

Combating
Anti-Competitive
Practices-Protecting the Consumer

ANNUAL REPORT 2019/20



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Corporate Profile

The Competition and Consumer Authority (the Authority) is constituted in terms of the Competition Act of 2018 and is domiciled in the Republic of Botswana. The Authority is responsible for the prevention of, and redress for, anti-competitive practices in the economy, and the removal of constraints on the free play of competition in the market. It further receives and investigates consumer complaints, promotes awareness of consumer rights and conducts consumer education. The governing body of the Authority is the Competition and Consumer Board, which is responsible for the direction of the affairs of the Authority.

Chairperson of the Competition and Consumer Board

Dr Malebogo Bakwena

CEO and Ex-Officio Member of the Competition and Consumer Board

Ms Tebelelo Pule



Registered Office

Plot 28, Matsitama Road, Main Mall,
Gaborone, Botswana

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Private Bag 00101, Gaborone,
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Bankers

Absa Bank Botswana Limited
Plot 74358, Building 4,
Prime Plaza CBD
P O Box 478
Gaborone, Botswana

Standard Chartered Bank
Botswana Limited
Plot 1171-3 Botswana Road,
Main Mall
P O Box 469
Gaborone, Botswana



External Auditors

Ernst & Young
Chartered Accountants
2nd Floor, Plot 22, Khama Crescent
P O Box 41015, Gaborone,
Botswana

Internal Auditors
Deloitte
Tax and Advisory Services
Plot 64518, Fairgrounds Assurance
P.O.Box 778, Gaborone, Botswana

Reporting Date
31st March 2020

To: Honourable Minister of Investment, Trade and Industry

Pursuant to section 24 of the Competition Act of 2018, please find attached a comprehensive report on the operations of the Competition and Consumer Authority, together with the Auditor's Report and the Audited Accounts of the Competition and Consumer Authority for the financial year 2019/20, for you to lay before the National Assembly.

Yours Faithfully,



Dr Malebogo Bakwena

Chairperson of the Competition and Consumer Board

ACRONYMS

ACER	Annual Competition and Economic Regulation (Week)
ACF	African Competition Forum
BIUST	Botswana International University of Science and Technology
BERA	Botswana Energy Regulatory Authority
CADE	Administrative Council for Economic Defence of Brazil
CAK	Competition Authority of Kenya
CCA	Competition and Consumer Authority
CEO	Chief Executive Officer
CPU	Consumer Protection Unit
DCEC	Directorate on Corruption and Economic Crime
DPSM	Directorate of Public Service Management
GABCON	Gaborone Container Terminal
GCCPC	Gambia Competition and Consumer Protection Commission
ICN	International Competition Network
MoU	Memorandum of Understanding
MITI	Ministry of Investment, Trade and Industry
OECD	Organisation for Economic Cooperation and Development
PPADB	Public Procurement and Asset Disposal Board
PTP	Professional Training Programme
RFI	Requests for Information
SADC	Southern African Development Community
SMMEs	Small, Medium and Micro Enterprises
UNCTAD	United Nations Conference on Trade and Development
WCD	World Competition Day
WCRD	World Consumer Rights Day



Corporate Governance

Competition and Consumer Board

The Competition and Consumer Board is the governing body of the Authority and is responsible for the direction of the affairs of the Authority.

Members of the Competition and Consumer Board as at 31st March 2020

Member	Date of Appointment	Term	Expiry Date
Dr Malebogo Bakwena: Chairperson	1st December 2019	4 years 10 Months	30th September 2024
Mr. Phemelo M. Rankoro: Vice Chairperson	1st February 2020	5 years	31st January 2025
Dr Selinah Peters	1st October 2019	4 years	30th September 2023
Mr. Koonyatse K. Tamasiga	1st October 2019	4 years	30th September 2023
Mr. Phodiso P. Valashia	1st October 2019	5 years	30th September 2024
Ms. Kemmony Keitsile	1st October 2019	5 years	30th September 2024
Mr. Oteng B. Batlhoki	1st December 2019	4 years	30th November 2023
Ms. Tebelelo Pule	1st October 2017	Duration of Term as CEO	End of Term as CEO

Competition and Consumer Board Committees as at 31st March 2020

Committees	Members	Responsibility
Finance and Audit Committee	Mr. Koonyatse K. Tamasiga - Chairperson Ms. Kemmony Keitsile - Member Mr. Phodiso P. Valashia - Member	The Committee assists the Board in discharging its oversight responsibilities of monitoring and reviewing: financial activities of the Authority and the financial reporting process to ensure balance, transparency and integrity; the Authority's compliance with the legal and regulatory requirements; the effectiveness of the Authority's internal controls, and the effectiveness of the Authority's risk management strategies.
Human Resources Committee	Mr. Phodiso P. Valashia - Chairperson Dr. Selinah Peters - Member Mr. Phemelo M. Rankoro - Member Mr. Oteng B. Batlhoki - Member	The Committee assists the Board in discharging its oversight responsibilities of establishing, monitoring and reviewing of appropriate human resource and compensation policies and strategies that provide the Authority with the capability to achieve its short and long term business objectives.
Technical Committee	Mr. Oteng B. Batlhoki - Chairperson Mr. Phodiso P. Valashia - Member Ms. Kemmony Keitsile - Member Mr. Phemelo M. Rankoro - Member	The Committee is tasked with assisting the Board in discharging its oversight responsibilities of formulation, monitoring and review of appropriate legal and technical policies, rules, guidelines and procedures that enable the Authority to undertake its enforcement and advocacy functions.
Board Tender Committee	Dr. Selinah Peters - Chairperson Ms. Kemmony Keitsile - Member Mr. Koonyatse K. Tamasiga - Member	The Committee reviews and monitors policy and thresholds for tendering, and reports to the Board accordingly.

Competition & Consumer Board



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- A. **Dr. Malebogo Bakwena**
Chairperson

- B. **Mr. Phemelo M. Rankoro**
Vice Chairperson

- C. **Dr. Selinah Peters**
Member

- D. **Mr. Koonyatse K. Tamasiga**
Member

- E. **Mr. Phodiso P. Valashia**
Member

- F. **Ms. Kemmony Keitsile**
Member

- G. **Mr. Oteng B. Batlhoki**
Member

- H. **Ms. Tebelelo Pule**
CEO and Ex officio Member

Chairperson's Statement

Dr Malebogo Bakwena
Chairperson - Competition
and Consumer Board





A cursory glance across the pages of this Annual Report would reveal that market access is not just a pipe dream, but a clear target that the Authority is vigorously aiming for.



It was not a long time ago that I was appointed to chair the Board of the Competition and Consumer Authority (CCA). Even before the official induction into my new role, it was very clear to me that this is a delicate national calling that requires commitment, spirited service and personal sacrifices.

Immediately after the appointment of the CCA board in the latter part of 2019, we found a big assignment in our in-tray; the transfer of the Consumer Protection mandate from the Ministry of Investment, Trade and Industry to a new Authority; the Competition and Consumer Authority.

Our new board had to provide strategic direction to ensure that the momentum from a critical process that the Ministry and the former Competition Commission and Competition Authority had invested so much effort into, did not ebb away.

To date, the CCA, which is the organisation that implements the Competition Act (2018) and

the Consumer Protection Act (2018) does not only exist in name, but it is a robust regulatory authority that has taken its task with enthusiasm. I have seen enough to suggest that the Board has put in place very nimble governance structures to build a robust organisation that will help build a competitive economy with an informed consumer who is conscious of their rights.

The CCA plays a crucial role in helping to grow the national economy by ensuring that barriers to entry and other forms of distortions in the market are identified through investigations and market studies. Once these barriers have been identified they would be removed either through enforcement or advocacy.

The Authority has over the years improved its efficiency and the cumulative expertise is ably demonstrated by its undeniable success in this area. A cursory glance across the pages of this Annual Report would reveal that market access is not just a pipe dream, but a clear target that the Authority is vigorously aiming for.

One is even more heartened to see that the Authority is even more sensitive to meeting of deadlines in the various workflow plans. As a body that facilitates business, I am encouraged by the organisation's abiding disposition to meet and improve on timelines; efficient output is a trait that is congruent with Government's desire to build a competitive economy and a productive working culture.

I have no doubt in mind that solid foundations have been steeped-in to build a robust competition culture in our nation, and the Authority has played no small part in building such an enviable legacy.



The biggest talking point of the 2019/20 financial year will no doubt be the seamless way the CCA has been able to weld the mandates of competitive markets and consumer protection to remove barriers and distortions, while working to bring about consumer education and welfare.

There were of course some teething organisational distress but what cannot be discounted are the instructive lessons that would help the entire competition and consumer ecosystem to refine operational and governance systems, so that we can all solidly prosecute the mandate of the organisation with unmitigated resolve.

This is a task that the Board and the Authority cannot accomplish on their own, without the input of other key stakeholders such as business,

consumers, government, regulatory bodies and civil institutions such as the media. As I conclude, let me make a commitment to our employees and the public that the CCA Board and its subsidiary arms, will take a collaborative approach in its effort to implement the organisation's ambitious plans and mandate.

We are committed to this cause and our eyes are firmly focused on the horizon.

A handwritten signature in black ink, appearing to be 'M. Bakwena', written over a horizontal line.

Dr Malebogo Bakwena
Chairperson - Competition and Consumer Board



Chief Executive Officer's Statement

Ms. Tebelelo Pule
Chief Executive Officer





The Authority has been very successful in removing a number of competition impediments mostly through a less acrimonious route of competition advocacy.



The 2019/20 financial year was yet another eventful year at the Authority. At the top of the activities was the long awaited transfer of the Consumer Protection mandate from the Ministry of Investment, Trade and Industry which eventually happened on 2nd December 2019.

The transfer was a long drawn out affair, and yet delicate process, which involved a number of key stakeholders like the Ministry, the Authority, the CCA Board, the Directorate of Public Service Management (DPSM) and different labour unions representing the employees of the Consumer Protection Unit (CPU).

We are naturally excited that the transfer has been effected. Of course it is not complete until official recruitment of the CPU staff has been finalised. The transfer of staff to the CCA during this first phase is a critical milestone. In terms of the process, the CPU staff have been seconded to the CCA up to a period of 12 months at which point those that would not have been absorbed would be returned to the Ministry.

At the end of the recruitment process the CCA will now be a fully-fledged organisation implementing the competition and consumer protection mandate. While the Authority has been seized with the setting-up of the operational infrastructure of the CCA, simultaneously the actual implementation of the two Acts gained traction. The Authority engaged its internal and external stakeholders to mainly educate and inform them on the new broadened mandate. The exercise is expected to continue into the coming financial year.

Further, the Authority has made significant strides in reducing the amount of time it takes to assess merger transactions, for simple and complex mergers, and we believe this will be a shot in the arm for the business community. The merger cases handled this year have increased by over 80 % compared to last year's case load, and we wish to commend the Authority's staff who ensured that the volume of work did not impact on efficiency levels.

Equally commendable strides have been made in breaking down barriers in the market place to ensure increased market access for all market actors. The Authority has been very successful in removing a number of competition impediments mostly through a less acrimonious route of competition advocacy.

Perhaps to justify the impact of the Authority's interventions, new market players have entered into these sectors as soon as the barriers were removed. A crucial market study in the pharmaceutical area was completed during the financial year. The provision of pharmaceuticals is one area, though heavily regulated, which is highly



concentrated and our hope is that this study will among other things help to make the sector more accessible and competitive.

The Authority has hit the ground running in taking up consumer education and a robust plan is on the cards to revitalise consumer groups across the country. No effort has been spared in resolving consumer complaints. At the end of the financial year, the Authority had registered over 400 consumer complaints and well over half of these have been resolved.

It is evident that due to the transition, the significant part of our resources went into the area of human capital utilisation and other logistical support, and this was to ensure that adequate resources are provided for the growing numbers

of employees, while the same employees are kept motivated.

One cannot conclude without mentioning the abrupt interruption of the Covid-19 Pandemic on our programmes and systems. We are however not in doubt that there will be lessons that will be carved into our future systems in the post Covid-19 period. There are always hard lessons learnt during a time of adversity.

Ke a leboga bagaetsho.

Ms. Tebelelo Pule
Chief Executive Officer



Executive Management





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- A. Ms. Tebelelo Pule**
Chief Executive Officer

- B. Mr. Gideon Nkala**
Director: Communications and Stakeholder Relations

- C. Mr. Calistus Sengwatse**
Director: Investigations, Policy Research and Advocacy

- D. Ms. Nomathemba Dladla**
Director: Mergers and Monopolies

- E. Mr. Kesego Modongo**
Director: Legal Services

- F. Mr. Baitshapi Tebogo**
Director: Corporate Services

- G. Ms. Mosetsana Manyelela**
Acting Director: Consumer Protection

Overview



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The Authority’s operations were further given meaning by its guiding values of Transparency, Professionalism, Integrity and Teamwork.

”
Although the newly established Competition and Consumer Authority is yet to develop its five-year strategic plan, during the 2019-20 financial year, the Authority anchored its operations on a strategic direction which had been charted under the now defunct Competition Authority. To a great extent all the projects, investigations, research and other interventions were guided by the Mission, Vision and Values of the former organisation.

All activities undertaken including investigation of competition and consumer protection cases, merger reviews, market studies, advocacy initiatives, consumer education and all forms of public education were all geared towards the promotion of fair competition in the economy of Botswana and to ensure overall consumer benefit.

The Authority’s operations were further given meaning by its guiding values of Transparency, Professionalism, Integrity and Teamwork.

Delivery of the mandate of the Authority was achieved through a multi-pronged strategy which comprised of advocacy, enforcement, stakeholder engagement and active collaboration.

A magnifying glass is positioned over a laptop keyboard. The word "OVERVIEW" is printed in large, bold, black capital letters across the center of the magnifying glass's lens. The background shows the keys of the laptop keyboard, which are slightly out of focus. The overall image conveys a sense of detailed examination or a high-level summary.

OVERVIEW

Stakeholder Engagement & Communications



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This is achieved through: public education on Competition Law and Consumer Protection, internal and external communication, and corporate branding.

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The Competition and Consumer Authority is mandated to prevent anti-competitive practices and create a culture of competition, and to promote consumer rights through non-enforcement mechanisms. This is achieved through: public education on Competition Law and Consumer Protection, internal and external communication, and corporate branding.

This is in line with Section 5 of the Competition Act which mandates the CCA to inform and educate members of the public and persons engaged in trade or commerce about the powers and functions of the Authority.

Section 3 of the Consumer Protection Act further mandates the CCA to disseminate information and promote awareness of consumer rights and responsibilities amongst consumers and businesses, and to formulate and implement consumer education programmes in conjunction with regulators or consumer organisations.

In the 2019/20 financial year, the Authority carried out the following activities under the ambit of stakeholder engagement, communications and public education.



BTUST Vice Chancellor Professor Otlogetswe Totolo giving the keynote address at the National Competition Symposium on 10th April 2019

National Competition Symposium

The Competition Authority hosted the National Competition Symposium on 10th April 2019 at Avani Hotel in Gaborone. The symposium was headlined by a panel discussion on how vertical integration impacts economic growth, especially in the context of Botswana's developing economy, highlighting competition issues, and how competition can assist in making critical socio-economic transformation.

The theme of the Symposium was: *An Integrated Business & Competition*; focusing the spotlight into the economic realities in which more and more businesses are integrating new services and products along the value chain, and in some instances disrupting the way trade has been

conducted. While some enterprises have become profitable, others have found the going tough and have exited the market. In this context, the symposium delved into whether vertical integration is shrinking the size of the country's economy or making it more competitive and accessible to more players.

