



# **2013 National Budget Submission**

August 2012

## **1.0 INTRODUCTION**

The Consumer Council of Fiji (hereinafter referred to as ‘the Council’) is pleased to make a submission to the Fiji Government for its 2013 National Budget consultation. The Council is the statutory representative of consumers in Fiji, the largest socio-economic group and whose economic well-being is an important indicator of economic stability and development. As a statutory body established under the *Consumer Council of Fiji Act 1976*, the Council is mandated by law to represent consumers’ views, concerns and issues. The Council has the legal duty to ensure that the most disadvantaged and poor consumers are not marginalised by economic policies. The Council is obliged to do all that is necessary to highlight and present the concerns of these groups in the formulation of the government’s principal policy document, i.e. the National Budget. The Council mainly functions as a watchdog to create a fair and just delivery of goods and services in the marketplace. The Council’s insight into consumer needs and issues is a powerful tool for influencing decision-makers to bring about change.<sup>1</sup>

### **1.1 Issues for consideration in the 2013 National Budget**

In formulating the 2013 National Budget, the Council urges the Government to consider how consumers are faring in terms of affordability of basic goods and services. The Government should bear in mind the recent upward changes in electricity tariffs and rise in overall prices of goods and services brought about by the increase in VAT in 2011. The challenge is not just one of balancing expenditure cuts against tax revenue. The Government also has an obligation to protect its most vulnerable citizens, by ensuring that any changes in policy or spending must provide relief rather than further hardship for Fiji’s consumers. It must be noted that Fiji Bureau of Statistics and Reserve Bank of Fiji assessment of Fiji’s macroeconomic performance have pointed that consumer spending is one of the drivers of the domestic economic. If consumer spending is an indicator of economic activity and growth, then policies should be geared towards facilitating this. However, consumers in Fiji continue to face problems largely due to the absence of a stronger and more effective consumer protection regime that incorporates good legislation, regulation and consumer redress systems.

The Council is well placed to provide a realistic assessment of consumer concerns by being the principal receiver of consumer complaints and engaging in regular market surveillance (price surveys, trader visits, product scrutiny); and research. The Council thus has intimate knowledge and experience of the problems that consumers face in the market place. The Council’s opinions and assessments of consumer issues provide important indicators of the kind of pressures that ordinary consumers are facing in the local economy. The issues addressed in the following sections are what we consider priority areas that we hope the Government will consider in the formulation of the 2013 National Budget.

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<sup>1</sup> More information on the Council is available on its website: [www.consumersfiji.org](http://www.consumersfiji.org)

## 2.0 RISING COST OF LIVING

Despite the 2012 Budget initiatives such as the increase in the income tax threshold from \$15,000 to \$15,600, reduction in personal tax, reduction of duty for imported fruits and vegetables etc, consumers continue to fork out more for their cost of living. At least personal tax reduction should have a flow-on effect to consumers via lower prices. It is important to bear in mind the 2011 VAT increase of 2.5% and the Fiji Electricity Authority's (FEA) tariff alignments of 2010 and April 2011 (for Commercial/Industrial customers) have kept the cost of living high for consumers.

### 2.1 Prices of basic consumer items

The Council's annual July price survey report is an important source of information on price movements for basic food and non-food items. The results of the survey and analysis of price movements are valuable tools for the Council used to gain a better understanding of the experience of consumers as they purchase basic needs and other important goods. The surveys have been ongoing since 2006.

#### 2.1.1 Price Changes 2006 - 2012

Since 2006, average prices have increased from as low as 6% to as high as 174%. 2012 appears to be a more stable period as far as prices (in the survey basket) are concerned when compared to last year, where the price hike between 2006 and 2011 was between 18% to as high as 224%. Between July 2006 and July 2012, a total of 18 items increased in price ranging from 6% to 174% with a total of 9 items jumping in price by 50% or more, compared to the 2011 analysis. There were an equal number of items that jumped by 50% or less. So while prices appear more stable in 2012, there was actually a lesser downward movement in prices during the period in question (2006 – 2012). Only one item has dropped in price i.e. 1kg onions by 22%. The lowest price increase was for 340gm corned beef. The price of corned beef over the 6 year period appears to be the most stable despite the fact that Fiji imports more raw beef than produced domestically. (Annual beef imports are estimated at F\$7million)<sup>2</sup>. The price of 2kg sugar was the highest (as noted in our 2011 report). Sugar has been the worst affected, triggered by a 121.6% hike between 2010 and 2011 in which the Fiji Sugar Corporation had to import sugar due to a huge drop in local production.

