



# Consumer Affairs Commission

An Agency of the Ministry of Industry, Investment and Commerce

## Annual Report 2011/12

consumer protection ADVOCACY you have rights public education  
THE RIGHT TO REDRESS legal redress WE PROVIDE SUPPORT  
LEAD CARIBBEAN CONSUMER ADVOCATE  
choice COMPLAINT RESOLUTION public education REDRESS  
ethical relations ACCESS TO INFORMATION the right to safety  
CHOICE the right to be informed TIMELY REDRESS  
we provide support  
PROTECTION rights “Protecting Your Rights,  
the right to safety Securing Our Future”  
PROTECTION ethical RIGHTS  
CONSUMER choice  
THE RIGHT TO BE HEARD the right to the satisfaction of basic needs LEGAL  
REDRESS public education THE RIGHT TO A HEALTHY ENVIRONMENT  
consumer connection COMPLAINT RESOLUTION regional influence  
THE RIGHT TO CHOOSE the right to redress CONSUMER EDUCATION  
consumer engagement WE PROVIDE SUPPORT complaint resolution  
LEAD CARIBBEAN CONSUMER ADVOCATE you have rights  
redress ACCESS TO INFORMATION the right to safety ADVOCACY  
YOU HAVE RIGHTS consumer protection INFORMED  
the right to the satisfaction of basic needs TIMELY REDRESS choice SAFETY

## Consumer Affairs Commission (CAC)

### Role and Function

The mandated role and function of the Consumer Affairs Commission (CAC) are driven by consumers' rights and strategic objectives which will continue to seek to:

- a. Protect Consumers from hazards to their health and safety
- b. Promote and protect Consumers' socio-economic interest
- c. Ensure Consumers' access to adequate information to enable them to make informed choices according to their individual wishes and needs
- d. Provide consumer education
- e. Ensure effective and timely consumer redress; and,
- f. Provide support for the formation of consumer groups and foster the opportunity for such organisations to present their views in decision-making processes, which affect Consumers.

The Consumer Education Programme of the CAC, is based upon the Charter of Rights of the Consumer and the United Nations Guidelines for Consumer Protection to which Jamaica became a signatory in 1985. The programme is predicated upon the following eight (8) basic Consumer Rights:

- (i) ***The Right to Choose***
- (ii) ***The Right to be Informed***
- (iii) ***The Right to be Heard***
- (iv) ***The Right to Redress***
- (v) ***The Right to the Satisfaction of Basic Needs***
- (vi) ***The Right to a Healthy Environment***
- (vii) ***The Right to Consumer Education***
- (viii) ***The Right to Safety***

## **Board of Directors**

### **Chairman**

**Mr Richard Fontaine J.P., JSIPT**

### **Deputy Chairman**

**Mrs Dorothy Carter-Bradford, OD**

### **Directors**

**Mr Vernon Darby**

**Mr Kent Gammon**

**Mrs Stella Henry**

**Ms Michelle N. Parkins**

**Mrs Sandra Ramsey**

**Mrs Fay Sylvester, CD**

**Mr Donovan Walker**

**Mr Morland Wilson**

**Mrs Joyce Young**

## Board of Directors



- Back row (left to right) - Messrs Kent Gammon and Morland Wilson
- Middle row (left to right) - Mr Vernon Derby, Mrs Joyce Young, Mrs Sandra Ramsey, Mrs Stella Henry, Ms Michelle Parkins and Mr Donovan Walker
- Front row (left to right) - Mrs Dorothy Carter-Bradford, Mr Richard Fontaine and Mrs Fay Sylvester

## Consumer Affairs Commission

### Mission Statement

To foster ethical relations between providers and consumers of goods and services in the Jamaican marketplace through effective advocacy, public education and complaint resolution, utilising the available legal framework and professional staff.

### Vision

*The work of the Consumer Affairs Commission (CAC) is driven by its commitment to meeting its long-term objective, namely:*

**To be recognised as the premier Consumer Protection Agency in Jamaica and the leading consumer advocate for change in the Caribbean.**

### Performance Summary 2011/12

- Refunds and compensation totalling **\$12.9 Million** secured on behalf of aggrieved consumers.
- **1,960** Consumer Complaints handled with **1,739** settled (**89%** average resolution rate).
- Face to Face contact with **90,599** consumers via **303** activities.
- Advice given to **1,605** consumers who sought advice prior to engaging in business transactions.
- **60** Surveys/Market Surveillance activities conducted.

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## Transmittal Letter

January 29, 2014

Honourable Anthony Hylton  
Minister of Industry, Investment and Commerce  
Ministry of Industry, Investment and Commerce  
4 St. Lucia Avenue  
Kingston 5

Dear Minister:

In accordance with Section 15 of the Consumer Protection Act, I transmit herewith the Commission's report for the year ended March 31, 2012 and a copy of the Commission's Audited Accounts as at March 31, 2012, duly certified by the Auditors.

I am,  
Yours respectfully,

Vivian Brown, Permanent Secretary (Acting)  
for Richard Fontaine (deceased)  
Chairman

## Chairman's Message

The Consumer Affairs Commission (incorporating the Prices Commission) was established over forty (40) years ago with the clear purpose of protecting the rights of consumers. Over the years, the CAC has served the Jamaican populace well. This trend continued into the 2011/12 Financial Year as approximately **3,565** persons utilised the services of the Commission for advice and complaints whether face to face, on the phone interaction or online. This is of particular importance given that the Commission plays the role of representative of consumers and as an independent source of information and advice. It is also clear however, that the CAC has to keep improving in its service delivery and outputs and remain relevant, especially in the prevailing economic climate.

During the 2011/12 period, the Commission continued to keep moving forward and was able to accomplish the following:

### **Proposed Amendments to the Consumer Protection Act 2005**

The Consumer Affairs Commission continued working in earnest with its parent Ministry (the Ministry of Industry, Investment and Commerce), to ensure that the inputs of the various stakeholders were considered in the process towards making the requisite amendments to the Consumer Protection Act (CPA) 2005. As such, during the year under review the laws protecting the Jamaican consumer were that much closer to being finalised.

### **Consumer Affairs Commission and Jamaica Bankers Association draft Voluntary Banking Code of Conduct**

The Commission continued its discussions with the Jamaica Bankers Association (JBA) in a bid to develop a mutually acceptable draft Voluntary Banking Code of Conduct geared towards educating and enabling consumers to make more informed choices; and to promote transparency and accountability. This Code was one of the deliverables of the Promotion of Consumer Protection Project in the Caribbean financed by the Inter-American Development Bank (IADB) and Consumers International (CI).

### **Advocacy**

Public education remained one of the core strategies of the CAC to reach consumers. Community outreach and communication activities as well as marketing surveillance formed the basis of the organisation's campaign in a bid to ensure that consumers were made aware not only of their rights, but also their responsibilities. In addition, the Commission continued its "joined up government" approach in fulfilling its mandate through collaboration with other government agencies and departments, especially as it related to food safety and potentially hazardous substances.



Richard Fontaine, Chairman

## Benchmarking

The Consumer Affairs Commission maintained its relations with its local and international partners thereby keeping abreast of trends and practices regarding consumer matters.

## The Future

While the Consumer Affairs Commission is proud of its achievements for the 2011/12 Financial Year, there is still a lot more to be done. In the coming year, consumers will continue to face issues associated with the current economic climate. However, the Commission recommit itself to protecting the Jamaican consumer through effective execution of its portfolio responsibilities. Indeed, the Government of Jamaica has given the CAC the mandate to provide consumer information and advice. As such, the CAC will continue to vigorously work with its parent Ministry to achieve the following during the 2012/13 Financial Year:

- Contribute to finalising the amendments to the Consumer Protection Act 2005.
- Expand the use of technology in the operations of the CAC which will result in the revamping of the organisation's website as well as the creation of a new paperless survey instrument.
- Continue working with the Jamaica Banker's Association for the completion and implementation of the Voluntary Code of Conduct.
- Create a more sustained presence in the media.

The achievements during the year could not have been possible without the unstinting support and commitment of the staff. Commendations must also be given to the members of the Board for their tremendous contribution and oversight of the Commission's operations during the year. I also extend our gratitude to our portfolio Ministers, the Permanent Secretary and staff at the Ministry of Industry, Investment and Commerce for their support. Finally, looking to the year to come, given the myriad of economic variables that will present themselves, we are committed to fulfilling our mission of educating the Jamaican consumers, thus empowering them to make informed and prudent decisions.

.....  
 Vivian Brown, Permanent Secretary (Acting)  
 for G. Richard Fontaine  
 Chairman

## CEO's Report



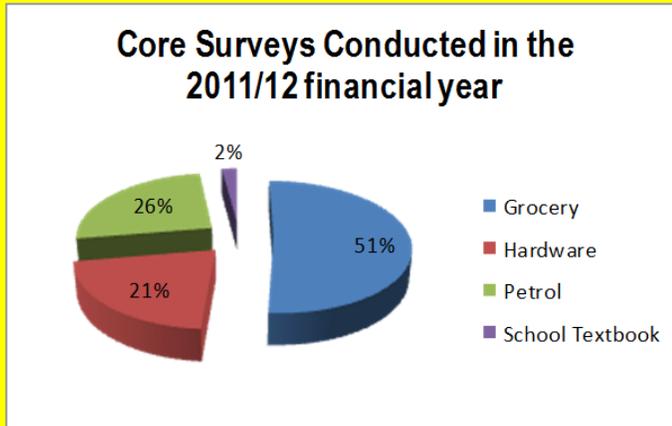
Dolsie Allen, CEO

It has been a challenging year for the Jamaican consumer, but the Consumer Affairs Commission has been working tirelessly to improve their position. Some of the most essential markets like energy and financial services are undergoing fundamental changes that have reverberated in all other aspects of life, and especially on the disposable income of consumers. It is against this background that during the 2011/12 Financial Year, the Commission secured refunds and compensation totalling **\$12.9m** on behalf of aggrieved consumers; the complaints resolution rate was **89%**; while outreach activities totalled three hundred and three (**303**) reaching directly a total of **90,599** persons. The number of surveys increased significantly during the 2011/12 Financial Year as a total of eighty five (**85**) surveys (as per data provided in **Table 1** below) were completed as against forty eight (**48**) during the 2010/11 Financial Year. This reflects an increase of thirty seven (**37**) more surveys conducted in the 2011/12 Financial Year.

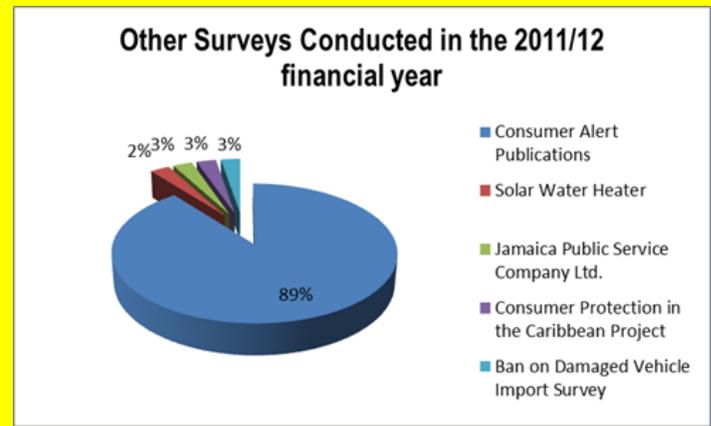
**Table 1: Total number of Surveys conducted**

Surveys	
• Grocery	24
• Hardware	10
• Petrol	12
• School Textbook	1
<b>Other Surveys</b>	
• Consumer Alert Publications	34
• Solar Water Heater	01
• Jamaica Public Service Company Ltd.	01
• Consumer Protection in the Caribbean Project	01
• Ban on Damaged Vehicle Import Survey	01
<b>TOTAL</b>	<b>85</b>

Below are pie charts reflecting the distribution of Survey types via percentage for the 2011/12 Financial Year.



