



**Fair Trading
Commission**

2017
**ANNUAL
REPORT**



2017 ANNUAL REPORT

FAIR TRADING COMMISSION



Letter of Transmittal

Fair Trading Commission
Good Hope
Green Hill
St. Michael

July 25, 2017

Dear Minister:

In accordance with Section 22 of the Fair Trading Commission Act, Chapter 326B of the Laws of Barbados (the Act), I have the honour to submit to you the Commission's Financial Statements for the year ended March 31, 2017, duly audited in accordance with Section 21 of the Act, together with the Operational Report for the same period.

Yours faithfully,



Jefferson Cumberbatch
Chairman

The Hon. Donville Inniss, MP
Minister of Industry, International Business,
Commerce and Small Business Development
Reef Road
Fontabelle
St. Michael

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Message from the Chairman

During the period under review (April 2016 to March 2017), the Fair Trading Commission was presented with a range of matters which engaged its three Divisions. Guided by its mandate, the Commission sought resolutions for these issues, which involved the monitoring of regulated utilities, prevention of anti-competitive conduct and maintenance of consumer protection.

A review of the Standards of Service for Cable & Wireless (Barbados) Ltd. (C&W) and a preliminary review of the Standards of Service for the Barbados Light & Power Company Limited (BL&P) were undertaken by the Utility Regulation Division. The department also issued the Price Cap Plan 2016 Compliance Rules and Procedures, which will govern the adjustment of rates of C&W's regulated services until 2019. The Decision on the review of the Renewable Energy Rider was also issued. This established temporary rates for photovoltaic and wind generating systems and delinked them from the variable fuel price. The process for the creation of Standards of Service for the Barbados Water Authority also began during this period, in June 2016.

Investigations of mergers and acquisitions dominated the activities of the Fair Competition Division. In February 2017, the Division launched a review of the proposed acquisition of the Barbados National Terminal Company Limited (BNTCL) by Sol St. Lucia Limited (Sol). Information submitted by the merger parties was considered and a public consultation initiated. A joint venture partnership between Goddard Enterprises Ltd. and Agostini Limited also came under review in 2016. The Commission, having reviewed the evidence, found that the transaction did not present any anti-competitive concerns and approved the merger without conditions.

Consumer engagement remained paramount for the Commission, as the Consumer Protection Division maintained its visits to both businesses and consumers. More than five hundred persons were sensitised about their rights and responsibilities and the Division's officers responded to more than two thousand queries. Matters related to Negative Option Marketing, No Exchange No Refund signs and Unfair Trade Practices were also addressed during the course of the year under review and were incorporated into consumer awareness efforts.

The Commission's flagship event also contributed to these endeavours. The 13th Annual Lecture presentation, which was presented by Senior Vice President of Compass Lexecon (Paris), Mr. John Davies, addressed "Competition Policy and Economic Development – is there a link for Small Economies?" In addition, the annual Competition Law and Policy workshop offered another opportunity for the Commission to share critical information with stakeholders.

I extend my sincere thanks to the Commissioners, staff and all other contributors to the Commission's undertakings during this period.



.....
Jefferson Cumberbatch
Chairman

Members of the Commission 2016 – 2017



From left: Dr. Philmore Alleyne; Mr. Dawood Pandor; Chairman, Mr. Jefferson Cumberbatch; Professor Andrew Downes; Ms. Monique Taitt; Mr. Kendrid Sargeant. **Inset left:** Dr. Donley Carrington. **Inset center:** Deputy Chairman, Mr. Adrian Elcock. **Inset right:** Mr. Andrew Willoughby.

The eight (8) Commissioners of the Fair Trading Commission were appointed by the Minister of Industry, International Business, Commerce and Small Business Development. 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 the period April 2016 to March 2017, Professor Andrew Downes resigned as Deputy Chairman and Mr. Adrian Elcock was appointed to the post in January 2017. The Commission held eight (8) administrative meetings and eleven (11) panel meetings during the reporting period. Regulatory panels consisting of up to five (5) members heard and determined matters relating to utility regulation.

Fair Trading Commission at a Glance

Role of the Commission

The Fair Trading Commission was established on January 02, 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:

- Consumer Protection Act, CAP.326D;
- Fair Competition Act, CAP.326C;
- Fair Trading Commission Act, CAP.326B;
- Utilities Regulation Act, CAP.282;
- Certain provisions of the Telecommunications Act, CAP.282B;
- Electric Light and Power Act, CAP.278; and
- Barbados Water Authority Act, CAP.274A.

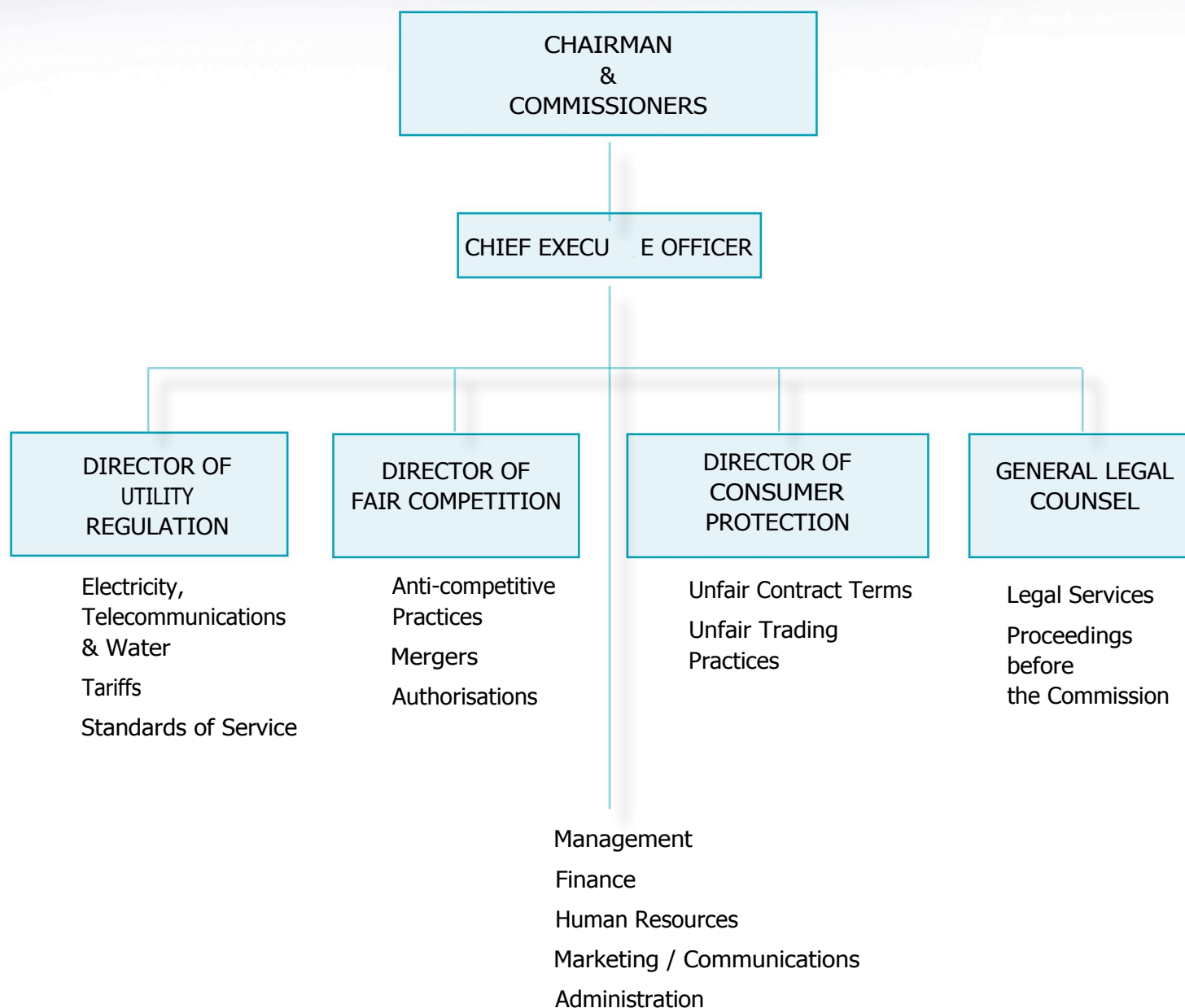
The Commission’s goals are to:

- Ensure the efficient and safe provision of regulated utility services at reasonable rates;
- Safeguard the interest of consumers;
- Promote and encourage fair competition; and
- Strengthen the human resource and operational capabilities of the Commission in order to effectively implement its legislative mandate.

Organisational Structure

The Chief Executive Officer is responsible for the administration of the legislation under the purview of the Commission and for the supervision of its staff and work programme. Statutory provision is made for the appointment of Directors to carry out the Commission’s mandate. They are the Director of Utility Regulation, Director of Fair Competition and Director of Consumer Protection. The Legal Department, headed by the General Legal Counsel, provides legal advice on all aspects of the Commission’s work.

