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Parliamentary Paper No. 258 of 2020



**FIJIAN
COMPETITION &
CONSUMER
COMMISSION**

ANNUAL REPORT

2018 - 2019

Creating a dynamic and competitive market in Fiji

Letter to

The Minister

Honourable Mr. Faiyaz Koya
Minister for Commerce Trade Tourism & Transport
Level 3, Civic Tower
Victoria Parade
Suva

Dear Honourable Minister

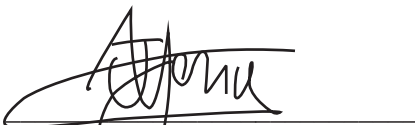
Re: Annual Audited Report 2018-19

I am pleased to present to you the Annual Report of the Fijian Competition and Consumer Commission (FCCC) in accordance with Section 25 of the FCCC Act 2010.

This report covers operations for the year ended 31st July 2019. The FCCC is required to provide the Annual Report to the responsible Minister who must cause it to be laid before Parliament as soon as practicable.

On behalf the members of FCCC, I take this opportunity to thank the Fijian Government for its continuous support.

Yours sincerely



Ms. Joann Young
FCCC Chair

CORPORATE STATEMENT

OUR PRINCIPLES

Vision

To create a dynamic and competitive market in Fiji.

Mission

Fostering a competitive, efficient, fair and informed market place to enhance the welfare of all Fijians.

Values

Professionalism, Honesty, Responsibility, Respect, Trust, Commitment, Transparency.



About FCCC

The Fiji Competition and Consumer Commission (FCCC) is an independent statutory body established under Section 7 of the FCCC Act 2010 that promotes effective competition and informed markets, encourages fair trading, and protects consumers and businesses from restrictive practices, and controls prices of regulated industries and other markets where competition is lessened or limited.

Ensuring compliance with its regulatory requirements is one of FCCC's principal objectives. This is achieved through the use of a variety of compliance tools, giving consideration to using the most appropriate tool necessary to obtain compliance, and when required, to promote general deterrence.

Objectives of FCCC

The FCCC Act 2010 came into force in 2010. The Act establishes FCCC with a minimum of four (4) Members, one of whom shall be the Chair. The Act sets out its objectives in Section 2(1):

- promote the interests of the consumers;
- promote effective and efficient development of industry, trade or commerce;
- promote effective competition in industry, trade or commerce; and
- ensure equitable returns for businesses with fair and reasonable prices charged to consumers

The Act further sets out FCCC's objectives, in relation to regulated industries and access regimes under Section 2(2):

- promote effective competition in the interests of consumers;
- facilitate an approximate balance between efficiency and environmental and social considerations; and
- ensure non-discretionary access to monopoly and near monopoly infrastructure or services.

These objectives provide the overarching outcomes FCCC must strive to achieve through its activities and outputs.

Functions

FCCC has a statutory responsibility under the Act for:

- Price control, including residential rents;
- Competition adjudication and enforcement; and
- Consumer protection enforcement.

FCCC is also required to provide reports and recommendations to the Minister and in this respect, it has a policy role. FCCC also initiates litigation or defends legal challenges to its processes, and it undertakes educational and advocacy activities to encourage compliance and advise consumers and traders of their rights and responsibilities.

FCCC undertakes a range of activities with respect to each of these functions. Such a broad range of functions provides FCCC with a degree of choice (discretion) as to which approach it will employ to resolve a market problem. Any intervention must be appropriate to the nature, scope and size of the market problem and be directed towards improving outcomes for all consumers.

A decision about which intervention FCCC will employ must also be appropriate in the context of the Fijian economy.

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Chair's MESSAGE

I am very pleased to present the 2018-2019 Annual Report for the Fijian Competition and Consumer Commission (FCCC).

This report showcases the activities undertaken in the 2018-2019 financial year and details our achievements as we continuously strive to achieve our strategic goals and our objectives. We are committed to improvement - as the paradigm changes, as consumers and traders evolve their behaviour, and the market as a whole change, we strategically adapt as an organisation.

This financial year has been quite fruitful for FCCC - we launched our Voluntary Compliance Framework - enabling retailers to become signatories participating in a voluntary compliance and awareness program, which is an excellent example of our strategic approach.

One of our mandates is to ensure that competition in the market is fair and effective, and that competitive engagement is for the benefit of both consumers and traders. This critical role includes the stimulation of competition where it is needed, and the regulation of markets to ensure that there is no monopolisation.

In carrying out this mandate, we use a variety of methods, but one of our most successful is stakeholder engagement and education. We find that an informed trader or consumer is often a compliant one. This acts as an important preemptive mitigation strategy - saving time and resources that we can better put to use in other critical areas of operation.

Another important facet of our role is Regulation. As the economic regulator - our primary role is to correct market imbalances and failures - which is directly related to the protection of Consumer Rights and interests. To achieve this, we undertake independent analysis and review regulated industries.

In addition to our regular reviews of the Petroleum, LPG and Pharmaceutical sectors, we conducted service and industry reviews for Postal Services, Food, Construction, Telecommunications and Aeronautical Services.

After Energy Fiji Limited made a submission proposing an increase in the electricity tariff, we conducted public consultations for an Electricity Tariff Rate Review - from which more than 4000 submissions were received from the public.

To ensure clear regulatory principles and processes were communicated to regulated businesses - we created a Regulatory Reporting Requirement Framework. This has helped foster transparency and enabled players to be aware of processes and reporting requirements.

On the Competition and Compliance front, we conducted an assessment of the acquisition of shares by Fiji National Provident Fund in the Grand Pacific Hotel to determine the likelihood of possible impacts on market competitiveness.

As part of our ongoing engagement, we received a total of 649 formal complaints, of which 238 were successfully resolved. 411 cases are still in the investigation phase.

Our periodic review of prices for price-controlled items continued to be conducted. In conjunction with this, monitoring is an important aspect of price control. Monitoring on price-controlled goods, and consumer goods was carried out to ensure that duty reductions provided by the Government in the 2019-2020 National Budget were passed on to consumers and to ensure compliance.

Our team conducted over 9000 trader inspections in urban, rural and maritime regions to ensure that business was being carried out in a compliant manner and that consumers were not being taken advantage of.

I would like to thank FCCC's Management Team and Staff - their diligence and dedication are paramount in ensuring that we met our strategic goals and objectives.

I would also like to thank the Honourable Minister, and the Permanent Secretary for Trade, Industry and Tourism for their insight and unwavering support.

I would finally like to thank the Board for their guidance, which is critical to FCCC achieving its mandate.

FCCC will proudly continue to play an important role in fostering socio-economic development for Fiji - always striving to achieve our objectives through the continuous fulfillment of our functions.

On behalf of the Board and the Commission - thank you to all who have helped in achieving success this financial year!



Handwritten signature of Joann Young in black ink, written over a horizontal line.

Joann Young
FCCC Chair

CEO's MESSAGE

Bula vinaka!

I am proud to present the Fijian Competition and Consumer Commission's (FCCC) Annual Report for the 2018-2019 financial year.

FCCC plays a critical role in the Fijian economy.

As the only enforcement agency, empowered by The Fijian Competition and Consumer Commission Act 2010, which sets the legal framework by which we operate, we take our role in educating and regulating markets, the protection of consumers and businesses, and the fostering of effective competition and fair-trading practices - very seriously.

This year was a busy one for FCCC - with thousands of inspections conducted across the urban, rural and maritime zones of Fiji. After analysing our inspections and complaints data, we found that several traders were not intentionally breaching the FCCC Act - while there was commitment from directors execution by their ground staff was a problem, they simply lacked knowledge on consumer protection. This valuable insight changed our approach and sparked the birth of a framework that has improved how we engage with traders - our Voluntary Compliance Framework. This framework, focussing on trader education workshops, has proven itself to be very effective.

This strategic approach, backed by our analysis of data from trader behaviour and infractions gathered by our on-the-ground teams, has been very fruitful for FCCC. This has enabled us to focus more on stakeholder engagement - with awareness and education as the main objective. Thus, our mandate to stimulate competition whilst regulating markets, where necessary, to ensure that monopolisation is not present, is being fulfilled in a manner that also enables us to continually engage with our stakeholders.

Regulation is a very important market pillar. As Fiji's economic regulator, we ensure that market imbalances and failures are corrected, enabling the protection of Consumer Rights at a national level. To this end, we regularly review regulated industries, and undertake independent analysis to determine ideal market conditions.

Apart from our regular market reviews of the Petroleum, LPG and Pharmaceutical sectors, we reviewed Postal Services, Food, Construction, Aeronautical and Telecommunications Services.

We also conducted widespread public consultations for a review on Electricity Tariff Rates after Energy Fiji Limited made a submission to increase the electricity tariff. We received thousands of submissions from all over Fiji and were able to directly speak to Fijians on the ground.

One of our major highlights for this financial year was the creation of our Regulatory Reporting Requirement Framework - to ensure that regulated businesses were well informed on regulatory principles and processes, and on our reporting requirements.

In the area of Competition and Compliance, we conducted assessments of merger transactions to determine possible impacts on market competitiveness. Additionally, we received hundreds of formal complaints from consumers and traders this year, and I am proud of the dedicated team who work hard to ensure that these complaints are addressed - in terms of complaints received, the worst three industries were Automotive, Construction and White goods.

We continued to review price-controlled items and monitor compliance to ensure that adherence remained high and that duty reductions provided by the Government in the 2019-2020 National Budget were passed on to consumers.

FCCC successfully reviewed price control orders which included three service reviews and two industry reviews for Postal Services, Food Items, Reinforcement Steel Rods, Interconnection Services Rates and Aeronautical Services.

To do this we assessed the current level of competition, socio-economic environment, policies and included the views and suggestions of stakeholders. Considering the responses, assessments were made as to whether the specified goods or services should be placed under regulatory control or that an existing order should be amended or revoked. The five price control orders were issued to place certain goods and services under regulatory oversight for a further three years.

FCCC also conducted on the ground awareness sessions with cane harvester owners, operators and farmers in both Northern and Western Divisions as part of our Sugarcane Mechanical Harvesting Awareness market investigation.

The FCCC commenced a review of the charges for the FINTEL cable landing station and for other services - this will make important contributions towards the Fijian economy and presents opportunities to deliver high-speed low-cost internet connectivity, and associated economic and social benefits, including bridging the digital divide for many Fijians.

Our electronic pricing portal was launched in January 2019. The system minimises time taken in assessing submissions and releasing new prices to stakeholders, thus reducing compliance costs for stakeholders. This year, a total of 1829 product price reviews were conducted all around Fiji.

FCCC prides itself on being dynamic and ever-evolving. As we continue to change - so must the dedicated women and men who make up our team. Our employees are diverse, and together with an environment that supports and encourages collaboration, partnership and innovation - we are better positioned to achieve our mission and vision.

We have 71 employees, of which 40 per cent are female - a testament to our commitment to gender equality. To all FCCC staff - thank you. Your willingness to serve the people of Fiji and your tireless dedication to your work is without comparison!

I would also like to thank the Honourable Minister and the Permanent Secretary for Trade, Industry and Tourism for enabling us to successfully deliver to our stakeholders.

Finally - we would not be able to find success without the strong leadership provided by my Board. Their faith, and the guidance are instrumental in steering the Commission towards achieving its objectives.

FCCC remains committed to providing our stakeholders with the best, for the good of all Fijians, to preserve their human dignity against unfair and restrictive trade practices.

Thank you all for another successful year!

A handwritten signature in black ink, appearing to read 'Joel Abraham', is written over a horizontal line. The signature is fluid and cursive, with a large initial 'J'.

Joel Abraham

Chief Executive Officer

Fijian Competition and Consumer Commission

Board of COMMISSIONERS



JOANN YOUNG

Ms. Young has over 20 years of experience in trade and agriculture policy, having worked for national, regional and international organisations.

She has also served in various boards in Fiji and was appointed as Chair for FCCC in September 2015.



ISIKELI TIKODUADUA

Mr. Tikoduadua is a banker by profession with more than 30 years of banking experience. He has worked for the Bank of New Zealand (BNZ), Australia New Zealand Banking Group (ANZ) and retired as CEO of HFC Bank in June 2016.

Mr. Tikoduadua is currently the Chair of Special Administrators for Suva City and Lami Town Council, Chair of the University of the South Pacific MBA Advisory Committee and Chair of Merchant Finance Limited. Other than this, he also serves as a Director of Vodafone Fiji, Director of Tower Insurance Ltd, and Director of i-Taukei Land Trust Board (TLTB). He was appointed as a Commissioner for FCCC in September 2015 and as Deputy Chair on 10 November 2017.



Vimlesh Sagar

Mr. Sagar has over fifteen (15) years' experience in Finance gained from dynamic and multi-cultural organizations. He possesses multiple skills covering many financial areas such as laws, financial analysis and management, budgeting, auditing practices, taxation, annual reporting, economic regulations, ethics, corporate governance and change management.

