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FINAL DETERMINATION ON EX-FACTORY GRADE 300 AND 500 REBAR PRICE

Date Issue: 11 October, 2012
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Promoting Competition in the Fiji Markets

1. Introduction

- 1.1 The Fiji Commerce Commission ("Commission") released the final determination on the wholesale rebar price of Grade 300 and Grade 500 on 01 June 2012 authorising a five point eleven percent (5.11%) increase for Fletcher Pacific Steel (Fiji) ("FPSF"), a Division of Fletcher Building Limited to be effective from 04 June 2012.
- 1.2 On 27 July 2012, the Commission requested FPSF to make its submission on Ex-factory Grade 300 and Grade 500 rebar price based on the Commission's study on:
- World rebar prices decline; and
 - FPSF's billet procurement average unit landed cost decreased as compared to the previous review for the two shipments costing received on 24 July 2012.
- 1.3 The following information was requested for the review and the same was received by 31 July 2012 except for the financials for the month of July which was respectively received on 08 August 2012.
- (i) Monthly Profit & Loss statement and Balance Sheet from May to July 2012;
 - (ii) Management report from May to July 2012;
 - (iii) Fixed Asset Register as at July 2012 (for any major additions/disposal);
 - (iv) Forecasted productions for the 3 months from July 2012;
 - (v) General ledger listing from May 2012 till July 2012;
 - (vi) Incoming July's billet shipment landed cost sheet;
 - (vii) Shipments for Grade 300 in July for which month's production; and
 - (viii) Any projected shipment to be procured for Grade 300 or 500.
- 1.4 On 02 August 2012, the Commission requested for additional information and clarification after performing preliminary analysis of the information received. Part (ii) and (iii) for the below information was provided by FPSF.
- (i) Billet landed cost sheet for May and June shipment;
 - (ii) Billet procurement in July and August for which month's production usage;
 - (iii) Missing information for General ledger detail for May 2012; and
 - (iv) Variances in the Management report and the submission received for production tonnes.
- 1.5 On 13 August 2012, the Commission followed up vide email on the pending information and differences to perform the necessary projections and computation and the same was submitted by FPSF.
- 1.6 On 20 August 2012, the Commission sought for clarification and explanation on FPSF's Balance sheet for the respective asset and liability account.
- 1.7 On 21 and 22 August 2012, FPSF respectively provided projected capital expenditure for 2012 on replacement for computers and roller entry guide box.
- 1.8 On 22 August 2012, a meeting was held at the Commission regarding billet prices, balance sheet clarification and entries in general ledger listing. FPSF was requested to provide the necessary information.

- 1.9 On 23 August 2012, FPSF provided explanation on the flow of entries in general ledger listing for inventory recognition, expected billet prices for October, steel market situation and billet landed cost sheet for August.
- 1.10 On 20 September 2012, the Commission received the billet landed cost sheet for the month of September shipment from Malaysia. The same has been taken into account in the analysis and determination of prices.
- 1.11 On 3 October 2012, the Commission had a meeting with representatives from FPSF to discuss the draft prices.
- 1.12 Based on the submission made by FPSF and 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 Reinforcement Steel Rods) Order 2007** to control and/or regulate the prices for reinforcement steel rods in Fiji.
- 2.2 Paragraph 2 of the said Order specifically authorises the control and/or regulation of prices for reinforcement steel rods (in all qualities and classes) that are sold in the market are controlled in the following grades: grade 300 deformed and plain, grade 430 deformed and plain and grade 500 plain and deformed.
- 2.3 The Commerce (Control of Prices for Reinforcement Steel Rods) (Amendment) Order 2009 authorises the Commission to regulate and control prices which expires on the 11th day of November 2012.

3. Price Determination

The Commission after undertaking a detailed analysis of the submission from FPSF and its independent investigation, benchmarking and computations, has determined the following wholesale rebar price, **representing a 4.82% decrease**.

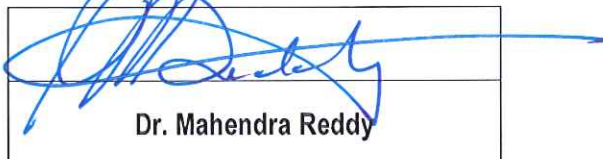
The authorised final price is effective from 12 October 2012.

Re-Bar Grade	Types	Current Ex Factory Wholesale Price (\$/t) (VEP)	Increase/(Decrease) from current prices (\$/t)	Commission's Authorized Price (\$/t)
Grade 300	Plain/Deformed	2,005.38	(96.67)	\$1,908.71
Grade 500	Plain/Deformed	2,075.52	(100.05)	\$1,975.47

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

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

Commissioners:


Dr. Mahendra Reddy
Chairman
11 October 2012

Date Issue: 11 October 2012
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