Organisational Structure



The Year in Review

Utility Regulation

The Utility Regulation Division of the Fair Trading Commission is responsible for the establishment, monitoring and review of rates and Standards of Service of regulated utilities, as listed in the Utilities Regulation Act, CAP. 282 (URA). This regulatory oversight specifically relates to the water and sewerage services of the Barbados Water Authority (BWA), electricity service as provided by the Barbados Light & Power Company Limited (BL&P) and the domestic and international voice telecommunications, interconnection and lease circuit services of Cable & Wireless (Barbados) Limited (C&W).

Telecommunications Sector

Price Cap Plan (PCP) 2016 Compliance Rules and Procedures

The reporting period saw the finalisation of the PCP 2016 Compliance Rules and Procedures. This document, which was issued on June 17, 2016, applies to the implementation and operation of the PCP 2016, which in turn applies to the regulated services of C&W. These Rules and Procedures are instrumental in managing the framework for the monitoring of the PCP 2016.

Interconnection Agreement - C&W and Ozone Wireless (B'dos) Inc. (Ozone)

A significant feature of a competitive telecommunications sector is the ability of new service providers to enter the market and interconnect with the incumbent provider's network, in order to offer services and products. Ozone is one such new entrant, having received a cellular mobile license to operate in Barbados in July 2014. The Commission received and reviewed the Interconnection Agreement between C&W and Ozone, which was submitted on October 6, 2016.

During this review, the Commission took into consideration:

- The Fair Trading Commission's Decision on the C&W Consolidated Reference Interconnection Offer (RIO) dated February 22, 2009;
- The Telecommunications Act, CAP. 282B, Sections 25, 28 and 29;
- The Consolidated RIO 2010; and
- The approved Interconnection Agreement between C&W and Digicel (Barbados) Limited (Digicel) dated March 2011.

The Commission found that the provisions in the Agreement complied with the principles set out in the Telecommunications Act and were not deemed to be discriminatory.

Utility Regulation (continued)

Electricity Sector

Motion to Review the Renewable Energy Rider (RER)

On July 25, 2016, the Commission's Decision on its review of the RER rate came into effect; this delinked the RER from the fuel cost incurred by the utility. The new, resource-based RER rate arose from stakeholders' concerns about the low and uncompetitive returns being realised by RE generators in the low oil price environment at that time. The Commission, of its own volition, initiated the review of the RER Decision 2014 on April 22, 2016. The Commission undertook a written, public consultation where submissions were solicited from all interested stakeholders. On conclusion of its analysis, the Commission determined that the temporary rates for photovoltaic (PV) and wind generating systems would be \$0.416/kWh and \$0.315/kWh, respectively.

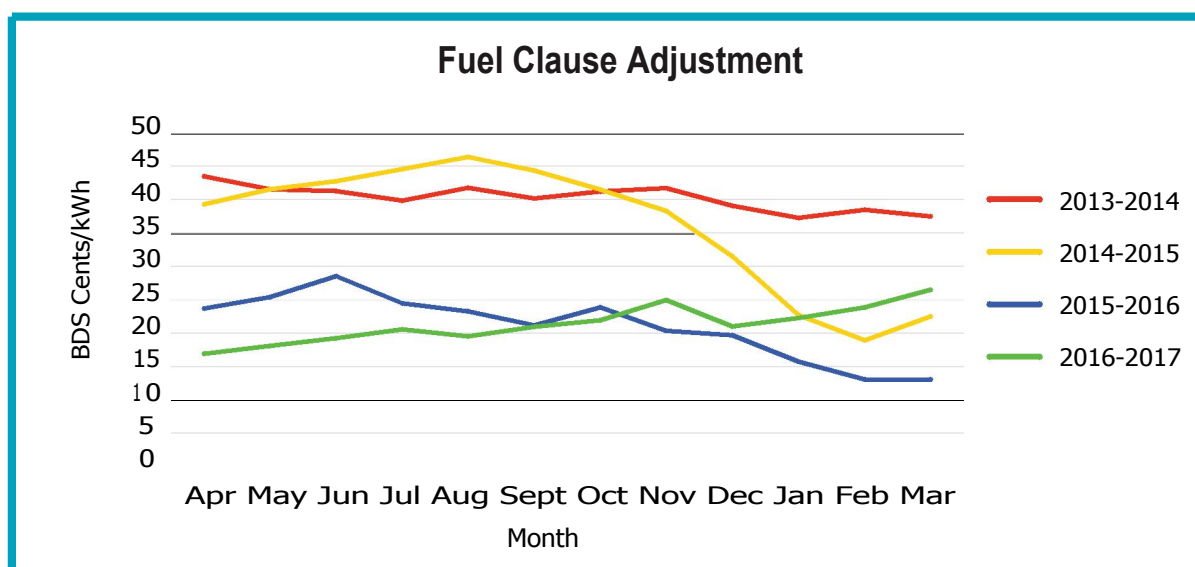
Fuel Hedging

In March 2016, the Commission received an application from the BL&P for approval to apply the results (losses and gains) and costs of a fuel hedging programme to the Fuel Clause Adjustment (FCA). As is required, the Commission invited written submissions from all interested stakeholders. On December 29, 2016, the Commission issued its Decision denying the application. The primary reasons cited were related to the risk to consumers and the lack of evidence that Barbadians were willing to pay for reduced volatility in fuel prices.

Fuel Clause Adjustment (FCA)

The April 2016 to March 2017 period saw some recovery in oil prices which resulted in an increase in the FCA, which closed at 26.4981 cents/kWh; this was 102% higher than the FCA at the close of the previous year (13.1106 cents/kWh). The average FCA for 2016 - 2017, 21.3428 cents/kWh, was 1.4% higher than the level for the previous year, 21.0532 cents/kWh. The recovery in oil prices was driven in part by the decision by OPEC members and select non-OPEC members in the latter months of 2016 to cut production in order to lower inventories.

Figure 1.1 - Fuel Clause Adjustment (FCA)



Utility Regulation (continued)

Standards of Service

Review of C&W's Standards of Service

As an independent regulator, the Commission must operate in a transparent, accountable and non-discriminatory manner. Consultative documents and public consultation are the main ways in which this can be achieved. Under the Fair Trading Commission Act, CAP.326B (FTCA), the Commission is specifically charged to consult with industry stakeholders and interested persons when discharging certain functions.

As such, a review of the C&W Standards of Service (SOS) 2014–2017 was initiated by public consultation on March 3, 2017. The Commission's recommendations included several proposed changes to C&W's Standards of Service for 2018–2020.

These included: the amalgamation of GTS 1A and GTS 1B to create GTS 1 Installation or Transfer of Service, which would comprise new installations and transfers of service; the discontinuation of OTS 3 Working Payphones and OTS 4 Trunk Blocking; the creation of two (2) new standards - GTS 8, related to the granting of compensation to individual customers for billing errors and OTS 3, which would measure the incidence of faults on C&W's network; and the reduction of the target time for GTS 6 Reconnection after Disconnection for Non-Payment, from eight (8) working hours to six (6) working hours. Compensation under this Standard would be \$30.00 for both residential and business categories.

Additionally, C&W would be required to: institute a standard complaints procedure, inclusive of official complaint form, to be reviewed by the Commission; publish and publicise the SOS clearly on its website and in the media; and inform customers with complaints of the means via which compensation may be sought, i.e. telephone, email and the post.

C&W's Standards of Service Performance, April 1, 2016 – March 31, 2017

Cable & Wireless' performance was satisfactory for the period ending March 31, 2017, with commendable improvements demonstrated when compared to the previous year's compliance levels. The performance numbers indicated that overall, C&W has increased efficiency in the provision of its services.

Utility Regulation (continued)

Table 1.1 - C&W Guaranteed Standards of Service (Selected)

Guaranteed Standard	Target	Average % Compliance April 2016 – March 2017
GTS 1A Approval of Service	Residential Customers – No more than 7 working days	87.49
GTS 1B Installation of Service	Residential Customers – No more than 7 working days	87.49
GTS 2 Fault Repair	Residential Customers – No more than 2 working days	90.80
GTS 3 Repeated Loss of Service	Residential – Faults should not reoccur within 30 days of repair of first fault	96.82

Table 1.2 - C&W Overall Standards of Service (Selected)

Overall Standard	Target	Average % Compliance April 2016 – March 2017
OTS 1 Fault Repair	80% of faults should be repaired within a 24 hour period	94.86
OTS 2 Repeated Loss of Service	95% of faults should not reoccur within 30 days of repair of first failure	96.96
OTS 5 Billing Accuracy	Billing errors must be no more than 0.5% of the total bills issued	99.97

Utility Regulation (continued)

BL&P's Standards of Service Performance, April 1, 2016 – March 31, 2017

The Guaranteed and Overall Standards of Service Reports for the period April 2016 to March 2017, as submitted by the BL&P, registered high compliance levels, although issues with some Overall Standards, namely OES 1 Frequency of Meter Reading and OES 5 Answering Billing and Trouble Calls, persisted. However, the reported reliability performance generally improved. The average number of customer interruptions registered 5.1, an improvement over the 2015 - 2016 measure which recorded an average of 6.3 interruptions.

