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CHAIRMAN'S STATEMENT

In accordance with section 12(4) of the Transport Board Act, Cap 297, Laws of Barbados, the Board of Directors has the honour to submit to you in your capacity as Minister of Energy and Public Utilities the institution's annual report for the year ended March 31, 2005.

Despite the Board's continued emphasis on cost containment measures, it recorded a loss of \$29.887m. This is due primarily to deficits in its revenue, allowances for wage increases and other inflationary business expenses. Accordingly, overall expenditure has risen by 9%. Labour costs accounts for 42.9%. The shareholder continues to meet its operating and capital obligations.

PriceWaterhouse Coopers was commissioned to assist with the preparation of a comprehensive business core to support our submission to the Fair Trading Commission (FTC). The report was submitted to the Board and has been forwarded to our parent ministry for its review. Consequent upon the amendment to the Fair Trading Act (FTC) act, the Board will file an application to the FTC.

On April 28, 2004, the Transport Board went live with its new on-line electronic ticketing system. This has dramatically improved our reporting and revenue collection efforts. It is the most technologically advanced on bus ticketing system for the collection and management of fares, in the Caribbean. I would like to thank the management and staff for ensuring its smooth and successful implementation and for a job well done.

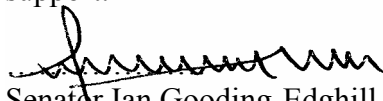
The Board is extremely pleased with the continued performance of the 30 additional units procured in the last financial year. These buses continue to work exceptionally well and have remained on the road, except for scheduled servicing and repairs for body damages. In accordance with the Board's fleet replacement policy, additional units will be procured in the next financial year. These additional units would also meet demands for route extensions into new housing estates, given our changing demographics as a developing nation.

The Board has continued with its maintenance programme which has led to improved bus life and performance, notwithstanding that the Board's buses exceed mileage in excess of 100,000 km annually. This year, the Board embarked on a programme to refurbish buses. In the next financial year, we intend to continue with the refurbishment plan and intensify repairs to defective buses. It must be reiterated that the Transport Board has an ageing fleet. Of the 240 buses in service – 100 or 42% are over 5 years; 110 or 46% are just about 5 years and 30 or 12% are 1 year.

I would like to thank the outgoing general manager, Mr. David Jean-Marie for an outstanding job at the Transport Board. I personally enjoyed working with him in his capacity and he assisted me greatly in implementing strategies to contain and reduce the cost of operations in previous financial years.

Despite the many challenges, the directors are resolved to continue their focus on the realignment of the organization and the changing of its culture.

On behalf of the directors, I would like to thank management and staff for their continued cooperation and support.



Senator Ian Gooding-Edghill
Chairman

GENERAL MANAGER'S STATEMENT

The financial year 2004/2005 presented enormous challenges for the Transport Board, average bus availability declined over those recorded for the previous year from 142 to 136 buses, a decline of 4.2%, ridership declined from 18,356,633 to 18,238,314 a decline of 0.6%, fare revenues declined from \$25.379m to \$25.051m a decline of 1.3% while total expenditure excluding loan interest, increased from \$55.517m to \$60.859m an increase of 9.62%.

In addition, the Board continued with the phased implementation of the Electronic Ticketing System (ETM) finalizing the maintenance procedures and concluding a contract for maintenance services. This was of utmost necessity as the warranty period of one year, wherein maintenance services were concluded under the terms of the warranty, was about to expire.

Government continued to make significant contributions to the Transport Board throughout 2004/2005 providing an operational subsidy of \$5m, \$18m in supplementary funding and the continuation of meeting the Board's capital expenditure.

Revenue

Although fare revenues declined by \$0.328m or 1.3%, total revenues only declined by \$0.354m or 1.1%. The revenue generated in the areas of Charters Services and Advertising shared improved results of \$0.107m or 4.1% and \$0.132m or 57% respectively.

These two revenue generating sectors, increased route presence and frequencies, in addition to the implementation of new services, provided that the needs are established and justified, hold the key to the Transport Board's future realization of increased revenues.

