



FAIR TRADING COMMISSION

Annual Report

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2009 ANNUAL REPORT

FAIR TRADING COMMISSION



Letter of Transmittal

Fair Trading Commission
Good Hope
Green Hill
ST. MICHAEL

July 8, 2009

Dear Minister:

In accordance with Section 22 of the Fair Trading Commission Act, Cap 326B, Laws of Barbados, I have the honour to submit to you the Commission's Annual Accounts for the year ended March 31, 2009 as certified by the External Auditors in accordance with Section 21 of the Act, together with the Operational Report for the same period.

Yours faithfully,



.....
Neville V. Nicholls
Chairman

The Hon. Dr. David Estwick, M.P.
Minister of Economic Affairs, Empowerment,
Innovation, Trade, Industry and Commerce
Reef Road
Fontabelle
St. Michael

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Message from the Chairman

This Annual Report is intended to provide information on the activities of the Fair Trading Commission during the period April 1, 2008 to March 31, 2009.

The Commission issued a new Price Cap Decision for Cable & Wireless (Barbados) Ltd. (C&W) in June 2008. This Decision covers the period August 1, 2008 to March 31, 2012. Pricing for domestic residential line access is subject to a rate freeze from August 1, 2008 to December 31, 2009. From January, 2010 the company can adjust rates in line with the inflation factor up to a maximum of 4.5%.

Staff continued to monitor the performance of C&W and the Barbados Light & Power Company Ltd. (BL&P) under the current Standards of Service decisions. In general, while the companies have met most of the targets, there are a few areas that require improvement, for example in the case of C&W, fault repair, and with respect to the BL&P, the frequency of meter reading. A review of these standards commenced during the year.

The Commission received an Application from the Barbados Light and Power Company Limited in November 2008 in which the company sought approval of its Depreciation Policy. After review and analysis of all information provided and a public hearing the Commission approved the Depreciation Policy in its decision issued on February 25, 2009.

With regard to fee setting in the professions, given that fees in the legal profession are prescribed by law, the Commission formally recommended an amendment to the Legal Profession Act 1997. The Commission recommended that fees for non-contentious services should be published for reference purposes only and attorneys-at-law wishing to charge either above or below them should have the right to do so without reprisal. This will resolve the conflict between this Act and the Fair Competition Act.

With regards to consumer protection, consumers were made aware of the risk relating to internet scams and suppliers' promotional information was examined to ensure that misleading information was not included in their advertisements. Standard form contracts were also reviewed to prevent ambiguity, unfairness of terms and to ensure that they were written in plain and intelligible language.

The Commission was pleased to be granted partnership status in the International Consumer Protection and Enforcement Network (ICPEN). The network has been established to share and discuss information about cross-border consumer transactions that may affect consumers, and to encourage international cooperation among consumer agencies. The Commission believes that it will be able to benefit tremendously from involvement in this network.

In April the Commission relocated to new offices and staff settled into more comfortable surroundings. On the cover of this Annual Report we present some staff members who have completed in excess of five years with the Commission. We salute them and thank them for giving of their service to the Commission during some of its most difficult years.

In July Commissioner Desiree Cherebin resigned from the Commission because her work schedule frequently took her out of the country. She was a member of both the Competition and Electricity panels and I thank her for her services to the Commission. I also take this opportunity to thank all Commissioners and staff for their contribution to the work of the Commission during the past year.



Neville V. Nicholls
Chairman

Members of the Commission 2008 - 2009



Top from Left: Commissioners Mr. Floyd Phillips, Professor Andrew Downes

Bottom-from left: Commissioners Mr. Gregory Hazzard, Mr. Michael Thompson, Mr. George Thomas, Chairman - Sir Neville Nicholls, Mr. Trevor Welch, Mr. Delisle Weekes, Mr. Andrew Brathwaite and Mrs. Tammy Bryan

The eleven (11) Commissioners of the Fair Trading Commission are appointed by the Minister of Economic Affairs, Empowerment, Innovation, Trade, Industry and Commerce. They are vested with the responsibility, inter alia, for adjudicating on regulatory applications, making determinations, issuing orders and initiating prosecutions. The Chief Executive Officer is an ex-officio member of the Commission.

During 2008-2009 the Commission held five (5) administrative meetings.

Utility Regulation and Fair Competition panels consisting of up to five (5) members hear and determine matters relating to utility regulation and fair competition. During the period, nineteen (19) panel meetings were convened to determine matters placed before the Commission.

Fair Trading Commission at a Glance

Role of the Commission

The Fair Trading Commission “Commission” was established on 2nd January 2001 to

“Safeguard the interests of consumers, to regulate utility services supplied by service providers, to monitor and investigate the conduct of service providers and business enterprises, to promote and maintain effective competition in the economy, and for related matters.”

The laws enforced by the Commission are

- Fair Trading Commission Act, CAP. 326B
- Utilities Regulation Act, CAP. 282
- Consumer Protection Act, CAP. 326D
- Fair Competition Act, CAP. 326C
- Certain provisions of the Telecommunications Act, CAP. 282B

The Commission’s goals are

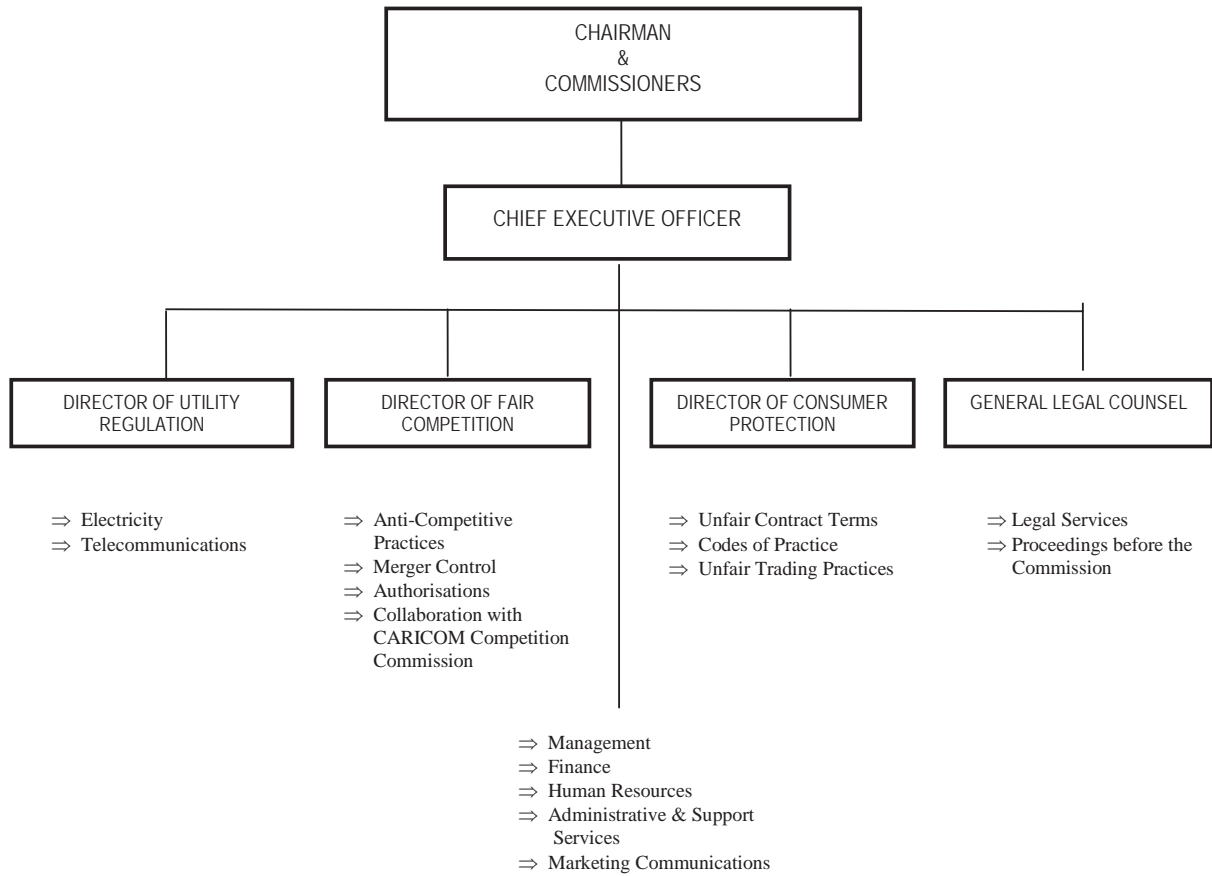
- Ensuring the efficient and safe provision of regulated utility services at reasonable rates;
- Safeguarding the interest of consumers;
- Promoting and encouraging fair competition;
- Promoting the development of a competitive telecommunications market;
- Identifying human resource and operational initiatives in order to strengthen the organisational and productive capabilities of the Commission.

Organisational Structure

The Chief Executive Officer is responsible to the Commission for the administration of the legislation under the purview of the Commission and for the supervision of the work and staff of the Commission. Statutory provision is made for the appointment of Directors to carry out the Commission’s mandate namely utility regulation, fair competition and consumer protection.

The General Legal Counsel and staff provide legal advice to the Commission on all aspects of the Commission’s work including hearings, development of regulations, as well as appeals and reviews. Commission staff provide a range of services to assist Commissioners in adjudicatory matters.

Organisational Structure



The Year in Review



Utility Regulation

The Utility Regulation Division regulates Cable & Wireless (Barbados) Limited (C&W) (telecommunications) and the Barbados Light and Power Company Limited (BL&P) (electricity).