Table 1.3 - BL&P Guaranteed Standards of Service (Selected)

Guaranteed Standard	Target	Average % Compliance April 2016 – March 2017
GES 1 Restore Supply after Fault on Customer's Service (single customer affected)	Within 12 hours	100
GES 3 Investigation of Voltage Complaints	Assessment in 15 working days	99.16
GES 4 Provide a Simple Service Connection (connection point within 30m)	Within 12 working days	98.72
GES 8 Respond to Billing Complaints	Assessment in 15 working days	99.62

Utility Regulation (continued)

Table 1.4 - BL&P Overall Standards of Service (Selected)

Overall Standard	Target	Average % Compliance April 2016 – March 2017
OES 1 Meter Reading	100% of Domestic and General Service customers' meters read every 2 months	94.25
OES 3 Outage Notice	All potentially affected customers to be notified of planned outages 48 hours before outage in 95% of instances	100
OES 5 Call Centre Answering	85% of calls to be answered in one minute	75.07
OES 6 Billing Period	At least 95% of customers in each billing period shall be invoiced for no more than 33 days	95.77

Water Sector

Standards of Service

The Commission determined that the first regulatory undertaking for the sector would be the establishment of Standards of Service and issued a public consultation paper on June 6, 2016. Subsequently, three (3) town hall meetings were held at strategic locations to facilitate feedback from the public.

The information gathered during this consultation led to the drafting of Standards of Service for the BWA. In each instance where there is failure to meet a specific target for a Guaranteed Standard, the BWA will be required to make a monetary, compensatory payment to the affected consumer, except under force majeure conditions or other established extenuating circumstances.

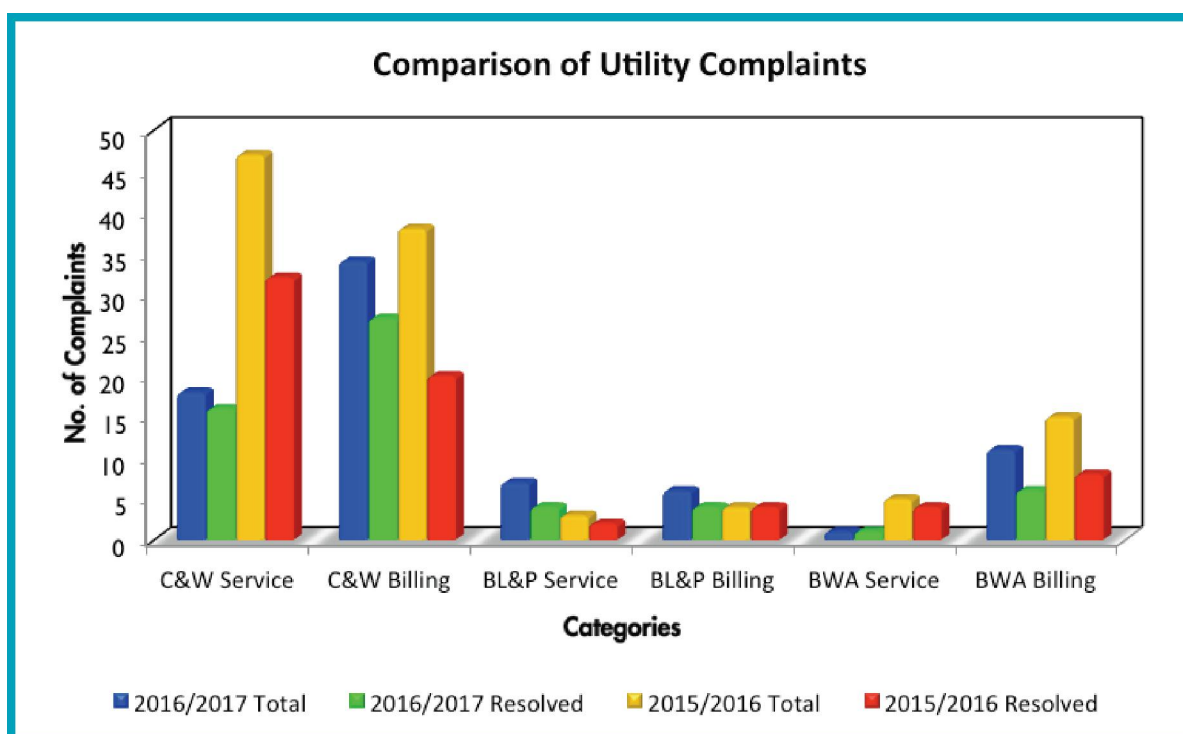
These Standards are expected to address a range of issues including the target time for the installation of service, the utility's response to complaints, reconnection of service after overdue amounts and reconnection fees are paid, repair of ruptured pipes and mains and the notification periods for informing the public of the BWA's intention to interrupt supply.

Utility Regulation (continued)

Utility Complaints

The Commission received and processed seventy-seven (77) formal utility complaints; more than half of these (67.5%) were related to C&W. The overall resolution rate, 75.3%, was 4.7% less than the Division's target. Comparatively, this 2016 – 2017 reporting period recorded a 31.3% decline in the number of complaints lodged and a 12.8% improvement in the resolution rate.

Figure 1.2 – Utility Service Complaints 2016 – 2017



Fair Competition

In the year under review, the Commission undertook many activities pursuant to the Fair Competition Act (FCA), CAP. 326C in order:

- a) to promote, maintain and encourage competition;
- b) to 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) to ensure that all enterprises, irrespective of size, have the opportunity to participate equitably in the market place;

Investigate and Adjudicate Anti-competitive Conduct

The Commission engaged in a number of merger investigations and preliminary considerations of alleged anti-competitive practices, such as excessive pricing and refusal to deal. These issues arose in a wide range of sectors including energy, agriculture and distribution. The following is a summary of the main investigative activities undertaken during the year. Some of these matters were resolved while others remain under investigation.

Merger - Sol St. Lucia Limited's (Sol) proposed acquisition of the Barbados National Terminal Company Limited (BNTCL)

On January 30 and 31, 2017, the Commission received formal merger applications from BNTCL Holdings Ltd., a subsidiary of the Sol Group of Companies (hereafter referred to as "Sol") and the Barbados National Terminal Company Ltd. ("BNTCL"), respectively.

In February 2017, the Commission started its review of the transaction and met with the merging parties and other interested parties. In addition, it placed an informational document on the transaction, which was prepared by the applicants, in the public domain and invited comments from all interested parties.

The Government of Barbados, as the majority shareholder of the BNOCL, pursued the opportunity to divest the share ownership of the BNTCL. The proposed transaction would result in SOL's purchase of all of the BNTCL's shares in Barbados.

Sol indicated that the primary reasons for the proposed merger were:

- to respond to the BNOCL's mandate to divest of the shares of the BNTCL by participating in the bidding process administered by KPMG Barbados as advisor to the BNOCL;
- to act in line with the Sol Group's overall strategy of owning and operating terminals in various markets in which Sol operates; and
- to allow for the efficient and safe operation of the facility (BNTCL) to international industry standards.

Fair Competition (continued)

The agreement for sale and purchase of the shares upon completion of the proposed transaction indicated that one (1) redeemable, non-participating and non-voting preference share would be issued to the Government of Barbados. Certain rights and privileges would be granted to the preference share, including:

- The right of first refusal over any or all shares in the BNTCL that Sol may intend to sell or transfer;
- The right to veto any significant change in the use of the Fairy Valley terminal; and
- The right to veto any decision of the BNTCL:
 - to refuse to allow petroleum products of acceptable industry standards into the terminal operated by the BNTCL;
 - to refuse to dispense petroleum products of acceptable industry standards out of the terminal operated by the BNTCL; or
 - to otherwise refuse to perform under its third-party operational contracts or to renew said contracts, without adequate cause (such as an event of force majeure or an event of default under third-party operational contracts) or engage in any action which has the effect of threatening security of the supply of petroleum products in Barbados.

The Commission's consideration of the matter is ongoing as it awaits submission of additional information from the parties.

Joint Venture Partnership - Goddard Enterprises Limited and Agostini's Limited

In a press release issued on May 26, 2015, Goddard Enterprises Limited (Goddard) and Agostini Limited (Agostini) announced their intention to undertake a joint venture.

Goddard is a Barbados conglomerate which operates in twenty-three (23) markets in the Caribbean and Latin America in the manufacturing and service sectors. Prior to the merger, Goddard was the sole owner of Hanschell Inniss Limited (Hanschell), its subsidiary in the Fast Moving Consumer Goods (FMCG) sector.

Agostini is a Trinidad and Tobago conglomerate with business in the FMCG sector, building materials, construction services and industrial and oilfield product distribution. Prior to the merger, Agostini was the sole owner of Facey Trading Limited (Facey), its subsidiary in the FMCG sector.

The applicants submitted that the merger was the implementation of a strategy to strengthen their regional presence in this sector. The strategy necessitated the expansion of the companies' business in growth markets such as Trinidad and Tobago, Guyana and Jamaica, with the goal to supplement operations in Barbados, St. Lucia, St. Vincent and the Grenadines, Antigua and Barbuda, St. Kitts and Nevis and Grenada.

Fair Competition (continued)

The companies filed merger applications on February 22, 2016, in accordance with Section 20 of the FCA and the Fair Competition (Merger) Rules, 2009.

