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Consumer Council of Fiji



www.consumersfiji.org

8 April 2019

The Chief Executive Officer
Fijian Competition and Consumer Commission
Employers Hub Building
42 Gorrie Street
Suva

Dear Sir,

RE: Impact Assessment

Warm Greetings from the Consumer Council of Fiji!

Please find attached the Council's submission on the Impact Assessment of Vonu Brands by Paradise Beverages' Acquisition.

We sincerely hope the issues raised and the recommendation in the submission will be given a favourable response.

We would be happy to provide further clarifications should these be required.

Yours sincerely,

Shandil

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Ms. Seema Shandil
Chief Executive Officer



*A Submission to the
Fijian Competition and Consumer Commission*

on

*the Impact Assessment of Vonu Brands by Paradise
Beverages' Acquisition*

8 April 2019

1.0 Role of Consumer Council of Fiji

The Council has statutory obligations under *the Consumer Council of Fiji Act (Cap 235)* to ***“to do all such acts ad things which it may necessary or expedient to ensure that the interests of consumers of goods and services are promoted and protected.”*** The Council is also obliged to advise and make recommendations to the Minister responsible for consumer affairs in Fiji or any other Minister on issues affecting the interests of consumers. The Council is a key stakeholder in the formulation of policies, legislations and standards in the country. The Council being the frontline or first point of contact for consumer grievances has a strong mandate from consumers to express their viewpoints on issues affecting them.

The Council welcomes the Fijian Competition and Consumer Commission’s (FCCC) request for our submission on the changing state of the alcoholic beverage market in Fiji. The Council sincerely hopes that the issues it raises here are given due consideration which are in the interest of consumer justice and fairness.

2.0 Council’s view on alcoholic beverages in Fiji

The Council holds the health, safety and well-being of consumers at the forefront of its service. In light of this, it is important to note that alcoholic beverages, while being a source of enjoyment and popular means of celebration for consumers in Fiji, can lead to health complications and non-communicable diseases (NCD’s) in excess or uncontrolled intake. Therefore, the Council’s stance is that increases in the price of imported alcoholic beverages will, at least to some extent, help regulate the otherwise ‘unregulated’ (so to speak) consumption of alcohol by consumers. Of course, traders and retailers that increase their liquor prices must do so fairly and not on their own terms or preference.

2.1 Research Design

A small-scale research was designed by the Council to capture people’s view on alcoholic beverages on sale in Fiji since 2013. The study was conducted in Suva, Lautoka and Labasa and a total of 280 participants took part in this study. A closed-ended research questionnaire was used to guide the study’s data collection. The data collected is presented in this submission as part of the response to FCCC’s key request for information. The study is limited to only a small sample scale and this may affect the generalising of its findings. However, the study provides a balanced and unbiased view of the general public on the price, quality and range of alcoholic beverages.

2.2 Study Findings

The findings of the study on consumer views regarding alcoholic beverages on sale in Fiji are presented below. The findings present an analysis of 4 questions that are based on desktop research.

2.2.1 Change in Price of Alcoholic Beverages on sale in Fiji since 2013

Prices of alcohol on sale in Fiji have increased substantially due to the Customs Tariff Budget Amendment Bill 2018, which allows the increase of import excise duty on cigarettes, tobacco and

alcohol by 15 percent. Given this, the Council has based this study on a retail price list of alcoholic beverages dating back to 2013 from an authorized liquor entity. The findings are presented in Figure 1. The study of prices includes a variety of beer, ready to drink (RTD) drinks, standard domestic spirits and premium spirits from 2013 to 2018.

Figure 1: Alcoholic Beverages' Percentage Increase in Retail Price from 2013 to 2018

