



FAIR TRADING COMMISSION

ANNUAL REPORT 2017/2018

Mission Statement

To provide for the maintenance & encouragement of competition in the conduct of trade, business and in the supply of services in Jamaica with a view to providing consumers with competitive prices and product choices.

FAIR TRADING COMMISSION
Unit 42A, New Kingston Business Centre
30 Dominica Drive
Kingston 5

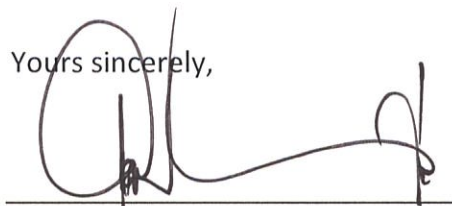
February 7, 2022

Senator the Honourable Aubyn Hill
Ministry of Industry, Investment and Commerce
4 Saint Lucia Avenue
Kingston 5

Dear Minister:

Per Section 14(1) of the Fair Competition Act, I have the honour of transmitting herein the Commission's Report for the Financial Year 2017/2018 and a copy of the Financial Statements of the Commission's Accounts as at March 31, 2018, duly certified by the Auditors.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'Donovan White', written over a horizontal line.

Donovan White
Chairman

Members of the Commission 2021-2022

Mr. Donovan White (Chairman)

Mr. Robert Collie

Mr. Stuart Andrade

Miss Dorothy Lightbourne

Mrs. Suzanne Ffolkes-Goldson

Mr. David Miller (Executive Director)

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Executive Director's Overview

Following the appointment of a new Commission in the 2016/2017 year, institution-building, specifically governance, strengthening enforcement tools, and internal processes, was the 2017/2018 Financial Year's focus.

The year began with the Commission's Staff taking the appeal in *FTC v Digicel*'s appeal to be heard by the Judicial Committee of the Privy Council. In August, the Privy Council ruled in the Commission's favor noting that Jamaica's competition legislation governs any enterprise in all markets. This view had long been held by the Commission. This deliberate trek into uncharted territory proved informative and instructive to the Commission as an institution, and for the Staff and Commissioners, it was a huge learning experience. It was a genuine team effort as Ms. Grant and Mrs. Wallace from the Administrative Department played a huge role, and the Competition Bureau did their part in supporting the Legal Department in making the journey a success. I thank the Staff for their commitment and tenacity and Axiom Stone Solicitors, our London based solicitors, for assisting with the case.

Having a structured merger review regime included in the Fair Competition Act has long been on the Commission's priority list of activities. This year we made another step forward by engaging Menns SPRL (Belgium) and LEAR Lab S.R.L. (Italy) to carry out the requisite groundwork on building the framework. We held consultations with critical private and public sector stakeholders. By the end of the year, we had in our hands a workable draft framework covering institutional, legal, and administrative aspects.

The third aspect of our focus on institution building was strengthening internal capacity, which took two forms. Firstly, restarting work towards achieving ISO 9001:2015 status and secondly, installing much needed new equipment for our Staff. By the end of the year, we had moved from being 30% complete to be approximately 60% complete. Given that ISO 9001:2015 standard was adopted during the year and the work we had done previously accorded with the ISO 9001:2008 standard, adjustments were necessary. Additionally, CARICOM aided by facilitating new information communication and technology (ICT) equipment for the Commission valued at approximately US\$20,000.

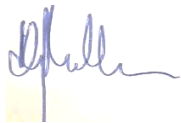
Through investigations, research, and market studies, we addressed competition issues in the tourism, information, communication, telecommunication, and energy sectors. Notably, our responsibility for doing our part to improve financial literacy saw us examining the effect of

Micro-Finance Institutions on consumers of small and medium-sized loans; and participating in the Micro-Finance Sector Conference held in December 2017.

We launched a new website that has a 'modern look,' with new functionalities and features. The www.iftc.gov.jm now has an expanded Menu bar, a directory on the bottom section of the homepage, and allows for viewing of video footage. The *Tips & Advice* section geared towards providing consumers and businesses with guidance is appealing to users, and their feedback has been positive.

Public education and competition advocacy remained strong with our annual newsletter *Compete*, our quarterly electronic newsletter *FTCNewsline*, articles in the Daily Gleaner, and public speaking engagements.

I commend the Staff for continuing to make Jamaica's competition authority noticeable, relevant, and effective.

A handwritten signature in blue ink, appearing to read 'D. Fuller', is positioned above a yellow rectangular stamp.

Executive Director

June 11, 2018

About us

The Fair Trading Commission (FTC) is a law enforcement agency that promotes competition and challenges business practices that could harm competition. The FTC was established in 1993 to administer the Fair Competition Act (FCA), which provides for the maintenance and encouragement of competition in the conduct of trade and business and the provision of services in Jamaica. The FTC's purpose is to ensure that markets are competitive and that consumers are provided with competitive prices and product choices. Accordingly, the FCA challenges business practices that could result in higher prices, lower quality and availability of goods and services.

Functions of the FTC

The functions of the FTC as set out in section 5 of the FCA are to:

- Carry out, on its own initiative or at the request of the Minister or any other person, investigations in relation to the conduct of business in Jamaica in connection with matters falling within the provisions of the FCA;
- Advise the Minister on matters relating to the operation of the FCA;
- Make available to businesses and consumers general information with respect to their rights and obligations under the FCA;
- Cooperate with and assist any association in developing and promoting the observance of standards of conduct for the purpose of ensuring compliance with the FCA; and
- Undertake studies and publicize reports and information regarding matters affecting the interests of consumers.

The FCA prohibits business practices that amount to a reduction in competition. These practices include an abuse of a dominant position, agreements that substantially lessen competition, exclusive dealing, market restriction, resale price maintenance, tied selling, price-fixing, and bid-rigging. It also strictly prohibits misleading advertising, sale above advertised price, double ticketing, and the unavailability of goods advertised at a bargain price.

The FTC has lawyers and economists who investigate business practices that might be anti-competitive and thereby lead to higher prices and reduced choices for consumers. To carry out its investigation, the FTC has the power to obtain any information that it considers necessary.

Where the Staff has determined that there might be a breach of the FCA, the matter may be brought before the Court for a determination, or the Staff may use methods other than litigation to correct the impact of anti-competitive conduct.

Governance

For the Financial Year 2017/2018 the FTC's parent ministry was the Ministry of Industry, Commerce, Agriculture & Fisheries (MICAF). In June 2016, Minister Karl Samuda appointed four Commissioners for a period of two years from June 2016 to June 2018. The Executive Director, an ex-officio Commissioner, was re-appointed by the Commissioners in 2015, under a 3-three year Contract.

The Commissioners

Dr. Derrick McKoy, CD (Chairman) is an Attorney-at-Law who is a former Contractor General of Jamaica and a former Dean of the Faculty of Law, University of the West Indies, Mona Campus. He is a Member of the Chartered Institute of Arbitrators and a Fellow of the Asian Institute of Alternative Dispute Resolution who holds a doctorate in law from the University of Leicester, a doctorate in Business Administration from Nova Southeastern University, an LLM in International and Comparative Law from University College London, an MBA from Barry University, as well as an LLB from the University of the West Indies. He is also a graduate of the Norman Manley Law School.

He serves on several public and private boards. He chairs the Fair Trading Commission, the Jamaica Antidumping and Subsidies Commission, the Duke of Edinburgh Awards Scheme in Jamaica, and the National Compliance and Regulatory Authority. He is a former member of the Integrity Commission of Jamaica. He sits on the boards of the Jamaica Stock Exchange, M/VL Stockbrokers Limited, the Jamaica Youth Business Trust, and the Munro College School Board as a Trust Appointed Member.

Dr. McKoy has published in the areas of competition law, constitutional law, corruption, labor law, public management, governance, and the law of computers. In 2016, he was awarded the Order of Distinction, in the rank of Command (CD), for Outstanding Contribution to the Legal Profession and Public Service in Jamaica.

Mr. Stuart Andrade has over 20 years' experience working in finance in various capacities such as Assistant Financial Controller and Financial Analyst. He has served on various boards, including the Consumer Affairs Commission.

Mr. Robert Collie is an attorney-at-law and Justice of the Peace with over 14 years' experience at the Jamaican Bar. He is the founder and Managing Partner of the law firm Collie Law, Attorneys-at-Law. Before that, he worked as a Senior Associate at Myers, Fletcher and Gordon, Attorneys-at-Law, and as Director of Legal and Enforcement, at the National Environment and Planning Agency (NEPA). Mr. Collie is past Chairman of the Natural Resources Conservation Authority Appeals' Tribunal. He is a former member or director of the following boards: The Child Development Agency's Adoption Board, Charities Appeal Tribunal, Pre-University School Limited, Impossible Services Limited, Chrysalis Developers Limited, Jamaica Foundation for Lifelong Learning, Jamaica Information Service, Jamaica 4-H Clubs, and Jamaica Intellectual Property Office.

Mr. Collie's law expertise spans the areas of Environment, Planning, Real Estate, Probate, Commercial, Civil and Criminal Litigation, Labour, Intellectual Property, Competition, and Family.

Dr. Lloyd Waller is the Head of the Department of Government at the University of the West Indies (Mona Campus) and a Senior Lecturer in Human, Social, and Political Behaviour. His primary areas of research and expertise are advanced research methodologies (specializing in quantitative, qualitative, and mixed-methods research); and democratic governance (specializing in youth in governance and development, as well as electronic governance).

Dr. Waller has published over 50 articles, books, scientific research papers, and technical reports covering areas such as: youth mainstreaming and empowerment, youth in governance and development, innovations in research methods, e-government, e-participation, e-governance, e-voting, and e-protesting. He has received several Principal's Award for research with the greatest business/economic/development impact from the University of the West Indies (Mona Campus).

Dr. Waller has also managed several local, regional, and international research projects related to youth development, youth and democracy, as well as the use of information and communication technologies for government and governance (e-government and e-governance).