He is a Member of Australian Institute of Company Directors (MAICD), Fiji Human Resources Institute (FHRI), Australian Human Resources Institute (AHRI) and CPA Australia. Mr. Sagar is also an Associate Member of Association of Certified Fraud Examiners (ACFE) and a Fellow Member of the Institute of Managers & Leaders (FAIM). He was also appointed as a member of the selection panel for the Young Entrepreneurship Scheme (YES) in August 2018. He is also a member of the selection panel for the Research and Innovation Scheme for Enterprises (RISE). He is currently the Chief Financial Officer / Company Secretary of the Fijian Broadcasting Corporation Pte Ltd. Additionally, Mr. Sagar serves the people of Fiji as Justice of the Peace. He was appointed as a Commissioner for FCCC in September 2015.



Romil Patel

Mr. Patel being the founder and CEO of Jewels, Fiji and is also the Administrative Director and Shareholder of South Pacific Recordings (SPR), Director and Shareholder of All Foods (Fiji) Limited, Kebab King (Fiji) Limited and Information Nest Solutions (Fiji) Limited – an IT company providing services to State Owned Enterprises and Private sector. Other than this he is also serving as the Director & Board Member of Port Denarau Centre Management Limited and as a Board Member of the Trade Standards Advisory Council of Fiji.

Mr. Patel is also an Accredited Jewelry Professional from Gemological Institute of America. At present, Mr. Patel is also a serving member of the Australian Institute of Company Directors, Gemological Association of Australia (GAA) and Treasurer for the Rotaract Club of Nadi. He was appointed as a Commissioner for FCCC in September 2015



Lyanne Vaurasi

Ms. Vaurasi is a lawyer by profession with more than 6 years of experience.

She has worked at the Office of Attorney General from July 2011. She is also a member of the Australian Institute of Company Directors.

From April 2016, Ms. Vaurasi is the Deputy Chief Draftsperson at the AG's Office.

She was appointed as a Commissioner FCCC in September 2015.

Governance

STATEMENT

“The Board of Commissioners, Executive Management and staff of FCCC are committed to deliver benefits of competition regime to all Fijians with regards to economic development, greater efficiency in trade and protection of consumer welfare in an ethical, fair and transparent manner.”

Under Part 1 Section 2 (2) of FCCC Act 2010 FCCC has the following objectives in relation to regulated industries and access regimes to:

- a) promote effective competition in the interests of consumers;
- b) facilitate an approximate balance between efficiency and environmental and social considerations;
- c) ensure non-discriminatory access to monopoly and near monopoly infrastructure or services.

The performance of FCCC is documented in the annual report and submitted annually to the Parliament.

The Board

The Board sets the long-term strategic direction of FCCC by balancing the needs of various stakeholders. Board is overall responsible for the corporate governance in FCCC and ensures that the organization develops and implements strategies and policies to enable it to achieve the objectives/goals set out in the FCCC Act 2010 and Strategic Plan 2018-23.

1. Board Responsibilities

Overall, the Board has responsibility for all matters relating to the policies, practices, management and operations of FCCC. It is required to do all things that may be

necessary to be done to achieve the objectives of FCCC. Without limiting this general role of the board, the principal responsibilities include:

- Acting as an interface between FCCC and its stakeholders;
- Setting the strategic goals of FCCC;
- Reviewing the annual progress and performance in meeting the objectives;
- Providing the overall strategic direction;
- Determining policies governing the operations of FCCC;
- Appointing and approving the terms and conditions of Chief Executive Officer;
- Reviewing and providing feedback on the performance of the CEO;
- Endorsing the terms and conditions for senior executives reporting to the CEO.
- Establishing and determining the powers and functions of the sub-committees of the board;
- Approving major operating plans;
- Approving the annual budget and long-term budgets;
- Approval of all banking facilities;
- Approving all significant items of capital expenditure
- Keeping the market informed about FCCC in accordance with rules in place;
- Reviewing its own performance;
- Resolution of major issues of material nature affecting the organisation;

- Approving management reporting processes and documentation; and
- Approving all significant contracts, leases and other Commission commitments.

2. Corporate Governance Charter

At all times the Board will:

- Act honestly in the best interests of the whole Commission;
- Use due care and diligence in performing its functions;
- Not make improper use of information;
- Avoid conflicts of interest;
- Exercise independent judgment;
- Treat confidential information as the property of FCCC;
- Not engage in conduct liable to bring FCCC into disrepute; and

Comply with the spirit as well as the letter of this Charter.

3. Establish Clear Responsibilities for Board Oversight

A framework should be designed to:

- Enable the Board to provide strategic guidance for the entity and effective oversight of management.
- Clarify the respective roles and responsibilities of board members and senior executives in order to facilitate board and management accountability to both FCCC and its stakeholders.
- Ensure a balance of authority so that no single individual has unfettered powers.

4. Responsibilities of the Chair

These include:

- Ensuring that the board provides leadership to the organisation;
- Ensuring that the board is participating in setting the aims, strategies and policies of the organisation;
- Guaranteeing that there is adequate monitoring, pursuit and performance of the goals of the organisation;

- Making certain that the board has the necessary information to ensure effective decision making;
- Ensuring that administrative tasks such as circulation of board papers are carried out;
- Directing board discussions so that there is an effective use of time and that critical issues are discussed;
- Developing an ongoing and healthy relationship with the CEO; and
- Be available to offer guidance to Executive Management where required.

5. Responsibilities of the Board Secretary

The Board Secretary will:

- Ensure that all company legislative obligations are met;
- Ensure that the board papers are circulated to directors a reasonable time before the board meeting;
- Record, maintain and distribute the minutes of all board and board subcommittee meetings as required;
- Prepare for and attend all meetings of the Board; and
- Provide counsel for corporate governance principles.

6. Internal Audit

In improving its governance structure, FCCC introduced an Internal Audit function as an independent professional arm of FCCC. It reports directly to the Board through Finance and Audit Sub-Committee (FASC). The Internal Audit function is an assurance and consultant agent for FCCC. It applies the risk-based audit approach to identify and assess risks, which exists and recommends control measures to mitigate the risks whilst improving the overall process of the organisation.

Executive MANAGEMENT



Joel Abraham **Chief Executive Officer**

Mr. Abraham is the Chief Executive Officer for the Fijian Competition and Consumer Commission since September 2016 till date.

He has served as the Deputy CEO/ Manager Compliance & Fair Trade at the Fiji Commerce Commission from April 2010 to July 2015. He has also served as the Senior Research Fellow Price Control & Monitoring at the Fiji Commerce Commission.

He has also worked as a Finance and Business Advisor for firms such as Zura Pty Ltd Australia and Cardno Emerging Markets (Australia) Limited.

Mr. Abraham has successfully completed his Master of Commerce in Professional Accounting from University of the South Pacific (USP) prior to which he attained his Bachelor of Commerce-Accounting & Financial Management and Economics from USP as well. He has further attained a Master of Arts Programme in International Relations and Diplomacy from the University of Fiji and has also completed a Post Graduate Diploma in Climate Change from USP.

He is an Associate Member of CPA Australia and Associate Member-Association of the Certified Fraud Examiners.

He currently serves as a Board member for organizations such as Fiji Sports Council and Fiji Meats Industries Board.



Senikavika Jiuta **General Manager Operations**

Ms. Jiuta is the General Manager Operations for the Fijian Competition and Consumer Commission since February 2019 till date.

She has previously worked as the Manager Legal, Risk & Governance at FCCC and served in a wide range of areas including Board Secretary, risk management, governance, regulatory reviews, pricing reviews and financial reviews.

Ms. Jiuta had worked as a Legal Officer then to Senior Legal Officer with the Legal Aid Commission where she served in various divisions. She holds a Bachelor of Law and Professional Diploma in Legal Practice from the University of the South Pacific.

She also serves as a Board member for the Housing Authority of Fiji and the Public Rental Board.

Our Strategic

GOALS

Strategic Goal 1

Market for goods and services in Fiji are competitive.

Strategic Goal 2

Consumers in Fiji are offered goods and services that are safe and are provided with adequate and accurate information about goods and services.

Strategic Goal 3

Regulation, including price control, is applied where competition is not effective, and efficient outcomes can be achieved without imposing excessive administrative or compliance costs.

Strategic Goal 4

FCCC is regarded by Government business and the public as an independent and expert body.

ECONOMIC REGULATION

Regulation is an important means for accomplishing Government policy objectives while driving market economies.

As the Economic Regulator, Competition and Consumer Protection agency, the primary role of the FCCC in line and Government policy is to correct market failures thus enhancing the welfare of all Fijians through the promotion of competition and fair trade, regulating prices of certain goods and services provided by regulated entities and the protection of consumers' rights and interests.

The Economic Regulations department is responsible for determining the prices of products controlled by the FCCC pursuant to a Price Control Order and undertaking independent analysis and review on any industry engaged in the supply of electricity, water, sewage, post, broadcasting, telecommunications, ports, civil aviation or any other industries that is declared subsequently in Section 5, Regulated Industries of the FCCC Act 2010.

Through economic regulation, the aim is to get the right balance between providing incentives and equitable returns for regulated businesses to invest and ensuring that consumers are charged prices that align with the cost of the goods or services they receive. A number of major projects were carried out by the Economic Regulations department during FY2019-20 to support FCCC's ongoing service delivery capability; including market studies and assessments to support policy recommendations to relevant government agencies.

The current structure of the department includes seven (7) members: Manager Economic Regulation, two (2) Senior Market Analysts, two (2) Market Analysts, and two (2) Assistant Market Analysts.

The summary of the major activities for the year are summarized in the next section.

QUARTERLY PRICE RESTATEMENTS

Included in the quarterly restatements are the Pharmaceutical sector, Petroleum and LPG sector. Through this pricing mechanism, FCCC has effectively ensured that domestic price movement is aligned and the symmetrical movements corresponding to world market prices.

Petroleum & LPG Price Reviews

A total of four (4) price restatements were carried out in the year for both Fuel and LPG products. The "quarterly restatements" of prices were based on three (3) months average of international benchmark costs, the exchange rate and international freight charges. There has been significant movement in the international crude oil prices and refined product prices during the year August 2018 to July 2019. The price changes are depicted as follows:

FIGURE 1: Retail Price of Petroleum Products

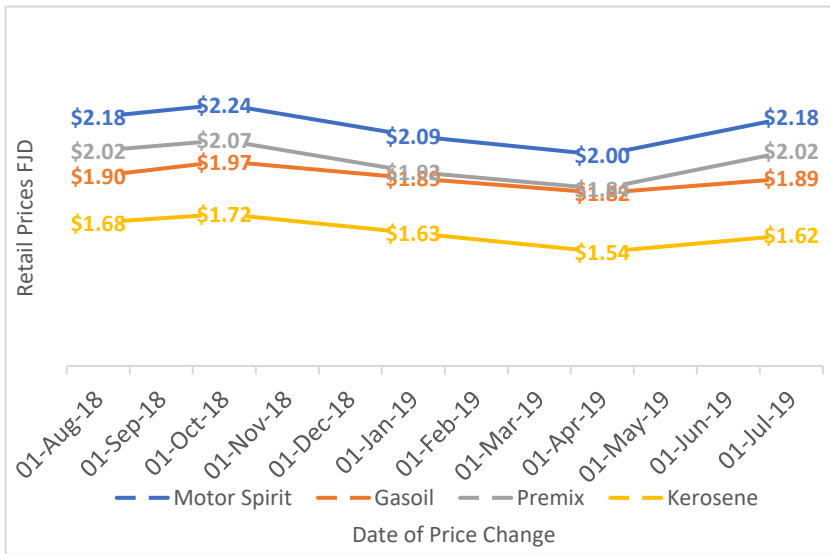


FIGURE 2: Fuel Products Usage



FIGURE 3: Retail Price of LPG Products

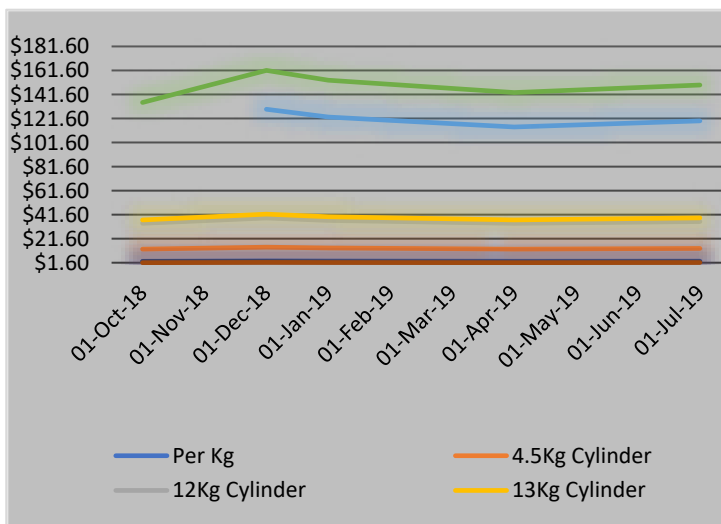


FIGURE 4: LPG Products Usage



Pharmaceutical Items Prices

In the period August 2018 – July 2019, a total of four (4) reviews were carried out based on the tender process of which traders were invited to make submission for the review of regulated pharmaceutical products.

The pricing methodology adopted by FCCC is based on the tender process whereby the most efficient supplier determines the prices and is valid for a quarter. Upon the computation of the in-store costs, analysis was performed to determine the efficiency of shipments and adoption of a uniform price through comparisons with costs of products with identical pack sizes in the same product category by different suppliers.



