

FAIR TRADING COMMISSION



ANNUAL REPORT 2018



2018 ANNUAL REPORT

FAIR TRADING COMMISSION







Letter of Transmittal

Fair Trading Commission
Good Hope
Green Hill
St. Michael

July 31, 2018

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, 2018, duly audited in accordance with Section 21 of the Act, together with the Operational Report for the same period.

Yours faithfully

A handwritten signature in black ink, consisting of a large, stylized 'B' with a horizontal line through it, followed by a long, sweeping flourish that extends to the right.

Tammy Bryan
Chairman

The Hon. Dwight G. Sutherland, MP
Minister of Small Business, Entrepreneurship and Commerce
8th Floor, Baobab Tower,
Warrens,
St. Michael





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Message from the Chairman

The Fair Trading Commission undertook a varied range of activities during the period under review (April 2017 to March 2018), in an effort to achieve the goals outlined in its mandate. As such, the Commission's three Divisions maintained their pursuit of ensuring effective utility regulation, prudent consumer protection and transparent fair competition.

Mergers and acquisitions remained critical for the Fair Competition Division, most notably with the proposed merger between BNTCL Holdings Limited (Sol) and the Barbados National Terminal Company Limited (BNTCL). Following an extensive review of the transaction and consultation with interested third parties, the Commission prohibited the merger and presented a range of requirements that would have to be met for the transaction to be reconsidered. The acquisition of Barbados Bottling Company Limited (BBC) by KOSCAB Distribution (Barbados) Limited (KOSCAB) also came under review. Research conducted by staff revealed that the merger would not present competition concerns and it was therefore approved, without condition.

Amendments were made to the Standards of Service for Cable & Wireless (Barbados) Limited (C&W) and the Barbados Light & Power Company Limited (BL&P), including the creation of new Standards, the amalgamation of others and changes to some of the targets to be met by the utilities. Both C&W and BL&P are also now required to publish the Standards of Service on their websites and inform customers about the means via which they can access compensation when these Standards are breached. Standards of Service for the Barbados Water Authority also came into effect during this period. Nine (9) Guaranteed and twelve (12) Overall Standards were created to address matters that include Installation of Service and Repair of Ruptured Mains.

The Consumer Protection Division maintained its dedication to the protection of consumer interests with enforcement being a major focus in the Division's activities during this review period. The Commission approved the use of Undertakings as a means to address infringements of the Consumer Protection Act (CPA). As a legally binding, written promise between the Commission and signatory businesses, the Undertaking will serve as assurance that these entities will abide by the CPA.

In its fourteenth year, the Commission's Annual Lecture took the form of a panel discussion with Attorney-at-Law, Mrs. Ayanna Young-Marshall, and Deputy Programme Manager with the CARICOM Secretariat, Mr. Philip McClaren, on the topic "Protecting Consumers in the Digital Era". The Competition Law and Policy workshop, another mainstay of the Commission's annual outreach efforts, also provided valuable information for interested stakeholders.

I wish to thank former Chairman Jefferson Cumberbatch and the former Commissioners for their invaluable contribution to the Commission over the years, including the period under review. Thanks also to the staff and all those who contributed to the Commission's endeavours during this period.


.....
Tammy Bryan
Chairman



Members of the Commission 2017–2018



Main picture From left: Dr. Philmore Alleyne; Mr. Dawood Pandor; Chairman, Mr. Jefferson Cumberbatch; Ms. Monique Taitt; Mr. Kendrid Sargeant. **Inset top:** Dr. Donley Carrington. **Inset center:** Deputy Chairman, Mr. Adrian Elcock. **Inset bottom:** 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.

The Commission convened fourteen (14) administrative meetings and nine (9) 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:

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

The Commission's goals are to:

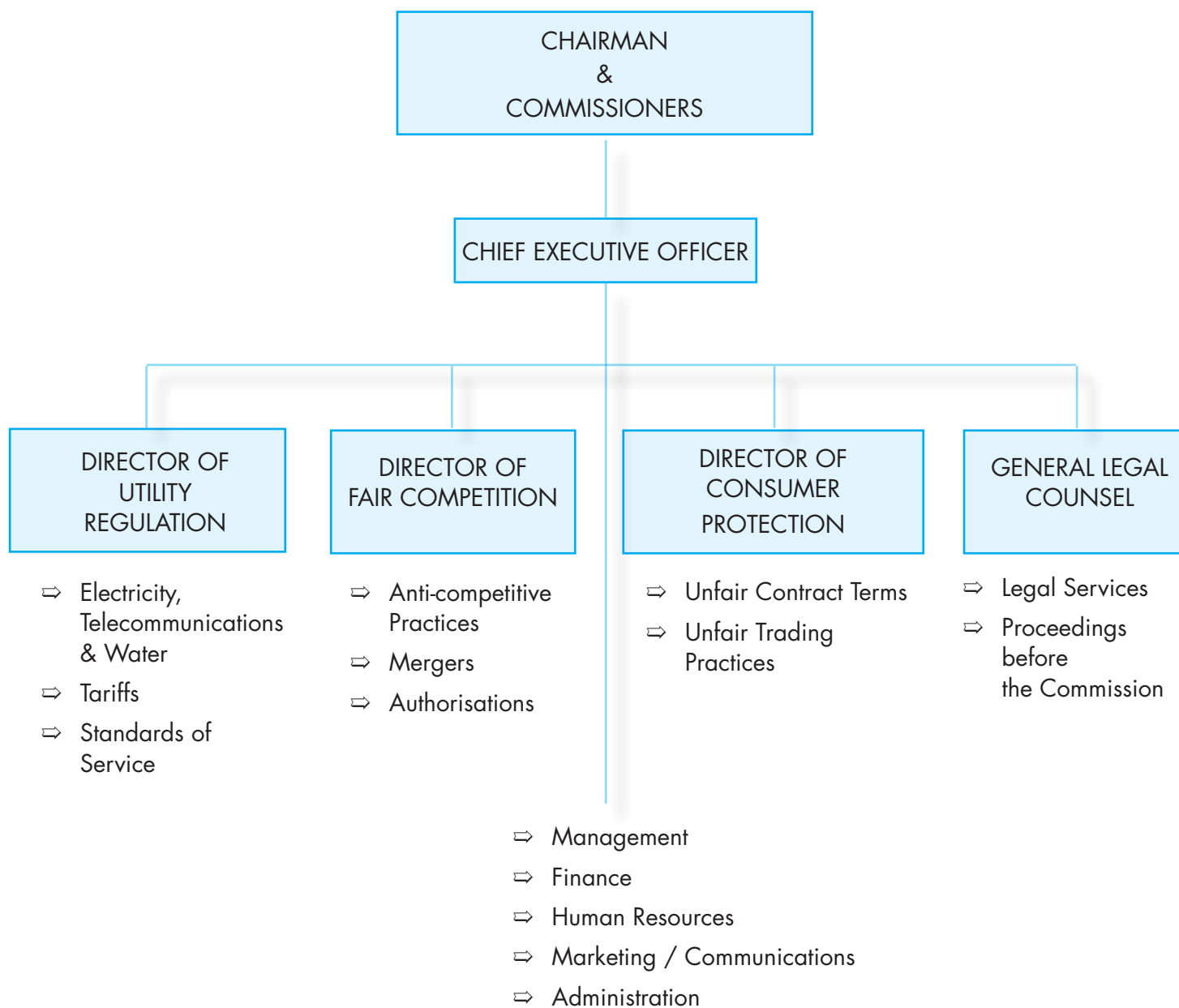
- Ensure the efficient and safe provision of regulated utility services at reasonable rates;
- Safeguard the interest of consumers;
- Promote and encourage fair competition; and
- Strengthen the human resource and operational capabilities of the Commission in order to effectively implement its legislative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

On December 5, 2016, C&W informed the Commission that its Board of Directors had approved a change in its year end date, from March 31 to December 31, to coincide with the year end date of its parent company, Liberty Global.

As a result, C&W applied for a review of the Commission's Decision on the PCP 2016 and the PCP 2016 Compliance Rules and Procedures. This Application proposed a change in the statutory financial year end from March 31 to December 31 of each year and corresponding changes in the regulatory reporting periods set out in the PCP Decision 2016 and PCP Compliance Rules and Procedures. The Commission, in its Decision issued on March 28, 2018, determined it prudent to adjust the reporting periods.

