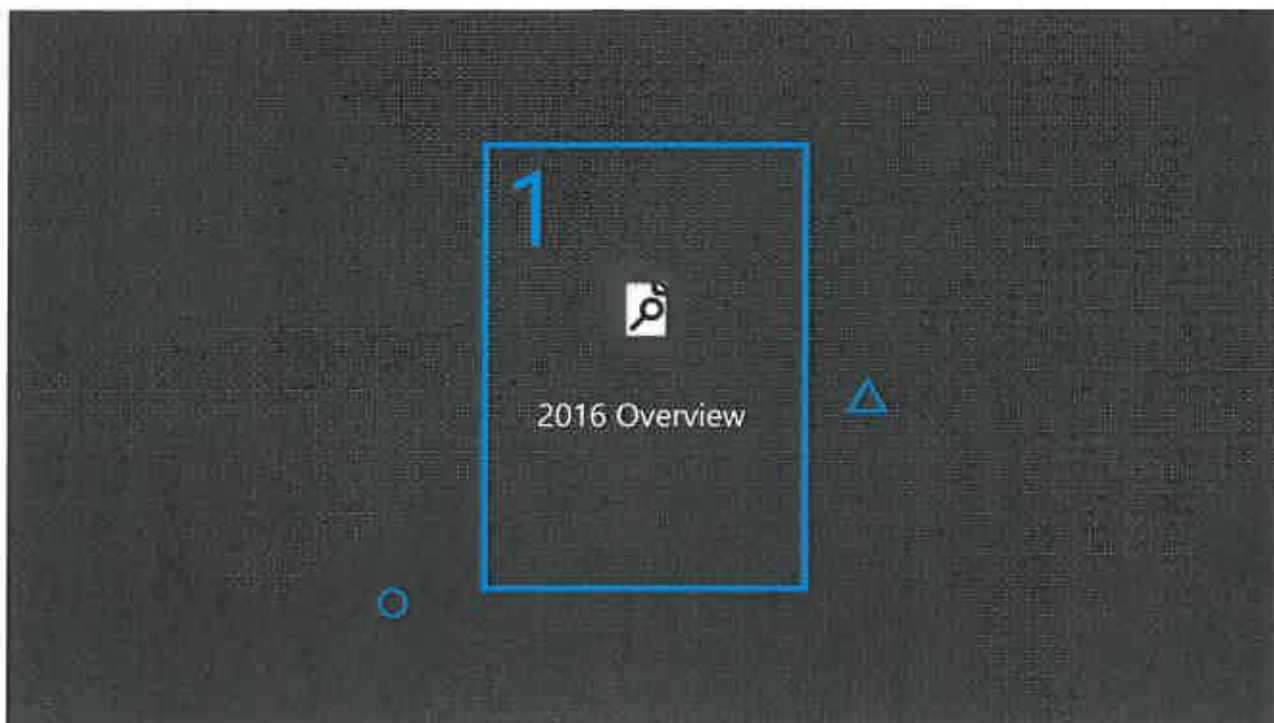
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Hon. Ro Filipe Tuisawau (Member)



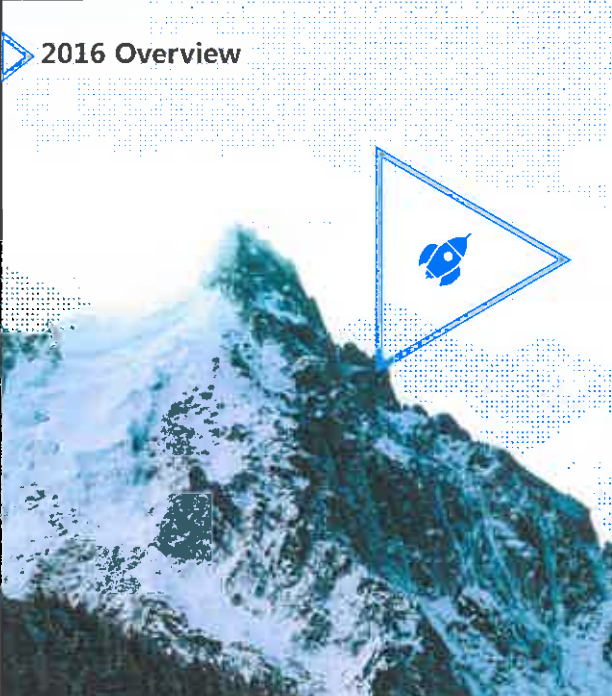
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Hon. Viliame Gavoka (Alternative Member)