In carrying out its mandate the Commission attempts to balance the interests of all parties to ensure that the regulated utility service providers maintain high quality, reliable and reasonably priced services.

The responsibilities of the Utility Regulation Division as defined in the Utilities Regulation Act include establishing the principles for setting rates, determining the applicable standards of service and carrying out periodic review of rates, principles for setting rates and standards of service.

Some provisions of the Telecommunications Act also give the Commission the responsibility for regulating certain telecommunications services, while provisions of the Electricity Act allow for regulating the supply of electricity. Natural gas was removed from the regulatory authority of the Commission in June and the regulation of water is awaiting amendment of the Barbados Water Authority (BWA) legislation.

Telecommunications

C&W Price Cap Plan 2008

The Commission issued the Price Cap Plan 2008 Decision in June 2008. This Decision governs the adjustment in the rates of C&W's regulated telecommunications services for the period August 1, 2008 to March 31, 2012. Under this new price cap plan the Commission reduced the number of baskets to three and reallocated some services to different baskets.

Basket 1 - Residential Access

Pricing in Basket 1 which includes domestic residential line access and residential installation service, was implemented in two phases with a rate freeze from August 1, 2008 to December 31, 2009. From January, 2010 the company can adjust rates in line with the inflation factor up to a maximum of 4.5%.

Basket 2 - Domestic Voice Telecommunications Services

The Commission determined that Domestic Private Leased Circuits (DPLC) and Voicemail will be added to Basket 2. Other services in this basket include business access, business installation, payphone access, pre-paid calling cards, domestic private leased circuits and value added services. Rate changes for this basket are based on the price cap formula.

This means that the average change in prices, measured by the Actual Price Index (API), should not exceed the Price Cap Index (PCI). The PCI is measured as inflation (I) minus productivity (X). The Commission has determined that the productivity X-factor for Basket 2 is 7.12%. The inflation factor is measured by the Retail Price Index (RPI) for Barbados. The PCI for this basket will be reset by the Commission on April 1st of each year.

Utility Regulation (continued)

Basket 3 - International Telecommunications Services and Other Retail Telecommunications Services

The Commission determined that international services and international private leased circuits will be placed in the same basket as those services which were previously uncapped services with no price cap index constraints. This basket now includes fixed international outgoing, payphone international, international operator assistance and international leased circuits and all other retail domestic services not accounted for in the other two baskets.

Regulatory Accounting Guidelines

The Price Cap Plan 2008 requires that C&W submits, annually, regulatory and audited financial statements and separated regulatory accounts. In order to establish the relevant framework for this reporting the Commission issued a consultation paper on Regulatory Accounting Guidelines for C&W in October 2008.

One of the functions of these guidelines is to provide the basis for the regulatory accounting principles that should be followed in order to allocate costs, capital employed and revenues. In addition, it provides guidelines for the format and content of the regulatory statements. The Commission will also be reviewing the Enhanced Allocation Model, which the company is currently using, in order to improve the cost allocation methodology used for the drivers, allocators and exclusions applied to the regulatory financial statements.

Consolidated Reference Interconnection Offer (RIO)

The Commission, in view of the liberalisation of the telecommunications sector, the increased number of service providers and new technologies, requested that C&W submit for review a Consolidated Reference Interconnection Offer (RIO). The Consolidated RIO is to replace the three existing RIOs that were submitted at each phase of the liberalisation process. The public consultation on the Consolidated RIO commenced on January 11, 2009 and all interested persons and stakeholders were given the opportunity to comment on the terms and conditions for interconnection services offered by C&W. The RIO will be applicable to interconnection related to all of the telecommunications services – mobile, domestic fixed wireless and international. The review process is ongoing and the Commission is assessing the responses received from other telecommunications service providers and interested parties.

Rate Changes

In compliance with the Price Cap Plan 2008 Decision the following rate changes were implemented during the reporting period:

- Reductions in calling card rates effective June 2008.
- Reductions in International Direct Dialed (IDD) Rates for residential fixed line effective July 2008.
- Reductions in Business and Residential IDD rates effective November 2008.
- Reductions in Residential IDD rates effective March 2009.

Utility Regulation (continued)

Electricity

Application by the BL&P for Approval of the Company's Depreciation Policy

The Commission received an Application from the BL&P in November 2008 in which the company sought approval of its Depreciation Policy. The Commission approved the Depreciation Policy in its decision issued on February 25, 2009.

The Commission determined that the use of the remaining life method as used in the 2006 BL&P Depreciation Study provided depreciation rates that will result in the BL&P's recovery of its capital cost over the useful economic life of its assets. The Depreciation Policy uses the straight-line method, remaining life technique and historic cost valuation. The capital balances, remaining lives and depreciation rates arising from the policy were also approved.

In considering the Application, the Commission held an Issues Conference and a four day hearing in January 2009. There were two intervenors to the proceedings, namely, the Barbados Association of Non-Governmental Organisations (BANGO) and Mr. Olson Robertson. Among the issues assessed by the Commission in arriving at its decision were the elements for computing the depreciation, the capital recovery of cost over the useful lives of the company's assets and the reasons for convergence of depreciation rates for regulatory reporting with those used for financial reporting.

The Commission also determined that the BL&P must apply to the Commission if it requires a change in the depreciation rates for regulatory reporting purposes. It also indicated that the BL&P should submit regulatory reports to the Commission on an annual basis "to show the regulatory financial results reflecting the depreciation rates that have been determined in this Decision".

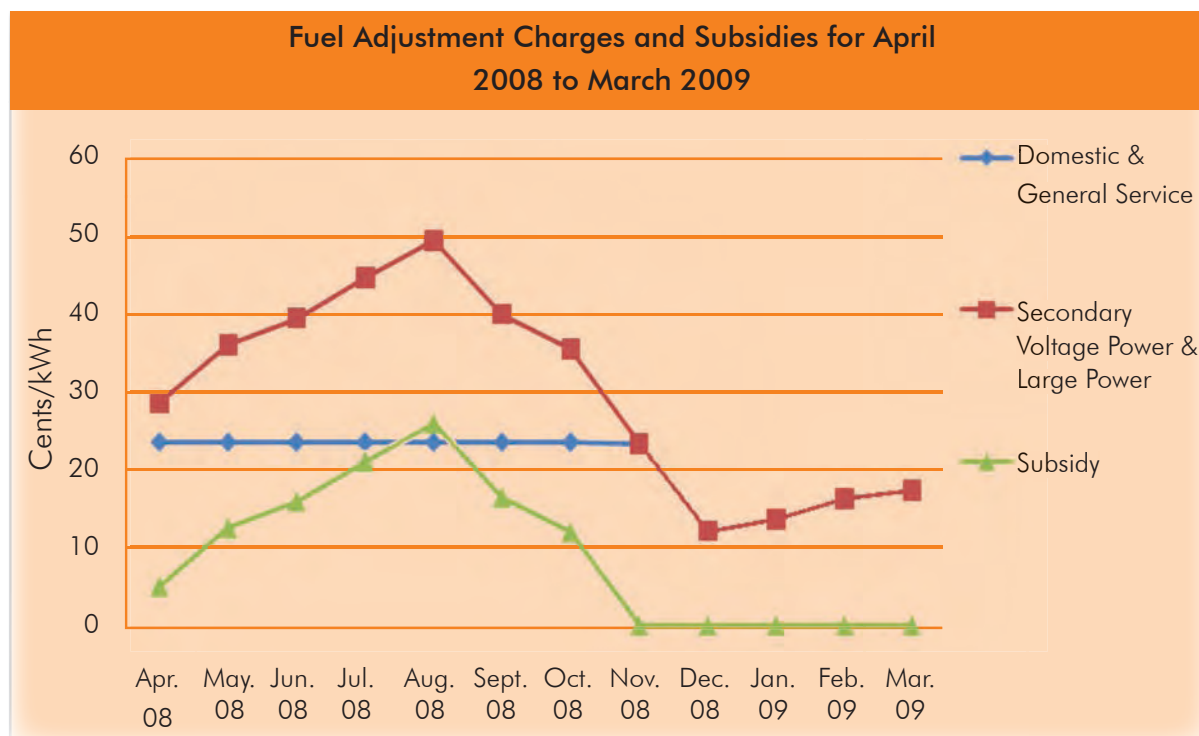
Analysis of the Fuel Adjustment Charge

The fuel adjustment charge is a tariff applicable to all customers whereby the cost of fuel and the changes in cost that occur are passed through to consumers in their monthly bill.

During the period under review the fuel adjustment charge for Secondary Voltage Power and Large Power customers rose steadily from 28.5220 cents in April of 2008 to 49.4821 cents per kWh in August of the same year. The Government subsidy which allowed the fuel adjustment charge to remain at the October 2007 level of 23.53757 cents per kWh for Domestic and General Service customers continued until November 2008 when the fuel adjustment charge fell below the subsidised rate. In view of this the subsidy was removed in November 2008 and thereafter all customer classes paid the same fuel adjustment charge.

Utility Regulation (continued)

Table 1.1 – Fuel Adjustment Charges & Subsidies for April 2008 - March 2009



Standards of Service

Review of the Standards of Service Decisions for C&W and the BL&P

The Commission commenced a review of the Standards of Service decisions which were implemented in June 2006 for C&W and the BL&P. The review process began with the issuance of individual consultation papers which provided an analysis of the companies' performance under the standards of service since June 2006 when the Standards of Service decisions were first issued.

