



2016 ANNUAL REPORT

FAIR TRADING COMMISSION





COMPETITION CONSUMERSUTILIT

Letter of Transmittal

Fair Trading Commission Good Hope Green Hill St. Michael

July 29, 2016

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, 2016, 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



Contents

Message from the Chairman
Members of the Commission 2015-2016
Fair Trading Commission at a Glance
Organisational Structure
The Year in Review
Consumer Protection
Fair Competition
Utility Regulation
Public Education and Awareness
Organisational Development
Looking to the Future
Financial Statements
Appendices 49
Contact Information



Message from the Chairman

In accordance with the provisions of Section 22 of the Fair Trading Commission Act, CAP. 326B of the Laws of Barbados, it is my honour as Chairman to submit the Commission's Annual Accounts for the period ended March 31, 2016, as certified by the external auditors in compliance with Section 21 of the said Act, together with the Operational Report for the same period.

The Commission's activities during the review period remained focused on its mandate and statutory duty to maintain consumer equity with regard to the regulation, monitoring and enforcement of fair trade. The Consumer Protection Division focused on the oversight of standard form contracts and negative option marketing; initiated research into the second-hand car market; visited hundreds of stores to ensure compliance with the relevant legislation; and policed unfair trade practices whenever these were discovered. More than 2500 queries, which covered a range of consumer matters, were also made to and responded to by the Division.

While the Fair Competition Division reviewed instances of refusal to supply, predatory pricing and price squeezing, the regulation of mergers and acquisitions also contributed to the matters that came under its purview. This included the acquisition of Cable & Wireless Communications Plc (C&W) by Liberty Global, which was approved by the Commission in February 2016; and the acquisition of Banks Holdings Limited by SLU/Ambev, which was also approved. One acquisition from the previous review period - that of Columbus International Inc. by C&W - occasioned the appointment in July 2015 of a Trustee, who has assumed responsibility of the divestment of assets.

The Renewable Energy Rider (RER) and the Price Cap Plan 2012 were two issues under review by the Utility Regulation Division, with the latter leading to the Price Cap Plan 2016, as outlined in the Commission's Decision of March 2016. The incidence of low oil prices, which have resulted in a low level of RER credit, has led to the review of said credit (including consideration of a short term RER floor). The Commission issued a public consultation paper on the matter in March 2016 and the Decision on the Motion to Review the RER Decision was issued on July 13, 2016.

Public education, engagement and outreach remained vital aspects of the Commission's activities. The 12th Annual Lecture featured a presentation by President of the Caribbean Development Bank, Dr. William Warren Smith, on the topic, "Regulating Utilities in Small Island Developing States – Lessons for the Caribbean". The Annual Competition Law and Policy workshop, now in its seventh iteration, also provided a valuable forum for business stakeholders. On March 15, 2016, members of the Consumer Protection Department and other members of staff interacted with the public in Bridgetown in commemoration of World Consumer Rights Day.

I should wish also to express my sincere gratitude to both the staff of the Commission and to my fellow Commissioners for their sterling commitment to advancing the important work of the Commission.

Jefferson Cumberbatch Chairman

Members of the Commission 2015-2016



From left: Dr. Philmore Alleyne, Mr. Dawood Pandor, Chairman Mr. Jefferson Cumberbatch, Deputy Chairman Professor Andrew Downes, Ms. Monique Taitt, Mr. Kendrid Sargeant. Inset left: Dr. Donley Carrington. 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 2015 to March 2016, the Commission held eight (8) administrative meetings. Regulatory panels consisting of up to five (5) members heard and determined matters relating to utility regulation. During the reporting period, ten (10) panel meetings were convened.

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 to the Commission for the administration of the legislation under the purview of the Commission and for the supervision of staff and the work programme of the Commission. 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.

CHAIRMAN & COMMISSIONERS

CHIEF EXECUTIVE OFFICER

DIRECTOR OF UTILITY REGULATION

- ⇒ Electricity, Telecommunications & Water
- ⇒ Tariffs
- ⇒ Standards of Service

DIRECTOR OF FAIR COMPETITION

- ⇒ Anti-competitive Practices
- ⇒ Mergers
- ⇒ Authorisations

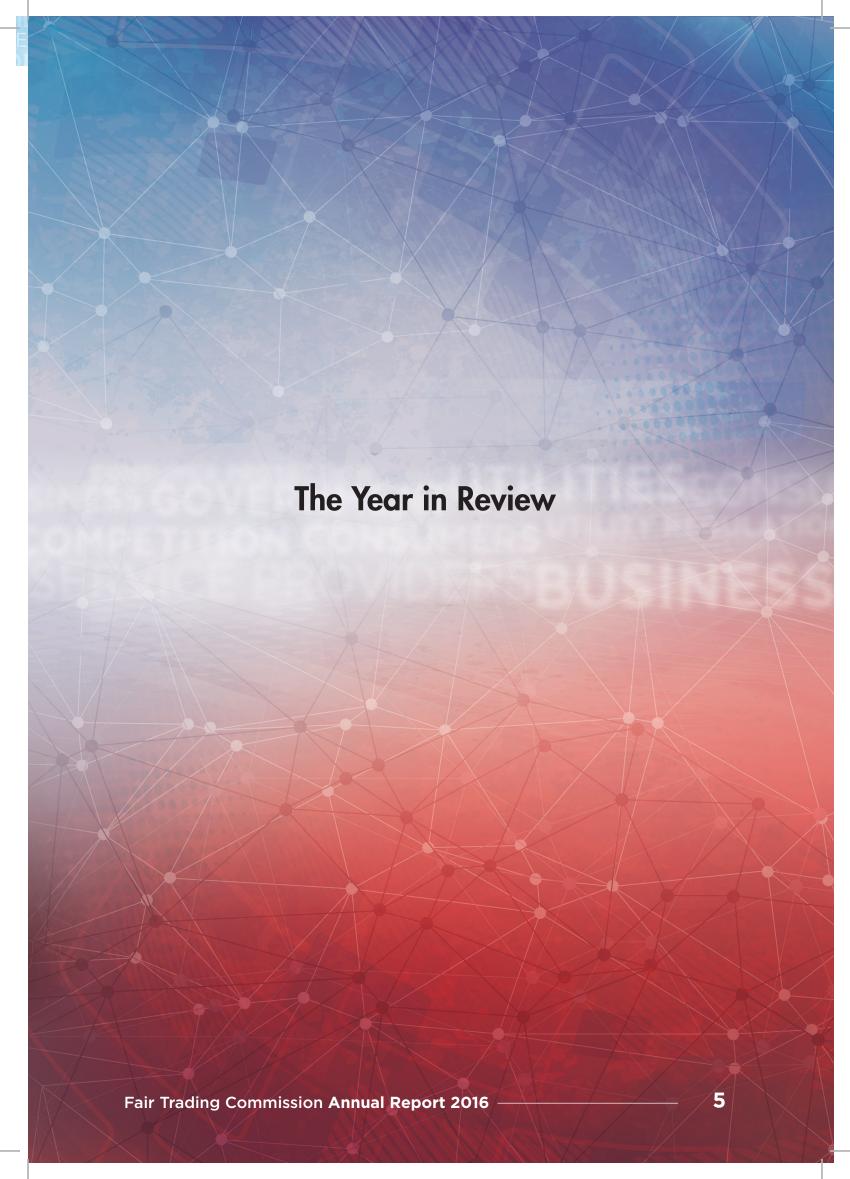
DIRECTOR OF CONSUMER PROTECTION

- ⇒ Unfair Contract Terms
- Unfair Trading Practices

GENERAL LEGAL COUNSEL

- ⇒ Legal Services
- ⇒ Proceedings before the Commission

- ⇒ Management
- ⇒ Finance
- ⇒ Human Resources
- ⇒ Marketing / Communications
- ⇒ Administration



IR COMPETITION UTILITY REGULATION CONSUMERS SERVICE

Consumer Protection

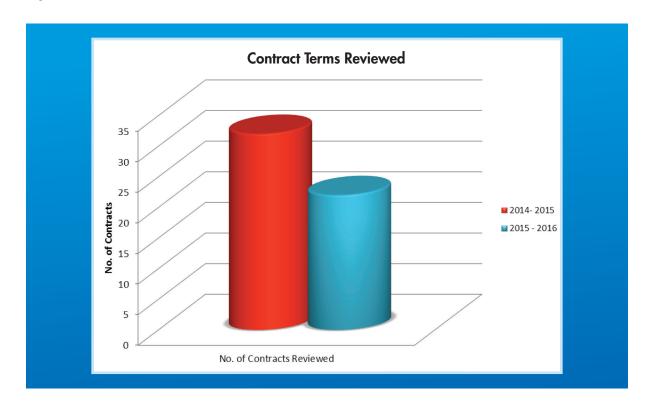
The Fair Trading Commission is dedicated to safeguarding consumers from unfair trade practices and unfair contract terms, through the enforcement of the Consumer Protection Act, CAP. 326D (CPA).