From evidence gathered, the Commission defined the relevant markets as the markets for the distribution of Gin, Whisky, Processed Sliced Meats, Processed Frozen Meats, Bone in Ham and Canned/Tinned Meats (excluding Fish) in Barbados.

At its April 27, 2016 meeting, the Commission was satisfied that the merging parties exceeded the 40% merger permission threshold in the relevant markets and had proceeded to merge without seeking the permission of the Commission.

In analysing the transaction however, the Commission was satisfied that it did not present any anti-competitive concerns.

Therefore, the Commission approved the merger applications for the joint venture between Hanschell Inniss and Facey Limited in Barbados, without conditions.

Acquisition - Prism Holdings by Digicel Barbados Limited

Digicel Barbados Limited submitted a merger application on the acquisition of Prism Holdings in February 2016. Pursuant to Section 20(5) of the FCA, the Commission analysed the information submitted with respect to the merger application.

The Commission considered the markets in which Prism and Digicel operated in Barbados. It found that there was no evidence of Digicel, which does not operate in the same markets as Prism, having direct or indirect interest in any other company doing business in Barbados in the markets in which Prism operates. It was also determined that there was no indication that the merger would result in anti-competitive conduct or have any significant negative effect on competition in Barbados. The Commission therefore approved the merger application without conditions in April 2016.

Review Domestic Commercial Activity

Section 5(c) of the FCA requires the Commission to *“keep under review commercial activities, to ensure that those practices which may adversely affect the interest of consumers are prevented or eliminated”*. To satisfy this requirement, the Commission actively monitors domestic commercial activity and, on its own initiative, undertakes investigations into matters which appear to negatively affect the interest of consumers. The following is a summary of investigations undertaken during the reporting period.

Fair Competition (continued)

Market Study – Agriculture: Poultry Sector

The Commission commenced an agriculture study where it engaged stakeholders on issues affecting the poultry sector. Preliminary information suggested a strong association of companies at every stage of the poultry industry in Barbados, from eggs and hatcheries to distribution of the final product to supermarkets. The study therefore focused on the key inputs into the sector and explored the type of relationships or influence exerted horizontally and vertically.

The Division met with staff from the Ministry of Agriculture, Food, Fisheries and Water Resource Management to discuss the market study, as the Ministry was conducting its own study on the local poultry industry, in conjunction with the Food and Agriculture Organization (FAO). **This substantive study, which has raised some initial concerns, is ongoing.**

Requests for Information

Staff responded to telephone, e-mail and walk-in inquiries for general information on Competition Law. During the year, twenty-four (24) general inquiries were received, while four (4) complaints related to mergers and acquisitions were addressed; two (2) of these are ongoing.

Educating and Informing Businesses and Consumers

An integral part of the Commission's responsibility is to make available, to persons engaged in business and to consumers, information on the importance of competition and their rights and obligations under the FCA. The objective of this is to proactively reduce the level of anti-competitive conduct and increase awareness about the consequences of such practices, while highlighting the benefits of keen competition.

Business Outreach Programme

Members of staff contributed to the publication of a number of newspaper articles on competition law and policy and other Commission matters, for local newspapers.

Fair Competition (continued)

Annual Training Programme

The Division hosted its annual Competition Law and Policy Workshop on March 22 and 23, 2017, at the Accra Beach Hotel & Spa. Mr. Henry Su, a trial attorney with the United States Federal Trade Commission's (USFTC) Bureau of Competition, was the guest facilitator. Staff of the Fair Competition Division also delivered presentations during the training programme.

Twenty-four (24) participants with legal, administrative and executive roles attended the course. The workshop, which provided an introduction to the main areas of competition law, also explained the broader policy goals of a competition regime and focused on the goals and benefits of effective competition.

The two-day event covered concepts such as anti-competitive agreements, mergers and abuse of dominance, as well as regional, cross-border, anti-competitive conduct.

Cooperating with the CARICOM Competition Commission (CCC)

The Commission upheld its mandate in accordance with Section 5 of the FCA, which requires the Commission to cooperate with the CCC, as well as the authorities of other member states for the purpose of promoting and maintaining competition throughout the region.

The staff of the Fair Competition Division participated in discussions, via teleconference, on the launch of a CARICOM Competition Network and a research agenda for 2016 - 2017. They engaged with representatives from the CARICOM Competition Commission, CARICOM, the Jamaica Fair Trading Commission, the Trinidad and Tobago Fair Trading Commission and the Competition and Consumer Affairs Commission of Guyana. The CCC representative discussed the work plan, including the merger review policy and market study on Financial Services in CARICOM.

During the week of November 14 to 18, 2016, Fair Competition Economist, Mr. Dario Alleyne, participated as a facilitator in the EU-funded Capacity Building Project in Competition in Suriname. The project provides technical training in Competition for all CARIFORUM countries.

On January 30, 2017, the Commission welcomed Ms. Dawn Holder-Alert and Mrs. Lusieann Mingo, two representatives from the Guyana Competition and Consumer Affairs Commission. This was facilitated through the peer exchange programme sponsored by the CARICOM Single Market and Economy Unit, under the 10th European Development Fund (EDF) programme. The representatives were actively involved in the work of the Division during the two-week programme.

Fair Competition (continued)

Cooperating with International Agencies and Competition Authorities

In order to remain aware of new developments, emerging ideas and best practices relating to competition issues, the Commission has sought to maintain a firm connection to the work being undertaken by the various international organisations and networks that promote competition law and policy.

International Competition Network (ICN)

The main goal of the ICN is to improve and advocate for sound competition policy and its enforcement across the global antitrust community. The ICN seeks to develop and promote principled procedural and substantive benchmarks and foster pro-competitive, efficiency-enhancing conduct.

During the year under review, the Commission participated in several working group calls and discussions on disruptive innovation and the ICN's outreach to newer agencies, which is focused on institutional strengthening. As part of these efforts, in February 2017, Fair Competition Research Officer, Ms. Nikita Mayers, attended a partially-funded Merger Working Group Workshop in Washington DC.

International Competition Network (ICN) Steering Group

During the period under review, staff participated in several ICN Steering Group teleconference meetings. The substantive issues addressed included continued international cooperation on enforcement, advocacy initiatives and improving agency effectiveness.

Informal Partnership with the United States Federal Trade Commission (USFTC)

Under the auspices of an ICN partnership arrangement, the Commission maintained its informal partnership arrangement with the USFTC and to a lesser extent the U.S. Department of Justice. The staff was able to convene a number of teleconferences during the year to discuss and share experiences on matters related to competition law enforcement.

Inter-American Competition Alliance

The Division also participated in conference calls with the Inter-American Competition Alliance. This organisation, which was launched in 2010, facilitates the sharing of experiences among competition authorities within Latin America and the Caribbean.

Consumer Protection

Throughout the period under review, the Fair Trading Commission continued to pursue its mandate of enforcing the Consumer Protection Act, CAP. 326D (CPA) by safeguarding consumers from unfair trade practices and unfair contract terms. The Commission's Educational Outreach Programme was deployed to both businesses and consumers in order to sensitise both parties on their rights and responsibilities. Five hundred and ninety-one (591) persons from schools and businesses were sensitised about the Commission's consumer protection mandate. The publication of articles also served to help educate both businesses and consumers on the tenets of Consumer Protection (CP) legislation.

The Commission continued to monitor the trading practices of businesses by reviewing their promotional materials, advertisements and contractual terms. Maintaining links with the CARICOM Competition Commission (CCC) and International Consumer Protection Network (ICPEN) also remained of import, as the Commission sought to remain informed about topical and emerging consumer issues.

Educational Outreach Programme

At the commencement of the 2016 - 2017 financial year, the Commission determined that a multifaceted approach would be applied to its educational outreach programme. The aim of the programme was to empower youth by increasing their knowledge about their rights in consumer protection matters; engage the public through published articles and television appearances; and deliver presentations to businesses on key aspects of the CPA.

Businesses and Organisations

A critical aspect of consumer protection is to educate businesses and organisations on the implications of the CPA. The resulting benefits include increased awareness of the legislation's application to business transactions and an understanding of practices that infringe the CPA.

In order to achieve the aforementioned, consumer protection presentations were delivered to persons involved in real estate, manufacturing and retail, as well as representatives from Government and a Diplomatic Mission. A total of one hundred and forty-two (142) persons were sensitised about the requirements of the CPA.