#### *Other noticeable price movements (2006 to 2012)*

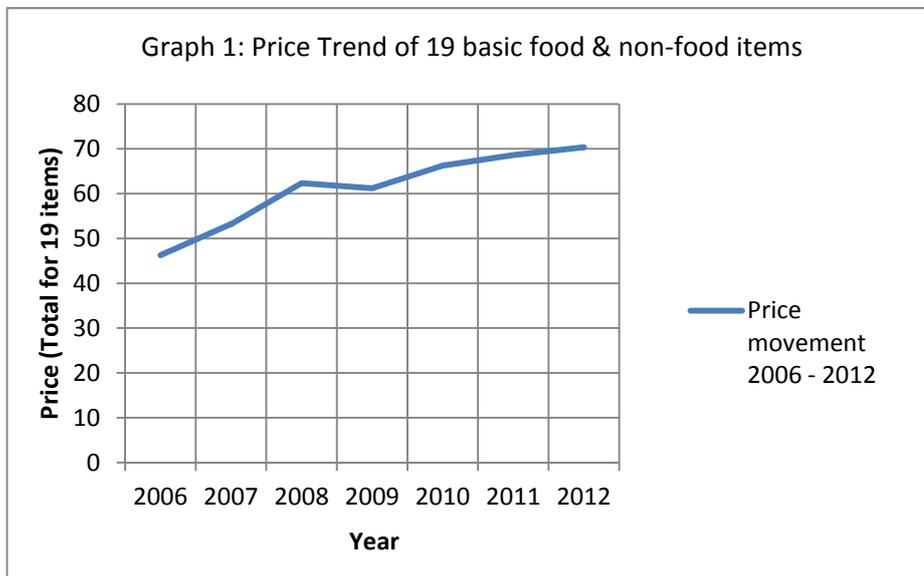
- 4 items have increased by more than 100%: 2 kg sugar by \$2.35 (173%); 425gm canned fish by \$2.08 (165%); *Rewa Butter* by \$4.19 (130%); *Punjas* soya bean oil by \$1.97 (107%).
- *Rewa Butter* price increase of 130% is attributed to the 18% price hike approved by the Fiji Commerce Commission that came into effect on 19 July 2011.
- Only one item (corned beef) increased in price by less than 10% during the period in question.
- Onions have decreased in price – most probably the positive effect of duty reduction (2012 Budget)

*Basket Price of 19 items* - The basket price of 19 items in our monthly surveys increased by 52% between 2006 and 2012. In 2006 the 19 items totalled \$46.27, this year it totalled \$70.34, an increase of \$24.07. The 2006-07 period appears to be the worst time for consumers as the basket price increased by 17.1% (+\$6.93), while interestingly the price dropped by 1.8% during 2008-09 from \$62.32 to \$61.18. It is significant to note that the Fiji Dollar was devalued in April 2009, however price control for these items was able to stave off any unfair increases, as the Council had noted price hikes for other goods and in the service sector. The price decrease was very minimal -

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<sup>2</sup> 'Plans to revive beef scheme' *Fiji Times* 3<sup>rd</sup> September 2011

\$1.14 (1.8%) compared to the following period (2009-10) when the price jumped by \$5.09 (8.32%). Also the price has continued in an upward trend. Whilst there were sharp food price increases during the three-year period of 2006-2008 and during 2009-2010, the post-2010 appear to see prices stabilise as per Graph 1 below:



### 2.1.2 Price Movements July 2011 and July 2012

The price comparison between July 2011 and July 2012 has seen some reductions in prices. A total of 6 items experienced price drops while 2 items (4kg *Punjas* long grain Siam rice and 1kg salt) had no change in average price compared to 2011 (See Table 4 below). For those 6 items that had price drops, the percentage price decrease was between 7.5% and 34.2%. Onions (1kg) saw the biggest price drop – by 34.2% (\$0.51). This is a better trend compared to 2011 where only 5 items dropped in price and the percentage range was a meagre 2% - 9%. A total of 11 out of the 19 items had price increases; again a better situation than in 2011 where 14 items increased. In terms of percentage increases, the range for 2012 is 0.9% to 40.9% compared to 2011 where the range was 0.7% - 122%.

#	Basic Items	Qty	Jul-11	Jul-12	Price Changes	
					\$	%
1	FMF/Punjas Flour	4kg	5.82	<b>5.28</b>	Dec by \$0.54	9.3%
2	FMF/Punjas Sharps	4kg	5.89	<b>5.18</b>	Dec by \$0.71	12%
3	Rewa Butter	500g	6.23	<b>7.40</b>	Inc by \$1.17	18.8%
4	Rewa Life	1 L	1.98	<b>2.79</b>	Inc by \$0.81	40.9%
5	Rewa Powdered milk	500g	5.33	<b>5.94</b>	Inc by 0.61	11.4%
6	Red Cow Powdered milk	450g	5.39	<b>5.50</b>	Inc by 0.11	2%
7	Punjas Rice LG Siam Rice	4kg	6.54	<b>6.54</b>	NC	NC
8	Punjas Soya Bean Oil	750 ml	4.11	<b>3.8</b>	Dec by \$0.31	7.5%
9	Sugar	2kg	4.41	<b>3.71</b>	Dec by \$ 0.7	15.9%
10	Sunbell canned tuna	170g	0.99	<b>1.30</b>	Inc by \$0.31	31.3%
11	Bathing Soap	1pkt	1.02	<b>1.03</b>	Inc by \$0.01	0.9%
12	Eggs	660g	4.51	<b>4.70</b>	Inc by \$0.19	4.2%
13	Onions	1kg	1.49	<b>0.98</b>	Dec by \$0.51	34.2%

14	Potatoes	1kg	1.37	<b>1.11</b>	Dec by \$0.26	18.9%
15	Corned beef	340g	3.93	<b>4.16</b>	Inc by \$0.23	5.9%
16	Corned mutton	340g	4.12	<b>4.64</b>	Inc by \$0.52	12.6%
17	Salt	1kg	0.83	<b>0.83</b>	NC	NC
18	Tea leaves	200g	2.03	<b>2.08</b>	Inc by \$0.05	2.5%
19	Canned fish	425g	2.63	<b>3.34</b>	Inc by \$0.71	27%
<b>TOTAL</b>			<b>\$68.62</b>	<b>\$70.34</b>	<b>Inc by \$1.72 (2.5%)</b>	

Source: Consumer Council of Fiji, Monthly Market Survey Data, Research Division 2006 - 2012.