The symposium also discussed the topic of state enterprises, and their impact on the country's economic growth. Furthermore, the symposium looked into the Competition Authority's preparedness to transform into the Competition and Consumer Authority, in anticipation of its mandate widening to include implementation of the Consumer Protection Act.

The keynote address was delivered by the Vice Chancellor of Botswana International University of Science and Technology (BIUST) Professor Otlogetswe Totolo, who observed that markets that embody the attributes of perfect competition have many buyers and sellers, free market entry and exit, symmetric information amongst others,

are widely accepted as ideal for society. However, he pointed out that markets do not always embody these attributes. Thus, Professor Totolo said, regulation is needed to ensure that businesses do not behave anti-competitively as this leads to resource misallocation, consumer exploitation and overall reduction in social welfare.



PTP classes during the 5th ACER week in Kasane, Botswana



Annual Competition and Economic Regulation (ACER) Week Training and Competition Conference

The Competition Authority of Botswana, the University of Johannesburg's Centre for Competition, Regulation and Economic Development (CCRED) and the National Energy Regulator of South Africa hosted the 5th Annual Competition and Economic Regulation (ACER) Week in Kasane, Botswana from 15th to 19th July 2019.

ACER Week provides a platform for competition authorities and regulators to share knowledge, keep abreast of key developments across the region, and build networks for collaboration. The week entailed Professional Training Programmes (PTPs) and a conference.

The 'Core Competition Economics, Regulation and Industrial Development' PTP addressed competition policy and regulation in the context of industrial development, with a focus on African countries; drawing on the theory and empirical evidence from the growing body of research on regional value chains, industrial policy, and barriers to entry and competition in Africa.

The 'Law in Competition Policy and Economic Regulation' PTP targeted legal practitioners, adjudicators and case handlers in competition authorities, economic regulators and government agencies in Southern Africa, as well as private practice and company in-house lawyers.

The 'Advanced Competition Economics' PTP was aimed at experienced competition economists from authorities, regulators, public and private sector firms and private practice, covering the latest developments in economic theory and their application to the analysis of competition cases. It also covered the key concepts in competition and

economic regulation of digital platforms and high-tech markets, drawing on recent international cases.

Heads of competition agencies and regulators across Southern Africa as well as international experts shared their insights from recent regional and global competition developments at the conference.

Stakeholder Engagement to Detect and Combat Bid-Rigging

Bid-rigging or collusive tendering is when bidders or tenderers agree amongst themselves to eliminate competition in the procurement process, thereby denying the public a fair price. Consumers generally expect to benefit from a free, open and competitive market by getting the best quality goods and services at the lowest price, while public and private organisations rely on a competitive bidding process to get better services and products.

In Botswana, public procurement is a major part of facilitating development and commerce and most companies sell goods and their services to the government through the various ministries, departments and parastatals.

In view of this, the Authority continued to engage stakeholders such as councils, public procurement officials, management tender committees, parastatals and the private sector to empower them with skills to ensure a competitive bidding process which prevents the draining of public coffers through bid-rigging.

The Authority made presentations on detecting and combatting bid-rigging to the Serowe Administrative Authority on 14-15th May 2019, Office of the President Staff in Kasane on May 15th 2019, the Security Sector at a PPADB workshop in Tlokweng in July 2019, the ICT Sector at a PPADB workshop in August 2019, Office of the

President staff in Palapye on 27th November 2019, KBL Management on 7th November 2019, Hukuntsi businesses, procurement officers, and government departments on 21st February 2020, Ministry of Presidential Affairs staff in Gaborone on 5th March 2020, District Administration Tender Committees at a PPADB workshop on 4th March 2020 in Palapye, and the Ghanzi Business Council on 17th February 2020.

Presentations to Councils and Kgotla Meetings

In the period under review, the Competition Authority addressed a number of Town and District Councils to update them on various issues including transformation into the Competition and Consumer Authority, new provisions in the amended Competition Act 2018, and the Consumer Protection Act 2018.

The Authority made a presentation to the Central District Council on 5th March 2020 in Serowe, the Tlokwenng Sub-District Council in Tlokwenng on February 24th, the North West District Council in Maun on 11th March 2020, and the Selebi-Phikwe Town Council on 25th March 2020. The Authority also addressed a kgotla meeting in Ghanzi. The Authority further addressed stakeholders in Hukuntsi, Jwaneng, Palapye and Kanye.

Stakeholder Submissions on the Proposed Acquisition of Clover Industries Ltd by Milco SA (Pty) Ltd

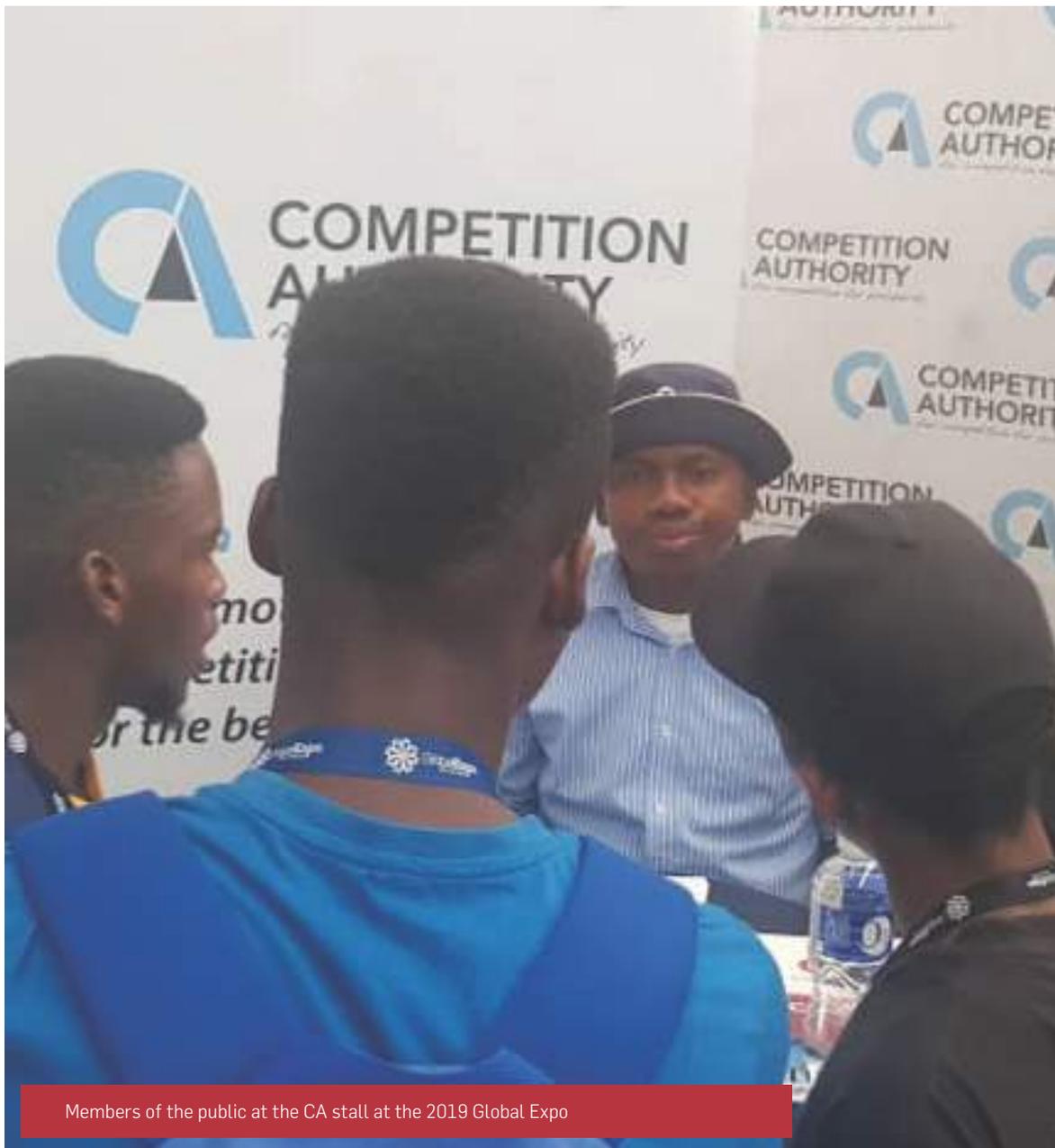
The Competition Authority held a public hearing on 27th June 2019 to allow the parties to the transaction, competitors and the general public to make verbal representations on the proposed acquisition of 100% shareholding in Clover Industries Ltd by Milco SA (Pty) Ltd.



The acquiring enterprise, Milco SA, is a special purpose vehicle (SPV) incorporated in accordance with the Laws of South Africa and is controlled by Milco Mauritius International Ltd (MMI), also an SPV incorporated according to the Laws of Mauritius. Clover is incorporated in accordance with the Laws of South Africa and is a branded consumer goods company in the food and beverage industry.

Businesses and the Public Engaged During Fairs and Exhibitions

The Authority participated in several fairs and exhibitions in the year under review in the continued effort to create awareness on competition issues and promote compliance with the Competition Act.



Members of the public at the CA stall at the 2019 Global Expo

The Authority showcased its services at the Palapye Business Expo on 2nd to 4th May 2019. The annual expo is aimed at promoting a culture of entrepreneurship. Officiating at the event, the then Assistant Minister of MITI, Mr. Moiserale Goya, said the expo enables small and new businesses to market and sell their products, and accords them an opportunity to share ideas, benchmark, and promote and develop the business sector in Palapye.

The Authority also participated in three (3) Metlhala-ya-Khumo Exhibitions hosted by the Ministry of Investment, Trade and Industry (MITI).

The annual MITI event is an outreach programme in which the Ministry takes its services to the people, and brings under one roof various departments and parastatals under the Ministry to showcase their mandates, products and services.

It also comprises the Market Street, which aims to grow industries by giving small and medium enterprises an opportunity to exhibit and sell their locally produced goods on the day. The Authority participated in Metlhala-ya-Khumo exhibitions in Moshupa on 21st September 2019, in Tsabong on 4th May 2019, and in Ramatlabama on 7th March 2020.

The Authority further joined the Department of Trade and Consumer Affairs under MITI in a community outreach event in Mogoditshane on 17th May 2019. Still on engagement through fairs and exhibitions, the Competition Authority was among exhibitors at the Business Botswana Northern Trade Fair in Francistown from 29th May to 2nd June 2019. The trade fair was held under the theme: 'Innovate-Integrate-Industrialise'.

The Authority also participated at the Ghanzi Show from July 22nd to 27th July 2019, as well as the Consumer Fair from August 26 to 1st

September 2019 with the objective to interact with stakeholders and raise awareness on competition issues. Rounding up fairs and exhibitions in the year under review, the Authority took part in the 2019 Global Expo Botswana held at Fairgrounds Ditshupo Hall in Gaborone from 6th to 9th August 2019.

The Global Expo is a premier business to business and multi- sectoral exhibition hosted and managed annually by the Botswana Investment and Trade Centre. The theme for 2019 was *Harnessing the Power of Emerging Markets for Economic Growth*.



The Global Expo is a premier business to business and multi- sectoral exhibition hosted and managed annually by the Botswana Investment and Trade Centre. The theme for 2019 was "Harnessing the Power of Emerging Markets for Economic Growth."



Consumer Education

As mandated in the Act, consumers were educated on various topical issues in order to make informed decisions when purchasing goods and services in the market place.

During the period under review, the Authority conducted various outreach activities in Maun, Tsabong, Selebi Phikwe, Serowe and Ghanzi, to raise awareness on the merger between the Consumer Protection Unit and the Competition Authority.

Competition Authority and Botswana Energy Regulatory Authority Sign MoU to Enhance Competition Regulation in the Energy Sector



Both the Competition and Consumer Protection Acts require the Authority to establish a mechanism through which it can maintain regular contact with other sector regulators.

As a consequence, the Authority has undertaken to enter into MOU partnerships with sector regulators and other organisations that can assist in better execution of the organisational mandate.

On 13th of November 2019, the Authority signed an MoU with the Botswana Energy Regulatory Authority (BERA). This collaboration is expected

to assist in regulating the energy sector in a more competitive manner and enhance operations and activities of market participants. BERA is mandated with oversight over the electricity, petroleum products, coal, natural gas, bio-energy, solar energy, renewable energy resources and other energy sectors.

The MoU is further expected to facilitate information sharing between the two organisations, joint investigations and research as well as joint training exercises.



Commemoration of World Consumer Rights Day at Lentsweletau, on 14th March 2020

World Consumer Rights Day 2020 Commemoration

The Authority hosted the commemoration of World Consumer Rights Day (WCRD) at Lentsweletau on Saturday 14th March 2020. WCRD is commemorated annually on 15th March to raise awareness about consumer rights and unfair business practices which undermine these rights.

Basic consumer rights recognised worldwide include: the right to safety, the right to choose, the right to information and the right to be heard.

The theme for the WCRD 2020 commemoration was *The Sustainable Consumer*, highlighting the impact of climate change and the lifestyle changes that consumers can make to play their part in promoting environmental sustainability.

The commemoration of WCRD drew participation from key stakeholders including consumer groups,

the business community, government and local authorities.

The Minister of Investment, Trade and Industry, Honourable Peggy Serame officiated at the event. In her keynote address, Hon. Serame said consumers have an important role to play in realising sustainable consumption, but they cannot do it alone and need the support of businesses and governments to achieve that.

To that end, she said government provides an enabling policy, legislative and institutional framework to give consumers the information, choice and the infrastructure they need to live more sustainable lives.

The Minister cited the Consumer Protection Act as one of the enabling frameworks that mandates suppliers to provide consumers with information on goods and services. She stated that having the relevant information on goods and services is a

critical component for promoting sustainability in that it will empower consumers to make the right decisions and appropriate choices on sustainable products.

World Competition Day Commemoration

The Authority joined other competition and consumer agencies and consumer groups around the world in commemorating World Competition Day (WCD) on 5th December 2019. On 5th December 1980 a United Nations Conference approved the UN Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices. The theme for WCD 2019 was *Ensuring Effective Competition in an Increasingly Online World*.

In a press statement to commemorate the day and create awareness, the Authority stated that while online markets appear seemingly competitive in the short term; there are a number of regulatory concerns relating to issues of consumer data protection, privacy, consumer choice, and the

ability of the consumer to be able to switch with ease from one supplier to the next without paying heavily or being locked to one supplier.

It called on competition and consumer agencies around the world to collaborate in combating anti-competitive behaviour in online commerce.

Africa Industrialisation Day Commemoration

The Authority joined the Ministry of Investment, Trade and Industry and other stakeholders in the commemoration of Africa Industrialisation Day on 28th November 2019. The day was commemorated under the theme - *Positioning African industry to Supply the African Continental Free Trade Area Market*. Speaking at the commemorative event in Gaborone, the Director of Communications and Stakeholder Relations, Mr. Gideon Nkala, said competition is a catalyst that can help broaden Botswana's industrial base.



The Director of Communications & Stakeholder Relations Gideon Nkala at the commemoration of the 2019 Africa Industrialisation Day

Barriers to entry and protectionism in some industries were cited as issues of concern that hinder the country's industrialisation. Mr. Nkala said the pharmaceutical industry, poultry industry and the attendant services of production of feeds, and retail of poultry have remained stagnant due to protectionist policies; poultry remains expensive, and the industry has not matured to the level of export due to inefficiencies and possible cartel stranglehold. He said the industry has a lot of potential to grow and innovate once the legislative restrictions are removed.