The papers discussed the current operating environment, explained the key concepts and requested respondents including the regulated companies, businesses, the public, non-governmental organisations and other stakeholders, to answer several questions relating to existing and proposed standards of service.

The consultation started on October 29, 2008 and ended on November 28, 2008. Amendments are being actively considered for a new Standards of Service regime and decisions are expected by the second half of 2009.

Standards of Service Performance 2008-2009

The Commission continued to monitor the performance of C&W and the BL&P under the current Standards of Service decisions. In general while the companies have met most of the targets, there are a few areas that require improvement, for example in the case of C&W, fault repair, and with respect to the BL&P, the frequency of meter reading.

Utility Regulation (continued)

The Commission is required to annually publish a report on the companies' performance under the standards of service. The 2007- 2008 performance was published in the consultation papers on the review of the standards of service.

Tables 1.2 – 1.5 show extracts from the reports of the companies' performance between April 2008 and March 2009.

Table 1.2 - Cable and Wireless Guaranteed Standards of Service

Guaranteed Standard	Target	Compensatory Payment	Number of Times Target Not Met	Average % Compliance
Installation of Service	Residential Customers - no more than 15 working days.	Refund of the applicable installation fee.	533	90.64
Fault Repair	Residential Customer - faults to be restored within 12 (Dry season) or 40 (Wet season) working hours	Refund of \$15.00 and an additional \$15.00 for each additional 12 or 40 working hours	9514	71.48

Table 1.3 - Cable and Wireless Overall Standards of Service

Overall Standard	Target	% Achieved
Working Payphones	At least 95% of the public payphones should be in working order daily.	98.72
Trunk Blocking	At least 95% of calls should be completed during peak traffic.	99.84

Utility Regulation (continued)

Table 1.4 - *The Barbados Light & Power Guaranteed Standards of Service*

Guaranteed Standard	Target	Compensatory Payments (Domestic Customers)	Number of times target not met	Average % Compliance
Restore supply after fault on customer's service (single customer)	Within 12 hours	\$45.00 plus \$45.00 for each additional 24 hours.	1	99.7
Installation - Provide a simple service connection	Within 12 working days	Refund of installation fee	159	91.2

Table 1.5 - *The Barbados Light & Power Overall Standards of Service*

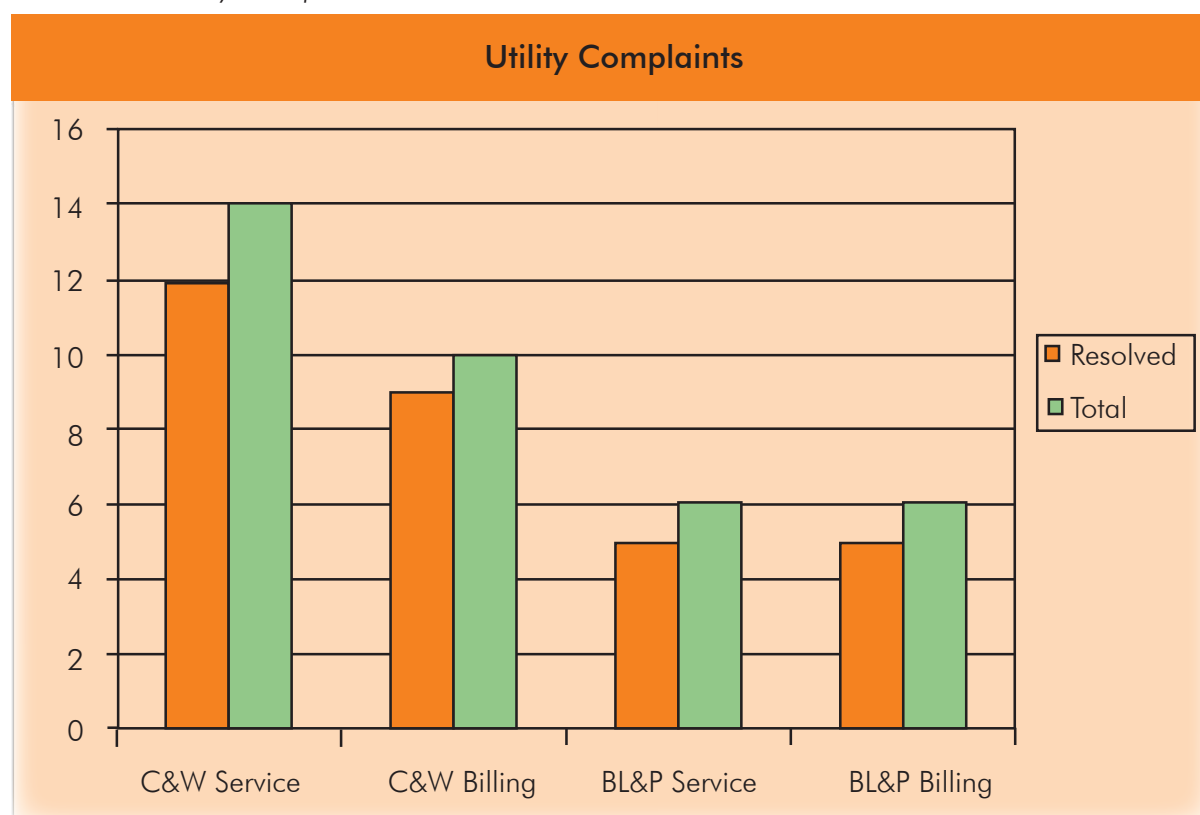
Overall Standard	Target	% Achieved
Frequency of meter reading	100% of customers' meters to be read every two months	94.7
Response to Complaint high/low voltage	95 % of complaints to be responded to in 5 working days	99.7

Utility Regulation (continued)

Utility Complaints/Queries

During the period April 2008 to March 2009 the Commission received twenty-four (24) complaints against C&W and twenty-one (21) of these were resolved. Twelve (12) complaints were received against the BL&P and ten (10) were resolved. In addition over 231 queries were responded to by officers in the Utilities Regulation Division (Table 1.6).

Table 1.6 – Utility Complaints



Fair Competition

The Fair Trading Commission, under the Fair Competition Act Cap. 326C is required to:

- (a) promote and maintain and encourage competition;*
- (b) prohibit the prevention, restriction or distortion of competition and the abuse of dominant positions in trade in Barbados and within the Caricom Single Market and Economy;*
- (c) ensure that all enterprises, irrespective of size, have the opportunity to participate equitably in the market place.*

In seeking to achieve these objectives during the year under review the Commission undertook several activities including: carrying out investigations both on its own initiative and based on complaints of alleged unfair trade practices, educating and informing businesses and consumers concerning competition policy, reviewing commercial activities to identify practices that may adversely affect competition, advising on matters relating to the Fair Competition Act and cooperating with the CARICOM Competition Commission to promote competition within the region.

Investigation and Adjudication of Anti-Competitive Practices

The Commission undertook several investigations of alleged breaches of the Fair Competition Act. Some of these investigations which began in the last financial year were completed during the reporting period, whilst some investigations which commenced in the current year are still continuing.

The investigations relate to various industries including construction, financial services, automobile distribution, travel promotion, manufacturing and telecommunications.

- **Arawak Cement Ltd.**

On April 9, 2008 the Commission began an investigation into allegations that Arawak Cement Ltd. may have been engaging in unfair pricing. The company was said to be charging different prices to different categories of customers, namely, distributors and manufacturers. This prevented the manufacturers who were being charged the higher price from being able to resell the cement at prices similar to those in the first category.

In January 2009 the Commission completed its preliminary investigation into this matter and was of the view that where non-distributors purchased cement in the same volumes as that specified for distributors, by not extending to non-distributors a discount comparable to that extended to distributors, Arawak was acting in breach of the Fair Competition Act.

Arawak was requested to respond to the Commission's preliminary findings but is yet to submit a response.

Fair Competition (continued)

- LIAT (1974) Ltd.

On March 07, 2008 the Commission began an investigation into alleged anti-competitive practices by LIAT in relation to the travel agency market.

The allegation stemmed from a complaint by the Travel Agents Association which accused LIAT of engaging in discriminatory conduct by offering to the public through its own retail arm, certain discounts and special travel privileges that it did not allow the travel agents to offer.

The investigation into this matter was completed in January 2009, and the Commission found that LIAT did not act in breach of the Act. The Commission, having reviewed the matter, found that LIAT could not be defined as a direct competitor of the travel agents, and so could not be said to have acquired market share at the expense of travel agents as alleged.

LIAT's conduct was also considered to be directly aimed at enhancing the distribution of tickets, and consumers were allowed a fair share of the benefits in the form of lower ticket prices.

- Nassco Limited

The Commission sent the preliminary report of its investigation to Nassco Ltd. The allegation was that Nassco was requiring used car dealers to produce their customs warrant and commercial invoice documents when seeking valuations on Toyota vehicles. Nassco Ltd. subsequently responded that it would cease this practice which the Commission found was anti-competitive.

- Commercial Banks' Selected List of Valuers

In October 2008, the Commission completed its preliminary investigation into the allegation that local financial institutions were distorting competition in the property valuation industry by requiring their loan clients to choose valuers from a selected list which the commercial banks had compiled. This investigation began in June 2007. The Commission found on a preliminary basis that commercial banks had engaged in the practice of maintaining selected lists which distorted competition in the market for property valuation services.