PRICE CONTROL ORDER REVIEWS

The FCCC exists to enforce a number of general and specific regulatory regimes. In FCCC's effort to ensure that it improve its regulatory role, FCCC has carried out reviews of the existing industry and price control items and services. For the year 2018/2019, FCCC has successfully reviewed five (5) price control orders which includes three (3) service reviews and two (2) industry reviews. These included (1) Postal Services, (2) Food Items, (3) Reinforcement Steel Rods, (4) Interconnection Services Rates and (5) Aeronautical Services.

The study included assessment on the current level of competition, the social and economic environment and policies and included views and suggestions of the stakeholders and users of such products/services in Fiji. Generally, it was noted that there is ineffective competition in the product and geographical market and the markets at the wholesale level are controlled by a single player or few players. These products/services are also a factor market for a wide range of product markets in Fiji. Therefore, price regulation will ensure reasonable and fair pricing, with a trickledown effect on the product market prices.

Recommendations were made as to whether the Minister should declare that the specified goods or services should be placed under regulatory control or that an existing order should be amended or revoked. The five (5) price control orders were successfully placed under regulation for a further three (3) years. Table 1 provides the price control order issued for the year.

Table 1: Price Control Order Studies

Reviewed Order	Effective Date	Expiry Date
FCCC (Control of Prices for Postal Services) Order 2018	14 Sept 2018	14 Sept 2021
FCCC (Price Control) (Control of Prices for Food Items) Order 2018	30 Sept 2018	29 Sept 2021
FCCC (Control of Prices for Reinforcement Steel Rods) Order 2018	14 November 2018	13 November 2021
FCCC (Control of Prices for Interconnection Services Rates) Order 2018	21 November 2018	21 November 2021
FCCC (Control of Prices for Aeronautical Services) Order 2019	23 June 2019	23 June 2022

MARKET INVESTIGATIONS

Sugarcane Mechanical Harvesting Awareness

In 2017, the FCCC determined the Sugar Cane Mechanical Harvesting rate of \$17.50 per tonne. The sugar industry was one of the focus sectors for the FCCC as such awareness sessions were scheduled for the mechanical harvesting rate for harvester operators.

Awareness session were scheduled for both pre-and harvesting seasons based on the following objectives;

- To raise awareness to Mechanical Harvester Owners on the provisions of the FCCC (Control of Prices for Mechanical Harvesting Services for Sugar Cane) Order 2017 and the Authorisation, before the cane harvesting season starts and consider issues and concerns which they may have faced from the last harvesting season;
- To address non-compliance cases against Mechanical Harvester Owners. As such, an awareness session on the requirements of the regulation became necessary.

For the financial year 2018/2019, the FCCC had successfully conducted its awareness session through face-to-face consultations with harvester owners, operators and farmers in both Northern and Western Divisions.

INDUSTRY REVIEWS

Electricity & Energy Sectors

Off Grid Electricity Tariff

The FCCC determined the rural off-grid (micro-grid) electricity rate namely for Vio village for the first time. The initiative involves bringing clean, affordable rural electrification to rural communities via the Fiji Rural Electrification Fund where the premise of submission was that the project will be able to generate sufficient revenues from the retail tariff such that the Fund can invest those revenues in new sites in a timely manner.



FCCC notes that the project aligns with the Government policy to achieve 100% electrification, with 81% share of electricity generated from renewable resources by 2020, rising to 99% by 2030. Furthermore, it aligns with the Climate Action Plan, engages local communities, catalyses collaborative partnerships to promote permanent solutions for sustainable environment and enhances human welfare. Electricity is a regulated industry under Section 39 of the FCCC Act 2010.



The quality of regulation within the electricity sector plays a significant role in growth and development of any country. Based on FCCC assessment, the FCCC issued the Interim Authorisation on Off-Grid Electricity for Vio Village to the Fiji Rural Electrification Fund, effective from 5 November 2018.

Electricity Tariff Rate Review

In the 4th quarter of 2019, Energy Fiji Limited made a submission to FCCC for the 'Revision of the Electricity Tariff Review', proposing an increase in the existing average electricity tariff by

17.27%. This tariff increase was to cover for the increasing cost of providing electricity in the three (3) main regions of Viti Levu, Vanua Levu and Ovalau till the next tariff review.

Written and oral public consultations including consultations with key stakeholders were carried out prior to making a decision on setting and changing the tariffs. A total of 27 public consultations sessions were conducted by FCCC throughout the three (3) divisions - Central, Western and Northern. More than 4,000 submissions were received.

FCCC carried out the review by making reference to the financial position of Energy Fiji Limited, best industry practices in other countries and to align the policies with that of the interest of all Fijians. One of the key objectives of any developing country is to provide affordable access to modern energy services in order to support economic and social development of the business sector and society at large. Fiji has made steady progress towards universal electricity access and utilisation of renewable energy resources for power production. The review was in progress as at 31 July 2019.



LPG Products Operating Cost Review

A review of the operating cost structure was undertaken for the two (2) LPG companies to ensure correct variables were being used for pricing purposes. The last review was last carried out in 2012. The price revision was also with the view of enabling the companies to manage their cash flow due to concerns of increased world market butane price and cash pressure due to certain capital projects. Phase 1 of the review authorised the prices for 50kg Cylinder and Bulk LPG that became effective from 26 October 2018, while the final phase resulted in new prices for LPG products effective from 4 December 2018.

Review of Petroleum Product Prices Based on New Fuel Standards

The new fuel standard covers the technical requirements of Euro 5 Diesel and Euro 4 Unleaded Petrol (ULP) which came into force in 1 January 2019. The New Trade Standards (Fuel Standards) (Amendment) Order 2018 was gazette to improve the quality of fuel. This reduces sulphur level for Diesel from 500ppm to 10ppm and Unleaded Petrol from 500ppm to 50ppm. The FCCC reviewed regulated fuel prices to enable recovery of cost associated with new fuel standard.

During the year, FCCC had also reviewed the demurrage cost component of the pricing template and regulated asset base for determination of return on investment. Furthermore, FCCC assessed the pricing of Petroleum and LPG products for an outer-island trader and recommendations were made in view of the transportation and cartage cost incurred.

Petroleum/LPG Products Procurement System

Price stability in the Petroleum and LPG sector which also includes efficiency in distribution and availability of petroleum products is one of the very core drivers to a countries' economic and social development.

As a proactive measure to remove price volatility in the market and ensure the maintenance of a stable price, policy consideration and recommendations were made by FCCC to advice on a

Bulk Procurement System. This was aimed at the management of Fuel/LPG importation that will ensure security of supplies into the country and policy options for a fuel price stabilisation fund and subsidy.

Marina Sector

Review of Passenger Levy

Port Denarau Marina Limited (PDML) had made a submission proposing for an increase in passenger levy across all passenger categories. Passenger levy is a service that is charged by PDML to the commercial operators for the passengers that embark the ship. The marina industry has monopolistic nature. FCCC's role as a regulator of monopolistic situations is to promote competition in the market and protect consumer interests that may be marginalized by abuse of market power. Hence, FCCC is required to ensure that the regulated passenger levy is fair and equitable.

The FCCC assessed PDML's submission and also undertook consultation with interested parties. As part of FCCC's regulatory review, the new Passenger Levy was authorized effective from 1 April 2019 for Adult/Child and Local/Staff categories.

Construction Sector

Review of Cement Prices

During the year, FCCC received two (2) submissions from the cement manufacturers, namely from Tengy Cement Group and Pacific Cement Limited, for local cement wholesale prices. This review is aligned with the Fijian Government National Development Plan in terms of building a sustainable and globally competitive manufacturing and commerce industries with policy to stimulate growth of domestic trading sector.

A comprehensive review of the cost structure and operations was carried out for the cement companies and detailed financial and non-financial information was evaluated for the purpose of ascertaining the proposed increase and the associated cost components. The review into the wholesale cement pricing was completed and new prices were made effective from 1 October 2019 for Pacific Cement Limited. Submission for Tengy Cement Group was put on hold waiting for further information.

Telecommunications Sector

Review of Local Interconnection Service Rate

Under the Fijian Government's 5 & 20-year National Development Plan, Government policy is aimed at promoting universal access to information and competitive telecommunication services delivered on a secured platform. This includes the following strategies to achieve the following goals:

- improve the telecommunications infrastructure;
- provide equal access to ICT;
- strengthen the regulatory framework;
- strengthen ICT capabilities in the workforce; and
- promote the use of "Green" technology.

Telecommunications is declared as a regulated industry under Part 1, Section 4 of the FCCC Act 2010. Interconnection is a critical feature of telecommunications networks, as it enables subscribers on one (1) network to call and to be called by subscribers on another network at a price which would not have been possible in the absence of a price control order.

During the year, a review into the local interconnection service rates was undertaken and the new interconnection service rates were authorised based on a phased glidepath approach. In making this authorization, it was noted technology has evolved which justifies the reduction in rates and consumers will benefit over time. The Final Authorisation for Prices of Interconnection Services and Off-Net Retail Rates was effective from 10 June 2019 as shown on Table 2:

Table 2: Local Interconnection Rates

Description	Authorised Rate per Minute (FJD)		
	10 June 2019	10 June 2020	10 June 2021
Mobile to Mobile Network Termination (MTM)	0.07	0.06	0.05
Mobile to Fixed Network Termination (MTF)	0.05	0.05	0.05
Fixed Line to Mobile Network Termination (FTM)	0.07	0.06	0.05

Review of FINTEL Cable Landing Station Charges

The FCCC commenced a review of the charges for the FINTEL cable landing station and for other services which are important for the provision of broadband services to retail customers in Fiji. A cable landing station is the point at which the submarine cable connects into the land-based infrastructure or network. This is a crucial link connecting Fiji to the world via internet broadband services.

The review noted that the landed capacity of all operators increased substantially since the initial Determination came into effect, at a rate not matched by any increase in the costs incurred by FINTEL in providing the service.

Having regard to the overall cost reductions in cable capacity, the number of cables being supported by FINTEL at the cable landing station and the general changes in technology, the FCCC had determined that the charge should be amended to \$4,000 per Gigabits (Gb) per month reflecting “lit” capacity. This represents a significant price reduction from the current charge of \$4,000 per STM-1.

The Coordination of Access Approval and Landing of Capacity Service one-off charge of 15% ceased to apply and the Co-location Service was revised from \$125 per square foot to \$1,500 per square meter. The new FCCC Authorisation was effective from 10 June 2019.

The impact of this Authorisation will make important contribution towards the growth and development of Fiji’s economy and presents opportunities to deliver high-speed low-cost internet connectivity, and associated economic and social benefits.

Call Rounding Mechanism

The FCCC received a submission from one (1) stakeholder requesting an amendment to the call duration rounding mechanism in respect of incoming international inbound calls to Fiji. The effect of this would be to change the rounding from “second plus second” to “minute plus minute”. The FCCC carried out an independent analysis on the migration into minute billing

system and also conducted consultation with the related stakeholders. There is no impact on consumers in Fiji as cost will be absorbed by international markets outside Fijian jurisdiction. The FCCC recommended 60-60 rounding shall apply to the international and domestic transit charges. Incoming international calls and national transit shall have consistent rounding to nearest minute.

Negotiation of National Fibre Access Agreement with Telecom Fiji Limited

Digicel (Fiji) Pte Limited made an application to the FCCC for arbitration and determination for an access agreement that would enable Digicel to obtain lawful access to the domestic fibre network owned and controlled by Telecom Fiji Limited. The FCCC proceeded to convene the arbitration process on the matter and the parties mutually undertook commercial negotiations.

REGULATORY REFORMS

To bring certainty into the regulatory framework, the FCCC spearheaded development of best practices and regulations that would be applied to all industries. The FCCC recognises that industries should have the ability and confidence to do business in a good environment. No single model will be appropriate for all the industries but clear regulatory principles and processes will provide certainty for regulated businesses. Implementing these principles will also ensure that consumers are able to purchase goods and services at efficient prices and appropriate quality standards. The effective regulation of markets will continue to play an important role in Fiji's economic growth.

In the efforts to ensure transparency and improved system on reporting requirements, FCCC had completed a Regulatory Reporting Requirement Framework to guide the regulated firms and private sector on FCCC's reporting requirements. This ensures that everyone is aware of the processes involved, brings about greater accountability and transparency, and ensures that FCCC as a regulator stays updated with current market conditions. The first phase of the implementation of the framework has been completed. This will be an on-going activity.

PRICE CONTROL & MONITORING

The Price Control and Monitoring (PCM) department is responsible for administering price control, rent control and monitoring compliance to FCCC Act 2010 in accordance with the four (4) strategic goals outlined in FCCC's Strategic Plan 2018-2023. Some of the key roles include:

- Conducting periodic review of prices of price-controlled items and where necessary issue price control orders through the approval of the Minister for Trade and Tourism and Transport; and determinations and authorisations through FCCC Board;
- Conducting routine and strategic inspections in trading premises around Fiji to monitor compliance to FCCC Act 2010;
- Receiving and investigating consumer complaints, including tenancy issues; and
- Conducting market surveillance, investigations and studies to evaluate existing price control or propose price control in markets where competition has weakened or lessened, and to conduct awareness activities in conjunction with Competition and Compliance department to promote knowledge of consumer and business rights and responsibilities.