Liquor	Pack/Single	Percentage Increase (%) in Retail Price					
		2018	2017	2016	2015	2014	2013
BEER							
Fiji Bitter/Gold 4.6%	24 x 375ml	3.41	3.53	3.70	3.80	3.95	4.11
Fiji Bitter/Gold 4.6%	375ml	4.05	2.80	4.35	3.03	4.70	3.30
Fiji Bitter 4.6%	12 x 750ml	4.05	4.23	4.41	4.62	4.84	5.09
Fiji Bitter 4.6%	750ml	4.03	4.20	4.40	4.60	4.80	5.05
Fiji Gold 4.6%	12 x 750ml	3.80	3.95	4.11	4.30	4.48	4.70
Fiji Gold 4.6%	750ml	3.80	3.94	4.10	4.27	4.46	4.67
Ready To Drink (RTDs)							
Bounty Rum & Cola/Asst. Tribe	24 x 355ml	3.16	3.26	3.37	3.50	3.62	3.75
Bounty Rum & Cola/Asst. Tribe	355ml	3.75	2.60	4.00	2.80	4.30	2.90
Joskes Brew 8%	24 x 440ml	2.30	2.33	N/A	N/A	N/A	N/A
Joskes Brew 8%	440ml	1.82	2.78	N/A	N/A	N/A	N/A
Woodstock 8%	24 x 375ml	1.95	1.98	2.03	2.07	2.11	2.16
Woodstock 8%	375ml	3.08	1.60	2.42	1.65	2.52	1.72
STANDARD DOMESTIC SPIRITS							
Bounty Rum 58%	375ml	6.67	7.14	7.69	8.33	9.09	10.00
Bounty Rum 58%	750ml	3.62	3.75	3.90	4.05	4.23	4.41
Bounty Rum 58%	1125ml	2.61	2.68	2.75	2.83	2.91	3.00
Regal Gin 47.5%	375ml	6.82	7.32	7.90	8.57	9.38	10.35
Regal Gin 47.5%	750ml	3.66	3.80	3.95	4.11	4.30	4.48
Regal Gin 47.5%	1125ml	2.61	2.68	2.75	2.83	2.91	3.00
PREMIUM SPIRITS							
Deluxe Regal Whiskey 43%	375ml	6.00	6.38	6.82	7.32	7.90	8.57
Deluxe Regal Whiskey 43%	750ml	3.16	3.26	3.37	3.49	3.62	3.75
Deluxe Regal Whiskey 43%	1125ml	2.27	2.33	2.38	2.44	2.50	2.56

Source: Primary Study – Consumer Council of Fiji, 2019

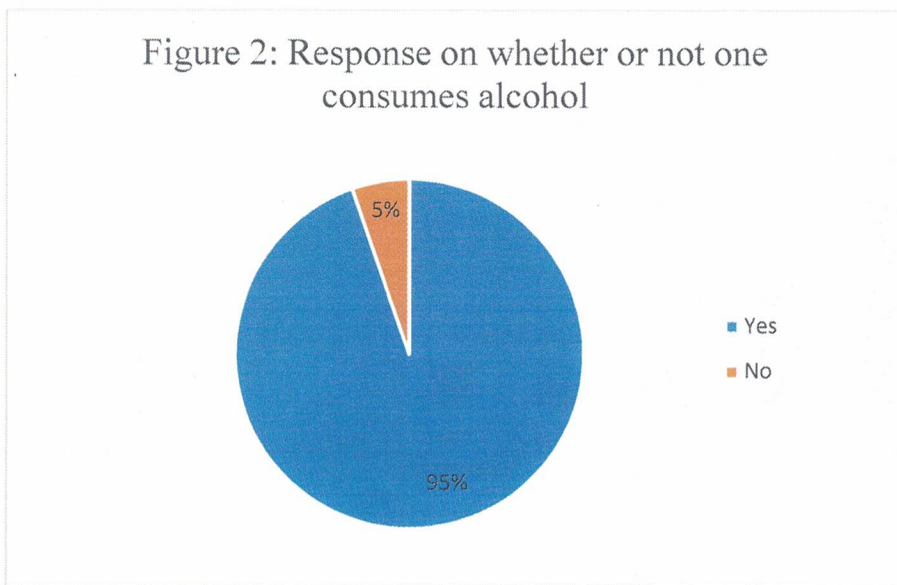
As the above table illustrates, over the years the percentage increase in retail price of alcoholic beverages ranges from 1.59 percent to 10 percent. Prices of liquor by packs or cartons sold to consumers by the trader show an increment of \$3.00 every year since 2013. The individual or single bottles and cans derive their prices from a division of the number of singles in a pack. For example,

Fiji Gold 24 x 375ml pack is priced at \$88.00 in 2018, and a single *Fiji Gold* 375ml beer is priced at \$3.70 per bottle (see Appendix 4.1).