During the period under review, the Commission examined Standard Form Contracts (SFCs) for fairness, ensured businesses did not engage in unfair trade practices and conducted research on topical issues to determine their potential impact on consumer welfare.

Standard Form Contract Terms

SFCs do not give the consumer the opportunity to negotiate terms and conditions, may favour the supplier and result in the consumer suffering financial loss. The Commission examined SFCs from businesses in the banking, retail, technology and other service sectors. Eighteen (18) contracts were examined for fairness in accordance with the CPA. The contracts contained four hundred and ninety-six (496) terms, with one hundred and sixteen (116) terms found to be in breach of the CPA. The Commission required the businesses to either delete or amend the offending terms to ensure that these businesses were in adherence with the law and is in dialogue with the businesses in order to achieve this.

Figure 1.1 - Contract Terms Reviewed



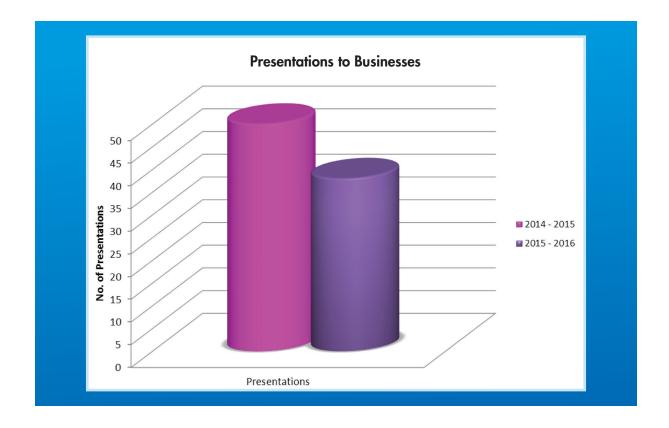
Educational Outreach Programme Initiatives

Advancements in technology significantly impact the way we acquire goods and services. Therefore, it is critical that the Commission consider the implications associated with the use of technology in order to reduce any adverse effect on consumers. As a result, the Commission continues to sensitise and empower consumers regarding the requirements of the CPA, through its Educational Outreach Programme.

Businesses and Organisations

The Commission delivered presentations to six hundred and twelve (612) persons at thirty-three (33) businesses and organisations. Additionally, in observance of World Consumer Rights Day, which is celebrated annually on March 15, representatives from the Commission were featured on the Mornin' Barbados TV programme and interacted with members of the public during the Day's activities, held in Jubilee Gardens, Bridgetown. Consumers shared their queries with the Commission's officers and with representatives from other government agencies.

Figure 1.2 – Presentations to Businesses



BUSINESS GOVERNMENT OF ILLITES CONSUMERS SERVICE OF THE SERVICE OF

Consumer Protection (continued)

Schools

As young consumers become increasingly brand conscious, the Commission has sought to empower young persons to make informed decisions through its Young Consumer Programme. In an effort to encourage children to be cognizant of their rights and responsibilities, twenty-one (21) presentations were made to one thousand and ninety-seven (1,097) primary and secondary school pupils and their teachers.

Presentations to Schools

40
35
30
2014 - 2015
2015 - 2016

Presentations

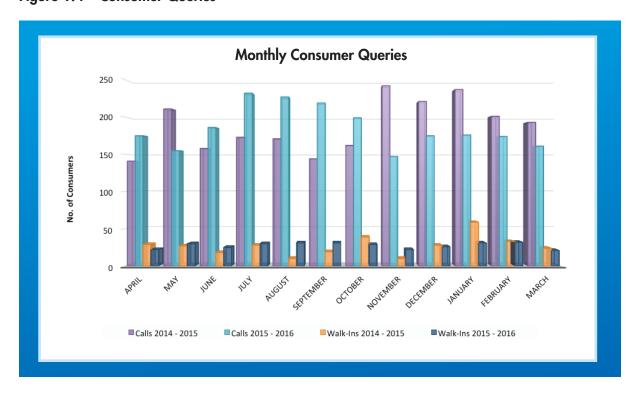
Figure 1.3 – Presentations to Schools

Relationship with Consumers

Queries

Two thousand, five hundred and fifty-five (2,555) consumers contacted the Commission seeking advice on matters relating to their rights under the CPA. Of this number, two thousand, two hundred and twenty-six (2,226) were telephone queries, while three hundred and twenty-nine (329) were queries from consumers visiting the Commission; forty-eight (48) written queries were also received. Seven hundred and seventy-six (776) consumer matters, which fell under the purview of the Consumer Guarantees Act, CAP. 326E, were forwarded to the Office of Public Counsel and the consumers were notified accordingly.

Figure 1.4 - Consumer Queries



Complaints

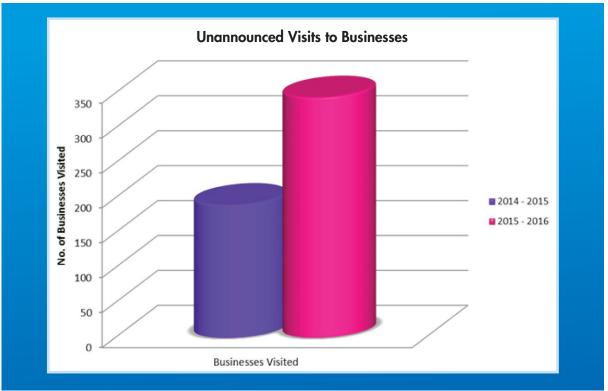
Five (5) complaints which were recorded by the Commission during this assessment period were resolved. Three (3) outstanding complaints from the 2014 - 2015 period were brought forward and resolved. One (1) complaint from 2014 - 2015 was reopened, as the consumer provided additional information to substantiate the claim; this matter has now been resolved.

Relationships with Businesses

Unfair Trade Practices

The CPA prohibits a business from utilising unfair trade practices - where a business adopts unfair methods when promoting the sale, use or supply of any goods or service - as they may mislead or deceive consumers. The Commission's officers made unannounced visits to three hundred and ninety-six (396) stores to ensure their compliance with the CPA. Thirty-two (32) of the stores visited were in breach of the CPA by displaying prohibited signs, which they were required to remove. Most of the businesses have subsequently complied.

Figure 1.5 – Unannounced Visits to Businesses



Monitoring the Media

Newspapers

Daily newspapers were monitored in order to identify advertisements which contravened the CPA. As a result of the Commission's vigorous educational programme on the CPA's requirements, only twelve (12) advertisements were found to be in contravention of the CPA. The businesses were immediately advised to desist from the practice and comply with the CPA. All of the businesses either deleted or amended their advertisements.

Research

Negative Option Marketing (NOM)

Negative Option Marketing is a system whereby businesses offer goods/services to consumers and, if they do not reject or cancel the offer, their silence is construed as acceptance and assent to be charged. This is contrary to the doctrine of Contract Law which ordinarily requires an "Offer" and an expressed, voluntary "Acceptance". Additionally, Sections 24 and 25 of the CPA prohibits businesses from requiring a consumer to pay for unsolicited goods/services.

Research from the previous year revealed that NOM was mainly found to be present in the telecommunications and cable television industries and this informed the Commission's focus. Three (3) businesses in the said industries were found to be in breach of the law. They were advised that they must ascertain the consumer's consent and desist from requiring the consumer to pay for unsolicited goods/services. Two (2) of the businesses have complied, while the Commission has continued to seek to resolve the third matter.