Expenditure

Total expenditures increased from \$55.517m to \$60.858m an increase of \$5.341m or 9.62% when compared to those recorded for the previous year. Much of this increase is reflective of:

- (i) \$1.21m in additional depreciation charges as a result of a full year's cost provided for the 30 additional units acquired in the previous period;
- (ii) \$2.3m increase in Vehicle Maintenance cost as a result of mechanical parts replacements to much of the 1997 and 2000 fleet of buses and increase associated costs in the areas of body and labour charges.
- (iii) \$1.23m increase in Administration cost as a result of increased maintenance to the Transport Board's properties, expensing of losses on disposals due to obsolescence and increased Advertising costs relative to the Tendering process in accordance with the financial rules.
- (iv) \$0.60m increase in Vehicle Operating cost reflected in part by increases in fuel usage of \$0.375m mainly as a result of increased miles traveled due to route extensions, and increased service running times due to traffic congestion and diversions. Commensurate with increases in fuel usages as a result of these factors were increased wages costs of \$0.40m.

Certainly these factors have contributed significantly to the Transport Board's poor financial performance for the year under review. However, they have been some promising results during the period under review:

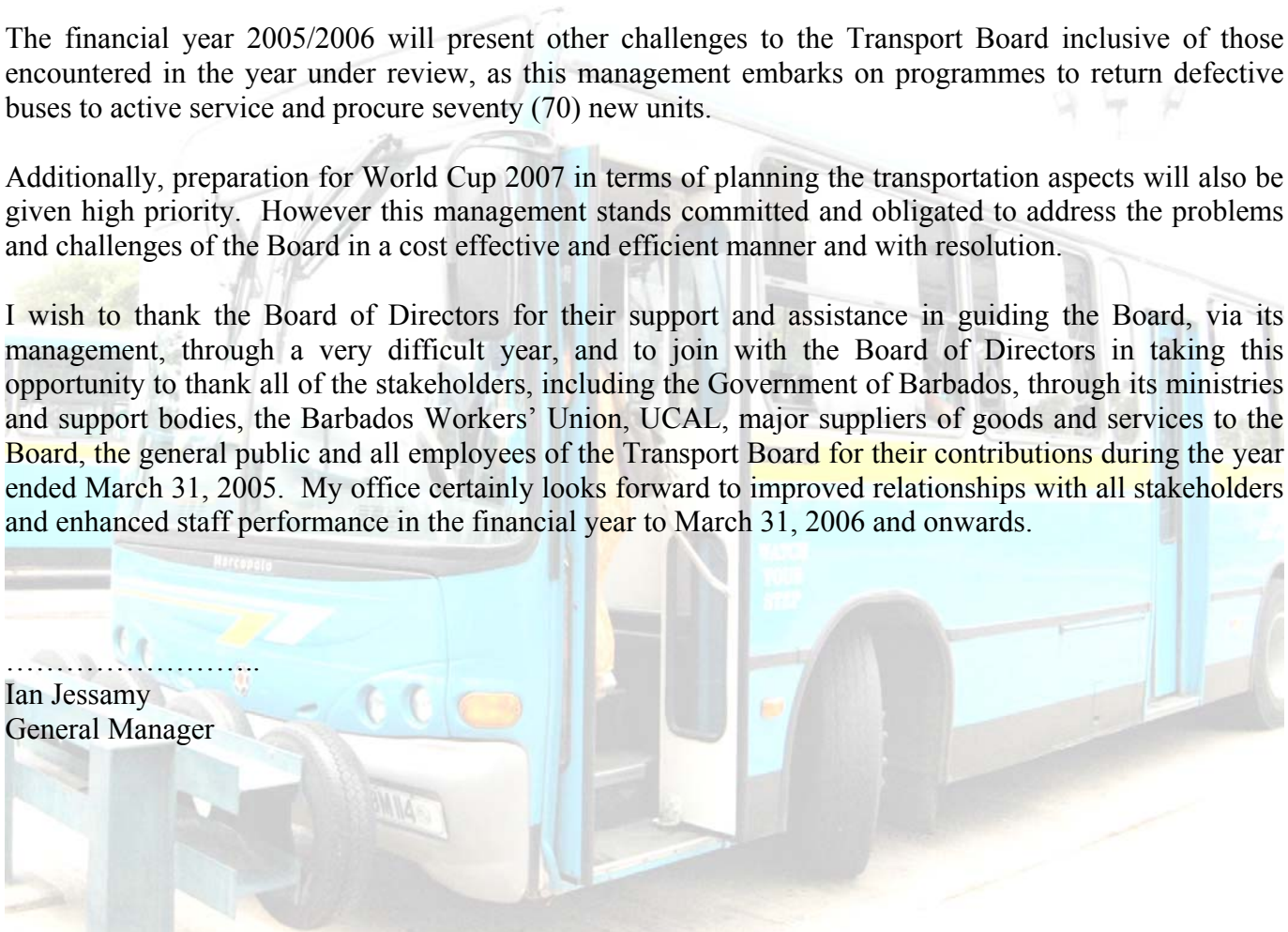
- Introduction of ticketing system for pensioners, which added accountability and transparency to the system;
- Refurbishment of in-service buses to improve bus life and reliability, customer comfort and image reinstatement;
- Continuation of training programmes for staff inclusive of Drivers, office staff and management;
- Improvements to facilities such as Stores building, General Workers quarters and toilet facilities;
- Continuation of medical checks for Bus Operators through the in-house nursing scheme and externally with a Medical Practitioner. All staff had and continues to have access to the in-house nursing scheme.