APPENDIX





2016 Overview



Economic Regulation

- Three (3) quarterly reviews of fuel and LPG product prices and pharmaceutical product prices were authorized.
- Market study, social and economic impact assessments and policy consultations were undertaken to recommend extension of Price Control Order for Supply of Electricity and Ancillary Services for another one year and Price Control Order for Aeronautical Services for another three years.
- Final authorisation on prices of interconnection services and off net retail rates was issued following consultation with stakeholders in telecommunication industry.
- Workshop was organized for stakeholders in the Ports industry to raise awareness on requirements under the FCC Act 2010 for shipping companies, shipping and custom agents, customs brokers, freight forwarders and other parties.

2016 Overview (continued)



Economic Regulation (continued)

- On-going work on capital infrastructure consumer deposit review in electricity sector following submissions received from industry stakeholders highlighting the shortfalls and impediments in the existing policy that were affecting investment, growth and viability.
- On-going work on development of Regulatory Compliance Framework for Port operators to enable self regulation.

Price Regulation

- 1,175 submissions were processed for Basic Food Items (686) and Hardware Items (489). Of these, 781 submissions were allowed for price change, while remaining 394 did not result in price changes.

2016 Overview (continued)



Monitoring

- Total of 5,910 inspections were conducted around Fiji and 350 traders were found to be in breach of FCC Act 2010.
- Common breaches that have been noted are overcharging, failure to indicate prices, failure to display expiry dates, offering expired items for sale, false and misleading advertisements and not issuing proper tax invoices.

Compliance

- Total of 290 complaints were received. Of this 124 were resolved and investigation on remaining 166 were in progress.
- Complaints increased in two new areas – travel agents and online traders.

2016 Overview (continued)



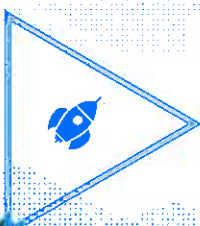
Competition

- One (1) acquisition case was processed and approved by the Commission to allow Vinod Patel Investments Limited to acquire shares in BOC (Fiji) Limited, based on the findings that it was unlikely to result in substantial lessening of competition in the market.
- One (1) complaint was received and investigated from the telecommunications industry regarding the conduct of one of its stakeholders. It was noted that the party had engaged in misleading advertisements in terms of its rates.

Rents

- Total of 329 complaints were received in relation to illegal rent increases, eviction without proper notice, failure to keep records and non-refund of bonds.