The Commission recommended that:

(a) Lending institutions should make clear to customers that they have the freedom to choose the service provider of their choice, insofar as the service provider meets the agreed standards of the institutions;

(b) The standards developed by the lending institutions should be impartial and developed on a transparent basis;

(c) The standards should be made known to the valuers' associations in order that they may inform their members.

Fair Competition (continued)

The Bankers' Association, in responding to the preliminary findings agreed with the Commission's recommendations. In addition the association submitted a proposed list of criteria designed to establish the standards by which property valuers in Barbados would be deemed eligible to conduct valuations on behalf of commercial banks.

In this regard, on October 23, 2008, the Fair Trading Commission organised a working meeting to discuss a list of criteria. The meeting was attended by the members of The Barbados Bankers' Association (TBBA), representatives of the Barbados Estate Agents and Valuers Association Inc. (BEAVA), representatives of the Barbados Association of Professional Valuers (BAPV), other private valuers, real estate agents, and several others directly affected by this issue. The meeting was very well attended and produced very constructive discussion on the subject.

- **Pinnacle Feeds Limited**

In July 2008 the Commission commenced an investigation into the allegation that wholesale livestock feed prices in Barbados were excessive, because these prices were not reasonably related to their costs of production.

In January 2009, the Commission's preliminary investigation found that Pinnacle Feeds Limited was not accurately attributing the true production cost to each type of feed in order to determine its price. Spreading total costs arising from increased prices of corn and soy evenly over all types of feed irrespective of the actual corn and soy content of the type of feed, had contributed to a significant disparity between the price and cost of production of certain feeds. As a result of this policy the prices of certain types of feed no longer showed a "reasonable" relationship to their costs. The Commission recommended that a cost accounting exercise, aimed at accurately apportioning cost to each type of feed in order to arrive at its price, should be implemented.

In February 2009, Pinnacle Feeds indicated that it had instituted a cost accounting methodology to accurately attribute production costs to each type of feed. The company also indicated that it had instituted price decreases in January and February 2009. The spreadsheets and supporting evidence were requested in order for the Commission to satisfy itself that the company had complied with its directive.

- **ADM Barbados Mills Limited**

In July 2008 the Commission began an investigation into the pricing policy of ADM in an attempt to determine whether the prices offered by the flour manufacturer were in any way inflated or whether cost increases were the true basis for the price increases.

In March 2009 the Commission's preliminary investigation found that ADM's price for Northern Spring Wheat (NSW) flour could be considered excessive. The preliminary report found that ADM had consistently passed on the increases in international wheat prices when these prices were climbing significantly during 2007 and 2008. During that period the prices charged showed a relatively constant relationship to the price of wheat. Since the dramatic decreases in

Fair Competition (continued)

the price of wheat over the past eight months however, the price of flour had not been reduced commensurately. At the close of the financial year ADM, without conceding that it had engaged in any anti-competitive conduct, communicated its intention to decrease the disputed prices.

- **Cable & Wireless (Barbados) Limited**

In November 2008, Digicel (Barbados) Limited, (Digicel), complained to the Commission that C&W through its LIME promotion was offering to the public a package that included 6,000 minutes of talk for \$115 which Digicel alleged was predatory pricing.

Digicel was concerned that the promotion included calls from mobile to landline and, because of this, the promotion could not be matched by LIME's mobile competitors given interconnection costs.

The Commission completed its investigation into the matter and found that LIME's offer was unlikely to have any distorting effect on competition and therefore could not be deemed a breach of the Fair Competition Act.

- **Fee Setting in the Professions**

The Commission had previously investigated the allegation of fee setting by professional associations and found that four (4) of the twelve (12) investigated were in breach of the Fair Competition Act. The Commission subsequently worked with the non-compliant associations to change their by-laws to ensure compliance with the law.

With regard to the legal profession, because their fees are prescribed by law the Commission formally recommended an amendment to the Legal Profession Act 1997. The Commission recommended that fees for non-contentious services should be published for reference purposes only and attorneys-at-law wishing to charge either above or below them should have the right to do so without reprisal. This will resolve the conflict between the two statutes.

- **Complaints**

During the year in review, the Commission investigated several other matters of anti-competitive behaviour, most of which were resolved (Table 2.1).

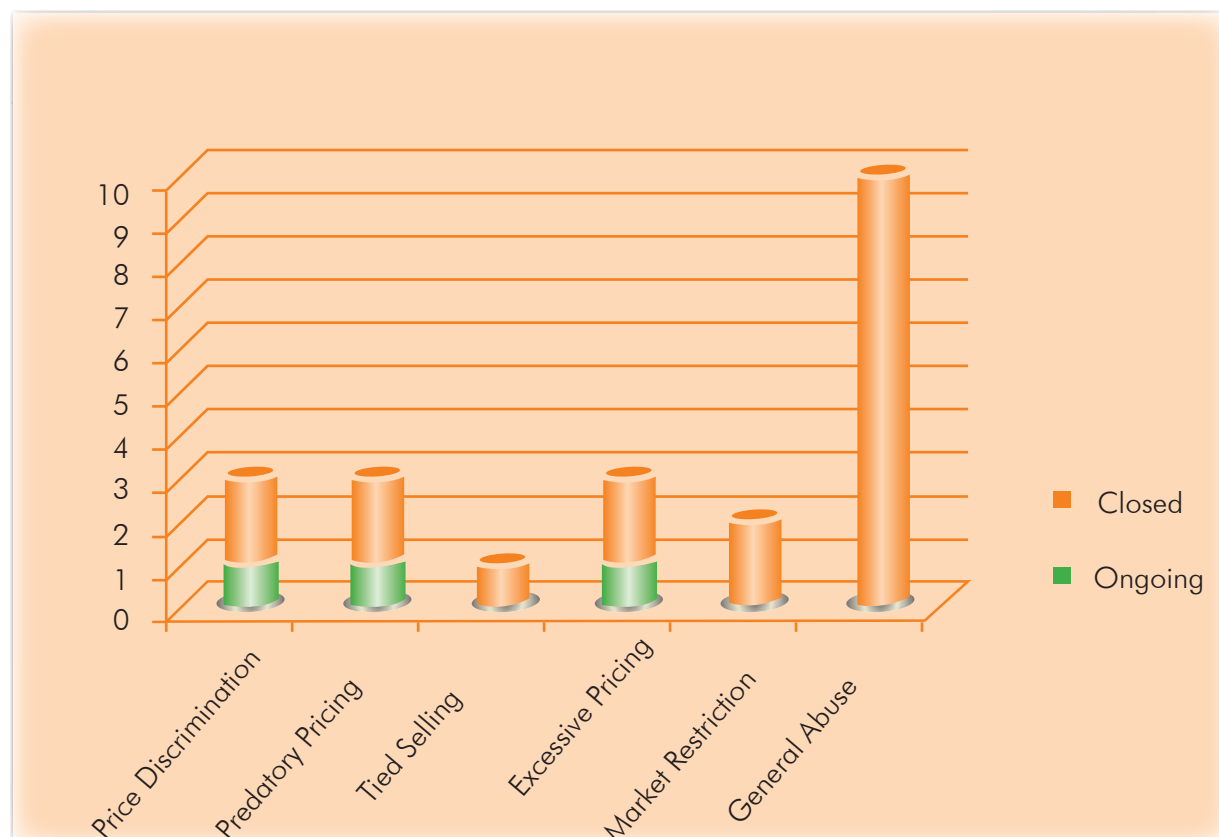
Overall, from complaints received and on its own initiative the Commission conducted inquiries into 22 cases of alleged anti-competitive conduct during the year. The majority of the inquiries concerned allegations of abuse of dominance, namely price discrimination, predatory pricing, excessive pricing and general abuses of dominance practices. In the period under review nineteen (19) of these matters were resolved while three (3) were ongoing at March 31, 2009 (Table 2.2).

Fair Competition (continued)

Table 2.1 - Queries and Inquiries for the Financial Year April 2008 – March 2009

Type of Queries/Complaints	Queries	Inquiries		
		Ongoing	Closed	Number
Price Discrimination	0	1	2	3
Predatory Pricing	0	1	2	3
Tied Selling	0	0	1	1
Merger Process	2	0	0	0
Refusal to Supply	1	0	0	0
Excessive Pricing	0	1	2	3
Price Gouging	4	0	0	0
Anti-Dumping Legislation	1	0	0	0
Authorisation	2	0	0	0
Market Restriction	0	0	2	2
Bid Rigging	1	0	0	0
Abuse of Dominance	0	0	10	10
General Inquiries	5	0	0	0
TOTAL	16	3	19	22

Table 2.2 - Inquiries: April 2008 – March 2009



Consumer Protection

The Commission intensified its work in several areas of Consumer Protection and continued to encourage businesses to introduce compliance programmes and voluntary codes of practice to reduce breaches of the Consumer Protection Act.

Consumers were alerted to the risk of internet scams and suppliers' promotional information was examined to ensure that misleading information was not included in their advertisements. Where misleading information was found, suppliers were contacted. They readily agreed to amend the material. Standard form contracts were also reviewed to prevent ambiguity, unfairness of terms and to ensure that they were written in plain intelligible language.

The media played a significant role in helping to make businesses and consumers aware of the requirements of the Act. Articles to educate the public were placed in the daily newspapers. The Commission also continued to focus on educating young consumers about their rights and responsibilities.

Educational Outreach

During the year under review, the Commission also organised workshops at several businesses. In September 2008, funeral directors were invited to a workshop at the Commission. The purpose was to discuss the requirements of the Consumer Protection Act and to encourage them to implement in-house controls to ensure that their promotional materials and the delivery of their goods and services are in compliance with the Consumer Protection Act.