The current structure of the department includes nineteen (19) members based in the three (3) divisions (Central, Western and Northern): Manager Price Control & Monitoring, one (1) Senior Market Analyst, one (1) Market Analyst, two (2) Assistant Market Analysts, one (1) Senior Monitoring Officer, five (5) Monitoring Officers, two (2) Assistant Monitoring Officers, one (1) Senior Rent Officer, two (2) Rent Officers and three (3) Graduate Trainees.

Price Control Section

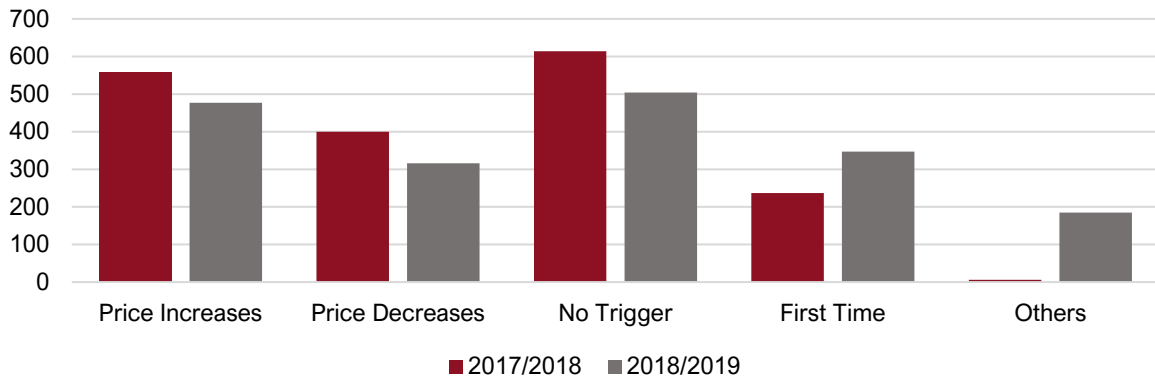
This section is responsible for:

- Conducting periodic review of prices of price-controlled items and where necessary issue price control orders, determinations and authorisations through the approval of Minister of Commerce Trade Tourism and Transport and FCCC Board.
- Conducting market surveillance, investigations, awareness, reviews and studies to evaluate existing price control or propose price control in markets where competition has weakened or lessened.
- Conducting market research to inform pricing decisions.

During the year, a total of 1,829 product price reviews were carried out compared to 1,814 in the last financial year. Conducting reviews has been made easier by implementation of an Electronic Pricing Portal. As of 31 July 2019, the system is handling pricing reviews for three (3) categories of basic food items with additional categories to be added in next few years.

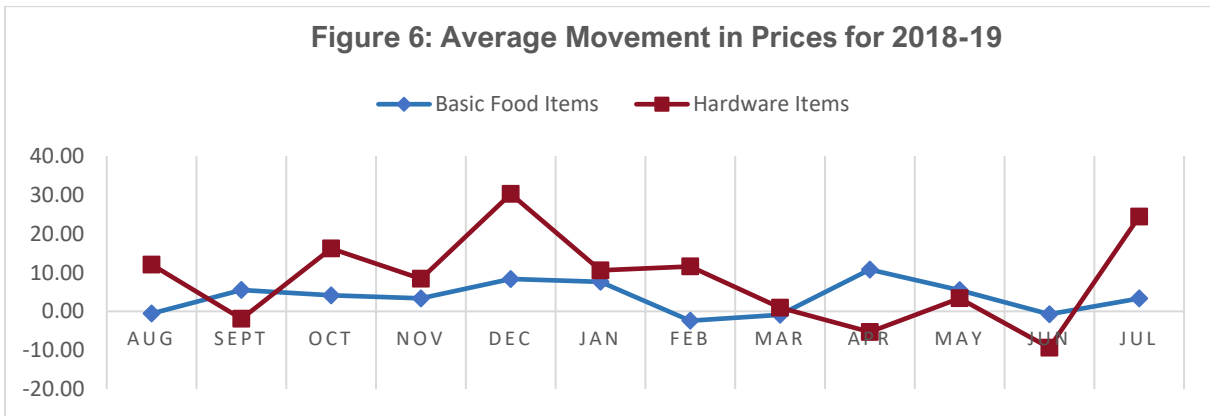
The summary of reviews conducted is shown in Figure 5 below.

Figure 5: Price Reviews for 2017-18 and 2018-19



(Source: FCCC Record)

The overall percentage movement in prices for the basic food and hardware products is shown in Figure 6 below.



(Source: FCCC Record)

The increase in price of hardware items were mainly due to inclusion of local freight costs. The increase in price of food items around April 2019 was due to increase in the international price of wheaten products (i.e., flour)

The annual average price movement for food items reflected an increase of 0.35% and for hardware items, there was an increase of 1.12%.



FCCC Staff visiting Dominion Cables Warehouse



FCCC Staff with Operations Manager of Tubemakers Fiji

Market Reviews

Two (2) market reviews were conducted during the financial year to help identify whether there is sufficient competition in the market for basic food items and wheat products.

These reviews led to the gazette of two (2) price control orders for another three (3) years:

- the Commerce (Price Control) (Control of Prices for Food Items) Order 2018; and
- the Commerce (Price Control) (Wheat Products Ex-Factory) Order 2018.

Electronic Pricing Portal

The electronic pricing portal was launched and effective from 01 January 2019. This mandated all stakeholders to make submissions for review of prices for three (3) basic food item categories (Potato, Onion and Garlic) through the online portal. The system has been developed to minimise time taken in assessing submissions and releasing new prices to stakeholders, reducing compliance costs for stakeholders and freeing up the Price Control team to conduct valuable market research and proper review of expiring orders.

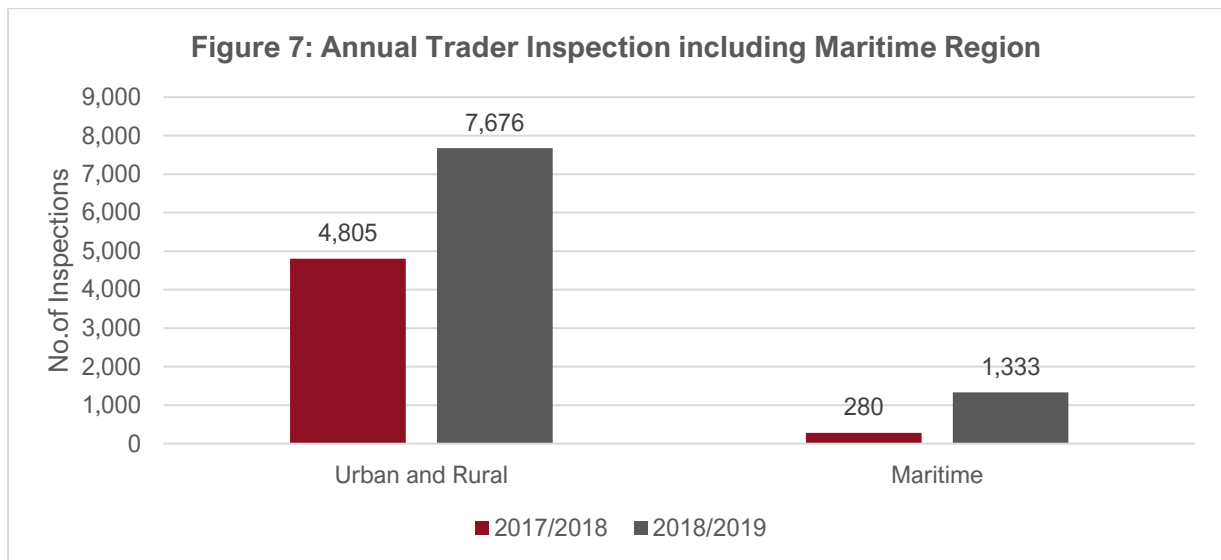
Monitoring Section

This section is responsible for:

- Conducting routine inspections in trading premises in Fiji to monitor compliance to FCCC Act 2010.
- Receiving and investigating consumer complaints relating to price-controlled items and enforcing the FCCC Act 2010.
- Conducting market surveillance, investigations, awareness and studies to evaluate existing price control or propose price control in markets where competition has weakened or lessened.

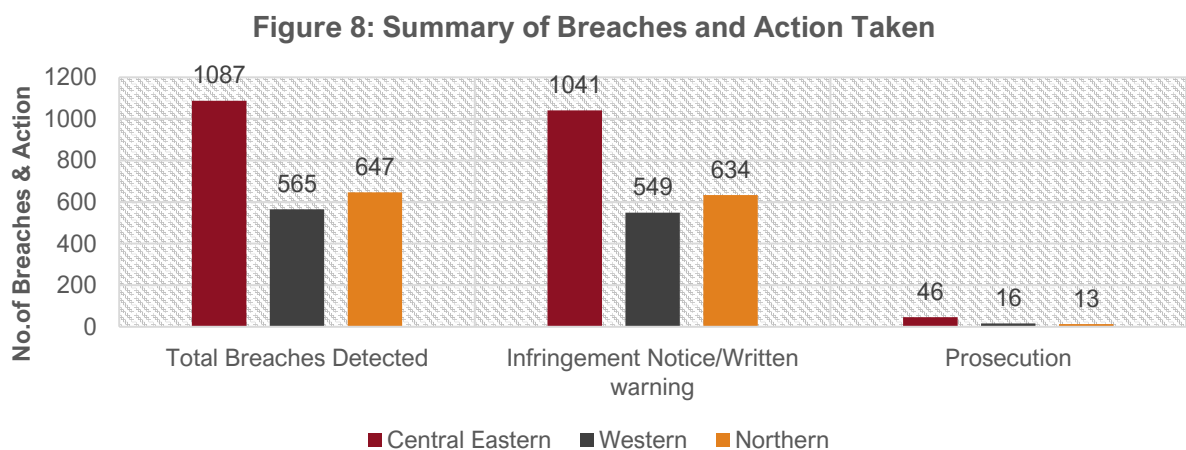
Price Inspections

The Figure 7 below summaries the number of trader inspections carried out during the financial year. There has been significant increase in number of inspections that were carried out compared to last financial year.



(Source: FCCC Record)

From the inspections carried out, the Figure 8 below provides a summary of breaches by each division.



(Source: FCCC Record)

Market Surveillance

The monitoring section also conducted surveillance of fifty (50) high-turnover items and selected items that were subject to duty reductions announced in 2018-2019 National Budget to ensure benefits were being passed on to consumers.



FCCC Staff conducting maritime price inspection at Mavana Co-operative Store located at Mavana Village, Vanuabalavu, Lau Island

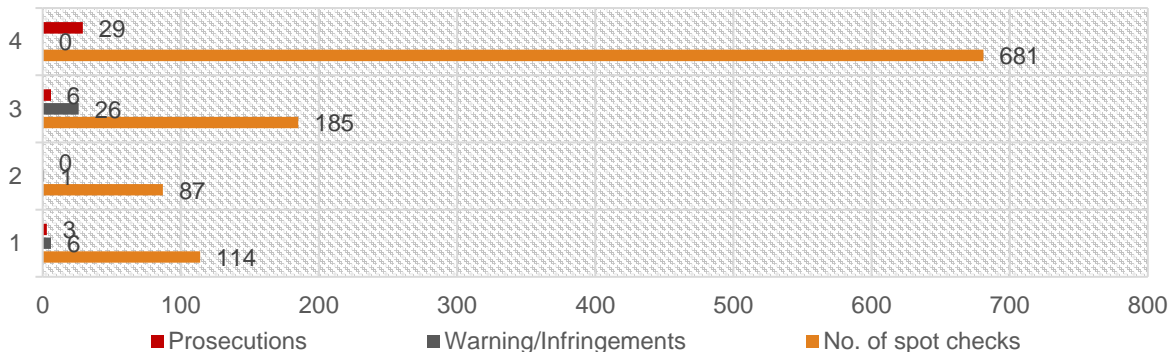


FCCC Staff conducting maritime price inspection at Ono-i-Lau Post Office, Lau Island

Spot Checks

Spot checks were carried out in every quarter in conjunction with the review of prices for fuel and LPG products. This is summarized by each quarter in Figure 9 below.

Figure 9: Annual Summary of Spot Check



(Source: FCCC Record)

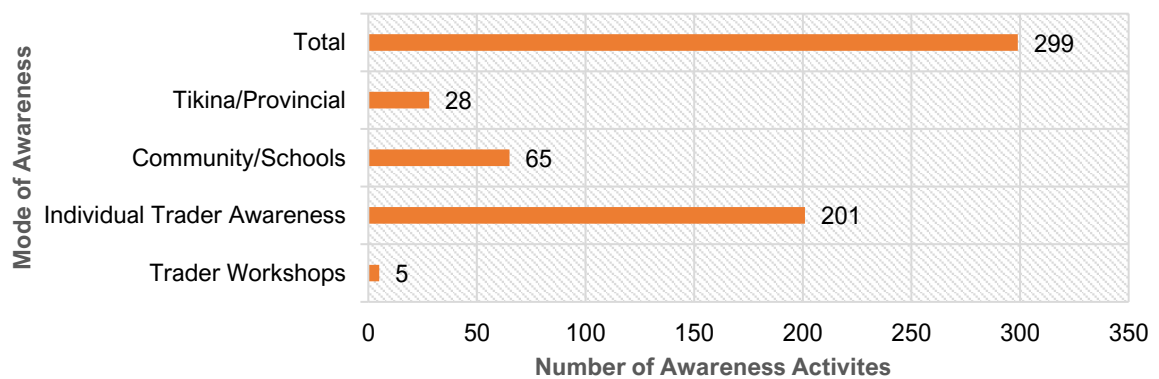
Awareness and Advocacy

FCCC uses the press releases, talk-back shows, community and school awareness, periodic articles, attendance to local government sanctioned forums, sponsored outreach programs, trader workshops, social media postings and face to face encounters to promote consumer and business rights and responsibilities and to advocate on FCCC's role and functions.



