

Exhaust internal resources

Don't pressure
captive
consumers



Electricity tariff exclusive consultation with FCEF members on January 13, 2026 at the Civic Centre in Suva. Picture: FCEF/SUPPLIED

THE Fiji Commerce & Employers Federation (FCEF) objects to the Fiji Competition and Consumer Commission's (FCCC) determination of 19 December 2025 approving Energy Fiji Limited's (EFL) electricity tariff application.

The evidence reveals an irreconcilable contradiction: EFL claims a funding crisis requiring a massive tariff hike, yet it simultaneously stripped \$40.7 million in cash out of the company to pay dividends during a loss-making year in 2023.

Furthermore, EFL holds \$52.136 million in cash customer deposits and possesses \$257.1 million in untapped banking headroom.

FCEF speaks for Fiji's private sector that generates annual output exceeding \$8-10 billion and comprise the productive foundation of Fiji's economy. Every member business depends on electricity for operations.

Every member business will be directly affected by the proposed 34.7per cent commercial tariff increase.

Every member business has a legitimate interest in ensuring that regulatory decisions affecting electricity pricing are made properly, transparently, and in accordance with the statutory framework that Parliament established for precisely this purpose.

The fundamental principle of utility regulation is that consumers should not bear costs that shareholders

can and should absorb.

This principle exists because regulated monopolies have captive customers who cannot choose alternative suppliers.

The regulatory framework protects these captive customers by ensuring that shareholder resources are exhausted before consumer extraction is permitted.

To extract further capital from captive consumers before exhausting internal resources is a failure of regulatory oversight.

The following are internal resources that could be tapped into:

(a) Dividend history: Sustained shareholder returns during critical investment period

EFL's dividend history demonstrates that shareholders have received substantial returns during the very period when accelerated investment was allegedly required.

The following table shows the pattern of distributions since corporatisation and the 44per cent share sale in 2018:

(Refer to table)
This demonstrates a pattern of prioritising shareholder returns over capital retention.

A company that pays dividends exceeding its profits while simultaneously claiming that consumers must fund urgent capital expenditure exhibits inconsistent priorities that warrant regulatory scrutiny.

(b) Gearing Ratio: Untapped borrowing capacity

Year	NPAT (FJD M)	Dividend (FJD M)	Notes
2017	67.4	20.0	First cash dividend in FEA/EFL history
2018	63.9	Nil	44% sold to Japanese consortium (~\$1.2B)
2019	63.7	35.0	2% tariff increase awarded
2020	66.8	39.0	
2021	66.6	42.0	
2022	58.1	41.0	71% payout ratio
2023	(28.0) Loss	41.0	Dividend paid despite loss
2024	7.2	-	
Total	365.7	218.0	60% average payout 2017-2023

Table showing the pattern of EFL's dividend distribution.

Source: FCEF

EFL's gearing ratio has remained extremely low throughout the period 2019-2024, ranging from eight per cent to 26 per cent.

Industry benchmarks for regulated utilities typically show gearing of 60-100per cent.

This demonstrates substantial untapped borrowing capacity - capacity that should be utilised before consumer extraction is permitted.

EFL's own 2018 Annual Report states: "Through-out the determination of the various sources and levels of investment, EFL will remain mindful that all borrowings to fund capital project must not exceed the gearing level of 45per cent."

Yet EFL has maintained gearing at eight to 26 per cent - well below even its own stated threshold - while seeking consumer-funded capital recovery.

The untapped borrowing

capacity at industry-norm gearing of 60 per cent would provide \$250-350 million in additional financing - a substantial portion of the claimed capital requirement - without any consumer tariff increase.

(c) Customer Deposits: Consumer pre-funding of EFL Operations

EFL holds substantial customer security deposits that provide interest-free financing from consumers. These deposits - \$31.2 million in 2024 and \$28.9 million in 2023 - represent another source of capital that consumers have already provided to EFL before any tariff determination. Customer deposits are low-cost working capital and EFL must not simultaneously ask consumers to fund capital expenditure through tariff increases.

FCEF recommendation
FCEF's objection is not motivated by opposition to reasonable and neces-



FCEF president Eldon Eastgate delivers the opening address at the exclusive consultation for FCEF members with FCCC and EFL on January 13, 2026.

Picture: FCEF/SUPPLIED

sary investment in Fiji's electricity infrastructure.

FCEF recognises that investment is needed to maintain system reliability, transition to cleaner energy sources and meet growing demand. FCEF's objection is to the process by which this determination was made and to the failure to demonstrate that the proposed approach represents the best outcome for consumers - domestic and commercial.

FCEF strongly recommends that:
■ FCCC set aside the determination of 19 December 2025 in its entirety/decline EFL's May 2023 submission and,
■ EFL be provided with

an opportunity to make a new submission, ensuring that the specific issues highlighted in this submission are addressed, including full disclosures.

Based on this new submission, FCCC institutes a fresh process that involves meaningful and genuine consultation and makes its independent determination.

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