The Commission also continued its consumer awareness programme aimed at young consumers through several meetings at the Commission's offices with groups of students from the Barbados Community College and the University of the West Indies. The Commission also visited twenty-two (22) primary and secondary schools and attended a number of forums held by the Barbados Youth Development Council to discuss with young consumers their rights and responsibilities under the Act.

In the reporting period the Commission interfaced with about one thousand seven hundred and twenty (1,720) young consumers and their teachers. Overall, the aim in consumer education is to provide consumers with skills and knowledge so that they can function responsibly, confidently and effectively when purchasing goods and services.

Contract Terms

According to its mandate, the Commission continued to review Standard Form Contracts for unfair contract terms. These are contracts which have been drawn up in advance by the supplier and are not individually negotiated by the consumer. Contracts reviewed related to financial institutions, car rentals, telecommunications (Netspeak), couriers, retail outlets and other service industries.

For the period April 2008 – March 2009, the Commission reviewed seventeen (17) contracts for compliance with the Act. The total amount of terms reviewed was nine hundred and seventeen (917) of which nine (9) terms were found to be in breach of the Act. One term has been amended. The Commission is working to resolve the other eight (8) offending terms.

Consumer Protection (continued)

Unfair Trading Practices

Officers of the Commission discussed with several businesses their in-store promotional information and/or advertisements in respect of alleged or actual false representation of products. These advertisements included pictorial representations which did not depict the true nature of the goods offered for sale. The businesses which were in breach included 'fast food' outlets, retail businesses, travel agents, banks, restaurants, games of chance and finance companies. Those businesses found to be in breach of the law were advised to desist from the practice and they readily complied.

A number of businesses were also reminded that it is a breach of the Consumer Protection Act to have more than one price attached to an item (dual pricing) unless the item is a duty free product. Further, it was determined that some businesses were again displaying "No Exchange No Refund" signs which are illegal. These were investigated and businesses advised of the breach.

Relationship with Consumers

Queries

During the period under review, the total number of persons seeking guidance on consumer protection matters was three thousand, two hundred and forty-five (3,245). After initial investigations it was determined that one thousand, five hundred and eighty-five (1,585) were matters that fell under the purview of the office of Public Counsel. These persons were advised that the matter did not fall under the ambit of the Consumer Protection Act and they were directed to the Office of Public Counsel.

With respect to written queries which fell under the Office of Public Counsel, these were forwarded to that Office and letters sent to the affected persons informing them of the Commission's action. With regard to other matters falling under the jurisdiction of other agencies, persons were advised of the necessary steps to take.

Three hundred and thirty-nine (339) consumers visited the Commission seeking guidance. These persons were advised as to whether or not their issue amounted to a complaint. Where the matter met the criteria laid down under the Fair Trading Commission Act for a complaint to be valid, officers assisted persons with the resolution of these complaints.

Complaints

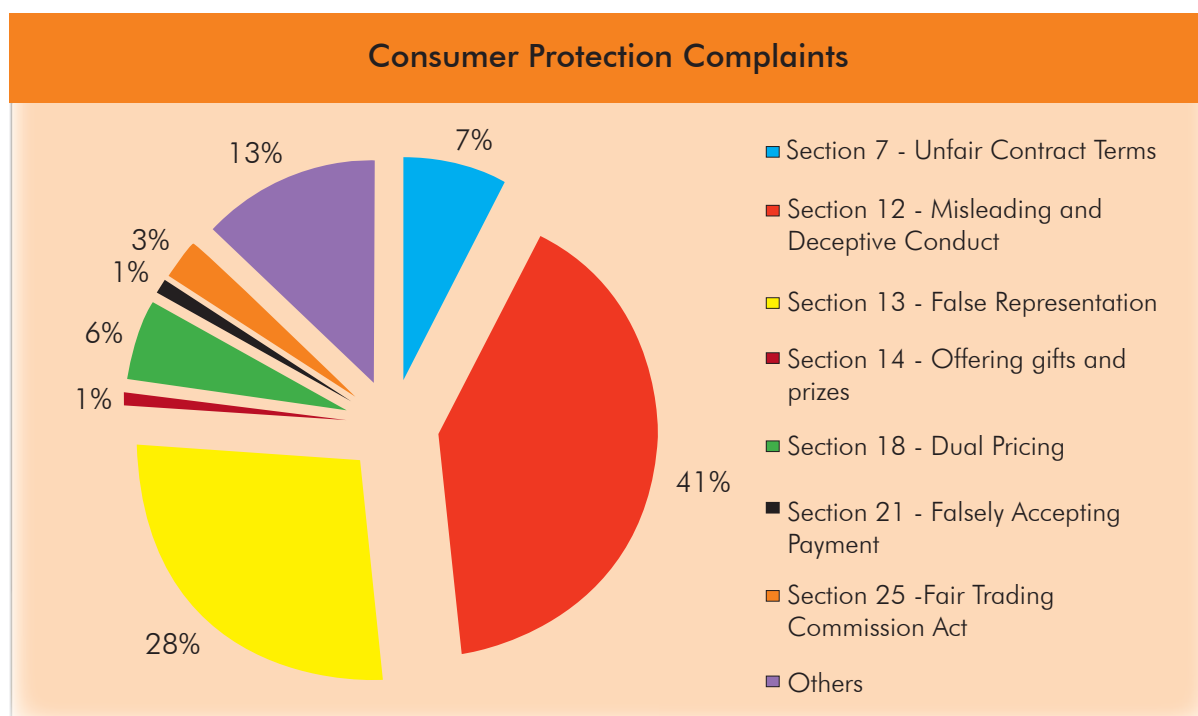
Under the Consumer Protection Act, the Fair Trading Commission requires a consumer to try to first resolve the issue before seeking the assistance of the Commission. Where the person has made an effort to bring about an amicable settlement and has failed to do so, he/she can then lodge the complaint. The Commission's continued efforts to educate the public on their rights and encourage businesses to raise compliance levels have resulted in fewer complaints being made to the Commission. From April 2008 to March 2009, thirty-two (32) complaints were lodged with the Commission compared to forty-four (44) in the previous year; three (3) complaints remain outstanding. The tables which follow provide information on complaints received.

Consumer Protection (continued)

Table 3.1 – Monthly Consumer Complaints

MONTH	CALLS	WALK-INS	CONTACTS
April	221	32	253
May	227	24	251
June	232	30	262
July	306	37	343
August	259	18	277
September	237	26	263
October	272	25	297
November	236	28	264
December	230	28	258
January	252	28	280
February	231	29	260
March	203	34	237
TOTAL	2,906	339	3,245

Table 3.2 – Consumer Protection Complaints



Consumer Protection (continued)

Consumer Charter

During the year, a draft consumer charter which details both consumers' and suppliers' rights and responsibilities under the Consumer Protection Act, CAP.326D was completed. The draft charter contains rights which have been endorsed by the United Nations and Consumers' International and broadly deals with protection against the marketing of goods which are hazardous to health and life. It also provides information to protect consumers against fraudulent, deceitful or misleading information, advertising, labelling or other practices and provides the consumer with the explanation of pertinent facts, so he/she can make informed choices.

The charter will also serve to remind consumers that it is the responsibility of every consumer to make sure that he/she is protected and that to be properly protected consumers must ensure they shop carefully and wisely. The charter will be printed and disseminated to businesses, suppliers, schools and organisations in the coming year.

Relationship with Businesses

Voluntary Codes of Practice

During the year, the Commission made very little progress in finalising a voluntary code of practice with the Barbados Chamber of Commerce as the Chamber was unable to facilitate meetings with the Commission's staff. The Commission hopes to restart work with the Barbados Chamber of Commerce and to finalise this matter during the 2009/2010 year.

A Voluntary Code of Practice is a form of self-regulation by an industry and promotes fair dealing between the business and its customers. The code promotes behaviour which can influence, shape, control or set benchmarks for best practices in the marketplace. The code advises customers on what a business agrees to do in order to resolve a matter.

Compliance Programme

Officers of the Commission made presentations to several businesses at their offices during this period. Aspects of the Consumer Protection Act were discussed and recurring problems were drawn to the attention of each business. Solutions to eliminate these problems and reduce consumer complaints were also suggested by officers.

Businesses visited were encouraged to implement compliance programmes and to keep abreast of the law in order to reduce the likelihood of contravening the Consumer Protection Act, CAP. 326D. A formal compliance programme may be needed for some businesses, while for other businesses there may be no need to implement a formal programme, but they should ensure that their employees are aware of the Consumer Protection Act and the need to comply with it.

Public Education and Awareness

Fifth Annual Lecture

On February 13, 2009, the Commission hosted its Fifth Annual Lecture entitled “Exclusionary Strategies of Dominant Firms – Do Small and Developing Economies Need a View of Their Own?” at the Hilton Barbados. The lecture was well attended by persons from the private and public sectors, stakeholders, consumers and other interested parties.

The lecture was delivered by Professor Eleanor Fox of New York University. In her presentation Professor Fox discussed the transplant to developing countries of Western Antitrust Law. She argued for competition law adapted to meet the efficiency and equity needs of developing countries.

Professor Eleanor Fox is the Walter J. Derenberg Professor of Trade Regulation at New York University School of Law where she teaches Antitrust, European Union Law, International and Comparative Competition Policy and Torts. Her scholarship is in the area of competition, trade, economic development and global governance.