Consumer Protection (continued)

Figure 3.1 – Educational Outreach – Businesses and Organisations

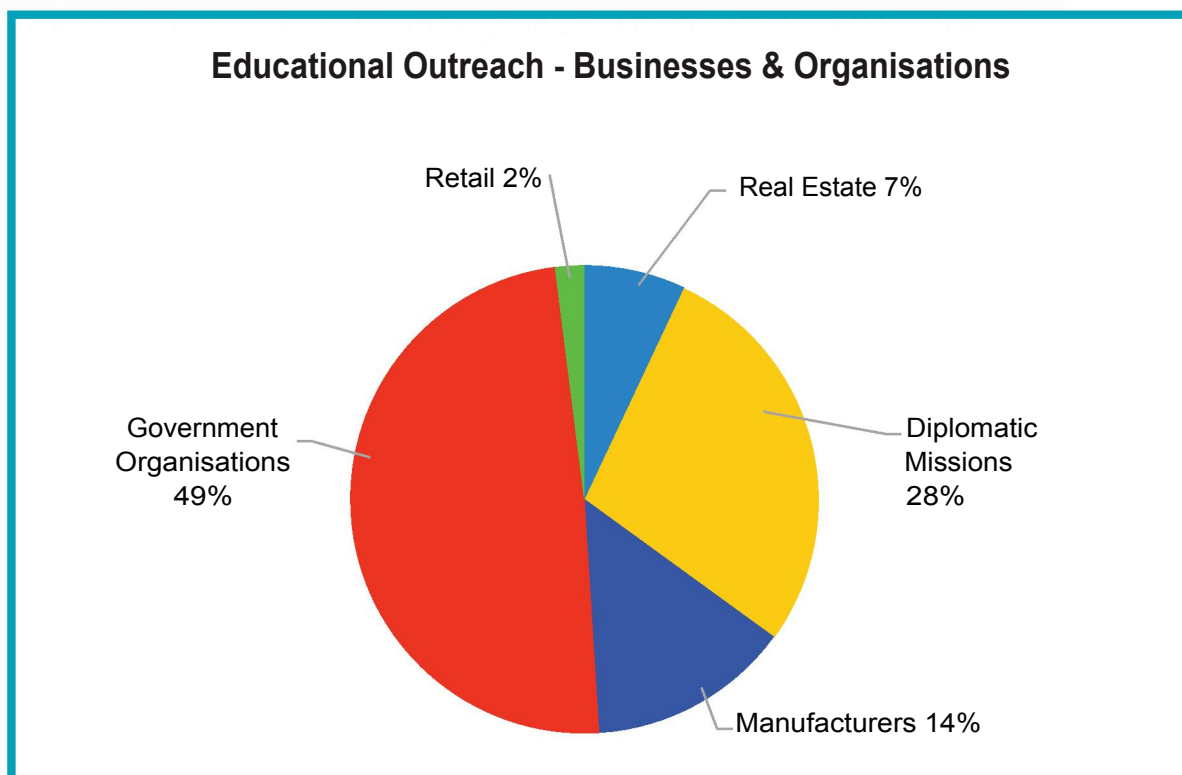
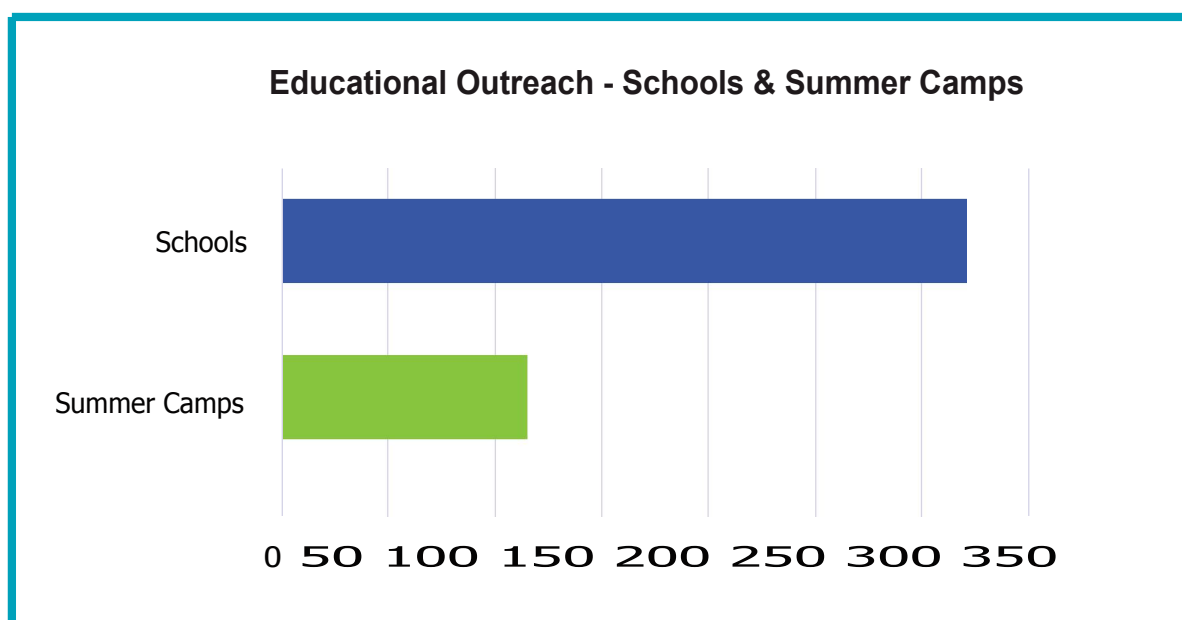


Figure 3.2 – Educational Outreach: Schools and Summer Camps



Consumer Protection (continued)

Schools and Summer Camps

The Commission conducted its consumer awareness programme, which targeted young consumers, through several meetings at schools and summer camps across the island. Typically, the Commission's educational outreach is focused on primary and secondary schools. However, it was determined that during the 2016 - 2017 period, summer camps should also be engaged to increase the programme's reach. As a result, 29% of the four hundred and thirty-six (436) participants at these sessions was from summer camps.

Media Outreach

The use of print media played a substantial role in increasing awareness about the requirements of the CPA. Weekly newspaper articles were published to give businesses and consumers insight on the application of Consumer Protection law in practical scenarios.

Relationship with Consumers

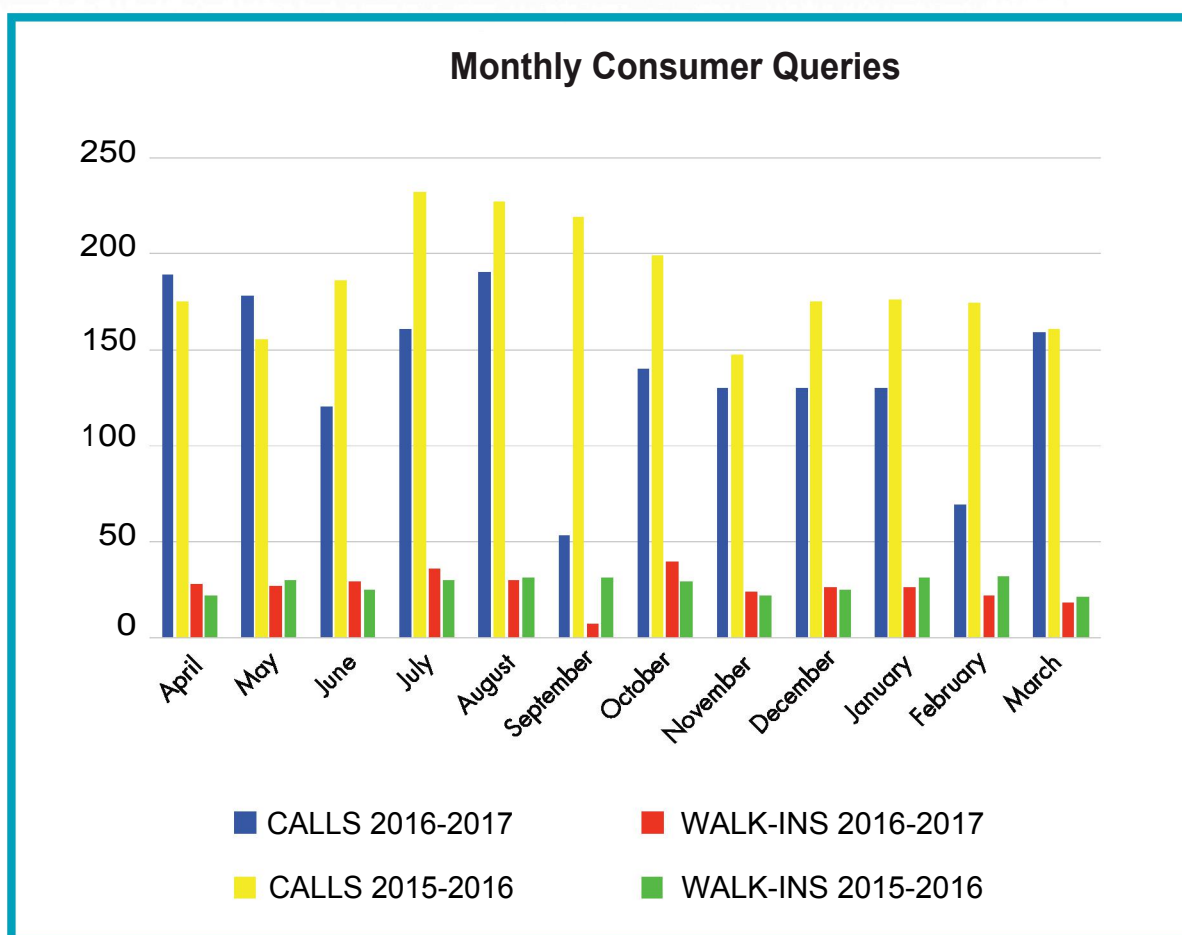
Queries

The Commission continued to encourage consumers to make enquiries about suspected breaches of the CPA. Two thousand, one hundred and sixty-one (2,161) enquiries were received via telephone, letter, e-mail and consumer visits to the Commission, during the period under the review.