Construction Industry Report

The Commission conducted research on The Construction Industry: An Examination of its Impact on Consumers, which offered recommendations on how to improve consumer experience when conducting business within the sector. On March 18, 2015 the Commission also hosted an interactive session with business persons involved in the construction industry, and another with consumers on August 26, 2015 which addressed the findings and recommendations of the Construction Report.

Used Vehicle Market

The Commission has commenced research into the used vehicle market. The focus of the study is the sale of used vehicles by dealers, instead of private sales between individuals, as individuals under the CPA are not considered to be engaged in trade or commerce. This research follows the concerns of consumers who have purchased used vehicles and the issues which arose from said purchase. Therefore, the study will seek to determine what issues relevant to this industry may be addressed under the CPA.

CARICOM Competition Commission (CCC), the International Consumer Protection Network (ICPEN) and the United States Federal Trade Commission (USFTC)

CARICOM Competition Commission (CCC)

The Commission has maintained its links with the CCC, as this body seeks to promote and enhance consumer protection in the region. One of the aims of the CCC is to create a Consumer Protection Training document, and supporting material, that would provide clarity on the enforcement process and activities of a fully operational, national consumer protection agency.

International Consumer Protection Network (ICPEN)

ICPEN serves to protect consumers' economic interests around the world through the sharing of information on cross-border commercial activities that may affect consumer welfare. The Commission participated in ICPEN's Internet Sweep, an initiative of consumer protection agencies from its fifty (50) member countries. Each country searched the Internet and other forms of electronic communication, including mobile phones, to identify websites with the potential to mislead consumers. This information was then forwarded to ICPEN, with results of the sweep made available to member countries.

BUSINESS GOVERNMENTO I ILLITIES CONSUMERS SERVICE IR COMPETITION UTILITY REGULATION CONSUMERS SERVICE

Consumer Protection (continued)

United States Federal Trade Commission (USFTC)

The USFTC provides monthly correspondence on matters which affect consumers in their region and how it addresses such matters. These details facilitate the Commission's proactive approach in the identification and preparation of measures to address issues which may adversely affect consumer welfare.

Caribbean Community Secretariat

The Commission, as a member of the steering Committee established to strengthen the CSME Regulatory and Market Regimes, continued to participate in the review of the consumer protection work programme for the region.

Fair Competition

In the year under review, the Commission undertook many activities pursuant to the Fair Competition Act (FCA), CAP. 326C to achieve its 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 conducted a number of investigations into mergers and alleged anti-competitive practices. These investigations, which dealt with conduct such as predatory pricing, price squeezing and refusal to deal, spanned a wide range of sectors including telecommunications, distribution and transportation. Some of these investigations were resolved during the financial year, while others remain under investigation. The following summarises the main investigative activities undertaken during the reporting period.

Joint Venture – Goddard Enterprises Ltd. and Agostini Limited

Goddard Enterprises Limited and Agostini Limited announced their joint venture via press release on May 26, 2015. It stated that the companies had agreed to form a 50/50 partnership with their subsidiaries in the Fast Moving Consumer Goods (FMCG) sector, including Goddard's subsidiary, Hanschell, and Agostini's subsidiary, Facey.

The applicants indicated that the merger signalled the implementation of a strategy to strengthen their regional presence in the FMCG 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.

On February 22, 2016, in accordance with Section 20 of the Fair Competition Act, CAP. 326C and the Fair Competition (Merger) Rules, S.I. 2009 No. 105, the companies filed applications to merge. The matter remains under review in order to assess the probable competitive impact.

Refusal to Supply – Wi-Connect v. Digicel (Barbados) Limited

This matter, which dates from the 2011/2012 financial year, involved Wi-Connect, a Value Added Service (VAS) provider, which claimed that Digicel (Barbados) Limited refused to provide it with the necessary connectivity to deliver two-way messaging to mobile subscribers across the Caribbean.

During the reporting period, negotiations continued with Digicel, Wi-Connect and the Commission in an effort to resolve the matter. It is expected that a resolution is imminent.

Price Squeezing - Sunbeach Communications Inc. v. Cable & Wireless Barbados Ltd. (C&W)

With regard to this matter, which began in March 2013, Sunbeach alleged that Cable & Wireless (Barbados) Limited (C&W) had abused its dominant position in Barbados, with the sale of Wholesale Internet Data capacity to Sunbeach at a significantly higher wholesale rate than the rate at which it was sold to C&W's retail customers, through its subsidiary.

A margin squeeze analysis was carried out using the wholesale and retail price, as well as an examination of contention ratios provided by Sunbeach and C&W. In September 2015, the Commission determined that the difference between the retail price charged by C&W and the wholesale price at which it had sold its service to Sunbeach or other purchasers was not more than the cost of providing the service, irrespective of the contention ratio used and, therefore, a margin squeeze could not be established.

The Commission consequently found that C&W had not breached the Sections of the FCA related to abuse of dominance and the investigation should be discontinued.

Abuse of Dominance – Waste Haulers Association (WHA) & Waste Movers Association (WMA) v. Sanitation Service Authority (SSA)

On May 7, 2015, the Commission received correspondence from the WHA and WMA which addressed the introduction of a tipping fee – a charge for the disposal of waste. Commission staff met with members of the Associations, who asserted that certain practices of the SSA reduced competition, constrained their operations to some degree and alleged that the SSA had abused its dominance. This was based on their belief that the SSA was not required to charge itself an equivalent fee and was allowed to set its commercial collection services at a predatory rate, due to its financial support from Government.

The SSA was notified of the allegations and the Commission opened its investigation, which included visits to the SSA headquarters, discussions with its staff and that of the waste haulers, and the acquisition of relevant evidence of the SSA's payment of the tipping fee.

At its February 24, 2016 meeting, the Commission found that the SSA's Commercial Department charged its customers and paid the tipping fee to the Sustainable Barbados Recycling Centre to enter the controlled municipal waste disposal site at Mangrove, St. Thomas. In addition, it was highlighted that the evidence available indicated that the SSA covered its Commercial Department's operating cost and, therefore, was not leveraging its dominance in the residential municipal waste disposal or engaging in predatory tactics.

The Commission therefore found that the SSA was not in breach of the FCA. The SSA and the Association representing the Waste Haulers and Movers were notified of the Commission's decision.

Acquisition – Banks Holdings Limited (BHL) by SLU/Ambev (Am InBev)

On September 23, 2015, Banks Holdings Limited (BHL) informed its shareholders of the sale of approximately 20% of BHL's shares to SLU Beverages Limited (SLU), a subsidiary of the international brewer, Anheuser-Busch InBev (Am InBev). On September 28, 2015, after the share purchase, SLU issued a public takeover bid for the outstanding BHL shares. On December 7, 2015, BHL's shareholders accepted SLU's proposal of \$7.10 per share, ahead of ANSA McAL Limited's offer of \$7.20 per share, which was conditional on ANSA McAL acquiring at least 51% of BHL's shares; SLU controls approximately 90.62% of BHL's shares.

The applicants indicated that the merger would afford consumers further access to worldwide quality standards, alternative brands and consumer programmes, due to brand investment, trade development and investment in branded material. The applicants further stated that the merger objectives included assisting in the development of a Caribbean presence for Barbadian brands and opportunities to locally manufacture and produce international brands. The Commission considered three relevant markets, namely those for brewing, bottling and distribution of beer in Barbados.

At its February 24, 2016 meeting, having considered the potential efficiency gains of the merger, the broad range of beers and distribution methods available, the Commission approved the acquisition without conditions.

Acquisition – Cable & Wireless Communications Plc. (CWC) by Liberty Global Plc.

In November 2015, Liberty Global plc and Cable & Wireless Communications Plc. (CWC) jointly announced the proposed acquisition of CWC by Liberty Global. In accordance with Section 20 of the FCA, the Commission informed CWC of its requirement to file an application seeking permission; this was submitted on December 31, 2015.

The Commission considered the relevant markets of interest to be fixed-voice telephony, fixed data, mobile data, mobile voice and subscription television services.

At its February 24, 2016 meeting, with consideration for the fact that Liberty Global had neither direct nor indirect interest in any other company doing business in Barbados and cognisant of present and emerging competition in the markets identified, the Commission noted that there was no evidence to suggest that the merger would result in anti-competitive conduct in Barbados.