The financial year 2005/2006 will present other challenges to the Transport Board inclusive of those encountered in the year under review, as this management embarks on programmes to return defective buses to active service and procure seventy (70) new units.

Additionally, preparation for World Cup 2007 in terms of planning the transportation aspects will also be given high priority. However this management stands committed and obligated to address the problems and challenges of the Board in a cost effective and efficient manner and with resolution.

I wish to thank the Board of Directors for their support and assistance in guiding the Board, via its management, through a very difficult year, and to join with the Board of Directors in taking this opportunity to thank all of the stakeholders, including the Government of Barbados, through its ministries and support bodies, the Barbados Workers' Union, UCAL, major suppliers of goods and services to the Board, the general public and all employees of the Transport Board for their contributions during the year ended March 31, 2005. My office certainly looks forward to improved relationships with all stakeholders and enhanced staff performance in the financial year to March 31, 2006 and onwards.

.....
Ian Jessamy
General Manager



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

OPERATIONS

During the period under review the Operations Department established and implemented a Park and Ride System for the English Cricket tour and an electronic ticketing system was implemented on a phased basis on the Board's units. The Park and Ride system will be used extensively during World Cup 2007 and the English and Pakistan cricket tours allowed the Board and the Ministries involved to effectively test the system with a view to providing improvements.

ROUTE RATIONALIZATION

The Transport Board conducted a route rationalization process during the year aimed at improving its operations. The following were the main components of the process:

- i an examination of Route running times especially during the peak periods;
- ii a survey of the existing routes in conjunction with the Ministry of Public Works to determine bus stop requirements; and
- iii visits to a number of routes where there were changes in demographics and road conditions in the areas.

RIDERSHIP

Total passenger ridership for the financial year ending March 2005 decreased by a modest 0.6% from 18,356,633 to 18,238,314 when compared with the previous year. The table below shows comparative ridership figures for the last five financial years and the percentage of budget achieved each year.

CATEGORY	2004-05	2003-04	2002-03	2001-02	2000-01	% CHANGE
General Passengers	13,005,987	12,882,527	12,771,526	13,531,043	13,696,669	1.0%
School Passengers	3,182,232	3,179,073	3,192,561	3,317,076	3,158,711	0.1%
Other Passengers	2,050,095	2,295,033	2,292,361	2,366,228	2,322,452	-10.7%
Total	18,238,314	18,356,633	18,256,448	19,214,347	19,177,832	-0.6%
Budgeted	19,762,842	18,932,213	18,814,951	19,995,107	20,299,186	4.4%
Actual in comparison to Budget	92.3%	97.0%	97.0%	96.1%	94.5%	-4.8%

Table 1: Comparative ridership for financial year 2000-01 to 2004-05.