Reference Interconnection Offer (RIO) 2017

In September 2017, the Commission requested that C&W assess the Draft RIO 2015 to determine if any further adjustments were required, as a significant period of time had passed since the submission of the Draft RIO 2015. A revised Draft was submitted to the Commission on October 12, 2017. The Commission is preparing a Consultation Paper, which will outline the differences between the existing RIO and the Draft RIO 2017. It is anticipated that this document will be published before the end of 2018.



Utility Regulation (continued)

Electricity Sector

Grid Code

The BL&P's Grid Code Interconnection Requirements were jointly approved by the Commission and the Government Electrical Engineering Department, following a consultation in May 2017. The Grid Code details specific operational requirements for Renewable Energy Generators that intend to connect to the BL&P's grid.

BL&P's Application to Review the Fuel Clause Adjustment (FCA)

The BL&P submitted an Application for Review of the FCA. This Application sought approval for: the recovery of costs associated with the commissioning of a 5 MW Energy Storage Device (ESD), based on its projected fuel savings and the recovery of those costs via the FCA. The Commission invited intervenors to review the submission and received six (6) responses, which addressed the benefits and challenges of the proposed arrangement. The main issues which the Commission considered in its review and analysis of the BL&P's Application were:

- Prudence of the BL&P being allowed to recover the cost of the ESD;
- The most appropriate method of cost recovery - FCA or rate base;
- Heat rate performance;
- Assessment of the appropriateness of the 95:5 ratio sharing of benefits generated by the ESD, to be shared between the utility and the customers; and
- Assessment of the appropriateness of the Weighted Average Cost of Capital (WACC).

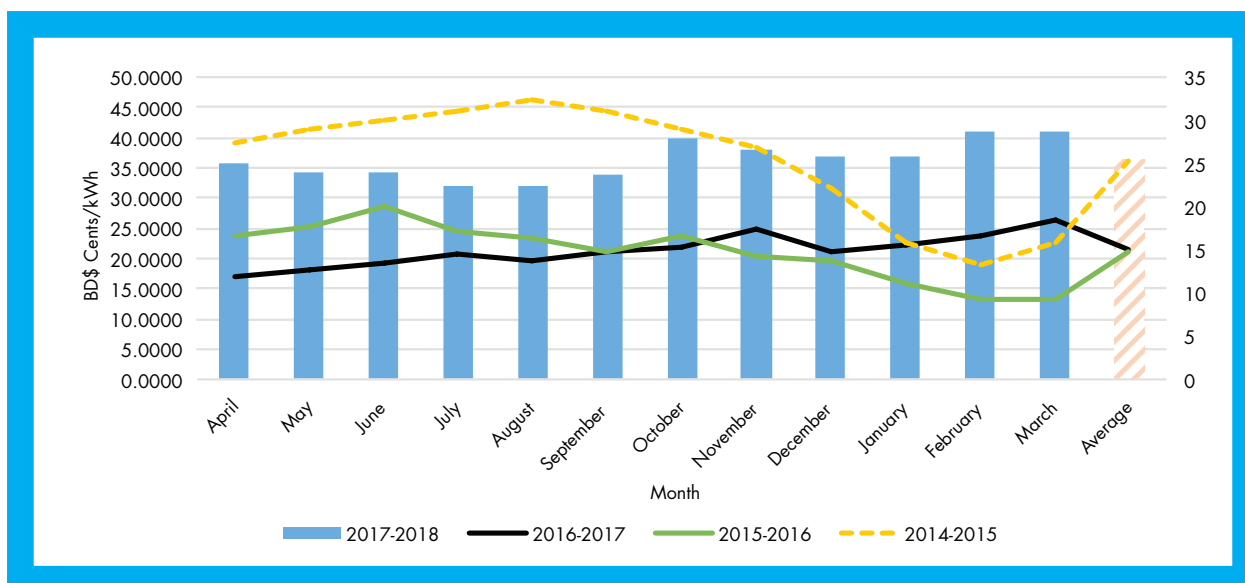
Fuel Clause Adjustment (FCA)

The FCA averaged 25.4562 cents per kilowatt-hour between April 2017 and March 2018, an increase of 19.27% over the last reporting period. As illustrated in Figure 1.1, during the period under review, the FCA gradually declined over the first five (5) months, from 25.0169 cents per kilowatt-hour to 22.3400 cents per kilowatt-hour. This rapidly increased in October when it reached 28.0138 cents per kilowatt-hour, but declined for the next three (3) months before achieving a slight increase at 28.7500 cents per kilowatt-hour for the final two (2) months of the period (see Appendix 1.1).



Utility Regulation (continued)

Figure 1.1 – Fuel Clause Adjustment (FCA)



Report submitted by BL&P

Water Sector

Development of Barbados Water Authority (BWA) Standards of Service

The Commission developed and issued Standards of Service for the BWA, which took effect from January 1, 2018. There are nine (9) Guaranteed Standards and twelve (12) Overall Standards. Some of the Guaranteed Standards of Service are: Installation of Service; Response to Complaints; Wrongful Disconnections; Repair/ Replacement of Faulty Meter; and Reliability of Supply.

Service categories under the Overall Standards of Service include: Meter Reading; Reinstatement of Property; Notification of Planned Interruption; Potable Water Quality; and Repair of Ruptured Mains.

Standards of Service

Review of C&W's Standards of Service

The Standards of Service for C&W 2014 – 2017 were reviewed as scheduled, via a public consultation which was initiated in March 2017. The consultation solicited comments on: the performance of C&W; whether additional Guaranteed or Overall Standards of Service should be implemented; whether the current reporting requirements ought to be adjusted; and whether any of the current Guaranteed or Overall Standards of Service should be modified or removed.



Utility Regulation (continued)

Based on the consultation and the Commission's own review, a number of amendments were made to form the Standards of Service for C&W 2018 – 2020. These included: the amalgamation of GTS 1A and GTS 1B into GTS 1 Installation or Transfer of Service, which now includes new installations as well as transfers of service; the introduction of a new Standard, GTS 8, related to the granting of compensation to individual customers for billing errors; and the discontinuation of OTS 4 Trunk Blocking.

C&W must also publish the Standards of Service clearly on its website; twice a year, publicise the Standards of Service and the fault reporting process, via two (2) local newspapers and one (1) radio station; and inform customers who lodge complaints of the means via which compensation may be sought, via telephone, email and the post. C&W was also directed to submit to the Commission the value of compensation due to each Guaranteed Standard.

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

C&W's performance, as shown in Table 1.1 and Table 1.2, was satisfactory for the period ending December 31, 2017, despite its poor performance under GTS 1A and GTS 1B. C&W cites system errors related to the billing migration of May 2017 as the reason for unusually lengthy response times and poor compliance under these Standards observed for the period. As the billing migration is now completed, it is expected that this problem will be rectified by the next reporting period.

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

Guaranteed Standard	Target	Average % Compliance April 2017 – Dec. 2017
GTS 1A Approval of Service	Residential Customers – No more than 7 working days	15.95
GTS 1B Installation of Service	Residential Customers – No more than 7 working days	55.97
GTS 2 Fault Repair	Residential Customers – No more than 2 working days	80.07
GTS 3 Repeated Loss of Service	Residential – Faults should not reoccur within 30 days of repair of first fault	97.53

Report submitted by C&W



Utility Regulation (continued)

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	91.87
OTS 2 Repeated Loss of Service	95% of faults should not reoccur within 30 days of repair of first failure	97.96
OTS 5 Billing Accuracy	Billing errors must be no more than 0.5% of the total bills issued	99.71

Report submitted by C&W

Review of BL&P's Standards of Service

In September 2017, the Commission issued its Decision on the BL&P Standards of Service 2018 – 2020, which came into effect on January 1, 2018. Amendments were made to seven (7) of the eight (8) existing Guaranteed Standards and a new Standard was added - GES 9 Timely Payment of Compensation. Changes were also made to the Overall Standards of Service, with the amendment of targets for three (3) Standards and the addition of a new one - OES 7 Response to Damage Claims.

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

The BL&P demonstrated a reasonably high level of performance in the Guaranteed and Overall Standards of Service (Table 1.3 and Table 1.4, respectively) during the period under review. However, improvement in the Overall Standards of Service categories of 'Meter Reading', 'Call Centre Answering' and 'Billing Period' will be required.