The Commission therefore granted approval of the merger application by CWC and Liberty without conditions.

Merger – Cable & Wireless Communications Plc's (C&W) acquisition of Columbus International Inc.

Appointment of Trustee

In accordance with the merger decision, the Commission advertised for a Trustee to monitor the ongoing management of the divestment. There were five (5) applications and Mr. Michael Forde was appointed Trustee on July 10, 2015.

Divestment

On September 23, 2015, the Trustee officially took on the responsibility of identifying a purchaser for the divested fibre assets. In October, the Commission and the Trustee met with representatives of CWC. The parties agreed that there was a need for another valuation of the divested assets. On March 31, 2016, CWC's representative indicated that they had initiated the revaluation process.

In its report for the month of February 2016, CWC provided quotations received with respect to local advertising for the divestment of assets and noted that it would endeavour to place a suitable advertisement in the near term. The Trustee continues to monitor the divestment of the assets and facilitated interaction between the potential purchaser and the seller.

Review Domestic Commercial Activity

The Commission is required, in accordance with Section 5 (c) of the FTCA, to "keep under review commercial activities, to ensure that those practices which may adversely affect the interest of consumers are prevented or eliminated". In order 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.

Market Study - Poultry Sector

The Commission has commenced its Agriculture Study with a focus on the poultry industry and there has been some engagement with major stakeholders in this sector.

The focus is on examining the key inputs into the sector and exploring the type of relationships which exist. The collection of information for the study is ongoing and is expected to be completed in the upcoming financial year.

Queries, Questionnaires and other Requests for information

Staff responded to telephone, e-mail and walk-in inquiries for general information on Competition Law. The chart below reflects the status of closed queries:

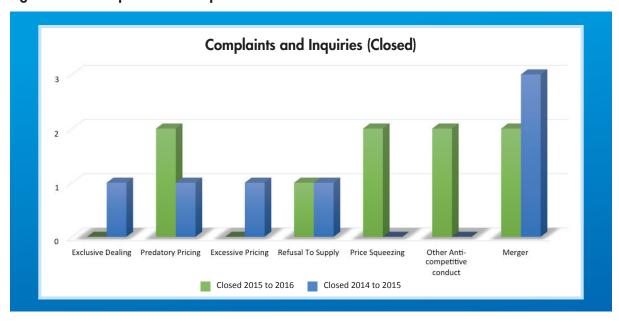


Figure 2.1 – Complaints and Inquiries – Closed

Educating and Informing Businesses and Consumers

The Commission's mandate involves sharing information with businesses and consumers about the importance of competition, rights and obligations under the FCA. This is in an effort to proactively reduce the level of anti-competitive conduct and ensure persons are aware of the negative consequences of such practices, while appreciating the benefits of keen competition.

Business Outreach Programme

Members of staff produced a number of newspaper articles on competition law and policy, along with other Commission matters, for local and online newspapers. In addition, staff made presentations to secondary and tertiary educational institutions and also met and engaged several businesses and attorneys, thereby furthering discussion on competition law and policy in Barbados.

Annual Training Programme

On March 10 and 11, 2016, the Division held its annual Competition Law and Policy Workshop at the Accra Beach Hotel & Spa. Assistant Director of the Northwest Regional Office of the United States Federal Trade Commission, Ms. Tina Kondo, was the guest facilitator, while staff of the Fair Competition Division also presented segments of the training programme.

Eighteen (18) participants, including persons from the business, legal and administrative sectors, attended the course. It provided 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, which was well received, covered concepts such as anti-competitive agreements, mergers and abuse of dominance, and the role of the Fair Competition Act in maintaining balance in business.

Cooperating with the CARICOM Competition Commission (CCC)

In accordance with Section 5 of the FCA, the Commission maintained its cooperation with the CCC, as well as the authorities of other member states, to promote and maintain competition throughout the region.

As a member of the Project Steering Committee of CARICOM with respect to the Strengthening of the CARICOM Single Market and Economy Regulatory and Market Regimes-Competition, the Division continued to liaise with the CARICOM Secretariat and offered input on the way forward, facilitated informational requests and provided comments on the outcome of the second Meeting of the Reconvened Task Force on the Implementation of Chapter Eight of the Revised Treaty of Chaguaramas.

As part of the ongoing collaboration, the Director of Fair Competition also participated in a sub-group meeting of the Task Force, held in St. Lucia, on November 23 and 24, 2015, where competition policy in Member States without a competition regime was discussed. This was funded by the European Development Fund, through the Organisation of Eastern Caribbean States.

Cooperating with International Agencies and Competition Authorities

The Commission maintained its relationship with various international organisations and networks that promote competition law and policy to ensure that it remains aware of competition-related advancements, concepts and best practices.

International Competition Network (ICN) Steering Group & Working Group

The Commission has served as a member of the ICN Steering Group since its appointment in May 2011. Comprised of approximately 120 competition authorities from 110 countries, the ICN is given its direction by the Steering Group.

The Commission participated in several ICN Steering Group teleconference meetings. Staff also regularly contributed to the various projects of the ICN and participated in several webinars and teleconferences, where panellists were assembled from competition agencies, academia and law firms to discuss relevant competition issues, such as defining dominance or assessing fair remedies in Unilateral Conduct Cases.

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

The Commission maintained its relationship with the USTFC, under an ICN partnership arrangement. The staff, through their on-going informal partnership arrangement with the USFTC and, to a lesser extent, the US Department of Justice, discussed and shared experiences on issues of competition law enforcement.

Utility Regulation

In accordance with the Utilities Regulation Act (URA), CAP. 282, the Fair Trading Commission's duties include the regulation of the Barbados Water Authority's (BWA) water and sewerage services, electricity services provided by the Barbados Light & Power Company Limited (BL&P) and domestic and international voice telecommunications, interconnection and leased services provided by Cable & Wireless (Barbados) Limited (C&W). This mandate also involves the monitoring and review of rates and the establishment of standards of service.

Telecommunications Sector

Price Cap Plan 2016

The reporting period saw the completion of a review of the Price Cap Plan 2012 (PCP 2012) and the Decision on the Price Cap Plan 2016 (PCP 2016), which was issued on March 31, 2016. The purpose of the price cap regime is to ensure that consumers are granted access to telecommunications services at "just and reasonable" rates, while providing C&W with sufficient incentive to operate at an efficient and innovative level.

This process, which was initiated in October 2015, involved a review of the four-year PCP 2012 and included an assessment of C&W's regulatory and financial performance over the price cap period, as well as any relevant market conditions impacting its operations. A public consultation paper was issued on February 8, 2016 and, based on submissions, a market study and other current operating information, the Commission determined that regulation was still required and the prevailing structure of the price cap regime was still appropriate.

The PCP 2016 is based on two Baskets of Services. Basket 1, which is not subject to an overall price cap, includes 'competitive services', i.e. those regulated services for which the level of existing competition is sufficient to prevent the Company from engaging in excessive pricing. Basket 2, which is subject to the overall price cap, includes 'non-competitive' services, which are defined as those regulated services for which the level of competition is not significant enough to allow market forces to control the level of pricing. These services include all regulated domestic voice, fixed access, associated value added services and domestic private leased circuits.

Any price increases across Basket 2 will be below or equivalent to the prevailing level of inflation or 3%, where inflation for that particular year exceeds 3%. In the event of a negative inflation rate, the allowable price increase for that year will be zero. Residential fixed line access services are included in this basket and as such are subject to the same price cap. However, due to the importance of these services to consumers, they are subject to an additional sub-cap. Price increases in Basket 1, while not subject to an overall price cap, will be subject to advanced notification requirements.

The Commission's Price Cap Plan 2016 Compliance Rules and Procedures, which was issued on June 17, detail the implementation and operational procedures of the PCP 2016.

Long Run Incremental Cost (LRIC) Interconnection Rates Decision

The Commission's Decision on LRIC Rates, which was issued in March 2015, resulted in the introduction of lower rates in the Reference Interconnection Offer (RIO) 2010. This decision was made after the Commission completed a review of interconnection costs, during which C&W was required to develop a LRIC model based on the costs of an efficient provider in providing interconnection services to other telecommunications providers. The new rates were implemented using a glide path, where 60% of the reduction was effective May 1, 2015 and the other 40% effective April 1, 2016.