### 2.1.3 Requests

The Council requests Government to:

- Place price control on tuna and tin fish;
- Review the duty increase on Palm oil implemented in the 2012 Budget since the Council's survey has found some retailers, importers and wholesalers are labeling palm oil as vegetable oil. The Council is concerned that palm oil is being imported into the country as (re-constituted) vegetable oil and Government is losing out on revenue from the imposed duty.

## 2.2 Electricity Tariffs

The Consumer Council has persistently highlighted the Fiji Electricity Authority tariff hikes in 2010 and 2011 as having a negative impact not simply on household power bills, but on the cost of living in general including small businesses. This is due to the fact that businesses pass on the increase in tariffs to consumers by increasing prices on non-regulated items.

- In 2010, the majority of consumers had to pay higher flat tariff rate of 38.84cents/unit for all consumption above 75kWh. While the Government has kindly provided 17.64cents/unit subsidy for consumption equal to or less than 75kWh per month, this has not been effective in giving relief, due largely to the fact that today's minimum household power needs are far more for the 75kWh per month usage. In fact it is the poor who are left out because they often live in much larger households with higher power consumption even for basic lighting and other essentials. This subsidy mainly targets 'low consumption' rather than actually benefitting poor consumers. A review of the subsidy is warranted to ensure that it captures those who are in real need.
- While the Fiji Commerce Commission's tariff determination is a mitigating factor against spiraling tariffs, the Council firmly believes that the FEA's position as both power provider and regulator under the Electricity Act is a key area for policy intervention. The FEA's unchecked power is illustrated by the hundreds of consumer complaints in regards to the revised security deposit implemented in 2011; disconnection policies; domestic minimum charges on unused lines and other unfair business practices. After pressure from the Council and the public the FEA revised its lump sum charge to one where security deposits would on a fixed sum spread over a 6-month period. However, towards the end of the first quarter of 2012, the Council started receiving complaints from consumers who saw a sudden change in the fixed amount charged to each bill since FEA started charging the additional amount. For example one customer who was charged the fixed amount of \$5.70 for each month found himself being billed \$23.11 for one month. While FEA's lame excuse was that there were some discrepancies in the repayment, many consumers who were paying regularly found themselves under threat of disconnection. FEA's monopolistic and legislation-sanctioned power in the supply of electricity needs to be reviewed and removed to prevent continuing abuse of consumers' rights.

### 2.2.1 Requests

The Council requests the Government to:

- Prioritise the revision of the *Electricity Act* and removal of the FEA's regulatory authority and absolute powers. Appropriate funding should be allocated in the 2013 Budget for this review. The Council recommends that independent body should be established to oversee the work of the FEA and other energy needs of the country. This independent body should take the role of regulator to address consumer grievances over FEA's business practices, redress and appropriate compensation for aggrieved customers.
- Review the consumer subsidy to be based on income levels of households rather than on consumption. Alternatively, another domestic tariff line for the elderly, people with disabilities and those with incomes below the minimum wage to be introduced.

## 3.0 DUTY

Government changes fiscal and excise duty in a bid to modify consumption patterns and stimulate consumer spending or provide economic and non-economic incentives for both consumers and business. Duty can be a way of assisting consumers so long as its benefits are passed through via reduced prices of goods and services. The Council urges the Government to ensure that changes in fiscal and excise duty have a positive impact on consumers' pockets. Furthermore, duty can be used as an indirect method of minimizing consumption of certain products or even services. Sometimes, for health and safety reasons, high prices can be a deterrent against consumption of items that have negative impacts.

### 3.1 Requests

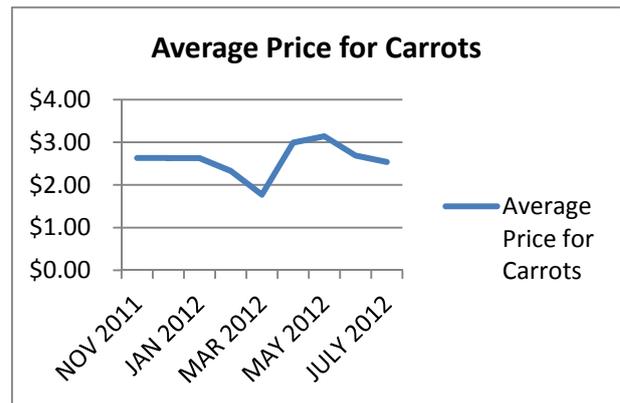
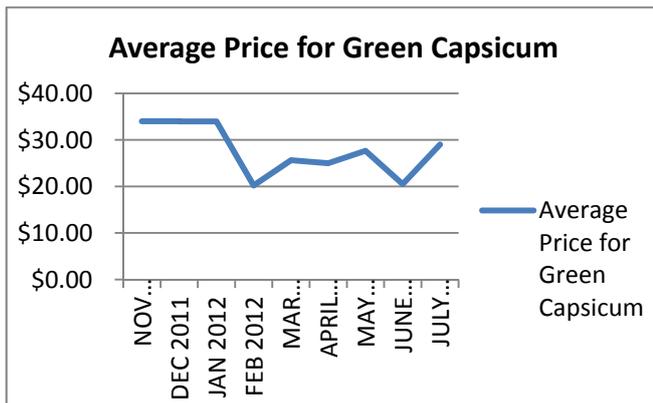
The Council requests the Government to:

- **increase the excise rates on Ready-to-drink (RTDs) mixtures of alcohol beverages.** The 2012 rate increased by a mere 3cents (\$1/ltr to \$1.03/ltr). Government should impose and maintain higher increases just as it is doing for tobacco. High prices should deter younger generation of drinkers and also make adult consumers re-think and control consumption.
- **increase duty on energy drinks that are high in caffeine and sugar.** Energy drinks often have a deceptive combination of soft drink and pseudo-nutritional supplement that may be susceptible to abuse. The bad side effects and long-term health impact of caffeine is well documented and this ingredient is often the main or active ingredient in energy drinks.
- impose high duty on imported cigarettes to deter flooding of the market with cheaper imports;

### 3.1 Duty and VAT Compliance

The Consumer Council has regularly highlighted in the media and to policymakers of the need for fiscal policies to have a meaningful effect on the economy and consumers. The Government has for the past several years continued to provide some concessions in targeted sectors to stimulate investment, consumption and economic activity. Despite this, the Council has found that the response from businesses to pass on the duty benefits to consumers have been often very slow and consumers begin to question how Government's policy is working for them. On the other hand, businesses are often quick to pass on duty hikes to consumers or in many cases overcharge consumers when there is an increase in taxes. Apart from duty the Council had observed how in

2011 some unscrupulous retailers increased prices way beyond the 2.5% hike in VAT. After announcement of the 2012 Budget in November last year, the Council started a monthly survey of prices of imported fruits and vegetables. The surveys found that prices during November and December 2011 did not drop immediately as expected, while the price drops were very lethargic in the beginning of 2012. Prices began to drop around March 2012. The example below shows the movement of green capsicum and carrots, two commonly purchased vegetables. However, prices have moved up again: June/July for capsicum and April-May for carrots. As the graphs show prices have not really dropped and remained below the November 2011 levels. (See **other fruits and vegetables price trends in Appendix 1**)



**Table 1: Average Prices for Imported Fruits and Vegetables, November 2011 – July 2012**

#	Items	Qty	2011		2012							Price Change
			Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
1	Cauliflowers	1k	<b>\$13.1</b>	\$13.1	\$13.1	\$17.3	\$13.4	\$15.3	\$17.9	\$11.9	<b>\$11.9</b>	↓ By
2	Broccoli	1k	<b>\$21.9</b>	\$21.9	\$21.9	\$23.4	\$21.1	\$19.9	\$19.4	\$15.9	<b>\$19.9</b>	↓ By
3	Carrots	1k	<b>\$2.63</b>	\$2.63	\$2.63	\$2.33	\$1.77	\$2.99	\$3.14	\$2.69	<b>\$2.54</b>	↓ By
4	Oranges	1k	<b>\$6.36</b>	\$6.36	\$6.36	\$7.86	\$5.97	\$5.60	\$5.16	\$6.99	<b>\$5.64</b>	↓ By
5	Brown Pears	1k	<b>\$6.48</b>	\$6.48	\$6.48	\$6.48	\$7.95	\$7.99	\$6.31	\$4.45	<b>\$4.77</b>	↓ By
6	Green pear	Kg	<b>\$6.99</b>	\$6.99	\$6.99	\$7.47	\$6.99	\$6.99	\$6.47	\$5.99	<b>\$5.99</b>	↓ By
7	Red Grapes	1k	<b>\$19.7</b>	\$19.7	\$19.7	\$20.2	\$14.3	\$14.9	\$12.5	\$11.9	<b>\$14.4</b>	↓ By
8	Kiwi Fruit	1k	<b>\$9.00</b>	\$9.00	\$9.00	\$13.6	\$12.9	\$13.9	\$12.4	\$11.5	<b>\$9.99</b>	↑ By
9	Green	1k	<b>\$33.9</b>	\$33.9	\$33.9	\$20.2	\$25.6	\$25.0	\$27.6	\$20.5	<b>\$28.9</b>	↓ By

### 3.1.1 Requests

The Council requests the Government to:

- Impose harsh penalties on businesses that do not reduce prices of products where duty has been removed or reduced.

## 4.0 PERSONAL TAX

The Council acknowledges the Government's much welcomed policy under the 2012 Budget to increase the income tax threshold from \$15,000 to \$15,600. The Council believes that the threshold should be increased further to at least \$16,000 to allow more consumers to have access to more of their disposable income. It must be noted that while there have been positive moves towards personal tax reform; it has not matched well with the increase in cost of living that consumers are facing. Cost of basic food items, utilities etc will continue to increase, while real salaries and wage levels remain stagnant. Not only does disposable income provide consumers with money to fall back on, this income can have a very positive impact on the economy as a whole. To stimulate economic growth through consumer spending requires reduction in personal income tax. Consumer spending continues to be one of the key drivers of economic activity in Fiji and this can be further boosted by allowing consumers more disposable income.