Media Engagement

The media continued to be a strategic partner engaged by the Authority to disseminate competition and consumer related information to the wider public in the furtherance of its statutory mandate to inform and educate members of the public and businesses about the powers and functions of the Authority, and to promote awareness of consumer rights. In this regard, the Authority was featured in 30 newspaper articles and issued four press statements and one public notice as shown below:

Table 1: Press Releases and Public Notices Issued by the Authority from 1st April 2019 to 31st March 2020

DATE	SUBJECT OF PRESS RELEASE/PUBLIC NOTICE
27th March 2020	CCA Corona Virus Precaution Statement
12th March 2020	Competition and Consumer Authority Commemorates World Consumer Rights Day
4th December 2019	Competition and Consumer Authority Commemorates World Competition Day 2019
2nd December 2019	Commencement of the Competition and Consumer Authority
8th November 2019	Competition Authority and Botswana Energy Regulatory Authority to Sign MoU

The Authority was featured in 30 newspaper articles as shown in Table 2 below:

Table 2: Newspaper Articles Featuring the Authority from 1st April 2019 to 31st March 2020

DATE	ARTICLE	NEWSPAPER
April 2019	CA Urged to Ensure Healthy Markets	Mmegi
	Monopolies Urged to Handhold Small Business to Promote Employment Creation and Technology Transfer	Mmegi
	Monopolies Urged to Handhold Small Businesses	Mmegi
	BIC to Acquire Legal Guard	The Business Weekly & Review
	Alexander Forbes Acquisition Gets the Nod	The Business Weekly & Review
	Competition Authority Okays Alexander Forbes Deal	The Midweek Sun
	CA Approves Acquisition of 50% Shares of Dennis Service Station by Ngami Motors.	Botswana Guardian
	Competition Authority Vows to Continue Mandate	Echo
May 2019	BPOPF Approved to Buy Property	Weekend Post
	CA Approves Edcon Takeover to Save Jobs	The Business Weekly & Review
	CA Approves Edgars Takeover With Conditions	The Midweek Sun
	Competition Authority Approves BPOPF Property Acquisition	The Midweek Sun
June 2019	No articles	-
July 2019	No articles	-
August 2019	Competition Authority Approves Sale of Clover Industries to South African Company	Echo
	Competition Authority Approves MOD Transaction	The Botswana Gazette
	The Big Distribution Fight Continues	The Telegraph

September 2019	CA Clamps Down on Barloworld Komatsu Dominance	The Monitor
	CA Removes Barriers in the Line Boring Services	The Midweek Sun
October 2019	Ame Capital Set to Buy Liberty Holdings Shares	Botswana Guardian
November 2019	Competition Authority, BERA Sign Agreement	The Midweek Sun
	Competition Authority, BERA Sign MoU	Daily News
	Competition Authority BERA Sign Mou to Enhance Competition	Botswana Guardian
	BERA CA Collaboration Enhances Energy Sector	The Botswana Gazette
	CA Approves Acquisition of Lucrative Okavango Concession	The Botswana Gazette
	Bidvest Bank Acquires EQSTRA Investment	The Botswana Gazette
	Competition Authority Inks MoU with BERA	Sunday Standard
December 2019	The New Consumer Dawn is Upon Us	Sunday Standard
	The New Consumer Dawn is Upon Us	The Monitor
January 2020	Acquisition of Safari Company under Watchful Eye of CA	The Midweek Sun
	New Wholesale Price Trick Headache Hit Competition Authority	The Midweek Sun
	New Act Requires Regional Stores to Use Pula Currency in Adverts	Sunday Standard
February 2020	No articles	-
March 2020	No articles	-

Logo Design Contest



In the year under review, the mandate of the Authority widened to include enforcement of the Consumer Protection Act, necessitating the adoption of a new corporate identity including change of name and a new logo.

Consequently, the Authority commissioned a logo design contest on 16th October 2019, in which creative local designers were invited to develop a new logo that would encapsulate the mandate of the new entity - Competition and Consumer Authority. The contest was open to individual

citizens and 100% citizen owned companies, and the winning logo designer was entitled to a cash prize of P20,000.

The Authority received 191 entries from individuals and companies. After a rigorous adjudication exercise by a panel of three judges, Webland Internet Engineers (Pty) Ltd emerged the overall winner. The new Competition and Consumer Authority logo was publicly released on 21st February 2020.

ALL-MITI Parastatals Games



The Competition Authority took part in the 5th edition of the ALL-MITI Parastatals Games held in Gaborone at the Bank of Botswana Grounds on 8th June 2019. The annual games bring together Parastatals under the Ministry of Investment, Trade and Industry.

The objectives of the games are to improve working relations between staff, executive management and governing boards of the parastatals under the Ministry, promote wellness and physical fitness, as well as to enhance publicity for the parastatals and their brands.

Regional and International Stakeholder Engagement



During the period under review, the Authority continued to interact with regional and international competition authorities and organisations with the objective to benchmark from peers, share experiences, capacity building and enhancing cooperation in competition law enforcement. Such regional and international partners included the African Competition Forum

(ACF), the International Competition Network (ICN), the United Nations Conference on Trade and Development (UNCTAD), and the Organization for Economic Cooperation and Development, (OECD). The interactions included workshops and conferences, signing of MoUs and meetings. In the period under review, the Authority had the following regional and international engagements:

Peer Review Dissemination Exercise

In the review period, the Competition Authority began to implement recommendations following the Voluntary Peer Review exercise which was carried out by UNCTAD in 2017, with the aim to identify areas for improvement in competition law enforcement, in Botswana's legal and institutional framework.

Following UNCTAD's submission of the Peer Review Report, the Authority, in conjunction with UNCTAD, held Peer Review dissemination workshops to brief stakeholders who participated in the review about the findings and map the way forward. One on one feedback engagements were held with the Authority and the Commission, the Ministry of Finance and Economic Development, the Industrial Court and Business Botswana.



CA staff with UNCTAD staffers Ebru Gokce-Dessemond and Elizabeth Gachuri who were in Botswana for the Peer Review Dissemination exercise



Competition Commissioner Dr Selinah Peters speaking at the Peer Review Dissemination Workshop on 20th May 2019



UNCTAD's Ms. Ebru Gokce-Dessemond speaking at the Peer Review Dissemination Workshop on 20th May 2019

ACF Cartels Workshop

Botswana's competition agency was represented at the Annual ACF/SADC Capacity Building Workshop on Cartel Investigation in Mauritius on 7th-8th October 2019.

The ACF is a network of African national and regional competition agencies which seeks to promote the adoption of competition principles in the economic policies of African countries, with the view to alleviate poverty and enhance inclusive economic growth, and consumer welfare.

The ACF Cartels Workshop focused on investigative tools available to competition authorities in combating cartels, with a focus on bid-rigging. One of the workshop facilitators was the Manager for Investigations and Research Analysis Mr. Ernest Bagopi, who presented on *Effective Implementation of Botswana's Public Procurement Policies in the Wake of Exclusive Dealing Agreements*.

Botswana's competition law considers exclusive dealing agreements under abuse of dominance provisions in section 30 of the Competition Act, and the conduct is judged under a rule of reason standard, which balances any pro-competitive effect against the anti-competitive effect.

Botswana's centralised public procurement system seeks to ensure an efficient and effective procurement process, however, this can be thwarted by some anti-competitive effects brought about by factors such as exclusive dealing agreements, Bagopi said.



Manager for Investigations and Research Analysis Ernest Bagopi at the 2019 ACF Cartels Workshop in Mauritius



Participants at the 2019 ACF/SADC Capacity Building Workshop on Cartel Investigation in Mauritius

ACF Mergers Workshop

The Gambia Competition and Consumer Protection Commission (GCCPC) hosted the 3rd annual ACF Mergers Capacity Building Workshop on 24th to 26th July 2019. The workshop was designed to develop case handlers' skills for merger review and analysis, and included various interactive practical skills sessions in which participants identified sources of evidence and the development

of qualitative and quantitative evidence, based on a hypothetical case. Practical skills sessions included; using an investigation plan and proof chart, preparing for and conducting interviews and the application of the Small (but) Significant Non Transitory Increase in Price (SSNIP) test and other economic tools to help define relevant markets. The workshop brought together delegates from twelve countries across Africa including Botswana.

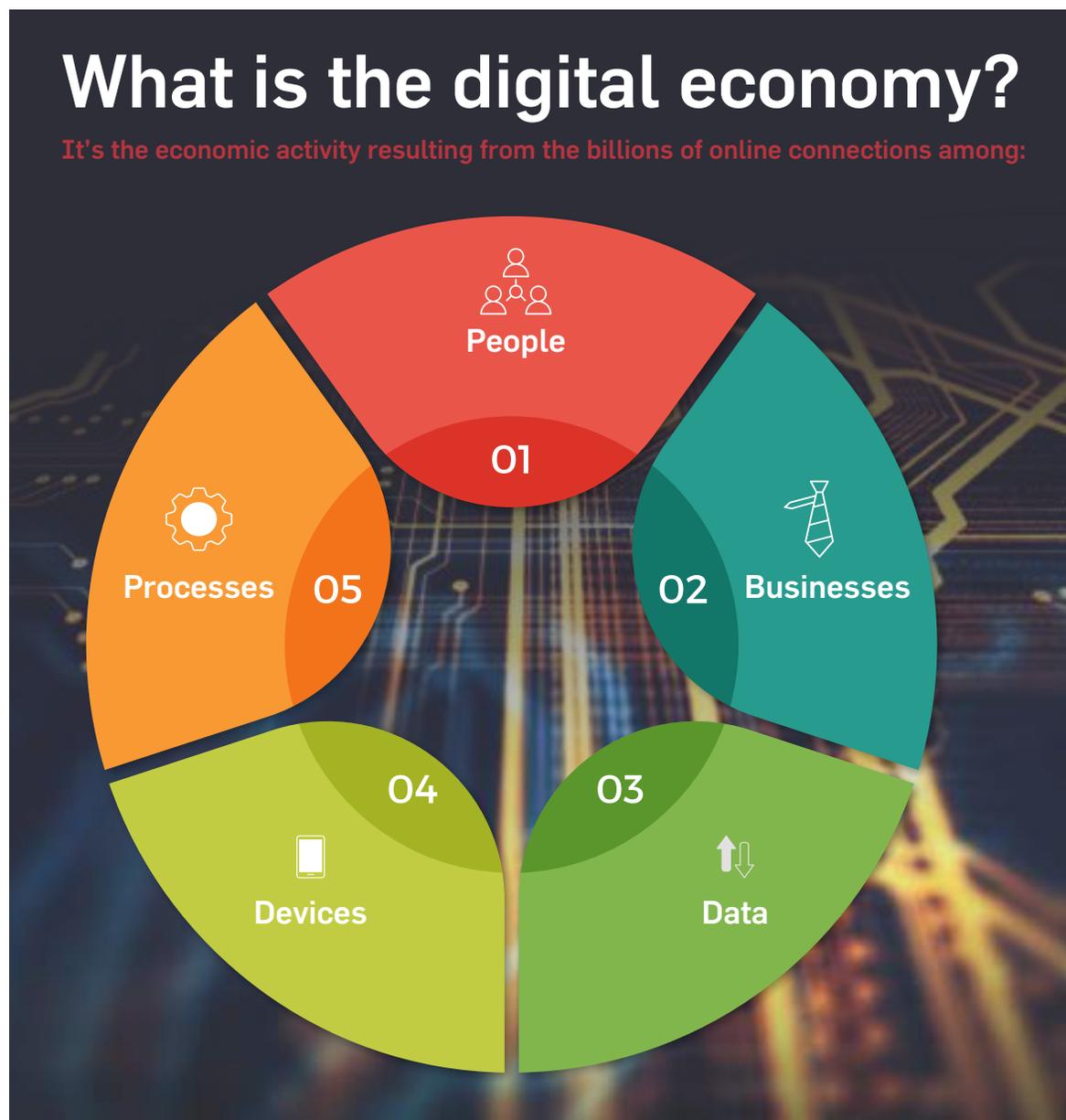
Competition Authority of Kenya Annual Competition Law and Policy Symposium



The Competition Authority of Botswana participated in the Competition Authority of Kenya's (CAK) 6th Annual Competition Law and Policy Symposium which was held in Nairobi on 20th September 2019.

The theme for the symposium was *Financial Inclusion and SMEs Growth Through Competition*

Regulation, with the objective to interact with stakeholders and share insights on emerging and topical issues which then inform the CAK's regulatory approach. Topics for discussion included: The Concept of Open Finance in Kenya, Competition Law and Public Procurement, Leasing versus Purchasing.



The Authority was represented at the annual ICN Cartel Workshop which was held in Foz do Iguacu, Brazil from 7th to 11th October 2019, and was hosted by the Administrative Council for Economic Defence of Brazil (CADE).

The theme of the workshop - *Cartels in the Age of the Data Driven Economy*, highlighted the

growing phenomenon of digital markets and the implications of unique virtual store platforms on the bounds of competition law. The workshop facilitated exchange of experiences and tools utilised to identify cartel behaviour and resolution of related cases by competition agencies.

The ICN workshop came in the wake of several global and regional conferences on competition law in 2019 organised by bodies such as the Centre for Competition Regulation and Economic Development and the American Bar Association which discussed the issue of competition and digital markets.

Key questions have been raised in relation to the digital economy in local and/or regional markets and these include; readiness in terms of governing legislation and technical expertise, how and to what extent are smaller/less developed markets affected; and how digital markets are affecting development at national level.

OECD Global Forum on Competition



Botswana and South African delegates at the 2019 OECD Global Forum on Competition

Botswana's competition authority participated at the annual OECD Global Forum on Competition held in Paris, France from 5th to 6th December 2019. The forum brought under one roof more than 400 competition law practitioners from over 100 competition agencies as well as government agencies, regional and international organisations. They discussed several topics among them merger control in dynamic markets, competition provisions in trade agreements and competition for the market and the digital case lab.

Botswana's delegation was led by the CEO and included officers from the Investigations, Legal and Mergers departments.

Intergovernmental Group of Experts on Competition Law and Policy

The Competition and Consumer Authority of Botswana was invited and agreed to chair the Eighteenth Session of the Intergovernmental Group of Experts on Competition Law and Policy,

which took place from 10th to 12th July 2019 in Geneva, Switzerland. The forum gave member States the opportunity to exchange views and experiences on various issues of interest on competition law and policy.

Topics discussed included competition in the digital economy, competition issues in the health sector, specifically looking into pharmaceuticals and health-care services, and the international cooperation of competition authorities in the fight against cross-border anti-competitive practices and mergers.

Botswana also participated in the Intergovernmental Group of Experts on Consumer Protection Law and Policy at its fourth session on 8th to 9th July 2019. The fourth session of the Intergovernmental Group of Experts on Consumer Protection Law and Policy focused on: consumer protection in e-commerce and consumer product safety; the contribution of consumer protection to sustainable consumption and the latest developments in legal and institutional frameworks.

African Dialogue

In the review period, the Authority participated in the monthly African Dialogue teleconferences, to discuss various consumer protection issues affecting Africa. Topics covered during this period included retail through social media and recent expansions of authorities in Nigeria and Botswana.

CCA and OECD Competition Assessment Stakeholder Engagement

The CCA, in collaboration with the OECD, undertook a number of stakeholder engagements from 27th to 30th January 2020, to initiate a project to review the effect of regulatory interventions on competition and trade in the grains and retail markets. The exercise is an execution

of the European Union (EU)/Southern African Development Community (SADC) Trade Related Facility Contract on 'Strengthening Botswana's Competition Assessment Capabilities'.