The Figure 10 provides summary of awareness activities conducted during the year.

Figure 10: Summary of Awareness Activities



(Source: FCCC Record)

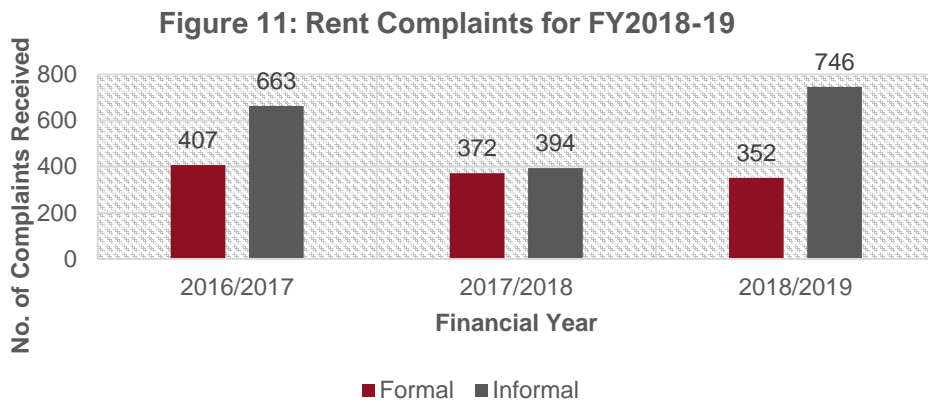
Rent Section

This section is responsible for enforcing rent control provisions of FCCC Act 2010. All residential and ground leases except for those covered under the Native Lands Trust Act Cap. 134, the Banaban Lands Act 1965 and the Rotuma Lands Act 1959, are administered by the Rents Section.

During the year, this section had enforced the Fijian Competition and Consumer Commission (Rent Increase Restriction on Residential and Ground Rent) Order, 2019. This Order is an extension of the rent freeze dating back to 2 March 2007.

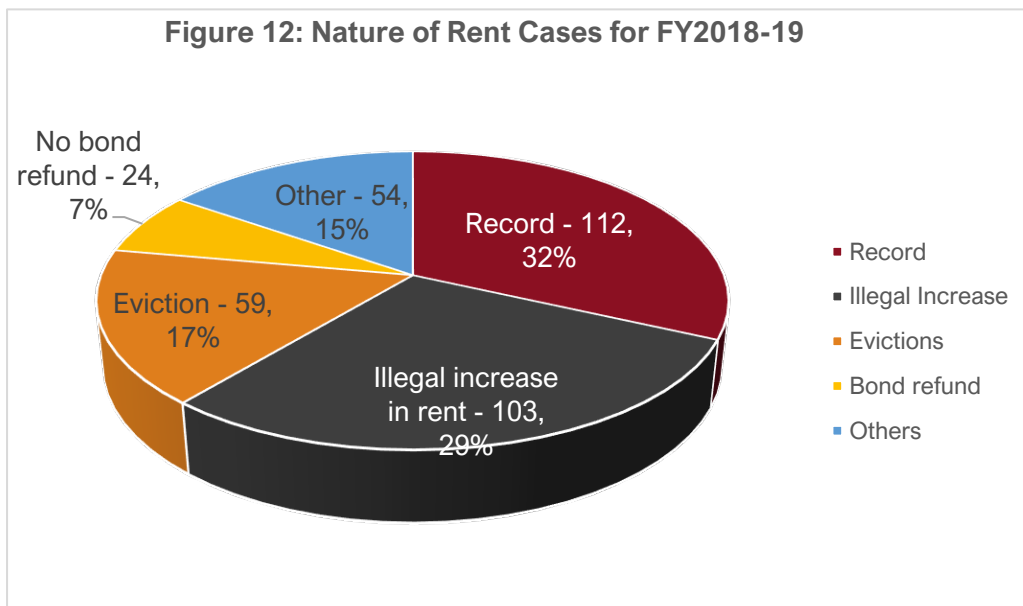


The number of rental complaints increased by 58% compared to last financial year. This is shown in the Figure 11 below.



(Source: FCCC Record)

The Figure 12 below provides a summary of the nature of complaints received during the financial year.



(Source: FCCC Record)

COMPETITION AND COMPLIANCE

FCCC is empowered to receive and investigate complaints concerning matters affecting competition and interest of consumers under the FCCC Act 2010.

The Competition and Compliance department is responsible for receiving and investigating complaints pertaining to unfair trade. The department engages in alternative dispute resolution mechanism, such as mediations, to enable fair and equitable remedy for consumers. Furthermore, the department is responsible for investigating restrictive trade practices, through which it endeavors to promote healthy competition and operational efficiency with the aim of affordable prices for goods and services, increased choices for consumers and greater economic growth in the Fijian market.

The basic functions of the Competition and Compliance is illustrated in the figure below.



The current structure of the department includes fourteen (14) members based in the three (3) divisions (Central, Western and Northern): Manager Competition & Compliance, one (1) Senior Compliance Officer, eight (8) Compliance Officers (1 vacant), two (2) Assistant Compliance Officers and two (2) Graduate Trainees.

COMPLAINTS HANDLING

Competition

Twelve (12) complaints were received on restrictive trade practices. The FCCC investigated specific matters of anti-competitive conducts and mergers/acquisitions within and outside of Fiji.

Some of the anti-competitive matters investigated were refusal to supply when the supplier was an exclusive supplier of the products; predatory pricing practices; and possible conduct of collusion.

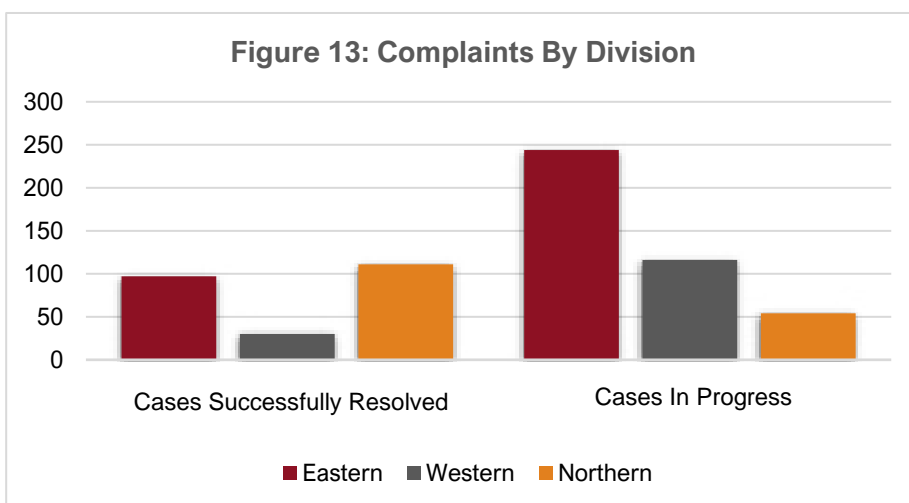
As part of merger and acquisition assessments, the FCCC conducted assessment of the acquisition of shares by Fiji National Provident Fund in Grand Pacific Hotel in order to determine possible impacts on competition in the market.

Compliance

For the financial year, FCCC received a total of 649 formal complaints, of which 238 were successfully resolved while 411 cases were still under investigation.

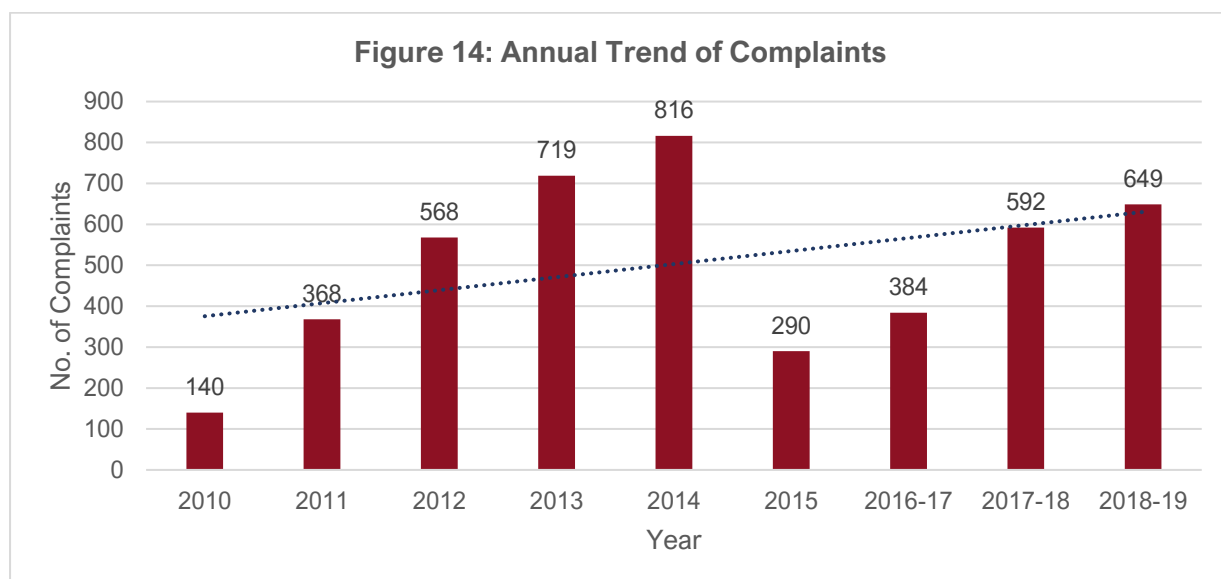


FCCC personnel conducting market surveillance.



The Figure 13 provides a breakdown of complaints by Divisions during the financial year.

The figure 14 below shows the trend of complaints received since 2010.



On average, the number of complaints has increased over the years due to:

- Consumers becoming more aware of their rights and responsibilities.
- Traders and service providers not being aware of the consumer protection provisions and their obligations under the FCCC Act 2010.
- Businesses being engaged in unscrupulous dealings.

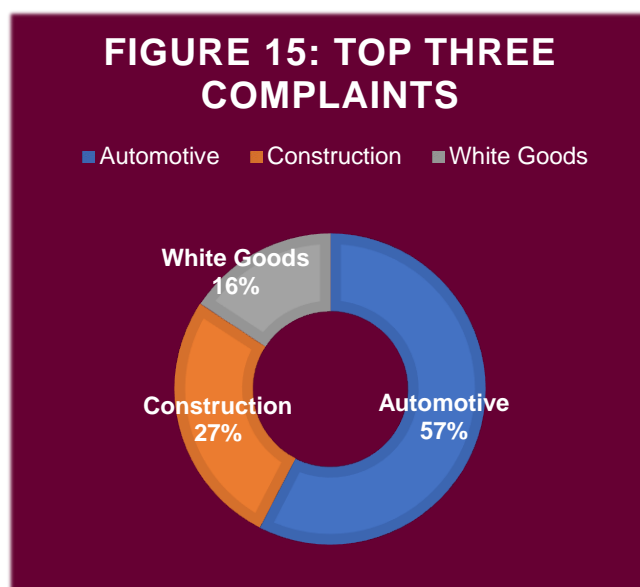
Worst Three Industries in Terms of Complaints Received

1. Automotive

FCCC does not regulate the automotive industry, however there is a Self-Regulating Guideline (SRG) in place that guides the industry to ensure it is compliant with the provisions of the FCCC Act 2010. Furthermore, some motor vehicle parts and accessories are subject to percentage markup price control through Counter Inflation (Price Control) (Motor Vehicle Parts & Accessories) (No. 8) Order 1992.

Majority of the complaints received by FCCC relating to the automotive industry were surrounding the following issues:

- Traders not willing to honor warranty;
- Non-disclosure of information relating to warranty;
- Accepting payments and failing to supply; and
- False and misleading representations about vehicles



2. Building & Construction

The construction sector in Fiji is a multi-million-dollar industry. There are certain players in the market that tend to abuse their market power through refusal to supply products or services, unconscionable conduct, accepting payment without being able to supply, imposing unfair contract terms, shoddy workmanship, false and misleading representation and misleading and deceptive conduct.

3. White Goods

There has been a rapid increase in number of traders entering this industry to offer a wide range of white goods products and its related services. Traders are offering several purchase options such as cash sale, lay-buy and hire purchase, which increases consumer affordability. Consumer complaints are increasing especially in relation to traders not honoring supplier's warranty.

Self-Regulation – Voluntary Compliance Framework

Voluntary Compliance Framework (VCF) is a proactive strategy for promoting compliance to FCCC Act 2010 by engaging the business community as a strategic partner in the process of complying with and enforcing the Act. This was introduced during the financial year to promote self-regulation in an attempt to promote consumer welfare, reduce breaches and strengthen compliance.