BUS AVAILABILITY

The average bus availability for the financial year 2004-05 was 136 buses per month which reflects a decline when compared to the previous year which experienced an average availability of 142 buses.

The annual average of 136 buses represented 76% of the peak bus requirement of 179 buses. The Board experienced a monthly average of 142 buses or 79.3% of the peak bus requirement for the financial year 2004/2005. This information is depicted in table two below.

Average Monthly Bus Availability	2004-05	2003-04	% Change
April	151	151	0.0%
May	152	152	0.0%
June	146	143	2.1%
July	146	140	4.3%
August	131	144	-9.0%
September	138	140	-1.4%
October	135	134	0.7%
November	120	132	-9.1%
December	127	127	0.0%
January	122	135	-9.6%
February	127	146	-13.0%
March	133	157	-15.3%
Annual Average	136	142	-4.2%
Peak Vehicle requirement	179	179	
% Output	76.0	79.3	

Table 2: Comparative average month bus availability for the financial years ending 2003/04 and 2004/05

During the first two months of the financial year average monthly bus availability was 152 buses or 85% of the peak bus requirement. This gradually declined during the remainder of the financial year with the most significant decline occurring in the month of August where 131 buses or 73% of the peak bus requirement was available. No improvement was experienced until the month of March where the average bus availability reached 133.

MARKETING & CORPORATE COMMUNICATIONS

The Marketing and Corporate Communications department encountered many challenges during the financial year under review, and although increased revenue was recorded in Advertising and Charter Services, declines were experienced in the Scenic Tours sector. The issues mentioned above relative to low bus availability also restricted increased growth in Advertising revenue.

ADVERTISING SALES:

	2004-05	2003-04	2002-03	2001-02	% Change
INCOME \$					
Advertising Revenues	376,154.00	244,329.00	72,730.00	33,941.00	57

Table 3: Comparative Advertising revenue for the period 2001-02 to 2004-05

SUNDAY SCENIC TOUR:

The revenue generated by the Sunday Scenic Tour for the period under review reflects a decline of 32.21% when compared to the same period last year. This is attributable to the fact that during the corresponding period in the last financial year, three large events were held which utilised 28, 21 and 13 buses respectively with approximately 40 persons per bus. During the period under review none of these events were held. In addition a major event was held on Mother's Day which resulted in a smaller bus tour on that day when compared to the previous year.

	2004-05	2003-04	2002-03	2001-02	% Change
INCOME					
Scenic Tour Revenues	88,661.00	130,780.00	122,515.00	158,239.00	-32.21

Table 4: Comparative Scenic Tour revenues for the period 2001-02 to 2004-05

CHARTERS:

This sector of the Board's business continues to show potential for generating additional revenue. A change in the approach to the sale of Charter Services, such as working with local and regional corporations to promote employees relations, has assisted the Board in realising increased revenue. However, the Transport Board is very cognizant of its social responsibility to the travelling public and as such cannot maximise the potential of this sector.

	2004-05	2003-04	2002-03	2001-02	% Change
INCOME					
Charter Revenues	2,672,591.00	2,566,924.00	2,181,518.00	2,708,526.00	4.13

Table 5: Comparative Charter revenues for the period 2001-02 to 2004-05

TRANSPORT BOARD WEBSITE:

www.transportboard.com

The Transport Board's website is not only utilized as a tool to promote the activities and innovations at the Board, but continues to be utilized by persons who are interested in choosing Barbados as their travel destination to collect information on the island. This website therefore is a valuable marketing link in the ongoing promotion of the island to the global market.

For the period under review the Transport Board website received 260,476 hits. These visits to our website were from the following countries; United Kingdom, France, Barbados, Peru, Turkey, Canada, Thailand, Netherlands, Hong Kong and Taiwan.

PUBLIC RELATIONS:

The Transport Board launched its fiftieth anniversary celebrations in the month of February, during the period under review. A Valentine's Scenic Tour was the first event in the Board's 50th Anniversary Celebrations and this was held on February 13th and utilized nine buses.