**Pie Chart 1**



**Pie Chart 2**

This demonstrates once again the strength and resilience of the Commission and the progress that it continues to make since its establishment over 40 (forty) years ago. Indeed, the CAC is committed to protecting the Jamaican consumer to the highest standards by being available not only in times of crisis – but also by utilising clients' stories anonymously to campaign for policy changes that benefit the population as a whole.

The Commission is fully cognisant that when consumers are placed in the driving seat, not only does this situation benefit each person, but it also boosts competition significantly. Further, empowered consumers need real choices, accurate information, market transparency and the confidence that comes from effective protection and solid rights.

### **Consumer Protection in the Caribbean Project (CPC)**

In the 2011/12 financial period, the Commission continued the implementation of the (3) three-year Consumer Protection in the Caribbean project (CPC), which was a tripartite effort comprising Jamaica, Barbados and Trinidad and Tobago. The main output of the project was the adoption and implementation of a Code of Conduct for the financial sector in all three (3) participating countries. Further, during the period under review, a public education campaign was undertaken to heighten consumers' awareness of the project's aims and objectives prior to the actual launch of the Code of Conduct for the financial sector. The project was spearheaded by Consumers International (CI) and funded by the Inter-American Development Bank (IDB).

### **Information Technology and Telecommunications**

This decade has been one of the most dynamic periods for consumers, especially as it relates to the area of information technology and telecommunications. Consumers have been challenged to keep abreast with new innovations given the expansion of e-Commerce, increasing access to the Internet, accompanied by associated developments in risks to consumers (IT security, cybercrime, data protection challenges, etc.), the rapid emergence of communication resources and services (Skype, social networking and communication like Facebook and Twitter), and progress in Information and Communications Technology (ICT) usage across a number of sectors.

As part of its proactive efforts, the Commission has kept abreast of the changing dynamics in the Jamaican landscape and has tried to anticipate and provide solutions to the challenges that may arise. To this end, the CAC has maintained its collaborative network with key stakeholders both locally and internationally with a view to collectively addressing these issues.

Internally, the Commission launched a new website comprising three significant innovations:

- Real-time price information directly from the Consumer database.
- A Complaints Submission Form that facilities the user to receive a response within 48 hours after entering the details of a complaint.
- The building of a Price Enquiry Tool wherein the cost of various items in a grocery basket could be obtained from a number of vendors

The process has also begun as it relates to the creation of a Mobile Survey Data Collection System geared towards improving efficiency and reducing costs relating to printing and courier services.

### Looking Forward

The Commission is a dynamic agency and will always listen to its clients and be guided by their desires. While the CAC recommits to “protecting your rights (and) securing our future”, among the priority areas that the Commission will seek to make achievements in are:

- Redoubling efforts to ensure that consumers are aware of their rights and responsibilities
- Redefining service offerings to the Jamaican populace
- Increasing efforts to fulfill its mandate via influencing consumer policy
- Increasing focus on Information Technology and Telecommunications
- Collaborating with key stakeholders and partners

A great company is built by first class, passionate and highly skilled people. The Consumer Affairs Commission is endowed with individuals who possess these traits as evidenced by the continued invaluable commitment and determination in fulfilling the CAC mandate, and by extension protecting the rights of the Jamaican consumer. Thanks to the Board, for its guidance and excellent service which played an integral role in enabling the CAC to be successful in achieving its objectives. Commendations also to the Commission’s portfolio Ministers, the Permanent Secretary and staff of the Ministry of Industry, Investment and Commerce, other Agencies, Ministries and the Media Fraternity for being very instrumental in the CAC’s success.

.....  
Dolsie Allen (Mrs)  
Chief Executive Officer

# “The Right to Consumer Education”



PUBLIC EDUCATION

consumer connection

COMPLAINT RESOLUTION

education

regional influence the right to redress

THE RIGHT TO CHOOSE

the right to safety CONSUMER EDUCATION

consumer connection

## Consumer Education

The Consumer Affairs Commission (CAC) is cognisant that for consumers to become more critically aware of their rights and by extension take responsibility for their actions, it is essential that an aggressive consumer education programme be integrated as part of its core strategy. Utilising this approach, the 2011/12 period yielded three hundred and three (303) outreach activities comprising presentations made to a number of entities including but not limited to schools, churches, clubs and community-based organisations. As a result, **90,599** persons comprising **27,933 adults** and **62,666 students** were directly impacted which surpassed the projected outreach target of **65,000** by **39.38%**. Overall the CAC engaged in nine (9) more outreach activities than last year's two hundred and ninety four (294).

The Commission's flagship event of the year, the celebration of World Consumer Rights Day under the theme "**Our Money, Our Rights: Achieving Financial Independence through freedom of Choice**" was of particular importance. During the celebration of this event, the CAC participated in a seminar for women celebrating International Women's Day held at the Jamaica Conference Centre and a message from the Honourable Anthony Hylton, Minister of Industry, Investment and Commerce was read in schools and churches across the island. In addition, a presentation was given at the Shortwood Teachers' College by Miss Sharryn Dawson, Author and Financial Expert on the issue of financial independence. Schools and libraries across the island mounted displays on their campuses pertaining to consumer rights.

Table 1

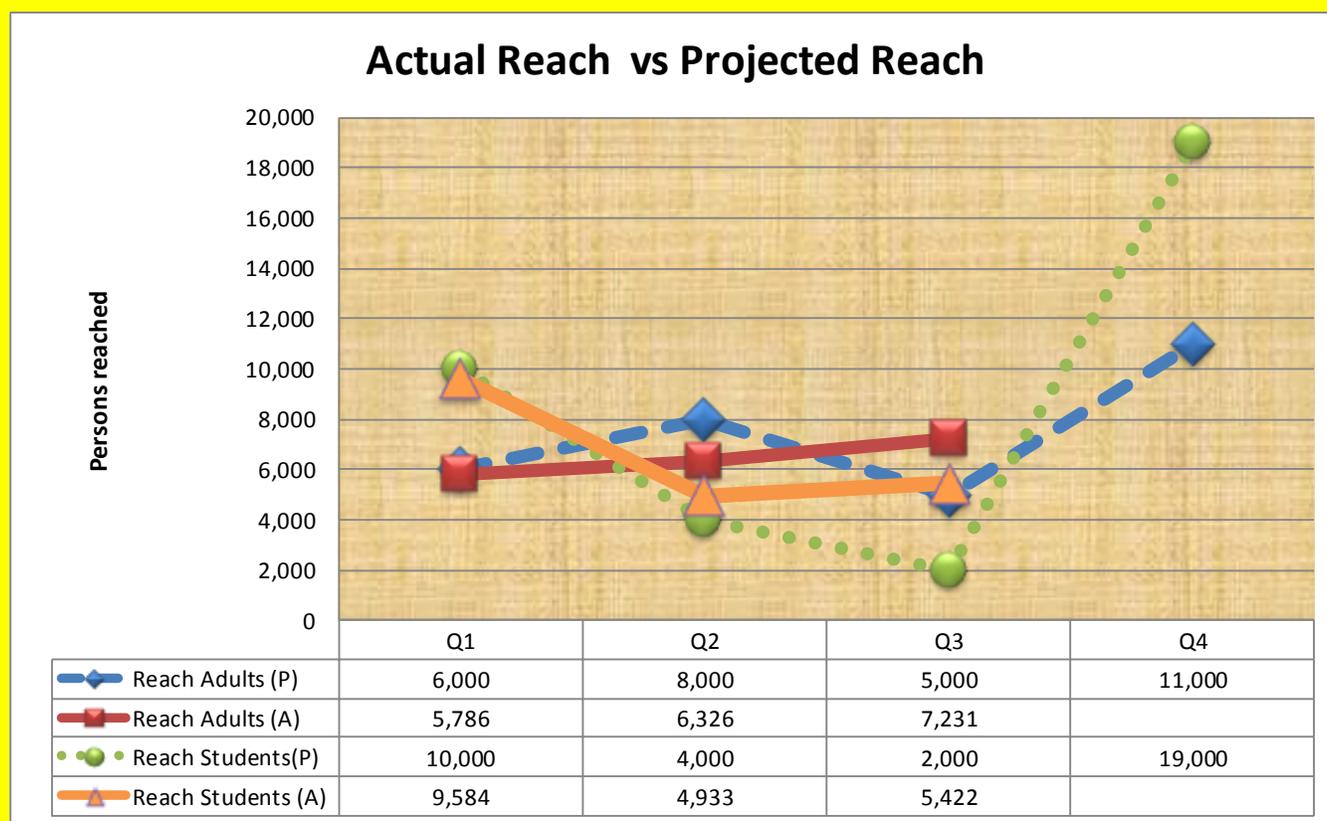


Table 1 shows that the CAC directly impacted **90,599** persons for the 2011/12 financial year via **303** activities.

The Commission impacted five hundred and thirteen (513) schools that were in attendance at many of the activities in which the CAC participated. Three hundred and sixty five (365) or 71.1% of the schools were in attendance at exhibitions, followed by 84 or 16.4% presentations made to students at schools while the remaining 64 or 12.5% resulted from presentations to groups of Consumers and the category "Other" in which the Message was read in schools. There was an 87.2% increase in the level of interactions with schools when compared to the two hundred and seventy four (274) schools which were impacted last year.

Table 2

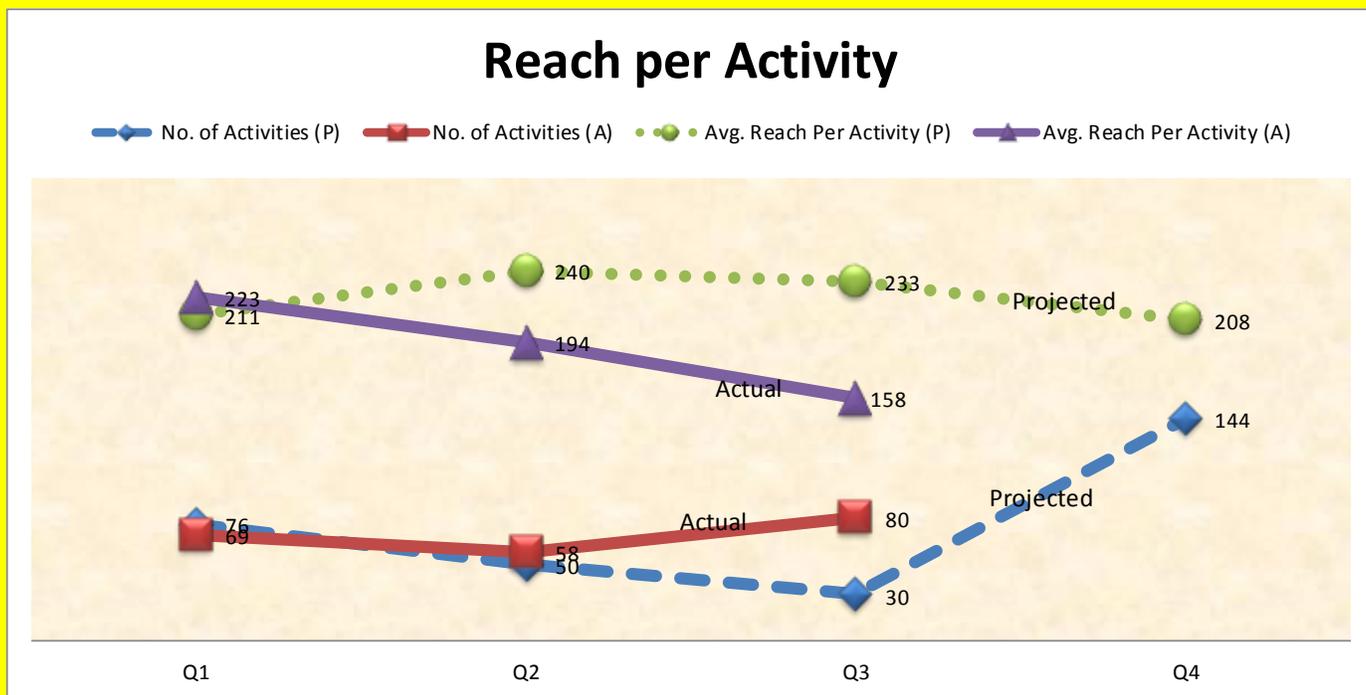


Table 2 shows the average reach per activity engaged in by the Consumer Affairs Commission.