This has been made possible by businesses being sincere, worthy of trust to do the right thing, and willing to work ethically in accordance with the relevant laws and legislations. This provides them with the opportunity to promote themselves as good corporate citizens, which endears them to the consumers.

FCCC facilitates the process by providing guidance; information; training/workshops; developing code of conduct/practice; and setting out simplified compliance with periodic audit checks and notices to improve/strengthen compliance. This strategy has enabled FCCC to promote good governance practices within the business community with the added advantage of being able to better utilize its time, money and resources on matters that have greater national impact.

The VCF has been introduced for trial in urban centers for basic food, pharmaceutical and hardware sectors. This has been implemented with the expectation that it will become a more viable long-term solutions to achieving compliance to the FCCC Act 2010, whereby businesses are encouraged to do good rather than having legislation enforced upon them due to breaches.

LEGAL, RISK MANAGEMENT & GOVERNANCE

The Legal, Risk Management and Governance department has the overall responsibility of the management of legal, risk and governance of FCCC.

Legal

The Legal Unit is responsible for representation of litigation matters initiated against and by FCCC.

The department provides sound and accurate legal advice, specialist drafting of legal documents. The department also manages external lawyers who are engaged where additional resources are needed. The three approved panel of external lawyers are Tirath Sharma Lawyers, Crompton Lawyers and Shakh Lawyers

Risk Management & Governance

This Unit within the Legal division is responsible for the establishment, operation and management of an enterprise-wide risk management system. The responsibilities include, but are not limited to, assessing, monitoring and managing business risk, including strategic, operational, financial and compliance risk.

The Unit also manages risk and governance by strengthening business resilience and building an agile, adaptive culture- giving FCCC the foundations for sustainable performance in all market conditions.

Structure of Team

The current structure of the department includes seven (7) members: Manager Legal Risk & Governance, one (1) Senior Legal Officer (vacant), three (3) Legal Officers (one (1) vacant), and one (1) Assistant Legal Officer.

LITIGATION MATTERS

The Table 3 below provides a breakdown of matters for prosecution during FY2018-19.

Table 3: Matters for Prosecution

Division	Number of Cases Registered	Number of Cases Judgement Delivered	Number of Cases Remaining	Total Fines Imposed by Court
Central/Eastern	78	20	291	\$26,619
Western	31	7	48	\$32,395
Northern	5	19	15	\$26,600

MEMORANDUM OF UNDERSTANDING'S (MOU)

The following MOU's were entered into by the Fijian Competition & Consumer Commission during the financial year 2018/2019:

1. Fiji Commerce and Employers Federation

The MOU sets out an agreed collaboration and co-operation to:

- (a) protect and promote commerce and industry; and
- (b) exchange and advocate on consumer protection.

2. Real Estate Agents Licensing Board

The MOU sets out an agreed basis for policy coordination and information sharing between the parties for information relating to:

- (a) real estate; and
- (b) property rental market in Fiji.



HUMAN RESOURCES



The Human Resources department is responsible for talent acquisition, administration of talent management plan, management of employee and labour relations, administration of employee benefits and wellness programs, facilitation of staff performance evaluation process, provision of professional development opportunities for employees, maintenance of employee personnel files, management of employee risk and safety initiatives, administration of the Labour Management Consultative Committee, and provision of other vital services for the FCCC employees from their first day of employment till the end of their tenure.

The current structure of the department includes four (4) members: Manager Human Resources, two (2) Human Resource Officers (1 vacant) and one (1) Graduate Trainee.

FCCC Workforce

The FCCC operates in a dynamic environment and as such, our workforce must continuously evolve. Our employees come from a variety of backgrounds and represent our true source of diversity. As such the workforce must be supported by an environment that encourages

innovation, collaboration, and partnership at all levels that consistently achieves FCCC’s Vision and Mission.

The FCCC’s workforce stands at seventy - one (71) employees as of 31 July 2019, which includes sixty-three (63) Full Time Equivalent Staff (FTE) and eight (8) Graduate Trainee. Apart from this, two (2) fellows from Overseas Development Institute (ODI) were engaged for expertise in areas of Regulations and Competition.

The Table 4 below represents FCCC’s staff allocation as of 31 July 2019.

Table 4: Staff Allocation by Division

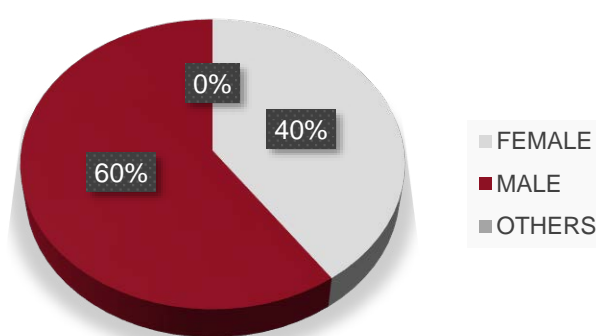
Department	Total Staff	Central Division	Western Division	Northern Division
Executive Management	2	2	-	-
Finance & Corporate	15	10	3	2
Human Resources	2	2	-	-
Information & Technology	2	2	-	-
Economic Regulations	7	7	-	-
Price Control & Monitoring	16	12	2	2
Competition & Compliance	12	8	2	2
Legal Risk & Governance	5	5	-	-
Audit	2	2	-	-
Sub-total (FTE’s)	63	50	7	6
Graduate Trainee	8	5	2	1
Overseas Development Fellow	2	2	-	-
Total Staff	73	57	9	7

Workforce Demographics

FCCC encourages gender equality and employs 40% female workers and 60% male workers.

The Figure 16 below represent the staff capacity based on gender for the Financial Year Ending 2018-2019.

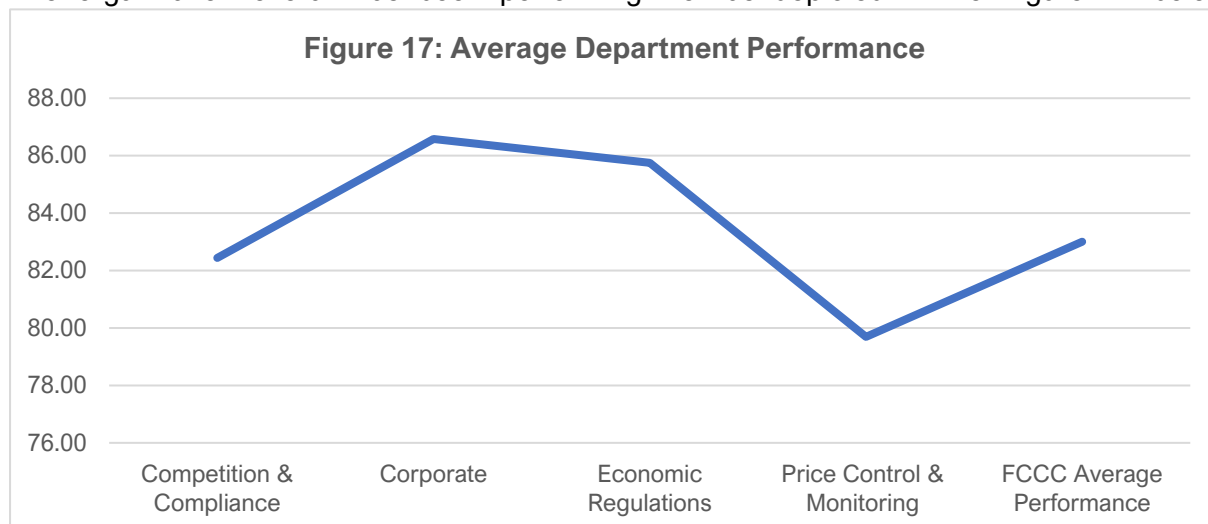
Figure 16: Gender Analysis



Performance Management

FCCC’s performance management system measures the competencies and capabilities of each staff member, through set key performance indicators at the start of each financial year. This best practice approach ties and cascades strategic goals with the employees’ personal work goals.

The organization overall has been performing well as depicted in the Figure 17 below.



Training & Development

At the start of the financial year, a Training Needs Analysis was conducted to identify the areas of development at an individual, departmental, and organisational level. This enabled formalization of an annual training calendar outlining the talent development needs throughout the organisation.

This led FCCC to achieve a total of four thousand two hundred and thirty (4,230) hours of training, which included internally organized training, externally organized training, webinars and on the job training. The Table below provides average training hours per FTE.

Table 5: Average Training Hours

Total Training Hours	4,230
Total number of FTE's	71
Average Training Hours per FTE	59.58

Achievements

FCCC entered the Fiji Business Excellence Awards for first time and won the Achievement Level Award.



Workforce Engagement

The Human Resources Department organized the following events during the financial year as part of enhancing staff engagement:

- Staff birthday celebration - every month end staff birthdays were celebrated collectively in all divisions.
- Quarterly staff appreciation - every quarter, a staff appreciation event was organized whereby staff were commended and recognized for their performance over the quarter.
- Annual function – this was organized to appreciate the hard work by staff throughout the financial year and celebrate the successes of FCCC.
- Religious functions – major religious functions were celebrated to appreciate and recognize the diverse culture of Fiji.
- Corporate social responsibility – support and solidarity for a staff diagnosed with cancer.



INTERNAL AUDIT DEPARTMENT



The financial year 2018/2019 was a **Year of Recognition** for FCCC Internal Audit. The Institute of Internal Auditors Fiji recognized the tremendous contribution of FCCC Internal Audit at a national level towards the Lagilagi Housing Enquiry by awarding a Special Recognition Award in its 2019 IIA Fiji Congress.

The FCCC CEO also presented a Recognition Award to the department for its outstanding dedication towards FCCC's vision and mission.

A remarkable achievement for the department.

The Internal Audit department took an integrated audit approach in this financial year where it carried out operational, compliance, financial and special audits simultaneously.

A summary of the audit work conducted by the department in FY2018-19 is shown in Table 6.

Table 6: Summary of Audit Work

Audit Type	Audit Focus
Operational & Compliance Audit	All Department
Financial Audit	Finance Department
Immediate Audit Issues	All Department
Special Audit	Lagilagi Housing Enquiry

With the growing demand and expectation from audit, the Internal Audit department continues to develop its expertise through continuous trainings and has successfully completed the training shown in Table 7 below.

Table 7 - Audit Training during FY2018-19

Trainings	Facilitator
Audit Committee Master Program	Pacific Corporate Governance Institute
Corporate Governance Action Planning Workshop	Pacific Corporate Governance Institute
Corporate Governance & Ethics	KLaw Consultants and Innovators
Fiji Business Excellence Award Framework Training	Business Excellence & Quality Consultant

The mission of Internal Audit is to enhance and protect FCCC's values by providing risk-based and objective assurance, advice and insight. It accomplishes this by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal Audit will continue to provide this vital role and looks forward to another successful year.

CORPORATE & FINANCE

The Corporate & Finance department supports the overall operations of the FCCC, which is critical in achieving the vision and mission through the delivery of key corporate services that are vital to the success of the organisation. Primarily, the department includes functions of finance, procurement, executive support, research, communications, customer service and administration.

The current structure of the department includes twenty (20) members based in the three (3) divisions (Central, Western and Northern): Manager Corporate & Finance, Regional Manager West, Regional Manager North, Coordinator Operations, one (1) Senior Accountant (vacant), two (2) Finance Officers, one (1) Administration Officer (vacant), two (2) Projects Officers, one (1) Executive Assistant (vacant), one (1) Senior Research & Policy Officer, one (1) Communications Officer, five (5) Customer Service Officers, one (1) Registry Clerk, and one (1) Hospitality Officer.



The audited financial statements for FCCC for year ended 31 July 2019 is provided in the next section.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st JULY 2019

**FIJIAN COMPETITION AND CONSUMER COMMISSION
COMMISSIONER'S REPORT
FOR THE YEAR ENDED 31 JULY 2019**

The Commissioners present their report together with the Financial Statements of the Fijian Competition and Consumer Commission ("the Commission") for the year ended 31 July 2019.

Commissioners

The Commissioners in office at the date of this report were:

Name	Position	Appointed On	Effective Till
Ms. Joann Young	Chair	17-Sep-18	Current
Mr. Isikeli Tikoduadua	Deputy Chair	10-Nov-17	Current
Ms. Lyanne Vaurasi	Member	17-Sep-18	Resigned - 06-Sep-19
Mr. Romil Patel	Member	17-Sep-18	Current
Mr. Vimlesh Sagar	Member	17-Sep-18	Current

State of Affairs

In the opinion of the Commissioners, the accompanying Statement of Financial Position gives a true and fair view of the state of affairs of the Commission as at 31 July 2019 and the accompanying Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and Statement of Cash Flows give a true and fair view of the results and cash flows for the Commission for the year then ended.

Principal Activities

The principal activities of the Commission during the period of the Financial Statements was to enforce the Fijian Competition and Consumer Commission Act 2010 (the FCCC Act 2010), promoting competition, fair trading, regulating prices in markets where competition is lessened or limited, and regulating monopolistic market situations including national infrastructure, for the benefit of all Fijians.

Operating Results

The deficit of the Commission for the year ended 31 July 2019 was (\$841,425) compared to the net surplus of \$415,288 in 2018.