He lectures in advanced research methods (qualitative and quantitative research methods) at the University of the West Indies (Mona Campus). He has developed and lectured courses in electronic governance, project management, youth and democracy, electronic government, strategic management, organizational behavior, as well as cybercrime at the University of the West Indies (Mona, Cave Hill, and Open Campus), the Organization of American States, the University College of the Caribbean, the Caribbean Institute for Media and Communications, the

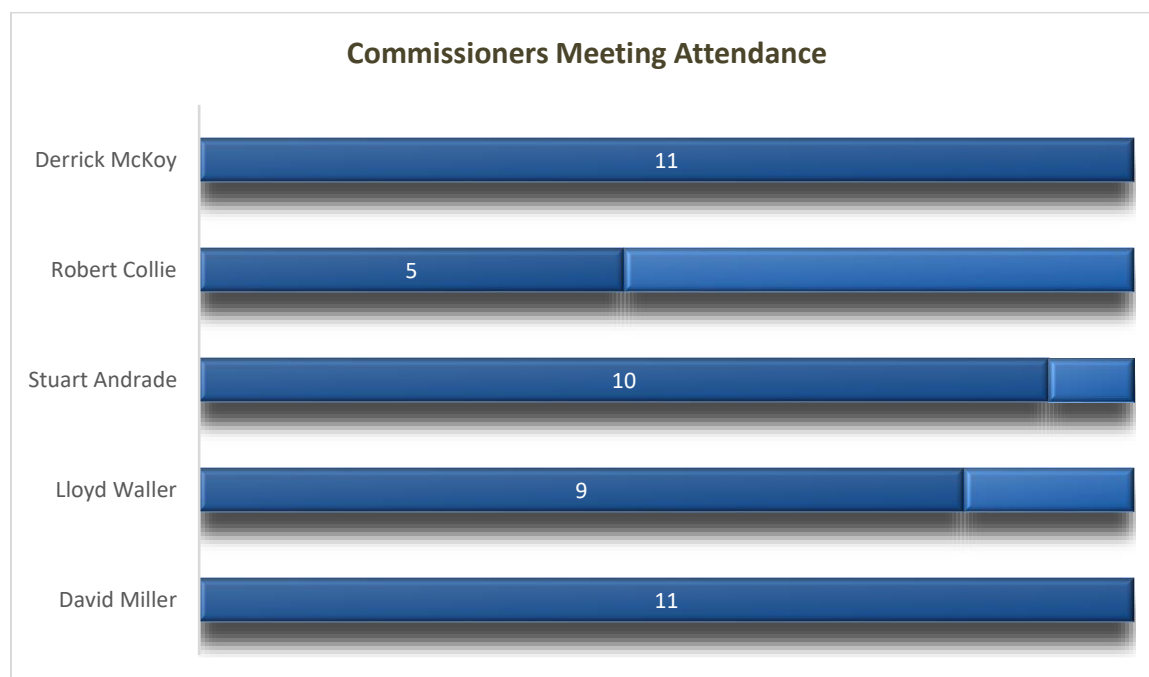
Institute for Cultural Studies, Institute for Gender and Development Studies, as well as Excelsior Community College.

Dr. Waller is the Director of the Centre for Leadership and Governance, a research and policy unit within the Department of Government. He holds a Doctor of Philosophy in Sociology and Social Policy from the University of Waikato, New Zealand, a Master of Science degree in Sociology of Development and a Bachelor of Science degree in International Relations from the University of the West Indies, Mona Campus.

Mr. David Miller was appointed Executive Director in November 2009 after serving as General Manager of the FTC for nine years. He holds a Master of Science degree in Accounting and a Bachelor of science degree in Management Studies from the University of the West Indies.

During the year, April 1, 2017, to March 31, 2018, eleven Commissioners Meeting were held. Meeting attendance is as indicated in chart below.

Commissioners Meetings Attendance



Priority Programmes

In line with its mandate as set out in section 5 of the FCA and its mission, "to provide for the maintenance and encouragement of competition in the conduct of trade, business and in the supply of services in Jamaica with a view to providing consumers with competitive prices and product choices," the FTC sets the following general priority programmes within which to focus its work:

Enforce the FCA

Increase emphases on enforcing the FCA provisions through the Courts in relation to business conduct deemed inimical to the competitive process to reduce and deter anticompetitive business practices.

Advocate for competitive markets

Improve market efficiency by promoting the least restrictive (existing and proposed) policies to ensure that those policies do not hinder competition.

Educate the public

Inform and educate policymakers, decision-makers, businesses, and consumers on the benefits of competitive markets to promote a better understanding of the FTC's role in fostering a competitive economic environment.

Collaborate with other agencies

Maintain and enhance a presence in the international competition arena to further facilitate the growth and development of the Staff of the FTC; and provide advice on regional competition issues to the other CARICOM Member States.

Streamline processes

Streamline internal processes to find new and more effective ways to improve the delivery of services to all external Stakeholders as well as to the Staff and Commissioners, as well as to enhance the efficiency with which we use our resources to carry out our primary function of promoting competition.

Strategic Priorities

As Jamaica's competition advocate with the primary responsibility to promote competition and competitive markets for the benefit and consumers and businesses, and ultimately to improve productivity and economic growth, the FTC is critical to Jamaica's **Vision 2030** National Goal #3: *Jamaica's economy is prosperous*, National Outcome #8: *an enabling business environment*, and National Outcome #12: *internationally competitive industry structures*.

Main Priority Issues

During the 2017/2018 Financial Year, we continued work commenced in the previous year by focusing on enforcement matters, market studies, and competition advocacy that are considered far-reaching in affecting markets and impacting consumers.

Enforcement

The matter of Digicel Jamaica Limited's acquisition of its main rival Claro began in 2011. It served as the trigger for the FTC to clarify its jurisdiction pursuant to section 17 of the Fair Competition Act. Specifically, the FTC's obligation to assess mergers and acquisitions.

In May 2017, the FTC presented its arguments to the Judicial Committee of the Privy Council (JCPC), and in August 2017, the JCPC ruled in favor of the FTC on all aspects, stating that the FCA governs any enterprise in all markets.

In recent years there has been an increasing number of mergers and acquisitions among market participants of varying sizes and different sectors. Therefore, this judgment is significant to Jamaica's business landscape and the FTC's role in enforcing competition law and seeking outcomes that will improve consumer welfare.

Market Studies

Conducting market studies provides the FTC with an understanding of how particular markets work, are operating, and whether there are competition concerns

As part of its role as a member of the Financial Inclusion Committee, the FTC examined money lending services provided by Micro Finance Institutions (MFI). Preliminary data suggest that 30 percent of persons who access credit through MFIs were reportedly not eligible to access credit from traditional financial institutions. The study explored the reasons and options for consumers.

The FTC also launched a study into port services in Jamaica to develop recommendations for creating an efficient Special Economic Zone (SEZ) and pursued procurement of a consultant to undertake the study on competition in the commercial banking sector.

Legislative Changes

A critical pillar in the enforcement of competition policy and the protection of consumers is having an appropriate merger review regime. During the year, the FTC made another step forward by engaging a consultant to draft legislation and regulations and conduct training of key stakeholders.

Menns SPRL (Belgium), in consortium with LEAR Lab S.R.L. (Italy), was selected to complete the work in six months, and the contract commenced in September 2017. The consultancy was designed to effectively address the challenge of defining appropriate procedural, institutional, and substantive review rules and remedies to particular mergers. The ultimate objective was an amended legislation to introduce a merger control framework as part of the current Fair Competition Act (1993), which presently does not include provisions that speak directly to a merger review and control framework.

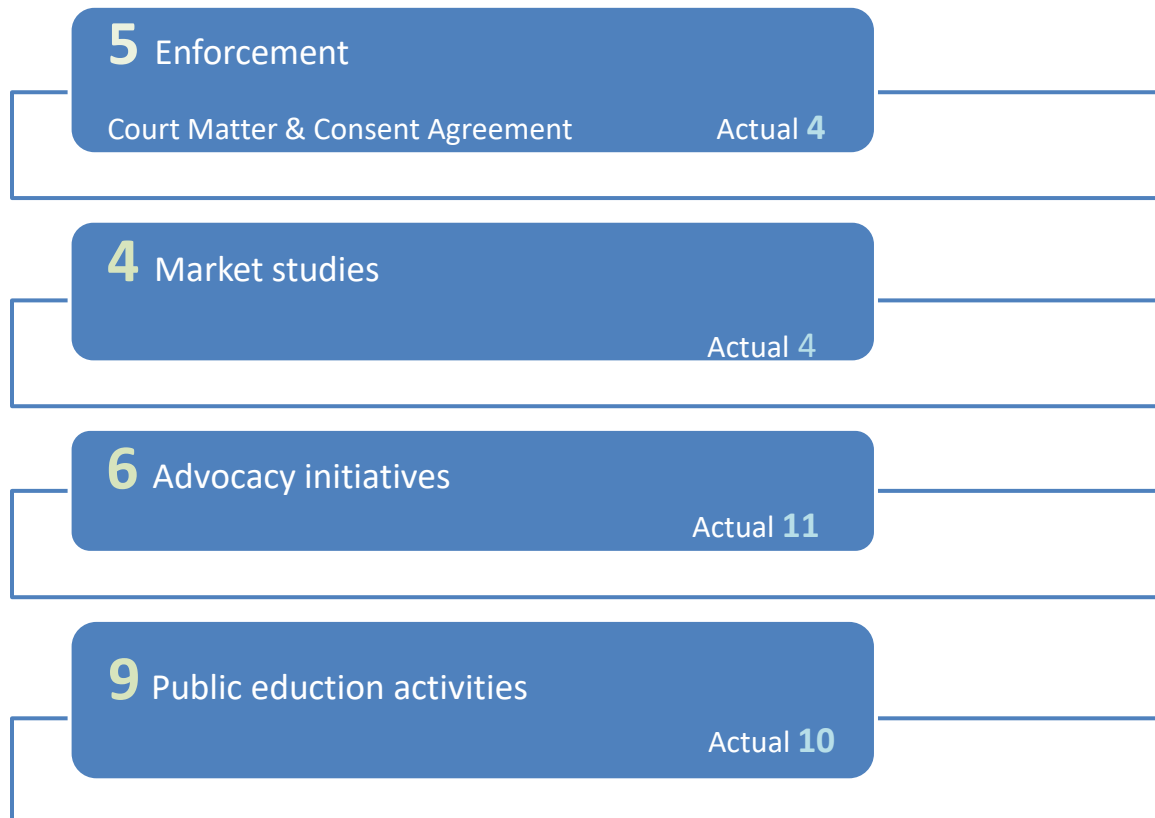
The data and information gathering process included meetings with public and private sector stakeholders whose responsibilities will be impacted by the new regime, intended to cover all sectors of Jamaica's economy. Ministries Departments and Agencies that participated in the consultation exercise were the Attorney General's Chambers, Bank of Jamaica (BOJ), Consumer Affairs Commission (CAC), Office of the Chief Parliamentary Counsel (CPC), Financial Services Commission (FSC), JAMPRO, Ministry of Economic Growth & Job Creation (MEGJC), Ministry of Science Energy & Technology (MSET), Ministry of Transport & Mining (MTM), Office of Utilities Regulation (OUR), Ministry of Justice (MoJ), the Planning Institute of Jamaica (PIOJ), Companies Office of Jamaica, the Jamaica Stock Exchange and MICAF.