Additionally, reliability of service statistics was satisfactory – the average outage duration for the period, per customer, was 2.759 hours, while the average restoration time per customer was 0.499 hours.



Utility Regulation (continued)

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

Guaranteed Standard	Target	Average % Compliance April 2017 – Dec. 2017
GES 1 Restore Supply after Fault on Customer's Service (single customer affected)	Within 12 hours	99.36
GES 3 Investigation of Voltage Complaints	Assessment in 15 working days	97.64
GES 4 Provide a Simple Service Connection (connection point within 30m)	Within 12 working days	97.39
GES 8 Respond to Billing Complaints	Assessment in 15 working days	100.00

Report submitted by BL&P

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

Overall Standard	Target	Average % Compliance April 2017 – Dec. 2017
OES 1 Meter Reading	100% of Domestic and General Service customers' meters read every 2 months	96.02
OES 3 Outage Notice	95% of customers to be notified of planned outages 48 hours in advance	100.00
OES 5 Call Centre Answering	85% of calls to be answered in one minute	80.23
OES 6 Billing Period	At least 95% of customers in each billing period shall be invoiced for no more than 33 days	94.28

Report submitted by BL&P

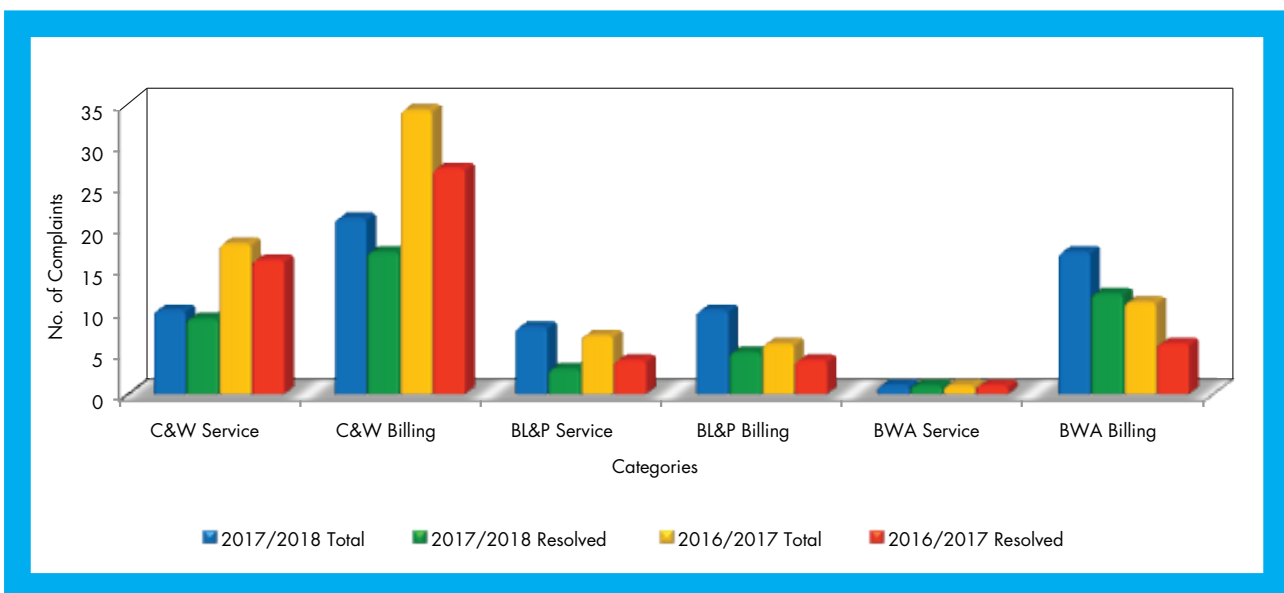


Utility Regulation (continued)

Utility Complaints

During the period April 1, 2017 to March 31, 2018, the Commission received eighteen (18) formal water complaints and resolved thirteen (13) (see Figure 1.2 and Appendix 1.2). BL&P complaints also numbered eighteen (18), eight (8) of which were resolved; and there were thirty-one (31) C&W complaints compared to fifty-two (52) as recorded for the previous reporting period. Twenty-six (26) of these were resolved.

Figure 1.2 – Utility Service Complaints 2017- 2018



Report submitted by BL&P



Fair Competition

In the year under review, the Commission undertook a number of activities under the Fair Competition Act, CAP. 326C (FCA) to achieve the following objectives:

- 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 investigations of mergers and preliminary consideration of alleged anti-competitive practices. These activities, which dealt with conduct such as excessive pricing and refusal to deal, arose in a wide range of sectors. While some of these activities were resolved during the financial year, others remain under investigation.

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

In February 2017, the Commission started its review of the proposed acquisition of the BNTCL by Sol. In March 2017, the Commission identified a number of critical issues which required the Applicants' response. The Applicants requested and were granted a number of extensions in order for submissions to be made; Sol's response was ultimately submitted in August 2017. Sol requested and was granted an oral hearing, which the Commission facilitated at the Lloyd Erskine Sandiford Centre in October 2017.

Following a review of all the information that was presented, the Commission issued its Decision to the parties on November 28, 2017. The Decision stated that the Commission would only be prepared to approve completion of the merger if:

- a. The vertical alignment issues in the current transaction were addressed;
- b. The following clauses were removed from the Agreement and transaction:
 - (i) A moratorium on the construction of any new terminal facilities or new import depots in Barbados for a period of fifteen (15) years from the transaction's completion date.



Fair Competition (continued)

- (ii) A moratorium on the issuing of licenses for the storage of gasoline, diesel, fuel oil, and aviation or jet fuels used for industrial and commercial purposes in Barbados other than those that currently exist for a period of fifteen (15) years from the transaction's completion date.
- (iii) A 32% increase in throughput fees; and
- c. BNTCL Holdings Limited and its affiliates were prohibited from acquiring an exclusive right of importation of oil products into Barbados.

In December 2017, Sol filed a claim form in the High Court of Barbados to appeal the Commission's Decision. The matter is currently before the Law Courts of Barbados.

Acquisition – Barbados Bottling Co. Ltd. (BBC) by Koscab Distribution (Barbados) Ltd. (KOSCAB)

In February 2017, KOSCAB and BBC submitted documentation in partial fulfilment of merger applications to the Commission for the proposed sale of BBC. KOSCAB and BBC had agreed, as outlined in a Sale Purchase Agreement (SPA), for KOSCAB to acquire 100% of the total shareholding in BBC from Banks Holdings Limited (BHL).

In September 2017, BHL and KOSCAB submitted a draft non-compete agreement. The parties submitted affidavits, as required by the Commission, the following month.

The Commission conducted its review and, in March 2018, permitted the transaction on the condition that the parties sign an Undertaking Agreement indicating that the non-compete period should not exceed five (5) years. The Applicants were directed to submit a copy of the fully executed agreement to the Commission, within seven (7) business days of the date of its signing.

Acquisition – British American Insurance Company (Barbados) Ltd. (BAICO) by Sagicor Life Inc. (Sagicor)

On February 16, 2018, the Commission received formal notification of the proposed acquisition of the assets of BAICO by Sagicor. The transaction was in pursuance of Orders of the Supreme Court of Barbados, following the declaration of insolvency of BAICO and the appointment of a judicial manager to administer its affairs.

The Commission determined that the relevant markets represented under the proposed transaction (i.e., the market for the management and maintenance of individual life insurance



Fair Competition (continued)

policies in Barbados; and the market for the administration of annuity policies in Barbados) were unlikely to suffer competitive harm. In addition, the Commission accepted the 'failing firm' defence of the Applicants (under Section 21(1)(b) and 21(2)(b) of the FCA), given the declaration of insolvency of BAICO; the appointment of a judicial manager; the subsequent Orders of the Court to transfer the affected policies to Sagicor; and the legislative framework that was established by the Government of Barbados to provide the necessary support to Sagicor in this regard.

Given the above, the Commission was satisfied that the merger, as structured and presented, would not present competitive concerns in the aforementioned markets. The Commission therefore approved the transaction, without condition, in March 2018.