Basis of Accounting - Going Concern

The financial statements of the Commission have been prepared on a going concern basis. The Commissioners consider the application of the going concern principle to be appropriate in the preparation of these financial statements as they believe that the Commission has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

Current Assets

Prior to the completion of Financial Statements of the Commission, the Commissioners took reasonable steps to ascertain whether any Current Assets were likely to realise in the ordinary course of the business values as shown in the accounting records of the Commission. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount they are expected to realise.

As at the date of this report, the Commissioners are not aware of any circumstances that would render the values attributed to the Current Assets in the Commission's Financial Statement to be misleading.

Matters Subsequent to Balance Date

Electricity Licensing Fee

The Commission was appointed as an independent regulator of electricity industry through Regulations No.88 under the Electricity Act 2017. Amongst other things, the Commission is responsible for issuing Generation, Transmission and Supply Licenses to the operators in electricity industry. The fees have been prescribed in the Regulations. The Regulations No. 88, which prescribe the fees to be charged, came into force from 30 September 2020.

**FIJIAN COMPETITION AND CONSUMER COMMISSION
COMMISSIONER'S REPORT (CONT'D)
FOR THE YEAR ENDED 31 JULY 2019**

Matters Subsequent to Balance Date (cont'd)

Regulatory Fee

The Commission was authorised to charge annual regulatory fee to regulated entities through Regulations No. 91 under the FCCC Act 2010. The Regulations No. 91, which prescribe the fees to be charged, came into force from 29 October 2020. The industries that the fee is being collected from include telecommunications, ports, electricity, cement, steel, postal services, petroleum, and liquified petroleum gas.

COVID-19 Global Pandemic

The Commission is well prepared in terms of enacting our Business Continuity Plan (Operations and Staffing). The Commission's Board can confirm that all reasonable steps are being taken to protect our staff, customers and operations in the face of this unprecedented challenge. The impact on FCCC from COVID-19 is expected to be negative, particularly in terms of collection of Regulatory Fee. The industries being charged the fee are expected to be adversely affected by the COVID-19.

Unusual Transactions

In the opinion of the Commissioners, the results of the operation during the period were not substantially affected by any item, transaction or event of an abnormal character. COVID-19 global pandemic can be classed as an abnormal event having potentially significant impact on FCCC operations in the coming financial year in terms of monitoring business activity in Fiji's economy and enforcing FCCC Act 2010.

Other Circumstances

As at the date of this report:

- (i) no charge on the assets of the Commission has been given since the end of the financial year to secure the liabilities of any
- (ii) no contingent liabilities have arisen since the end of the financial year for which the Commission could become liable; and
- (iii) no contingent liabilities or other liabilities of the Commission has become or is likely to become enforceable within the period of twelve months after the end of the financial year which in the opinion of Commissioners will or may substantially affect the ability of the Commission to meet its obligations as and when they fall due.

As at the date of this report the Commissioners are not aware of any circumstances that have arisen not otherwise dealt with in this report which would make adherence to the existing method of valuation of assets or liabilities of the Commission misleading or inappropriate.

Signed in accordance with the resolution of the Commissioners.

Dated at Suva this 22nd day of February, 2021


Board Chair


Commissioner

**FIJIAN COMPETITION AND CONSUMER COMMISSION
STATEMENT BY COMMISSIONERS
FOR THE YEAR ENDED 31 JULY 2019**

In accordance with a resolution of the Commissioners of Fijian Competition And Consumer Commission we state that:

In the opinion of the Commissioners:


- (a) the accompanying Statement of Comprehensive Income is drawn up so as to give a true and fair view of the results of the Commission for the year ended 31 July 2019;
- (b) the accompanying Statement of Financial Position and Statement of Changes in Equity are drawn up so as to give a true and fair view of the state of affairs of the Commission as at 31 July 2019;
- (c) the accompanying Statement of Cash Flows is drawn up so as to give a true and fair view of the cash flow of the Commission for the year ended 31 July 2019; and
- (d) at the date of this statement there are reasonable grounds to believe that the Commission will be able to pay its debts as and when they fall due.

For and on behalf of the Commission and in accordance with a resolution of the Commissioners.

Dated at Suva this 22nd day of February, 2021



Board Chair



Commissioner

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Fijian Competition and Consumer Commission

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Fijian Competition and Consumer Commission (the Commission), which comprise the statement of financial position as at 31 July 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fijian Competition and Consumer Commission as at 31 July, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Commission in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 19 of the financial statements which notes the novel coronavirus (COVID-19) global pandemic subsequent to 31 July 2019. No adjustments have been made to the financial statements as at 31 July 2019 for the financial implication if any that may be arising in future.

My opinion is not modified in respect of this matter.

Responsibilities of the management and those charged with governance for financial statements

The management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs, and for such internal control as the management and Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the management and those charged with governance for financial statements (con't)

In preparing the financial statements, the management and Directors are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and Directors either intend to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

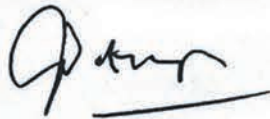
As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional skepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have been prepared in accordance with the requirements of the Fijian Competition and Consumer Commission Act 2010 in all material respects, and;

- a) I have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the Commission has kept financial records sufficient to enable the financial statements to be prepared and audited.



Ajay Nand
AUDITOR-GENERAL



Suva, Fiji
24 February 2021

**FIJIAN COMPETITION AND CONSUMER COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2019**

	Note	31 July 2019 \$	31 July 2018 \$
Income			
Government grant - Operational		3,055,446	3,397,524
Other Income	2	264,574	159,536
Total Income		3,320,020	3,557,060
Expenditure			
Personnel Expenses	3	2,339,060	2,007,310
Staffing Obligation	4	62,268	13,930
Operating Expenses	5	1,064,021	560,034
Administrative Expenses	6	518,354	454,651
Depreciation	11 (c)	177,742	105,847
Total Expenditure		4,161,445	3,141,772
(Deficit)/Surplus		(841,425)	415,288
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		(841,425)	415,288

(The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements set out on page 11 to page 20)

FIJIAN COMPETITION AND CONSUMER COMMISSION
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 JULY 2019

	Notes	31 July 2019 \$	31 July 2018 \$
Current Assets			
Cash and Cash Equivalents	7	387,879	1,487,152
Deposits	8	43,887	43,945
Trade and Other Receivables	9	120,679	40,835
Total Current Assets		552,445	1,571,932
Non Current Assets			
Intangible assets	11	30,979	4,293
Property, Plant and Equipment	10	1,409,946	738,517
Total Non Current Assets		1,440,925	742,810
Total Assets		1,993,370	2,314,742
Current Liabilities			
Trade and Other Payables	12	285,569	316,894
Deferred Income	13	201,160	125,956
Other Current Liabilities	14	5,734	4,444
Total Current Liabilities		492,463	447,294
Non Current Liabilities			
Deferred Income	13	1,056,321	581,437
Total Non Current Liabilities		1,056,321	581,437
Total Liabilities		1,548,784	1,028,731
Net Assets		444,586	1,286,011
Equity			
Accumulated Surplus		444,586	1,286,011
Total Equity		444,586	1,286,011

(The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on page 11 to page 20)

Signed for and on behalf of the Commission.


 Board Chair


 Commissioner

**FIJIAN COMPETITION AND CONSUMER COMMISSION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019**

	Notes	Accumulated Surplus \$	Total \$
Balance as at 31 July 2017		870,723	870,723
Net surplus for the period		415,288	415,288
Balance as at 31 July 2018		1,286,011	1,286,011
Net deficit for the year		(841,425)	(841,425)
Balance as at 31 July 2019		444,586	444,586

(The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements set out on page 11 to page 20)

FIJIAN COMPETITION AND CONSUMER COMMISSION
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 JULY 2019

	Notes	31 July 2019 \$	31 July 2018 \$
<u>Cash Flows from Operating Activities</u>			
Receipts from Government and Customers		3,789,123	4,185,091
Payments to Suppliers and Employees		<u>(3,980,915)</u>	<u>(3,036,988)</u>
Net Cash provided by Operating Activities	15 (b)	<u>(191,792)</u>	<u>1,148,103</u>
<u>Cash Flows from Investing Activities</u>			
Proceeds from sale of Property, Plant and Equipment		2,431	18,098
Payments for Property, Plant and Equipment	10 (c)	<u>(909,912)</u>	<u>(309,323)</u>
Net Cash provided by Investing Activities		<u>(907,481)</u>	<u>(291,225)</u>
Net increase/ (decrease) used in cash		(1,099,273)	856,878
Cash at the beginning of the year		1,487,152	630,274
Cash balance at the end of the year	15 (a)	<u><u>387,879</u></u>	<u><u>1,487,152</u></u>

(The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements set out on page 11 to page 20)

**FIJIAN COMPETITION AND CONSUMER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Statement of compliance

These financial statements have been prepared by the Fijian Competition And Consumer Commission (the Commission) in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") issued by the International Accounting Standards Board.

The principal accounting policies adopted by the Commission are stated to assist in general understanding of these financial statements. The accounting policies adopted are consistent with those of the previous year except as stated otherwise.

The financial statements were authorised for issue by the Commissioners on 22nd February 2021.

Set out below is summary of the significant accounting policies adopted by the Commission in the preparation of the financial statements for the year ended 31 July 2019.

1.2 Basis of preparation

The Financial Reports are general purpose financial reports and have been prepared in accordance with the requirements of the FCCC Act 2010 and the IFRS for SMEs.

The Financial Reports have been prepared on the basis of historical costs and except where specifically stated do not take into account current valuations of non current assets.

In the application of IFRS for SMEs, the Commission is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The Financial Statements have been prepared on a going concern basis. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the Commission in the application of IFRS for SMEs that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

1.3 Property, Plant and Equipment

Fixed assets are measured at cost less accumulated depreciation or amortisation and impairment losses. These assets are depreciated or amortized from the date of acquisition or when an asset is completed and held ready for use. Depreciation or amortisation is calculated on a straight-line basis so as to write off the cost or revalue amount of each fixed assets during its effective working life to its estimated residual value. The principal depreciation or amortisation rates in use are as follows:

	Rate
Furniture and Fitting	12%
Office Equipment	12-40%
Vehicles	18-20%
Computer Equipment and Software	25-40%
Leasehold Improvements	Over the lease term

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Income Tax

The Commission is not subject to income tax in accordance with Section 24(1) of the FCCC Act 2010.

1.5 Value Added Tax (VAT)

Revenue, expenses, assets and liabilities are recognized net of VAT, except:

- i) Where the amount of VAT incurred is not recoverable from the tax authority, it is recognized as part of the cost of acquisition of the asset or as part of an item of expense; or
- ii) For receivables and payables, which are recognized inclusive of VAT.

The net amount of VAT payable to, or receivables from, the taxation authority is included as part of trade and other payables or trade and other receivables.

1.6 Government Grant

Recurrent grants are brought to account as income over the period to which they relate since the grant does not impose specified future performance conditions on the Commission. Non recurrent grants are brought to account in the same proportion that depreciation bears to the cost of the assets acquired with the grant.

1.7 Deferred Income

Significant items of income having a relationship to more than one accounting period have been brought to account over the period to which they relate.

1.8 Employee Entitlements

Employee entitlements include provision for annual leave. This relates to amounts expected to be paid to employees and is based on contractual entitlements. Defined contribution plans to Fiji National Provident Fund are expensed when incurred.

1.9 Revenue

Revenue comprises of quarterly Government grant from the Ministry for Industry and Trade (MITT).

1.10 Cash and Cash Equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost. For the purpose of cash flow statements, cash and cash equivalents comprise of cash on hand and cash at bank.

1.11 Trade and Other Payables

The amounts represent liabilities recognized when the Commission becomes obliged to make future payments resulting from purchase of goods and services.

1.12 Comparatives

Where necessary, amounts relating to prior year have been reclassified to achieve consistency in disclosures with the current financial year amounts and other disclosures.

1.13 Equity and Reserves

Equity include accumulated surplus which comprises all current and prior period surpluses or deficits.

FIJIAN COMPETITION AND CONSUMER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.14 Estimation Uncertainty

When preparing the financial statements, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual outcome may differ from these estimates.

1.15 Intangible Assets

Acquired computer software and licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised at the rate of 33%.

	31 July 2019 \$	31 July 2018 \$
NOTE 2 OTHER INCOME		
Amortization of Deferred Income	168,458	93,708
Mergers & Acquisition fee	89,372	48,145
Gain on Disposal of Fixed Assets	2,431	16,340
Miscellaneous Income	4,313	1,343
	<u>264,574</u>	<u>159,536</u>
NOTE 3 PERSONNEL EXPENSES		
Salaries and Wages	1,844,586	1,690,189
FNPF	214,997	176,084
Annual Leave	144,177	52,366
Board Allowance	114,875	70,387
FNU Levy	20,425	18,284
	<u>2,339,060</u>	<u>2,007,310</u>
Number of Employees	<u>71</u>	<u>61</u>
NOTE 4 STAFFING OBLIGATION		
Staff Housing & Fleet Responsibility Allowance	41,857	-
Temporary Officers Allowance	15,671	12,973
Fringe benefits	4,740	957
	<u>62,268</u>	<u>13,930</u>
NOTE 5 OPERATING EXPENSES		
Rent	325,062	227,964
Enforcement & Investigation related costs	284,598	128,676
Legal Fees, Court Charges and Lawsuit	141,132	47,042
Tours and Official Visits	92,956	18,353
Motor Vehicle Expense	62,448	39,580
Printing, Postage and Meeting Expenses	48,969	21,575
Repairs and Maintenance	48,607	21,670
Awareness	23,354	18,556
Public Consultation and Strategic Alliance	15,591	-
Advertising	21,304	36,618
	<u>1,064,021</u>	<u>560,034</u>

Enforcement and investigation related costs increased in the year as the result of the major special investigation undertaken by the Commission for the Lagilagi Housing Public Inquiry and other market surveillance. Legal fees increased as the Commission outsourced cases to a panel of three lawyers.