The consultancy falls under the Foundations for Competitiveness and Growth project financed by a World Bank loan. The initiatives under the project are expected to strengthen the enabling environment for private sector competitiveness to help Jamaica unleash its productivity and growth potential. MICAF, the PIOJ, and the FTC oversaw the implementation of the project.

By the end of the Financial Year, the Consultants had submitted a Recommendations Report which includes draft Amendments to the FCA, Economic Framework for Assessment of Mergers, Practical Guidelines and Recommendation on Thresholds, and a note to inform the Cabinet Submission.

MICAF and the FTC reviewed these documents. The Recommendations cover institutional, legal, and administrative aspects of the proposed framework. Additionally, MICAF and the FTC had approved four of the consultant's seven deliverables and had submitted the draft Cabinet Submission to the Attorney General's Department for its approval.

Key targets for 2017/2018



Performance

Enforcement



Court Matters

FTC Privy Council

In May 2017, the FTC's legal team appeared before the Judicial Committee of the Privy Council (JCPC) seeking clarification on issues relating to (a) the proper interpretation of the relationship between the Fair Competition Act (FCA) and the Telecommunications Act; and (b) the interpretation of section 17 of the FCA. The FTC's team comprised Dr. Delory Beckford, Senior Legal Counsel, and Ms. Wendy Duncan and Mr. Marc Jones, Legal Officers.

The matter arose from the Court of Appeal judgment of December 19, 2014, which held that section 17 of the FCA does not apply to agreements or transactions under section 17 of the Telecommunications Act or to mergers, which implicates a Stock Purchase Agreement between Digicel Jamaica Limited ('Digicel') and Oceanic Digital Jamaica Limited ('Claro'). Attorneys for Digicel and Claro also appeared before the Privy Council and made submissions.

In a landmark judgment, the JCPC ruled that the FTC has jurisdiction over the 2011 acquisition by Digicel Jamaica Limited (Digicel) of Oceanic Digital Jamaica Limited (Claro). The judgment was handed down on August 24, 2017.

The Law Lords considered three main issues and ruled in favor of the FTC on all three issues. In particular, the JCPC held that the FTC has jurisdiction to intervene in the telecommunications market in the same way as in any other market. Further, section 17 of the FCA governing anticompetitive agreements applies to mergers and acquisitions. They also held that the FTC's jurisdiction was not affected by the approval of the agreement between Digicel and Claro by the relevant Minister under the Telecommunications Act, 2000. The ruling also stated that the FCA governs any enterprise in all markets.

This judgment paved the way for the FTC to resume its challenge in the Supreme Court of Digicel's acquisition of Claro. The decision now opens the door for divestitures in completed mergers or instituting behavioral remedies to adjust anticompetitive effects. Costs were awarded to the FTC. However, as of the end of the Financial Year, the amount had not been agreed upon.

Other Notable Matters

Investigation in the Telecommunications Sector

The FTC completed its assessment of Cable & Wireless Jamaica Limited's (Flow) allegation that its rival's, Digicel Jamaica Limited, relatively high charge to call competing networks was anticompetitive. Flow argued that this pricing strategy discourages Digicel's subscribers from calling competing networks, thereby depriving it of call termination revenue.

It was found that Digicel's pricing strategy resulted in many Digicel customers subscribing to both Flow and Digicel networks to avoid the relatively expensive cross-network charge from Digicel. The FTC concluded that Digicel's strategy was unlikely to have harmed any competing network since the reduction in call termination revenue accruing to competing networks would have been off-set by a proportionally greater increase in on-net call revenue. Accordingly, Digicel was not in breach of the FCA.

Investigation in the Tourism sector

Upon a request from the Ministry of Tourism (MOT), the FTC reviewed an allegation that local Destination Management Companies (DMCs) were being marginalized by integrating overseas DMCs in the market for tour services in Jamaica.

Before entering the market, the overseas DMCs contracted Jamaican based DMCs to offer tour services to their clients visiting Jamaica. Over time, local DMCs secured a significant portion of customers through this relationship with overseas DMCs. However, the terms of the contract changed significantly when the overseas DMCs began to offer tour services in Jamaica directly to their clients. In particular, the overseas DMCs required only ground transportation service from local DMCs and demanded the service at rates many DMCs believed to be unsustainably low. Accordingly, the integration of overseas DMCs' in the local tour services market was alleged to be anticompetitive because it diverted revenues from local DMCs.

The FTC examined issues such as the nature of the services offered by DMCs and their competitors in the market; how new customers are obtained; start-up requirements and barriers to entry and exit; licensing requirements and the nature of alliances with companies that offer other services that may complement that of DMCs.

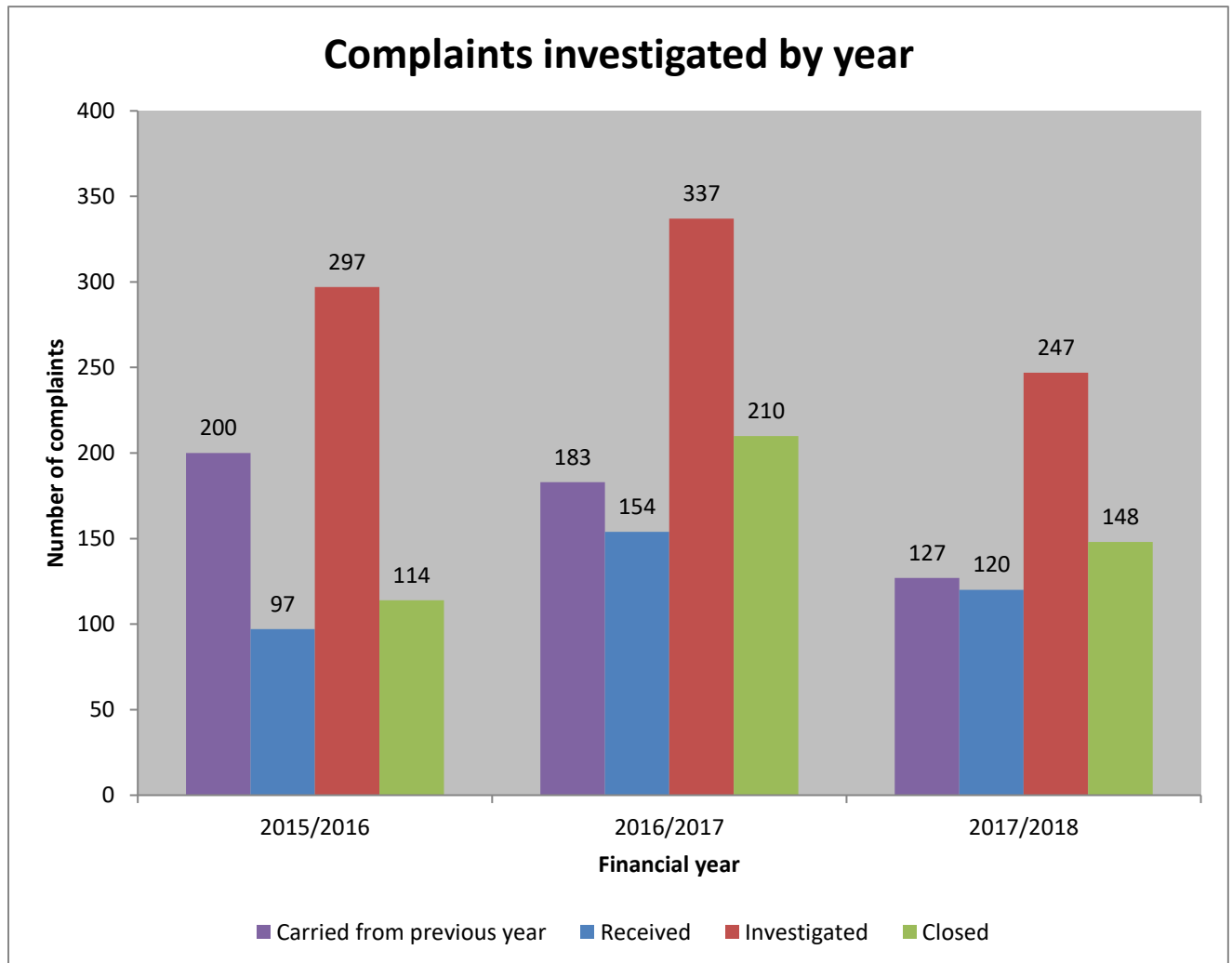
The FTC concluded that the challenged conduct did not breach the FCA. However, it was noted that the market for ground transportation services to tourist destinations was subject to significant buyer power on the part of overseas DMC's. Consequently, without intervention, the local DMCs are likely to exit the market in the foreseeable future unless they implement a strategy to secure customers independently of the integrated overseas DMCs. The FTC recommended that the MOT consider addressing the matter through amendments to policy and/or legislation.