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"*. The Commission therefore actively monitors domestic commercial activity, conducts market studies and, on its own initiative, undertakes investigations into matters which appear to negatively affect the interest of consumers. The following is a summary of one of the main investigations undertaken during the reporting period.

Anti-competitive Conduct – No Plastic Bag Campaign

In July 2017, the Commission commenced a review to determine if retail companies had established an agreement on the cost of plastic bags at a meeting facilitated by the Future Centre Trust (FCT); such activity could be regarded as anti-competitive and would be in breach of the FCA. The FCT was informed of this review and the Commission requested various documents and information from the organisation.

In January 2018, a meeting was held with the FCT where the Trust indicated that its sole objective was environmental protection. The FCT also noted that it had not initiated the "No Plastic Bag" campaign; had not agreed on a price for plastic bags, as this was determined by individual retailers; and did not monitor retailers concerning the monies collected from the sale of plastic bags.

After further discussions and correspondence, and having reviewed the FCT submissions, the Commission advised the FCT in February 2018 that the review had been discontinued.



Fair Competition (continued)

Requests for Information

Staff responded to telephone, e-mail and walk-in inquiries for general information on Competition Law. During the year, fifteen (15) general inquiries were received, while eight (8) matters related to mergers were addressed; all of these were resolved (see Appendix 1.3).

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, general information with respect to the importance of competition and their rights and obligations under the FCA. The objective of this is to proactively reduce the level of anticompetitive conduct by making persons aware of the negative consequences of such practices, while appreciating the benefits of keen competition.

Annual Training Programme

The Annual Competition Law and Policy Workshop was held on March 15 and 16, 2018, at the Accra Beach Hotel & Spa. Mr. Stephen Rodger, an attorney with the United States Federal Trade Commission (USFTC), was the guest facilitator; members of the Fair Competition Division also delivered presentations.

Twenty-three (23) professionals from the legal, administrative and business sectors were in attendance. The workshop offered an introduction to the main areas of competition law, explained the broader policy goals of a competition regime and also focussed 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)

Section 5 of the FCA mandates the Commission's cooperation with the CCC and authorities of the other member states, for the purpose of promoting and maintaining competition throughout the region. As a member of the Project Steering Committee, the Commission's collaboration with the CARICOM Secretariat was preserved through its contributions to matters related to competition law and policy.



Fair Competition (continued)

In March 2018, representatives from the Division met with officials from CARICOM and other regional organisations on the Competition Merger Framework for the CSME at the Ministry of Foreign Affairs and Trade. The Commission was nominated to be a member of the Sub-committee of the Task Force on Competition to consider the practicalities of a single competition entity within the Community.

Cooperating with International Agencies and Competition Authorities

To ensure that it remains aware of new developments, emerging ideas and best practices related 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.

The Commission's officers participated in ICN working group calls and also attended ICN workshops. These included the 2017 ICN Unilateral Conduct Workshop in Rome, Italy; the 2017 ICN Merger Working Group Workshop in Mexico City, Mexico; and the ICN's Annual Conference in New Delhi, India.

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

The Commission maintained its relationship with the USFTC under an ICN partnership arrangement. This informal partnership arrangement with the USFTC, and to a lesser extent the US Department of Justice, allowed the Commission to convene a number of teleconferences during the year to discuss and share experiences on issues related to competition law enforcement.



Consumer Protection

The Fair Trading Commission remained dedicated to its mandate of protecting and safeguarding consumers in accordance with the Consumer Protection Act, CAP. 326D (CPA).

During this period, the Commission also placed greater emphasis on the suite of enforcement tools included in Part IX of the CPA. Notably, Section 57 of the CPA makes provision for the Commission to accept Undertakings. An Undertaking is a legally binding, written promise by a business to act in accordance with the CPA. It also allows both parties to design realistic terms to arrive at structured compliance actions.

The Commission subsequently approved the use of a standard form Undertaking, which may be used in cases of a suspected breach of the CPA.

Educational Outreach Programme

The Commission considered its various publics, i.e. individual consumers, businesses and the community at large, and undertook a targeted educational programme that would meet their respective needs.

As a result, four (4) Crop Over Consumer Outreach events were hosted during the months of June and July 2017. These events provided guidance on consumer protection issues, with an emphasis on matters related to Crop Over activities. The Commission was able to interact with one thousand three hundred and fifty (1,350) consumers.

Other efforts included an outreach activity at the General Post Office's *World Post Day* and a Christmas outreach activity in Bridgetown. These events allowed the Commission to interact with one hundred and fifty (150) and four hundred and fifty (450) persons, respectively. Collectively, all of the aforementioned events provided the Commission with the opportunity to interact with one thousand nine hundred and fifty (1,950) consumers.

Public outreach was further bolstered by the Commission's use of social media campaigns during the Crop Over and Christmas seasons, and the delivery of a presentation to a community group.

Businesses and Organisations

The Commission's aim to improve the consumer protection awareness of businesses and organisations was facilitated through a series of consumer protection workshops. These were attended by seventy-eight (78) employees from ten (10) businesses, including Courts Barbados, Do It Best, Payless Barbados and Oran Ltd.



Consumer Protection (continued)

Schools

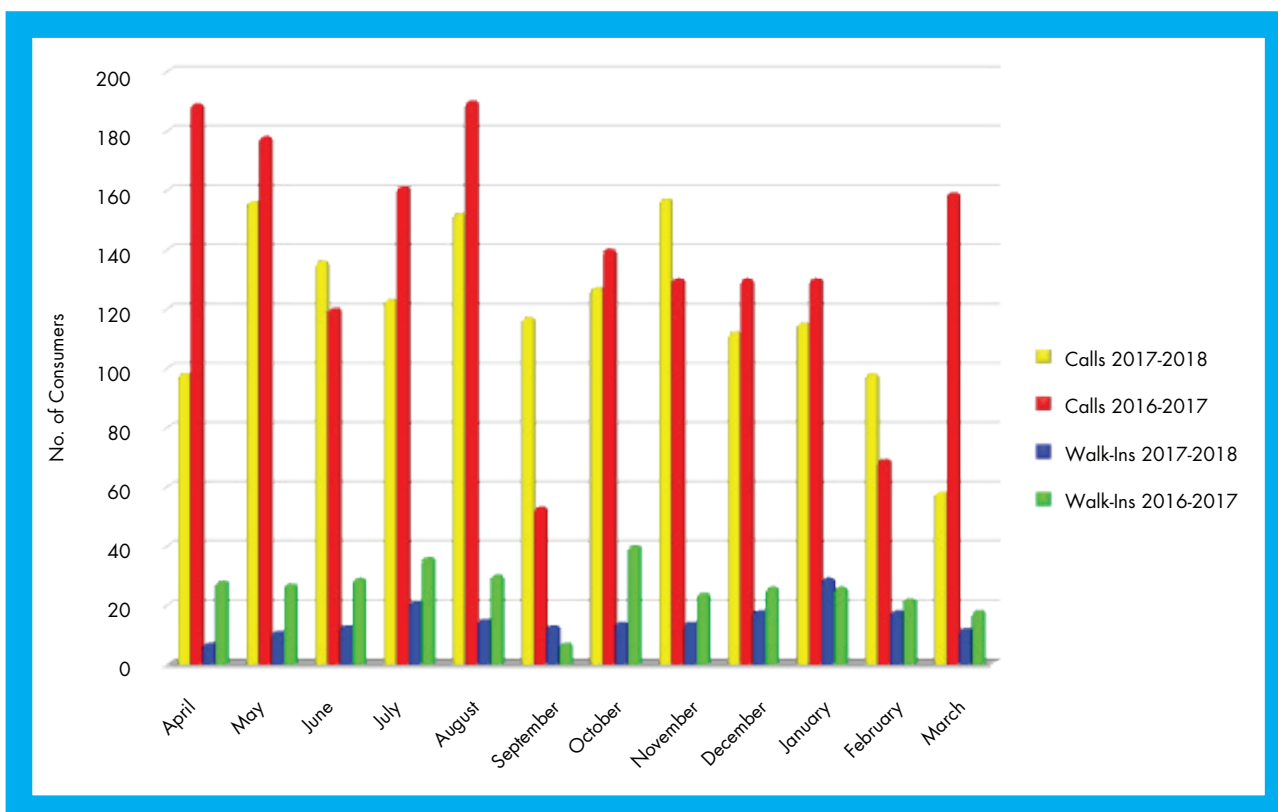
While the Commission's focus during this review period was general consumer outreach, school-based visits were also included. Commission officers were able to interact with thirty-seven (37) students at two (2) secondary schools.