## Community Outreach in Action



Mr Richard Rowe, Regional Officer at the CAC interacting with students at the Shortwood Teacher's College on World Consumer Rights Day 2012.



Mr Wilberforce Watson, CAC Regional Officer addressing a gathering in Mandeville on World Consumer Rights Day 2012.



The Commission made its presence felt at the annual Denbigh Agricultural Show in 2011, in May Pen, Clarendon.



Mrs Racquel Chambers, CAC Research Officer speaking with attendees at the Life Tabernacle Health Fair in 2012.



Mrs Cheryl Martin-Tracey, CAC Director of Field Operations making a presentation during World Consumer Rights Day 2012.



A cross-section of the student participants at the Shortwood Teacher's College on World Consumer Rights Day 2012.

# THE RIGHT TO BE HEARD

INFORMATION safety EDUCATION

THE RIGHT TO CHOOSE choice CONSUMER EDUCATION consumer connection THE RIGHT TO A HEALTHY ENVIRONMENT

# *“The Right to be Informed”*



the right to a healthy environment

the right to redress

THE RIGHT TO CHOOSE

the right to be heard

CONSUMER EDUCATION

consumer connection

education

INFORMED

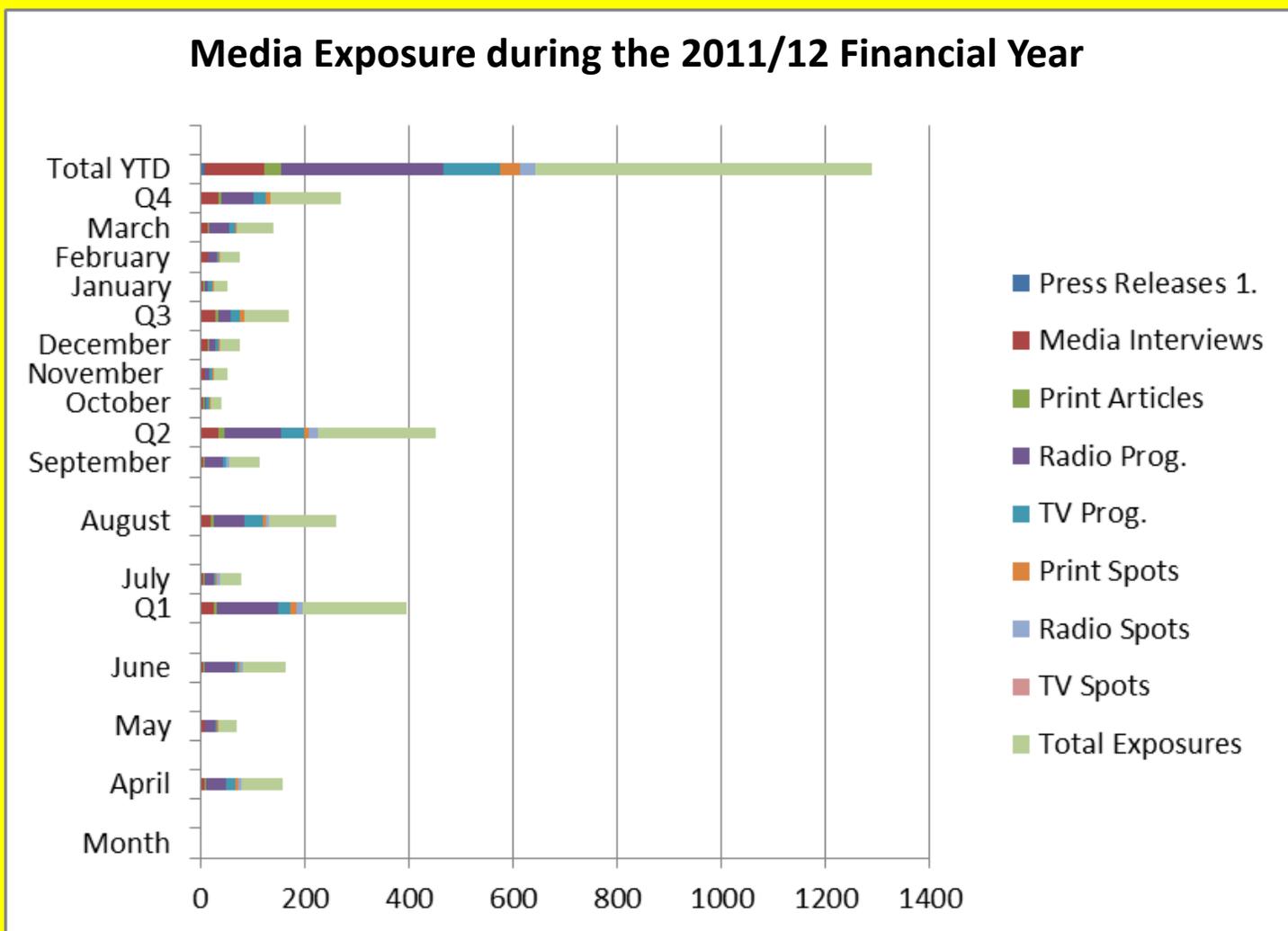
## Communication and Information

The Consumer Affairs Commission views the area of **Communication and Information** as a vital one when taken in the context of educating Jamaican consumers about their rights and responsibilities. It is in this vein that the CAC utilises communication and information channels to speak with consumers across the island. In so doing, the Commission provides relevant, effective, efficient, sustainable and useful consumer information and education geared towards assisting consumers in their decision making process.

During the 2011/12 Financial Year, the information and communication portfolio of the CAC played an integral role in all facets of the Commission's operations.

**Table 3**

The table below provides information on media exposures for the Financial Year April 1, 2011 to March 31, 2012.



The total media exposures for the 2011/12 Financial Year were six hundred and forty five (**645**) opportunities of which seventy (**70**) were paid advertisements. This reflects a reduction of one hundred and two (**102**) when compared with the 2010/11 Financial Year. However, the decrease is attributed to the high concentration of funds that were invested in the execution phase of the Caribbean Consumer Project (CCP) for media activities and accounted for at least **90%** of media expenditure. In conjunction with this investment, the CAC countered the reduced availability of funds in other areas by the application of a cost-containment strategy. It proved successful as the Commission reduced its paid advertisement from two hundred and forty four (**244**) in the 2010/11 period to seventy (**70**) in the 2011/12 Financial Year, while simultaneously increasing its goodwill opportunities.

At the start of the Financial Year, three (3) major issues dominated the media which directly impacted the lives of consumers in every economic stratum. They were the presentation of the national budget for the new Financial Year, the impending rate increase on electricity which was submitted to the Office of Utilities Regulations by the Jamaica Public Service Company (JPSCo.) for approval and the proposed draft Voluntary Banking Code of Conduct.

### **Rate Increase for Electricity**

During the Second Quarter, public protests intensified and the Commission, Bureau of Standards Jamaica (BSJ) and the Office of Utilities Regulation (OUR) were called on to conduct separate audits to measure the growing dissatisfaction with the JPSCo. and also to identify and address the concerns of consumers. The Gleaner on August 22, 2011 reflected the climate with a story entitled: ***What Next After Black Friday?***

In weeks, the CAC's Customer Perception Study of the JPSCo. was completed and published on its website. The findings generally confirmed what consumers anecdotally referred to as the unreasonable practices and poor customer service meted out to them by the monopoly. The CAC played a direct role in the discussions with the JPSCo. and subsequently supported a reasonable option for vulnerable consumers which included the implementation of a (3) three-month public education programme which was approved but was later put on hold due to insufficient funding.

### **A Code of Conduct for Banking Services**

The implementation of the Caribbean Consumer Project (CCP) co-funded by Consumers International (CI) and the Inter-American Development Bank (IDB) continued. This three (3) year project began in 2009 and included (3) three project partners Jamaica, Barbados and Trinidad and Tobago. Among the main deliverables of the Project was the establishment of a Draft Banking Code of Conduct outlining the basic standard of services that consumers can expect of all commercial banks as well as stakeholders' consultations. The document was developed in 2010 in collaboration with the National Consumers League (NCL) and was presented to the public via publications in the Gleaner, Observer and Western Mirror on April 20, 2011. Furthermore, at the beginning of 2012, a series of stakeholder consultation on the draft Banking Code of Conduct were strategically staged in Montego Bay, Mandeville and Kingston.

Notably, the Bureau of Women's Affairs co-hosted the Kingston event at the Jamaica Conference Centre resulting in sixty (60) rural women, small and micro-business operators and professionals participating in the one-day consultation. State Minister, the Honourable Sharon Ffolkes-Abrahams led the list of presenters who included the IDB country office, Small Business Association of Jamaica, Credit Unions, Building Societies, Financial Advisors and other independent financial experts.

### **Digital Display Ads**

In June, the Board approved the procurement of advertising spots via the new media of digital display screens mounted in mass transit and service areas such as supermarkets, financial institutions and tax offices in major towns throughout

Jamaica. However, the implementation of the campaign was delayed due to the length of time required to verify the vendor's "sole provider" status. The new and emerging business of selling digital display space in retail outlets has proved to be challenging for the procurement officers as there is only one formal business registered in Jamaica.

### Local, Regional and International Partnerships

The CAC participated in the following:

- On April 15, 2011 the Commission hosted a fact finding contingent from the island of Curacao regarding the development of a regulatory authority to govern standards, consumer protection and fair trade in that island.
- The 5<sup>th</sup> Caribbean Conference on Dispute Resolution on April 28, 2011 held at the Jamaica Conference Centre in downtown Kingston under the theme: *Encouraging a Culture of Justice and Peace through Dispute Resolution: Strengthen Your Role*". This was of significant benefit as it related to the Commission's role in complaints resolution.
- The regional training workshop on the Rapid Alert Exchange System for non-food products which was held in Barbados between November 1-2, 2011 and a report was submitted to the Board of Directors, management and staff on the occasion.
- One of several workshops staged by various Caribbean countries regarding the regional harmonisation efforts geared towards the development of the draft CARICOM Consumer Model Law.
- The CAC hosted the first of its proposed sensitisation sessions regarding the CARICOM Rapid Alert Exchange System (CARREX) which was aimed at an increasing consumer protection through an information network managed by government through the regulatory bodies of the region. The CARREX System is an outcome of the European Union 9<sup>th</sup> European Development Fund Caribbean Integration Support Programme (EU 9<sup>th</sup> EDF CISP ) Project and an action item of the attending workshop which was held in Barbados on November 1-2, 2011.
- The Commission assisted in the planning and implementation of the CARICOM Energy Week (CEW) during a (2) two-day exposition staged on the Mona campus of the University of the West Indies on November 7-11, 2011. The CAC also made presentations on the occasion to schools and gained some visibility in the CEW's special supplement published by the Gleaner.
- As a representative of the National Agricultural Health and Food Safety Committee, the CAC contributed to the work of the establishment of a National Food Safety System to be managed by a Council.
- In November 2011, two (2) officers attended a workshop organised by the CI/IADB Project in Tobago, which focused on Fair Financial Service.
- A Seminar on Damages Repair for Defective Products and the Technical Advisory Group of the Consumer Safety and Health Network in Bogota, Columbia. This advisory group discusses issues of relevance in the area of product safety and its impact on health, and is working towards the design of an Inter-American Rapid Alert System.
- A five (5) weeks graduate course in the Management of Market Surveillance Systems on Consumer Product Safety.