2.2.2 Consumer Perspective on Prices of Alcoholic Beverages on sale in Fiji since 2013

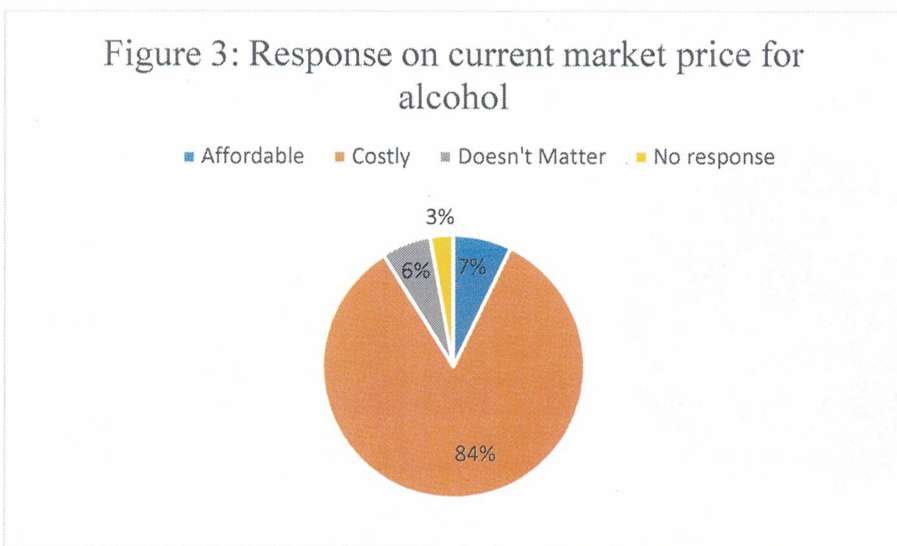
Participants answered the following questions and their responses are recorded under respective sub-headings.

2.2.2.1 Do you consume alcohol?



Source: Primary Study – Consumer Council of Fiji, 2019

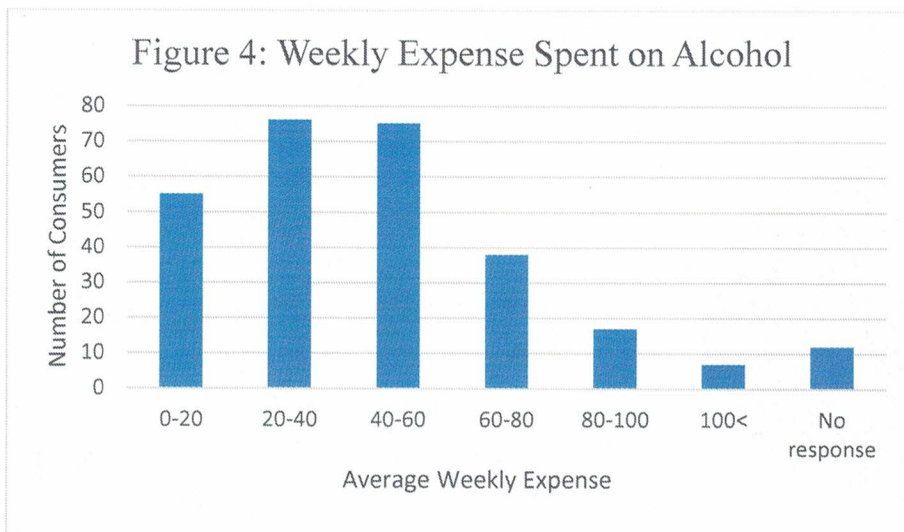
2.2.2.2 How do you feel about the current market price for alcohol?