### 4.1 Requests

The Council requests the Government to:

- reduce the tax payable amount on chargeable income to allow consumers to cope with the increased cost of living. The tax threshold should be increased to \$16,000.

## 5.0 INSURANCE

Insurance plays an important role in risk management and helps consumers to recover from unforeseen damages and losses. However, insurance services in Fiji operate in an environment riddled with numerous problems, such as outdated legislation and barriers by insurance companies that make claims that are costly and which is a time consuming affair. In 2009, the Council launched a campaign on the Compulsory Third Party Insurance (CTPI). This insurance is compulsory with intended purpose to protect accident victims. Unfortunately, the unreasonable exclusion clause drawn by the insurance companies have left the grieving families or the accident victims to become government's responsibility or their families in meeting health costs or loss of productivity (through welfare system) thus defeating the purpose of CTPI. In all fairness insurance industry must be made accountable for accepting third party insurance but not being ethical in attending to claims.

### 5.1 Requests

The Council resubmits its requests to the Government made in our 2012 budget submission, that:

- Government create an **Accident Compensation Commission** that could deal with various types of accidents, including motor vehicle accidents and accidents at work places.
- Review the CTPI legislation so that the victims of motor vehicle accidents are adequately and fairly protected by not becoming the State's or family's burden.

## 6.0 SENIOR CITIZENS

The Council has continually highlighted the plight of senior citizens – a group of consumers in the 'vulnerable' category. The problems of senior citizens will potentially become part of Fiji's package of social problems in the future. Fiji's elderly population (60 years & above) are estimated to at 7%

of the national population and this has been predicted to increase to 23% in 2050. While the increase in cost of living puts pressure on ordinary income earners and the public at large, it has more effect on the elderly who naturally incur high costs particularly for their health and medical needs.

- Access to affordable health and medical services and products is a big issue for the elderly as many either do not have a regular source of income or depend on meager monthly pensions.
- Medical insurance also discriminates older persons by imposing high premium which lacks clarity or transparency in the manner premium rates is fixed. Another concern is on the cut-off age for travel insurance for our elderly.

## **6.1 Request**

The Council requests the Government to:

- Provide VAT waivers on their electricity and water bills for elderly persons who are no longer in income-generating employment and/or are pensioners.
- Provide higher tax relief to children or relatives looking after the elderly.
- Urge FNFP to waive all fees and charges levied on elderly members.
- Establish a special health care scheme for the elderly in both the public and private health services. This should involve free or subsidised medical checks and treatment for senior citizens above the age of 55 years.

## **7.0 RURAL AREAS - Agriculture**

The Bureau of Statistics 2008 Household Income & Expenditure Survey (the latest survey on hand) had highlighted that Fiji's rural areas are where the incidents of poverty have increased and rural poverty is much worse than urban poverty. This is ironic considering the fact that Fiji's rural sector houses vast agricultural resources and are the main centre of the country's agricultural production. Furthermore, production in these rural areas has been affected by high prices of agricultural input such as animal feed, manure and farming implements. One major industry that is on the decline is the dairy industry, located in Fiji's rural areas. Most dairy farmers do not have access to affordable and quality feeds which is crucial for cows' maximum milk production. The copra industry, based mainly in the northern division has not produced the desired results despite Government's 'Look North Policy' and tax incentives for the north and outer islands. However, much of the initiatives are not being translated into high yields and productivity. It must also be noted that higher productivity in our rural agricultural areas will reverberate elsewhere, particularly in the urban centers where high volume of vegetables and root crops will result in competitive prices and high levels of availability.

### **7.1 Requests**

The Council requests the Government to:

- Provide productivity-based tax rebates for copra farmers.
- VAT exemption should be allowed for agricultural inputs such as animal feeds, organic manure, and farming implements used in the copra and dairy farms.

## **8.0 HEALTH SERVICES**

The Council understands the reforms currently undergoing in public health services and the health/medical sector as a whole. Apart from the move towards a cost-sharing system with users of public health services, there have also been rearrangements of available services at the main hospitals whereby many services are being decentralized out to health centres. The Council believes that every consumer should have accessible, affordable and reliable health services. In recent years, the Council has increasingly become concerned with the quality of health services particularly when citizens are now paying for services in the public health services. The Council believes that access to affordable and reasonable services can be achieved by rationalizing the service delivery on the basis “who is in the position to afford and who is not”. Some people cannot afford private health care but still can fork out a small amount of money to avoid long-waiting period in three large public hospitals (Suva, Lautoka & Labasa). However, the fee structure for such a scheme should commensurate with the income levels of those lower down the economic ladder. The user-pay system can be effective when the service delivery is timely and efficient. Timely delivery of services is an important aspect of quality health services.

The Council has welcomed the Ministry of Health’s (MoH) recent review of fees and charges at public hospitals where some charges have dropped and some amended to realistic levels. However, we believe that the MoH can take up other initiatives that would make health and medical services more accessible, affordable and established in a manner that offers choice and convenience to consumers.

