



## Head Office

Level 5 Vanua House  
Victoria Parade GPO, Suva  
Phone: 3300792/3310183  
CEO: 3305864  
Fax 3300115  
Email:  
[complaints@consumersfiji.org](mailto:complaints@consumersfiji.org)

## Lautoka/ West

Suite 4 Popular Building  
Vidilo Street  
P.O.Box 5396, Lautoka  
Phone: 6664987  
Email:  
[consumerlkt@connect.com.fj](mailto:consumerlkt@connect.com.fj)

## Labasa/North

Level 1, Lot 41 Baza Properties Ltd  
Nasekula Road  
P.O. Box 64, Labasa  
Phone: 8812559  
Email: [colbs@connect.com.fj](mailto:colbs@connect.com.fj)

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## **Consumer Council 2018-2019 budget submission**

THE Consumer Council of Fiji is optimistic that the 2018-2019 budget will build on the continued steps of previous budget documents and put Fijian Consumers first.

Previous budgets have given fair consideration to Consumer needs next to other Government development priorities.

And it is with Fijian consumers in mind that the Council has made a submission to remove fiscal and excise duty on food items while retaining VAT.

In 2016 there were major policy changes on the application of VAT, with the removal of VAT exemption for the eight basic food items and a decrease in VAT from 15% to 9%. With reduced VAT, consumers were able to save more than what used to be saved through the VAT-exempt items.

This change was commendable and also made items such as furniture and white goods more affordable for consumers.

However research by the council has shown that overall there were notable increases in food prices from 2015 to 2018 with some items experiencing increases of 23 per cent.

The council believes that a removal of fiscal and excise duties on food items will further complement the 2015 VAT amendments and ensure further savings are passed on to the consumer.

In recent years the Council has noticed some traders are exhibiting disturbing behaviour, hiking prices of essential items during a natural disaster.

These items include products such as candles, batteries, torches, lanterns, bottled water, canned food, biscuits, ropes, etc. that become essential items during and after natural disasters.

Prices of these essential items are often hiked by traders because of the high demand, with traders aware that consumers do not have the luxury of time to shop around and the lack of transport services prevents people from moving around.

This trader behaviour was apparent again this year during the flooding in the Western and Northern Divisions caused by tropical cyclones Josie and Keni. Quick action by the Council reigned in this behaviour but more can still be done.

Therefore the Council has proposed Government implement price control on essential items that people need to prepare for a natural disaster and post-disaster relief including building items.

There are similar policies around the world to protect consumers from price gouging during periods of high demand for certain goods.

Malaysia for example has a Festive Season Price-Controlled Scheme (SKHMP), that places “essential festive season goods” under price control during important festivals. This scheme is used during Deepavali, and is effective for 10 days before, during and after the festival.

The Council believes that a similar Natural Disaster Price Control Period is essential to not only curtail unscrupulous trader behaviour but also bring a measure of relief to those affected in natural disasters.

In the interests of taking pressure off public hospitals and allowing the Ministry of Health and Medical Services (MoHMS) to provide specialised services, the Council requests the Government implement a National Health scheme/insurance.

This National Health Scheme/Insurance could operate similarly to the FNPF’s Special Death Benefit Scheme that gives cover for the untimely passing of a contributing member.

Sadly, FNPF members are currently contributing to an insurance cover for their death, but not for their life. Members fork out \$35 a year for \$8,500 cover for their death. Based on FNPF’s 2017 Annual Report, there are approximately 417,000 active FNPF members with a collection of around \$14.7m for SDB, but the sum paid out was \$8.9m.

The National Insurance/health scheme would be funded by contributions from employees, employers and the Government with money to be held by the FNPF and used to assist members with mandatory health care.

It will provide an affordable insurance scheme for FNPF members even after they retire and will also free up local health resources to focus on setting up specialised health care, increasing the capability of Fiji’s public health system.

The scheme could be based on the “3M’s” Singapore model that also includes a component for a fund to assist the poor with Health expenses.

The Consumer Council of Fiji eagerly awaits the 2018-2019 budget and looks forward to policies that will work in the favour of consumers