Mr. Bentley Gibbs, Permanent Secretary, Division of Trade, Industry and Commerce, in the Ministry of Economic Affairs, Empowerment, Innovation, Trade, Industry and Commerce and Sir Neville Nicholls, Chairman of the FTC also delivered remarks at the lecture.

Sharing Best Practices with Other Agencies

The Commission hosted a delegation from Tanzania led by the Minister of Energy and Minerals as well as a delegation from Curacao which was led by the Minister of Economic and Labour Affairs and Tourism. Commission staff shared their experiences and provided advice in the areas of utility regulation, fair competition, and consumer protection.

Published Articles

As part of its public education efforts the Commission continued to publish columns as follows:

- Dear FTC which appears in the Weekend Nation fortnightly and responds to specific questions from the public on consumer protection, utility regulation and fair competition issues.
- Conversations with the FTC which appears in the Business Authority publication once a month. This column features interviews with senior officers of the Commission on current issues under their purview.
- Let’s Get It Right Consumers which appears in Heat newspaper once a week and features short tips on consumer rights and responsibilities.
- The FTC column which is published on a fortnightly basis in Business Monday, and deals with issues relevant to the business community.

Other Public Education Programmes

Consistent with its responsibility to provide to persons engaged in business and to consumers general information on their rights and obligations under the Act, the Commission undertook a number of initiatives during the review period. Staff also continued to contribute articles to regional and international publications including Euromoney International magazine and the Global Competition Review.

Public Education and Awareness (continued)



Featured Speaker – Professor Eleanor M. Fox



Sir Neville Nicholls, Chairman, Fair Trading Commission

Public Education and Awareness (continued)



Mr. Bentley Gibbs, Permanent Secretary, Ministry of Economic Affairs, Empowerment, Innovation, Trade, Industry and Commerce delivered the opening remarks on behalf of Minister, The Hon. Dr. David Estwick, M.P.



Minister, The Hon. David Estwick, M.P.

Public Education and Awareness (continued)



Former President of the Barbados Small Business Association
Sandra Husbands asking a question



Ms. Peggy Griffith, FTC, and Professor Eleanor M. Fox with students from
Christ Church Foundation Secondary School

Public Education and Awareness (continued)



FTC senior staff with Curacao's Minister of Economic Affairs Mr. Eugene Ph. Rhuggenaath, (4th from right) and other members of the Curacao Delegation

Organisational Development

Training & Development

Building strategic alliances with international agencies and organisations remains a critical component of the Commission's approach to monitoring current trends and issues in areas important to the work of the Commission. In addition, attendance at relevant local and international conferences, where in some instances members of staff presented papers, as well as meetings and training sessions, also remained part of the Commission's developmental thrust.

Institute for Public Private Partnerships Inc. (IP3) Training Course

The Commission, in collaboration with the Institute for Public Private Partnerships Inc. (IP3), organised a training course on "Auditing and Review of Regulated Utilities" from November 10 – 14, 2008, at the Accra Beach Hotel. The training was conducted by Mrs. Mary Clark Capito of IP3 and a former Commissioner of Massachusetts, USA. Both staff and commissioners participated in the conference which focused on providing the tools and techniques needed to effectively define, review, comment on and eventually rule on the information provided by regulated utilities in the electricity and telecommunications sectors. The Utility Regulation Division also had the opportunity to discuss current procedures relating to actual documents and reports that are prepared by the division.

Fordham Training Course

During the week of March 16 – 20, 2009 the Commission in collaboration with the Fordham Competition Law Institute of Fordham University hosted a training course on Competition Law and Policy. It was designed to give participants a general overview of competition law and policy and focused on the goals and benefits of sound competition policy and law enforcement. The programme was divided into two segments; the first part was a two-day programme, designed for members of the business community. The second part of the programme lasted for three days and dealt with advanced concepts in competition law and policy. This segment was designed for staff and commissioners only.

Presenters were leading United States (US) and European experts in the field of competition law and policy and were drawn from academic institutions (Fordham University) and enforcement institutions (The Federal Trade Commission, US Department of Justice, European Commission, and the Organisation for Economic Cooperation and Development).

Regional and International Cooperation

In April the Commission participated in a three-day meeting of the Caribbean Renewable Energy Development Project (CREDP) which was held in Barbados. The meeting sought to "Formulate policy recommendations for model legislation for the reform of the electric sector with reference to the deployment of renewable energy in the CARICOM member states". It brought together service providers, regulators, representatives of regional government ministries and regional and international organisations.

Organisational Development (continued)

The Organisation of Caribbean Utility Regulators (OOCUR) held its General Council Meeting in November 2008 in Belize at which Commissioner Floyd Philips was elected Chairman. Staff also participated in the 6th OOCUR Annual Conference which followed. The theme of the Conference was "Towards a Common Regulatory Framework".

CARICOM Competition Commission (CCC)

During the year the CARICOM Competition Commission Secretariat became operational. In addition to the appointment of seven commissioners, certain key members of staff including the Executive Director were recruited.

In December 2008, staff participated in the CCC's first sensitisation workshop which was held in Paramaribo, Suriname. The Commission staff continued to interface with personnel from the CCC and the Caribbean Single Market and Economy Unit (CSME) on several competition related matters.

International Competition Network (ICN)

The Commission continued to maintain a strong relationship with the United States Federal Trade Commission (USFTC) under an International Competition Network (ICN) partnership arrangement. The ICN promotes efficient and effective anti-trust enforcement worldwide.

The partnership arrangement between the USFTC and the Fair Trading Commission provided the Commission with the opportunity to discuss some of the more complex issues arising in competition matters and the application of the law to these matters.

International Consumer Protection and Enforcement Network (ICPEN)

During the year in review, the Commission was granted partnership status in the International Consumer Protection and Enforcement Network (ICPEN). The network has been established to share and discuss information about cross-border consumer transactions that may affect consumers and to encourage international cooperation among consumer agencies.

Staff benefitted tremendously from participating in the Annual Conference which was held in Paris at the end of March, 2009.

Looking to the Future

The Fair Trading Commission is expected to receive an application from the Barbados Light and Power Company Limited (BL&P) for a review of electricity rates. There will be a substantial amount of information to be analysed in preparation for the rate review hearing which will also require the Commission to convene Procedural, Issues and Technical conferences. The Commission will also complete work and issue a Decision on a new Consolidated Reference Interconnection Offer (RIO). Revised Standards of Service Decisions will be finalised and issued towards the third quarter of the year for the Barbados Light & Power Co. Ltd and Cable & Wireless (Barbados) Ltd.

In the area of Consumer Protection, a Consumer Protection Charter will be launched, which will act as a reminder to businesses of the benefits to be gained by following good trading practices. It will also inform consumers of their rights and responsibilities. The Commission will intensify investigations relating to consumer protection issues based on its own initiative and on complaints from consumers. These investigations will cover misleading and deceptive conduct, false representations and unfair contract terms.

The Commission will collaborate with the Small Business Association in a programme aimed at educating small businesses on the provisions of the Fair Competition Act in order to ensure that they will be able to identify instances of anti-competitive conduct which prevent them from participating equitably in the marketplace. The Commission will undertake investigations in Barbados relating to cross-border allegations of anti-competitive conduct as they arise. These investigations will be done on behalf of the Community Competition Commission under Part IX of the Fair Competition Act. The Commission will continue to monitor companies for enforcement of the Commission's directions arising from the findings of its investigations. It will also investigate alleged breaches of the Fair Competition Act either on its own initiative or based on complaint.

After eight years in operation, several procedural issues have been identified in all pieces of the legislation administered by the Commission. It is expected that staff will participate in the Committee established by the Barbados Government to review the Commission's recommended changes which were previously submitted to the Ministry.

**Financial Statements
Fair Trading Commission
For the year ended March 2009
(Expressed in Barbados dollars)**

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AUDITORS' REPORT

To the Board of the Fair Trading Commission

We have audited the accompanying financial statements of the Fair Trading Commission, which comprise the balance sheet as of 31 March 2009 and the statement of income and expenses, statement of changes of equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

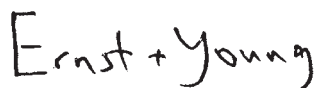
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as of 31 March 2009 and its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



CHARTERED ACCOUNTANTS
Barbados

2 July 2009

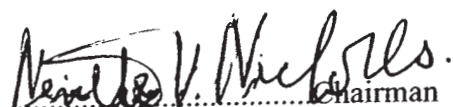
FAIR TRADING COMMISSION

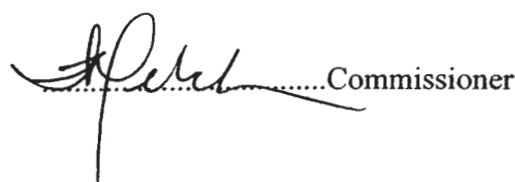
Balance Sheet
As of 31 March 2009

	Notes	2009 \$	2008 \$
Assets			
Current assets			
Cash	4	1,529,815	1,008,426
Time deposits	4	99,365	94,338
Accounts receivable	5	977,711	1,273,348
Prepayments		128,155	186,931
		<u>2,735,046</u>	<u>2,563,043</u>
Accounts receivable	5	14,577	52,492
Property and equipment	6	871,510	1,001,376
		<u>3,621,133</u>	<u>3,616,911</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		107,825	134,539
Current portion long-term loan	7	-	20,198
		<u>107,825</u>	<u>154,737</u>
Deferred income	8	133,894	181,806
Long-term loan	7	-	459,802
		<u>241,719</u>	<u>796,345</u>
Net assets		<u>3,379,414</u>	<u>2,820,566</u>
Represented by:			
Government advances		970,211	1,245,476
Government grants		2,243,711	1,450,864
Accumulated surplus		165,492	124,226
		<u>3,379,414</u>	<u>2,820,566</u>

The accompanying notes form part of the financial statements.