The Council resubmits its proposal in its 2012 Budget submission that *the MoH should engage with private medical practitioners and establish a scheme where the private practitioners can spend certain hours in public health centers for nominal fee to ease the congestion at these centers and also offer good services*. Public health center users can be asked to pay \$5 to see one of these doctors if they wish to avoid the queues. The health centers will benefit from a reduction in queues and the private practitioners will benefit in securing a clientele base that perhaps at times private practice does not offer. The much large economic gains would be realized with a reduction in productivity losses particularly for the working class, whose time is spent in the hospital unnecessarily. This system can also take the pressure off the public hospitals. Public health services will be under less pressure and consumers will be in a better position to make choices according to their own needs and affordability levels.

### **8.1 Requests**

The Council requests the Government to:

- Urge the MoH to engage with private medical practitioners and establish a scheme where the private practitioners can spend certain hours in public health centres for nominal fee to ease the congestion at these centres and also offer good services.
- Waive fees and charges at public health centres and hospitals for vulnerable groups such as children, the elderly and physically challenged persons.

## **9.0 STANDARDS**

The Consumer Council has in numerous reports, submissions and public statements highlighted the lack of standards in Fiji. Fiji has become a dumping ground for substandard, counterfeit and potential dangerous goods ranging from cosmetics to electrical appliances. Substandard and

counterfeit items thrive in countries that lack proper regulations, quality control and standards. Fiji is not the only country with this problem as similar developing countries are also dumping grounds. Trade in counterfeit products amount to over \$US 500 billion annually. The Council has for many years lobbied for the improvement of standards through appropriate reforms in existing standards bodies to enable them to be effective in standards-making, quality control and regulation. In recent years we have notice an increase in complaints against electrical appliances marketed and sold under home brands such as Akita and Maxton.

### **9.1 Requests**

The Council requests the Government to:

- provide priority support towards the establishment of a statutory organization to develop standards and quality control including metrology,
- Government is urged to place strict conditions on import licenses such as imposing a special condition that importers must bring in a sufficient number of spare parts for imported electrical, IT equipment and motor vehicles.

### **10.0 Appreciation of Fiji Dollar**

The Council is of the view that Government should revalue the Fiji Dollar upwards as a way to control inflation. As both businesses and consumers now rely more on imported products from manufacturing to retailing. We are paying more due to our weak currency. It is a fact that even local manufactured goods rely heavily on imported raw materials and equipment. Weakened currency assists when we are export dependent, however in Fiji's situation we are import dependent. Consumers are not the only ones to benefit from a stronger dollar but the government as well when it comes to paying off loans.

#### **10.1 Requests**

The Council requests the Government to:

- Appreciate Fiji Dollar by 5-10% to control inflation.

### **11.0 Privacy Laws and Protection of Consumers Financial Information**

The Council has found that consumers in Fiji lack protection when it comes to their personal financial and related information. This is evident when scrutinising the establishment and practices of the debt collection agency – Fiji Data Bureau Limited. The business of collecting, exchanging and using personal financial information is not regulated in Fiji leaving such companies and credit providers to operate at will, sharing and using consumers' personal financial information in the conduct of their businesses.

The absence of privacy laws in Fiji is having a negative impact on consumers. The Council has persistently highlighted this issue especially in the case of establishment of Fiji Data Bureau, a debt collection and debt information agency that has not been created under any laws of Fiji but is registered as a Company pursuant to the Companies Act of Fiji. The Council has received numerous complaints where consumers have been unfairly treated. Some of the issues we have highlighted are:

- Consumers erroneously listed in Data Bureau without their knowledge;
- Consumers listed with the bureau despite making regular payments on their loans/hire purchase accounts, and for cases where these have been fully paid off;
- Data Bureau makes no warranty as to the accuracy of the information provided or the credit-worthiness of the subject;
- Data Bureau Limited accepts no liability for incorrect information;
- Consumers not given their consent for the exchange of their personal financial information by their credit provider to third parties (such as Data Bureau)
- Consumers are also asked to sign a form which has a provision whereby consumers give consent to their credit providers to use their information.

The Council has found that Fiji does not have Credit Reporting Legislation or Privacy Legislation that protects the rights of consumers. Data Bureau in collusion with credit providers plays around with consumers' personal financial information without responsibility. Privacy and Credit Reporting legislation is critical and should carefully balance the ability of creditors to share information with the individual's right of privacy and consent/understanding.

### **11.1 Requests**

The Council requests the Government to:

- Establish laws and regulations to govern the conduct of debt collection agencies, credit providers and other businesses who collecting and exchanging the personal financial information of consumers.
- Adopt and adapt to the Australian practice where a Privacy Act is essential which must incorporate all provisions necessary to guarantee the security of personal information of consumers when such information is collected and kept by financial institutions, credit providers and all businesses. Such a law should contain statutory provisions a *Credit Reporting Code of Conduct* which is enforceable through Information or Privacy Commissioner established under the Act. (This to be rewritten to make it more succinct).