Relationship with Consumers

Queries and Complaints

Fewer queries were received when compared to the 2016/2017 period, which is a result of the success of the Commission's previous campaigns to educate and empower consumers. This is quite evident in Figure 3.1, which shows the decline in calls and walk-ins. However, the Commission continued to address a number of complaints during the period under review, the majority of which were resolved. A total of one thousand six hundred and thirty-four (1,634) people called and visited the Commission during the period under review (see Appendix 1.4).

Figure 3.1 – Monthly Consumer Queries



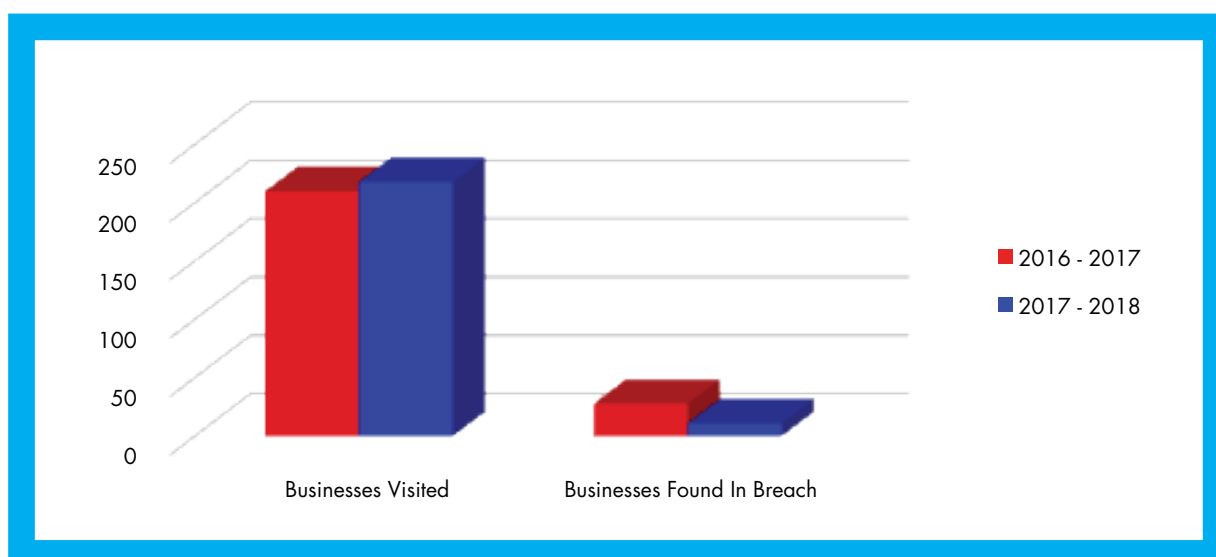


Consumer Protection (continued)

Unannounced Store Visits

In order to protect the interests of consumers, Commission officers visited two hundred and three (203) stores in a number of shopping hubs to ensure that businesses were in compliance with the CPA. As shown in Figure 3.2, eleven (11) stores were found to be in breach of the CPA with the display of prohibited signs, such as *No Exchange, No Refund*. Businesses were issued a directive by the Commission to remove the signs.

Figure 3.2 – Unannounced Visits to Businesses



Standard Form Contracts

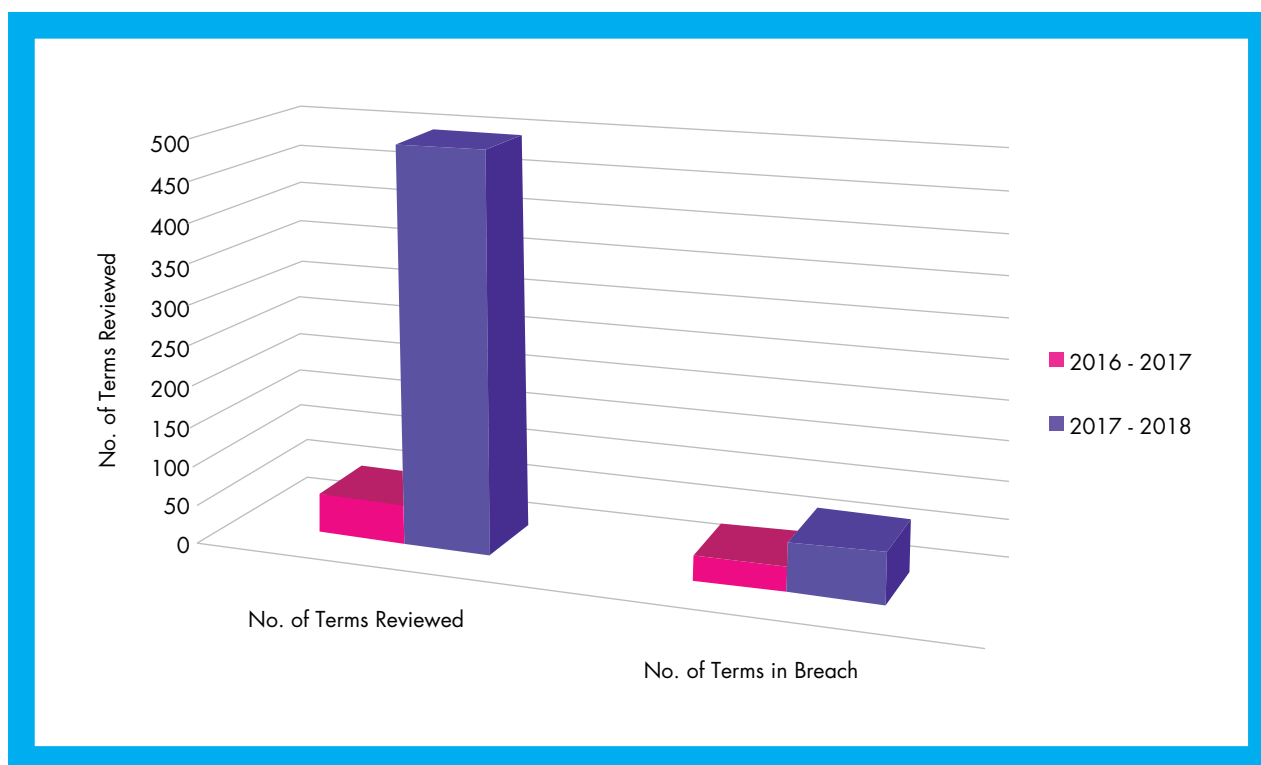
Standard Form Contracts deprive the consumer of the opportunity to negotiate terms and conditions. As a result, these contracts may create an imbalance in the rights of a business and a consumer, to the detriment of the latter.

Fifteen (15) contracts containing four hundred and ninety-eight (498) terms were examined to determine whether such an imbalance existed; sixty-six (66) terms were found to be in breach (see Figure 3.3). The Commission required the businesses to either delete or amend the offending clauses. These businesses were monitored thereafter to ensure that the necessary amendments were made, in compliance with the CPA.



Consumer Protection (continued)

Figure 3.3 – Contract Terms Reviewed



Unfair Contract Terms

Hotel Accommodation Study

The Commission may, on its own initiative, undertake research on matters of importance. Having received complaints and queries from consumers regarding the fairness of terms found in contracts for hotels and other accommodation, the Commission has embarked on a study of the sector.

Claims related to Unfair Contract Terms require discussions with both the service provider and the consumer. However, a visitor is likely to have left the island before a matter has been addressed or resolved. A random sample of hotels was therefore conducted and those identified were requested to submit their contracts for review.

A survey is also being disseminated to acquire the views of the public and visitors about practices within that industry. This study remains ongoing.



Consumer Protection (continued)

Telecommunications Study

A study on the mobile telecommunications market was launched to determine the existence of unfair contractual terms and unfair trading practices in the mobile voice/data market.

All of the market players, namely Ozone Wireless, Digicel and FLOW, were contacted and advised of the study. Each company was asked to provide copies of its contractual terms for the Commission's review. Additionally, a survey was designed and disseminated in order to gauge public opinion on the trading practices of the companies involved. This study remains ongoing.