Electricity Sector

Motion to Review the Renewable Energy Rider (RER)

In view of stakeholders' concern regarding the prevailing, low level of RER credit (which is based on the FCA and directly linked to oil prices), and on the request of the Minister of Industry, International Business, Commerce and Small Business Development, the Commission initiated the process for the review of the RER. The directive was to consider the establishment of a short term RER floor credit until permanent renewable energy (RE) feed-in-tariffs are established. A consultation paper which considers the application of a floor or fixed rate, the quantum of the rate and the expansion of the eligible capacity under the RER, has been drafted and is expected to be issued in the second quarter of 2016.

Renewable Energy Tariff Support Models Paper

The Commission, in the latter part of 2015, undertook research of the various tariff support models for the development of permanent tariffs for all classes of renewable energy generators. This Paper considered the design elements of Feed-in-tariffs, Feed-in-premiums, Auctions, and Renewable Purchase Obligations, their advantages, disadvantages and overall suitability to the Barbados environment.

Interruptible Service Rider (ISR) and Time-of-Use (TOU) Programmes

The Commission granted approval to the BL&P to establish the ISR programme on a permanent basis, effective December 1, 2015. This decision was given due to the determination that the ISR was not a new tariff, but a credit associated with a pre-existing tariff; the total system benefit that would accrue from its application; and the terms and conditions of the permanent ISR would remain the same as those under the pilot. These terms and conditions include the ISR's availability to secondary voltage power and large power customers with a billing demand in excess of 300kVA and a Monthly Interruptible Demand of not less than 100kVA. Customers of the TOU tariff are not eligible.

The Commission gave approval for the continuation of the TOU tariff on a pilot basis, under existing terms and conditions, until the next rate hearing.

Treatment of Renewable Energy Inverter Stock

The Commission approved the revised BL&P Requirements for Grid Interconnection for Renewable Generation Systems in June, 2015. This document included requirements for Frequency and Voltage Ride Through (FRT and VRT) to mitigate against the risk of increased grid instability as the penetration of variable renewable energy increases. The Commission also considered the level of stranded investment faced by market participants and accordingly advised the BL&P of the treatment of installer inverter assets.

Fuel Clause Adjustment (FCA)

During the April 2015 to March 2016 period, the FCA averaged 21.0532¢/kWh; it peaked at 28.5476¢/kWh in June 2015 and ended the period at a low of 13.1106¢/kWh. This decline is a continuation of the trend started in mid-2014 and is a reflection of the overall declining international price of oil. The FCA is a direct pass through charge and thus electricity consumers are reaping the benefits of lower fuel prices.

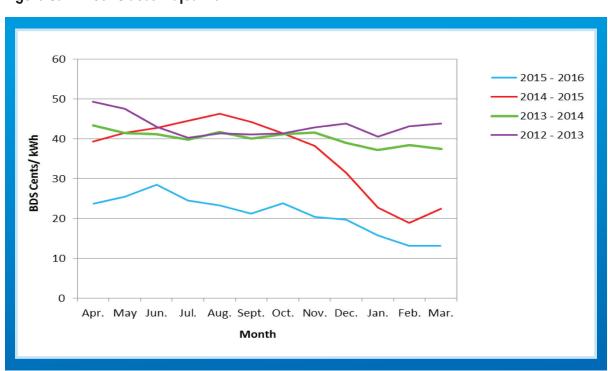


Figure 3.1 - Fuel Clause Adjustment

Standards of Service

C&W's Standards of Service Performance, April 1, 2015 - March 31, 2016

Overall performance for C&W was satisfactory and showed some improvement over the previous year. However, C&W experienced challenges with meeting the expected performance levels for 'Approval for Application of Service' Standard (GTS 1A) and some of the Guaranteed Standards. The performance of the 'Fault Repair' Standard (GTS 2) remained above acceptable levels (80% compliance) for business. While residential compliance showed improvement over the previous year, it was below the minimum acceptable standard.

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

Guaranteed Standard	Target	No. of Times Target Not Met	Average % Compliance April 2015 – March 2016
GTS1A Approval of Service	Residential Customers – No more than 7 working days	1231	44.48
GTS1B Installation of Service	Residential Customers – No more than 7 working days	496	77.84
GTS2 Fault Repair	Residential Customers – No more than 2 working days	8,987	76.38
GTS3 Repeated Loss of Service	Residential – Faults should not reoccur within 30 days of repair of first fault	1426	96.08

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

Overall Standard	Target	Average % Compliance April 2015 – March 2016
OTS1 Fault Repair	80% of faults should be repaired within a 24 hour period	90.10
OTS 2 Repeated Loss of Service	95% of faults should not reoccur within 30 days of repair of first failure	96.27
OTS 5 Billing Accuracy	Billing errors must be no more than 0.5% of the total bills issued	99.92

C&W's Overall Standards of Service performance was satisfactory for the period ending March 31, 2016, with slight improvement over the previous year. Performance data was recorded for only four (4) of the six (6) standards, with each standard resulting in performances which were above target. Data was unavailable for OTS 4 (Trunk Blocking) and OTS 6 (Customer Service Response). In the case of OTS 4, C&W indicated that there were some technical limitations that prevented the collection of this data; for OTS 6, data was unavailable, as C&W indicated that it no longer collected data by business unit.

BL&P's Standards of Service Performance, April 1, 2015 – March 31, 2016.

BL&P performed well in both the Guaranteed and Overall Standards of Service during the April 2015 to March 2016 period. However, service issues persist in the categories of 'Frequency of Meter Reading' and 'Answering of Billing and Trouble Calls'. Measures of reliability were generally satisfactory, with the average number of service interruptions per customer reported at 6.3. For the 2014 – 2015 period, the average number of interruptions per customer was 4.6.

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

Guaranteed Standard	Target	No. of Times Target Not Met	Average % Compliance April 2015 – March 2016
GES1 Restore Supply after Fault on Customer's Service (single customer affected)	Within 12 hours	1	99.56
GES3 Investigation of voltage complaints	Assessment in 15 days	0	100
GES4 Provide a simple service connection (connection point within 30 m)	Within 12 working days	35	95.51
GES8 Respond to billing complaints	Assessment in 15 working days	1	99.28

RECOMPETITION UTILITY REGULATION CONSUMERS SERVICE

Utility Regulation (continued)

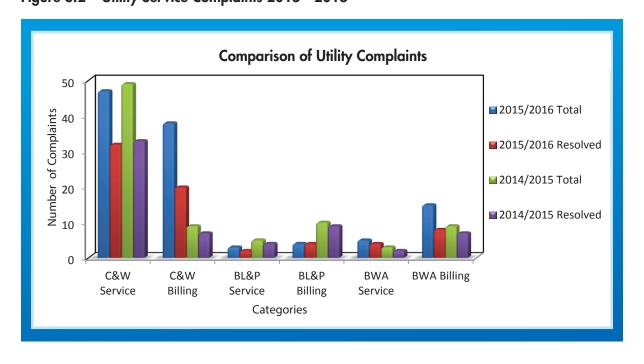
Table 1.4 – BL&P Overall Standards of Service (Selected)

Overall Standard	Target	Average % Compliance April 2015 – March 2016
OES 1 Frequency of meter reading	100% of domestic & general service customers' meters to be read every 2 months	97.55
OES 3 Prior Notice of Outage	95% of customers to be notified of planned outages 48 hours in advance	100
OES 6 Billing period	At least 95% of customers in each billing period shall be invoiced for no more than 33 days	96.61

Utility Complaints

One hundred and twelve (112) utility complaints were lodged between April 2015 and March 2016, with 70 (62.5%) resolved within the same period. The majority of complaints, 78.9%, were related to C&W service and billing issues. BWA complaints constituted 17.9% of the total, while the BL&P's constituted the remaining 6.2%. Comparatively, there were 27 fewer complaints last year and a resolution rate of 72.9%.

Figure 3.2 - Utility Service Complaints 2015 - 2016



Public Education and Awareness

12th Annual Lecture

The Commission hosted its 12th Annual Lecture on March 18, 2016. Dr. Warren Smith, President of the Caribbean Development Bank (CDB), presented on the topic 'Regulating Utilities in Small Island Developing States – Lessons for the Caribbean'.