Source: Primary Study – Consumer Council of Fiji, 2019

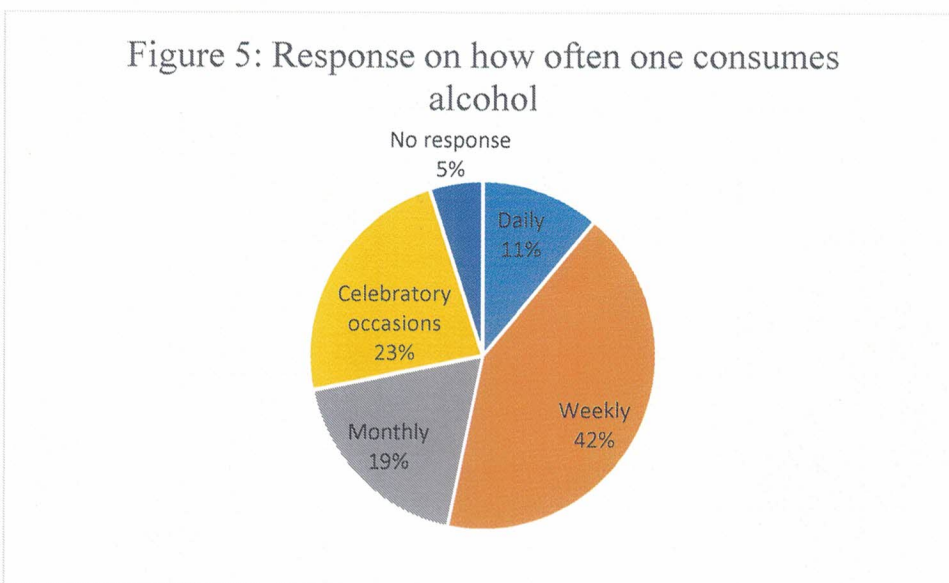
The charts above show that many consumers feel that the current market price for alcohol is really high (84 percent). Figure 3 indicated that only 7 percent of consumers find alcohol affordable whilst 6 percent are unfazed by the change in market price. 3 percent had no response to the question. The largest fraction of this response accommodates all 95 percent of consumers that took part in the study (see Figure 2) who actually consume alcohol and are affected by the increase in import excise duty by 15 percent. The percentage of consumers who find it affordable can be considered as those who have the income-level or purchasing power to afford these products, and those who occasionally consume alcohol as compared to consumers who fall under daily/weekly consumption.

2.2.2.3 What is your average expense per week spent on alcoholic beverages?



Source: Primary Study – Consumer Council of Fiji, 2019

2.2.2.4 How often do you consume alcohol?



Source: Primary Study – Consumer Council of Fiji, 2019

Illustrated in the graphs above is the average amount consumers spend on alcoholic beverages per week. Figure 4 shows that 76 out of 280 consumers spend an average of \$20-\$40 per week on alcohol whilst 75 consumers spend around \$40-\$60. The \$20-\$60 bracket holds the most consumer responses in alcohol expenditure with 151 consumers collectively. On the other hand, about 7 consumers spend \$100 and more alcohol, which indicates that a smaller proportion drinks daily or spend large sums of money during most celebratory occasions. 55 consumers fall under the lowest interval of alcohol spending (\$0-\$20) mainly because they never/rarely consume alcohol. 38 consumers fall within the \$60-\$80 interval, while around 17 consumers spend bigger sums of \$80-\$100 on average per week. Collectively, like the smallest portion of the graph, these consumers spend drastically on alcohol, although this may not necessarily reflect their income-level but rather their purchasing power and demand for such beverages. 12 consumers had no response on the matter.

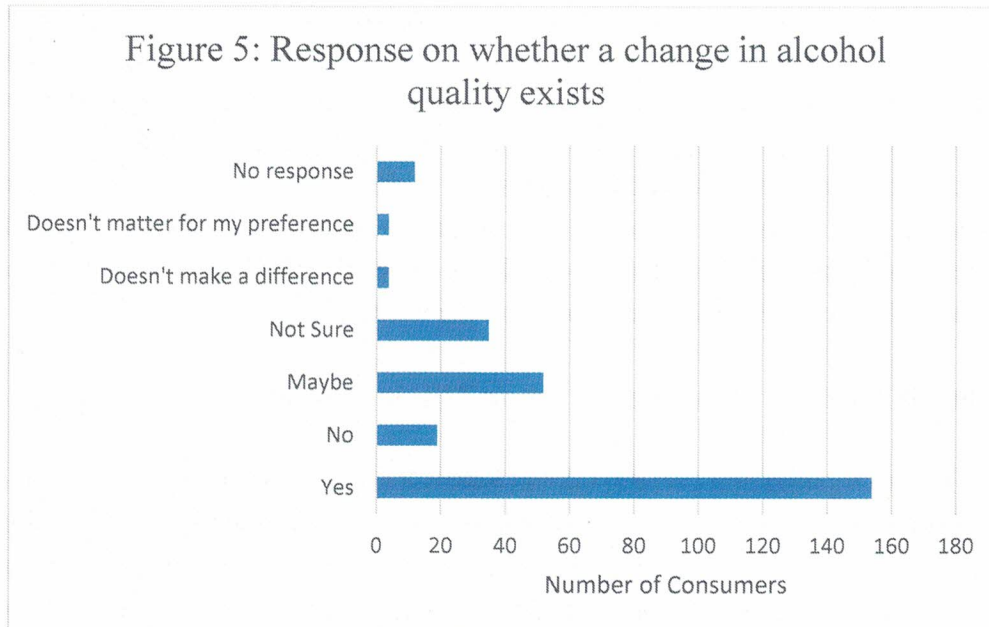
2.2.3 Change in Quality of Alcoholic Beverages on sale in Fiji since 2013