The purpose of the project is to uncover laws, rules and regulations that may inadvertently constitute a barrier to effective trade and competition, and thus hinder the proper functioning and growth of the selected markets; which are the sorghum, maize, wheat, beans and retail food markets (supermarkets). Some of these markets provide basic food to Botswana, yet are prone to market failures and ineffective competition, resulting in high food prices.

Promoting competition in these markets by removing unnecessary regulatory and structural barriers could improve productivity, open business opportunities and ultimately reduce the cost of staple food prices. The project is expected to end up with a publication of the findings and recommendations on the legislative changes that will improve the business environment and consumer welfare in each of these markets.

The consultations comprised a number of stakeholders including the Ministry of Investment, Trade and Industry, Ministry of Agriculture, Business Botswana, the agricultural sector, local economists, academic institutions and other stakeholders including the CCA Board and staff.

The following Table 3 gives a summary of stakeholder engagement by sector in the 2019/20 financial year:

Table 3: Summary of Stakeholder Engagement by Sector in the 2019/20 Financial Year:

Stakeholder	Type of Engagement
<p>Business</p>	<ul style="list-style-type: none"> • Competition Symposium in Gaborone, 10th April • Annual Competition and Economic Regulation (ACER) Week Training and Competition Conference 15th to 19 July • Public Hearing on the Proposed Acquisition of Clover Industries Ltd by Milco SA (Pty) Ltd, 27th June • Presentation to Ghanzi Business Council 17th February • Presentation to Hukuntsi Businesses 21st February • Panel Discussion at Ministry of Presidential Affairs Business Panel Discussion and Expo in Gaborone, 11th March • Presentation on Financial Inclusion to the ICT sector, 9th July • Presentation on Bid-rigging to Security Contractors Workshop, 9th August • Presentation to KBL Management on Competition Law, 7th November
<p>Government Ministries, Parastatals, Councils</p>	<ul style="list-style-type: none"> • Presentation to District Administration Tender Committees on Bid-rigging in Palapye on 5th March • Presentation to Tlokweng Sub-District Council, 24 February • Presentation to Central District Council in Serowe, 5th March • Presentation to South East District Council in Ramotswa 25th March • Presentation to North West District Council in Maun 11th March • Presentation to Hukuntsi Procurement officers and Govt departments 21st February • Presentation to Hukuntsi Sub District Council 21st February • Panel discussion on Bid-rigging at Ministry of Presidential Affairs in Gaborone 5th March • Presentation to Serowe Admin Authority Capacity Building Workshop, 14-15th May • Presentation to Office of the President Staff Sensitisation workshop in Kasane, May 15th • Presentation to Charles Hill sub council on Competition Mandate 13th June • BITC Francistown Office Opening and Market Day in Francistown, 1st February • Presentation to Selebi-Phikwe Town Council on 25 February • ALL-MITI Parastatals Games, Gaborone, 8th June
<p>Media</p>	<ul style="list-style-type: none"> • Btv Morning Show interview about consumer issues surrounding the Pilchards recall, 27 February • Radio Botswana interview on World Consumer Rights Day 13th March
<p>Sector Regulators</p>	<ul style="list-style-type: none"> • BERA MoU signing on 13th November

<p>Fairs and Exhibitions</p>	<ul style="list-style-type: none"> • Business Botswana Northern Trade Fair, 29th May to 2nd June, Francistown • Ghanzi Show, 22nd to 28th July • Metlhala ya Khumo, Moshupa, 21st September • Metlhala ya Khumo, Tsabong, 4th May • Metlhala ya Khumo, Ramatlabama, 7th March • Palapye Business Expo, 2-4th May • Global Expo, Gaborone, 6th to 9th August • Consumer Fair, Gaborone, 26th August to 1st September
<p>Public</p>	<ul style="list-style-type: none"> • Kgotla meeting, Ghanzi, 17th February • Department of Trade & Consumer Affairs community outreach, Mogoditshane, 17th May • Africa Industrialisation Day Commemoration, Gaborone, 28th November • World Competition Day Commemoration, Gaborone, 5th December • World Consumer Rights Day Commemoration, Lentsweletau, 15th March
<p>Regional and International Engagement</p>	<ul style="list-style-type: none"> • OECD Capacity Building Workshop in Gaborone, 28-29 January • CCA and OECD Competition Assessment Stakeholder Engagement in Gaborone 27th to 30th January • UNCTAD Post peer review stakeholder engagement in Gaborone 1st May • Intergovernmental Group of Experts on Consumer Protection Law and Policy in Geneva, 8th to 9th July • Intergovernmental Group of Experts on Competition Law and Policy in Geneva, 10th to 12th July 2019 • ACF Mergers Workshop, Gambia, 24th to 26th July • ACF Cartels Workshop, Mauritius, 7th to 8th October
<p>CCA Board and Staff</p>	<ul style="list-style-type: none"> • Competition and Consumer Board Induction at Mmokolodi 21st January • Presentation to CCA Staff on mandate in Gaborone, 21st January • Presentation to CCA Staff on mandate in Maun, 18 February • Presentation to CCA Staff on mandate in Selebi-Phikwe, 25 February • Presentation to CCA Staff on mandate in Ghanzi, 20 February • Presentation to CCA Staff on mandate in Tsabong, 21 February • Presentation to CCA Staff on mandate in Serowe 26th February • Presentation to CCA Staff on mandate in Kanye 27 February • Presentation to CCA Staff on mandate in Jwaneng 27 February • Presentation to CCA Staff on mandate in Hukuntsi 21st February

Mergers & Acquisitions



The Authority administers Part XI of the Competition Act, 2018 (“the Act”). This part of the Act is realised through the investigation and assessments of merger transactions by determining whether a proposed merger(s) is likely to substantially prevent or lessen competition; whether a proposed merger would likely result in any enterprise, including an enterprise which is not involved as a party in the proposed merger; acquiring a dominant position in a market, and whether the merger can, or cannot be justified on public interest grounds.

In assessing the mergers, the Authority has statutory timelines which stipulate the duration of the assessment, as contained in section 49 of the Act. For operational efficiency, the Authority classifies mergers under categories: simple and complex. This classification is made based on a

postulated effect (or lack thereof) of the proposed merger on competition. Simple mergers are generally those with no competition concerns and are envisaged to be assessed within 30 working days.

Complex mergers are those that, during the preliminary assessment, reveal signs that point to them having the potential or likelihood to pose some competition and/or public interest concerns, and are assessed within 90 working days.

In its determination of the proposed merger(s), the Authority may: (i) unconditionally approve; (ii) conditionally approve; or (iii) outright prohibit/decline a proposed merger.



Mergers Activity

In the 2019/20 financial year, 56 mergers were handled compared to 31 mergers handled in the previous financial year. This translates to an 80.65% increase from the mergers assessed in the 2018/19 financial year.

Out of the 56 mergers that were handled, 54

were finalised and the remaining two (2) were not finalised on the basis of them not meeting the notification thresholds. The declaration of the two mergers as not notifiable came as a result of thorough preliminary investigations.

No mergers received and assessed in the 2019/20 financial year were prohibited or declined. The 54 finalised mergers are represented in Table 4 below:

Table 4: Finalised Mergers for the 2019/20 Financial Year

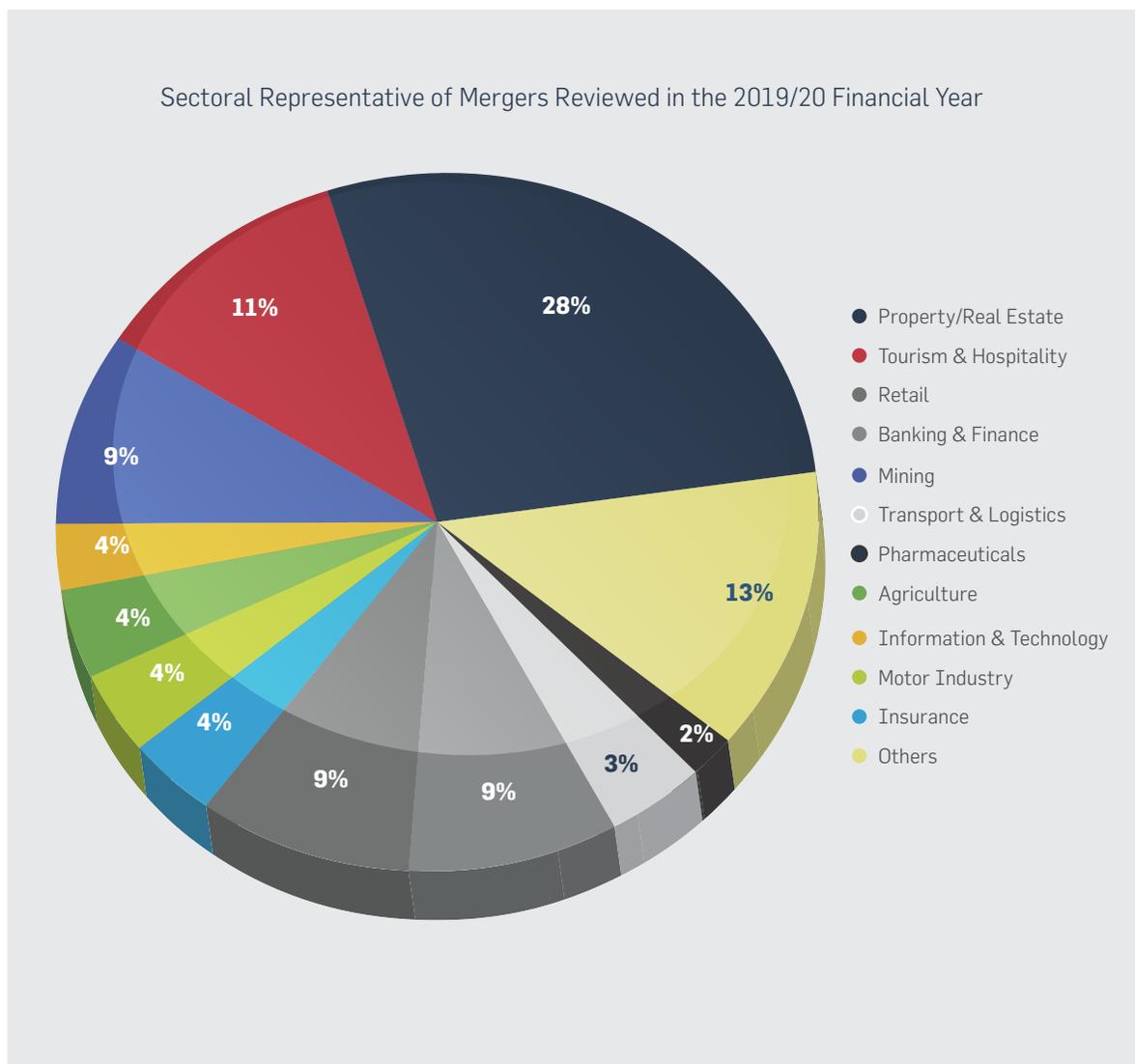
Brought Forward	Notified in 2019/20	Simple Merger	Complex Merger	Conditionally Approved	Unconditionally Approved	Prohibited/ Declined
7	47	51	3	5	49	0

Source: The Authority's Mergers and Acquisitions Database as at April 2020

During the period under review, the mergers handled were from various sectors as illustrated by Figure 1 below. It is worth mentioning that there had been a merger trend shift; in which there was a boom of property market mergers as was observed during the end of Quarter 3 and Quarter 4 of the current financial year; as compared to over the years where a majority of transactions handled, specifically 2016/17 and 2017/18, were in the retail sector.

In total, 303 mergers have been handled by the Authority since inception, which indicates the significant role that the Authority continues to play in ensuring product innovation, industrial growth, competitive pricing of goods and services, quality goods, consumer welfare and general expansion of markets, through the assessment of mergers and acquisitions.

Figure 1: Sectoral Representation of Mergers Reviewed in the 2019/20 Financial Year



Source: The Authority's Mergers and Acquisitions Database as at April 2020

Figure 1 above indicates merger transactions per sector. In the past financial year, the retail sector registered more transactions relative to the other sectors in the economy. In the 2019/2020 financial year, at 28%, the Property market registered the most significant merger/acquisition notifications, followed by Tourism.

During the assessment of mergers and acquisitions in the Property and Real Estate sectors, it became apparent to the Authority that part of the reason for the consolidation observed in the property market could have been due to the amendments of the Transfer Duty Act of 2018.

There seems to have been reduced confidence in the Property market by investors after the amendments of the Transfer Duty Act 2018, in the form of an increase in the transfer duty for non-citizens from 5% to 30%. This infers that affected persons will have to fork out more if they intend to purchase immovable property.

Previously, both citizens and non-citizens used to pay the tax at 5%, with non-citizens only paying 30% on the acquisition of agricultural land. This amendment is expected to slow demand in the relevant market in the near future. It is against this backdrop that investors rushed and closed deals before implementation of the amended Act in March 2020.

Turnaround Times

The Authority has been prompt in engaging relevant stakeholders with regards to requests for information during merger assessments through conducting interviews and site visits at the offices of some of the merging parties, as well as benchmarking with other agencies globally. This approach was instructive in enabling the team to work efficiently thus meeting the merger assessment timelines.



For the period under review, the Authority completed an assortment of both simple and complex mergers at an average turnaround time of 18 and 64 calendar days respectively, compared to 32 and 90 calendar days in the 2018/19 financial year, which shows a significant improvement in turnaround times.



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Mergers Approved Unconditionally

The Authority can unconditionally approve a proposed transaction with no competition and/or public interest concerns. In the period under review, 49 mergers as illustrated in Table 5, were approved unconditionally, showing an increase of 81.48% from the 27 mergers approved unconditionally in the previous period.