Cooperating with International Agencies and Consumer Protection Authorities

Department of Commerce and Consumer Affairs

The Commission increased its cooperation with the Department of Commerce and Consumer Affairs. This linkage allowed the Commission to identify and assist with matters related to consumer protection, consumer safety and product recalls.

CARICOM Single Market and Economy (CSME)

The Commission maintained its affiliation with the CSME and attended the 9th Meeting of Consumer Affairs Officials. This meeting allowed the Commission to gain insight into the region's readiness with regard to new and emerging consumer protection issues. The Commission was also privy to the challenges and successes experienced in other jurisdictions, which could serve as guidelines for creating its own strategies.

International Consumer Protection and Enforcement Network (ICPEN)

ICPEN is an international organisation comprised of consumer protection authorities around the world.

The Commission continued to participate in webinars and teleconferences that pertained to current consumer protection issues, including matters related to social media and the econsumer.gov initiative, which is a consortium of consumer protection agencies from thirty-six (36) countries. In addition, the Commission also engaged ICPEN in order to seek technical assistance with regard to new and emerging consumer issues.



Public Education and Awareness

14th Annual Lecture

On March 8, 2018, the Fair Trading Commission hosted its 14th Annual Lecture Series event. Lecturer at the University of the West Indies, Cave Hill and Attorney-at-Law, Mrs. Ayanna Young-Marshall and Deputy Programme Manager, CSME, CARICOM Secretariat, Mr. Philip McClauren, led a discussion on “Protecting Consumers in the Digital Era”.

The presenters explored the challenges that Barbados and the region face with regard to e-commerce and examined how online consumer protection in the region could be improved. Mrs. Young-Marshall highlighted the importance of data privacy and noted that regional regulatory bodies needed to make a combined effort to address this issue. These sentiments were shared by her co-presenter, Mr. McClauren, who observed that ensuring the interests of the buying public were preserved would require intra-regional collaboration. He noted that there was a need for greater inter-agency cooperation and stated that binding arrangements were essential at the CARICOM and international levels.

World Consumer Rights Day 2018

“Making Digital Marketplaces Fairer” was the theme of World Consumer Rights Day (WCRD) 2018. This theme was one of the issues addressed during the Commission’s Annual Lecture Series event and was also the focus of the Consumer Protection Division’s WCRD article contribution for Business Monday in March.

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) CEO of the FTC, Mrs. Sandra Sealy, FTC Deputy Chairman, Mr. Adrian Elcock and FTC Chairman, Mr. Jefferson Cumberbatch, at the 14th Annual Lecture Series Discussion.



Featured speakers Mrs. Ayanna Young-Marshall (l.) and Mr. Philip McClaren (r.) listen as Director of Consumer Protection, Mrs. Dava Leslie-Ward (centre) makes a contribution as moderator during the 14th Annual Lecture Series Discussion.



Public Education and Awareness (continued)



Students from the University of the West Indies, Cave Hill Campus, were in attendance during the 14th Annual Lecture Series Discussion.



Staff of the Commission, as well as representatives from other regional agencies, participated in the USAID/CARCEP Electricity Tariff and Power Purchase Agreement Review Workshop.



Public Education and Awareness (continued)



FTC General Legal Counsel, Ms. Cherie Jones, receives her certificate of completion from presenter Mr. Stephen Rodger, attorney with the USFTC, at the 10th Annual Competition Law and Policy Workshop.



Consumer Protection Officer Mrs. Julia Regis (l.) interacts with a consumer during one of the Crop Over Consumer Outreach events.



Organisational Development

Training and Development

In order to maintain operational efficiencies, training and development remained a priority during this period. The Commission's officers were able to benefit from relevant developmental programmes hosted by various local, regional and international agencies.

Members of staff and Commissioners were fortunate to be the beneficiaries of training in renewable energy regulation under the aegis of the United States Agency for International Development/Caribbean Clean Energy Project (USAID/CARCEP). The training sessions were held over two weeks, in one-week segments, during the months of June and July 2017. A number of local and regional stakeholders also participated in the training sessions.

As a major focus continues to be placed on the development of renewable energy, additional opportunities were made available for two members of staff to participate in a programme on energy pricing, hosted by the Public Utilities Research Centre (PURC)/Michigan State University (MSU). Members of staff also attended the 2017 International Training Programme on Utility Regulation and Strategy in Gainesville, Florida. These training opportunities were made possible with assistance from the Ministry of Energy.

Members of the Commission's Consumer Protection Department made presentations and participated in an Intellectual Property Training workshop, which was hosted in part by the Corporate Affairs and Intellectual Property Office (CAIPO). Training in fair competition was also undertaken, as staff members participated in International Competition Network workshops held in Italy, Mexico and India.

The enhancement of skills and development of staff will be maintained throughout the coming year in order to provide the Commission with the necessary tools to efficiently fulfill its mandate.



Looking to the Future

The industries regulated by the Commission are in constant transition and as such, emphasis must not only be placed on the Commission's traditional focal areas but new and emerging ones as well. These include changes in market share and its impact on competition and the need to foster an environment which helps create mindful consumers. The Commission is also aware of the need for the review and revision of legislation in order to maintain its relevance. Efforts will be made to ensure that pre-emptive steps are taken to prepare for the inevitable changes that will manifest in the form of adoption of new technologies and the consolidation or acquisition of entities across all sectors.

The Commission's dedication to such endeavours was made apparent with the approval of the BL&P's Grid Code Interconnection Requirements. This will facilitate the local renewable energy sector and pave the way for developments in technology as they emerge. Similarly, keeping abreast of trends across various markets will ensure that the Commission can remain au fait, as the trend of mergers and acquisitions continues. This will further enable timely and efficient determinations to be reached and fair competition to be maintained.

While the provision of consumer protection advice and guidance to individual members of the public will continue to be critical to the Commission's activities, enforcement and the application of Undertakings for relevant businesses and sectors will also play a pivotal role. Likewise, outreach activities will be maintained, and increased where necessary, to ensure all target groups are reached.



Financial Statements

Fair Trading Commission **For the Year Ended March 2018** *(Expressed in Barbados Dollars)*

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INDEPENDENT AUDITOR'S 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 of 31 March 2018, 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 of 31 March 2018 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF COMMISSIONERS OF THE FAIR TRADING COMMISSION

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

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

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.

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 Ltd

BARBADOS
31 July 2018

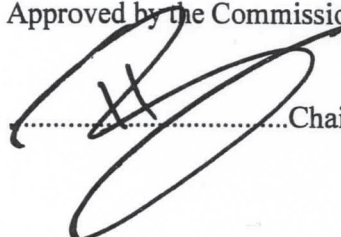
FAIR TRADING COMMISSION

Statement of Financial Position As of 31 March 2018

	Notes	2018 \$	2017 \$
Assets			
Current assets			
Cash	4	564,859	385,093
Time deposits	4	117,026	116,770
Receivables	5	1,003,727	1,117,905
Prepayments		83,249	94,233
		<u>1,768,861</u>	<u>1,714,001</u>
Property, equipment and software	6	187,667	277,721
		<u>1,956,528</u>	<u>1,991,722</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		91,737	90,966
		<u>91,737</u>	<u>90,966</u>
Deferred income	7	163,502	196,265
		<u>255,239</u>	<u>287,231</u>
Net assets		<u>1,701,289</u>	<u>1,704,491</u>
Represented by:			
Government advances and levies		1,139,637	1,113,167
Government grants		145,180	211,816
Accumulated surplus		416,472	379,508
		<u>1,701,289</u>	<u>1,704,491</u>

The accompanying notes form part of the financial statements.

Approved by the Commission on 31 July 2018 and signed on its behalf by:


.....Chairman


.....Deputy Chairman

FAIR TRADING COMMISSION

Statement of Comprehensive Income Year ended 31 March 2018

	Notes	2018 \$	2017 \$
Income			
Government grants		2,780,045	2,578,111
Levies		974,637	1,113,167
Merger fees		58,500	22,000
Income in kind		36,946	-
Legal fees settlement		-	9,048
Other fees and funding		33,702	-
Workshop fees		4,800	4,300
Interest income		256	1,031
(Loss)/gain on disposal of fixed assets		(237)	126
		<hr/> 3,888,649	<hr/> 3,727,783
Expenses			
Employment costs	8(a)	2,607,395	2,353,500
Other operating expenses	8(b)	1,036,812	1,038,970
Professional services	8(c)	41,801	187,077
Depreciation	6	165,677	147,079
		<hr/> 3,851,685	<hr/> 3,726,626
Surplus for the year		<hr/> <hr/> 36,964	<hr/> <hr/> 1,157

The accompanying notes form part of the financial statements.