The Commission's continued efforts to educate members of the public on their rights raised compliance levels among businesses. This resulted in fewer queries when compared to the 2015 - 2016 period.

Consumer Protection (continued)

Figure 3.3 – Consumer Queries



Complaints

The staff worked to resolve individual consumer complaints by mediating these matters between businesses and consumers, where a breach of the CPA was identified. The Division also made significant strides with regard to addressing unfair trade practices.

Unannounced Store Visits

In order to ensure compliance with the CPA and prevent offences such as “*dual pricing*” or the display of “*No Exchange No Refund*” signs, one hundred and ninety-nine (199) unannounced store visits were made. Twenty-eight (28) stores contained signs which were deemed to be in breach of the CPA and those businesses were required to remove them.

Consumer Protection (continued)

Contract Terms Reviewed

In accordance with the Commission's mandate, Standard Form Contracts, which are prepared in advance by the supplier and are not individually negotiated, were examined for fairness and to ensure that there was no significant imbalance between the rights of the consumer and the supplier. Fifty-five (55) contractual terms were reviewed, with thirty-three (33) of those terms found to be in breach. The Commission contacted those businesses and they were required to revise these terms.

Monitoring Programme

Newspapers

Staff continued to monitor the daily newspapers and identified thirty-three (33) advertisements which contravened the CPA. All of the businesses complied with the Commission's directive to desist from the practice and agreed to delete or amend the advertisements.

Promotional Materials and Advertisements

The promotional materials and advertisements of several businesses were reviewed for breaches of the CPA. Those businesses found to be in breach, which included retail and finance companies, were advised to desist from these practices. As the Commission's focus for the 2016 – 2017 period was enforcement, meetings were convened to discuss the contraventions. The businesses assured their commitment to take the necessary steps to prevent recurrences.

Research

Negative Option Marketing (NOM)

A study on NOM was previously undertaken by the Commission in the 2013 - 2014 reporting period. This study determined that NOM contravened Sections 24 and 25 of the CPA, which prohibit businesses from requiring a consumer to pay for unsolicited goods/services.

This practice, where businesses offer goods/services to consumers and, if they do not reject or cancel the offer, their silence is construed as assent to be charged, continues to be monitored.

Consumer Protection (continued)

CARICOM Competition Commission (CCC) and the International Consumer Protection Network (ICPEN)

CCC

The Commission maintained its relationship with the CCC, which is mandated to promote and enhance consumer protection in the region, through participation in the agency's teleconferences and the observation of World Consumer Rights Day.

ICPEN

ICPEN is an international organisation that comprises global consumer protection authorities, with a view to protect consumers' interests worldwide and share information about cross-border, commercial activities that may affect consumer welfare. As a member of this organisation, the Commission continued to contribute to its efforts and participate in teleconferences and webinars, in order to remain *au fait* with current consumer issues.

Public Education and Awareness

13th Annual Lecture

On March 24, 2017, the Fair Trading Commission hosted its 13th Annual Lecture. Senior Vice President with Compass Lexecon (Paris), Mr. John Davies, presented on the topic “*Competition Policy and Economic Development – is there a link for Small Economies?*”

In his presentation, Mr. Davies highlighted the connection between uncompetitive markets, how they stifle growth in business and the social impact experienced by consumers. He noted that effective competition policy was not only critical for a fair marketplace but also served as a deterrent for illegal activity. He surmised that this was especially relevant for smaller countries and added that the introduction of entrants into markets increased competitiveness. This, in turn, improved productivity and resulted in fairer prices.

World Consumer Rights Day 2017

Representatives from the Consumer Protection Department were featured on the Mornin’ Barbados television show, where Consumer Protection matters and World Consumer Rights Day, which is celebrated annually on March 15, were discussed.

Published Articles

The Commission continued to publish columns as follows:

- **Let’s Get It Right Consumers**, which provided information on consumer rights and responsibilities in the **Heat** newspaper every week.
- **Dear FTC**, which appeared fortnightly in the **Weekend Nation**, responded to specific questions from the public on consumer protection, utility regulation and fair competition issues.
- **FTC Column**, which was published on a fortnightly basis in **Business Monday**, dealt with issues relevant to the business community.
- **Conversations with the FTC**, which appeared in the **Business Authority**, featured interviews with senior officers of the Commission on current issues relevant to the work of the Commission.

Public Education and Awareness (continued)



(From left) Minister of Industry, International Business, Commerce and Small Business Development, the Honourable Donville Inniss; featured speaker, Senior Vice President, Compass Lexecon (Paris), Mr. John Davies; Chairman of the FTC, Mr. Jefferson Cumberbatch; and CEO of the FTC, Mrs. Sandra Sealy.



Featured speaker, Mr. John Davies, makes a point during his presentation.

Public Education and Awareness (continued)



Mr. Jai Jebod Singh poses a question during the Commission's 13th Annual Lecture.



Mr. Anthony Gibbs makes a point during the question and answer session.

Public Education and Awareness (continued)



A resident of St. Joseph shares her views during the town hall meeting on the BWA Standards of Service at the Grantley Adams Memorial School in September 2016.



Attendees listen to the Commission's presentation on the proposed BWA Standards of Service during the town hall meeting at Solidarity House in July 2016.

Organisational Development

Training and Development

Training and development continued to be of paramount importance to the Commission in the execution of the various responsibilities associated with its mandate as a regulator.

Members of staff were able to benefit from programmes conducted locally, regionally and internationally, as part of the Commission's efforts towards the enhancement of its technical and operational efficiencies. The opportunities utilised in the area of Utility Regulation included programmes hosted by the Organisation of Caribbean Utility Regulators (OOCUR); the Public Utilities Research Centre (PURC), Gainesville, Florida; the Institute of Public Utilities (IPU), Michigan, USA; the Caribbean Telecommunications Union (CTU); and the Barbados Renewable Energy Association (BREA).

In the area of Consumer Protection, members of staff benefitted from programmes with the American Bar Association (ABA) and CARICOM. In relation to Fair Competition, training was offered through EU-CARIFORUM, the Organisation of Eastern Caribbean States (OECS) Commission and the 10th European Development Fund (EDF) Project.

Administrative training courses were accessed through the Institute of Chartered Accountants of Barbados (ICAB), the Cave Hill School of Business, the Human Resource Management Association of Barbados (HRMAB), the Barbados Association of Office Professionals (BAOP), the Training Administration Division and the National Initiative for Service Excellence (NISE).

The Commission will continue to identify and offer opportunities with the main objective being the improvement of organisational efficiencies, through the enhancement of skills and broadening of the knowledge-base of its staff during the financial year 2017- 2018.

Looking to the Future

The varied matters which arose within the sectors under the Commission's purview will continue to be addressed with the requisite transparency and professionalism in the year ahead. The Commission's proactive approach will not be limited to reaching decisions on these matters, but will also include ensuring that prescribed directives are taken by those entities which the Commission regulates.

As such, the culmination of the creation of Standards of Service for the Barbados Water Authority will see the Commission focus on monitoring and ensuring that these Standards are maintained, as is the case for all regulated utilities.

The review of merger activity and its potential impact on local markets will also remain a critical part of the Commission's activities, as it seeks to ensure that fair competition prevails to the benefit of both businesses and consumers.

The focus on the welfare of members of the public will continue to be championed through the Commission's consumer protection efforts, in order to create a public that is educated and aware. Outreach efforts, which target multiple interest groups, will ensure that buyers and businesses alike are mindful of their rights and responsibilities.

These endeavours, which form part of the Commission's mandate, will ultimately lead to the advancement of the interests of all stakeholders, through improved efficiencies in pricing and productivity, which will contribute to this nation's development.

Financial Statements

Fair Trading Commission
For the Year Ended March 2017
(Expressed in Barbados Dollars)

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF COMMISSIONERS OF THE FAIR TRADING COMMISSION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Fair Trading Commission ("the Commission"), which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Commissioners for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

The Board of Commissioners is responsible for overseeing the Commission's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF COMMISSIONERS OF THE FAIR TRADING COMMISSION (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF COMMISSIONERS OF THE FAIR TRADING COMMISSION
(CONT'D)**

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the Board of Commissioners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

CHARTERED ACCOUNTANTS
BARBADOS
10 July 2017

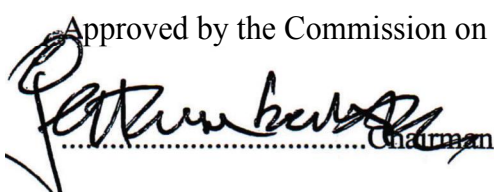
FAIR TRADING COMMISSION

Statement of Financial Position As of 31 March 2017

	Notes	2017	2016
Assets			
Current assets			
Cash	4	385,093	429,775
Time deposits	4	116,770	115,958
Receivables	5	1,117,905	1,196,249
Prepayments		94,233	100,435
		<hr/>	<hr/>
		1,714,001	1,842,417
 Property, equipment and software	 6	 277,721	 357,106
		<hr/>	<hr/>
		1,991,722	2,199,523
		<hr/>	<hr/>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		90,966	55,661
		<hr/>	<hr/>
		90,966	55,661
Deferred income	7	196,265	193,189
		<hr/>	<hr/>
		287,231	248,850
		<hr/>	<hr/>
Net assets		1,704,491	1,950,673
		<hr/>	<hr/>
Represented by:			
Government advances and levies		1,113,167	1,076,250
Government grants		211,816	496,072
Accumulated surplus		379,508	378,351
		<hr/>	<hr/>
		1,704,491	1,950,673
		<hr/>	<hr/>

The accompanying notes form part of the financial statements.

