The Need for Ethics and Values in Business Practices for Consumer Protection

Ms. Premila Kumar
CEO, Consumer Council of Fiji
Presentation Outline

- Why consumers in Fiji need protection?
- Does the market practice reveal that our commercial enterprises are losing ethics and values?
- What social responsibility mean to our businesses in Fiji?; and
- Why ethics and values are needed in business practices more then ever?.
Why Consumers in Fiji need Protection?

- Commercial sector is well organised to protect and safeguard their business interests.
- They have easy access to politicians and decision makers to influence policies.
- Generally PM’s advisory group is made up of economists and business people or business organisation BUT not organisations who are closer to the society. NGO’s are seen as trouble makers.
Why Consumers in Fiji need Protection?

- Consumers are disorganized and are unaware of their rights; or
- Consumer protection agencies fail to provide the assistance as expected because consumer protection laws are ineffective; or
- Redress mechanism is limited or unavailable in some instances other alternatives are expensive.
A Commercial Practice

- A commercial practice is an activity linked to the promotion, sale or supply of a product or service to consumers.
- It covers course of conduct, representation or commercial communication – including advertising and marketing – which is carried out by a trader.
What is an unfair commercial practice?

- When consumer’s freedom of choice in respect of a particular good or service is affected or the consumer made a transactional decision that he/she would have otherwise not made if all information was disclosed.
We all accept the fact that the business objective is to make profit

In some cases this is most easily secured by limiting competition and as far as possible exploiting consumers through high prices and/or by supplying sub-standard goods and services.

In 2008 the Council received 1689 complaints worth $3,005,850.49. About 141 complaints per month.
Does the market practice reveal that our commercial enterprises are losing ethics and values?

Never before have consumer demands for corporate transparency, accountability and responsibility been so pressing whether it’s unethical marketing, false claim, misleading omissions, bait advertisement, hoarding, exclusive dealings, price fixing, false or misleading representation to name a few.
## Comparative Analysis on Banks ATM Fees -2007

<table>
<thead>
<tr>
<th></th>
<th>ANZ</th>
<th>Colonial</th>
<th>Westpac</th>
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<tr>
<td><strong>Account Maintenance Fee</strong></td>
<td>$2.00 per month</td>
<td>$2.00 per month</td>
<td>$2.00 per month</td>
</tr>
<tr>
<td><strong>ATM Balance Enquiry</strong></td>
<td>Free</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td><strong>ATM Withdrawal fee</strong></td>
<td>0.30/transaction</td>
<td>0.30/transaction</td>
<td>0.30/transaction</td>
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<tr>
<td><strong>Interchange fee (use of other banks ATM)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance Enquiry</td>
<td>0.60/transaction</td>
<td>0.60/transaction</td>
<td>0.60/transaction</td>
</tr>
<tr>
<td>Withdrawal fee</td>
<td>$1.00/transaction</td>
<td>$1.20/transaction</td>
<td>$1.00/transaction</td>
</tr>
<tr>
<td>Electronic transaction fee (EFTPOS)</td>
<td>0.30/transaction</td>
<td>0.40/transaction</td>
<td>0.35/transaction</td>
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FUEL SURCHARGE ON ELECTRICITY USAGE

PURSUANT TO THE COMMERCE COMMISSION ACT 1998 CAP 50 AND THE ELECTRICITY ACT 1985 CAP 180, the Fiji Electricity Authority (FEA) hereby gives public notice that the Commerce Commission and the Government of Fiji have approved a fuel surcharge fee detailed below subject to the following conditions:

Determination by Commerce Commission and the Government of Fiji.