# *“The Right to Redress”*



THE RIGHT TO THE SATISFACTION OF **BASIC NEEDS**

RESOLUTION

regional influence the right to redress THE RIGHT TO CHOOSE the right to redress CONSUMER EDUCATION consumer connection

## Complaints Resolution Services

One of the core mandates of the Consumer Affairs Commission (CAC) is the resolution of complaints filed by consumers against providers of goods and services. As Jamaica's main consumer advocate agency and by extension, the largest consumer advice provider, the CAC is equipped to deal with a range of matters from anyone spanning food safety issues, substandard products and service quality. The Commission views complaints from its clients as a goldmine of information as through the complaints filed, the Commission is better informed about what is happening in the marketplace and can proactively seek mediation to resolve issues or influence national policy to address challenging situations.

During the 2011/12 Financial Year, the total number of complaints that were brought to the Commission's attention amounted to one thousand nine hundred and sixty (**1,960**). Of this number, one thousand seven hundred and thirty nine (**1,739**) were resolved resulting in a resolution rate of **89%**.

Further, the actual Refund/Compensation value in the 2011/12 Financial Year totalled **\$12,973,942.06**. This figure is significantly lower than that obtained in the previous reporting period. However, consideration must be given to the fact that during the previous reporting period the Commission was successful in resolving one case in particular that amounted to compensation totalling \$27.5 Million Dollars. In addition, the number of complaints received during the period decreased by one hundred and eleven (**111**).



Brochure giving information about the Consumer Protection Act 2005 .

Three (3) categories featured significantly in the number of complaints that were filed, and when combined, accounted for (**53.92%**) of the overall complaints caseload. These were as follows:

- Electrical equipment and Appliances (**28.76%**)
- Utilities (**13.21%**), and
- Other Services (**11.95%**)

The Commission was also privileged to have provided advice to one thousand six hundred and five (**1,605**) persons who sought the expertise of the CAC prior to entering into transactions. This is particularly heartening as the Commission firmly advocates that consumers utilise this route to minimise disputes which may occur when business arrangements do not go as planned.

# “The Right to Choose”



## Market Research

The Consumer Affairs Commission continued its focus on providing information on critical consumer products via surveys of groceries, school text books, petroleum products, and hardware items. **Tables 4-7** provide a summary of price movements during the year for groceries, petroleum products and hardware items.

In addition to the routine surveys mentioned, the Commission undertook several ad hoc surveys as the need arose. These were as follows:

### Ban on Damaged Vehicle Import Survey

In November 2011, the expertise of the Commission was called upon by the Minister of Industry, Investment and Commerce to conduct an investigation into the impact of the ban on the importation of vehicles on stakeholders comprising businesses and consumers. The genesis of the investigation stemmed from a May 2008 Government of Jamaica decision to ban the importation of damaged vehicles, with importers mandated to land all units negotiated for importation prior to that announcement, by July 31, 2008. Following the findings of the CAC's investigation in conjunction with the results of a study completed by the Policy, Planning, Projects and Research Division of the Ministry of Industry, Investment and Commerce, a review of the ban was undertaken.



A petrol survey being conducted by one of the eleven CAC Field Officers.

### Consumer Protection in the Caribbean Project

The Consumer Affairs Commission's participation in the three-year tripartite Consumer Protection in the Caribbean Project continued in the 2011/12 Financial Year, resulting in the banking sector being under surveillance for a third consecutive year. More specifically, a comparative analysis of the fees charged by the seven (7) commercial banks was conducted utilising data gathered over the 2011/12 Financial Year and comparing it with the findings of the 2009/10 period. The findings revealed that some fees were revised and an increased number of consumers were aware of the fees associated with banking transactions.

### Jamaica Public Service Company Limited

The latter part of the 2011/12 period saw Jamaican consumers publicly expressing dissatisfaction with the Jamaica Public Service Company (JPSCo). The situation propelled the Consumer Affairs Commission to conduct surveys with both residential and commercial customers of the company to ascertain their perspectives on products and services received from JPSCo.

The CAC's findings established that both residential and commercial customers had mixed perceptions which are detailed below:

- Bill delivery options ranked highest (**over 80%**) in terms of satisfaction rates with customers.
- The company was ranked fair with regards to its urgency in restoring disconnected power supply.

However, the survey revealed that customers were disgruntled about a number of areas which are as follows:

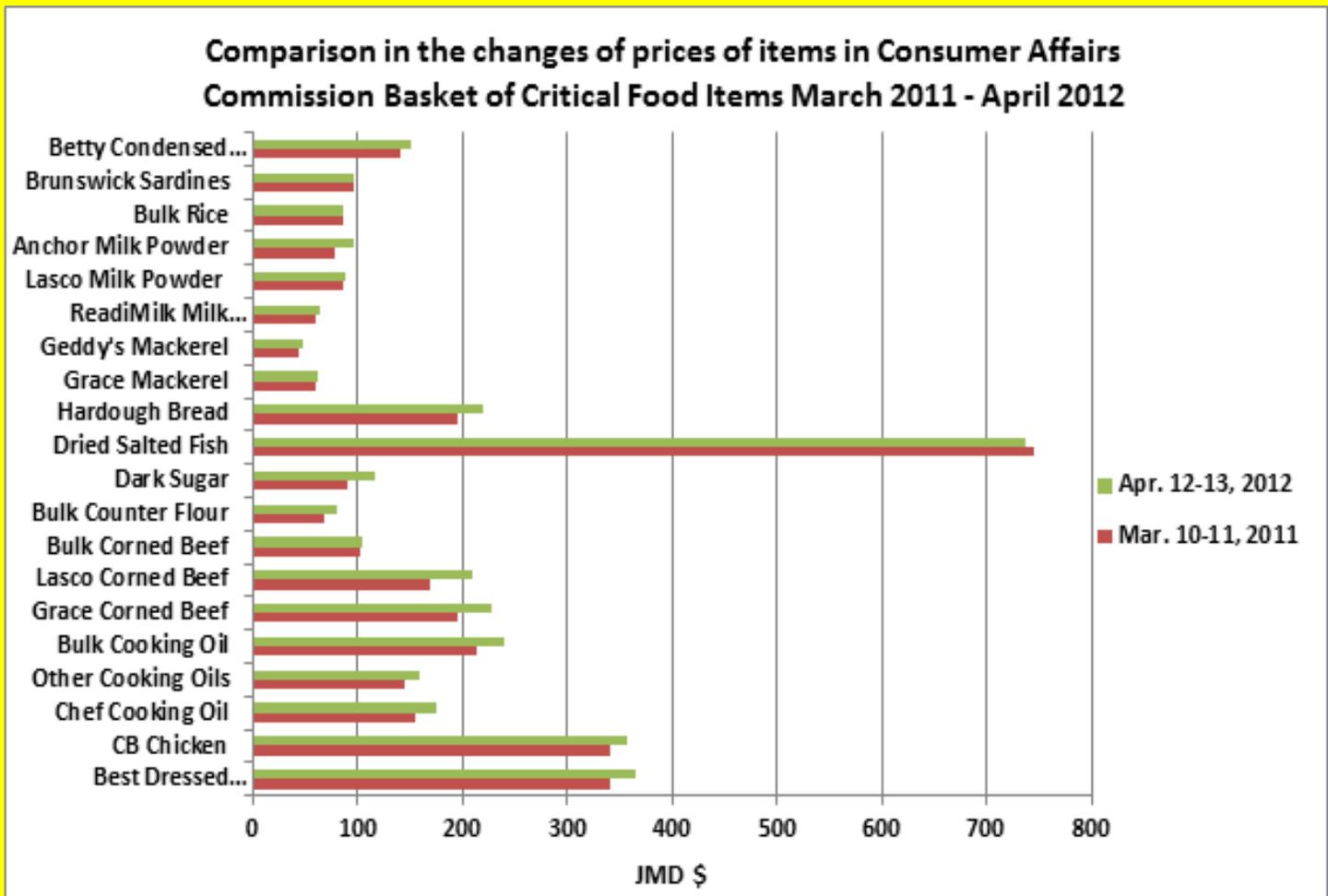
- JPSCo's monopoly on electricity distribution.
- The perceived unreasonable cost of electricity where levels of dissatisfaction amongst respondents were very high (**over 90%**).
- Most customers were also concerned that the JPS appeared to be very insensitive and expressed a desire to change to a new power company should one come on stream (**majority of respondents over 60%**).

### Solar water Heater Survey

The expertise of the Consumer Affairs Commission was called on again during the period as the Commission led the CARICOM Solar Water Heater Project regional online poll, to ascertain domestic consumers' use or demand for solar water heating services and their willingness to obtain same. The project was developed under the Caribbean Renewable Energy Capacity Support project (CRECS) with a view to developing a regional model that uses the best practices of Barbados and other regional experiences, but nonetheless, considers the specificities of individual Member States for the promotion and use of solar water heating. According to the results, most consumers indicated they would be encouraged to purchase a solar water heater if they received a tax rebate. As it relates to the Jamaican context, this may be one of the reasons many persons have not responded positively to the National Housing Trust's loan on Solar Water Heating systems. However, additional studies are required to ascertain the types of incentives to which consumers would respond more favourably.