During his presentation, the CDB President spoke about the role of regulation, what constitutes effective regulation and the evolution of utility regulation within the region. Following the presentation, which concluded with a discourse on lessons learned, Dr. Smith surmised that regulatory approaches must be tailored to meet the needs of Small Island Developing States (SIDS). He also expressed that there was a need for enabling frameworks supported by appropriate policies, legislation and regulations and encouraged regulators to expand their role as advisors to government. This would allow them to apply their unique insight and thereby influence policy formulation.

World Consumer Rights Day 2016

On March 15, 2016, the Consumer Protection Department and Utility Regulation Department participated in an outreach programme in Independence Square in observance of World Consumer Rights Day. Staff engaged the public on consumer rights and responsibilities and responded to queries. Information on the Standards of Service for the telecommunications and electricity sectors and the Commission's plans for the water sector were also shared with the public.

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)



Featured speaker Dr. Warren Smith, President of the Caribbean Development Bank (right) with Minister of Industry, International Business, Commerce and Small Business Development, the Honourable Donville Inniss (left); Chairman of the FTC, Jefferson Cumberbatch (2nd from left) and CEO of the FTC, Sandra Sealy.



Members of the audience consider the themes presented.

Public Education and Awareness (continued)



President of the Barbados Renewable Energy Association, Aidan Rogers, makes a point during the question and answer session.



CEO, Sandra Sealy and featured speaker, Dr. Warren Smith, respond to questions from the audience.

Public Education and Awareness (continued)



Workshop presenter Tina Kondo, Assistant Regional Director, U.S. Federal Trade Commission, receives a token of appreciation from Administrative Assistant, Saunta St. Hill.



Commission staff at the World Consumer Rights Day public outreach in Bridgetown.

Organisational Development

Training and Development

The Commission recognizes that in order to continue to provide efficient regulatory oversight in line with the responsibilities within its ambit, developmental opportunities for members of staff, which would assist them in upgrading their skills and knowledge, must be made available. During the last financial year, members of staff were able to participate in workshops, seminars and conferences hosted by a number of entities, including the Organisation of Caribbean Utility Regulators (OOCUR), the CSME Unit of the CARICOM Secretariat, CARIFORUM, the Central Bank of Barbados, the United States-based Institute of Public Utilities (IPU), United States Telecommunications Training Institute (USTTI) and the Barbados Renewable Energy Association (BREA).

The staff of the Fair Competition and Consumer Protection Divisions, as well as Commissioners, participated in a four-day consultancy hosted by the CSME Unit of the CARICOM Secretariat at the Lloyd Erskine Sandiford Centre, from February 22 to 26, 2016. The consultancy focused on Strengthening Regulatory and Market Regimes in the CARICOM Single Market and Economy, in relation to Consumer Protection and Fair Competition, as well as the CARICOM Rapid Alert System for Exchange of Information on Dangerous Nonfood Goods (CARREX).

In addition to those areas directly related to the Commission's regulatory mandate, members of staff participated in seminars and workshops in International Financial Reporting Standards, Internet Security, Public Service Leadership, Evidence and Judicial Review and Emergency Management Awareness.

BUSINESS GOVERNMENTO LILITIES CONSUMERS SERV

Looking to the Future

As the landscape of the services which it regulates continues to change, the Commission, in its 15^{th} year, has sought to maintain a fair environment, where both businesses and consumers may function efficiently.

As the energy sector evolves, the Commission remains cognizant that activities undertaken during the 2015-2016 period, such as the review of the Renewable Energy Rider (RER), have implications for national development. A determination on the RER credit and, ultimately, the establishment of permanent tariffs, will not only aid the growth of the national RE industry, but will also directly impact oil importation and foreign exchange reserves.

Likewise, the importance of ensuring businesses' compliance with legislation cannot be understated, as addressing occurrences of unfair trade practices and monitoring consumers' experiences, particularly with regard to emerging issues in the digital era, contribute to the preservation of a competitive business environment for both consumers and commerce.

Acquisitions and mergers will continue to be an area of focus for the Commission, as the trend of international businesses seeking to maintain economies of scale is expected to prevail. In addition, the telecommunications sector may see new competitors, as that industry continues to grow.

The Commission will continue to ensure that its staff is able to proficiently address both its current legislative responsibilities and future challenges.

While the matters that may arise will vary, the Commission will remain focused on achieving its goals as it investigates and makes determinations for the betterment of the economy of Barbados.



AIR COMPETITION UTILITY REGULATION CONSUMERS SERVICE

Index to the Financial Statements for the year ended March 2016

Auditors' Report	. 33
Statement of Financial Position	. 34
Statement of Comprehensive Income	. 35
Statement of Changes in Equity	. 36
Statement of Cash Flows	. 37
Notes to the Financial Statements	. 38



Ernst & Young P.O. Box 261 Bridgetown, BB11000 Barbados, W.I. Street Address

One Welches Welches St. Thomas, BB22025 Barbados, W.I. Tel: 246 430 3900 Fax: 246 426 9551 246 430 3879

AUDITORS' REPORT

To the Board of the Fair Trading Commission

We have audited the accompanying financial statements of the Fair Trading Commission, which comprise the statement of financial position as of 31 March 2016 and the statement of comprehensive income, statement of changes of equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as of 31 March 2016 and its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

CHARTERED ACCOUNTANTS

Barbados 14 July 2016

Statement of Financial Position As of 31 March 2016

	Notes	2016 \$	2015 \$
Assets			
Current assets	4	120 775	220 1 47
Cash Time deposits	4 4	429,775	338,147
Receivables	5	115,958 1,196,249	114,259
Prepayments	3	100,435	1,290,684 92,428
repayments		100,433	92,420
		1,842,417	1,835,518
Property, equipment and software	6	357,106	290,540
Troperty, equipment and software	O	337,100	270,540
		2,199,523	2,126,058
Liabilities Current liabilities			
Accounts payable and accrued liabilities		55,661	51,437
		55,661	51,437
Deferred income	7	193,189	44,666
		248,850	96,103
Net assets		1,950,673	2,029,955
Represented by:		1 	
Government advances and levies	ē.	1,076,250	976,978
Government grants		496,072	677,223
Accumulated surplus		378,351	375,754
		1,950,673	2,029,955

The accompanying notes form part of the financial statements.

Approved by the Commission on July 14, 2016 and signed on its behalf by:

Commission

Statement of Comprehensive Income Year ended 31 March 2016

	Notes	2016 \$	2015
Income		φ	3 ,
Government grants		2,753,084	2,711,420
Levies		943,252	976,978
Merger fees		24,000	51,000
Other income		2,597	4,436
		3,722,933	3,743,834
Expenses			
Employment costs	8(a)	2,395,677	2,466,824
Other operating expenses	8(b)	999,674	998,660
Professional services	8(c)	183,469	149,486
Depreciation	6	141,516	124,428
		3,720,336	3,739,398
Surplus		2,597	4,436

The accompanying notes form part of the financial statements.

BUSINESS GOVERNMENTO LILITIES CONSUMERS S

FAIR TRADING COMMISSION

Statement of Changes in Equity Year ended 31 March 2016

	Government advances	Government grants	Accumulated surplus	Total \$
Balance at 31 March 2014	1,203,526	953,248	371,318	2,528,092
Government contributions	976,978	2,366,564	-	3,343,542
Government grants and levies utilized	(1,042,276)	(2,642,589)		(3,684,865)
Repayments to Government	(161,250)	-	-	(161,250)
Surplus for the year	-	-	4,436	4,436
Balance 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)
Repayments to Government	-	н	-	-
Surplus for the year	-	. .	2,597	2,597
Balance at 31 March 2016	1,076,250	496,072	378,351	1,950,673

The accompanying notes form part of the financial statements.