The FTC was also asked for its view on whether the competition provisions in the CARIFORUM-EU Economic Partnership Agreement were relevant to the alleged conduct. On this issue, the FTC believed that although Article 111 of the Agreement is entitled "prevention of anticompetitive practices," it does not impose any direct prohibition or obligation against the alleged conduct that could be actionable in Jamaican law.

Complaints handled

During the period April 1, 2017, to March 31, 2018, the FTC investigated 247 complaints. This comprises 127 complaints that were unresolved at the end of the previous year; and 120 were received during the year. For the year, 148 cases were resolved and closed. Additionally, 38 model year complaints were awaiting the Commission's decision on next step to be taken. With a resolution rate for the year at 60 percent, a total of 99 complaints remained under investigation and were carried forward to the 2018/2019 Financial Year (See Figure 1).

Figure 1: Complaints investigated by year



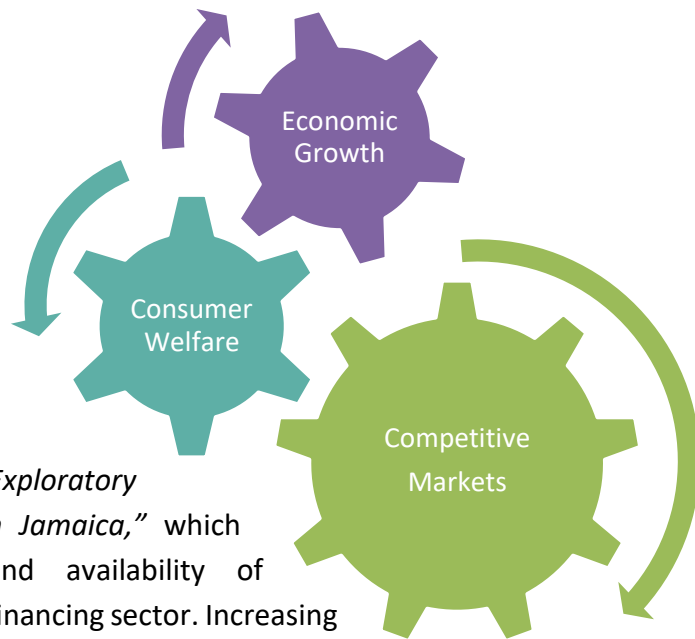
Of the 247 complaints investigated during the year under review, (134) 54 percent are classified as matters relating to consumer protection; (34) 14 percent are classified as offenses against competition; and (74) 30 percent as requests for opinion or information. Five of the complaints received were considered outside the purview of the FCA; therefore, they were transferred to other agencies, where appropriate.

Table 1: Complaints Received (by Category)

Industry Category	2015/2016		2016/2017 ¹		2017/2018 ²	
	Number	Percentage of Total	Number	Percentage of Total	Number	Percentage of Total
Telecommunications	22	22.7	16	22.9	13	26.0
Household Appliances & Supplies	6	6.2	7	10.0	3	6.0
Motor vehicles	21	21.6	15	21.4	11	22.0
Financial & Insurance Services	13	13.4	15	21.4	5	10.0
Real Estate & construction	0	0	4	0	0	0.0
Education	9	9.3	3	4.3	3	6.0
Professional Services	5	5.2	1	1.4	3	6.0
Transportation	1	1.0	0	0.0	0	0.0
Government Services	1	1.0	0	0.0	0	0.0
Other	19	19.6	9	12.9	12	24.0
Total	97	100	70	100	50	100.0

Notes

1. In addition to the 70 complaints received in the 2016/17 FY, the FTC responded to 84 requests for information, thus totaling 154 matters received for the FY.
2. In addition to the 50 complaints received in the 2017/18 FY, the FTC responded to 70 requests for information, thus totaling 120 matters received for the FY.



Micro-financing Sector

We completed the study entitled *“An Exploratory Review of Money Lending Services in Jamaica,”* which examines the market structure and availability of information to consumers in the micro-financing sector. Increasing access to finance is arguably the most powerful strategy any government can implement to drastically improve individuals' social and economic status during the span of one generation. Accordingly, the incidence of financial intermediation is the hallmark of economic and social progress in any economy.

The report looks at competitive constraints such as entry conditions and market shares and is informed primarily by a survey of lenders and borrowers. The key findings included: (i) lenders differentiate their products by offering easy access and short processing time; (ii) there is scope for significant growth in demand; (iii) loan agreements generally include all material information; (iv) a substantial proportion of clients are financially illiterate; (v) there is rivalry among all moneylenders, and they compete with traditional sources of credit such as commercial banks and credit unions, for small loan amounts.

The FTC's position is that steps be taken to improve and expand the moneylender market in furtherance of the goal of financial inclusion. Recommendations were:

- i. penalties and other relevant charges should be included in MFI's loan agreements.
- ii. fees and/or the computation of penalties should not change without the consent of the borrower.
- iii. the Credit Bureau should capture a wider cross-section of the public.
- iv. consumers should be encouraged to improve their financial literacy.
- v. policymakers should omit clauses of the draft Micro Credit Bill which are likely to restrict competition in the sector.

- vi. policymakers should ensure that adequate sanctions are imposed on moneylenders who do not disclose Annual Percentage Rates in advertisements.
- vii. policymakers should identify a cheaper source of funding for all financial intermediaries, including moneylenders.
- viii. policymakers should develop a set of terms that should be included in contracts issued by moneylenders.

The study was shared with the Bank of Jamaica's Financial Inclusion Committee, the Financial Regulation Division of the MFPS, and the MSME Department of MICAF.

Competition within the Banking Sector

The joint FTC/Bank of Jamaica (BOJ) study geared at assessing the level of competition in the space within which commercial banks operate was delayed for a year as we sought to identify a consultant.

The responses to the first issue of the Request for Proposals (RFP) did not meet the established criteria. The Ministry of Finance & the Public Service (MFPS), who is overseeing the procurement process, reissued the RFP. By the end of the year, three submissions were assessed, and a consultant was selected. The MFPS will finalize the contractual arrangements with the selected consultant in the first quarter of the coming Financial Year. It is expected that the consultant will begin work in the second quarter.

This Study, a deliverable under the Government of Jamaica agreement with the International Monetary Fund, will discuss the main factors for relatively low competition outcomes in Jamaica.

Port Services

In June 2017, the FTC launched a study into port services in Jamaica. The study aims to develop recommendations regarding the appropriate infrastructure for the creation of efficient Special Economic Zones (SEZs).

The establishment of SEZs in Jamaica is expected to realize significant growth in economic activity through increased employment and linkages to the domestic sector. Critical to these zones' success will be the efficiency of businesses and the infrastructure providing support services to the zones. One such infrastructure is the ports of Jamaica and the activities in which they are engaged. The study involved consultation with two critical stakeholders, namely, the SEZ Authority and the Port Authority of Jamaica.

easier understood by consumers, and to address concerns from competition and consumer protection perspectives.

- b. Introduction of another Area Code and Numbering Plan Area for Jamaica.

Strengthening the Petroleum sector

The FTC also participated in discussions and consultations and submitted recommendations on issues related to the petroleum sector.

- a. The FTC participated in a meeting of the National Petroleum Codes Technical Committee, whose objective is to create codes of conduct and recommend amendments to relevant legislation regarding the distribution of petroleum products.

We made a submission to the Ministry of Science Energy & Technology (MSET), with comments and recommendations on the Draft Jamaican Standard National Petroleum Codes: Public Enquiry. The provisions under “Requirements During Product Conveyance” stipulate numerous requirements that should be satisfied by *prospective* operators of tanker wagons. The FTC is unclear whether comparable restrictions would be imposed on operators of tanker wagons *currently* participating in the trade. Unless this is the case, then the Codes would create different standards for future (prospective) and current (existing) operators. The FTC notes that enforcing different standards to similar commercial conduct could lead to a lessening of competition. We therefore recommended that the Committee ensure that all operators of tanker wagons would be subject to the same standard being contemplated by the Codes.

Noting the specificity of ultra-low sulfur diesel, as with aviation jet fuel, we recommended that it should also be transported in dedicated vehicles only, and therefore this should be specified in the Code.

- b. We also submitted the results of our research to explain (i) the perceived high price of fuel in Jamaica, relative to the price of West Texas Intermediate (WTI) crude oil sold in international markets; and (ii) the widening margin maintained by Petrojam despite a reduction in the price of crude oil in recent years. The findings were:
 - i. The use of WTI crude price overstates the true margin maintained by Petrojam since Petrojam imports Brent crude oil, which is traded at a higher price than WTI crude;
 - ii. By using a more reliable estimate of the margins maintained by Petrojam, the margin increased by approximately J\$20 per liter during the review period January 2014 to August 2017;

- iii. Approximately 98% of this increased margin is attributable to increases in the Special Consumption Tax (SCT) on gasoline during the review period.

Financial Inclusion

In the previous year, the FTC was named by the Ministry of Finance & the Public Service (MFPS) as a member of the Financial Inclusion Steering Committee (FISC), which reports to the Financial Inclusion Council. The Council oversees the National Financial Inclusion Strategy and provides a mechanism for (a) coordination of the Strategy; (b) stakeholder engagement with the private sector, and (c) bringing the Strategy to the public's attention consistently.

During the year, the Executive Director participated in several meetings hosted by the FISC. Areas relevant to the FTC included:

- (i) develop a consumer protection framework for deposit-taking institutions and examining competition issues within the financial sector, which covers services offered by all players in the market.
- (ii) the work of the Consumer Protection and Financial Literacy Working Group, which is responsible for implementing several initiatives. Among the Working Group's work is deciding upon the most appropriate structure to handle consumer complaints against deposit-taking institutions. Models used by several jurisdictions were considered, and that used by Trinidad & Tobago appeared most appropriate for Jamaica.

The NWC's Proposed Entry into the Bottled Water Market

It was publicized that the National Water Commission (NWC) was considering entering the bottled water market. The private sector voiced its concern claiming that the NWC should focus its resources on efficient service in providing piped water to the citizens of Jamaica.