According to the World Health Organization (WHO) Global Status Report on Alcohol, data from the 1993 National Nutrition Survey indicates that consumption of alcoholic home brew is widespread in Fiji, as in other Pacific nations. These beverages usually contain up to 3 times the alcohol content of commercially produced beer. Research also shows that single drinking sessions with a high rate of alcohol intake (common practice among Fijian youth) can cause abrupt mood swings resulting in violence, accidents and fights, exaggerated emotions, uncharacteristic behavior, memory loss, impaired judgment, communication problems, sleepiness, coma, stupor and death (at very high intake) and suicide attempts. Binge drinking, a common in Fiji and other Pacific islands, has also been implicated in schizophrenic and other psychiatric episodes. Current information on the rate and consumption patterns of alcohol – that would otherwise greatly highlight the quality of alcoholic beverages being produced and sold to consumers in Fiji – is limited. Nonetheless, it can be assumed that alcohol is widely consumed in one form or another among young people, with about 2 in 5 of youths surveyed having already tasted it (Pacific Health Dialog, 2011).

2.2.4 Consumer Perspective on Quality of Alcoholic Beverages on sale in Fiji since 2013

Participants answered the following questions and their responses are recorded under respective sub-headings.

2.2.4.1 Do you think that there has been a change in the quality of alcohol in the last 5 years?



Source: Primary Study – Consumer Council of Fiji, 2019

Represented in graph analysis above, 154 participants confirmed a change in alcohol quality when asked whether or not the quality of these beverages has changed. When posed with the question of how quality had changed, participants replied that alcoholic beverages produced today from both domestic and international markets have lower alcohol content in comparison to past production. This reflects the study mentioned earlier by Pacific Health Dialog in 2011 whereby high rates of alcohol intake as well as binge drinking are common practices in Fiji and adversely affect physical and mental health. In the past, many young people consumed alcohol for the thrill of getting intoxicated depending on a drink's alcohol content. A collective 87 participants are unsure of their response to the question, while 8 participants responded saying the quality of the alcohol does not make a difference to personal preference. 12 participants did not respond.

2.2.5 Change in Range of Alcoholic Beverages on sale in Fiji since 2013

As one of the Pacific's leading alcoholic beverages companies, *Paradise Beverages* started brewing *Fiji Bitter* in 1958 and is now one of Fiji's favourite brews. Later, the company has claimed to be the power behind Fiji most popular beverage portfolio, with over 16 brands of beers, spirits and Ready-to-Drinks (RTDs) produced at its breweries in Suva, Lautoka and Apia, Samoa distilleries. Marking its 50th anniversary in 2007, *Fiji Premium* was launched to cater for the emerging tourist and export markets. In 2008, vodka-based *Fiji Tribe* RTD range was introduced. By 2013, *Paradise Beverages* launched a range of rums and liquors under the subsidiary name of *Rum Company of Fiji*, and in March 2014, announced the acquisition of *Vonu Pure Lager* from the *Island Brewing Company* in Nadi. In 2017, the year of its 60th anniversary, after launching a new range of premium, triple-distilled flavored vodkas called *Katia*, *Paradise* launched the region's first RTD brewed from cane spirit, *Joskes Brew*, in Fiji. Alcoholic beverage brands specialised by *Paradise Beverages* are *Fiji Bitter*, *Fiji*

Gold, Fiji Gold Moli, Fiji Premium, Vonu Pure Lager, Tribe, Bounty Rum & Cola, Joskes Brew, Regal Whisky, Regal Gin, Bati Rum, Katia Vodka, Czarina Vodka and Old Oak brandy.