Statement of Cash Flows Year ended 31 March 2016

	2016 §	2015 §
Cash flows from operating activities Employment Costs Other operating expenses Professional services	(2,396,155) (999,877) (178,642)	(2,466,858) (999,001) (275,727)
Net cash used in operating activities	(3,574,674)	(3,741,586)
Cash flows from investing activities Car loans repaid by staff Increase in time deposits Interest received Purchases of equipment	24,706 (1,699) 2,597 (212,694)	25,294 (1,675) 4,436 (24,720)
Net cash (used)/from investing activities	(187,090)	3,335
Cash flows from financing activities Advances from Government Levies paid in by utility service providers Repayment of Government advances Decrease in litigation reserve Merger fees Advance deposits Legal fees reimbursed	2,717,414 976,978 - 44,000 - 115,000	2,117,564 1,193,526 (161,250) (11,813) 11,000 (5,000)
Net cash from financing activities	3,853,392	3,144,027
Increase/ (decrease) in cash for the year	91,628	(594,224)
Cash – beginning of year	338,147	932,371
Cash – end of year	429,775	338,147

The accompanying notes form part of the financial statements.

Notes to the Financial Statements Year ended 31 March 2016

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 implemented during the year.

New standards, amendments and interpretations issued but not effective for the financial year beginning on or after 1 January 2015 and not early adopted

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 Company's operations. The Company has not early adopted the new standards, amendments and interpretations:-

- IFRS 9, 'Financial instruments'
- IAS 16, 'Property, Plant and Equipment'
- IAS 19, 'Employee Benefits'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 16 'Leases'
- IAS 7 'Statement of Cashflows'
- IAS 1' Presentation of Financial Statements'
- IFRS 7 'Financial Statements Disclosures'

Notes to the Financial Statements Year ended 31 March 2016

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:

1 - 5 years
5 years
5 years
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.

Notes to the Financial Statements Year ended 31 March 2016

2. Significant accounting policies (cont'd)

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.

gl 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 and equipment

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

4. Cash and time deposits

Cash comprises an operating account which bears interest at 0.05% (2015 - 0.25%) per annum.

Time deposits bear interest at the rate of 0.8% per annum (2015 - 1.70%). The deposits are due to mature on 15 November 2016 and 14 February 2017 respectively.

Notes to the Financial Statements Year ended 31 March 2016

5. Receivables

	2016 S	2015 S
Utility service providers Car loans receivable Government of Barbados Costs - Barbados National Oil Company Limited case Merger fees	943,251 132,998 100,000 20,000	976,978 24,706 289,000
	1,196,249	1,290,684

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 2016 and 2015.

Notes to the Financial Statements Year ended 31 March 2016

6. Property, equipment and software

Leasehold improvements	Computer hardware, software and office equipment	Fixtures	Vehicles	Total
\$	\$	\$	\$	\$
819,570	283,422 27,987 (73,445)	191,955 1,346	72,250	1,367,197 29,333 (73,445)
819,570 - -	237,964 24,552 (23,164)	193,301 1,442	72,250 182,088	1,323,085 208,082 (23,164)
819,570	239,352	194,743	254,338	1,508,003
491,742 81,957	253,576 26,916 (73,445)	191,687 1,105	44,557 14,450	981,562 124,428 (73,445)
573,699 81,957	207,047 32,998 (23,164)	192,792 1,176	59,007 25,385	1,032,545 141,516 (23,164)
655,656	216,881	193,968	84,392	1,150,897
163,914	22,471	775	169,946	357,106
245,871	30,917	509	13,243	290,540
327,828	29,846	268	27,693	385,635
	\$ 819,570	Leasehold improvements \$ 819,570	Leasehold improvements \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Leasehold improvements

Notes to the Financial Statements Year ended 31 March 2016

7.	Def	erred income		
			2016 \$	2015 \$
	Add	erred income – beginning of year l: Grants for assets purchased during the year s: Amortization of deferred income for the year	44,666 208,082 (59,559)	57,804 29,333 (42,471)
	Def	erred income – end of year	193,189	44,666
8.	Оре	erating expenses		
	a]	Employment costs		
	-		2016 \$	2015 \$
		Personal emoluments National Insurance contributions	2,041,478	2,103,077
		Other personal emoluments	128,795 57,390	130,048 46,791
		Pensions and gratuities	120,003	144,380
		Group medical	48,011	42,528
			2,395,677	2,466,824

8.	Operating expenses	(cont'd)
----	--------------------	----------

1	g (*****************************		
b]	Other operating expenses		
		2016	2015
		\$	\$
	Other operating expenses	199,582	201,730
	Rental of property	492,325	478,225
	Utilities	106,768	122,046
	Maintenance of property	54,842	52,606
	Supplies and materials	45,963	35,125
	Travel	42,858	44,772
	Rental of equipment	27,713	27,100
	Library books and publications	14,651	18,321
	Subscriptions and contributions	12,896	16,767
	Bank charges	2,076	1,968
		999,674	998,660
c]	Professional services		
		2016	2015
		\$	\$
	Regulatory consultancies	129,718	95,846
	Other professional services	27,799	26,909
	Audit fees	24,675	25,850
	Legal fees	1,277	881
		183,469	149,486

Notes to the Financial Statements Year ended 31 March 2016

9. Related party transactions

Transactions with related parties related to transfers from the Treasury relating to government grants of \$2,753,084.

Key management compensation

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

	2016 \$	2015 \$
Salaries and other short-term benefits	480,785	505,923
Gratuities	101,502	125,886

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:

	2016	2015
Property rental:	\$	3
Due within 1 year	506,425	492,325
Between 2 and 5 years	1,649,700	548,725
	2,156,125	1,041,050
	articles and	

Notes to the Financial Statements Year ended 31 March 2016

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 Company'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 charges in equity. The Company relies on the Government of Barbados for any additional capital funding as required.

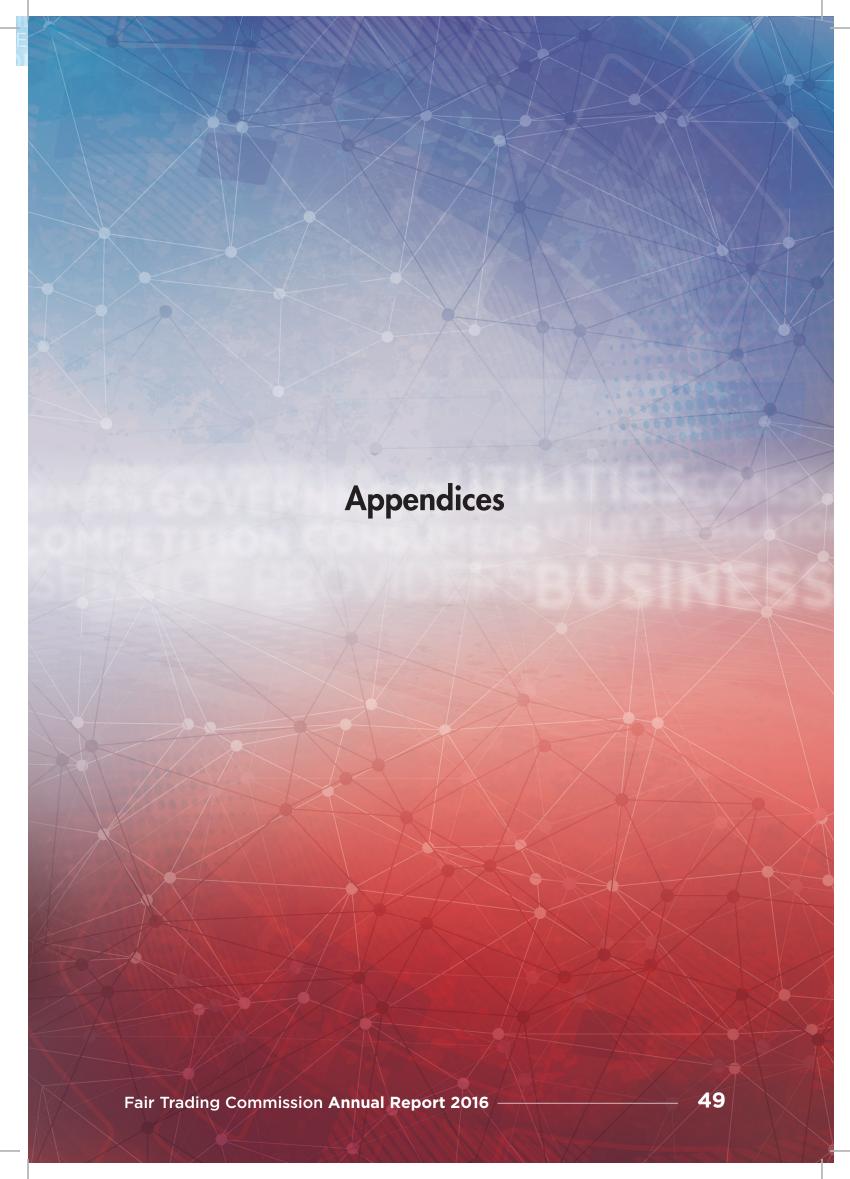
Notes to the Financial Statements Year ended 31 March 2016

14. Contingent asset

On 2 September 2015 Digicel (Barbados) Ltd filed an action against the Commission. On 13 April 2016 Digicel filed its Notice of Discontinuance. The Commission has written to Digicel's Attorneys-at-Law requesting Costs in the amount of \$7,700 plus VAT and is currently awaiting a response as to whether this figure will be accepted or contested.