The response from all levels of employees relative to the activities during the period February to March 31st, 2005 was enthusiastic and reflected their pride in being part of an organisation that achieved such a milestone. The celebration of this milestone is expected to be concluded during the next financial year as the actual anniversary date occurs during the month of August.

ELECTRONIC TICKETING:

During the period under review the Board launched its new on-bus ticketing system. A major public relations campaign was conducted to sensitize the travelling public to the new technology and its benefits, to both the commuters and the organisation. The public relation campaign on the Electronic Ticketing System formed part of the ongoing educational programme to the public on the new innovations and changes taking place at the Board.

FLEET QUALITY ASSURANCE

SERVICING

Buses continue to be serviced in accordance with the manufacturers' service manual specification.

- An 'm' service is conducted every 10,000 km.
- Transmission fluid is drained every 20,000 km and filter replaced.

Listed in table 6 below are the quantities of buses serviced monthly for the financial period April 2004 – March 2005 as compared to those in 2003/2004.

MONTHS	BUSES SERVICED
	2004-2005
April	114
May	119
June	113
July	106
August	124
September	106
October	90
November	97
December	109
January	92
February	101
March	104
TOTAL	1275

Table 6: Quantities of buses serviced monthly for the financial year 2004-05

BUS REFURBISHMENT

In an effort to improve the level of bus availability and to improve the condition of the units on the roads, the Board embarked on a bus refurbishment programme, which initially targeted buses from the 1997 fleet.

MAINTENANCE

The cost associated with maintenance of the Board's fleet of buses is a major component of the entire operational cost of the Transport Board. The passing of Hurricane Ivan affected the parts department which resulted in the roof being damaged. This led to several spare parts becoming waterlogged and the temporary relocations of some parts. This made the issuing of these items difficult and had contributed to issues relative to bus availability.

The maintenance cost for works done by United Commercial Autoworks Ltd. for the financial year 2004-2005 is shown in table 7 below. The cost for the period under review reflects an increase of approximately six (6) percent over the previous financial year.

MONTH	YEAR 2004-05	YEAR 2003-04
April	300,928.77	371,905.01
May	368,895.68	253,951.14
June	345,969.17	290,146.75
July	329,280.39	387,242.87
August	336,459.75	290,651.70
September	320,255.77	309,189.50
October	375,676.15	348,989.74
November	475,664.38	361,019.21
December	282,612.66	305,387.61
January	317,855.73	298,784.68
February	313,403.53	298,784.68
March	357,306.42	358,768.97
TOTAL	4,124,308.40	3,887,832.72

Table 7: Comparative Cost of Repairs done by UCAL for the periods 2003-04 to 2004-05

HUMAN RESOURCES DEPARTMENT

TRAINING

During the period under review the Transport Board continued to work towards improving the quality of employees working with the Board. To facilitate this, a total of twenty-four different training courses were conducted for the various categories of workers.

EMPLOYEE RELATIONS PROGRAMME

Management held staff meetings at Weymouth Headquarters, Mangrove Depot and the Speightstown Terminal to update employees on developments at the Board, address staff concerns and to improve the communication and working relationships between employees and management.

The Medical Unit continued to monitor the health status of workers, especially Drivers. At the end of the financial year, employees received health checks on one thousand two hundred and sixty-one occasions. Presentations were made during the year to award drivers who excelled in the areas of Accident-free driving, Driver productivity (kilometers travelled), Perfect attendance and Punctuality. The programme is sponsored by Consumers' Guarantee Insurance Co (CGI) and Insurance General Services Ltd. (IGS) and, like the Medical Unit initiative, will be continued during the calendar year 2005 to 2006.

EMPLOYMENT STATISTICS

Table 8 highlights employment statistics as at March 31, 2005 with comparative information for the four previous years.

CATEGORY	MARCH 2005	MARCH 2004	MARCH 2003	MARCH 2002	MARCH 2001
Administrative/Clerical	129	132	109	102	91
Drivers	412	413	406	412	438
General Workers	83	75	71	52	56
Fuel Porters	7	9	10	11	10
Supervisors/Inspectors	28	26	28	40	37
Security Guards	23	21	24	31	33
Vehicle Inspectors	10	11	11	11	11
Total	692	687	659	659	676

Table 8: Employment Statistics

ACCIDENT REPORT

Tables 9 and 10 detail the number of accidents involving the Board's buses.