Approved by the Commission on 10 July 2017 and signed on its behalf by:


..... Chairman

..... Commissioner

FAIR TRADING COMMISSION

Statement of Comprehensive Income Year ended 31 March 2017

	Notes	2017 \$	2016 \$
Income			
Government grants		2,578,111	2,753,084
Levies		1,113,167	943,252
Merger fees		22,000	24,000
Legal fees settlement		9,048	
Workshop fees		4,300	-
Other income		1,031	2,597
Gain on disposal		126	-
		<hr/> 3,727,783	<hr/> 3,722,933
Expenses			
Employment costs	8(a)	2,353,500	2,438,535
Other operating expenses	8(b)	1,038,970	956,816
Professional services	8(c)	187,077	183,469
Depreciation	6	147,079	141,516
		<hr/> 3,726,626	<hr/> 3,720,336
Surplus for the year		<hr/> <hr/> 1,157	<hr/> <hr/> 2,597

The accompanying notes form part of the financial statements.

FAIR TRADING COMMISSION

Statement of Changes in Equity Year ended 31 March 2017

	Government advances \$	Government grants \$	Accumulated surplus \$	Total \$
Balance as at 31 March 2015	976,978	677,223	375,754	2,029,955
Government contributions	1,076,250	2,468,414	-	3,544,664
Government grants and levies utilized	(976,978)	(2,649,565)	-	(3,626,543)
Surplus for the year	-	-	2,597	2,597
Balance as at 31 March 2016	1,076,250	496,072	378,351	1,950,673
Government contributions	1,113,167	2,462,925		3,576,092
Government grants and levies utilized	(943,252)	(2,747,181)	-	(3,690,433)
Repayments to Government	(132,998)	-	-	(132,998)
Surplus for the year	-	-	1,157	1,157
Balance as at 31 March 2017	1,113,167	211,816	379,508	1,704,491

The accompanying notes form part of the financial statements.

FAIR TRADING COMMISSION

Statement of Cash Flows
Year ended 31 March 2017

	2017	2016
Cash flows from operating activities		
Employment costs	(2,334,505)	(2,439,252)
Other operating expenses	(1,025,128)	(956,780)
Professional services	(174,487)	(178,642)
Net cash used in operating activities	(3,534,120)	(3,574,674)
Cash flows from investing activities		
Car loans repaid by staff	2,700	24,706
Car loans disbursed to staff	(6,000)	-
Increase in time deposits	(812)	(1,699)
Interest received	1,031	2,597
Purchases of equipment	(68,106)	(212,694)
Net cash used in investing activities	(71,187)	(187,090)
Cash flows from financing activities		
Advances from Government	2,595,923	2,717,414
Levies paid in by utility service providers	943,252	976,978
Repayment of Government advances	(132,998)	-
Merger fees	42,000	44,000
Legal fees awarded	100,000	115,000
Legal fees settled	9,048	-
Workshop fees	3,400	-
Net cash from financing activities	3,560,625	3,853,392
(Decrease)/increase in cash for the year	(44,682)	91,628
Cash — beginning of year	429,775	338,147
Cash — end of year	385,093	429,775

The accompanying notes form part of the financial statements.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2017

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

a) Basis of preparation

The financial statements have been prepared in Barbados dollars on a historical cost basis and are in accordance with International Financial Reporting Standards.

b) Changes in accounting policy and disclosures

New and amended standards

The accounting policies adopted are consistent with those used in the previous financial year. There were no new standards and interpretations effective in the current year which had an impact on the Commission's financial statements.

New standards, amendments and interpretations issued but not effective

Management has reviewed the new standards, amendments and interpretations to existing standards that are not yet effective and have determined that the following are relevant to the Commission's operations. The Commission has not early adopted the new standards, amendments and interpretations:-

- IFRS 9, 'Financial instruments'- effective 1 January 2018
- IFRS 15 'Revenue from Contracts with Customers'- effective 1 January 2018
- IFRS 16 'Leases'- effective 1 January 2019
- Disclosure Initiative, 'Amendments to IAS 7'- effective 1 January 2017
- Annual Improvements 2014 - 2016 Cycle- effective 1 January 2018

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2017

2. Significant accounting policies (cont'd)

c] 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 comprehensive income.

d] Property, equipment and software

Property, equipment and software is stated at cost less accumulated depreciation and provision for impairment in value. The carrying value of property and equipment is 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 hardware and software	1 - 3 years
Office Equipment and Fixtures	5 years
Vehicles	5 years
Leasehold improvements	10 years

e] 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.
- iv) Merger fees:
Funds charged to enterprises for merger application and investigation.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2017

2. Significant accounting policies (cont'd)

e] Income recognition (cont'd)

v) Other fees:

Fees that may be charged from time to time for the work of the Commission and fees charged to attend commission workshops

f] Deferred income

The net movement of asset acquisitions, disposals and amortization purchased from Government funding is recognized in the statement of comprehensive income as deferred income.

g] Taxation

The Commission is exempt from taxation.

h] Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individual or corporate entities.

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 is discussed below:

Property, equipment and software

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.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2017

4. Cash and time deposits

Cash comprises an operating account which bore interest at 0.025% (2016 - 0.05%) per annum. As at 10 December 2016 the bank no longer pays interest on this account.

Time deposits bear interest at the rate of 0.25% per annum (2016 - 0.8%). The deposits are due to mature on 24 November 2017 and 14 February 2018 respectively.

5. Receivables

	2017	2016
Utility service providers	1,113,167	943,251
Car loans receivable	3,300	
Other receivables	1,438	
Government of Barbados		132,998
Costs - Barbados National Oil Company Limited case		100,000
Merger fees		20,000
	<hr/>	<hr/>
	1,117,905	1,196,249
	<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. There are no impaired amounts as at 31 March 2017 and 2016.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2017

6. Property, equipment and software

	Leasehold improvements	Computer hardware & software	Office equip- ment & fixtures	Vehicles	Total
Cost					
Balance - 1 April 2015	819,570	230,811	200,454	72,250	1,323,085
Additions		20,972	5,022	182,088	208,082
Disposals		(17,379)	(5,785)	-	(23,164)
Balance -31 March 2016	819,570	234,404	199,691	254,338	1,508,003
Additions		66,982	1,216	-	68,198
Disposals		(13,655)	(2,686)	-	(16,341)
Balance -31 March 2017	819,570	287,731	198,221	254,338	1,559,860
Accumulated depreciation					
Balance - 1 April 2015	573,699	204,328	195,511	59,007	1,032,545
Charge for the year	81,957	31,455	2,719	25,385	141,516
Disposals		(17,379)	(5,785)	-	(23,164)
Balance - 31 March 2016	655,656	218,404	192,445	84,392	1,150,897
Charge for the year	81,957	25,682	3,022	36,418	147,079
Disposals		(13,655)	(2,182)	-	(15,837)
Balance -31 March 2017	737,613	230,431	193,285	120,810	1,282,139
Net book value					
31 March 2017	81,957	57,300	4,936	133,528	277,721
31 March 2016	163,914	16,000	7,246	169,946	357,106

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2017

7. Deferred income

	2017	2016
Deferred income — beginning of year	193,189	44,666
Add: Grants for assets purchased during the year	68,198	208,082
Less: Amortization of deferred income for the year	(65,122)	(59,559)
Deferred income — end of year	196,265	193,189

8. Operating expenses

a) Employment costs

	2017	2016
Personal emoluments	1,985,803	2,041,478
National Insurance contributions	130,574	128,795
Other personal emoluments	49,020	57,390
Pensions and gratuities	112,025	120,003
Group medical	49,715	48,011
Travel	26,363	42,858
	2,353,500	2,438,535

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2017

8. Operating expenses (cont'd)

b) Other operating expenses

	2017	2016
	\$	\$
Other operating expenses	263,684	203,072
Rental of property	499,375	492,325
Utilities	108,553	106,768
Maintenance of property	62,074	51,352
Supplies and materials	43,121	45,963
Rental of equipment	27,713	27,713
Library books and publications	19,111	14,651
Subscriptions and contributions	13,018	12,896
Bank charges	2,321	2,076
	<hr/>	<hr/>
	1,038,970	956,816
	<hr/>	<hr/>

c) Professional services

	2017	2016
	\$	\$
Regulatory consultancies	97,796	129,718
Other professional services	64,606	27,799
Audit fees	24,675	24,675
Legal fees		1,277
	<hr/>	<hr/>
	187,077	183,469
	<hr/>	<hr/>

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2017

9. Related party transactions

Transactions with related parties related to transfers from the Treasury relating to government grants of \$2,462,925 (2016 - \$2,468,414).