The FTC commented publicly on the issue as the issue has implications for other sectors in which the Government of Jamaica is, or may consider, operating commercially. Therefore, the issue at hand is somewhat broader: should government entities be allowed to generate income from the private domain for their operations? In such cases, the entity would be at a clear advantage by virtue of obtaining Government support through special arrangements, subsidies, preferential tax treatments, or other means that are not available to private firms.

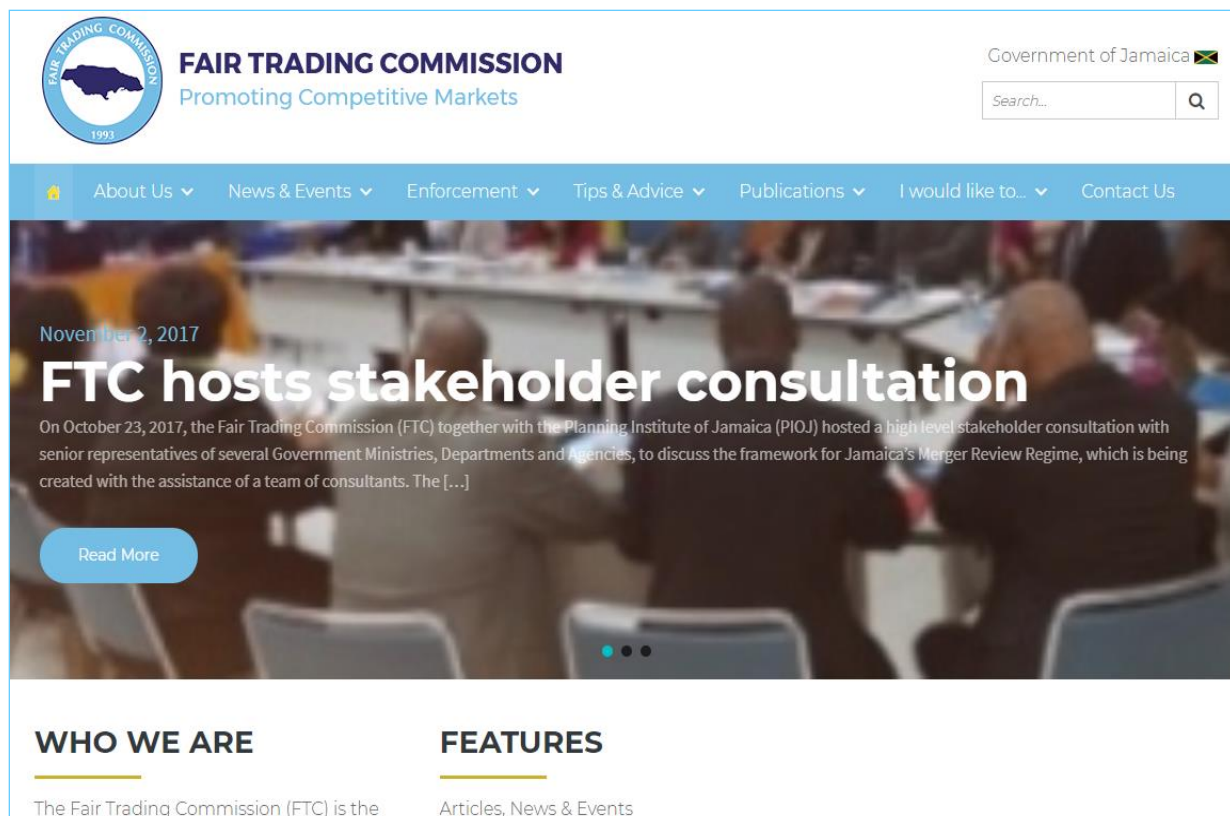
While competition rules to address state aid that distorts competition does not exist in Jamaica's competition legislation, the Fair Competition Act provides a benchmark or departure point for examining these types of matters. Therefore, the FTC concluded that it is positioned through

Jamaica's competition legislation to properly handle competition issues that may arise in the bottled water sector even if the NWC is a market participant.

Public Education

During the year, the FTC continued its effort to educate the business community, policymakers, and consumers on competition law matters. We undertook several activities for the year, most of which have become an annual event. These events include publications and speaking engagements or presentations by the Staff. Below are some of the main events for the year.

FTC's New Website



In November 2017, the FTC launched a more user-friendly website with new functionalities, including a link to video presentations. The new website has a directory on the bottom section of the homepage, allowing users to readily identify the information they need without having to navigate through the entire website. About Us, News & Events, Enforcement, Tips & Advice, Publications, and "I would like to" are the significant tabs on the navigation bar.

The *About Us* category contains general information about the FTC's functions and powers, commissioners, and organizational structure. Under *News & Events*, users will find press releases, articles, speeches, and events calendar. Information related to enforcing the FCA that outlines

the rules governing competition in Jamaica is in the *Enforcement* category. The *Tips & Advice* section is geared towards providing consumers and businesses with guidance related to consumer and competition protection in Jamaica. Under *Publications*, users will find annual reports, FTC statistics, case reports, market studies, advisories, magazines, newsletters, ministry reports, and staff opinions. Finally, “*I would like to*” allows consumers and businesses to submit complaints and request information from the FTC.

The new website also allows for updates to be made in a more seamless and user-friendly manner, and the Staff can upload and update it more frequently.

Annual Magazine



The 22nd edition of FTC’s annual magazine **Compete** was distributed locally and internationally. The theme, “*Competition in agriculture: Does it bear good fruit?*” explored the various challenges and prospects in the local agricultural sector from a competition and development perspective.

Articles contributed from representatives of the public and private sectors included “*Is Cane Sugar Still Relevant in the Global Market?*”, “*The Farmer or the Consumer: Who should benefit from market competition in agriculture?*” and “*Viability of the Coconut Industry and the Importance of Innovation for Growth*”.

The FTC Staff also wrote on agriculture areas with articles entitled “*Smart Farm Thinking*”, “*Cultivating Competition Law & Policy: Is the climate right for agriculture?*”, and “*AGRO’wing’ Jamaica’s Economy*”.

The magazine also highlighted several FTC activities held during the year. It was distributed to approximately 700 persons, both local and overseas, to Government Ministries, Departments, and Agencies, academic institutions, business enterprises, and professionals; and is posted on the FTC’s website www.jftc.gov.jm.

Newsletter



FTCNewsLine



Issue: 1-18 January 1, 2018



FTCNewsLine is an on-line quarterly newsletter of the **FAIR TRADING COMMISSION** that contains information on competition matters dealt with by the Fair Trading Commission as well as other competition agencies from around the world. The aim is to provide readers with insights into some of the matters that are prosecuted in other jurisdictions; and to assist businesses and consumers in better identifying issues that may pose competition concerns.

Competition legislation is specific to each jurisdiction and activities that are prohibited in one jurisdiction are not necessarily prohibited in other jurisdictions. For information on the prohibitions under the Jamaica's competition legislation, the **FAIR COMPETITION ACT (FCA)**, please visit our website at www.jftc.gov.jm.

In this Issue we feature issues related to the period October 1, 2017 to December 31, 2017.

FTCNewsline is a quarterly newsletter that contains information on competition matters dealt with by the FTC. Four issues were published in the year, in April, July, and October 2017 and January 2018. The issues were emailed to over 700 persons, including representatives of the major television stations, newspapers, and radio stations. The newsletter aims to provide insights into the FTC's work and assist persons in better identifying issues that may pose competition concerns. The issues are available on the FTC's website at www.jftc.gov.jm.

FTC Participation in Workshops & Seminars

Jamaica Public Service Company (JPS) Customer Advocacy Group

The FTC continued to participate in the JPS's Customer Advocacy Group, which has its objective means and recommendations for addressing consumer complaints and service quality issues. The Advocacy Group is ongoing, with meetings scheduled for each quarter. Notably, discussions in one meeting focused on the JPS Self Help & Community Renewal program.

Microfinance Sector Conference

Following on the FTC's study of the microfinance sector in May 2017, Dr. Delroy Beckford, FTC's Senior Legal Counsel, presented a position paper on the proposed Micro Credit Bill at the Jamaica Micro-Financing Association's Annual National Microfinance Conference on December 6, 2017.

The presentation outlined some of the findings of the study as well as recommendations for the microfinance sector. Two recommendations for the sector are: (i) Policymakers should develop a set of terms that should be included in contracts issued by moneylenders; and (ii) Consumers should be given access to programs designed to improve financial literacy.

Dr. Beckford's presentation also highlighted the concern of Micro-Credit firms who have been subject to closure of their accounts from particular banks and pointed to suggestions for alleviating this challenge under provisions of the Fair Competition Act.

Caribbean Advertising and Marketing Law Seminar

In March 2018, the Executive Director participated in the first Caribbean Advertising and Marketing Law Seminar hosted by Foga Daley, Attorneys-at-law. The seminar explored the impact of social media and the Internet on the legislation and regulations in the Caribbean as they relate to the advertising industry.

In his presentation entitled "Advertising Framework in Jamaica – Current Framework & Challenges," Mr. Miller focused primarily on Jamaica's legislative framework that governs advertising activity, the impact of social media on the advertising landscape & the applicability of the legislative framework to social media. He highlighted two important aspects of the Fair Competition Act (FCA) relating to advertising: disclosure requirements and the provision of material information to consumers.

Over the years, the FTC has worked with the business community and has provided guidelines on the minimum requirements for advertisements; the proper use of "conditions apply" and various font sizes in print advertisements; the meaning and the use of the term "disclosure of all material information"; and using clear and unambiguous language when describing products or services.

Regarding social media, Mr. Miller indicated that the FCA extends to advertisements in social media. The FTC uses information from other jurisdictions to guide it, dealing with matters relating to the digital world. While new issues will arise as technology develops, the FTC is committed to ensuring that businesses compete in an environment free of deceptive and unfair practices and that consumers benefit from high-quality products and competitive prices.