15. Comparatives

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



APPENDIX I

Statistical Tables

Appendix 1.1 – Fuel Clause Adjustment

Month	April 2015 to March 2016 ¢/kWh	April 2014 to March 2015 ¢/kWh	April 2013 to March 2014 ¢/kWh	April 2012 to March 2013 ¢/kWh
April	23.7152	39.2921	43.4315	49.3526
May	25.4294	41.5426	41.5305	47.6181
June	28.5476	42.7069	41.2246	43.0266
July	24.494	44.5352	39.8415	40.2808
August	23.277	46.3592	41.7291	41.3764
September	21.2023	44.3201	40.1498	41.0961
October	23.8666	41.4619	41.1980	41.351
November	20.3903	38.2599	41.6705	42.9585
December	19.7069	31.5076	39.0698	43.9224
January	15.7877	22.7523	37.2305	40.5668
February	13.1108	18.9513	38.4601	43.1478
March	13.1106	22.4872	37.4655	43.9379

Appendix 1.2 – Utility Service Complaints

Complaints	2015,	/2016	2014/2015	
Complaints	Total	Resolved	Total	Resolved
C&W Service	47	32	49	33
C&W Billing	38	20	9	7
BL&P Service	3	2	5	4
BL&P Billing	4	4	10	9
BWA Service	5	4	3	2
BWA Billing	15	8	9	7
	112	70	85	62

APPENDIX I: Statistical Tables (continued)

Appendix 1.3 – Fair Competition Investigations and Queries for the Financial Year

April 2015 - March 2016

Type of Anti-Competitive Conduct	On-going	Closed	Total
Exclusive Dealing	0	0	0
Predatory Pricing	0	2	2
Refusal To Supply	0	1	1
Price Squeezing	0	2	2
Other Anti-competitive conduct	0	2	2
Merger & Acquisitions	2	2	4
Total Domestic Inquiries	2	9	11
General Inquiries/Requests for Information	49		

Appendix 1.4 – Consumer Complaints - Sections of the Act Breached
April 2015 - March 2016

Section of the Consumer Protection Act	No. of Breaches
Section 12 - Misleading & Deceptive Conduct	7
Section 13 - False Representation	3
Section 18 - Dual Pricing	1
Schedule to the Act	1
Others	1

BUSINESS GOVERNMENT OF LITTLE SCONSUMERS SERVICE

APPENDIX I: Statistical Tables (continued)

Appendix 1.5 – Consumer Queries, April 2015 – March 2016

MONTH	CALLS		WALK-INS		CONTACTS	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
April	175	141	22	29	197	170
May	155	211	30	27	185	238
June	186	158	25	18	211	176
July	232	173	30	28	262	201
August	227	171	31	10	258	181
September	219	144	31	19	250	163
October	199	162	29	39	228	201
November	147	242	22	10	169	252
December	175	221	25	28	200	249
January	176	237	31	59	207	296
February	174	201	32	33	206	234
March	161	193	21	24	182	217
TOTAL	2,226	2,254	329	324	2,555	2,578

APPENDIX II

Consultation Papers, Reports, Decisions and Orders

Consultation Paper

• Consultation Paper on the Price Cap Plan 2012 was issued in February 2016.

Decisions

- Decision on the Price Cap Plan 2016 was issued on March 31st, 2016.
- Decision on the Acquisition of Cable & Wireless Communications Plc by Liberty Global was issued on February 24th, 2016.
- Decision on the Acquisition of Banks Holdings Limited by SLU/Ambev was issued on February 24th, 2016.
- Decision on the Motion to Review and Variation of the LRIC Decision was issued on July 6^{th} 2015.
- Decision on the Stay of the LRIC Decision was issued on June 3rd, 2015.

Commission Panels

UTILITY REGULATION

Telecommunications Mr. Jefferson Cumberbatch

Professor Andrew Downes

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

Professor Andrew Downes Mr. Kendrid Sargeant Mr. Andrew Willoughby Dr. Philmore Alleyne

APPENDIX III

Presentations at Lectures, Workshops and Seminars

WORKSHOP

March 10 & 11, 2016

Eighth Annual Competition Law and Policy Workshop Accra Beach Hotel & Spa

Presenter

Ms. Tina Kondo Assistant Director, Northwest Regional Office, United States Federal Trade Commission

LECTURE

March 18, 2016

Twelfth Annual Lecture

"Regulating Utilities in Small Island Developing States – Lessons for the Caribbean" Accra Beach Hotel & Spa

Presenter

Dr. William Warren Smith President, Caribbean Development Bank

APPENDIX IV

Commission Staff

Commission Staff as at March 31, 2016

Chief Executive Officer

Director of Fair Competition

Director of Utility Regulation

Director of Consumer Protection

General Legal Counsel

Accountant

Human Resources Officer

Financial Analyst

Utility Analyst – Water Information Specialist

Legal Officer

Consumer Protection Officer

Consumer Protection Officer

Systems Administrator

Documentalist

Economist

Research Officer

Executive Secretary

Office Manager

Assistant Accountant

Research/Administrative Assistant

Administrative Assistant

Administrative Assistant

Administrative Assistant

Senior Clerk

Help Bureau Officer

Help Bureau Officer

Receptionist/Typist

Office Attendant

Office Helper

- Mrs. Sandra Sealy, BSc, MBA, MSc

- Mr. Antonio Thompson BSc, MSc

- Dr. Marsha Atherley-Ikechi, BSc, MSc, PhD, MSc

- Ms. Judy Maynard, LLB, LLM

- Mrs. Nichola George-Benjamin LLB, LLM, Attorney-at-Law

- Mrs. Shernell Small-Husbands, BSc, FCCA

- Mrs. Arlene Bushell, BSc, MSc

- Mrs. Susanna Cooper-Corbin, BSc, MBA, FCCA

- Ms. Fiona Scantlebury, BSc, MBA

- Mrs. Nekaelia Hutchinson-Holder, BA, MSc

- Mr. Kevin Webster, LLB, Attorney-at-Law

- Mrs. Julia Regis, BSc

- Mrs. Wanda Crichlow-Trotman, BSc

- Mr. Richard Farley

- Ms. Heather Waithe

- Mr. Dario Alleyne, BSc

- Ms. Nikita Mayers, BSc, MSc

- Mrs. Denese Alleyne

- Ms. Teresa Douglas, CPS, ACS

- Mrs. Sharon Grimes-Payne

- Ms. Cheryl Jones, ACS, BSc

- Ms. Cheldine Holford

- Ms. Saunta St. Hill

- Ms. Samantha Hinds

- Ms. Sonia Spencer

- Mrs. Antoinette Bridgeman

- Ms. Alia Mascoll

- Ms. Danielle Hope (Temp.)

- Mr. Corrie Thompson

- Mrs. Cecilia Alfay

AUDITORS

Ernst & Young

IR COMPETITION UTILITY REGULATION CONSUMERS SERVICE

APPENDIX V

Contact Information

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

Mailing Address: Good Hope

Green Hill St. Michael BB12003 Barbados

Telephone: (246) 424-0260

(246) 421-2FTC (Consumer Complaints Line)

Facsimile: (246) 424-0300

E-mail: info@ftc.gov.bb

Website: www.ftc.gov.bb

Facebook: www.facebook.com/BarbadosFairTradingCommission

Notes

Notes

SERVICE PROVIDERS BUSINESSFAIR COMPETITION CONSUMER PROTECTION UTILITIES

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