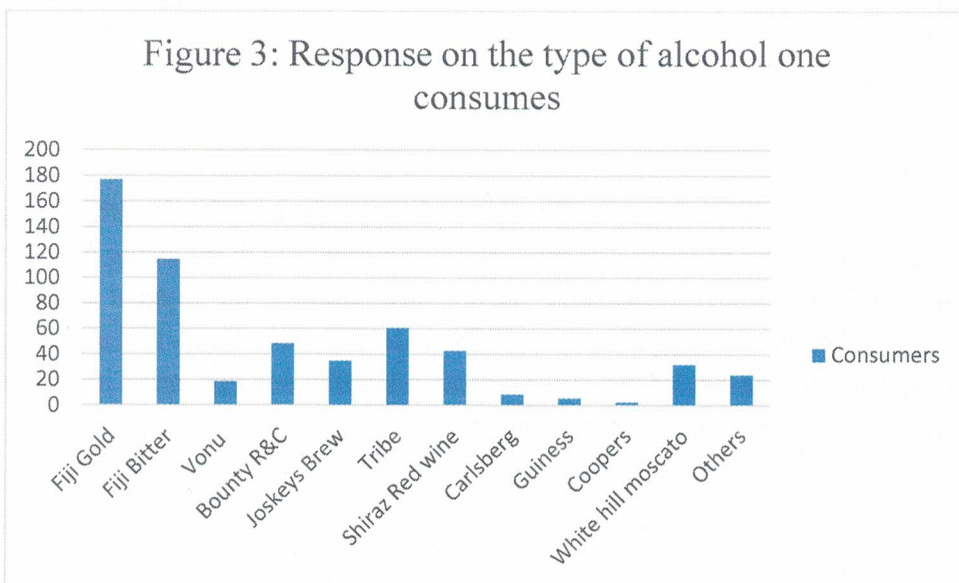
Victoria Wines is another leading beverage company in the Pacific and a Fiji-based family business, dedicated to importing and distributing wines from international markets. Some of the countries that the company imports wine from are France, Italy, Spain, Portugal, Chile, Argentina, USA, New Zealand and Australia. Some alcoholic beverage brands specialised by the company are international beer labels like Carlsberg, Coopers, Guinness, spirit labels of Assorted Absolute Vodka drinks, and wine labels like Assorted Shiraz Red Wine, White Hill Moscato, and others.

For the past 20 years, Fiji has experienced a variety of alcoholic beverages tracing to both domestic and international origins.

2.2.6 Consumer Perspective on Range of Alcoholic Beverages on sale in Fiji since 2013

Participants answered the following questions and their responses are recorded under respective sub-headings.

2.2.6.1 What types of alcohol do you consume?



Source: Primary Study – Consumer Council of Fiji, 2019

As illustrated in the graph above, many participants, with a round figure of 177 out of 280, consume Fiji Gold, with Fiji Bitter ranking in second at 115 participants. Bounty Rum & Cola is another popular drink among consumers taking its toll of 49 participants, followed by Tribe consumers with 61 participants. The mentioned local beer labels and RTDs are also the most common drinks served in bars and nightclubs all over Fiji. It is no surprise that Fiji Gold, Fiji Bitter, Bounty Rum & Cola and Assorted Tribe drinks are ranked as the top 4 alcoholic beverages by commercial alcohol consumers in Fiji like nightclubs, bars and pubs.

Wine lovers also took rank in this study which accounted for 75 participants (Shiraz Red Wine, 43 and White Hill Moscato, 32). It can be assumed that Joskes Brew (35) is still reaching for popularity among consumers as it was launched in the market only recently in 2017. The same can be said for Vonu beverages (19) with its recent acquisition cleared by the Fijian Competition and Consumer Commission (FCCC) on 1st August, 2013. As a result, Paradise Beverages announced the acquisition of Vonu Lager in March 2014, even though an impact assessment is yet to be undertaken by FCCC. Imported drinks of international beer labels like Carlsberg (9), Guinness (6) and Coopers (3) are placed within the lower interval of the graph. 24 participants responded with other drinks in the survey.