### **12.0 Consumer Security Deposits**

The Council wishes to highlight that service providers such as utility companies (FEA, Water Authority of Fiji), telecommunication providers and others require customers to pay a security deposit. Service providers impose such deposits on the arguments that they will be utilized in the event of non-payment of bills or outstanding payments/fees. However, service providers resort to disconnections, Data Bureau listing and other means to penalize customers for non-payment of bills or outstanding arrears. This compels consumers to rightfully question what is the whole rationale behind paying a security deposit. Furthermore, the Council and consumers have been questioning on how their deposits are being utilized. These deposits are kept in service providers' accounts and are gaining interest as these are deposited in the banks. A good example of how deposits are kept by service providers without being utilized for the purpose it was established for is in the case of the FEA. The Council continues to question why consumer security deposits are not utilised by the FEA for overdue accounts, when the FEA has expressly stated that the deposit is held as security against the non-payment of electricity accounts when these accounts are overdue. The FEA's 2010 annual report shows 'customer deposits' totalling about \$23.2million, while the amount of

electricity debtors written off against the deposits held was \$208,169 [less than 1% of total customer deposits held]. It shows that FEA has hardly utilised the deposits to address overdue accounts or bad debtors. The Council considers that security deposits, which are refundable must be utilised for the purpose they were established for and it should derived a return for consumers instead of lying around in the hefty bank accounts of service providers.

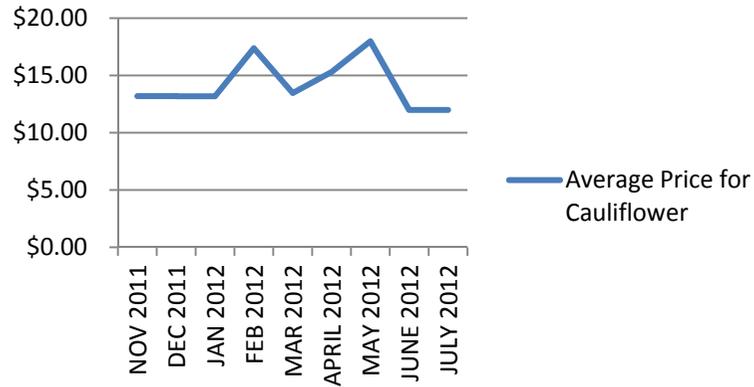
## **12.1 Requests**

The Council requests the Government to:

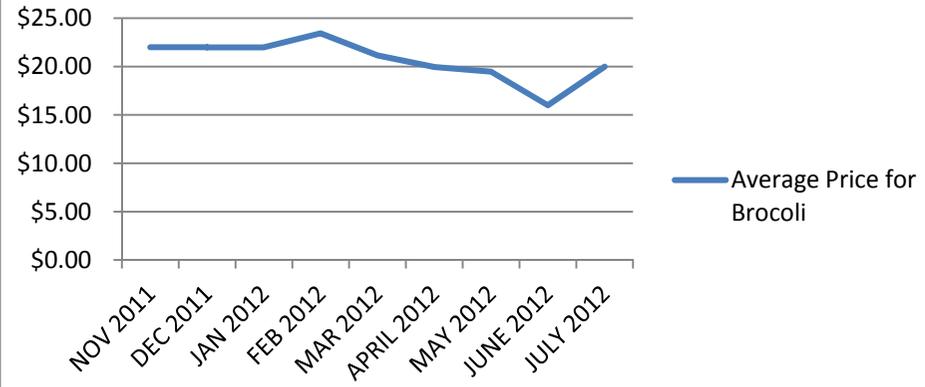
- Establish some ground rules or framework to government the holding of security deposits by service providers. Security deposits for all service providers and any business who charges a refundable security deposit should be placed under the purview of an independent central authority or commission (e.g. security deposit commission). The deposits should be invested or utilized in a manner that would bring some returns to consumers, rather than sitting on someone's account and gaining interest.
- Allow consumers to access their deposits from the commission after they have stopped subscribing to a service provider or have closed their account with all debts cleared. The refunded deposit should include any interest earned.
- Business can also access the security deposit for the purpose of clearing their customers' debts and arrears.