i. The Commerce Commission has approved a temporary rate for fuel surcharge for the FEA.
ii. The increased fuel surcharge that FEA will levy will be 5.53 cents per kWh.
iii. To assist the low income earners, the Commission has agreed that for domestic users no fuel surcharge will be applied for residential customers consuming 75kWh or less per month.
iv. For those residential customers consuming above 75kWh to 125kWh per month, a 50% reduction in the maximum fuel surcharge will be applied which is 2.765 cents per kWh.
v. No fuel surcharge will be applied to institutions. These are all customers under the Institutional Tariff such as primary and secondary schools and religious bodies.
vi. All other consumers consuming electrical energy above 125kWh per month will pay a fuel surcharge of 5.53 cents per kWh.
vii. Fuel surcharge of 5.53 cents per kWh will be applicable to streetlights.
viii. The temporary surcharge is applicable from 27th November 2008. It is also subject to review as authorised by the Commerce Commission.

Application of Fuel Surcharge by FEA

The fuel surcharge should apply under the following conditions:

i. The fuel surcharge is applied each month and shown separately on the customer’s bill.
ii. There will be no changes to the existing electricity tariff.
iii. As approved by the Commerce Commission, fuel surcharge will only be reviewed if there is a 10% change in the total cost of thermal fuel usage.
iv. No fuel surcharge will be applicable if the diesel fuel price to FEA reduces to $756 per tonne or below.
v. FEA will continue its awareness programmes on energy saving measures through all forms of media, and to inform customers on the imposition of the fuel surcharge.

FEA shall implement the new fuel surcharge fee effective from 27th November, 2008. This increase is regretted, but without this surcharge FEA cannot sustain electricity supply now and in the future.

FEA looks forward to your kind understanding and cooperation in this matter.
## CURRENT CHARGES

### CURRENT USAGE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>77KWH @ $0.205900</td>
<td>$15.85</td>
</tr>
<tr>
<td>Tax rebate</td>
<td>$2.23</td>
</tr>
<tr>
<td><strong>Current Usage</strong></td>
<td><strong>$13.62</strong></td>
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</tbody>
</table>

### FUEL SURCHARGE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>67kWh @ 0.027650</td>
<td>$1.85</td>
</tr>
<tr>
<td>10kWh @ 0.014150</td>
<td>$0.14</td>
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</tbody>
</table>

### OTHER SERVICES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Services</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

**Total Current Charges Due (VEP)**: $15.61

**VAT 12.50%**: $2.23

**Total Current Charges Due (VIP)**: $17.84

**TOTAL DUE**: $17.86

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* CURRENT PAYMENT DUE BEFORE 06/01/2009
# Current Charges

## Current Usage

- 726KWH @ $0.249100 = $180.84

## Fuel Surcharge

- 117kWh @ 0.018200 = $2.12
- 609kWh @ 0.055300 = $33.67

## Other Services

- Other Services = $0.00
- Total Current Charges Due (VEP) = $216.63
- VAT 12.50% = $27.09
- Total Current Charges Due (VIP) = $243.72

## Total Due

- Total Due = $243.72
- Rounding off = $0.02

## Total Payable

- Total Payable = $243.70

*Current Payment Due Before 18/02/2009*
Pacific Sun: Advertisement

- Pacific Sun advertised airfare from a low of $17 one way for specific flight times. The true cost of the ticket was not known to the consumers until he bought the ticket that turned out to be $45. The Council pointed it out to the Pacific Sun after receiving the complaint.
Airline sorry for fare ad

DOMESTIC airline Pacific Sun has apologised to its customers for a misleading advertisement in newspapers.

In a company statement, Pacific Sun said it would honour the $49 fares on the specific flights purchased from October 18 to October 24 advertised at $17 one-way fare. Customers have been provided with an option of a refund or to put the money towards the purchase of another ticket on the Pacific Sun network.

The Consumer Council of Fiji had earlier this week raised concerns on the matter following numerous complaints from customers.

Council chief executive officer Ms Premila Kumar said the exact amount surcharges and taxes, which was approximately $32, was not specifically listed in the advertisement.