Table 5: Mergers Approved Without Conditions in 2019/20

File Number	Acquiring Firm	Target firm	Market sector
MER/014/2019	Granic Farming (Pty) Ltd	Haina Veld Ninety-Nine (Pty) Ltd and R&A Ranching (Pty) Ltd	Tourism and Hospitality
MER/015/2019	African Wildlife Holdings Partnership	Wilderness Holdings Limited	Tourism and Hospitality
MER/016/2019	Nilen properties (Pty) Ltd	Alexander Forbes Staff Trust	Banking and Finance
MER/012/2019	Glencore South africa Oil Investments (Pty) Ltd)	Astron Energy Botswana (Pty) Ltd	Mining
MER/017/2019A	Horeca (Pty) Ltd	Ultimate Ostriches (Pty) Ltd	Retail
MER/017/2019B	Horeca (Pty) Ltd	Foxdale (Pty) Ltd	Retail
MER/018/2019	New Holdco	Edgars Consolidated Stores Ltd (Jet Supermarket Botswana)	Retail
MER/019/2019	Lereko Metier Sustainable Capital Trustees (Pty) Ltd	Tecroveer Holdings (Pty) Ltd	Other
MER/021/2019	Botswana Public Officers Pension Fund	Comp-U-World (Pty) Ltd	Property/ Real Estate
MER/022/2019	Botswana Insurance Company	BIHL Insurance Company Limited t/a Legal Guard	Insurance
MER/023/2019	Furnmart Holdings Ltd	Furnmart Ltd	Retail
MER/024/2019	Granic Farming Limited	Hainaveld Ninety-nine and R & A Ranching Limited	Agriculture
MER/025/2019	Limane (Pty) Ltd	Letlole la Rona Ltd	Property/ Real Estate
MER/026/2019	Turnstar Holdings Proprietary Limited	Zambezi Motors (Pty) Ltd	Property/Real Estate
MER/027/2019	Billabong Holdings (Pty) Ltd	Zenith (Pty) Ltd	Other
MER/028/2019	KIC SA (Pty) Ltd	Whirlpool South Africa (Pty) Ltd	Other
MER/029/2019	Lonrho Africa (Holdings) Ltd	Brands Consumer Group Protected Cell Company	Transport and Logistics
MER/030/2019	Balram Ottapathu	Kalahari medical Distributor (Pty) Ltd	Pharmaceuticals
MER/031/2019	Dekete Guys (Pty) Ltd	Kwalape Tours and Safaris (Pty) Ltd	Tourism and Hospitality
MER/032/2019	Sandfire Resources NL	MOD Resources Limited	Mining
MER/033/2019	First Capital Bank Ltd	Wheki (Pty) Ltd	Property/ Real Estate
MER/034/2019	Pro Civil Proprietary Limited	Gem Diamonds Botswana Proprietary Limited	Mining
MER/035/2019	CFAO Holdings South Africa (Pty) Ltd	Unitrans Motor Holdings Ltd	Motor Industry
MER/036/2019	BIFM Local Property Fund	BMS Properties Limited	Property/Real Estate
MER/038/2019	Bidvest Bank Ltd	Eqstra Investment Holdings (Pty) Ltd	Transport and Logistics

MER/039/2019	Simba (Pty) Ltd	Pioneer Food Group Ltd	Retail
MER/040/2019	Xudum Okavango River (Pty) Ltd	Afro Ventures Botswana (Pty) Ltd	Tourism and Hospitality
MER/041/2019	Ame Capital (Pty) Ltd	Stanlib Investment Management Services (Pty) Ltd	Banking and Finance
MER/042/2019	Chroma Capital (Pty) Ltd	Kwa Nokeng Oil Group	Mining
MER/043/2019	Laula Consortium Proprietary Limited	Grinaker_LTA Proprietary Limited	Mining
MER/044/2019	Carl Jansen Van Vuuren	The Year Ahead (Pty) Ltd; Idimo Holdings (Pty) Ltd; & Border Forex (Pty) Ltd	Banking and Finance
MER/045/2019	Aurecon 25 (Pty) Ltd	Aurecon Africa (Pty) Ltd	Other
MER/046/2019	BIFM Local Property Fund	Merlin Integer (Pty) Ltd	Property/ Real Estate
MER/047/2019	WMD Holdings (Pty) Ltd	Prestigious Chobe Investments (Pty) Ltd	Tourism and Hospitality
MER/048/2019	Botswana Public Officers Pension Fund	Twincos enterprises (Pty) Ltd	Tourism and Hospitality
MER/049/2019	Cash Connect Solutions (Pty) Ltd	Main Street 1723 (Pty) Ltd	Tourism and Hospitality
MER/050/2019	Medscheme Holdings Limited	Associated Fund Administrators Botswana (Pty) Ltd	Tourism and hospitality
MER/051/2019	IAM DLC	IAM	Other
MER/052/2019	Sandeep Gulati & Vinit Shah & Vimalkumar Limbachia	Core Enterprises (Pty) Ltd	Property/ Real Estate
MER/053/2019	Franaco (Pty) Ltd	Virgin Enterprises (Pty) Ltd	Property/ Real Estate
MER/054/2019	Allied Investments (Pty) Ltd	Virgin Enterprises (Pty) Ltd	Property/ Real Estate
MER/055/2019	DNI-4PL Contracts (Pty) Ltd	3G Mobile (Pty) Ltd	Information and Technology
MER/001/2020	Natural Selection Safaris (Pty) Ltd; Dunebug Safaris (Pty) Ltd;	Soren Lindstrom (Pty) Ltd	Tourism and hospitality
MER/002/2020	London stock Exchange Group Plc	Refinitive Parent Limited	Information and Technology
MER/003/2020	BIFM Local Property Fund	Gaborone Hoses and Fittings	Property/ Real Estate
MER/004/2020	Lineo (Pty) Ltd	Monumental Investments (Pty) Ltd	Property/ Real Estate
MER/005/2020	Upjohn Inc.	Mynlan N.V	Pharmaceuticals
MER/006/2020	Letlole La Rona Limited	Western Industrial Estate (Pty) Ltd	Property/ Real Estate
MER/007/2020	Bhenami Holdings (Pty) Ltd	Harbour Investments (Pty) Ltd	Property/ Real Estate
MER/008/2020	Ms. Tshepiso T. Mopipi.	Coirechan (Pty) Ltd t/a Mega Mining Equipment Sales	Other

Source: The Authority's Mergers and Acquisitions Database as at April 2020

Mergers Approved With Conditions

The Authority approves a merger(s) with condition(s) if it has found that a specific remedy can address the competition and/or public interest concerns identified during the merger assessment. The Authority expansively engages the merged entity during the period of monitoring the condition(s).

The following are mergers that were approved with conditions:

FILE NUMBER	ACQUIRING FIRM	TARGET FIRM	SECTOR
MER/001/2019	Halfway Ngami Motors (Pty) Ltd	Dennis Service Station (1976) (Pty) Ltd	Motor Industry
<p>The Authority approved the proposed acquisition with the conditions that:</p> <ol style="list-style-type: none"> The merged entity should ensure that the shareholding in the business of Dennis Caltex Service Station is 51% and 49% for citizen(s) and non-citizen(s) respectively, as per the Trade Act of 2003; Halfway Ngami Toyota concludes the ongoing process of transferring 10% of its shares to a local citizen; not later than six (6) months from the decision date; and The merging parties should provide the Authority with a status update on compliance towards this decision within six (6) months from the date of this determination. 			
MER/003/2019	First Capital Bank Ltd	Bank of India (Botswana) Ltd	Banking and Finance
<p>The Authority approved the proposed acquisition with the condition that:</p> <ol style="list-style-type: none"> There shall be no merger specific retrenchments that may affect the local employees of Bank of India (Botswana) Ltd; and That these employees shall be transferred to First Capital Bank Ltd on terms and conditions substantially no less favourable than their current terms and conditions of employment. 			

MER/007/2019	Skybird (Pty) Ltd	Ngoma Lodge (Pty) Ltd	Tourism and hospitality
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The Authority approved the proposed acquisition with the following conditions:

- a) There shall be no retrenchment of any employee as a result of the merger;
- b) The employees of Ngoma Lodge should continue to work on terms and conditions substantially no less favourable than their current terms and conditions of employment;
- c) The merged entity shall ensure that the recruitment and appointment of a citizen as an Assistant General Manager who will be an understudy to the General Manager at Ngoma Lodge is finalised within six (6) months from the date of this decision;
- d) Within a period of two (2) years, the Assistant General Manager above shall be appointed as General Manager;
- e) The merged entity shall in accordance with the provisions of clause 15.1 of the Joint Venture Agreement between CECT and Ngoma, hire labour and procure supplies, including: fish, poultry, thatch grass, vegetables, bricks, building supplies and so on from the CECT community;
- f) The merged entity shall use all its endeavours to ensure that it continues to harmoniously work with CECT with terms and conditions that are not less favourable than the ones stated in the existing Joint Venture Agreement between CECT and Ngoma; and
- g) In the event that the merged entity is considering to sell the Ngoma business, priority must then be given to CECT through the principle of Right of First Refusal, failing which, a clear justification for the decision not to sell to CECT must be communicated to the Competition Authority at least two (2) months before selling the business.

MER/018/2019	New Holdco	Edgars Consolidated Stores Ltd (Jet Supermarket Botswana)	Retail
<p>The Authority approved the proposed acquisition with the conditions that:</p> <ul style="list-style-type: none"> a. The merged entity shall use all its endeavours to ensure that the business of Edgars Consolidated Stores Limited (Edcon) is maintained in Botswana; and b. In the event that the merged entity is compelled to change the Botswana business model, such intentions should be communicated to the Competition Authority with a clear justification for the decision. 			
MER/020/2019	Milco SA (Pty) Ltd	Clover Industries Ltd	Agriculture
<p>The Authority approved the proposed acquisition with the conditions that:</p> <ul style="list-style-type: none"> a. There shall be no retrenchment of any employee as a result of the proposed merger; b. The merged entity shall use all its powers to ensure that the business of Clover Botswana is maintained in Botswana to retain business continuity with the local based dairy input suppliers; and c. In the event that the merged entity is compelled to change the Botswana business model, such intentions should be communicated to the Competition Authority with a clear justification for the decision. 			

Mergers Carried Forward

The following mergers were notified in the 2018/2019 financial year but were carried forward and finalised in the period under review due to the fact that they were filed in the last months of the financial year being February and March. Therefore investigations and assessments were on-going at the start of the 2019/2020 financial year.

Table 6: Mergers Carried Forward to the 2019/20 Financial Year

FILE NUMBER	SECTOR	ACQUIRING FIRM	TARGET FIRM
MER/001/2019	Motor Industry	Ngami Motors (Pty) Ltd	Dennis Service Station
MER/003/2019	Finance and Banking	First Capital Bank Limited	Bank of India
MER/007/2019	Tourism and Hospitality	Skybird (Pty) Ltd	Ngoma Lodge (Pty) Ltd
MER/012/2019	Mining	Glencore South Africa Oil Investments (Pty) Ltd)	Astron Energy Botswana (Pty) Ltd
MER/014/2019	Tourism and Hospitality	Grannic Farming (Pty) Ltd	Haina Veld Ninety-Nine (Pty) Ltd and R&A Ranching
MER/015/2019	Tourism and Hospitality	African Wildlife Holdings Partnership	Wilderness Holdings Limited
MER/016/2019	Finance and Banking	Nilen Properties (Pty) Ltd	Alexander Forbes Trust

Source: The Authority's Mergers and Acquisitions Database as at April 2020



Investigations, Policy, Research & Advocacy



The Competition and Consumer Authority is mandated under section 4 of the Competition Act, 2018 to do the following:

1. Investigate and evaluate alleged anti-competitive behaviour;
2. Undertake general studies by way of market studies or research;
3. Advise the government on any anti-competitive law, policies or regulations by carrying out advocacy activities.

In the period under review the Authority underwent a restructuring process following transfer of the consumer protection mandate to the Authority. Under the new structure, the function of the Department of Investigation and Research Analysis increased with additional roles of Policy and Advocacy; carried out under two (2) different units being; the Investigations Unit

and the Policy, Research and Advocacy unit. The change meant the department's nomenclature changed to the Department of Investigations, Policy, Research and Advocacy. In the period under review, the Authority carried out the following Investigations, Research and Advocacy Activities:

Investigations

During this financial year, the Authority investigated a total of 32 competition related cases of which 16 were carried over from the previous financial year. The other 16 were new cases that were received during the 2019/20 financial year. Out of the cases investigated, slightly over 50% (17) were closed. The remaining 15 cases are still under investigation and will be carried forward to the 2020/21 financial year as reflected in Table 7:



Table 7: Cases Handled from 1st April 2019 to 31st March 2020

Cases	Number
Total number of cases investigated	32
New cases	16
Cases carried forward from the previous year	16
Cases closed after being investigated	17
Cases to be carried forward to the next financial year	15

The following cases were investigated and closed during the 2019/20 financial year:

Competition Authority Vs. Komatsu Botswana (Pty) Ltd and Barloworld Equipment Botswana (Pty) Ltd

Upon receipt of information that Komatsu Botswana (Pty) Ltd and Barloworld Equipment Botswana (Pty) Ltd could be engaged in the conduct of abuse of dominance (by way of refusing to register or list suppliers on their vendors list for the provision of machining/line boring services), the investigation process commenced and it revealed that since its inception in the 1980's, Komatsu Botswana (Pty) Ltd had not considered appointing new suppliers or at least reviewing its initial list of the supplier database for the provision of machining/line boring services.

The company only contracts suppliers who were on the suppliers' database that had been drawn up since inception. This practice raised a number of competition hurdles because, by relying only on the existing supplier list which was drawn at inception of the business, meant that no supplier could enter the supplier list database of Komatsu Botswana (Pty) Ltd. The arrangement in effect created a barrier to entry for potential market entrants.

The same finding was arrived at with the Barloworld Equipment Botswana (Pty) Ltd investigation. The business arrangement by both Komatsu Botswana (Pty) Ltd and Barloworld Equipment Botswana (Pty) Ltd created a market structure that made it impossible for any new potential entrant to access the market. This affected the level of competition in the provision of machining/line boring services.

As a result of the intervention of the Authority, both Barloworld Equipment Botswana (Pty) Ltd and Komatsu Botswana (Pty) Ltd (as respondents) indicated that they did not realise that the business arrangement they had in place affected the level

of competition in the downstream market.

They immediately committed to implementing a supplier recruitment drive methodology that will allow for competition from the available suppliers that provide the service of machining/line boring. This was an individual commitment from each of the respondents. They also committed to putting in place a fair and transparent system that would allow every eligible competitor to have an equal chance of being part of the supplier list database.

This commitment from both respondents led to the Authority closing the investigation against both Komatsu Botswana (Pty) Ltd and Barloworld Equipment Botswana (Pty) Ltd on this matter. The commitment meant that both Komatsu Botswana (Pty) Ltd and Barloworld Equipment Botswana (Pty) Ltd now allow competition to take place in the downstream market.

Competition Authority Vs Allied Investments

The Authority received a complaint from an anonymous complainant against Allied Investment alleging possible abuse of market dominance and market allocation. Investigations revealed that a new tenant at Grand Plaza Mall was instructed by the landlord through a restricting clause in the lease agreement on the products that it will not be allowed to trade in, regardless of the listed products as per the tenant's trade license.

Allied Investments did not deny the allegation as it indicated that the instruction was made in order to avoid having tenants that sell similar items. Upon realisation that the restrictive clause in the lease agreement leads to anti-competitive business conduct as it dictates the competition landscape, the company committed to rephrasing the problematic clause. The commitment from the respondent led to the closure of the investigation. Going forward, the Authority will be monitoring the situation and to ensure that there are no

similar situations in other shopping malls across the country.

Competition Authority Against Some Bidders to Supply Diagnostics Medical Equipment to Government Hospitals

The Authority initiated an investigation upon receiving a complaint from the Public Procurement and Public Asset Disposal Board (PPADB) alleging possible collusive behaviour by two bidders (names withheld because the bidders were not aware of the investigation). The allegation was that although the two bidders submitted two separate bids, their bids were identical on certain items and this raised suspicion of possible bid-rigging.

The PPADB referred the matter to the Authority to consider carrying out an investigation. The investigation revealed that one bidder was dependent on the other bidder for the supply of equipment and technical support and service on some items as required by the tender.

In response to the tender, the two bidders' methodology for supplying the same item, that is, preparation of the radiology room, turned out to be similar. This was because one bidder was to engage a service provider for supply and fitting (which happened to have also bid for the same tender).

The investigation was closed as there was no evidence of collusive behaviour by the two bidders.

Other cases that were investigated and closed during the financial year related to the following sectors:

- Abuse of dominance – Life Insurance sector
- Bid-rigging – Government supply

There are various cartel and price fixing cases under different economic sectors that are still under investigation.

Cases Under Investigation into the 2020/21 Financial Year

Competition Authority Vs Cresta Mahalapye

There is an allegation of abuse of dominance and market allocation by Cresta Mahalapye. An anonymous complainant reported the matter to the Authority citing possible refusal to deal, market allocation, and excessive pricing behaviour by Cresta Mahalapye.

It is alleged that Cresta Mahalapye deliberately overbooks its accommodation (more especially to clients paying by purchase order) and when the client arrives to check in, some are often informed that there is no accommodation. Such clients are then given alternative accommodation options using Cresta Mahalapye's preferred lodges in the Mahalapye area.