Approved by the Commission on 2 July 2009 and signed on its behalf by:


Neil V. Nicholls
Chairman


Commissioner

FAIR TRADING COMMISSION

Statement of Income and Expenses Year ended 31 March 2009

	Notes	2009 \$	2008 \$
Income			
Government grant		2,864,573	3,106,329
Levies		970,211	1,174,166
Other income		41,266	73,878
		<u>3,876,050</u>	<u>4,354,373</u>
Expenses			
Personal emoluments	9(a)	1,962,883	1,927,641
Other operating expenses	9(c)	429,781	357,352
Rental of property		428,225	573,147
Depreciation	6	181,689	98,766
Utilities		141,618	175,342
Professional services	9(b)	110,031	624,882
National Insurance contributions	9(a)	108,729	102,994
Pensions and gratuities	9(a)	101,472	125,066
Supplies and materials		69,348	72,680
Miscellaneous		66,256	20,714
Maintenance of property		49,683	40,873
Other personal emoluments	9(a)	37,357	43,364
Group medical		30,555	28,011
Subscriptions and contributions		25,855	23,157
Library books and publications		24,983	24,234
Loan interest		23,604	-
Rental of equipment		22,563	22,563
Travel		20,152	19,709
		<u>3,834,784</u>	<u>4,280,495</u>
Surplus		<u>41,266</u>	<u>73,878</u>

The accompanying notes form part of the financial statements.

FAIR TRADING COMMISSION

Statement of Changes in Equity
Year ended 31 March 2009

	Government advances \$	Government grants \$	Accumulated surplus \$	Total \$
Balance at 31 March 2007	911,403	1,926,109	50,348	2,887,860
Government contributions	1,245,476	4,124,816	-	5,370,292
Government grants utilized	-	(4,600,061)	-	(4,600,061)
Repayments to Government	(911,403)	-	-	(911,403)
Surplus for the year	-	-	73,878	73,878
Balance at 31 March 2008	1,245,476	1,450,864	124,226	2,820,566
Government contributions	970,211	4,579,721	-	5,549,932
Government grants utilized	-	(3,786,874)	-	(3,786,874)
Repayments to Government	(1,183,206)	-	-	(1,183,206)
Levy adjustment (Note 11)	(62,270)	-	-	(62,270)
Surplus for the year	-	-	41,266	41,266
Balance at 31 March 2009	970,211	2,243,711	165,492	3,379,414

FAIR TRADING COMMISSION

Statement of Cash Flows
Year ended 31 March 2009

	2009 \$	2008 \$
Cash flows from operating activities		
Personal emoluments	(1,962,710)	(1,927,641)
Other personal emoluments	(37,358)	(71,618)
National Insurance contributions	(109,484)	(119,720)
Group medical	(30,555)	(36,296)
Travel	(20,273)	(19,587)
Utilities	(141,910)	(176,656)
Rental of property	(379,500)	(590,205)
Rental of equipment	(22,563)	(22,563)
Library books and publications	(26,990)	(20,628)
Supplies and materials	(81,550)	(60,422)
Maintenance of property	(75,700)	(38,623)
Other operating expenses	(423,200)	(374,421)
Subscriptions and contributions	(24,245)	(22,441)
Pensions and gratuities	(100,188)	(104,980)
Professional services	(119,550)	(599,557)
Miscellaneous	(66,259)	(20,504)
Net cash used in operating activities	(3,622,035)	(4,205,862)
Cash flows from investing activities		
Car loans disbursed to staff	-	(35,000)
Car loans repaid by staff	54,261	41,299
Increase (decrease) in time deposits	5,027	(49,478)
Interest received	36,239	73,878
Purchases of office equipment, fixtures and vehicles	(51,823)	(27,220)
Additions to leasehold improvements	-	(339,570)
Net cash from (used in) investing activities	43,704	(336,091)
Cash flows from financing activities		
Advances from Government	4,579,720	3,787,787
Levies paid in by utility service providers	1,183,206	911,403
Repayment of Government advances	(1,183,206)	(911,403)
Decrease in building reserve	-	54,085
Repayment of loan	(480,000)	-
Net cash from financing activities	4,099,720	3,841,872
Increase (decrease) in cash for the year	521,389	(700,081)
Cash – beginning of year	1,008,426	1,708,507
Cash – end of year	1,529,815	1,008,426

The accompanying notes form part of the financial statements.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2009

1. Establishment, principal activity and registered office

The Fair Trading Commission (the "Commission") was established in Barbados under the provisions of *The Fair Trading Commission Act CAP 326B* and replaced the Public Utilities Board which operated since 1955.

The principal activities of the Commission are to enforce *The Utilities Regulation Act CAP282*, some of the provisions of *The Telecommunications Act CAP282B*, *The Fair Competition Act 326C* and the *Consumer Protection Act CAP326D*. The Commission shall promote efficiency and competitiveness and improve standards of service and quality of goods and services supplied by service providers and business enterprises over which it has jurisdiction.

The Commission's principal place of business is situated at Good Hope, Green Hill, St. Michael, Barbados.

2. Significant accounting policies

These financial statements, expressed in Barbados dollars, have been prepared under the historical cost convention and are in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Commission has adopted the following new and amended IFRS and IFRIC interpretations during the year.

IAS 39 (Amendment) - Financial Instruments: Recognition and Measurement
IFRIC 11/IFRS 2 - Company and Treasury Share Transactions
IFRIC 12 - Service Concession Arrangements
IFRIC 14/IAS 19 - The Limit or a Defined Benefit Asset, Minimum Funding Requirement and their interaction

These standards and interpretations where relevant, did not have any effect on the financial performance or position of the Commission.

The Commission has chosen not to early adopt any standards or interpretations that have been issued but are not yet effective.

The most significant policies are summarised below:

a) Receivables

Receivables are recognized initially at the original invoice amount. A provision for impairment of receivables is established when there is objective evidence that the Commission will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the recoverable amount. The amount of the provision is recognized in the statement of income and expenditure.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2009

2. Significant accounting policies (cont'd)

b] Property and equipment

Property and equipment are stated at cost less accumulated depreciation accumulated impairment in value. The carrying value of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives of the assets are estimated as follows:

Computer and office equipment	1 - 5 years
Fixtures	5 years
Vehicles	5 years
Leasehold improvements	10 years

c] Income recognition

Income is recognized on the following bases:

- i] Funds voted for its use by the Government of Barbados:
Government grants are matched against the related expenditure in the relevant accounting period.
- ii] Sums levied on the utility service providers:
Sums levied on utility service providers are matched against utility regulation costs and accrued when incurred.
- iii] Funds received for the purchase of office equipment, fixtures and vehicles are capitalized as deferred income in the year of acquisition and recognized over the useful lives of the relevant assets.

d] Taxation

The Commission is exempt from taxation.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2009

3. Significant accounting judgments, estimates and assumptions

In the process of applying the Commission's accounting policies, management has made certain judgments, assumptions and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The most significant of these are discussed below:

Property and equipment

Management exercises judgment in determining whether costs incurred can accrue sufficient future economic benefits to the Commission, such that the related expenditures should be treated as a capital expense. Further judgment is applied in the annual review of the useful lives of all categories of property and equipment and the resulting depreciation charge determined thereon.

4. Cash and time deposits

Cash comprises an operating account which bears interest at 2.75% per annum.

Time deposits comprise \$49,295 and \$50,070 which bear interest at rates of 4.15% and 3.40% per annum respectively (2008-\$46,367 and \$47,971 at rates of 5.75%, and 5.00% respectively). The deposits are due to mature on 15 November 2009 and 14 February 2010 respectively.

5. Accounts receivable

	2009	2008
	\$	\$
Utility service providers	970,211	1,245,476
Car loans receivable	22,077	76,337
Other	-	4,027
	<hr/>	<hr/>
	992,288	1,325,840
	<hr/>	<hr/>

Utility service provider levies are based upon the costs incurred to regulate utility services. The levy comprises the annual year-end assessment and special assessments to meet public hearing costs.

