



FIJI COMMERCE COMMISSION

HEAD OFFICE & CENTRAL EASTERN

DIVISION

Level 1 Garden City Complex, Raiw
Suva.

P O Box 5031, Raiwaqa, Suva.

Phone: (679) 337 2178

Fax: (679) 337 2389

Email : [helpdesk@commcomm.gov](mailto:helpdesk@commcomm.gov.fj)

Website: www.commcomm.gov.fj

WESTERN DIVISION

1st Floor, Downtown Holdings Bldgs,

155 Vitogo Parade,

P O Box 594, Lautoka

Telephone/Fax: (679) 666 1853

NORTHERN DIVISION

Corner of Nanuku/Jaduram Street,

P O Box 262, Labasa

Telephone/Fax: (679) 881 1155

Final Determination

Wholesale Price of Bagged and Bulk Cement

Fiji Industries Limited

Date Issue: 21 October 2013

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Promoting Competition in the Fiji Markets

1.0 Introduction

1.1 The Fiji Commerce Commission (“Commission”) released the final determination for the wholesale price of imported bagged and bulk cement for Fiji Industries Limited (“FIL”) on 28 December 2012 subject to terms for this special one-off price approved. The last review for the local wholesale cement prices was made on 27 October, 2011.

1.2 FIL made a new submission to the Commission for the review of the prices for local bagged and bulk cement on 21 January, 2013. Following the assessment by the Commission, FIL was formally advised on 10 April 2013 that the wholesale price of bagged and bulk cement would remain the same.

1.3 On 26 September 2013, the Commission received a formal submission from FIL requesting for an increase for local cement prices based on the following:

- Increase price of raw materials (clinker and slag) from previous years due to strong US currency;
- Increase in production labour rate by 4% based on union log of claim;
- Increase in capital expenditure to maintain the mill efficiency in the financial year, 2013; and
- Unwanted funding cost due to bank overdraft as per the audited financials for 2013 (for repair works during the machine breakdown).

1.4 On 30 September 2013, the Commission formally requested for the following information from FIL that was necessary for calculation and analysis.

- Actual monthly production (tonnage) from March 2013 to September 2013;
- Actual monthly tonnage sold from March 2013 to September 2013;
- Actual landed cost calculation for all shipments from January 2013 to September 2013;
- Monthly detail management accounts from March 2013 to September 2013;
- Monthly Balance Sheet from March 2013 to September 2013;
- Accounting Fixed Asset Register as at 30 September 2013 (including separate disclosure for any major additions to Fixed Assets for the financial year 2013);
- Materials report for the month of June and September 2013; and
- All Supporting documents of the latest costing submitted to the Commission.

1.5 On 04 October 2013, the requested information identified in item 1.4 was received by the Commission for the months from March to August 2013.

1.6 The Commission on 08 October 2013 sought for clarification and requested for additional information in order to better analyse the submission.

1.7 On 14 October 2013, the Commission made a site visit to FIL for vouching of documents and discussion on the costing and expense elements.

1.8 Based on the submission made by FIL and the Commission's independent research and analysis, the Commission has made this determination.

2.0 Legal Framework

2.1 The Commission is empowered under the *Commerce (Control of Prices for Cement Products) Order 2012* to control and/or regulate the prices of cement in Fiji.

2.2 Paragraph 2 of the said Order specifically authorises the control and/or regulation of prices for the supply of cement products in all quantities, grades and classes in Fiji.

2.3 The Order authorises the Commission to regulate and control prices which expires on 21 June 2015.

3.0 Commission's Determination

The Commission after undertaking a detailed analysis of the submission from FIL and its independent investigation and computations, has determined the following wholesale bagged and bulk cement price, *representing a 2.70% increase*.



The authorised final price is effective from 01 November 2013.

Cement Type or Grade	Current Prices (\$/t) (VEP)	Increase/(Decrease) from current prices (\$/t)	Commission's Authorized Price (\$/t)
GB Bag Cement	227.63	6.14	\$233.77
GP Bulk Cement	206.95	5.58	\$212.53

FIL is required to submit to the Commission the landed cost for raw materials for all shipment procured within five (5) working days from the day of clearance.

The above prices are to be charged by FIL and will remain the same and no new charges should be introduced unless authorized by the Commission.

Commissioners:

	
Dr. Mahendra Reddy	Mr. Firoz Ghazali
Chairman	Commissioner
21 October 2013	21 October 2013

Date of Issue: 21 October 2013

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