FAIR TRADING COMMISSION

Statement of Changes in Equity Year ended 31 March 2018

	Government advances \$	Government grants \$	Accumulated surplus \$	Total \$
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
Government contributions	1,139,637	2,567,796	-	3,707,433
Government grants and levies utilized	(1,113,167)	(2,634,432)	-	(3,747,599)
Surplus for the year	-	-	36,964	36,964
Balance as at 31 March 2018	1,139,637	145,180	416,472	1,701,289

The accompanying notes form part of the financial statements.

FAIR TRADING COMMISSION

Statement of Cash Flows
Year ended 31 March 2018

	2018 \$	2017 \$
Cash flows from operating activities		
Employment costs	(2,605,443)	(2,334,505)
Other operating expenses	(1,014,039)	(1,025,128)
Professional services	(57,190)	(174,487)
Net cash used in operating activities	(3,676,672)	(3,534,120)
Cash flows from investing activities		
Car loans repaid by staff	3,300	2,700
Car loans disbursed to staff	-	(6,000)
Increase in time deposits	(256)	(812)
Interest received	256	1,031
Proceeds from disposal of fixed assets	224	-
Purchases of assets	(37,695)	(68,106)
Net cash used in investing activities	(34,171)	(71,187)
Cash flows from financing activities		
Advances from Government	2,732,796	2,595,923
Levies paid in by utility service providers	1,113,167	943,252
Repayment of Government advances	-	(132,998)
Merger fees	51,000	42,000
Hearing fees	17,321	-
Legal fees awarded	-	100,000
Legal fees settled	-	9,048
Workshop fees	5,700	3,400
Decrease in litigation reserve	(29,375)	-
Net cash from financing activities	3,890,609	3,560,625
Increase/ (decrease) in cash for the year	179,766	(44,682)
Cash – beginning of year	385,093	429,775
Cash – end of year	564,859	385,093

The accompanying notes form part of the financial statements.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2018

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 2018

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 2018

2. Significant accounting policies (cont'd)

e] Income recognition (cont'd)

- v) Other fees and funding:
Fees that may be charged from time to time for the work of the Commission, fees charged to attend commission workshops and other funding obtained to defray the expenditure of the Commission.

Every potential donor is assessed for any potential conflicts of interest.

- vi) Income in kind – Assets donated to the Commission under the 10th European Development Fund/Caricom Singe Market and Economy Grant Fund

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 corporation taxes.

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 2018

4. Cash and time deposits

Cash comprises an operating account which is non-interest bearing.

Time deposits bear interest at the rate of 0.15% per annum (2017 - 0.25%) The deposits are due to mature on 24 November 2018 and 14 February 2019.

5. Receivables

	2018 \$	2017 \$
Utility service providers	974,637	1,113,167
Other receivables	21,590	1,438
Merger fees	7,500	-
Car loans receivable	-	3,300
	<u>1,003,727</u>	<u>1,117,905</u>

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 2018 and 2017.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2018

6. Property, equipment and software

	Leasehold improvements \$	Computer hardware & software \$	Office equip- ment & fixtures \$	Vehicles \$	Total \$
Cost					
Balance – 1 April 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
Additions	-	67,773	8,311	-	76,084
Disposals	-	(13,672)	(11,414)	-	(25,086)
Balance – 31 March 2018	819,570	341,832	195,118	254,338	1,610,858
Accumulated depreciation					
Balance – 1 April 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
Charge for the year	81,957	44,207	3,095	36,418	165,677
Disposals	-	(13,672)	(10,953)	-	(24,625)
Balance – 31 March 2018	819,570	260,966	185,427	157,228	1,423,191
Net book value					
31 March 2018	-	80,866	9,691	97,110	187,667
31 March 2017	81,957	57,300	4,936	133,528	277,721

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2018

7. Deferred income

	2018 \$	2017 \$
Deferred income – beginning of year	196,265	193,189
Add: Grants for assets purchased during the year	39,687	68,198
Less: Amortization of deferred income for the year	(72,450)	(65,122)
Deferred income – end of year	163,502	196,265

8. Operating expenses

a] Employment costs

	2018 \$	2017 \$
Personal emoluments	2,213,287	1,985,803
National Insurance contributions	147,470	130,574
Other personal emoluments	45,881	49,020
Pensions and gratuities	115,706	112,025
Group medical	53,490	49,715
Travel	31,561	26,363
	2,607,395	2,353,500

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2018

8. Operating expenses (cont'd)

b] Other operating expenses

	2018	2017
	\$	\$
Other operating expenses	284,387	263,684
Rental of property	423,000	499,375
Utilities	116,719	108,553
Maintenance of property	78,130	62,074
Supplies and materials	54,379	43,121
Rental of equipment	28,401	27,713
Library books and publications	13,962	19,111
Subscriptions and contributions	16,167	13,018
Bank charges	2,246	2,321
Hearing costs	19,421	-
	<u>1,036,812</u>	<u>1,038,970</u>

c] Professional services

	2018	2017
	\$	\$
Regulatory consultancies	-	97,796
Other professional services	17,126	64,606
Audit fees	24,675	24,675
	<u>41,801</u>	<u>187,077</u>

FAIR TRADING COMMISSION

Notes to the Financial Statements

Year ended 31 March 2018

9. Related party transactions

Transactions with related parties related to transfers from the Treasury relating to government grants of \$2,732,796 (2017 - \$2,462,925).

Key management compensation

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

	2018 \$	2017 \$
Salaries and other short-term benefits	673,344	606,696
Gratuities	99,815	93,870

10. Lease commitments

The Commission occupies premises under an operating lease which expires in 2019 with an option to renew. The estimated future lease payments under this lease are as follows:

	2018 \$	2017 \$
Property rental:		
Due within 1 year	439,920	423,000
Between 2 and 5 years	454,020	846,000
	<hr/>	<hr/>
	893,940	1,269,000
	<hr/>	<hr/>

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.

FAIR TRADING COMMISSION

Notes to the Financial Statements
Year ended 31 March 2018

11. Financial risk management objectives and policies (cont'd)

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. Litigation matters

On 28 November, 2017, the Commission denied a merger application filed by BNTCL Holdings Limited, a member of the SOL Group of Companies ('SOL') and Barbados National Oil Company Limited ('BNOCL') involving SOL's acquisition of BNOCL. On 12 December, 2017, SOL filed a claim in the High Court of Barbados, appealing the Commission's decision to prohibit the merger. Rubis West Indies Limited ('Rubis') made an application to the Court to be joined as a party to the matter and that application is expected to be heard shortly, after which the substantive matter will be heard. The outcome of this matter is indeterminable at the balance sheet date. Funds have been held in a litigation reserve to account for any potential legal expenses.