Accounts receivable from utility service providers are current. The aging of car loans receivable is as follows:

	2009	2008
	\$	\$
Due within one year	7,500	23,845
Due after one year	14,577	52,492
	<hr/>	<hr/>
	22,077	76,337
	<hr/>	<hr/>

There are no impaired amounts as at 31 March 2009.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2009

6. Property and equipment

	Leasehold improvements \$	Computer and office equipment \$	Fixtures \$	Vehicles \$	Total \$
Cost					
Balance – 1 April 2007	-	377,621	247,891	237,655	863,167
Additions	819,570	27,220	-	-	846,790
Disposals	-	(72,757)	-	-	(72,757)
Balance – 31 March 2008	819,570	332,084	247,891	237,655	1,637,200
Additions	-	44,958	6,865	-	51,823
Balance – 31 March 2009	819,570	377,042	254,756	237,655	1,689,023
Accumulated depreciation					
Balance – 1 April 2007	-	282,361	216,657	110,797	609,815
Charge for the year	-	50,839	11,567	36,360	98,766
Disposals	-	(72,757)	-	-	(72,757)
Balance – 31 March 2008	-	260,443	228,224	147,157	635,824
Charge for the year	81,957	53,670	9,702	36,360	181,689
Balance – 31 March 2009	81,957	314,113	237,926	183,517	817,513
Net book value					
31 March 2009	737,613	62,929	16,830	54,138	871,510
31 March 2008	819,570	71,641	19,667	90,498	1,001,376
1 April 2007	-	95,260	31,234	126,858	253,352

7. Long-term loan

	2009 \$	2008 \$
Loan	-	480,000
Less: current portion	-	20,198
	-	459,802

The long-term loan was repaid during the year.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2009

8. Deferred income

	2009	2008
	\$	\$
Deferred income – beginning of year	181,806	253,352
Add: Assets acquired during the year	51,823	27,220
Less: Depreciation charge for the year	(99,735)	(26,011)
Assets disposed of during the year	-	(72,755)
	<hr/>	<hr/>
Deferred income – end of year	133,894	181,806
	<hr/> <hr/>	<hr/> <hr/>

9. Operating expenses

a) Employment costs

	2009	2008
	\$	\$
Personal emoluments	1,962,883	1,927,641
National Insurance contributions	108,729	102,994
Other personal emoluments	37,357	43,364
	<hr/>	<hr/>
	2,108,969	2,073,999
	<hr/> <hr/>	<hr/> <hr/>

Pensions for retired employees and gratuities to contracted employees amounted to \$101,472 (2008-\$125,066).

b) Professional services

	2009	2008
	\$	\$
Regulatory consultancies	41,107	442,295
Other consultancy services	42,761	129,087
Legal fees	863	23,000
Audit fees	25,300	30,500
	<hr/>	<hr/>
	110,031	624,882
	<hr/> <hr/>	<hr/> <hr/>

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2009

9. Operating expenses (cont'd)

c] Other operating expenses

	2009	2008
	\$	\$
Overseas training	176,538	159,398
Local training	66,591	11,754
Hosted seminars	51,312	57,189
Refreshments and hospitality	20,288	14,348
Commissioners' fees	60,408	62,048
Public relations	35,681	35,755
FTC publications	17,107	15,536
Postage and courier services	1,856	1,324
	<hr/>	<hr/>
	429,781	357,352
	<hr/> <hr/>	<hr/> <hr/>

10. Lease commitments

The Commission occupies premises under an operating lease which expires in 2014 with an option to renew. Future non-cancellable lease payments under this lease are as follows:

	2009	2008
	\$	\$
Property rental:		
Due within 1 year	414,000	379,500
Between 2 and 5 years	1,656,000	1,656,000
Over 5 years	34,500	448,500
	<hr/>	<hr/>
	2,104,500	2,484,000
	<hr/> <hr/>	<hr/> <hr/>

11. Levy adjustment

During the year, the Government of Barbados removed the authority of the Commission to regulate the National Petroleum Corporation (NPC). As a result, the unpaid levy charged to NPC in the previous year has been written-off against Government advances.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2009

12. Financial risk management objectives and policies

The Commission's financial assets comprise cash, time deposits and accounts receivable. Financial liabilities comprise accounts payable and long-term loan.

Credit risk

The Commission is subject to credit risk in the event of non-payment of receivable balances by utility service providers. The Commission believes that this risk is mitigated by the close monitoring of these balances and by the protection under *The Fair Trading Commission Act, CAP 326B* which provides legal recourse for the recovery of these balances levied on utility service providers.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable. The Commission does not hold any collateral security for receivables from utility service providers. Car loans are secured by bills of sale over the respective vehicles.

Interest rate risk

The Commission's interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Interest rate exposure is disclosed in Note 4. The Commission has no variable rate instruments and is therefore not impacted by interest rate variability.

The Commission has no exposure to liquidity and foreign currency risks.

13. Fair values

The carrying values of short-term assets and liabilities are a reasonable estimate of their fair value because of the short term to maturity of these instruments. Short-term financial assets comprise cash, time deposits and accounts receivable. The short-term financial liabilities comprise accounts payable.

14. Capital management

The Commission's operations are financed by Government which makes contributions from time to time as required.

15. Contingencies

The Commission has brought an action against Barbados National Oil Company Limited (BNOC) for abusing its position of dominance in the supply of the petroleum market. This has led to counter action by BNOC for the investigation carried out by the Commission to be struck out. The outcome of this matter is indeterminable at the balance sheet date.

Appendices

Consultation Papers, Reports, Decisions and Orders

APPENDIX I

Public Consultation

Review of the BL&P Standards of Service	Oct. 29, 2008 – Nov. 28, 2008
Review of C&W Standards of Service	Oct. 29, 2008 – Nov. 28, 2008
Regulatory Accounting Guidelines for C&W	Oct. 29, 2008 – Nov. 28, 2008
C&W Consolidated Reference	
Interconnection Offer	Jan. 11, 2009 – March 10, 2009

Decisions & Orders

Price Cap Plan 2008	June 23, 2008
Price Cap Plan 2008 Compliance Rules and Procedures	June 23, 2008
Approval of BL&P Depreciation Policy	February 25, 2009

Presentations at Lectures, Workshops and Seminars

APPENDIX II

Lecture

February 2009

Fifth Annual Lecture
“Exclusionary Strategies of
Dominant Firms – Do Small and
Developing Economies Need a
View of Their Own?”

- Hilton Barbados

Presenter:

Professor Eleanor M. Fox
New York University School of Law

Conferences

April 2008

“The Role of the FTC in Electricity
Regulation in Barbados”

- CDREP, Barbados

Presenter

Mrs. Sandra Sealy,
Director of Utility Regulation

November 2008

“Return on Mean Capital Employed
and its Use as a Performance
Indicator”

6th OOCUR Annual Conference,
Belize

Presenter

Mrs. Susanna Cooper-Corbin,
Financial Analyst

Workshop

December 2008

“The Institutionalisation of
Competition Law in Barbados”
CARICOM Competition

Commission Seminar, Suriname

Presenter

Mr. DeCoursey Eversley, Director of
Fair Competition

Commission Panels

APPENDIX III

Utility Regulation

Telecommunications

Sir Neville Nicholls
Professor Andrew Downes
Mr. Gregory Hazzard
Mr. Trevor Welch
Mr. Floyd Phillips

Electricity

Mr. Floyd Phillips
Mr. Andrew Brathwaite
Mrs. Tammy Bryan
Mr. Michael Thompson
Mr. Delisle Weekes

Fair Competition

Sir Neville Nicholls
Mr. George Thomas
Professor Andrew Downes
Mr. Andrew Brathwaite
Mr. Trevor Welch

Commission Information

APPENDIX IV

Commission Staff as at March 31, 2009

Chief Executive Officer	-	Ms. Peggy Griffith, BA, MPA
Director of Utility Regulation	-	Mrs. Sandra Sealy, BSc, MBA, MSc
Director of Fair Competition	-	Mr. DeCourcey Eversley, BSc, MSc
General Legal Counsel (Ag.)	-	Mrs. Kim Griffith-Tang How, LLB, Attorney-at-Law
Officer in Charge of Consumer Protection	-	Ms. Judy Maynard, LLB
Chief Economist	-	Mr. Antonio Thompson, BSc, MSc
Utility Analyst (Water Sector)	-	Dr. Marsha Atherley-Ikechi, BSc, MSc, PhD
Telecommunications Analyst	-	Mr. Edward Hunte, BSc, MBA
Accountant	-	Ms. Shernell Small, BSc, ACCA
Financial Analyst	-	Mrs. Susanna Cooper-Corbin, BSc, ACCA/FCCA, MBA
Human Resources Officer	-	Mrs. Arlene Bushell, BSc
Senior Legal Officer (Ag.)	-	Ms. Dava Leslie, LLB, Attorney-at-Law
Consumer Protection Officer	-	Ms. Fiona Scantlebury, BSc, MBA
Systems Administrator	-	Mr. Richard Farley
Documentalist	-	Ms. Heather Waithe
Economist	-	Ms. Deirdre Craigwell, BSc
Research Officer	-	Ms. Sherri Worrell, BSc, MSc
Executive Secretary	-	Mrs. Denese Alleyne
Office Manager	-	Mrs. Myrna Forde, CPS
Assistant Accountant	-	Ms. Sharon Grimes
Research/Administrative Assistant	-	Ms. Marisha Walcott
Administrative Assistant	-	Ms. Shareka Gibbs
Administrative Assistant	-	Ms. Cheryl Jones, ACS, ACAM
Administrative Assistant	-	Ms. Heather Boxill, APS
Senior Clerk	-	Mrs. Cherylann Jemmott, BA
Help Bureau Officer	-	Ms. Julia Lowe
Help Bureau Officer	-	Mrs. Wanda Crichlow-Trotman
Receptionist/Typist (Temp.)	-	Ms. Sonia Spencer
Office Attendant	-	Mr. Corrie Thompson
Office Helper	-	Mrs. Cecilia Alfay

AUDITORS

Ernst & Young

Contact Information

APPENDIX V

For further information about the Commission's activities please contact the Fair Trading Commission at:

Mailing Address: Good Hope
Green Hill
St. Michael, BB12003
Barbados

Telephone: (246) 424-0260
(246) 421-2FTC (Consumer Complaints Line)

Facsimile: (246) 424-0300
E-mail: info@ftc.gov.bb
Website: www.ftc.gov.bb

Notes