Key management compensation

The remuneration of members of key management personnel during the year was as follows:

	2017 \$	2016 \$
Salaries and other short-term benefits	606,696	755,747
Gratuities	93,870	101,509

10. Lease commitments

The Commission occupies premises under an operating lease which expires in 2020 with an option to renew. The estimated future lease payments under this lease are as follows:

	2017 \$	2016 \$
Property rental:		
Due within 1 year	423,000	506,425
Between 2 and 5 years	846,000	1,649,700
	<hr/>	<hr/>
	1,269,000	2,156,125
	<hr/> <hr/>	<hr/> <hr/>

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2017

11. Financial risk management objectives and policies

The Commission's financial assets comprise cash, time deposits and accounts receivable. Financial liabilities comprise accounts payable and advance deposits.

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 reporting date is the carrying value of each class of financial asset. 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 exposure to foreign currency risks. Liquidity risk is minimal since accounts payable are due within one year.

12. Fair values

The carrying values of financial assets and liabilities are a reasonable estimate of their fair values due to their short-term nature.

13. Capital management

The primary objective of the Commission's capital management is to ensure that it maintains a healthy capital ratio in order to support its business. The capital structure of the Commission consists of Government grants and advances as well as levies from certain service providers which are regulated by the Commission as disclosed in the statement of changes in equity. The Commission relies on the Government of Barbados for any additional capital funding as required.

14. Comparatives

Certain of prior year comparatives have been restated to conform with current year presentation.

Appendices

APPENDIX I

Statistical Tables

Appendix 1.1 – Fuel Clause Adjustment

Month	April 2016 to March 2017 ¢/kWh	April 2015 to March 2016 ¢/kWh	April 2014 to March 2015 ¢/kWh	April 2013 to March 2014 ¢/kWh
April	16.9458	23.7152	39.2921	43.4315
May	18.1228	25.4294	41.5426	41.5305
June	19.2970	28.5476	42.7069	41.2246
July	20.5842	24.494	44.5352	39.8415
August	19.5434	23.277	46.3592	41.7291
September	20.9516	21.2023	44.3201	40.1498
October	21.9800	23.8666	41.4619	41.1980
November	24.9911	20.3903	38.2599	41.6705
December	21.0279	19.7069	31.5076	39.0698
January	22.2866	15.7877	22.7523	37.2305
February	23.8847	13.1108	18.9513	38.4601
March	26.4981	13.1106	22.4872	37.4655

APPENDIX I

Statistical Tables (continued)

Appendix 1.2 – Utility Service Complaints

Complaints	2016/2017		2015/2016	
	Total	Resolved	Total	Resolved
C&W Service	18	16	47	32
C&W Billing	34	27	38	20
BL&P Service	7	4	3	2
BL&P Billing	6	4	4	4
BWA Service	1	1	5	4
BWA Billing	11	6	15	8
	77	58	112	70

Appendix 1.3 – Fair Competition Investigations and Queries for the Financial Year April 2016 - March 2017

Type of Anti-Competitive Conduct	On-going	Closed	Total
Exclusive Dealing	0	0	0
Predatory Pricing	0	0	0
Refusal To Supply	0	0	0
Price Squeezing	0	0	0
Other Anti-competitive conduct	0	0	0
Mergers & Acquisitions	2	2	4
Total Domestic Inquiries	2	2	4
General Inquiries/Requests for Information			24

APPENDIX I

Statistical Tables (continued)

Appendix 1.4 – Consumer Queries, April 2016 - March 2017

MONTH	CALLS		WALK-INS		CONTACTS	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
April	189	175	28	22	217	197
May	178	155	27	30	205	185
June	120	186	29	25	149	211
July	161	232	36	30	197	262
August	190	227	30	31	220	258
September	53	219	7	31	60	250
October	140	199	40	29	180	228
November	130	147	24	22	154	169
December	130	175	26	25	156	200
January	130	176	26	31	156	207
February	69	174	22	32	91	206
March	159	161	18	21	177	182
TOTAL	1,649	2,226	313	329	1,962	2,555

APPENDIX II

Consultation Papers, Reports, Decisions and Orders

Decisions

- Decision on the BL&P Application to apply the Results and Costs of Fuel Hedging to the FCA was issued on December 29, 2016.
- Decision on the Motion to Review the Renewable Energy Rider was issued on July 13, 2016.
- Decision on the Price Cap Plan 2016 Compliance Rules and Procedures was issued on June 17, 2016.

Consultation Papers

- Public consultation on the review of BL&P Standards of Service 2014-2017 ended May 7, 2017.
- Public consultation on the review of C&W Standards of Service 2014-2017 ended March 17, 2017.

Commission Panels

UTILITY REGULATION

Telecommunications

Mr. Jefferson Cumberbatch
Mr. Adrian Elcock
Ms. Monique Taitt
Mr. Kendrid Sargeant
Dr. Donley Carrington

Electricity

Mr. Jefferson Cumberbatch
Mr. Andrew Willoughby
Dr. Philmore Alleyne
Mr. Dawood Pandor
Ms. Monique Taitt

Water

Mr. Jefferson Cumberbatch
Dr. Donley Carrington
Mr. Kendrid Sargeant
Mr. Andrew Willoughby
Dr. Philmore Alleyne

APPENDIX III

Presentations at Lectures, Workshops and Seminars

LECTURE

March 24, 2017

Thirteenth Annual Lecture

“Competition Policy and Economic Development – is there a link for Small Economies?”

Accra Beach Hotel & Spa

Presenter

Mr. John Davies
Senior Vice President
Compass Lexecon (Paris)

WORKSHOP

March 22 & 23, 2017

**Ninth Annual Competition
Law and Policy Workshop**

Accra Beach Hotel & Spa

Presenter

Mr. Henry Su
Attorney, Bureau of Competition,
United States Federal Trade Commission

November 11, 2016

**Barbados Renewable Energy
Association (BREA)/Central Bank
of Barbados Sustainable Energy
Independence Conference**

Lloyd Erskine Sandiford Centre

Presenter

Dr. Marsha Atherley-Ikechi
*“Tomorrow: Renewable Energy
and Energy Efficiency”*

October 26 - 28, 2016

14th Annual Conference of OOCUR
Montego Bay, Jamaica

Presenter

Mr. Stewart Carter
*“The Role of Regulation in Facilitating
the Development of Information and
Communications Technologies in the
Caribbean”*

APPENDIX IV

Commission Staff

Commission Staff as at March 31, 2017

Chief Executive Officer	Mrs. Sandra Sealy, BSc, MBA, MSc
Director of Fair Competition	Mr. Antonio Thompson BSc, MSc
Director of Utility Regulation	Dr. Marsha Atherley-Ikechi, BSc, MSc(UoN), MSc (UWI), PhD
Director of Consumer Protection	Mrs. Dava Leslie, LLB, MBA, Attorney-at-Law
General Legal Counsel	Mrs. Nichola George-Benjamin LLB, LLM, Attorney-at-Law
Accountant	Mrs. Shernell Small-Husbands, BSc, FCCA
Human Resources Officer	Mrs. Arlene Bushell, BSc, MSc
Financial Analyst	Ms. Kathyann Belle, BSc, MSc
Utility Analyst – Water	Ms. Fiona Scantlebury, BSc, MBA
Telecommunications Analyst	Mr. Stewart Carter, BSc, MSc
Electricity Analyst	Mr. Elvis Caddle, BSc, MSc
Information Specialist	Mrs. Nekaelia Hutchinson-Holder, BA, MSc
Legal Officer	Mr. Kevin Webster, LLB, Attorney-at-Law
Consumer Protection Officer	Mrs. Julia Regis, BSc
Consumer Protection Officer	Mrs. Wanda Crichlow-Trotman, BSc
Systems Administrator	Mr. Richard Farley
Documentalist	Ms. Heather Waithe
Economist	Mr. Dario Alleyne, BSc
Research Officer	Ms. Nikita Mayers, BSc, MSc
Executive Secretary	Mrs. Denese Alleyne
Office Manager	Ms. Teresa Douglas, CPS, ACS
Assistant Accountant	Mrs. Sharon Grimes-Payne
Research/Administrative Assistant	Ms. Cheryl Jones, ACS, BSc
Administrative Assistant	Ms. Cheldine Holford
Administrative Assistant	Ms. Saunta St. Hill
Administrative Assistant	Ms. Samantha Hinds
Senior Clerk	Ms. Sonia Spencer
Help Bureau Officer	Mrs. Antoinette Bridgeman
Help Bureau Officer	Ms. Alia Mascoll
Receptionist/Typist	Ms. Danielle Hope (Temp.)
Office Attendant	Mr. Corrie Thompson
Office Helper	Mrs. Cecilia Alfay

AUDITORS

Ernst & Young

APPENDIX V

Contact Information

For further information, 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

Facebook: www.facebook.com/BarbadosFairTradingCommission

Notes

Notes

Good Hope, Green Hill, St. Michael
Tel: (246) 424-0260 • Fax: (246) 424-0300
www.ftc.gov.bb
www.facebook.com/BarbadosFairTradingCommission