

**FIJI COMMERCE COMMISSION****HEAD OFFICE & CENTRAL EASTERN DIVISION**

Level 1 Garden City Complex, Raiwai,  
Suva.

P O Box 5031, Raiwaqa, Suva.

Phone: (679) 337 2178

Fax: (679) 337 2389

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

Website: [www.commcomm.gov.fj](http://www.commcomm.gov.fj)

**WESTERN DIVISION**

1<sup>st</sup> 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 ON WHOLESALE PRICE OF BAGGED AND BULK CEMENT  
FIJI INDUSTRIES LIMITED (FIL)**

**27 OCTOBER 2011**

## 1. INTRODUCTION

- 1.1 The Fiji Commerce Commission ("Commission") released the final determination for the wholesale price of Bagged and Bulk Cement for Fiji Industries Limited ("FIL") on 08 December 2010 authorising a five point eight nine percent (5.89%) decrease to be effective from 08 December 2010.
- 1.2 On 21 September 2011, the Commission received a new submission from FIL requesting for a six percent (6%) increase for both Bagged and Bulk Cement based on the following:
  - Increase in contracted volume clinker price by eight percent (8%) from June 2011 till May 2012 (increase from US\$55.00 to US\$59.50 per metric tonne);
  - Significant increase in borrowings and escalating actual cost of goods sold; and
  - Increase in electricity tariff rate by forty eight percent (48%).
- 1.3 On 27 September 2011, the Commission formally requested for information from FIL that was necessary for calculation and analysis purpose.
- 1.4 By close of business 29 September 2011, the Commission received all the requested information from FIL.
- 1.5 On 03 October 2011, the Commission's Regulated Industry team visited FIL to understand the operational activities with revenue and cost centers.
- 1.6 On 07 and 12 of October, the Commission's Regulated team visited FIL for vouching of documents, analysis of accounts and discussions on projected expenses.
- 1.7 Based on the submission made by FIL, on site visit to understand the operations and nature of FIL's business model, its independent research and computation, the Commission has made this determination.

## 2. LEGAL FRAMEWORK

- 2.1 The Commission is empowered under the **Commerce (Control of Prices for Cement) Order 2009** to control and/or regulate the prices of cement in Fiji.
- 2.2 Paragraph 3 of the said Order specifically authorises the control and/or regulation of prices for cement in all quantities, grades and classes in Fiji.
- 2.3 The Order authorises the Commission to regulate and control prices for the next three (3) years with effect from 1<sup>st</sup> October 2009.

## 3. COMMISSION'S DETERMINATION

The Commission after undertaking a detailed analysis of the submission from FIL and its independent investigation and computations, has determined and fixed the following wholesale bagged and bulk cement price, representing a 3.41% increase.

The authorised prices by the Fiji Commerce Commission are to be effective from 1 November 2011.

Cement type or grade	Current Prices (VEP) in (\$/t)	Increase/(Decrease) from current prices (\$/t)	Commission's Authorized Price
GB Bag Cement	220.12	7.51	\$227.63
GP Bulk Cement	200.12	6.83	\$206.95

### Commissioners:

		
<b>Dr. Mahendra Reddy</b>	<b>Leba Mataitini</b>	<b>Sepeti Tagilala</b>
<b>Chairman</b>	<b>Commissioner</b>	<b>Commissioner</b>
<b>27/10/2011</b>	<b>27/10/2011</b>	<b>27/10/2011</b>

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