Appendices



APPENDIX I

Statistical Tables

Appendix 1.1 – Fuel Clause Adjustment

Month	April 2017 to March 2018 ¢/kWh	April 2016 to March 2017 ¢/kWh	April 2015 to March 2016 ¢/kWh	April 2014 to March 2015 ¢/kWh
April	25.0169	16.9458	23.7152	39.2921
May	24.0533	18.1228	25.4294	41.5426
June	24.0533	19.2970	28.5476	42.7069
July	22.3400	20.5842	24.4941	44.5352
August	22.3400	19.5434	23.2769	46.3592
September	23.8118	20.9516	21.2023	44.3201
October	28.0138	21.9800	23.8666	41.4619
November	26.5914	24.9911	20.3903	38.2599
December	25.8770	21.0279	19.7069	31.5076
January	25.8770	22.2866	15.7877	22.7523
February	28.7500	23.8847	13.1108	18.9513
March	28.7500	26.4981	13.1106	22.4872



APPENDIX I

Statistical Tables (continued)

Appendix 1.2 – Utility Service Complaints

Complaints	2017/2018		2016/2017	
	Total	Resolved	Total	Resolved
C&W Service	10	9	18	16
C&W Billing	21	17	34	27
BL&P Service	8	3	7	4
BL&P Billing	10	5	6	4
BWA Service	1	1	1	1
BWA Billing	17	12	11	6
	67	47	77	58

Appendix 1.3 – Fair Competition Investigations and Queries for the Financial Year April 2017 – March 2018

Type of Anti-Competitive Conduct	On-going	Closed	Total
Tied Selling	0	1	1
Predatory Pricing	1	0	1
Anti-Competitive Agreement	0	1	1
Mergers & Acquisitions	0	8	8
Other Anti-competitive Conduct	0	4	4
Total Inquiries/Requests/ Complaints or Investigations	1	14	15



APPENDIX I

Statistical Tables (continued)

Appendix 1.4 – Consumer Queries, April 2016 - March 2017

MONTH	CALLS		WALK-INS		CONTACTS	
	2017–2018	2016–2017	2017–2018	2016–2017	2017–2018	2016–2017
April	98	189	7	28	105	217
May	156	178	11	27	167	205
June	136	120	13	29	149	149
July	123	161	21	36	144	197
August	152	190	15	30	167	220
September	117	53	13	7	130	60
October	127	140	14	40	141	180
November	157	130	14	24	171	154
December	112	130	18	26	0	156
January	115	130	29	26	144	156
February	98	69	18	22	116	91
March	58	159	12	18	70	177
TOTAL	1,449	1,649	185	313	1,504	1,962



APPENDIX II

Consultation Papers, Reports, Decisions and Orders

Decisions

- Decision on the proposed merger of BNTCL Holdings Limited (Sol) and the Barbados National Oil Company Limited (BNOCL) was issued on November 28, 2017.
- Decisions on the C&W Standards of Service 2018-2020 and the BL&P Standards of Service 2018-2020 were issued on September 29, 2017.
- Decision on the BWA Standards of Service 2018-2020 was issued on May 31, 2017.

Consultation Papers

- Public consultation on the BL&P's proposed Power Purchase Agreement for Distributed Generators over 500kW began on March 9, 2018.
- Invitation to Intervenors for the Application for the Review of the Fuel Clause Adjustment was issued on September 4, 2017 and ended September 11, 2017.
- Public consultation on the review of the BL&P Grid Code began on May 3, 2017 and ended June 2, 2017.
- Public consultation on the review of BL&P Standards of Service 2014-2017 began on April 3, 2017 and ended May 2, 2017.

Commission Panels

UTILITY REGULATION

Telecommunications

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

Water

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

Electricity

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



APPENDIX III

Presentations at Lectures, Workshops and Seminars

WORKSHOP

March 15 & 16, 2018

**10th Annual Competition Law
and Policy Workshop**

Accra Beach Hotel & Spa

Presenter

Mr. Stephen Rodger
Attorney, Bureau of Fair Competition,
United States Federal Trade Commission

CONFERENCE

November 8-10, 2017

15th Annual Conference of OOCUR

*"Balancing the Interests – Lessons from
Caribbean Regulators"*

Tobago

Presenters

Dr. Marsha Atherley-Ikechi
Ms. Fiona Scantlebury

LECTURE

March 24, 2017

FTC's 14th Annual Lecture

Discussion – *"Competition Policy and
Economic Development – is there a link
for Small Economies?"*

Accra Beach Hotel & Spa

Presenters

Mrs. Ayanna Young-Marshall,
Attorney-at-Law and Lecturer,
The University of the West Indies,
Cave Hill Campus

Mr. Philip McClauren,
Dep. Programme Manager, CSME,
CARICOM Secretariat



APPENDIX IV

Commission Staff

Commission Staff as at March 31, 2018

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, MSc, PhD
Director of Consumer Protection	Mrs. Dava Leslie, LLB, MBA, Attorney-at-Law
General Legal Counsel	Ms. Cherie Jones, LLB, LLM, MA, 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
Senior 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
Chief Economist	Dr. Troy Waterman, BSc, MSC, PhD
Economist	Mr. Dario Alleyne, BSc
Research Officer	Ms. Nikita Mayers, BSc, MSc
Executive Secretary	Mrs. Denese Alleyne
Office Manager	Mrs. Teresa Patterson, 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

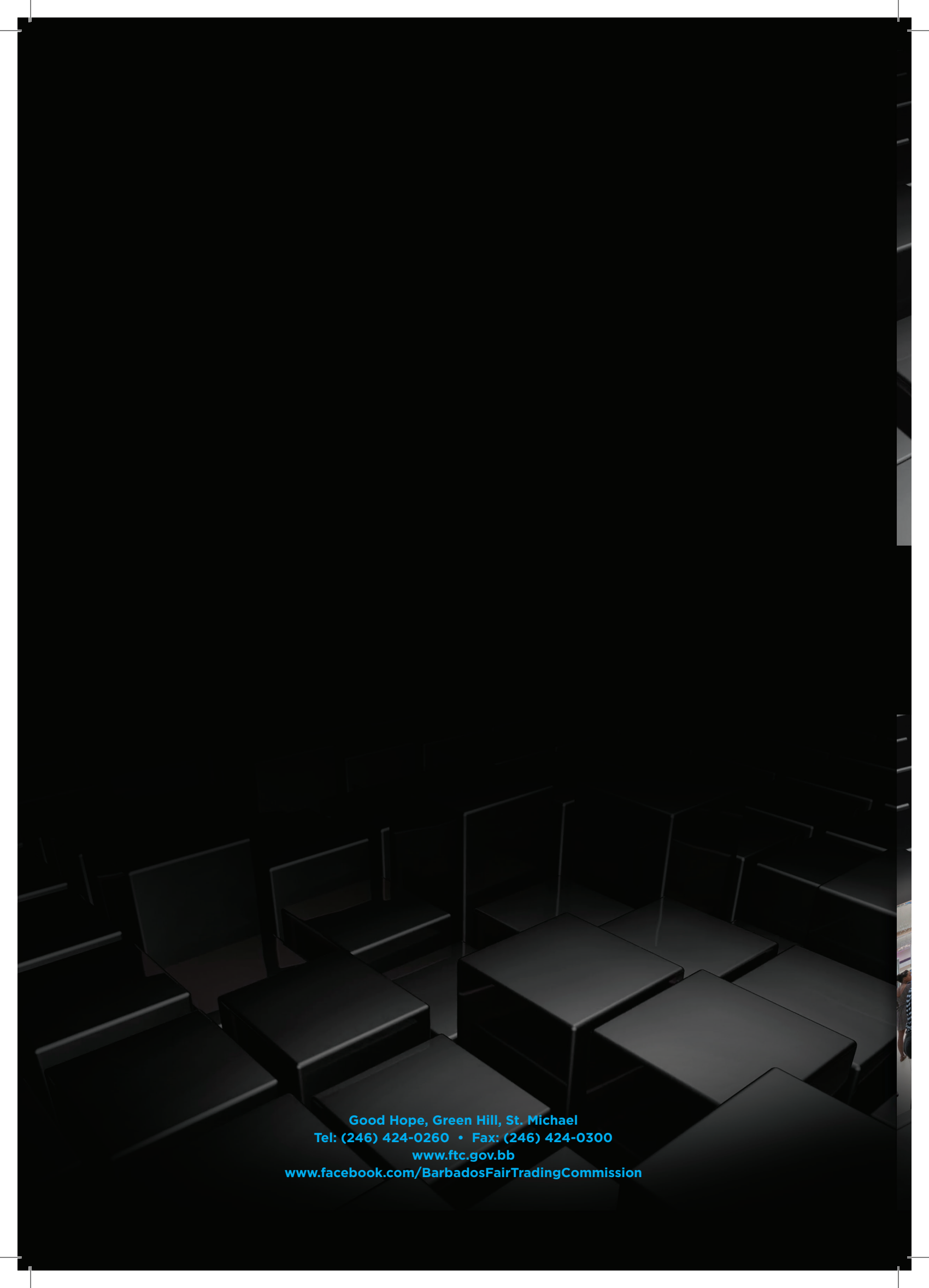
Telephone: (246) 424-0260
 (246) 421-2FTC (*Consumer Complaints Line*)

Facsimile: (246) 424-0300

E-mail: info@ftc.gov.bb

Website: www.ftc.gov.bb

Facebook: www.facebook.com/BarbadosFairTradingCommission



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