## Critical Consumer Products Surveys

Table 4 showing price changes in the Consumer Affairs Commission's Basket of Critical Food Items between the 2011- 2012 and 2010-11 Financial Year



## Critical Consumer Products Surveys

Table 5 highlighting the percentage change in the prices of goods in the Consumer Affairs Commission's Basket of Critical Food Items 2011-2012 Financial Year

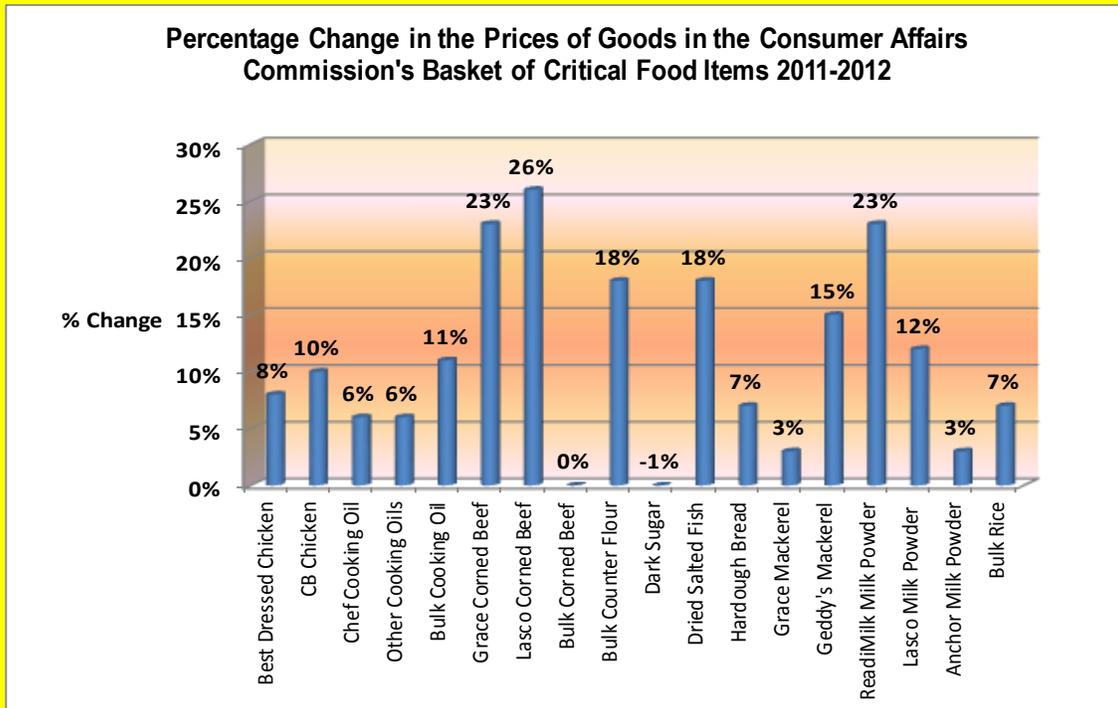
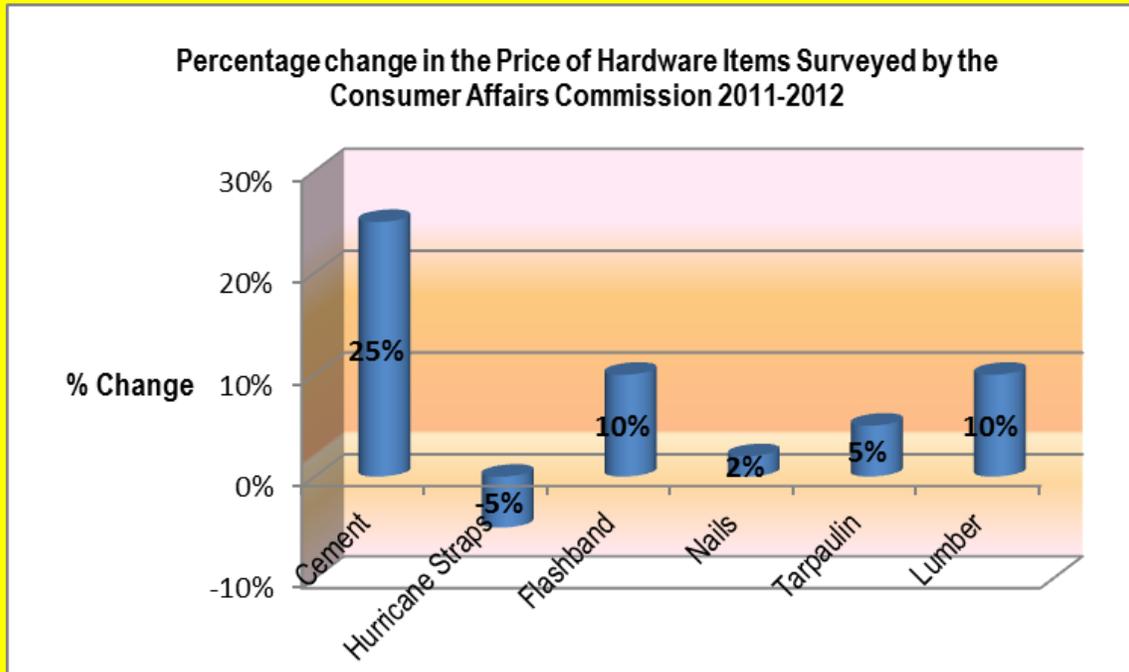
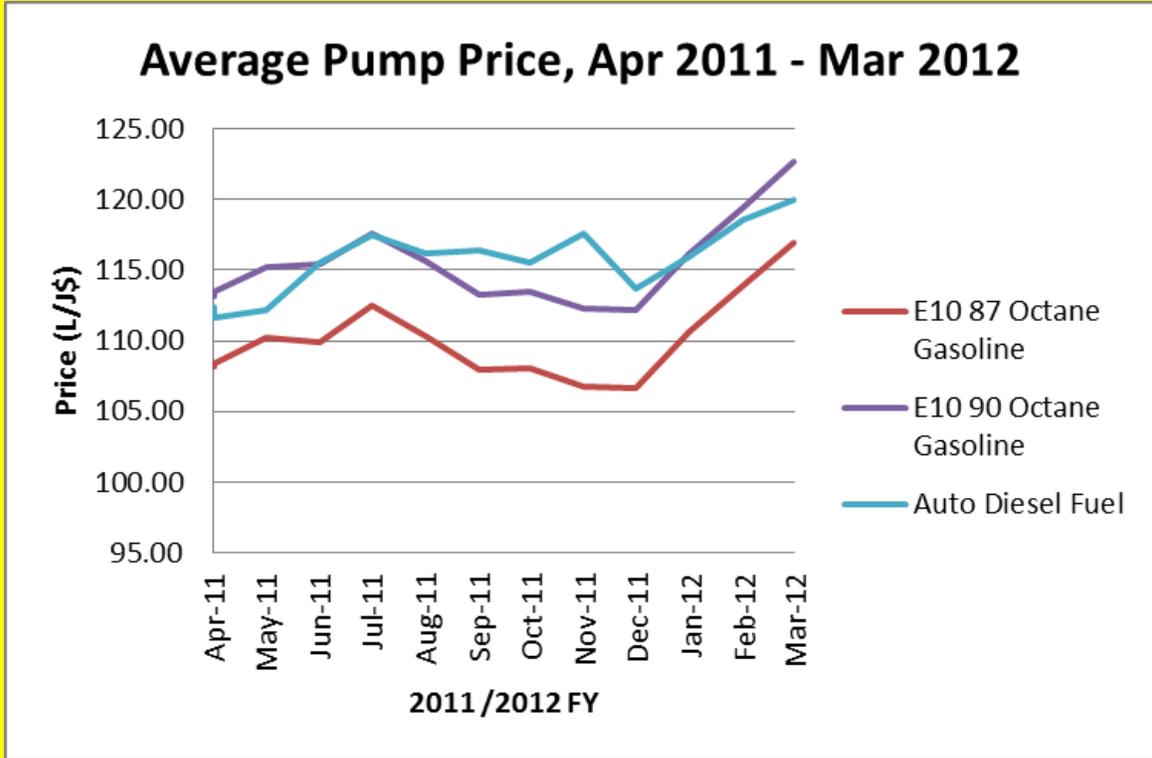


Table 6 showing percentage change in the price of hardware items surveyed by the Consumer Affairs Commission's during the 2011-2012 Financial Year



Critical Consumer Products Surveys

Table 7 highlighting the average Pump Price during the 2011-2012 Financial Year



# ***“The Right to be Heard”***



ACCESS TO INFORMATION

regional influence    the right to redress    THE RIGHT TO CHOOSE    CONSUMER EDUCATION    consumer connection    EDUCATION    safety    INFORMATION

## Information Technology

Innovations in technology have resulted in the creation of new media which have and continue to greatly impact and influence the way consumers behave. In this fast-changing technological landscape, consumers are challenged by the myriad of portals from which information is being received. Chief among them are smart phones, laptops and far-reaching personal portals like Twitter and Facebook that have made real-time information exchange an integral element of consumer behaviour without restriction to time of day or location. These new media are displacing long established business models and corporate strategies; and offer exciting opportunities to improve the Consumer Affairs Commission's consumer education mandate.

It is against this background that the CAC embarked on two significant projects in the 2011/12 Financial Year geared towards improving efficiency and providing information. These were the launch of the new CAC website and the design of a Mobile Survey Data Collection System.

### New Website Developed and Launched

The CAC developed a new website which provided real-time price information directly from the Commission's prices database. Among the additional features of the website was a Complaints Submission Form that allows the user to enter



A snapshot of the new CAC website.

the details of the complaint(s) which will be reviewed by a complaints officer within a maximum of 48 hours. There was also the creation of a price enquiry tool that allows the consumer to query prices based on location of the outlets. An additional feature that was developed was the building of a grocery basket of items and obtaining prices from various vendors.

The project had design input from the Research, Complaints and Communications units and the public's contribution was also sought by way of a poll to get the right website "look and feel" or graphical design and colours. Further, the most advanced content management system was utilised to provide the framework on which to build the website.

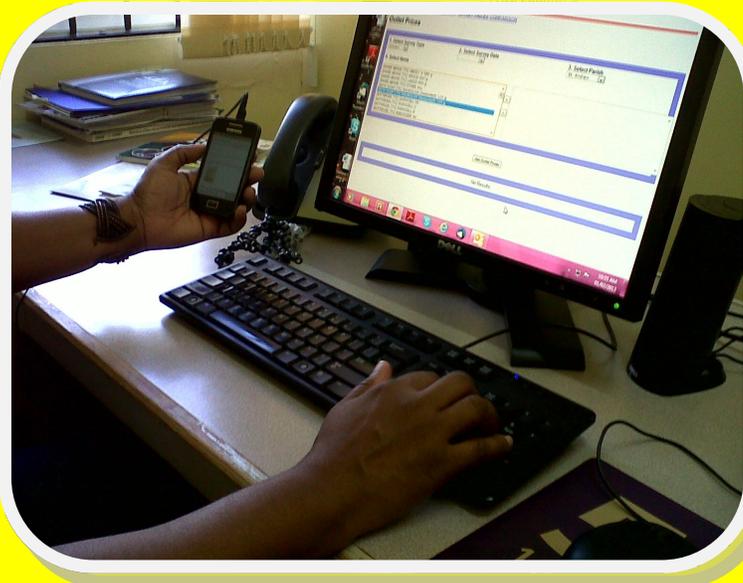
In a bid to ensure that consumer information is readily available, the new website has a document library which hosts a number of documents produced by the Commission, as well as upgraded content, history, Consumer Laws and Rights and agency information.

The website was launched mid May 2011 with the new domain name [www.cac.gov.jm](http://www.cac.gov.jm). The old domain name [www.consumeraffairsjamaica.gov.jm](http://www.consumeraffairsjamaica.gov.jm) will remain active but will not be publicised. Feedback received during the launch was good and future enhancements will be introduced as required.

## Mobile Survey Data Collection System

During the 2011/12 Financial Year, the Commission commenced the design of its Mobile Survey Data Collection System geared towards replacing paper survey forms with mobile tablets and/or smartphone devices. It is projected that upon completion, the system will provide real-time update of the Commission's prices database. Among the additional benefits of the system are:

- Reduction in the turnaround time for surveys completed from seven (7) days to three (3) days.
- Significant reduction in the cost associated with the procurement of paper, printing and data input.
- Reduction in the costs associated with courier service.



Going paperless—the future of data collection for the Consumer Affairs Commission.

In the design stages of the project and after intense reviews and research, the decision was made to utilise the Software as a Service (SaaS) model versus the acquisition of software licenses to acquire the use of suitable software. It should be noted that budgetary constraints played an integral role in adopting the SurveyToGo mobile survey platform as the software and service of choice. This, as the Commission would only incur a minimal fee for each survey interview conducted, as opposed to high initial outlay in acquiring the software and thereafter, renewing the associated software licenses on an annual basis.