Other Fora

Consumer Affairs Commission (CAC) Christmas Press Briefing

The FTC participated in the CAC's Press Briefing by speaking about critical issues which shoppers should be aware of as well as provisions in the FCA, the Consumer Protection Act (CPA) and the

Sale of Goods Act, which merchants should familiarize themselves with, in particular during the Christmas season.

Mr. Miller indicated that shopping activity increases in the holiday season. He advised consumers to be aware of goods and services that are on offer, look closely at the terms and conditions of sale, exercise reasonableness in assessing choices, compare prices, and make appropriate inquiries. He advised merchants to strengthen their customer service facilities, provide consumers with all relevant material information, and consult with the FTC where clarification is needed.

Newspaper Publications

On June 30, 2017, the Financial Gleaner, published by the Daily Gleaner, featured the FTC's article entitled "*Fear of NWC bottled water market entry overblown.*" The FTC was prompted by media reports that the National Water Commission was entering the bottled water market. The article discussed the competition rules that apply to all market players for bottled water, including the NWC.

Radio Interviews

The Executive Director was interviewed on two occasions on Power 106's radio talk show. Firstly, on the draft Micro Credit Bill and the FTC's preliminary report on the Micro Finance sector; and secondly, on the FTC's work during 2017, specifically on the banking sector and the Merger Review Regime that is being created.

International Cooperation

CARIFORUM – European Union Capacity Building Project on Competition

The Executive Director participated in the CARIFORUM Workshop *“Strengthened Capacity for International Trade: The Way Forward for Competition, Public Procurement & Customs & Trade Facilitation.”*

Having received support for strengthening the technical capacity of Member States from the European Development Fund (EDF) over the past three years, the Workshop discussed achievements in each of the three areas and needs for further improving the technical capacity of Member States through continued support. Through this program, the FTC presently has on Staff six Officers who are certified to conduct training in Competition Policy at an advanced level.

World Trade Organization (WTO) matters

Through the Ministry of Foreign Affairs & Foreign Trade (MFAFT), the FTC submitted comments to the WTO on Jamaica’s Trade Policy. Specifically, concerning the sections on Competition Policy & Price Controls, the FTC updated the WTO on developments over the past four years within the Jamaican and CARICOM markets. That is, the status of Jamaica’s competition policy regime, a summary of competition cases investigated between 2011 and 2016, the MFAFT, and the FTC’s work on developing the consumer protection framework of the OECS Member States.

Also, upon the request of the MFAFT, the FTC responded to questions posed by the Peoples Republic of China regarding the WTO Trade Policy Review of Jamaica. The questions surrounded: (a) the current treatment of Mergers & Acquisition under Jamaica’s competition law; and (b) the FTC’s market study data gathering and analysis techniques.

Review of the 2018 CARICOM Competition Commission (CCC) Work Programme & Budget

The FTC reviewed the CCC's performance for the 2017 calendar year and its expenditure relative to its Budget and submitted an overview and opinion on the 2018 Work Plan and Budget of the CARICOM Competition Commission. The key points were:

- i. The FTC's recommendations and suggestions in two consultancy arrangements with the Organization for the Eastern Caribbean States (OECS) are complementary. They were designed to yield the most cost-effective solution to creating the competition and consumer protection frameworks that are needed for the OECS member states

- while at the same time achieving the objective of adequately protecting consumers' interests and rights.
- ii. Plans outlined in the CCC's 2018 Work Programme are a continuation of previous plans designed to build on existing work and critical initiatives, namely advocacy, public education, and cooperation with key stakeholders in member states.
 - iii. The usefulness of further discussions on the CSME Merger Policy.
 - iv. The FTC is awaiting the results and recommendations of the CCC's 2017 market study on the commercial banking sectors in Suriname & Guyana, which includes an analysis of interactions between competition authorities and sector regulators in CARICOM.

The FTC also submitted information on Jamaica's legislative and institutional competition policy-related activities during the year as guidelines and best practices to further develop competition and consumer protection within CARICOM.

Staff Training/Development & Institutional Strengthening

VII Annual Meeting on Trade and Competition in Latin America and the Caribbean

Verlis Morris, Competition Analyst, participated in the VII Annual Meeting on Trade and Competition in Latin America and the Caribbean, which was organized by SELA and UNCTAD together with the competition agency of El Salvador.

This two-day trade workshop covered: (i) Trade and competition in the era of the digital economy in Latin America and the Caribbean; (ii) Opportunities and challenges for regional integration mechanisms in the field of the digital economy; (iii) Trade and competition in the era of the digital economy; (iv) Digital Information of the economy and businesses; & (v) Treatment of non-tariff barriers and their impact on competition.

The FTC presented on the ongoing debate on the adoption of net neutrality in a digital economy wherein Internet service providers are prevented from discriminating based on content and/or content providers. Other concepts, such as disruptive innovation, destructive creation, globalization, and cross-border ecommerce were discussed in detail. It was noted that China's share of e-commerce had grown significantly as the Chinese are more willing to take risks relative to the rest of the world.

World Bank Training on Public Sector Procurement

The Executive Director participated in a two-day workshop for persons involved in the procurement process of World Bank-funded projects. The seminar entitled '*Training Programme on IBRD Rules: Procurement of Consultancy Services*' was conducted by the International Procurement Institute and was hosted by the PIOJ.

ISO Certification

During the year, progress towards achieving ISO status continued with several activities, including the submission to MICAF of several internal procedures and several training sessions on various aspects of ISO certification. At the end of the Financial Year, the FTC was approximately 60% complete.

Notably, much of the completed documentation over the past two years was done according to the 9001:2008 standard. During the year, the 9001:2015 standard was adopted, and therefore, adjustments to work already done is required to be made. A Gap Audit was scheduled for the second quarter of the 2018/2019 Financial Year.

Foundations for Competitiveness & Growth Project (FCGP)

The FTC reported on the progress of its two activities under the FCGP to JAMPRO's Technical Working Group and the World Bank Group. The activities are hiring the consultant for creating the framework for the Mergers and Acquisition regime and securing a consultant for strengthening our competition advocacy framework.

By the end of the year, the former had reached an advanced stage, and the Terms of Reference were being developed for the consultancy in respect of the latter.

CARICOM Support Programme

The FTC received information communication and technology (ICT) equipment from CARICOM through the 10th EDF capacity building programme. Equipment included a server, desktops, and a printer, in total, valued at approximately US\$20,000.

Forecasts for 2018/2019

For the 2018/2019 Financial Year, in addition to its enforcement actions, the FTC will continue to examine critical sectors and markets and to advocate for competition considerations in the formulation of government policies and legislation. The primary focus for 2018/2019 will include the following:

1. Examining the state of competitiveness of Jamaica's airports, specifically, the arrangements for having internationally competitive airport services.
2. Undertaking research into improving the level of competition in the market for banking products and services. The FTC partnering with the Bank of Jamaica will engage an international consultant to lead a market study that will identify areas that if addressed, will serve to improve the level of competition.
3. Strengthening of the competition legislation to include merger control/review. Specifically, finalizing the draft legislation and regulations for an appropriate merger review regime for Jamaica; and to introduce a merger control framework as part of the current Fair Competition Act (1993).
4. Widening the FTC's reach within CARICOM through participation in regional discussions on competition issues.
5. Engaging the business community, policymakers, and consumers on the benefits of competition to the economy, and on the importance of their participation in maintaining and fostering competitive markets.

Finances

Summary Statements of Finance

Table 2 provides a summary statement of the FTC's actual expenses during the 2017/2018 Financial Year, and two previous Financial Years. Also included is the Approved Budgetary Allocation for the review period.

Table 2: Approved Budget for 2017/2018 and Actual Expenses for Financial Years ended 2016, 2017 & 2018

Object	2017-2018 Approved (Ja \$)	2017-2018 Actual Expenses (Ja \$)	2016-2017 Actual Expenses (Ja \$)	2015-2016 Actual Expenses (Ja \$)
Compensation of Employees	72,225,000	70,540,817	57,802,087	61,184,549
Travel Expense & Subsistence	8,062,000	11,017,434	11,000,212	8,861,243
Rental of Building, Machinery & Equipment	10,955,000	9,422,102	9,132,440	12,012,651
Public Utility Services	5,890,000	2,292,226	2,189,966	2,169,691
Purchase of other Goods & Services	2,821,000	5,786,017	8,603,590	4,845,490
Asset Purchases	0	2,851,149	265,787	0
Total	99,953,000	101,909,745	88,994,082	89,073,624

Table 3: Approved Budget and Operating Income for Financial Years ended 2016, 2017 & 2018

	2017/2018	2016/2017	2015/2016
Approved Budget	99,953,000	91,662,507	81,163,000
Subvention Received	99,402,767	96,231,507	92,317,379
Other Income	2,499,658	1,644,365	35,910

Compensation

- Commissioners Compensation**

Name and Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including NonCash Benefits as applicable (\$)	Total (\$)
Derrick McKoy Chairman	\$50,000 per month	0	0	0	600,000
Stuart Andrade Commissioner	\$27,500 per month	0	0	0	330,000
Robert Collie Commissioner	\$27,500 per month	0	0	0	330,000
Lloyd Waller Commissioner	\$27,500 per month	0	0	0	330,000

- Senior Executive Compensation**

Name and Position of Senior Executive	Salary (\$)	Gratuity or Performance Incentive (\$)	Traveling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	NonCash Benefits (\$)	Total (\$)
David Miller <i>Executive Director</i>	7,950,858	0	1,341,624	374,413	0	0	9,666,895
Ann-Marie Grant <i>General Manager</i>	6,517,779	0	1,341,624	308,026	0	0	8,167,429
Delroy Beckford <i>Senior Legal Counsel</i>	5,647,245	0	1,520,507	0	0	0	7,167,752
Kevin Harriott <i>Competition Bureau Chief</i>	7,172,726	0	1,341,624	329,394	0	0	8,843,744