2016 Overview (continued)

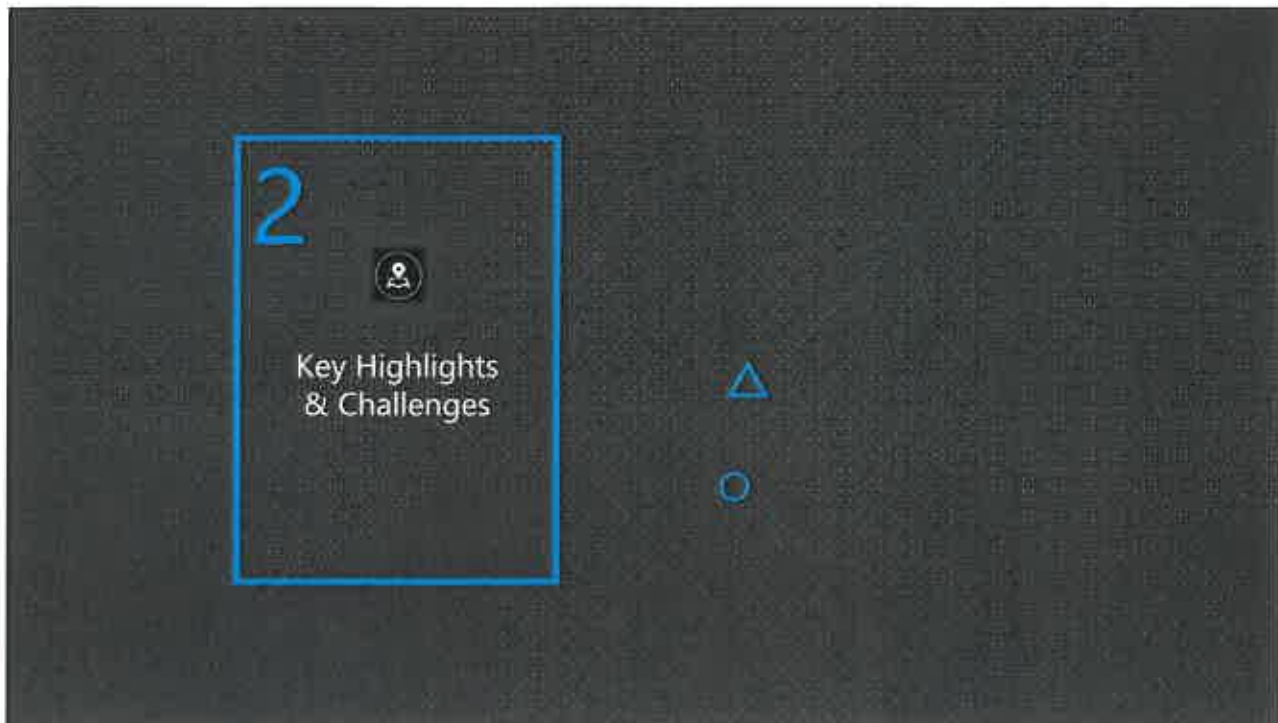


Legal

- The Commission registered 33 cases with the Court in 2016, 14 cases received sentences during the financial year, while 151 cases remained with the Court at the end of financial year.

Financial

- Government grant received during the year was \$1,116,500 (VIP).
- Other income included \$43,132 through amortization of deferred income in relation to fixed assets purchased through government grant and \$32,707 for levies and charges.
- Net assets increased by \$181,320 compared to \$134,039 in 2015; mainly due to unutilized grant that has been subsequently used to replace old computers, purchase new vehicle, and partially fund the Suva Office shift and fit-out.
- At the end of the year, there were \$409,390 in spot fines, that were remitted to the Government in 2017.