**APPENDIX 1: Graphs on Price Movement for Selected Imported Fruits and Vegetables, November 2011 – July 2012**

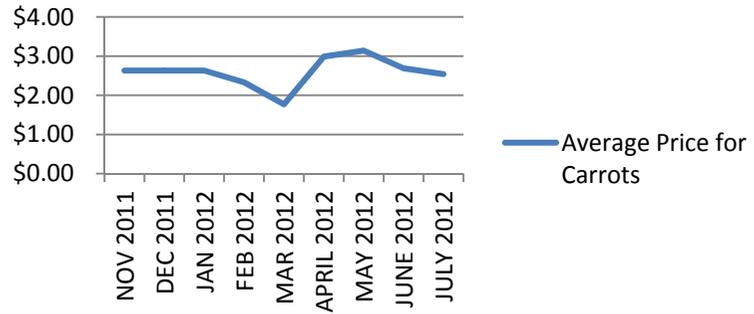
**Average Price for Cauliflower**



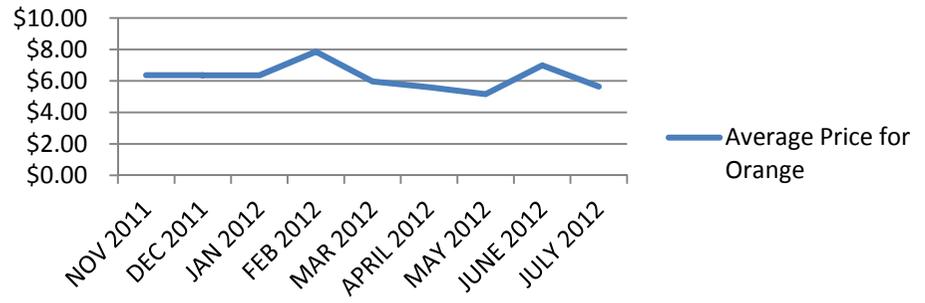
**Average Price for Broccoli**



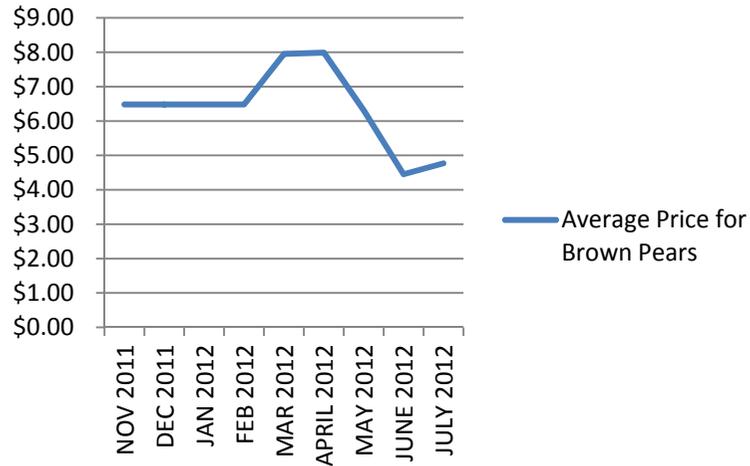
**Average Price for Carrots**



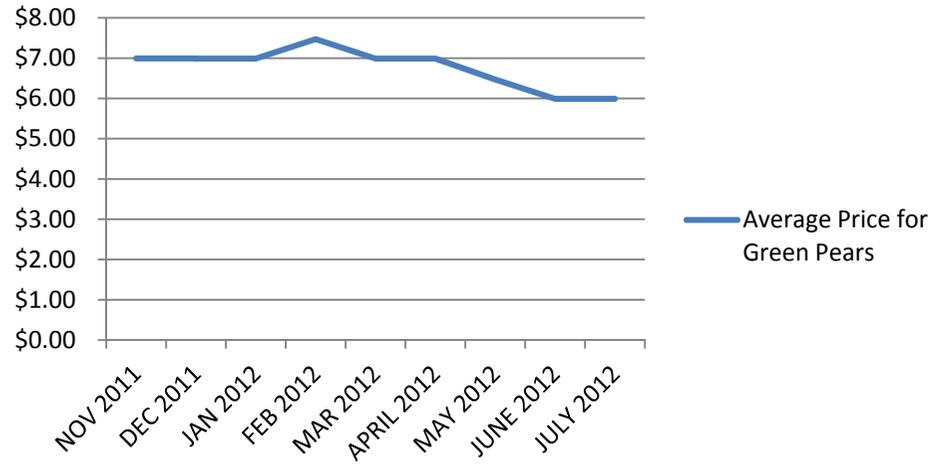
**Average Price for Orange**



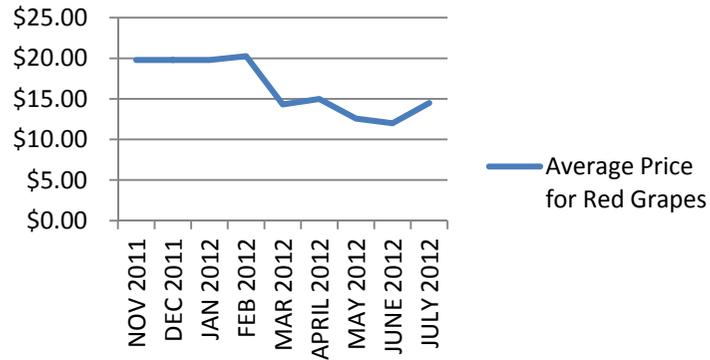
### Average Price for Brown Pears



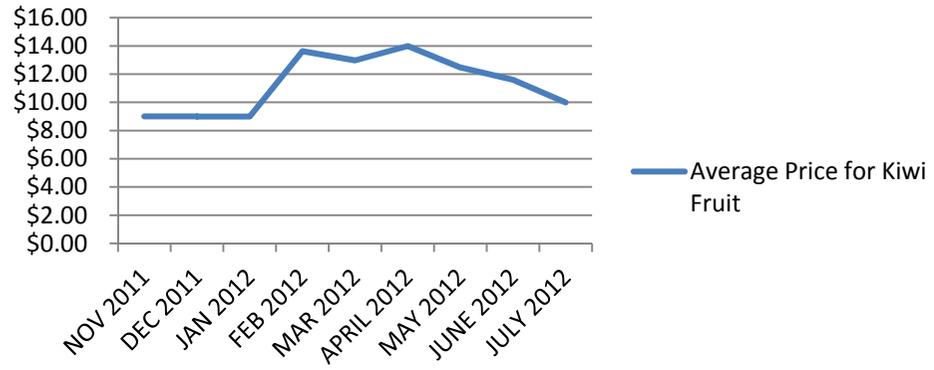
### Average Price for Green Pears



### Average Price for Red Grapes



### Average Price for Kiwi Fruit



### Average Price for Green Capsicum