Completion of the project is scheduled for August 2012. Thereafter, the eleven (11) CAC survey officers will be equipped with Samsung smartphones provided through the Closed User Group (CUG) agreement with Digicel.

# *“The Right to Safe Goods and Services”*



timely redress

consumer connection

COMPLAINT RESOLUTION

regional influence

the right to redress

THE RIGHT TO CHOOSE

the right to safety

CONSUMER EDUCATION

consumer connection

## Legal Intervention

The Consumer Affairs Commission (CAC) is mandated to utilise Jamaica's existing legal framework to foster ethical relations between providers and consumers of goods and services. At the heart of this mandate is the need to protect the consumer and ensure that when redress cannot be facilitated by mediation, legal redress can be obtained through the Courts. This is the remit of the CAC's Legal Unit. Among the successful legal interventions that were carried out over 2011/12 financial year were the proposed Amendments to the Consumer Protection Act (2005), issues pertaining to Jamaica Public Service Company Limited service and electricity bills, and the Draft CARICOM model Bill on Consumer Protection.

### Proposed Amendments to the Consumer Protection Act (CPA) (2005)

Formal approval was granted by the Attorney General's Chambers to proceed with the recommendations for amendment to the Consumer Protection Act (CPA) (2005). The Cabinet Submission was approved by Cabinet and drafting instructions were dispatched from the portfolio Ministry to the Office of the Chief Parliamentary Counsel.

### Draft CARICOM model Bill on Consumer Protection

The promotion of the draft CARICOM model Bill on Consumer Protection through the portfolio Minister was undertaken. The Bill was discussed during meetings of the Council for Trade and Economic Development (COTED) in May 2011. The CARICOM Draft Model Law on Consumer Protection was developed in order to facilitate and strengthen consumer protection arrangement in CARICOM, and to contribute to regional integration. The Commission expressed full support of the Bill, having actively participated in all stages of CARICOM policy consultations and discussions throughout the process.

### Legal Reviews, Advice and Representation

During the period, the Legal Unit provided advice on all matters requiring legal counsel as well as facilitated the resolution of a number of disputes through mediation. In addition to this core function, presentations and publications regarding the CPA were also undertaken in a bid to raise awareness of its provisions.

Of particular note, were concerns raised by customers of the Jamaica Public Service Company Limited (JPSCo.). As a result, the Legal Unit participated in stakeholder meetings convened by the portfolio Minister and the Honourable Prime Minister to discuss the concerns as well as the Commission's strategy for dealing with said concerns. During these discussions the deficiencies in the CPA were highlighted and a Cabinet Note on the CAC's role in addressing concerns of consumers in relation to JPS's service and electricity bills was prepared. The Note delineated the concerns raised by



Suzette Spence, (centre) Legal Officer at the Consumer Affairs Commission receiving her certificate for participating in the Consumer Summer Law School programme in Montreal, Canada.

JPSCo's customers based on the Commission's database, the Agency's existing modus operandi in handling such complaints, the additional measures to be implemented and the benefits of the proposed CPA amendments in addressing the concerns highlighted. The contract between the government of Jamaica and the JPSCo., was also reviewed to identify whether there were provisions in the contract that were incompatible with the CPA.

### **Vinegar Technical Committee**

The Legal Unit was also integrally involved in the provision of the consumer perspective to the newly established Vinegar Technical Committee facilitated by the Bureau of Standards Jamaica. The Committee's mandate was to revise the Jamaican standard specification for vinegar to keep pace with international trends, new innovations, improvement in technology and scientifically validated facts. A work plan for this venture was developed and the project was approximately **70%** complete by the end of the Financial Year.

As it relates to civil suits being pursued in the Supreme Court, the case regarding damages for misrepresentation and/or breach of warranty in relation to separate contracts for the purchase of three (3) motor vehicles continued.

During the period, there were no formal referrals for criminal prosecution.

you have rights

THE RIGHT TO CHOOSE

the right to redress

CONSUMER EDUCATION

consumer connection

COMPLAINT RESOLUTION

the right to redress

consumer connection

THE RIGHT TO BE HEARD

# “The Right to a Healthy Environment”



The right to a **healthy environment**

consumer connection INFORMATION

COMPLAINT RESOLUTION

regional influence

THE RIGHT TO CHOOSE

the right to redress

CONSUMER EDUCATION

## Human Resource Management

For the CAC to meet its organisational goals, it must attract, develop and retain talented staff with appropriate capabilities and skills as well as provide competitive remuneration. To help achieve this goal during the 2011/12 Financial Year, the Finance and Administration Department provided a professional and collaborative work environment supported by progressive human resource practices. The department's human resource policies and employment framework were redesigned to meet the needs and developmental expectations of current and prospective staff. Significant developments during the period under review included:

### Performance Management and Appraisal System (PMAS)

The Performance Management and Appraisal System (PMAS) was established by the Cabinet Office and is geared towards improving the system of performance management and evaluation within the public sector. During the 2011/12 Financial Year, the Finance and Administration Department continued its focus on the pre-implementation activities associated with the eventual full introduction of PMAS. Hence, in accordance with the schedule for implementation of PMAS and following the efforts from the previous year, work continued on the pre-implementation activities. These included finalisation of the General Competency Framework for the organisation and reviewing/updating of PMAS related documents which were carried out in the previous year. The first draft of the General Competency Framework for the organisation was completed in May 2011 and presented to the senior staff for feedback before finalising.

### Staff Development

Members of staff participated in a number of learning and development activities aimed at improving their skills and competencies. Among the courses/workshops/seminars that were pursued to improve the technical capabilities of the CAC were:

- Research and Innovation Management Workshop at the University of Technology.
- First Aid and Cardiopulmonary Resuscitation (CPR) training and certification by St John Ambulance Association & Brigade.
- Government Accounting Course at the Management Institute for National Development (MIND).
- Training peer educators workshop aimed at raising awareness about HIV/AIDS and minimising the discrimination against persons living with the disease at the workplace and organised by the Ministries of Health and Labour & Social Security.
- National Training Workshop on Capacity Building for Gender Mainstreaming and the Production and Collection of Reliable Disaggregated Data by the Bureau of Women's Affairs in collaboration with the United Nations Economic Commission of Latin America.
- Workshops on Technology
- Retirement Planning presentation by National Commercial Bank Insurance Company Limited.

Further, a training plan based on identified training needs was developed for the 2012/13 Financial Year. However, due to budgetary constraints, a number of the training activities were not executed.

## Human Resource Management

### Staffing

During the reporting period, three (3) persons separated from the organisation, two (2) based on retirement and one (1) as a result of resignation. Approval was sought and received from the Ministry of Finance to fill the vacancies and all three (3) were filled.

As at March 31, 2012, the Consumer Affairs Commission has forty (40) positions on the establishment with eight (8) clear vacancies.

## DIRECTORS' COMPENSATION APRIL 2011 – MARCH 2012

Position of Director	Fees (\$)	Motor Vehicle Upkeep/ Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
Board Chairman Richard Fontaine	76,500.00p.a.	Not Applicable	Not Applicable	Not Applicable	76,500.00p.a.
Dorothy Carter-Bradford	63,500.00p.a.	Not Applicable	Not Applicable	Not Applicable	63,500.00p.a.
Joyce Young	66,500.00p.a.	Not Applicable	Not Applicable	Not Applicable	66,500.00p.a.
Fay Sylvester	71,000.00p.a.	Not Applicable	Not Applicable	Not Applicable	71,000.00p.a.
Vernon Derby	91,500.00p.a.	Not Applicable	Not Applicable	Not Applicable	91,500.00p.a.
Stella Henry	63,500.00p.a.	Not Applicable	Not Applicable	Not Applicable	63,500.00p.a.
Donovan Walker	33,000.00p.a.	Not Applicable	Not Applicable	Not Applicable	33,000.00p.a.
Kent Gammon	41,000.00p.a.	Not Applicable	Not Applicable	Not Applicable	41,000.00p.a.
Sandra Ramsey	60,000.00p.a.	Not Applicable	Not Applicable	Not Applicable	60,000.00p.a.
Morland Wilson	77,500.00p.a.	Not Applicable	Not Applicable	Not Applicable	77,500.00p.a.
Michelle Parkins	48,500.00p.a.	Not Applicable	Not Applicable	Not Applicable	48,500.00p.a.
Autherine Webb	7,500.00p.a.	Not Applicable	Not Applicable	Not Applicable	7,500.00p.a.
Stuart Andrade	11,000.00p.a.	Not Applicable	Not Applicable	Not Applicable	11,000.00p.a.
<b>TOTAL</b>	<b>711,000.00p.a.</b>				<b>711,000.00p.a.</b>

### Notes

1. Where a non-cash benefit is received (e.g. Government housing), the value of that benefit shall be quantified and stated in the appropriate column above.

## SENIOR EXECUTIVE COMPENSATION

Position of Senior Executive	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Chief Executive Officer	3,459,806.00		796,500.00		22,620.00		4,278,926.00
Finance & Admin Manager	2,363,623.00		420,000.00		22,620.00		2,806,243.00
Director for Western Division Field Operations	1,499,251.00		420,000.00		22,620.00		1,941,871.00
Director of Field Operations	2,249,730.00		420,000.00		22,620.00		2,692,350.00
Senior Accountant	1,757,181.00		420,000.00		22,620.00		2,199,801.00
Communication Specialist	1,499,251.00		420,000.00		22,620.00		1,941,871.00
Director of Research	2,363,623.00		420,000.00		22,620.00		2,806,243.00
IT Manager	1,751,106.00		420,000		22,620.00		2,193,726.00
Legal Officer	3,120,336.00		420,000.00		329,670.00		3,870,006.00
Senior Economist	1,677,035.00		420,000.00		22,620.00		2,119,655.00
Writer/Editor	1,757,181.00		420,000.00		22,620.00		2,199,801.00

### Notes

1. Where contractual obligations and allowances are stated in a foreign currency, the sum in that stated currency must be clearly provided and not the Jamaican equivalent.
2. Other Allowances (including laundry, entertainment, housing, utility, etc.)
3. Where a non-cash benefit is received (e.g. Government housing), the value of that benefit shall be quantified and stated in the appropriate column above.

**THE CONSUMER AFFAIRS COMMISSION**  
**YEAR ENDED MARCH 31, 2012**  
**FINANCIAL STATEMENTS**

**THE CONSUMER AFFAIRS COMMISSION  
FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2012**

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**INDEPENDENT AUDITORS' REPORT**

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**Report on the Financial Statements**

We have audited the accompanying financial statements of The Consumer Affairs Commission (the "Commission"), which comprises the statement of financial position as at March 31, 2012, the statement of comprehensive income, the statement of changes in reserves, and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan, and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

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

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

**Independent Auditors' Report**

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**Opinion**

In our opinion, the accompanying financial statements gives a true and fair view of the financial position of the Commission as at March 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Trade Act of 1955 and the Consumer Protection Act of 2005 (the "Acts").

**Report on other Legal and Regulatory Requirements**

As required by the Acts, we have obtained all the other 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 Acts, in the manner so required.