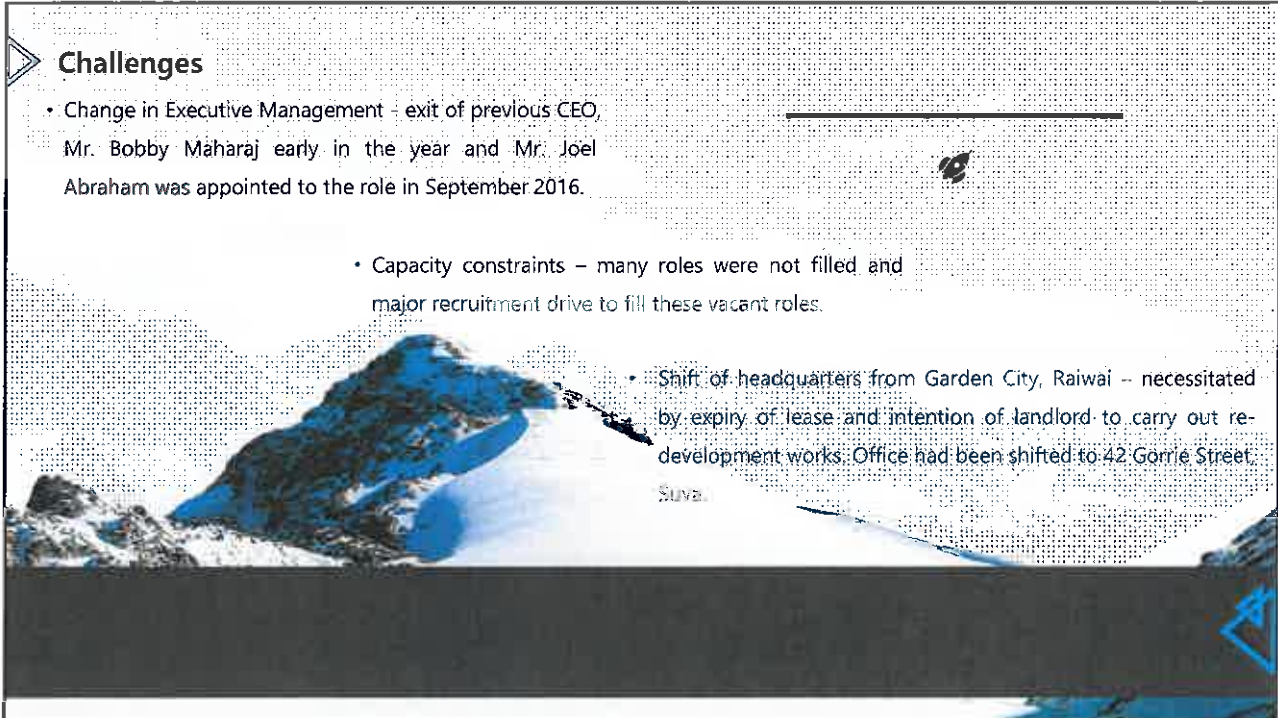
Key Highlights

Investigation of Bogus Travel Agents – Commission investigated a number of agencies who had obtained money from the members of the public for an overseas work visa, but did not provide the services. These agents had been under the Commission's spotlight and were very evasive. They have been brought to the court.

Five Year Strategic Plan – the Commission's Board embarked on development of the first ever strategic plan for the Commission through technical assistance from the Asian Development Bank. The strategic plan was finalised and adopted in 2018.