Staff of the Commission

Staff of the Commission during the year April 1, 2017, to March 31, 2018

Executive Director	-	Mr. David Miller
General Manager	-	Miss Ann-Marie Grant
Senior Legal Counsel	-	Dr. Delroy Beckford
Competition Bureau Chief	-	Dr. Kevin Harriott
Legal Officer	-	Miss Wendy Duncan
Legal Officer	-	Mr. Marc Jones
Competition Analyst	-	Miss Verlis Morris
Competition Analyst	-	Mr. Desroy Reid
Accountant	-	Mr. Gregory McHargh
Research Officer	-	Miss Kristina Barrett
Research Officer	-	Mr. Paul Cooper
Executive Secretary	-	Mrs. Jean Lally
Senior Secretary	-	Miss Deborah Wilson
Clerk/Typist	-	Miss Shaneil Powell
Telephone Operator	-	Miss Monica Gayle
Office Attendant	-	Mrs. Carol Fraser
Driver	-	Mr. Alwyn Hutchinson

Fair Trading Commission

Financial Statements

31 March 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of
Fair Trading Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fair Trading Commission ("the Commission") set out on pages 1 to 20, which comprise the statement of financial position as at 31 March 2018, and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of the Commission as at 31 March 2018 and of the results of operations, changes in equity and cash flows for the year then ended, and have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Fair Competition Act.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Other matter

The financial statements of Fair Trading Commission for the year ended 31 March 2017, were audited by the Auditor General who expressed an unmodified opinion on those statements on 01 May 2021.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Fair Trading Commission
Page 2

Report on the Audit of the Financial Statements (continued)

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Fair Competition Act, 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 Commissioners are responsible for overseeing the Commission's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Fair Trading Commission
Page 3

Report on the Audit of the Financial Statements (continued)

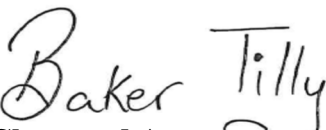
Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 auditors' 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 auditors' 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 presents a true and fair view.

Report on Additional Requirements of the Fair Competition Act

As required by the Fair Competition Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Fair Competition Act, in the manner so required.



Chartered Accountants
Kingston, Jamaica
19 October 2021


Fair Trading Commission

Statement of Financial Position As at 31 March 2018

	Note	2018 \$	2017 \$
ASSETS			
Non-current asset			
Property, plant and equipment	5	8,779,880	2,382,545
		<u>8,779,880</u>	<u>2,382,545</u>
Current assets			
Receivables	6	2,249,894	3,954,324
Cash and cash equivalents	7	12,031,771	11,621,455
		<u>14,281,665</u>	<u>15,575,779</u>
TOTAL ASSETS		<u>23,061,545</u>	<u>17,958,324</u>
EQUITY AND LIABILITIES			
Equity			
GOJ Capital Fund	8	3,878,834	9,219
Accumulated surplus		9,565,997	8,618,683
		<u>13,444,831</u>	<u>8,627,902</u>
Current liabilities			
Payables	9	6,333,980	6,144,730
Statutory deductions	10	3,282,734	3,185,692
		<u>9,616,714</u>	<u>9,330,422</u>
TOTAL EQUITY AND LIABILITIES		<u>23,061,545</u>	<u>17,958,324</u>

Approved for issue on behalf of the Commissioners 19 October 2021 and signed on its behalf by:


Donovan White Chairman


Stuart Andrade Commissioner

Fair Trading Commission

Statement of Comprehensive Income Year ended 31 March 2018

	Note	2018 \$	2017 \$
Income			
Competition law services	11	-	2,793,647
GOJ Subvention	11	99,402,767	96,231,507
Appropriations-in-aid Fund	11	700,000	245,000
Other income	12	257,974	3,206,669
Total income		100,360,741	102,476,823
Operating expenses			
Compensation of employees	13	66,360,226	61,786,347
Travelling and transportation	14	10,479,493	10,653,411
Premises related expenses	15	9,387,467	9,154,976
Public utilities	16	2,709,680	2,365,098
Goods and services	17	9,670,158	8,535,758
Depreciation	5	944,656	477,807
Total operating expenses		99,551,680	92,973,397
Operating surplus	18	809,061	9,503,426
Finance income, net	19	138,253	102,145
Net surplus for the year, being total comprehensive surplus		947,314	9,605,571

Fair Trading Commission

Statement of Changes in Equity Year ended 31 March 2018

	Note	GOJ Capital Fund	Accumulated Surplus	Total
		\$	\$	\$
Balance at 31 March 2016		9,219	(986,888)	(977,669)
Surplus for the year		-	9,605,571	9,605,571
Balance at 31 March 2017		9,219	8,618,683	8,627,902
Grant recognised directly in equity	8	3,869,615	-	3,869,615
Surplus for the year		-	947,314	947,314
Balance at 31 March 2018		3,878,834	9,565,997	13,444,831

Fair Trading Commission

Statement of Cash Flows Year ended 31 March 2018

	2018	2017
	\$	\$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Cash Flows from Operating Activities		
Surplus for the year	947,314	9,605,571
Items not affecting cash resources:		
Depreciation	944,656	477,807
Amortization of grant received	(257,974)	-
	1,633,996	10,083,378
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables	1,704,430	(1,741,077)
Increase/(decrease) in current liabilities	286,292	(1,080,287)
Net cash provided by operating activities	3,624,718	7,262,014
Cash Flows from Investing Activities		
Investment	-	3,267,000
Purchase of property, plant and equipment	(3,214,402)	(281,066)
Cash (used in)/provided by investing activities	(3,214,402)	2,985,934
Net increase in cash and cash equivalents	410,316	10,247,948
Cash and cash equivalents at beginning of year	11,621,455	1,373,507
CASH AND CASH EQUIVALENTS AT END OF YEAR	12,031,771	11,621,455
Represented by:		
Cash and cash equivalents	12,031,771	11,621,455

During the year fixed assets valued at \$4,127,589 were received through a grant from CARICOM. This grant along with the \$3,214,402 spent resulted in the \$7,341,991 noted as additions to fixed assets in note 5.

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

1. Identification and principal activities

Fair Trading Commission (“the Commission”), domiciled in Jamaica with registered office at Unit 42A New Kingston Business Centre, 30 Dominica Drive, Kingston 5, is a Statutory Body established to enforce the Fair Competition Act, which was enacted in March 1993 and took effect on 9th September, 1993. The principal activity of the Commission is the investigation of business conduct to determine if the Fair Competition Act has been breached, and its mandate is to provide for the maintenance and encouragement of competition in the conduct of trade, business and in supply of services in Jamaica with a view to providing consumers with competitive prices and product choices.

These financial statements are presented in Jamaican dollars.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation

These financial statements have been prepared in accordance with, and comply with, the International Public Sector Accounting Standards (IPSAS) and interpretations issued by the International Public Sector Accounting Standards Board (IPSASB). The IPSASB is an independent board of International Federation of Accountant (IFAC). IPSAS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (ISAB) and have been prepared under the historical cost convention, as modified by the valuation of certain items.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Commission’s accounting policies. Although these estimates are based on management’s best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Amendments to published standards effective in the current year that are relevant to the commission's operations

Amendments to IAS 7 'Statement of Cash Flows' to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment became effective January 1, 2017.

The amendments did not result in any material effect on the Commission's financial statements.

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Commission

IFRS 9, Financial Instruments, (effective for annual periods beginning on or after 1 January 2018), replaces the existing guidance in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the “incurred loss” model in IAS 39 with an “expected credit loss” model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Commission (continued)

IFRS 15 ‘Revenue from Contracts with Customers’, sets out requirements for recognizing revenue that apply to all contracts with customers, except by those governed Standards on leases, insurance contracts and financial instruments. IFRS 15 was issued May 2014 and becomes effective 1 January 2018. IFRS 15 sets to align revenue recognition for contracts with the requirements of the FASB. It seeks to replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreement for the Construction for Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services.

IFRS 15 requires the entity to identify the contract(s) with the customer, identify performance obligation in the contract, determine and allocate the transaction price and recognize revenue when a performance obligation has been satisfied. The standard also sets out disclosure requirements.

The Commissioners anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods, is unlikely to have any material impact on the financial statements.

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Jamaican dollars at the exchange rate prevailing at the date of the statement of financial position, that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains and losses arising from fluctuations in exchange rates are reflected in the statement of comprehensive income.

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

2. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at rates to write off the carrying value of the assets over their expected useful lives. The rates used to write off the cost of assets are as follows:

Computer Equipment	25%
Furniture and Fixtures	10%
Motor Vehicles	25%

Depreciation methods, useful lives and residual values are reassessed annually. Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income. Repairs and maintenances are charged to the statement of comprehensive income during the financial period in which they are incurred.

(d) Receivables

Receivables are stated at their nominal value as reduced (where applicable) by appropriate allowances. The Commission maintains an allowance for credit losses, which in management's opinion, is adequate to absorb all credit related losses in its portfolio.

(d) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits.

(e) Capital Fund

This fund represents capital grants received and is written off on a straight line basis over the life of the assets. An amount equivalent to the depreciation of the related assets are credited in the statement of comprehensive income.

(f) Provisions

Provisions are recognised when the Commission has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be determined.

(g) Payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the Commission has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

2. Summary of significant accounting policies (continued)

(h) Vacation provision

A provision is made for the estimated liability for untaken annual vacation leave due as a result of services rendered by employees up to the balance sheet date.

(i) Pension Scheme

The Commission operates a contributory pension scheme for its employees, with benefits based on the employees' earnings during recognized services. The Fund balance as at March 31, 2018 was \$173,101,021 (2017: \$147,145,912).

(j) Revenue recognition

Revenue represents subvention received from the Government of Jamaica and earning from the hosting of training courses and consultancy services.

Interest income:

Interest income is recognised in the profit and loss on all interest bearing instruments on an accrual basis using the effective interest rates.

(k) Taxation

No provision has been made for taxation, as the Commission is tax exempt under Section 51 of the Fair Competition Act as provided for by section 12(l) of the Income Tax Act of Jamaica.

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

3. Financial risk management

The Commission's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk liquidity risk, capital and operational risks. The Commission's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Commission's financial performance.