	OTHER VEHICLES	PASSENGERS	PEDESTRIANS	PROPERTY	TOTAL 2004-05	TOTAL 2003-04
Speightstown	67	15	1	36	119	115
Weymouth	262	78	12	90	442	391
Mangrove	85	24	4	31	144	146
TOTAL	414	117	17	157	705	652

Table 9: Accidents

	TOTAL 2004-05	TOTAL 2003-04	% Change
Transport Board liability	282	291	-3
Other party's liability	241	209	+15
Undecided accidents	182	152	+19
TOTAL	705	652	+8

Table 10: Liability for accidents

The number of accidents reflects an increased of 8% over the previous year. This was attributed to the existence of major road works and the road congestion occasioned there from, narrow roads especially in the northern parishes and in some instances overhanging tree branches in rural areas

REVENUE

OPERATING REVENUE

The Transport Board's fare revenues decreased from \$25.379M in 2003-04 to \$25.051m in 2004-05. This \$0.328m decrease in fare revenues represents a decrease of 1.30% from the previous year.

Revenues earned from Charters were \$2.673m, reflecting an increase of \$0.106m or 4.1% while those earned from Bus and Terminus Billboard advertising increased from \$0.244m to \$0.376m, an increase of \$0.132m or 54%.

School ticket sales were \$2.406m, decreasing by \$0.188m or 7.2% over the previous year's sales which were \$2.594m.

OTHER REVENUES

The Transport Board earned other revenues of \$0.628m principally from Booth Rentals, Insurance and Loss of Use claims. These revenues decreased by \$0.078m or 10.77% when compared to the previous year.

EXPENDITURE

OPERATING EXPENDITURE

The Transport Board's operating expenditures incurred for the Financial Year 2004/2005 were \$60.858m, an increase of \$5.341m or 9.62% when compared to those recorded for the previous period. All categories of expenditure specifically Vehicle operating, Administration, Vehicle maintenance and Depreciation charges increased over the previous year as the Board incurred higher payroll, fuel and bus parts costs in an effort to effectively increase average bus availability which peaked at 152 in May 2004 and recorded its lowest level of 120 in November 2004.

OTHER EXPENDITURE

The Interest expense on current loans decreased by \$1.44m, as Interest payments over the last year decreased due to the full settlement of the US\$5m and US\$10m loans from Citibank Inc. in 1996/97.

SIGNIFICANT ITEMS OF EXPENDITURE

The Transport Board has certain items of expenditures that are significant to its operations. Such items are reflected in the following table and graph for a five-year period.

Year	Fuel (\$)	Payroll (\$)	Insurance (\$)	Loan Interest (\$)	Depreciation (\$)
2000/2001	7,279,012	23,366,571	3,431,875	5,675,435	6,007,254
2001/2002	7,144,154	23,219,117	3,360,206	5,782,078	5,465,062
2002/2003	5,818,655	24,176,349	3,547,500	5,463,246	5,744,707
2003/2004	5,794,313	25,385,581	3,940,843	6,544,021	6,132,032
2004/2005	6,169,360	26,118,651	4,021,954	5,104,881	7,343,770