*Crichton Mullings & Assoc.*  
Crichton Mullings & Associates  
Chartered Accountants

Kingston Jamaica  
March 1, 2013

**THE CONSUMER AFFAIRS COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2012**

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property and equipment	5	11,860,844	12,526,044
Retirement benefit assets	6	193,416,000	180,115,000
		<u>205,276,844</u>	<u>192,641,044</u>
<b>Current Assets</b>			
Receivables and prepayments	7	1,741,222	1,550,757
Cash and cash equivalents	8	4,442,500	6,567,628
		<u>6,183,722</u>	<u>8,118,385</u>
<b>TOTAL ASSETS</b>		<u><b>211,460,566</b></u>	<u><b>200,759,429</b></u>
<b>EQUITY AND LIABILITIES</b>			
Retirement benefit reserve	6	193,246,000	180,115,000
Accumulated surplus		10,895,793	11,421,000
		<u>204,141,793</u>	<u>191,536,000</u>
<b>Current Liabilities</b>			
Note payable	9	-	259,042
Payables and accruals	10	7,318,773	8,964,387
		<u>7,318,773</u>	<u>9,223,429</u>
<b>TOTAL RESERVE AND LIABILITIES</b>		<u><b>211,460,566</b></u>	<u><b>200,759,429</b></u>

APPROVED, on behalf of the Board on

Chairman

Chief Executive Officer

The accompanying notes form an integral part of the financial statements

**THE CONSUMER AFFAIRS COMMISSION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED MARCH 31, 2012**

	Note	2012 \$	2011 \$
<b>Income</b>			
Grants		106,068,971	103,724,035
Administrative and general expenses	11	<u>104,360,786</u>	<u>98,432,389</u>
<b>Operating surplus</b>		1,708,185	5,291,646
Other income		65,612	<u>48,369</u>
		1,773,797	5,340,015
Finance and policy costs	12	<u>2,299,004</u>	<u>1,649,605</u>
<b>Net (deficit) / surplus</b>		(525,207)	3,690,410
Other comprehensive income:			
Actuarial gain on defined benefit plan		<u>13,131,000</u>	<u>24,370,000</u>
<b>Net surplus for the year, being total comprehensive income</b>		<u><u>12,605,793</u></u>	<u><u>28,060,410</u></u>

The accompanying notes form an integral part of the financial statements

**THE CONSUMER AFFAIRS COMMISSION  
STATEMENT OF CHANGES IN RESERVES  
YEAR ENDED MARCH 31, 2012**

	<b>Retirement Benefit Reserve \$</b>	<b>Accumulated Surplus \$</b>	<b>Total \$</b>
Balance at March 31, 2010	155,596,000	7,879,590	163,475,590
Net surplus, being total comprehensive income for the year	-	28,060,410	28,060,410
Transfer to retirement benefit reserve	<u>24,519,000</u>	<u>(24,519,000)</u>	<u>-</u>
Balance at March 31, 2011	180,115,000	11,421,000	191,536,000
Net surplus, being total comprehensive income for the year	-	12,605,793	12,605,793
Transfer to retirement benefit reserve	<u>13,131,000</u>	<u>(13,131,000)</u>	<u>-</u>
<b>Balance at March 31, 2012</b>	<b><u>193,246,000</u></b>	<b><u>10,895,793</u></b>	<b><u>204,141,793</u></b>

**The accompanying notes form an integral part of the financial statements**

**THE CONSUMER AFFAIRS COMMISSION  
STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2012**

	2012	2011
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Net surplus</b>	12,605,793	28,060,410
<b>Adjustments for items not affecting cash resources:</b>		
Depreciation	2,205,457	1,558,948
Retirement benefit assets	<u>(13,301,000)</u>	<u>(24,519,000)</u>
	1,510,250	5,100,358
(Increase) / decrease in operating assets		
Receivables and prepayments	(190,464)	(483,016)
Increase / (decrease) in operating liabilities		
Payables and accruals	<u>(1,645,615)</u>	<u>650,514</u>
Net cash (used in) / provided by operating activities	<u>(325,829)</u>	<u>5,267,856</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	<u>(1,540,257)</u>	<u>(1,303,930)</u>
Net cash used in investing activities	<u>(1,540,257)</u>	<u>(1,303,930)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Note payable	<u>(259,042)</u>	<u>(1,317,508)</u>
Net cash used in financing activities	<u>(259,042)</u>	<u>(1,317,508)</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(2,125,128)	2,646,418
<b>CASH AND CASH EQUIVALENTS - Beginning of the year</b>	<u>6,567,628</u>	<u>3,921,210</u>
<b>CASH AND CASH EQUIVALENTS - End of the year</b>	<u><u>4,442,500</u></u>	<u><u>6,567,628</u></u>
<b>REPRESENTED BY:</b>		
Cash and cash equivalents	<u><u>4,442,500</u></u>	<u><u>6,567,628</u></u>

The accompanying notes form an integral part of the financial statements

**THE CONSUMER AFFAIRS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2012**

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**1. IDENTIFICATION**

The Consumer Affairs Commission (the "Commission") was established under the Trade Act 1955 as amended by Act 22 of 1970 and acts as chief protagonist to ensure the fundamental rights of the consumer with respect to prices and trade practices.

The Commission is domiciled in Jamaica, with its registered office at 2 Seaview Avenue, Kingston 6.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

**(a) Statement of Compliance**

The Commission's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and the relevant requirements of the Trade Act of 1955 and the Consumer Protection Act of 2005 (the "Acts").

The financial statements have been prepared under the historical cost basis and are expressed in Jamaican dollars, unless otherwise indicated.

**(b) Changes in accounting standards and interpretations:**

**i) Current year changes:**

Certain new or amended International Financial Reporting Standards and Interpretations (IFRIC) became effective as of 1 January 2011.

The revisions, amendments and new standards and interpretations that became effective during the year but are not considered relevant to the Commission's operations are:

- *IFRS 1 'First-time Adoption – Amendment'*, issued in May 2010  
Effective for periods commencing on or after 1 January 2011
- *IFRIC 14 'Prepayments of a Minimum Funding Requirement -Amendment'*, issued November 2009.  
Effective for periods commencing on or after 1 January 2011

Management anticipates that the adoption of the following new or revised International Financial Reporting Standards and Interpretations (IFRIC) could have a material impact on the Commission's financial statements:

- *IAS 1 (Revised), Presentation of Financial Statements, issued May 2010*  
Effective for periods commencing on or after 1 January 2011
- *IAS 24 'Related Party Disclosures – Revised standard'*, issued in November 2009  
Effective for periods commencing on or after 1 January 2011
- *IAS 34 'Interim Financial Reporting – Amendment'* issued in May 2010  
Effective for periods commencing on or after 1 January 2011
- *IFRS 7 'Financial Instruments: Disclosures - Revised standard'*, issued in May 2010  
Effective for periods commencing on or after 1 January 2011

**THE CONSUMER AFFAIRS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2012**

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**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**

**(b) Changes in accounting standards and interpretations:**

**i) Current year changes (Cont'd):**

Additionally, in May 2010, the IASB issued "Improvements to IFRSs", as part of its annual improvements project, and a vehicle for making non-urgent but necessary amendments to various IFRSs. These amendments primarily become effective for annual periods beginning on or after 1 January 2011. Management has concluded that these amendments will not have a significant impact on the Commission's operations or financial position.

**ii) Future Changes**

The Commission has identified the following revised or new International Financial Reporting Standards or Interpretations which have been issued but are not yet effective, and which have not been adopted early. Those that are not considered relevant to the Commission's operations are:

- *IAS 27 'Separate Financial Statements', issued May 2011*  
Effective for periods commencing on or after 1 January 2013
- *IAS 28 'Investments in Associates and Joint Ventures', issued May 2011*  
Effective for periods commencing on or after 1 January 2013
- *IFRS 10 'Consolidated Financial Statements', issued May 2011*  
Effective for periods commencing on or after 1 January 2013
- *IFRS 13 'Fair Value Measurement', issued May 2011.*  
Effective for periods commencing on or after 1 January 2013
- *IFRS 7 'Disclosures - Offsetting Financial Assets and Financial Liabilities Amendment', issued December 2011.*  
Effective for periods commencing on or after 1 January 2013
- *IFRS 11 'Joint Arrangements', identifies two main types of joint arrangements – joint operations and joint ventures.*  
Effective for periods commencing on or after 1 January 2013

Those which may be relevant to the Commission's operations are as follows:

- *IFRS 9 'Financial Instruments Classification and Measurement', issued in November, 2009*  
Effective for periods commencing on or after 1 January 2013
- *IFRS 12 'Disclosure of Interests in Other Entities', issued May 2011*  
Effective for periods commencing on or after 1 January 2013
- *IAS 12 'Income Taxes - Amendments', issued December 2010*  
Effective for periods commencing on or after 1 January 2012
- *IAS 19 'Employee Benefits -Amendment', issued June 2011.*  
Effective for periods commencing on or after 1 January 2013

**THE CONSUMER AFFAIRS COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2012**

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**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**

**(c) Use of estimates and judgements:**

The preparation of the financial statements in conformity with IFRS and the Act requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from these estimates.

The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

**(i) Critical judgements in applying the Commission's accounting policies:**

Critical judgements used in applying the Commission's accounting policies that have a significant risk of material adjustment in the next financial year relate to the estimated useful lives and residual values of property, plant and equipment and pension and other post-employment benefits.

The residual values and the useful life of each asset are renewed at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The useful life of an asset is defined in terms of the asset's expected utility to the Commission.

**(ii) Key sources of estimation uncertainty:**

*Pension and other post-employment benefits:*

The amounts recognized in the statement of financial position and statement of comprehensive income post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognized include expected long-term return on plan assets, and the discount rate used to determine the present value of estimated future cash flows required to settle the pension obligations.

The expected return on plan assets assumed considers the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the Commission's obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

**THE CONSUMER AFFAIRS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Property, plant and equipment**

All property, plant and equipment held for administrative purposes, are recorded at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Commission and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognized in the statement of comprehensive income as incurred.

Depreciation is calculated on the straight line basis over the estimated useful lives of such assets. The rates of depreciation in use are:

Leasehold Improvements	2.5%
Computer	10%
Furniture, fixtures & equipment	10%

**(b) Accounts payable**

Accounts payable is stated at amortized cost.

**(c) Cash and cash equivalents**

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(d) Leases**

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to statement of comprehensive income on a straight-line basis over the terms of the relevant lease.

**(e) Revenue recognition**

Revenue is recognized as it accrues unless collectability is in doubt.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(f) Impairment**

At each reporting date, the Commission reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Commission estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

**(g) Financial instruments**

Financial instruments include transactions that give rise to both financial assets and financial liabilities. Financial assets and liabilities are recognized on the Commission's statement of financial position when the Commission becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments issued by the Commission are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Commission after deducting all of its liabilities.

Financial assets include cash and bank deposits, accounts receivable, long-term receivables and other current assets except inventories and any prepayments.

Financial liabilities include current liabilities except accruals and income tax payable. The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

The fair values of the financial instruments are discussed in Note 16.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Employee benefits**

Employee benefits are all forms of consideration given by the Commission in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory contributions, vacation leave, and non-monetary benefits such as medical care; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognized in the following manner:

- Short-term employee benefits are recognized as a liability, net of payments made, and charged to expense. The expected cost of vacation leave that accumulates is recognized when the employee becomes entitled to the leave.

**(i) Retirement benefits**

The Commission operates a defined benefit pension plan, the assets of which are generally held in separate trustee-administered funds. A defined benefit plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between present value of the defined benefit obligation at the reporting date and the fair value of plan assets, adjusted for unrecognized actuarial gains and losses and past service cost.

Where a pension asset arises, the amount recognized is limited to the net total of any cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan.