FIJIAN COMPETITION AND CONSUMER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

	31 July 2019 \$	31 July 2018 \$
NOTE 6 ADMINISTRATIVE EXPENSES		
Training and Development	166,981	168,352
Telephone, Internet and Fax	55,681	49,355
Professional Fees	54,312	4,072
Relocation and Branding	47,018	92,430
Office Expense	43,675	23,897
Electricity and Water	31,584	21,427
Insurance	27,606	25,705
Stationery	21,714	17,782
IT Support Cost	20,580	1,859
Cleaning	19,831	9,450
Travel and Accommodation	15,065	18,344
Subscription	7,549	14,214
Audit Fees	3,208	5,891
Bank Charges	1,852	1,873
General Expenses	1,698	-
	<u>518,354</u>	<u>454,651</u>

NOTE 7 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents at the end of the Financial year as shown in the Cash Flow Statement is reconciled to Statement for Financial Position as follows:

Operating Account - WBC and HFC	286,343	1,284,964
Trading Account - HFC	86,225	184,091
Mediation Fund Account - WBC and HFC	9,421	13,960
Fixed Penalty Account - HFC	2,120	2,162
West & North Advance Account - WBC, HFC and ANZ	2,170	1,401
Cash on Hand	1,600	574
	<u>387,879</u>	<u>1,487,152</u>

The Consumer Trust Fund Account relates to the mediation funds maintained by the Commission in accordance with Section 15 of the FCCC Act 2010. The funds are received from the respondents which are then paid to complainants where both parties agree to resolve the case through mediation facilitated by the Commission. The sum are paid out to complainant upon settlement of the cases.

NOTE 8 DEPOSITS

Rental deposit	40,990	40,990
Fiji Electricity Authority	2,897	2,955
	<u>43,887</u>	<u>43,945</u>

FIJIAN COMPETITION AND CONSUMER COMMISSION
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 JULY 2019

	31 July 2019	31 July 2018
	\$	\$
NOTE 9 TRADE AND OTHER RECEIVABLES		
Prepayments	18,510	9,794
Surcharge Recovery	13,593	11,045
User Pay Receivable	-	1,911
VAT Refund	85,661	16,375
Staff Accountable Advance	2,915	1,710
	<u>120,679</u>	<u>40,835</u>

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

(a) Property, Plant and Equipment are stated at cost and have been included in the Financial Statements on the following basis:

Furniture and Fitting

At cost	70,983	16,777
Accumulated depreciation	(11,141)	(6,737)
	<u>59,842</u>	<u>10,040</u>

Office Equipment

At cost	134,144	118,313
Accumulated depreciation	(53,654)	(33,955)
	<u>80,490</u>	<u>84,358</u>

Motor Vehicle

At cost	513,223	353,355
Accumulated depreciation	(276,908)	(263,800)
	<u>236,315</u>	<u>89,555</u>

Computer Equipment and Software

At cost	336,137	128,730
Accumulated depreciation	(90,829)	(53,011)
	<u>245,308</u>	<u>75,719</u>

Leasehold Improvements

At cost	857,201	505,296
Accumulated amortisation	(69,210)	(26,451)
	<u>787,991</u>	<u>478,845</u>

Net Book Value

	<u>1,409,946</u>	<u>738,517</u>
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(b) The depreciation policies adopted are set out in Note 1.3

**FIJIAN COMPETITION AND CONSUMER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

NOTE 10 PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Reconciliation of the net book value amount for each class of Property, Plant and Equipment at the beginning and at the end of the current financial period is set out as follows:

Cost	Furniture and Fitting	Office Equipment	Motor Vehicle	Computer Equipment	Leasehold Improvements	Work in Progress	Total
\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 31 July 2018	16,777	118,313	353,355	128,730	505,296	-	1,122,471
Additions	54,206	15,831	211,911	123,564	357,504	102,729	865,745
Disposals	-	-	(52,043)	-	-	-	(52,043)
Transfer	-	-	-	(18,886)	(5,599)	-	(24,485)
Balance as at 31 July 2019	70,983	134,144	513,223	233,408	857,201	102,729	1,911,688
Accumulated Depreciation							
Balance as at 31 July 2018	6,737	33,955	263,800	53,011	26,451	-	383,954
Depreciation	4,404	19,699	65,151	37,818	42,759	-	169,831
Disposals	-	-	(52,043)	-	-	-	(52,043)
Transfer	-	-	-	-	-	-	-
Balance as at 31 July 2019	11,141	53,654	276,908	90,829	69,210	-	501,742
Book Value							
As at 31 July 2018	10,040	84,358	89,555	75,719	478,845	-	738,517
As at 31 July 2019	59,842	80,490	236,315	142,579	787,991	102,729	1,409,946

The Commission has capital works in progress in relation to digital transformation projects to revolutionise its systems and processes.

FIJIAN COMPETITION AND CONSUMER COMMISSION
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 JULY 2019

	31 July 2019 \$	31 July 2018 \$
NOTE 11 INTANGIBLE ASSETS		
Cost		
Opening Balance	5,504	-
Additions	34,597	5,504
Disposals	-	-
Transfer	-	-
Closing Balance	40,101	5,504
Accumulated Depreciation		
Opening Balance	1,211	-
Depreciation	7,911	1,211
Disposals	-	-
Transfer	-	-
Closing Balance	9,122	1,211
Book Value	30,979	4,293

NOTE 12 TRADE AND OTHER PAYABLES

Capital Works Payable	57,000	91,055
Employee Entitlement Provision	106,197	85,641
Superannuation Payable	46,833	25,686
Mediation Funds Payable	7,184	12,099
Other Payables	13,585	6,556
FNU Levy Payable	2,496	10,308
PAYE & Provisional Tax Payable	12,007	3,954
Utility Accruals	31,670	71,495
Audit Fee	8,497	10,000
Fixed Penalty Payable to MOE	100	100
	285,569	316,894

Fixed Penalty Payable to MOE

This relates to fines and penalties collected on behalf of Government which is not remitted to Government Consolidated Fund Account at balance date.

NOTE 13 DEFERRED INCOME

Deferred income relates to the Capital Grant received for purchase of fixed assets. The amortisation is equal to the depreciation amount of the assets. The income approach has been used to account for Capital Grant.

Balance at the beginning	707,393	666,326
Add: Additional Grant	718,546	134,775
Amortisation of Deferred Income	(168,458)	(93,708)
	1,257,481	707,393
Comprise of:		
Current	201,160	125,956
Non-Current	1,056,321	581,437
	1,257,481	707,393

**FIJIAN COMPETITION AND CONSUMER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

	31 July 2019	31 July 2018
	\$	\$
NOTE 14 OTHER CURRENT LIABILITIES		
Userpay Levy Received in Advance	5,734	4,444
	<u>5,734</u>	<u>4,444</u>

User Pay Levy is levied in accordance with Section 23A of the FCCC Act 2010, which allows FCCC to levy fees on enterprises in the industries regulated by FCCC. The industries that the levy is being collected from include telecommunications and energy.

NOTE 15 NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of cash and cash equivalent

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in the banks. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:

Cash at Bank	386,279	1,486,578
Cash on Hand	1,600	574
	<u>387,879</u>	<u>1,487,152</u>

b) Reconciliation of operating surplus to cash provided by operating activities:

Net Surplus	(841,425)	415,288
Add/(Less) Non-Cash items:		
Depreciation and Amortisation	177,742	105,847
(Gain) / Loss on Disposal of Fixed Assets	(2,431)	(16,340)
	<u>(666,114)</u>	<u>504,795</u>
Changes in assets and liabilities during the financial period:		
(Increase)/ Decrease in Trade and Other Receivables	(79,786)	590,913
Increase/ (Decrease) in Trade and Other Payables	2,730	11,327
Increase/ (Decrease) in Deferred Income	550,088	41,067
Increase/ (Decrease) in Other Current Liabilities	1,290	-
Cash Provided by Operating Activities	<u>(191,792)</u>	<u>1,148,102</u>

NOTE 16 RELATED PARTY TRANSACTIONS

The Commission's related parties include its Board and Ministry of Industry Trade and Tourism that provides funding for the Commission.

(a) Board of Commissioners

The following were the Commissioners during the financial reporting period:

Name	Position	Appointed On	Effective Till
Ms. Joann Young	Chair	17-Sep-18	Current
Mr. Isikeli Tikoduadua	Deputy Chair	10 Nov-17	Current
Ms. Lyanne Vaurasi	Member	17-Sep-18	Resigned - 06-Sep-19
Mr. Romil Patel	Member	17-Sep-18	Current
Mr. Vimlesh Sagar	Member	17-Sep-18	Current

(b) Transactions with Key Management Personnel

The key management personnel of the Commission include the Commissioners, the Chief Executive Officer and Deputy Chief Executive Officer. Key management personnel remuneration for the year amounted to \$349,649.

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NOTE 16 RELATED PARTY TRANSACTIONS (continued)

(c) Transactions with Ministry of Industry Trade and Tourism (Funding Agency)

During the financial year, the Commission received operating grant from Ministry of Industry Trade and Tourism. The funding is governed by a service agreement that stipulates terms and conditions and outcomes expected to be achieved by the Commission during the financial year. This includes submission of quarterly reports to Ministry of Industry Trade and Tourism detailing the acquittals of the grant.

	31 July 2019	31 July 2018
	\$	\$
Operating Grant (VAT inclusive)	<u>3,908,197</u>	<u>3,644,753</u>

NOTE 17 CONTINGENT ASSETS AND LIABILITIES

(a) Contingent Liability

The Commission is not aware of any contingent liability arising in the ordinary course of business.

(b) Contingent Asset

The Commission is not aware of any contingent asset arising in the ordinary course of business.

NOTE 18 COMMITMENTS

(a) Capital Commitments

There were no contracted capital commitments at the reporting date or in the prior financial year.

(b) Operating Lease Commitments

The Commission leases three (3) offices under non-cancellable operating lease agreements. The lease terms are between five (5) to fifteen (15) years. The lease agreements are renewable at the end of the lease period at market rate. The Commission is required to give prior notice for termination of these agreements.

	31 July 2019	31 July 2018
	\$	\$
The future minimum lease payments under non-cancellable operating leases are as follows:		
No later than 1 year	369,777	354,607
Later than 1 year and no later than 5 years	1,505,318	1,406,196
Later than 5 years	2,302,278	2,487,223
	<u>4,177,373</u>	<u>4,248,026</u>

The Commission has entered into a new agreement for expansion of its office in Northern Division for a term of ten (10) years. The office is being expanded into a building adjacent to the current office located at Lot 3 Silas Ramzaan Street, Labasa. This building is owned by the landlord of current office - Local Timber Distributors Ltd. The additional office space is required to support FCCC's expansion and increased presence in the Northern Division. The rental for new office space is \$2,398 VIP per month, which is effective from 1 March 2020.

This has increased the operating lease commitments.

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NOTE 19 MATTERS SUBSEQUENT TO END OF FINANCIAL YEAR

Electricity Licensing Fee

The Commission was appointed as an independent regulator of electricity industry through Regulations No.88 under the Electricity Act 2017. Amongst other things, the Commission is responsible for issuing Generation, Transmission and Supply Licenses to the operators in electricity industry. The fees have been prescribed in the Regulations. The Regulations No. 88, which prescribe the fees to be charged, came into force from 30 September 2020.

Regulatory Fee

The Commission was authorised to charge annual regulatory fee to regulated entities through Regulations No. 91 under the FCCC Act 2010. The Regulations No. 91, which prescribe the fees to be charged, came into force from 29 October 2020. The industries that the fee is being collected from include telecommunications, ports, electricity, cement, steel, postal services, petroleum, and liquified petroleum gas.

COVID-19 Global Pandemic

The Commission is well prepared in terms of enacting our Business Continuity Plan (Operations and Staffing). The Commission's Board can confirm that all reasonable steps are being taken to protect our staff, customers and operations in the face of this unprecedented challenge. The impact on FCCC from COVID-19 is expected to be negative, particularly in terms of collection of Regulatory Fee. The industries being charged the fee are expected to be adversely affected by the COVID-19. Furthermore, the challenges posed by the pandemic on business environment is anticipated to have potentially significant impact on FCCC operations in the coming financial year in terms of monitoring business activity in Fiji's economy and enforcing FCCC Act 2010.

NOTE 20 PRINCIPAL ACTIVITY

The Commission is an independent statutory body that enforces the FCCC Act 2010, promoting competition, fair trading, regulating prices in markets where competition is lessened or limited, and regulating monopolistic market situations including national infrastructure, for the benefit of all Fijians.



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