The Commission's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Commission regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Commissioners are ultimately responsible for the establishment and oversight of the Commission's risk management framework. They provide written principles and policies covering specific areas for the overall risk management.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Commission has limited concentrations of credit risk. The risk is managed through adherence to staff loans and advances policy as well as maintaining good relationship with suppliers.

The Commission structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and prepayments.

While the other financial assets at amortised cost are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

At the Statement of Financial Position date, except for cash and cash equivalents, there were no other significant concentration of credit risk and the exposure to credit risk of these financial assets were considered immaterial.

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

3. Financial risk management (continued)

(i) Liquidity risk

Liquidity risk is the risk that the Commission is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalent, the availability of funding through an adequate amount of Government subvention.

Liquidity risk management process

The Commission's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis;
- (ii) Maintaining the requirements for Government Subvention;

Undiscounted cash flows of financial liabilities

The maturity profile of the Commission's financial liabilities at year end on contractual undiscounted payments was as follows:

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$	\$
	2018					
Accounts Payable	6,333,980	-	-	-	-	6,333,980
Statutory deduction	3,282,734	-	-	-	-	3,282,734
	9,616,714	-	-	-	-	9,616,714
	2017					
Accounts Payable	6,161,060	-	-	-	-	6,161,060
Statutory deduction	3,169,362	-	-	-	-	3,169,362
	9,330,422	-	-	-	-	9,330,422

Assets available to meet all of the liabilities and to cover financial liabilities include cash and cash equivalents.

Fair Trading Commission**Notes to the Financial Statements
31 March 2018**

3. Financial risk management (continued)**(c) Market risk**

The Commission takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk exposures are measured using sensitivity analysis. There has been no significant exposure to market risks or the manner in which it manages and measures the risk.

(i) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission has no significant interest bearing assets or liabilities, income and operating cash flows are substantially independent of changes in the market interest rates. The Commission's interest rate risk arises from deposits.

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Commission manages its foreign exchange risk by holding its foreign currency bank account in a reputable financial institution.

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

3. Financial risk management (continued)

(d) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for cash and cash equivalents, receivables, and payables reflect their approximate fair values because of the short-term maturity of these instruments.

(e) Price Risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices. The Commission mitigates against this risk assigning a markup of 10% for inflation in the budget. However, when there is a reduction in the budget the Commission institutes measures to deal with any shortfall.

(f) Capital Risk

Capital risk is the risk that the Commission fails to comply with mandated regulatory requirements resulting in breach of those requirements. The Commission's objective when managing capital are to comply with capital requirements, safeguard the Commission's ability to continue as a going concern and maintain a strong capital base to support the development of its business.

(g) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the Commission's processes, personnel, technology and other external factors, other than financial risks. The Commission manages operational risk to avoid financial loss and damage to its reputation by adhering to good corporate governance practices.

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

4. Critical accounting estimates and judgements in applying accounting policies

The Commission makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Commission uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Commission's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Credit risk note.

(ii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Commission applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iii) Fair value of financial assets

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions (note 3(d)).

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

5. Property, plant and equipment

	USAID Furniture, Fixtures & Equipment	GOJ Motor Vehicles	GOJ Office Furniture	GOJ Fixtures & Fittings	GOJ Computers	Total
	\$	\$	\$	\$	\$	\$
Cost -						
1 April 2016	876,678	1,640,861	1,083,317	4,597,963	11,605,972	19,804,791
Additions	-	-	-	-	281,066	281,066
31 March 2017	876,678	1,640,861	1,083,317	4,597,963	11,887,038	20,085,857
Additions	-	-	206,238	1,156,384	5,979,369	7,341,991
31 March 2018	876,678	1,640,861	1,289,555	5,754,347	17,866,407	27,427,848
Depreciation -						
1 April 2016	876,678	1,640,861	910,366	2,972,874	10,824,726	17,225,505
Charge for the year	-	-	23,892	354,125	99,790	477,807
31 March 2017	876,678	1,640,861	934,258	3,326,999	10,924,516	17,703,312
Charge for the year	-	-	34,498	373,580	536,578	944,656
31 March 2018	876,678	1,640,861	968,756	3,700,579	11,461,094	18,647,968
Net Book Value -						
31 March 2018	-	-	320,799	2,053,768	6,405,313	8,779,880
31 March 2017	-	-	149,059	1,270,864	962,522	2,382,545

Included in the additions for the year ended 31 March 2018 are assets valued at \$4,127,589 that were received through a grant from CARICOM. (Note 8).

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

6. Receivables

	2018	2017
	\$	\$
GCT refund	422,632	374,586
Withholding Tax on Certificate of Deposits	508,809	508,809
Staff lunch receivables	62,310	81,891
Other receivables-OECS Consultancy	-	1,725,888
Prepayments	1,256,143	1,263,150
	<u>2,249,894</u>	<u>3,954,324</u>

7. Cash and cash equivalents

	2018	2017
	\$	\$
Sagicor Bank Jamaica Limited-US	2,004,053	1,152,404
Sagicor Bank Jamaica Limited	10,021,718	10,463,051
Petty cash	6,000	6,000
	<u>12,031,771</u>	<u>11,621,455</u>

Cash at bank substantially comprise interest bearing savings and operating accounts held at licensed commercial banks in Jamaica. The rate of interest earned on the Commission's bank accounts ranges from 0.1% to 0.6%.

8. GOJ Capital Fund

	2018	2017
	\$	\$
The movements during the year were as follows:		
Balance at the beginning of year	9,219	9,219
Grant received-CARICOM	4,127,589	-
Amortization of grant (Note 12)	(257,974)	-
Balance at end of year	<u>3,878,834</u>	<u>9,219</u>

The FTC benefitted from a CARICOM grant funded project by receiving equipment valued at \$4,127,589.

During the year, the amount of \$257,974 (2017: Nil) was credited to the statement of comprehensive income.

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

9. Payables

	2018	2017
	\$	\$
Electricity	175,061	155,581
Audit fees accrued	1,529,060	700,780
Other payables	1,208,579	963,665
GCT	1,435,059	1,155,342
Vacation leave accrued	1,986,221	3,169,362
	<u>6,333,980</u>	<u>6,144,730</u>

10. Statutory deductions

	2018	2017
	\$	\$
Statutory deduction- Fair Trading Commission	664,707	664,707
Statutory deduction- Ministry of Industry, Investment and Commerce	904,144	807,102
Interest and penalty on statutory deductions	1,713,883	1,713,883
	<u>3,282,734</u>	<u>3,185,692</u>

11. Income

The main income stream of the Commission is subvention received from the Government of Jamaica.

12. Other income

Other operating income comprises the following:

	2018	2017
	\$	\$
Reversal of statutes over-accrued	-	3,206,669
Amortization of capital grant (Note 8)	257,974	-
	<u>257,974</u>	<u>3,206,669</u>

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

13. Compensation of Employees

	2018	2017
	\$	\$
Uniform allowance	44,289	44,545
Health and life insurance	2,824,307	2,411,485
Meals allowance	214,097	267,877
Overtime	275,778	243,887
Pension contribution	23,478	2,243,958
Salaries	60,091,979	53,738,861
Salaries (temp) and wages	1,905,450	1,975,683
Staff welfare	980,848	860,051
	<u>66,360,226</u>	<u>61,786,347</u>

As at 30 September 2017, the actuarial valuation of the pension scheme reflected a surplus. The Commissioners, based on the surplus noted in the valuation, approved a payment holiday to Fair Trading Commission.

14. Travelling and transportation

	2018	2017
	\$	\$
Motor vehicle allowances	10,479,493	10,574,916
Air fare	-	74,695
Cab fare	-	3,800
	<u>10,479,493</u>	<u>10,653,411</u>

15. Premises related expenses

	2018	2017
	\$	\$
Rental and maintenance of building	9,213,567	8,994,176
Other rental	173,900	160,800
	<u>9,387,467</u>	<u>9,154,976</u>

16. Utilities

	2018	2017
	\$	\$
Electricity	1,745,148	1,521,202
Telephone and internet.	964,532	843,896
	<u>2,709,680</u>	<u>2,365,098</u>

Fair Trading Commission

Notes to the Financial Statements 31 March 2018

17. Goods and services

	2018	2017
	\$	\$
Professional services		
Advertising and public relations	184,060	945,918
Audit fees	828,280	340,512
Consultancy fees	698,500	57,044
Commissioners stipend	1,590,000	1,325,000
Legal fees	34,494	96,000
Privy council expense	2,141,619	2,195,256
	<u>5,476,953</u>	<u>4,959,730</u>
Office and general expenses		
Computer software expenses	53,373	15,000
Drugs and first aid	200	26,475
Gift	16,573	21,403
Irrecoverable General Consumption Tax	1,659,093	1,030,734
Insurance	180,341	213,039
Meals	207,858	238,485
Postal and cable	60,460	107,812
Repairs and maintenance	426,937	663,549
Printing and stationery	727,834	477,514
Subscriptions	91,018	80,608
Text and reference books	45,289	29,182
	<u>3,468,976</u>	<u>2,903,801</u>
Motor vehicle expenses		
Petrol and oil	<u>315,090</u>	<u>299,077</u>
Miscellaneous expenses		
Bank charges	102,512	117,261
Cleaning and sanitation	306,627	250,064
Sundry expenses	-	5,825
	<u>409,139</u>	<u>373,150</u>
	<u><u>9,670,158</u></u>	<u><u>8,535,758</u></u>

Fair Trading Commission**Notes to the Financial Statements
31 March 2018**

18. Operating surplus

The following have been charged in arriving at the operating surplus:

	2018	2017
	\$	\$
Audit fees	828,280	340,512
Depreciation	944,656	477,807
Commissioners stipend	1,590,000	1,325,000
Staff costs (Note 13)	66,360,226	61,786,347

19. Finance income

	2018	2017
	\$	\$
Interest income	111,039	102,145
Foreign exchange gains	27,214	-
	<u>138,253</u>	<u>102,145</u>