It is alleged that Cresta Mahalapye overbooks its facility with the intention to reallocate the overspill to its preferred lodges. As per the allegation, because the customer would probably be desperate (because of a late night check in), they would just accept the alternate accommodation offer from Cresta Mahalapye.

In so doing, Cresta Mahalapye would have charged the client its going accommodation rate (which is alleged to be higher than local lodges) but would only remit to the lodge receiving the overspill, the room rate charged by that lodge.

Cresta Mahalapye would then pocket the difference between what it charged the client and what it paid out to the lodge receiving the overspill.

Therefore, the client would have been overcharged as it would have prepared a purchase order at the rate charged by Cresta Mahalapye. The investigation continues.

PBL Africa (Pty) Ltd Vs Superfit Molapo against Sphinx Associates

This is a case of alleged abuse of dominance against Sphinx Associates (Molapo Crossing Mall). The allegation is that there is possible abuse of dominance by Molapo Crossing Mall by refusing to deal with PBL Africa (Pty) Ltd which operates Superfit Molapo Gym, but opting to only deal with Jack's Gym (the new tenant to operate a gym business at Molapo Crossing Mall).

It is further alleged that, since Jack's Gym is the preferred tenant to operate a gym business at Molapo Crossing Mall, both Molapo Crossing Mall and Jack's Gym could be jointly abusing their market power to orchestrate market exit of Superfit Molapo from operating at Molapo Crossing Mall. The preliminary investigation continues.

Easi-Mail Vs Botswana Post

The Authority received a complaint against Botswana Post alleging possible abuse of dominance in trading with Franking machines. The investigation is still continuing.

Doves Funeral Parlour Vs FSG Limited Botswana

This is a case of alleged abuse of market dominance and discriminatory conduct by FSG Limited Botswana funeral parlour. The allegation is that FSG Limited Botswana, which owns Pholong Private Cemetery, refuses to give Doves Funeral Parlour access to carry out funeral proceedings for clients that had bought funeral space at Phomolong Cemetery.

It is also alleged that FSG Limited Botswana discriminates against Doves Funeral Parlour on the pricing of the cremation service offered at the FSG cremation facility in Mahalapye. The preliminary investigation continues.

Barriers Identified and Removed

During the process of investigation, carrying out market research or market inquiry, the Authority also assesses the existence of any set business conditions, or market structures that could act as barriers to market entry. If found, the market entry barriers are dealt with through advocacy with the relevant stakeholders with an aim to create awareness and ultimately remove such market entry barriers.

The following market entry barrier was identified:

During an investigation of a tender to procure Franking machines it was realised that the procuring entity, Ngwato Land Board, in drawing the Invitation to Tender (ITT) document, requested bidders to possess a PPADB code that apparently only applies to Botswana Post.

It was alleged that this PPADB code was not necessary for procurement of Franking machines and by demanding it, the procuring entity closed out other potential bidders that could compete in the supply of Franking machines. By making this code a condition, it meant Botswana Post was the only supplier that could bid for that tender.

After the Authority's intervention, Ngwato Land Board conceded that by requiring the code the ITT document restricted participation in this tender to Botswana Post only. This created market access barrier to a number of potential suppliers.

Ngwato Land Board admitted the error of judgement and made an undertaking to re-advertise the tender using an ITT document that would be pro-competitive. This undertaking should open the market for other potential ten (10) companies that could bid to supply Franking machines.

Research

The following research activities were undertaken in the period under review:

Pharmaceutical Market Inquiry

In an effort to enhance economic welfare, the Authority successfully conducted a market inquiry in the pharmaceutical sector under the ambit of the African Competition Forum (ACF). Subject to the Authority's sector prioritisation plan, this was to identify competition issues that need to be addressed in the sector.

Pharmaceuticals are essential goods hence they are critical to the survival and vibrancy of any population. It is prudent to highlight that the Authority faced limitations on financial and human resources which constrained the scope of the inquiry to look into human medicines only, thereby excluding veterinary medicines, medical devices and cosmetics.

The overall findings in the pharmaceutical sector study revealed the existence and prevalence of anti-competitive behaviours in the market which warrant some assessment and monitoring by the Authority. Indications are that, in general the pharmaceutical sector is highly regulated and reliant on government legislation and licensing.

The study reflects that there are certain principles in the sector that are possibly overlooked by competition law, especially in instances where public interest in the form of public health, may outweigh the detriment to competition.

The recommendations on identified possible anti-competitive practices and the need for legislation/regulation issues that need to be considered to ensure fair competition have been shared through engagements with the relevant stakeholders

being; Botswana Medicines Regulatory Authority (BOMRA), Central Medical Stores (CMS) and the Public Procurement and Asset Disposal Board (PPADB).

The recommendations of the study have at this stage been shared with the CCA Board and other key stakeholders, and will in due course be made available on the CCA public platforms. The findings of the study are expected to be publicised in the 2020/21 financial year.

Private Abattoirs Market Inquiry

The Authority was scheduled to carry out a market inquiry on the private abattoirs market. The market inquiry only went as far as piloting data collection and the rest of the market inquiry is expected to be carried out in the near future. This was aimed at assessing competition concerns in the operation of private abattoirs. Indications are that there is a mushrooming of private abattoirs throughout the country mainly to meet the demand which the public abattoirs cannot keep up with.

There are however a number of complaints emanating from the alleged abuse of dominance by private abattoir operators.

Advocacy

In line with Section 5 (e) of the Competition Act, the Authority is mandated to advise the government against anti-competitive laws and policies. The mandate is achieved through conducting competition assessments of anti-competitive laws and policies. The process culminates in the Authority making recommendations to the concerned Government ministry or department on how to make the identified laws, policies or regulations competition compliant.

Following competition assessments on anti-competitive provisions, the Authority removed two barriers following acceptance of its recommendations, while engagement continues in two other advocacy cases:

- HATAB's campsite booking system prevented access into lucrative campsites. After an assessment of the system, the Authority made a recommendation to HATAB to review the booking system and widen access. HATAB accepted the recommendation and the booking system will be suspended awaiting resolution of equity concerns (100%).
- The Department of Tourism had unfair licensing conditions imposed on new Category C licenses. After a competition assessment the Authority made a recommendation to the department to review the licensing. The Department of Tourism accepted the recommendation and the barrier has been removed.
- Section 41 and 43 of the Mines, Quarry, Works and Machinery Act limits competition in the provision of first aid services by naming Botswana Red Cross while there a number of other service Providers. A recommendation has been made to the Department of Mines to remove the barrier. The recommendation has not yet been accepted and engagement with the department is ongoing.
- Local milk producers are unable to access the National Feeding Programme by supplying milk to schools possibly because of higher industry procurement standards while a lower health standard could still be available. Consultations are ongoing with the relevant government departments.



Consumer Protection



The Consumer Protection Act mandates the Authority to protect the interests of consumers by means of investigation, prohibition and control of unfair business practices as well as:

1. To conduct research on consumer protection policies, laws and regulations and to make recommendations on improvements required;
2. To receive, investigate and preside over disputes of unfair business practices with the objective of assisting the parties to the dispute to reach a settlement.

Resolution of Consumer Complaints

Under this statutory function, the Authority investigates, mediates and negotiates in consumer trade disputes that arise in the sale of goods and services between businesses and consumers. The

Authority assists parties to the disputes to reach a settlement without having to go to the Tribunal. There are cases, wherein the Authority is dependent on line ministries to give expert advice.

These include but are not limited to:

1. Ministry of Transport and Communications – Department of Roads, Transport and Safety - Expert opinion on motor vehicles and related matters;
2. Ministry of Mineral Resources, Green Technology and Energy Security: Department of Water Affairs - Expert opinion on drilling of boreholes; and
3. BOMRA - Expert opinion on laboratory test results and conformity of medical equipment.



The Authority received a wide range of consumer complaints categorised as follows:

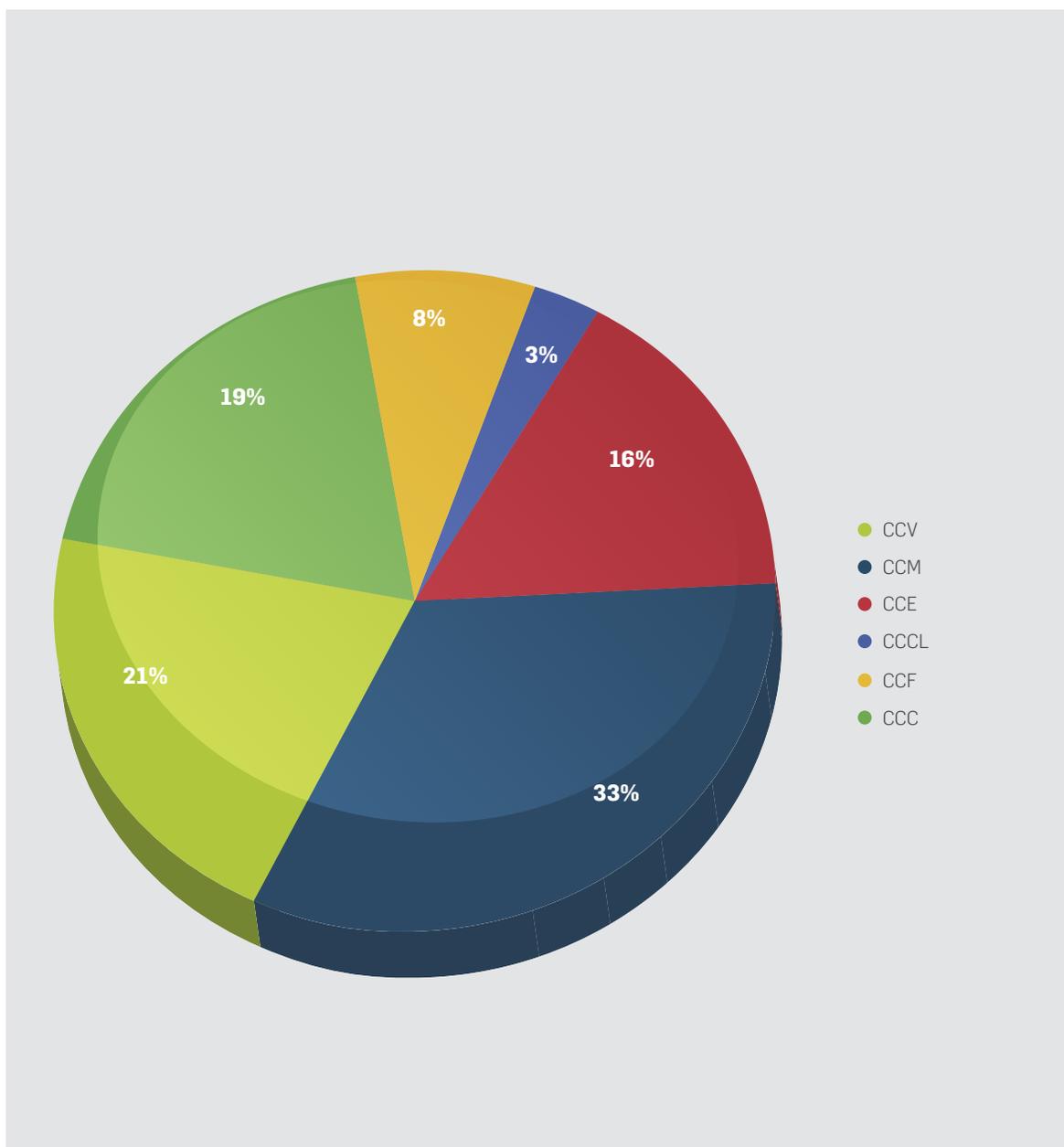
1. Motor vehicles, motor parts and service (CCV);
2. Electronics and Electricals (CCE);
3. Clothing (CCCL);
4. Furniture (CCF);
5. Cell Phone and cellphone gadgets (CCC); and
6. Miscellaneous (CCM): covers anything not covered in the above categories.

Table 8: Number of cases received, resolved and pending per category

Category	Brought forward	Received	Cases investigated	Resolved	Pending
CCV	11	63	74	47	27
CCM	46	101	147	89	58
CCE	28	49	77	53	24
CCCL	6	9	15	8	7
CCF	13	25	38	26	12
CCC	18	56	74	51	23
Total	122	303	425	274	151

Between December 2019 and March 2020, a total of 425 complaints were investigated, out of which 274 were resolved, leaving a total of 151 complaints pending. This represents 64.5% of cases resolved.

Figure 2: Cases Received



Source: The Authority's Consumer Protection Unit Database as at April 2020.

According to Figure 2, the majority of complaints i.e. 33%, was in the miscellaneous (CCM) category. These include complaints such as disputes in rental, supply of defective building materials, borehole drilling, and unfulfilled contractual obligations by businesses.

There is need to review category of cases to cater for emerging consumer issues such as those resulting from e-commerce transactions.

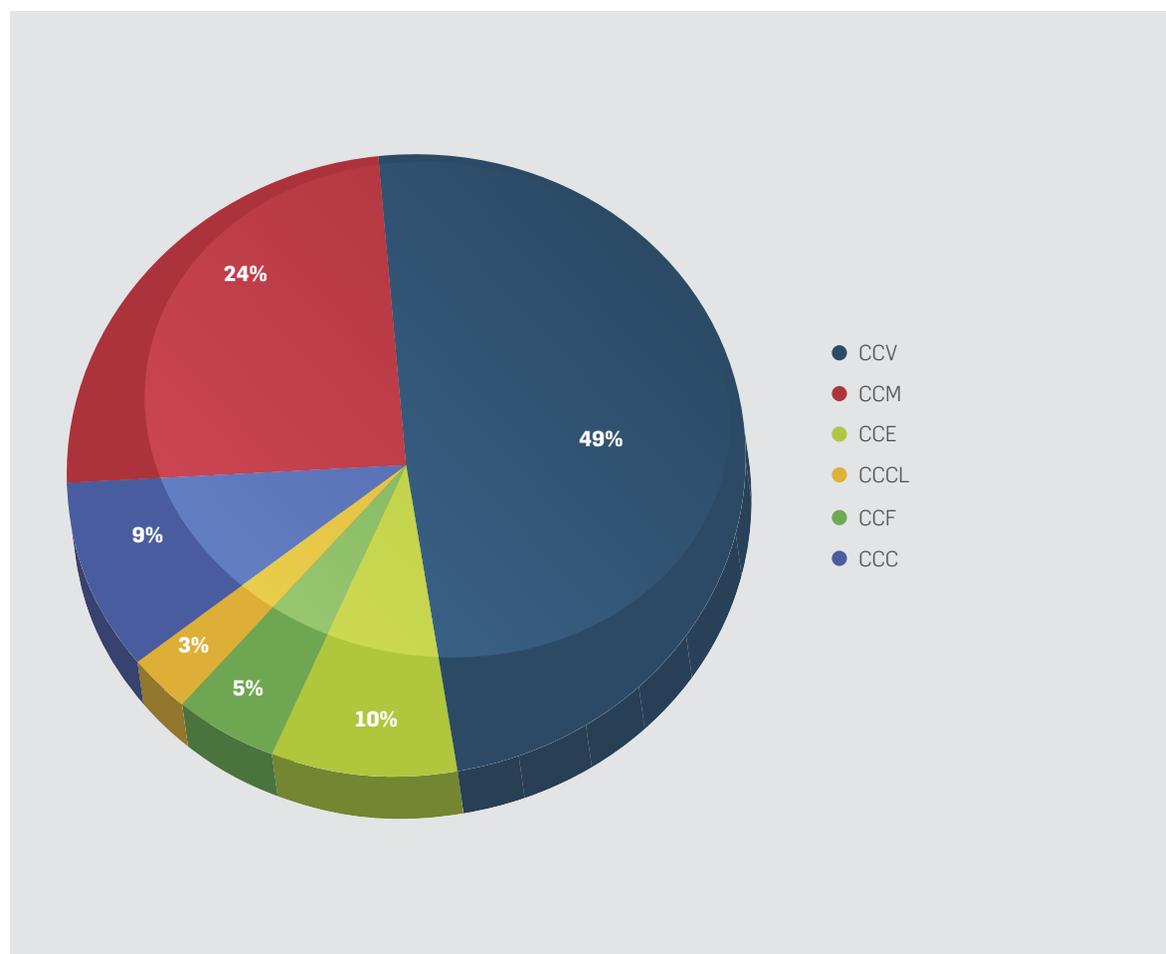
The next category with most complaints is motor vehicles, motor parts and service (CCV) at 21%, the majority of which were complaints against preowned vehicles commonly known as "grey vehicles". A small number of cases were recorded under the clothing category at 4%.