2.2.7 Price, Quality and Availability of Imported Alcoholic Beverages in Fiji

Prices of imported alcoholic beverages in Fiji reflect the quality produced in the international arena and National government's stance on alcohol is clearly reflected in the Customs Tariff Budget Amendment Bill 2018 which enabled the increase of import excise duty on cigarettes, tobacco and alcohol by 15 percent. Growth of alcohol imports are evident in the market, such as Victoria Wines taking lead in alcohol importation and distribution. This was possible due to Victoria Wine's establishment in Fiji's market as being the only dedicated wine importer and has successfully branched out to international beer labels as well as RTDs. Over the past 20 years, Fiji has witnessed the growth of various brands of imported drinks, giving consumers the capacity to choose from a wider range.

3.0 Recommendation

The Consumer Council of Fiji recommends and remains firm on its stance of promoting healthy living among Fijians. This is because in Fiji, one of the major threats to our population is the rising crisis of non-communicable diseases (NCD's). In recent decades, NCD's have become the biggest killer in the country, causing thousands of deaths every year – many of those deaths premature – and affecting the lives of many more. Therefore, to combat NCDs and promote a healthy society, price increases on imported alcohol, tobacco and cigarettes is highly recommended.

4.0 Appendix

4.1 Alcoholic Beverages' Retail Pricelist from 2013 to 2018

Liquor	Pack/Single	Retail Price					
		2018	2017	2016	2015	2014	2013
<u>BEER</u>							
Fiji Bitter/Gold 4.6%	24 x 375ml	88.00	85.00	82.00	79.00	76.00	73.00
Fiji Bitter/Gold 4.6%	375ml	3.70	3.55	3.45	3.30	3.20	3.05
Fiji Bitter 4.6%	12 x 750ml	74.00	71.00	68.00	65.00	62.00	59.00
Fiji Bitter 4.6%	750ml	6.20	5.95	5.70	5.45	5.20	4.95
Fiji Gold 4.6%	12 x 750ml	79.00	76.00	73.00	70.00	67.00	64.00
Fiji Gold 4.6%	750ml	6.60	6.35	6.10	5.85	5.60	5.35
<u>RTD</u>							
Bounty Rum & Cola/Asst. Tribe	24 x 355ml	95.00	92.00	89.00	86.00	83.00	80.00
Bounty Rum & Cola/Asst. Tribe	355ml	4.00	3.85	3.75	3.60	3.50	3.35
Joskes Brew 8%	24 x 440ml	132.00	129.00	N/A	N/A	N/A	N/A
Joskes Brew 8%	440ml	5.50	5.40	N/A	N/A	N/A	N/A
Woodstock 8%	24 x 375ml	154.00	151.00	148.00	145.00	142.00	139.00
Woodstock 8%	375ml	6.50	6.30	6.20	6.05	5.95	5.80
<u>STANDARD DOMESTIC SPIRITS</u>							
Bounty Rum 58%	375ml	45.00	42.00	39.00	36.00	33.00	30.00
Bounty Rum 58%	750ml	83.00	80.00	77.00	74.00	71.00	68.00
Bounty Rum 58%	1125ml	115.00	112.00	109.00	106.00	103.00	100.00
Regal Gin 47.5%	375ml	44.00	41.00	38.00	35.00	32.00	29.00
Regal Gin 47.5%	750ml	82.00	79.00	76.00	73.00	70.00	67.00
Regal Gin 47.5%	1125ml	115.00	112.00	109.00	106.00	103.00	100.00
<u>PREMIUM SPIRITS</u>							
Deluxe Regal Whiskey 43%	375ml	50.00	47.00	44.00	41.00	38.00	35.00
Deluxe Regal Whiskey 43%	750ml	95.00	92.00	89.00	86.00	83.00	80.00
Deluxe Regal Whiskey 43%	1125ml	132.00	129.00	126.00	123.00	120.00	117.00

Source: Primary Study – Consumer Council of Fiji, 2019