Pacific Sun has since clarified that the correct price on the scheduled flights was at least $49 one-way.
Flying Fijians

Nadi to Suva
(direct services only)

From $49 one way
(includes all taxes & surcharges)

Suva to Labasa
(direct services only)

From $79 one way
(includes all taxes & surcharges)

Our top priority is your safety & comfort. Our pilots are highly trained to fly you around Fiji.

PACIFIC SUN
FIJI'S REGIONAL AIRLINE

Fares are valid for Sale & Travel until 30th November 2008. Seats are limited, conditions apply.

Phone 6720888 / 3304388
Website: www.pacificsun.com.fj

www.fijitimes.com.fj
SUN RICE

- Sunrice brand premium quality long grain rice carries Sun Rice Growers of Australia’s logo. Rice packed in these bags are Thai rice but not Australian rice. Country of origin is not disclosed on the packaging. Unfortunately the sunrice is sold in supermarkets as Australian long grain rice which costs consumers $5 more as compared to Thai rice packed by the same company.
UNDERWEIGHT BREAD

- Underweight bread sold in our bakeries
Misleading advertisement put out on the roadside on Grantham road by Copper Chimney restaurant. The advertisement states that two piece Tandoori chicken with chips costs $4.95. Advertised underneath is a large pizza and free 2 litre coke with no price mentioned. The advertisement misleads consumers into thinking that the entire information advertised costs only $4.95.
BEFORE

INDIA INSTYLE - 20

Make Shopping Fun
with Hrithik Roshan & Saif Ali Khan

Feel India in Fiji Island
From 4th July to 13th July 2009
Multipurpose Court, Vodafone Arena, Suva
Followed by:
From 17th July to 26th July 2009
Indian Pavilion, Bula Festival, Nadi
A Great Shopping & Entertainment Opportunity
♦ Goods direct from India ♦ Food Festival ♦ Immitation Jewelleries
♦ Toys ♦ Pearls ♦ Readymade Garments ♦ Furniture
♦ Handicrafts ♦ Home Decor ♦ Textiles ♦ Foot wears
♦ Watches & Many More...

For the First time in Fiji Island
Live Indian Bollywood Dances by:
Juniour Hrithik Roshan & Saif Ali Khan
Indian Food Festival - Indian Cuisines

AFTER

Make Shopping Fun
with Junior Hrithik Roshan & Saif Ali Khan

Feel India in Fiji Islands
From 4th July to 13th July 2009
Multipurpose Court, Vodafone Arena, Suva
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Complimentary FM Radio Accessory with Portable Handsfree Functionality for Digicel Motorola W156 Users

Motorola and Digicel, today announced that they will be offering a complimentary FM Radio Accessory with Portable Handsfree Functionality for all customers who purchased the Motorola W156 between 1 and 7 October 2008. The solution is being offered in response to advertisements which ran on October 1, 2008 incorrectly stating that the Motorola W156, available through Digicel for $19, supported FM Radio. It does not.

Digicel and Motorola have worked quickly to source a solution and regret any inconvenience caused to W156 users. The FM Radio Accessory is expected to arrive in batches from the second week of November. All eligible customers will receive an SMS notification confirming availability and advising them to visit their nearest Digicel flagship store, and will be required to provide proof of purchase of the Motorola W156 to receive their complimentary FM Radio Accessory.

The FM Radio Accessory will work on FM frequency and is not linked to the Digicel network. Although not a Motorola branded product it has been fully tested by Digicel, however it is not covered under the Motorola handset warranty. Any FM Radio Accessories found defective within 7 days of receipt can be replaced free of charge.

Digicel stores nationwide are selling the widest range of brand new handsets at unbeatable prices including the Motorola W156 for $19 and Motorola W181 for $29.

Any customers with enquiries relating to the purchase of the Motorola W156, its correct specifications, or redemption of the complimentary FM Radio Accessory should contact the Digicel customer care team on 123.
Vodafone ploy

VODAFONE advertised the sale of the Nokia 1208 for $9.95 with $11 talk time. Then they put just 25 pieces at the Sports City outlet at 10am while customers waited from 8am to see if sold out in minutes. Why only 25 pieces? Does Vodafone have such a small target or was this just a gimmick?