On pending cases, 49% of cases were in the vehicle category. The local motor vehicle industry is dominated by dealers of grey imports from Asian markets. Although these imported vehicles are

affordable to most consumers, they tend to be problematic and are mostly sold under terms that transfer risk of non-merchantability to consumers. Such cases are difficult to resolve as dealers usually invoke the terms of sale that limit their liability such as the 'Voetstoots Clause' which states that except for any guarantees or warranties stated in the contract of sale, the seller is not liable for any defects, patent or latent.

Complaints investigated during the year under review increased by about 9% compared to last year with complaints on electrical appliances recording a 64% increase.

Figure 3: Pending cases



Source: The Authority's Consumer Protection Unit Database as at April 2020

Table 9: Number of Cases Received, Resolved and Pending Per Category

Category	Cases Investigated 4th Quarter		% Change
	2018/19	2019/20	
CCV	55	74	+34
CCM	173	147	-15
CCE	47	77	+63.8
CCCL	10	15	+50
CCF	45	38	-15.6
CCC	61	74	+21.3
Total	391	425	+8.7

Compliance

Through the compliance function, the Authority promotes consumer welfare by ensuring that businesses comply with laws that underpin noble business practices for goods and services. Inspections are done on routine basis or following a tip-off from the general populace. If non-compliance is encountered, businesses are either advised to rectify the anomaly for non-punishable offences and an agreement with the business or supplier is drawn to that effect.

For punishable offences, the Authority engages implementers of the infringed law for appropriate action. In some instances, the Authority partners with other relevant stakeholders to conduct joint inspections. Routine inspection, tip-offs and joint inspections are done according to schedule or when necessary. The following are common offences usually found during business inspections:

1. Display and sale of tainted goods (i.e. expired or without dates at all, damaged packages, bulged containers, rotten-especially fruits, vegetables and meat);
2. Non-issuance of proof of purchases; i.e. receipts or issuing receipts that lack vital information such contact details, proper description of the purchased item etc.;
3. Failure to display prices;
4. Shelf prices that do not tally with till prices;
5. Uncleanliness especially in the kitchens (take aways, restaurants and bakeries);
6. Trading without a license;
7. Failure to display a trading license;
8. Repackaging of food;
9. Unfair disclaimers; and
10. Failure to comply to labelling standards.

In the period under review, 23 inspections were carried out, in which 347 businesses were inspected, and 90 businesses were found to have defaulted in a number of areas, resulting in a 74.1% compliance level.

Price Monitoring on Essentials and Basic Products

Following the outbreak of the Covid-19 pandemic country wide, price monitoring for essential and basic products was carried out towards the end of March 2020. Government issued regulations relating to pricing of essential and basic products during the State of Emergency, as a preventive measure against price hiking and to ensure the availability of essential commodities.

Regulatory Collaborations

Following communication from the Ministry of Health and Wellness with regards to the recall of the 400g canned pilchards in tomato sauce, and pilchards in chilli sauce, inspections were done in various Checkers, U-save and Shoprite outlets across the country to ensure compliance.

Findings indicated that all the pilchards products with the batch codes starting with ZST29 and ZSC29 had been removed from the shelves and disposed-off as directed by authorities.

Case Investigated Following Anonymous Tip-Offs

Alleged Inadequate Labelling of Imported Milk

A tip-off alleged that an advertisement of a milk product imported from Zimbabwe was not disclosing adequate product information, primarily that it is reconstituted.

The Authority carried out an investigation in March 2020 at some supermarkets. All the brands of milk

advertised portrayed only the brand name e.g., UHT full cream milk, the size and the price.

However, labelling on the products depicted that the milk was reconstituted UHT full cream. In other products the labelling indicated that it was a UHT full cream milk. The investigation was discontinued as there was no basis for the alleged offence on the disclosure of information on the advertisement of the product in question.



Following the outbreak of the Covid-19 pandemic country wide, price monitoring for essential and basic products was carried out towards the end of March 2020. Government issued regulations relating to pricing of essential and basic products during the State of Emergency.



Financial Inclusion

The Botswana Financial Inclusion Roadmap 2015-2021 lays out the national priorities for the enhancement of financial inclusion in Botswana, in order to help improve citizen welfare and support national objectives. The roadmap proposes six(6) priority areas of action based on the most urgent customer needs and barriers identified in the MAP research.

According to the research, 24% of Botswana mainly in the lower income, rural and remote populations, are completely excluded from accessing financial services in the areas of savings, credit, insurance and payments.



The Authority is tasked with coordinating Priority Area Number 5 which encompasses “Consumer Protection and Empowerment”. The Authority, in collaboration with the Ministry of Finance and Economic Development and some non-governmental agencies had planned to undertake country wide roadshows and workshops between February and March to educate consumers on financial literacy.



The Authority is tasked with coordinating Priority Area Number 5 which encompasses “Consumer Protection and Empowerment”. The Authority, in collaboration with the Ministry of Finance and Economic Development and some non-governmental agencies had planned to undertake country wide roadshows and workshops between February and March to educate consumers on financial literacy. This was postponed due to the corona virus pandemic.





Legal Services



The Authority, through its Legal Services Department, is responsible for the referral of cases and prosecution of entities that infringe the provisions of the Competition Act and the Consumer Protection Act before the Competition and Consumer Tribunal, and appealing on behalf of or defending appeals against the Authority at the High Court and Court of Appeal.

Cases Before the Competition and Consumer Tribunal

On 15th December 2018, the Authority referred a possible abuse of dominance case to the Competition and Consumer Tribunal (the former Competition Commission) against Gaborone Container Terminal (Pty) Ltd. The case is still before the Tribunal.

Commencement of the New Competition Act and the Consumer Protection Act

On 2nd December 2019, the Government authorised the commencement of the new Competition Act 2018 and the Consumer Protection Act 2018. This authorisation meant that the Authority would henceforth be known as the Competition and Consumer Authority and it would be responsible for the implementation of the two statutes.

This has not only increased the scope of the Authority's mandate but that of the Legal Services Department as well. The Department is now also responsible for the referral and prosecution of consumer related cases to the Tribunal.



Regional and International Projects

In the period under review, the Authority participated in the Tripartite Free Trade Area Agreement (TFTA) Technical Working Group meetings. TFTA is a combination of three Regional blocks, SADC, COMESA and EAC that seeks to establish a single market for its 27 African member countries.

The main deliverable of the technical working group is to come up with a Protocol on Competition Policy under the aegis of the TFTA to ensure a harmonised competition policy in the envisaged tripartite free trade area.

In addition, the Authority also participated in the African Continental Free Trade Area Agreement (AfCFTA) Technical Working Group meeting. The

AfCFTA is the African continent's integration initiative, embedded in the Agenda 2063 of the African Union, whose main objective is to create a single continental market for goods and services with free movement of people and investments, thus expanding intra-African trade across the continent, enhancing competitiveness and supporting economic transformation in Africa.

The role of the Authority in this working group meetings is to assist in drafting a Protocol on Competition Policy to ensure a harmonised application of competition rules and principles in the African continent.

Corporate Services



The welfare of our human capital continues to be a high priority to the Authority with the ultimate intention of creating a high performance and results-driven culture.

In an endeavour to achieve the employee engagement target of 75% as set in the corporate scorecard, the Authority continued to monitor and implement initiatives aimed at improving engagement. This was done by creating a conducive work environment, communication, training and development, and employee recognition.

During the third quarter of the financial year, the mandate of the Consumer Protection Unit (CPU), based at the Ministry of Investment, Trade and Industry was transferred to the Authority. Following the integration, staff initially based at the CPU were seconded to the CCA. And, in order

to induct them, a change management workshop was organised for all staff from the former CA and CPU. Further to the above, during the period under review, the Authority implemented the following initiatives aimed at improving the overall employee experience:

1. Performance Rewards for staff recognition;
2. Christmas gifts as a token of appreciation to staff; and
3. Annual staff team building

Talent Development

The Authority has developed tools that support leadership development which include acting appointments and learning programs and opportunities. The Authority also developed a training and development programme for its



employees, and this provided a prime opportunity to expand the knowledge base of all employees and improve performance. For the year 2019/20, 37 employees attended capacity building workshops and networking conferences. In addition, one employee was pursuing a Masters Degree, whilst another was enrolled in a Diploma Programme.

Employee Wellness

The wellbeing of our employees is accorded the highest priority in order to improve their overall health and fitness.

In conjunction with our Employee Support Assistance Partner, the Staff Welfare Committee facilitated health talks on the Covid-19 pandemic for staff members across the branches.

Procurement

All procurement activities within the Authority were done in accordance with the laid down procurement procedures and the PPADB Act. During the period under review, the Authority continued to implement the Government's Economic Diversification Drive (EDD) through the procurement of local goods and services. In addition, the Authority supported youth-owned companies as it procured goods and services valued at P188 768.50 from nine (9) youth-owned companies during the 2019/2020 financial year.

Operational Stability of IT Platforms

Technology risks are present in all daily operations at the Competition and Consumer Authority (CCA). These risks normally pose a loss arising from the

disruption of business or system failures. As such, mitigation efforts inclusive of system and network controls, employee awareness on threats were observed by the CCA.

which permitted employees to access IT resources securely from anywhere and at any given time. This assists in speedy decision making and eliminates unnecessary delays.

Leveraging on technology to deliver value-adding services to our clients is another area that the CCA focused on in the year under review by introducing an Employee Self Service system to provide quick and convenient access to all relevant data. Another key priority the CCA promoted was mobility and efficiency by introducing a system

Corporate Challenges And Opportunities

In the year under review, the Authority identified the following challenges, and the opportunities available to mitigate the challenges as shown in Table 10 below:

Table 10: Corporate Challenges and Opportunities

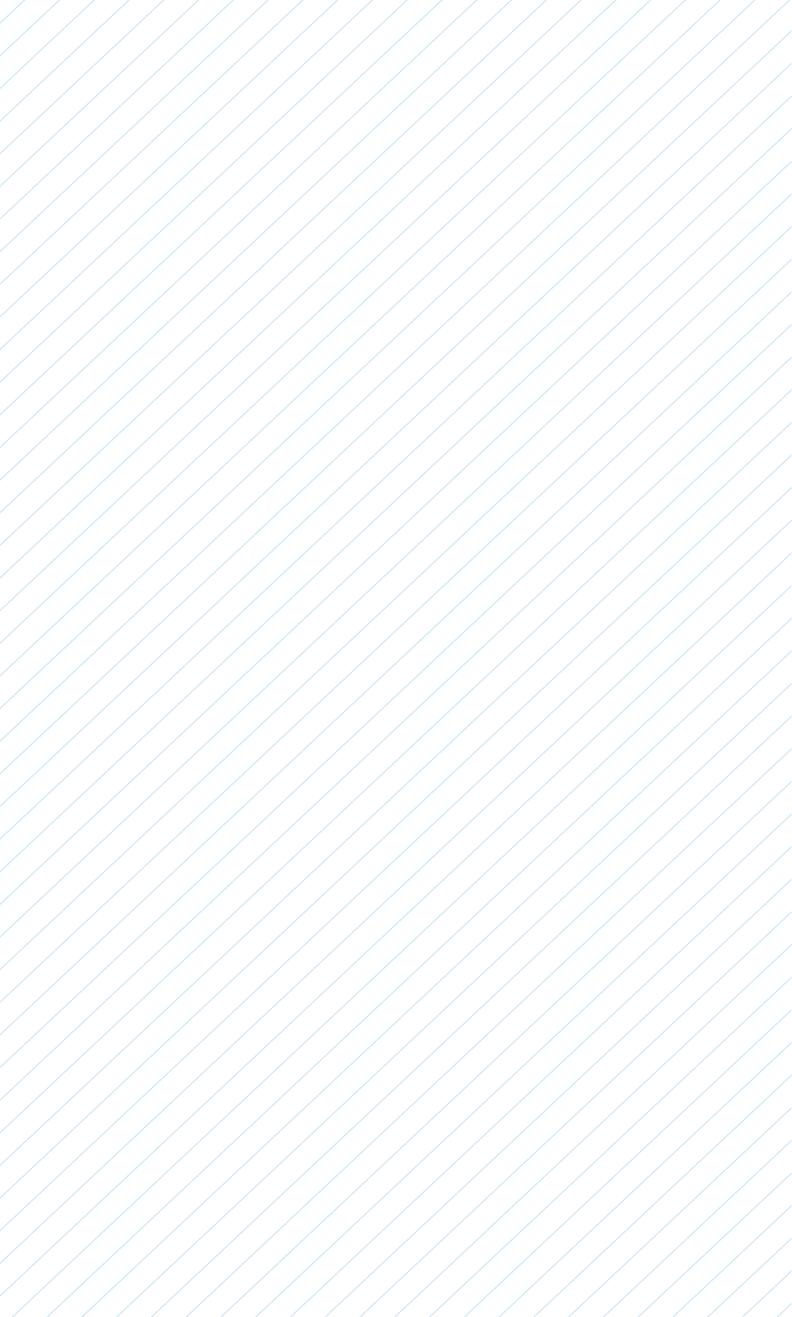
Challenges	Mitigation	Opportunities
<ul style="list-style-type: none"> Inadequate human resources to implement planned activities potentially presents serious risks that may lead to lower levels of productivity, higher turnover, and ineffective internal controls. Limited Budget 	<ul style="list-style-type: none"> Engagement of temporary employees and interns. Alternative funding and technical support are sourced from international bodies such as UNCTAD, ACF, and OECD and collaborations with local organisations 	<ul style="list-style-type: none"> Transference of the consumer protection mandate to the Competition Authority presents opportunities for growth and wide outreach and enforcement opportunities using the countrywide Consumer Protection Offices. Growth in numbers of personnel for the Competition and Consumer Authority presents an opportunity to grow competition and consumer champions The new Competition Act 2018 and Consumer Protection Act 2018 ushered in a new institutional design of competition and consumer enforcement which will result in speedy access and resolution of matters before the Tribunal. The expansive mandate and objectives brought about by the two Acts will broaden the enforcement reach of the Authority, with more potent penalties and invariably lead to a redress of a broad spectrum of consumer complaints and competition infringements. Engagement with the business community to form associations that will ensure good business practices in different sectors. Peer review recommendations are expected to lead to agency effectiveness once fully implemented.



AUDITED ANNUAL FINANCIAL STATEMENTS

31 March 2020





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Board's Responsibility and Approval of the Annual Financial Statements

The Board is responsible for the preparation of the Annual Financial Statements of the Competition and Consumer Authority and all other information presented therewith. Their responsibility includes maintenance of financial records and the preparation of Annual Financial Statements in accordance with the International Financial Reporting Standards and in the manner required by the Competition Act, 2018.