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Method. Under this method, the cost of providing pensions is charged to the statement of comprehensive income so as to spread the regular cost over the service lives of the employees. The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

A portion of actuarial gains and losses is recognized in arriving at total comprehensive income if the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceeded 10% of the greater of the present value of the gross defined benefit obligation and the fair value of plan assets at that date. Any excess actuarial gains or losses are recognized in arriving at other comprehensive over the average remaining service lives of the participating employees.

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YEAR ENDED MARCH 31, 2012**

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**4. INCOME**

Income represents grants from the Government of Jamaica on a monthly basis based on yearly budget allocation and arising needs of the Commission.

**5. PROPERTY AND EQUIPMENT**

	<u>Leasehold Improvement</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Computers</u>	<u>Total</u>
<b>At Cost/Valuation</b>				
Beginning of year	1,691,250	13,341,504	5,819,201	20,851,955
Additions	-	246,982	1,293,275	1,540,257
End of year	<u>1,691,250</u>	<u>13,588,486</u>	<u>7,112,476</u>	<u>22,392,212</u>
<b>Accumulated Depreciation</b>				
Beginning of year	366,076	5,138,638	2,821,197	8,325,911
Charge for year	55,781	1,604,641	545,035	2,205,457
End of year	<u>421,857</u>	<u>6,743,279</u>	<u>3,366,232</u>	<u>10,531,368</u>
<b>Net Book Value</b>				
End of year	<u>1,269,393</u>	<u>6,845,207</u>	<u>3,746,244</u>	<u>11,860,844</u>
End of prior year	<u>1,325,174</u>	<u>8,202,866</u>	<u>2,998,004</u>	<u>12,526,044</u>

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**6. RETIREMENT BENEFIT ASSETS**

The Commission operates a defined benefit pension scheme which is open to permanent employees and is managed by an independent external agency. The scheme is funded by employees' contribution at the rate of 5% of pensionable salary. Employees may make additional voluntary contributions not exceeding a further 5%. The Commission meets the balance of the cost of the scheme benefits. Normal retirement pension is based on 2% of the final pensionable salary per year of pensionable service.

The disclosures below are based on the independent actuarial valuation at March 31, 2012.

The amounts recognized in the statement of financial position as assets were determined as follows:

	2012 \$	2011 \$
Present value of the obligation	<b>(91,617,000)</b>	<b>(74,880,000)</b>
Fair value of planned assets	<b>305,175,000</b>	<b>287,662,000</b>
Fund status	<b>213,558,000</b>	<b>212,782,000</b>
Unrecognized actuarial gains	<b>(20,145,000)</b>	<b>(32,936,000)</b>
Unrecognized past service cost	<b>3,000</b>	<b>269,000</b>
Unrecognized asset due to limited in IAS 19.58(b)	-	-
	<b><u>193,416,000</u></b>	<b><u>180,115,000</u></b>

The amounts recognized in arriving at income / (expense) were determined as follows:

	2012 \$	2011 \$
Current service cost	<b>(5,771,000)</b>	<b>(3,898,000)</b>
Interest cost	<b>(8,449,000)</b>	<b>(7,651,000)</b>
Expected return on assets	<b>27,238,000</b>	<b>28,424,000</b>
Net actuarial gain recognized during the year	<b>379,000</b>	<b>1,874,000</b>
Change in disallowed asset	-	<b>5,887,000</b>
Past service cost	<b>(266,000)</b>	<b>(266,000)</b>
	<b><u>13,131,000</u></b>	<b><u>24,370,000</u></b>

**THE CONSUMER AFFAIRS COMMISSION**  
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**6. RETIREMENT BENEFIT ASSETS (CONT'D)**

The movement in net assets in the current year were as follows:

	2012 \$	2011 \$
Net assets at start of year	180,115,000	155,596,000
Net income recognized in statement of comprehensive income	13,131,000	24,370,000
Contributions paid by the Commission	170,000	149,000
	193,416,000	180,115,000

The principal actuarial assumptions used were as follows:

	2012 %	2011 %
Discount rate	10.0	10.5
Rate of escalation of pensionable earnings	7.5	7.5
Rate of increase in pension	5	5
Expected long term rate of return on scheme assets	9.5	9.5

Expenses - allowance is made for administrative expense at the rate of 6% ( 2011: 5%) earnings of members' pensionable earnings

**7. RECEIVABLES AND PREPAYMENTS**

	2012 \$	2011 \$
Staff receivables	603,987	496,649
Withholding tax recoverable	198,780	198,780
Reimbursable from:		
The Caricom Single Market Economy	390,430	360,611
Other receivables	548,025	494,717
	1,741,222	1,550,757

**8. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statement of financial position and statement of cash flows comprise the following:

	2012 \$	2011 \$
Petty cash	3,000	3,000
Local currency accounts	4,439,500	6,564,628
	4,442,500	6,567,628

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**9. NOTE PAYABLE**

	2012	2011
	\$	\$
Mossel Jamaica Limited - (Digicel)	-	259,042

This represents the amount due to Mossel Jamaica Limited ("Digicel") for the purchase of a PBX system. Management has represented that the loan was interest free. This loan amount was fully repaid as at March 31, 2012.

**10. PAYABLES AND ACCRUALS**

	2012	2011
	\$	\$
Accounts payable	614,772	1,566,386
Other payables and accruals	6,704,001	7,398,001
	7,318,773	8,964,387

**11. ADMINISTRATIVE AND GENERAL EXPENSES**

	2012	2011
	\$	\$
Salaries and wages	45,250,783	40,782,524
Retroactive salaries	460,883	-
Temporary and casual wages	1,789,526	2,763,998
Mileage allowances	5,141,608	4,338,035
Statutory contributions	3,327,364	2,811,803
Motor vehicle allowance	10,281,880	9,758,878
Staff welfare	318,425	289,640
Travelling and subsistence	1,144,423	573,598
Rental:		
Equipment	96,020	101,541
Buildings	8,378,113	7,379,913
Electricity	2,532,867	2,643,387
Telephone	3,496,355	3,548,170
Water	99,851	98,970
Repairs and maintenance	1,639,053	1,635,578
Medical supplies	23,762	43,050
Meals and entertainment	874,198	710,221
Wireless, cable and postage	332,606	287,222
Directors' fees	711,000	1,109,495
Professional fees	909,553	634,250
Insurance	265,159	361,349
Grants and contribution	960,000	1,030,000
Staff training	92,837	372,166
Printing and stationery	1,854,325	2,253,470
Audit fee	415,400	352,300
Advertising and promotion	7,484,399	7,412,426
Subscription and membership fees	662,772	520,794
Exhibition, conference and seminars	2,129,487	1,134,457
Under provision of payroll tax liability	-	685,895
General office expenses	363,428	270,989
Security	3,494,709	4,528,270
	104,530,786	98,432,389

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**12. FINANCE AND POLICY COSTS**

	2012	2011
	\$	\$
Bank charges	93,547	90,657
Depreciation	2,205,457	1,558,948
	2,299,004	1,649,605

**13. SOURCE AND USES OF FUNDS**

The comparative details between budgeted and actual income and expenditure are as follows:

	Budget	Actual	Variance Favourable/ (Unfavorable)
	\$	\$	\$
<b>Income:</b>			
Grant - general	105,577,000	106,068,971	491,971
Other	-	65,612	65,612
	105,577,000	106,134,583	557,583
<b>Expenditure:</b>			
Personal emoluments	52,927,000	50,561,793	2,365,207
Travelling and subsistence	14,407,000	16,567,912	(2,160,912)
Other operating and general expense	23,913,000	24,926,880	(1,183,880)
Rental	7,521,000	8,474,133	(953,133)
Public utilities	3,070,000	6,129,072	(3,059,072)
	101,838,000	106,659,790	(4,991,790)
<b>Operating surplus / (deficit)</b>	3,739,000	(525,207)	(4,434,207)
<b>Capital:</b>			
Purchase of fixed assets	(3,739,000)	(1,540,257)	2,198,743
<b>TOTAL</b>	-	(2,065,464)	(2,235,464)

**THE CONSUMER AFFAIRS COMMISSION**  
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**14. STAFF COSTS**

The number of employees at the end of the year was as follows:

	2012	2011
Permanent	<u>26</u>	<u>31</u>

The aggregate payroll costs for these persons were as follows:

	2012	2011
	\$	\$
Salaries and other related costs	<u>62,924,681</u>	<u>57,643,435</u>
Statutory payroll contributions	<u>3,327,364</u>	<u>2,811,803</u>
	<u>66,252,045</u>	<u>60,455,238</u>

**15. RELATED PARTIES**

The Commission's statement of comprehensive income includes the following transactions, undertaken with related parties in the ordinary course of business:

	2012	2011
	\$	\$
Transactions with Board of Directors:		
Director's fees	<u>711,000</u>	<u>1,109,495</u>
Transactions with key management personnel:		
Chief Executive Officer	<u>4,256,306</u>	<u>3,983,959</u>
Finance and Administration Manager	<u>2,783,623</u>	<u>2,628,993</u>
	<u>7,750,929</u>	<u>7,722,447</u>

**16. FINANCIAL INSTRUMENTS****(a) Fair Value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Market prices are not available for some of the financial assets and liabilities of the Commission. Fair values in the financial statements have therefore been presented using various estimation techniques based on market conditions existing at reporting date.

Generally, considerable judgment is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Commission would realize in a current market exchange.

The following methods and assumptions have been used are as follows:

The amounts included in the financial statements for cash and bank deposits, receivable and payables reflect the approximate fair values because of short-term maturity of these instruments.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2012**

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**16. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial risk management**

The Commission has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Cash flow risk

The Commission director, together with senior management has overall responsibility for the establishment and oversight of the Commission's risk management framework.

The Commission's risk management policies are established to identify and analyze the risks faced by the Commission in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Commission's activities.

**(i) 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's principal financial assets are cash and bank deposits; and receivables and prepayments.

*Cash and cash equivalents*

The credit risk on cash and bank deposits is limited as they are held with financial institutions with high credit rating.

At reporting date, there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<b>4,442,500</b>	<b>6,567,628</b>

**(ii) Liquidity risk**

Liquidity risk is the risk that the Commission will not meet its financial obligations as they fall due. The Commission's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Commission.

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**16. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial risk management (Cont'd):**

**(ii) Liquidity risk (Cont'd)**

Management aims at maintaining sufficient cash and the availability of funding through an amount of committed facilities. The management maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

The following are the contractual maturities of the non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Less than 1 year
March 31, 2012:			
Accounts payable	<u>7,318,773</u>	<u>7,318,773</u>	<u>7,318,773</u>
March 31, 2011:			
Accounts payable	<u>8,964,387</u>	<u>8,964,387</u>	<u>8,964,387</u>

**(iii) Market risk**

Market risk is the risk that changes in market prices, such as interest rates will affect the Commission's income or the value of its holding of financial instruments. The objective of market is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

*Interest rate risk:*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Commission materially contracts financial liabilities at fixed interest rates for the duration of the term. When utilized, bank overdrafts are subject to fixed interest rates which may be varied by appropriate notice by the lender. At March 31, 2012 and 2011, there were no financial liabilities subject to variable interest rate risk.

Interest-bearing financial assets comprises of bank deposits, which have been contracted at fixed interest rates for the duration of their terms.

*Fair value sensitivity analysis for fixed rate instruments*

The Commission does not hold any fixed rate financial assets that are subject to material changes in fair value through profit or loss. Therefore a change in interest rates at the reporting dates would not affect profit or equity.

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