Table 11: Five-year Comparison of Significant Items of Expenditure

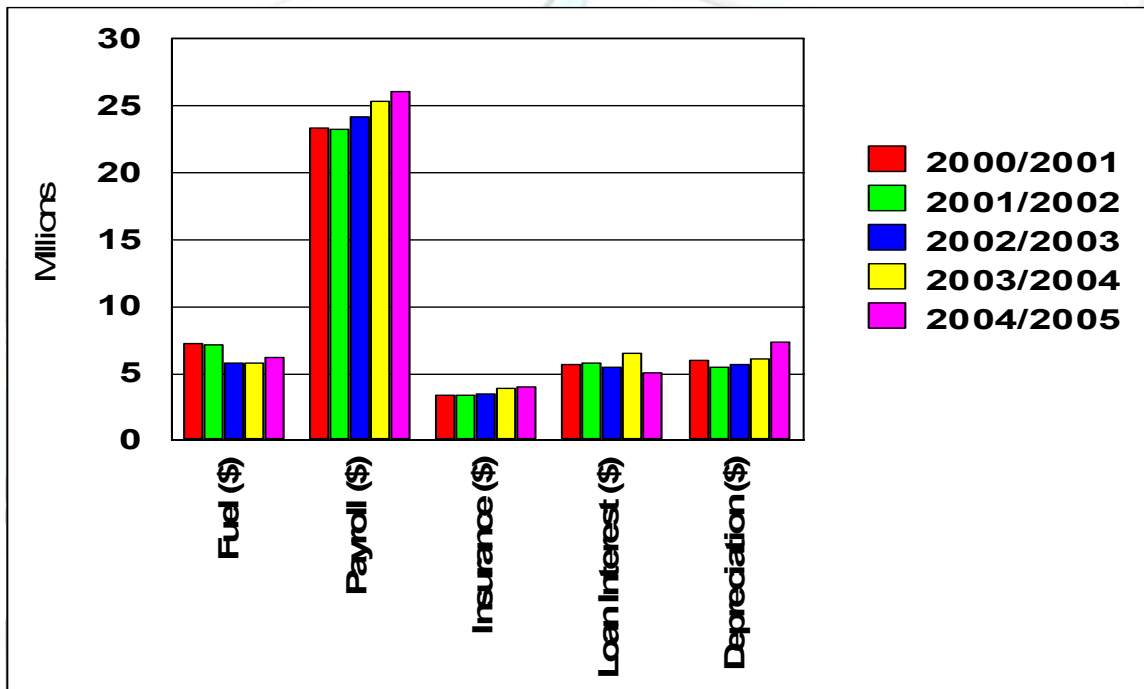


Figure 1 – Five-year Comparison of Significant Items of Expenditure

FUEL EXPENSES

Diesel costs for the year were \$6.169m, an increase of \$0.375m or 6.47% above those incurred for the financial year 2003/04. This was as a result of the increase in the cost of fuel.

PAYROLL EXPENSES

Payroll costs for the year including National Insurance contributions were \$26.119m, which reflects an increase of \$0.733m or 2.89% higher than those incurred last year. This increase in payroll costs was due to a 3% increase in wages and salaries.

INSURANCES – BUSES

Total bus insurance costs for the year 2004/2005 were \$4.022m, an increase of \$0.081m or 2.06% above those recorded for the last year of \$3.941m.

LOAN INTEREST

Loan interest expenses for the year under review were \$5.105m compared to \$6.544m for 2003/2004. This decrease of \$1.439m or 22% was as a result of the repayment in full of the amounts outstanding to Citibank (Trinidad & Tobago) Ltd.

DEPRECIATION

Depreciation expenses increased to \$7.344m from \$6.132m, an increase of \$1.212m or 19.76% over last year's charges. Several assets were acquired during the year, including the acquisition and delivery of 30 new buses.

NET LOSS

For the year ended March 31, 2005 the Transport Board incurred an operating deficit of \$29.725m before loan interest, Government subsidy and its share in associated company's (UCAL) net loss. This deficit was \$5.69m or 23.7% higher than those incurred for the previous financial year. The following table and graph depict the Transport Board's operational deficits for the past five (5) years.

	Operating Losses
2000/2001	20,058,427
2001/2002	20,106,303
2002/2003	20,240,464
2003/2004	24,029,773
2004/2005	29,724,696

Table 12: Five-year Comparison of Operating Deficits for the period 2000-01 to 2004-05