MUSTAPHA KHAN
Suva
RB Patel Supermarket

RB Patel supermarket advertised special price for Rewa Dairy Assorted 150g Yoghurt at $0.98 cents but in reality charged a higher price of $1.25 for the same product – difference of $0.27 cents
REAL DEAL

PUNJAS COCONUT OIL
*750ML

$2.59

SAVE! $1.50

RP: $2.85
FROM 10.10.09 TO 15.10.09
GOLDEN DROP
SOYA BEAN OIL
*750ML*
$1.99
EACH
SAVE!
$1.00

RETAIL PRICE: $2.99
ON 12.00 TILL 12.12.00
The Best Internet Deal In Town...

$29.95

500mb Download Upload FREE! 512/128kbps

4G coming soon to these areas: Nasese, Muanikau, Domain Muanikoso, Narere, Nakasi, Davuilevu and more...

Call our sales team on 0800 327 5040 or email sales@getunwired.com.fj

*Conditions Apply www.unwired.com.fj

No Wires No Wait No Worries
FLASH & GAIN CARDS

- $10 … Clock was worth $2. Company made $1,000,000 as minimum.
- Unfair terms and conditions
- Expiry date

SAY NO TO LOYALTY CARDS- IF IT IS MONEY MAKING GIMMICK!!!!!!!!!!
Remember when Business Ethics Fall, Consumer Activism Rises
Consumer movement is not anti-market, anti-business, or anti-liberalisation.

But what it does say that economic activity must ultimately serve consumers.

That’s why there are competition and consumer protection laws.

That’s why governments ensure that consumers are given countervailing power in the market such as, disclosure laws, mandatory product safety and quality standards, and statutory dispute resolution structures.
What social responsibility mean to our commercial enterprise?

- means respecting consumer rights, trading fairly and working for a fairer and more sustainable society.
- In Fiji emphasis on social responsibility is centred on activities such as giving to charity.
- Charity is meaningless if the profits generated are through unfair trade practices. In true sense Social Responsibility has not been taken seriously by most companies in Fiji.
The comprehended version of social responsibility generally meant exorbitant profits through unethical manner, and giving it towards enhancing the welfare of the local communities. However companies failed to understand that social responsibility also meant

- respecting consumers' rights
- trading fairly
- acting to protect the environment
- working for a fairer and more sustainable society
Principles of Social Responsibility

- **Accountability**: is also accepting responsibility where wrong doings has occurred, taking appropriate measures to remedy the wrong doings and taking action to prevent it from being repeated.

- **Transparency**: Commercial enterprises should disclose in a clear, balanced and truthful manner and to a reasonable and sufficient degree the policies, decisions and activities for which it is responsible including its impacts.
Principles of Social Responsibility

- **Ethical behavior**: Commercial enterprises should behave ethically based on principles or rules concerning integrity, honesty.

- **Rule of law**: Commercial enterprises must respect the rule of law i.e. complying with legal and regulatory requirements.
Why ethics and values are needed in business practices?

- Consumers base their purchase decisions at least partly on trust, personal experience and recommendation from their friends and family.
- If customers develop a negative perception of a company or its products, its sales and profits will decline.
- "Watch dogs" now exist that "police" companies and report any blatant abuse of ethics. In other words commercial enterprises are more and more under the scrutiny of its clients, by the consumer Council of Fiji and media organizations.
Why ethics and values are needed in business practices?

- International Standards Organization developed ISO 26000 – a standard on social responsibility which is based on ethics and values.
- More companies will opt for this standard for more business and better image.
- They believe that the goodwill resulting from adopting ethics and values will, in the long run, translate into economic gains. Those who don’t will lose out.
Mahatma Gandhi once said

"A customer is the most important visitor on our premises. He is not dependent on us; we are dependent on him. He is not an interruption in our work but he is the purpose of it."