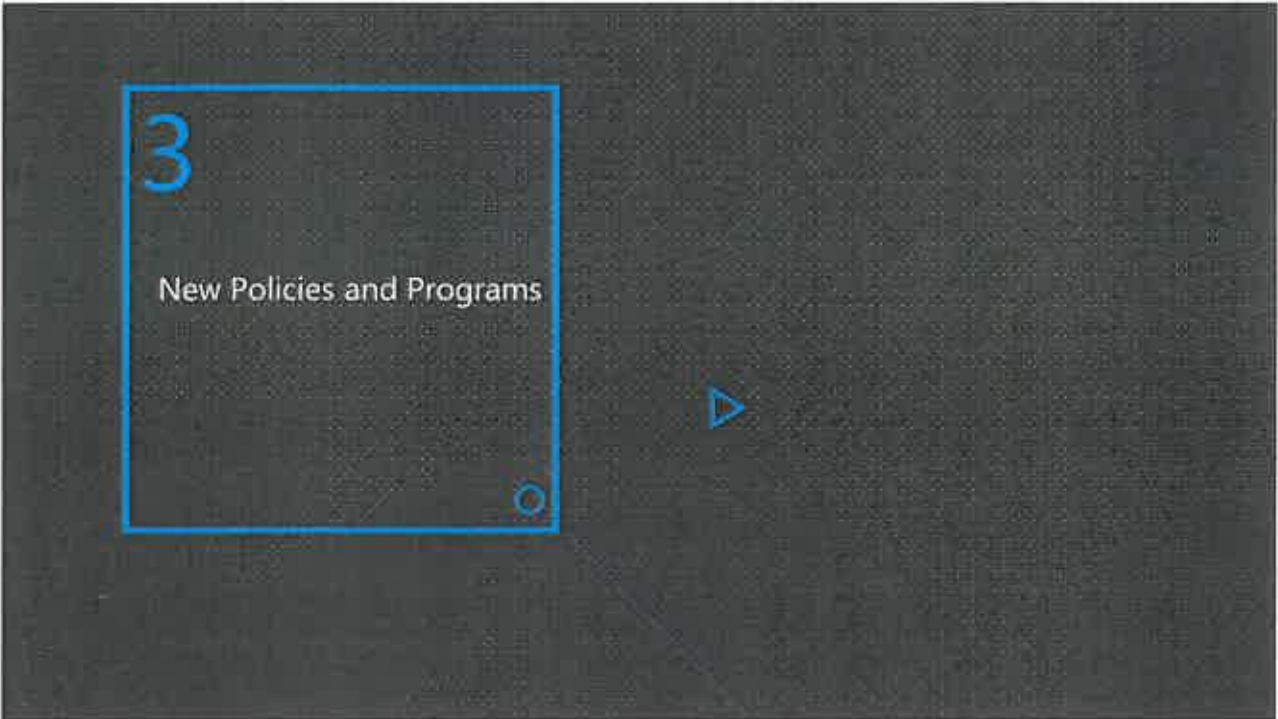
Job Evaluation Exercise – carried out by PWC, reflecting the Commission's desire to create a workplace that is fair, equitable and a provider of equal opportunities. The Commission's Board adopted the recommendations of JEE and the implementation commenced in phases in 2016. This was the first phase to enable FCC to align our salary to market rates.

Investigation of Online Traders – a number of online traders using Facebook as the platform to conduct business activities were investigated by the Commission. One such trader identified had multiple online store fronts in different names – "Desi Fashion", "Fashion Palace" and "Pink Windows". This trader was charged for offences under the CCA 2010 for soliciting money and not supply the items.



Challenges

- Change in Executive Management - exit of previous CEO, Mr. Bobby Maharaj early in the year and Mr. Joel Abraham was appointed to the role in September 2016.
- Capacity constraints – many roles were not filled and major recruitment drive to fill these vacant roles.
- Shift of headquarters from Garden City, Raiwai – necessitated by expiry of lease and intention of landlord to carry out re-development works. Office had been shifted to 42 Gorrie Street, Suva.



3

New Policies and Programs



New Policies & Programs

- The board undertook an assessment of the policies and programs with the view to realign the work of FCC to its core mandate of competition regulation.
- This saw the early work commence on the development of a strategic plan that would serve as a guiding document.
- Programs have since been re-looked at in terms of our reach, coverage and accessibility of services to all Fijians.
- Apart from these visionary initiatives, FCC continued to fulfil its role under the service level agreement to undertake inspections for market compliance.



4



Progress with Sustainable
Development Goals and
National Development Plan



Progress Highlights

- Goal 1 No Poverty (work around price regulation ensures we assess that prices for consumers are not exorbitant. We are price takers and must ensure that consumers are not overcharged)

Goal 5 Gender Equality

2016

- Management – 40%
- Staff – 22%

2019

- Management – 50%
- Staff – 42%
- First public sector organization to ever win WIB Employer of Choice

- Goal 7 – Affordable and Clean Energy (Petroleum, LPG, Electricity are subject to regulatory oversight)

- Goal 8 Decent work and economic growth (Decent work – limited to consumer protection – misleading representation in relation to employment (S.81) / economic growth – removing restrictive and unfair trade practices)

- Goal 16 Peace, Justice and Strong institution – ensure all Fijians have access to consumer protection (Access to justice)

QUESTIONS