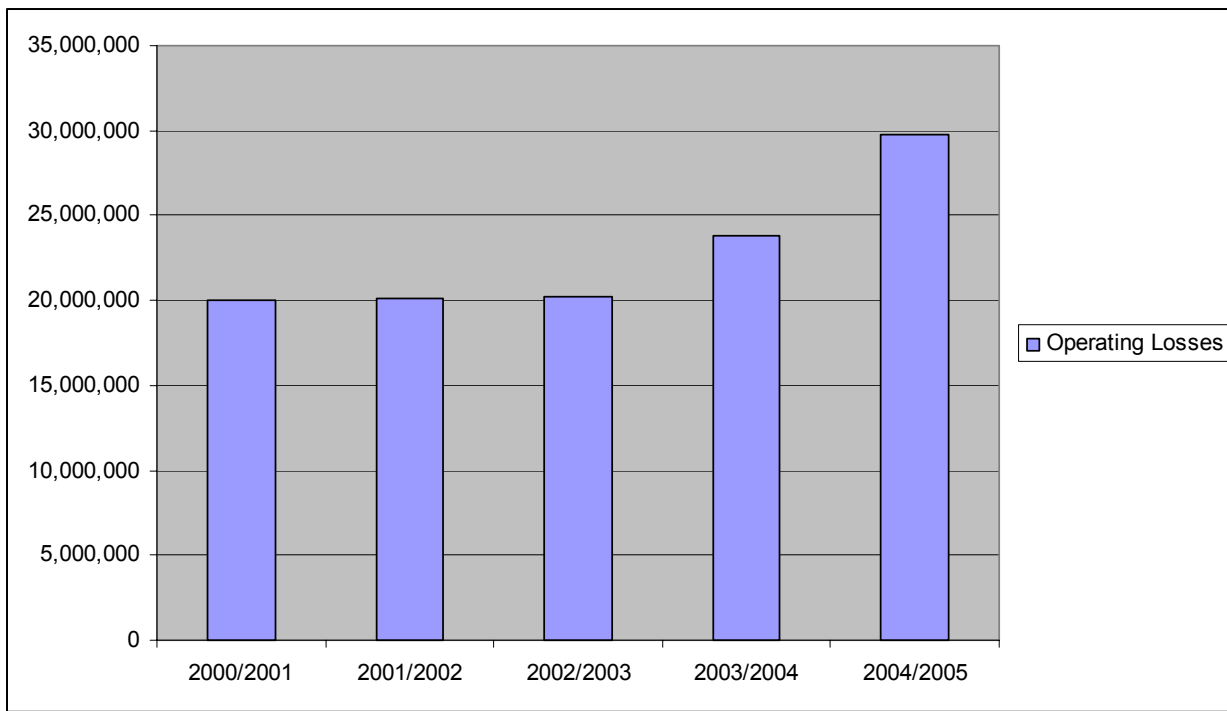


Figure 2– Five-year Comparison of Operating Deficits for the period 2000-01 to 2004-05

NET LOSSES (AFTER LOAN INTEREST, SHARE OF ASSOCIATED COMPANY’S INCOME & GOVERNMENT SUBSIDIES)

The Transport Board incurred net losses of \$29.887m for the year 2004-05. These losses were \$3.942m or 15.2% higher than those recorded for the previous financial year, 2003-04. The losses as recorded were higher than those recorded for the previous year primarily as a result of the \$4.129m or 8.36% increase in operating expenditure and continued losses by United Commercial Autoworks Ltd. (UCAL) for which the Board an associated company, recorded a share in such losses.

The following table depicts the Transport Board’s overall losses for the past five (5) years.

	Net Losses
2000/2001	25,860,727
2001/2002	20,826,215
2002/2003	20,838,014
2003/2004	25,945,291
2004/2005	29,887,394

Table 13 – Five-year Comparison of Overall Losses for the period 2000-01 to 2004-05

SUBSIDY

The Board received an operating subsidy of \$5m during the year 2004-05 to assist with its operations. No contributions by way of loans were received. However, Government contributed \$18.45m to the board’s

operations by way of a Supplementary and these monies were used primarily to meet outstanding obligations.

The following table depicts the operating subsidies received by the Board for the past five (5) years.

	Subsidies (\$)
2000/2001	-
2001/2002	4,987,000
2002/2003	4,930,000
2003/2004	4,930,000
2004/2005	5,000,000

Table 14 – Five-year Comparison of Overall Subsidies for the period 2000-01 to 2004-05