The Competition and Consumer Authority maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse of the Competition and Consumer Authority's assets. According to Section 23 of the Competition Act 2018, the Competition and Consumer Authority appoints the External Auditor but the Board is also responsible for providing policy and reviewing the design, implementation, maintenance and monitoring of the systems of internal control.

The Independent Auditor is responsible for giving an independent opinion on the Annual Financial Statements based on their audit of the affairs of the Competition and Consumer Authority.

After making enquiries, the Board has no reason to believe that the Competition and Consumer Authority will not be a going concern in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these Annual Financial Statements based on forecasts, available cash resources and continued support of the Government of the Republic of Botswana.

The Board is satisfied that Management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the Annual Financial Statements, to safeguard the assets of the Competition and Consumer Authority, and to ensure that all transactions are duly authorised.

Against this background, the Board accepts responsibility for the Annual Financial Statements on pages 86 to 118 which were signed on its behalf by:



Dr Malebogo Bakwena
Chairperson of the Board



Mrs. Tebelelo Pule
Chief Executive Officer

Date of Approval by the Board
27 November 2020

Independent Auditor's Report to the Competition and Consumer Board

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Report on the Financial Statements

We have audited the financial statements of the Competition and Consumer Authority (the "Authority") set out on pages 83 to 118, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Competition and Consumer Authority as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Competition Act, 2018.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including international independence standards) (IESBA Code) and other independence requirements applicable to performing audits of Competition and Consumer Authority and in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Competition and Consumer Authority and in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no such matters to report.

Other Information

The Competition and Consumer Board is responsible for the other information. The other information comprises the information included in the 35 page document titled "Competition and Consumer Authority Annual Financial Statements" which includes general information, the Board's responsibility and approval of the financial statements and information included in the annual report, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Independent Auditor's Report to the Competition and Consumer Board

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Competition Act, 2018 and for such internal control as the members of the Board determine what is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of the Board either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

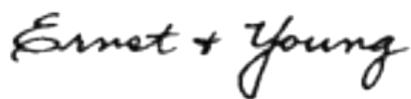
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

Independent Auditor's Report to the Competition and Consumer Board

- Conclude on the appropriateness of the Competition and Consumer Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Competition and Consumer Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script font.

Ernst & Young
Practising Member: Bakani Ndwapi
Partner
Membership Number: 19980026
Certified Auditor
Gaborone

Date: 30/11/2020

Statement of Comprehensive Income

for the year ended 31 March 2020

	Notes	March 2020 BWP	March 2019 BWP
Continuing Operations			
Revenue			
Government subvention	1	33,407,197	28,389,660
Amortisation of subvention relating to capital assets	16	768,082	872,359
Revenue arising from contracts with customers	17	2,237,903	3,825,161
Total Revenue		36,413,182	33,087,180
Other Income			
Sale of tender documents	17	25,000	750
Sundry Income		56,491	20,000
		81,491	20,750
Total Income		36,494,673	33,107,930
EXPENDITURE			
Staff costs	2	20,325,606	17,169,812
Consultancy costs	3	1,577,500	2,468,444
Administration expenses	4	12,476,436	9,159,507
Restructuring and integration expenses	4.1	4,864,377	-
Lease expenses	5	-	3,102,410
		39,243,919	31,900,173
Operating (Deficit)/Surplus for the Year		(2,749,246)	1,207,757
Finance income	6	33,171	63,649
Finance costs	6	(1,920,216)	-
Total Comprehensive Income for the Year		(4,636,291)	1,271,406

Statement of Financial Position

as at 31 March 2020

	Notes	March 2020 BWP	March 2019 BWP
ASSETS			
Non-Current Assets			
Plant, property and equipment	7	2,346,683	2,496,739
Right of use assets	15.1	27,120,057	-
		29,466,740	2,496,739
Current Assets			
Receivables and prepayments	8	769,937	1,421,185
Cash and cash equivalents	9	5,756,468	5,025,620
		6,526,405	6,446,805
Total Assets		35,993,145	8,943,544
FUNDS, RESERVES AND LIABILITIES			
Funds and Reserves			
Accumulated (deficit)/surplus		(1,451,184)	3,185,106
Non-Current Liabilities			
Deferred capital grant	16.1	1,188,699	1,234,478
Lease liabilities	15.2	28,014,154	-
		29,202,853	1,234,478
Current Liabilities			
Trade and other payables	10	1,888,343	2,418,546
Provisions	11	1,391,016	1,233,055
Government subvention	16.1	3,295,108	872,359
Lease liabilities	15.2	1,667,010	-
		8,241,477	4,523,960
Total Funds, Reserves and Liabilities		35,993,145	8,943,544

Statement of Changes in Funds

for the year ended 31 March 2020

	Accumulated Funds BWP	Total BWP
Balance at 1 April 2018	1,913,700	1,913,700
Total comprehensive income for the year	1,271,406	1,271,406
Balance at 31 March 2019	3,185,106	3,185,106
Balance at 1 April 2019	3,185,106	3,185,106
Total comprehensive income for the year	(4,636,291)	(4,636,291)
Balance at 31 March 2020	(1,451,185)	(1,451,185)

Statement of Cash Flows

for the year ended 31 March 2020

	Notes	March 2020 BWP	March 2019 BWP
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/ (deficit) for the year		(4,636,291)	1,271,406
Adjustments for:-			
Finance income	6	(33,171)	(63,649)
Finance costs	6	1,920,216	-
Recognition of capital grant	16	(768,082)	(872,359)
Depreciation of plant and equipment	4	768,082	872,359
Depreciation on right of use Asset	5	3,444,149	-
Movement in provision for gratuity pay	11.1	(69,289)	399,663
Movement in provision for leave pay	11.2	246,458	153,185
Movement in provision for leave travel	11.3	(19,208)	99,000
Cash generated by operations		852,864	1,859,605
Decrease/(increase) in trade and other receivables	8	651,248	(668,306)
(Decrease)/Increase in trade and other payables	10	(138,135)	1,843,823
		1,365,977	3,035,122
CASH FLOWS USED IN INVESTING ACTIVITIES			
Interest received	6	33,171	-
Purchase of plant and equipment	7	(618,026)	(862,600)
Net cash flows used in investing activities		(584,855)	(862,600)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest received	6	-	63,649
Capital grant received	16	3,145,052	862,600
Payment of lease liabilities	15.2	(3,195,326)	-
Net cash flows (used in)/generated from financing activities		(50,274)	926,249
NET INCREASE IN CASH AND CASH EQUIVALENTS		730,848	3,098,771
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		5,025,620	1,926,849
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	5,756,468	5,025,620

Accounting Policies

for the year ended 31 March 2020

1. Presentation of Financial Statements

The financial statements have been prepared on a historical cost basis. All values are rounded to the nearest Pula (BWP) except when otherwise indicated.

2. Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Competition Act, 2018.

3. Significant Accounting Judgements and Estimates

The preparation of the financial statements is in conformity with the IFRS, which requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. The estimation is based on management's best judgment. Judgements made in the application of IFRS which have a significant risk of material misstatement relate to the determination of residual values and useful lives of property, plant and equipment disclosed in accounting policy note 4.

4. Property, Plant and Equipment

All plant and equipment are measured at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives, to estimated residual values. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated separately over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually, with the effect of any change in estimates accounted for prospectively.

The following rates were used during the period to depreciate plant and equipment on a straight line basis to estimated residual values.

Furniture and Fittings	10-20%
Motor Vehicles	10-20%
Computer Equipment	20-25%

An item of plant and equipment is derecognised upon disposal, scrapped or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the period the asset is recognised.

During the year, the Authority carried out an assessment of residual values and useful lives of assets. The results of the assessment have been adopted prospectively. Following the assessment, motor vehicles lives have been revised from 5 years to 5 to 10 years. Furniture and fittings and computer equipment were assessed to be the same as per previous assessment. Following the assessment, residual values have been adopted for all assets categories. The impact of the assessment of residual values and useful lives on the depreciation amount for the year is a decrease of P83,870.

Accounting Policies

for the year ended 31 March 2020

5. Impairment of Non-Financial Assets

At each reporting date, the Authority assesses whether there is any indication that assets are impaired. If any such indication exists for any asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where an asset does not generate cash flows that are largely independent of those of other assets or group of assets, the recoverable amount is determined for 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. Fair value is determined by the market values relating to the asset and the related costs to sell. 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 its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in the surplus or deficit in those expense categories consistent with the function of the impaired asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating-unit) is increased to the revised estimate of its recoverable amount. This increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in surplus or deficit.

6. Revenue Recognition

Revenue arising from contracts with customers

Revenue is accounted as per the requirements of IFRS 15: Revenue. Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue recognition follows a five step model framework as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Merger fees

The threshold for merger notification is satisfied when either the turnover or asset value of the target enterprise is more than BWP10 million or the combined market share of the merging enterprises is 20% or more. It is also required under Regulation 18(2) that a merger shall be accompanied by a merger fee of 0.01 percent of the merging enterprises' combined turnover or assets in Botswana, whichever is higher. Merger fees are recognised upon approval of the merger.

Accounting Policies

for the year ended 31 March 2020

6. Revenue Recognition (Continued)

Exemption Fees

Regulation 6(2) requires that an application for an exemption shall be accompanied by an application fee of 0.01 per cent of the applicant's latest turnover. Exemption fees are recognised on an accrual basis. There were no exemption fees received during the current and prior year.

7. Other Income

Sale of Tender Documents

Tender fees are recognised when payment is received from the bidders. The fees are non-refundable.

8. Finance Income

Interest income is recognised as it accrues (using the effective interest rate). Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

9. Related Party Transactions

The Authority maintains a very close relationship with the Government of Botswana. The Government of Botswana provides significant income to the Authority through operational subventions and capital grants and also has a representation of one member in the Authority's Commission. Transactions directly with Government of Botswana are treated as related party transactions.

Transactions with entities related to Government of Botswana, such as Water Utilities Corporation, Botswana Power Corporation, Botswana Telecommunications Corporation and Botswana Investment and Trade Centre and the Botswana Unified Revenue Services which are autonomous bodies on their own, have been treated as related party transactions in accordance with relevant requirements of IFRS.

10. Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Pension

For eligible permanent and pensionable employees, the Competition and Consumer Authority operates a defined contribution scheme for the employees. Payments to the scheme are charged as an expense to the statement of comprehensive income as they fall due.

Accounting Policies

for the year ended 31 March 2020

10. Employee Benefits (Continued)

Gratuity

For contract employees, the Competition and Consumer Authority pays gratuity in accordance with the respective contracts of employment. The Commission passed a resolution that gratuity earned can be paid annually, or the contractual employee may opt that gratuity be deferred and settled at the end of the contract.

Leave Pay Provision

The Competition and Consumer Authority recognises, in full, employees' rights to annual leave entitlement in respect of past service. The recognition is made each year and is calculated based on accrued leave days not taken during the year. The charge is made to expenses in the Statement of Comprehensive Income and a separate provision is recognised in the Statement of Financial Position.

11. Financial Instruments

Financial Assets

Initial recognition and measurement

Financial instruments recognised on the statement of financial position include cash and cash equivalents, receivables and trade and other payables. Financial instruments are initially measured at fair value, including transaction costs, when the company becomes a party to the contractual arrangements. Financial assets are classified at initial recognition and subsequently measured at amortised cost.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Receivables

Receivables are held by the entity to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Receivables are therefore classified and subsequently measured at amortised cost, using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Cash and cash equivalents

Bank balances and cash in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less. Cash and cash equivalents are classified and subsequently measured at amortised cost. For the purpose of the cash flow statement, bank balances and cash consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Accounting Policies

for the year ended 31 March 2020

11. Financial Instruments (Continued)

Impairment of Financial Assets

The entity recognises an allowance for expected credit losses (ECLs) for financial instruments measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables, the entity applies a simplified approach in calculating ECLs. Therefore, management does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. ECLs are based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial assets are written off when there is no reasonable expectation of recovering the contractual cash flows.

Trade and other payables

After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

12. Provisions and Contingencies

Provisions are recognised when the Competition and Consumer Authority has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at management's best estimate of expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect of the time value of money is material. When discounting is used, the increase in the provision due to the passage of time is recognised as finance costs. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note.

Accounting Policies

for the year ended 31 March 2020

13. Tax

No provision for Tax is made as the Authority is exempt from the Income Tax.

14. Leases

Leases are recognised, measured and presented in line with "IFRS 16: Leases". The Authority recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time.

The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date of the lease and deferred lease asset amount relating to the lease contract at the beginning of the reporting period. The right-of-use asset is depreciated using the straight line method over the shorter of the asset's useful life and the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. Lease payments included in the measurement of the lease liability comprise of the fixed payments and the variable lease payments that depend on the incremental borrowing rate. The lease liability is subsequently measured at amortised cost using effective interest rate method.

The Authority presents the Right-of-Use Asset separately under Non-current Assets and the Lease Liability separately under Current and Non-Current Liabilities.

Leases of Low Value Assets

The Authority has elected not to recognise right of use assets and lease liabilities for leases of low value assets. The Authority recognises lease payments associated with such leases as an expense in the statement of comprehensive income.

IAS 17: Leases (Comparatives)

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

15. Government Grant

Government grants are recognised when there is reasonable assurance that: the Authority will comply with the conditions attached to them; and the grants will be received.

Accounting Policies

for the year ended 31 March 2020

15. Government Grant (continued)

Government Grants Related to Assets (Capital Grants)

These are grants whose primary condition is that for the Authority to qualify for them the Authority should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held. The Authority presents the grant related to assets in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised in the statement of comprehensive income over the useful lives of depreciable assets as reduced depreciation expenses.

Government Grants Related to Income

These are government grants other than those related to assets. These are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Authority with no future related costs is recognised as income of the period in which it becomes receivable. When the grant relates to an expense item, it is recognised on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Government grants related to income are presented as income in the statement of comprehensive income.

Deferred Income

Grant received in advance or grant received, but not spent for the purpose of which is it received by the end of reporting date, is deferred in the statement of financial position.

16. New Standards and Interpretations

Standards, Amendments and Interpretations to existing standards that effected on 01 January 2019 have been adopted by the Authority.

Below are the new standards, amendments to existing standards and interpretations that have been adopted by the Authority. The adoption of the new and revised standards will be effected for the year ending 31 March 2020 since the changes are effective for periods beginning on/ after 01 January 2019. The scope and the impact on the financial statements on adoption of the above Standards and Interpretations are stipulated below.

Accounting Policies

for the year ended 31 March 2020

16. New Standards and Interpretations (Continued)

Standards, Amendments and Interpretations	Scope	Applicable for Annual Periods Beginning on or After
<p>IFRS 16 Leases</p>	<p>IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the entity are as follows:</p>	<p>1 January 2019</p>
	<p>Entity as Lessee:</p> <ul style="list-style-type: none"> • Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis. • The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset. • The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease. 	

Accounting Policies

for the year ended 31 March 2020

16. New Standards and Interpretations (Continued)

Standards, Amendments and Interpretations	SCOPE	Applicable for annual periods beginning on or after
	<p>The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.</p> <ul style="list-style-type: none"> • The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications. 	
	<p>Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.</p> <ul style="list-style-type: none"> • The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset. • The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments. 	

Accounting Policies

for the year ended 31 March 2020

16. New Standards and Interpretations (Continued)

Standards, Amendments and Interpretations	SCOPE	Applicable for annual periods beginning on or after
IFRS 16 Leases Continued	<p>Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.</p> <ul style="list-style-type: none"> • The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset. • The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments. 	1 January 2019
	<p>Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.</p> <ul style="list-style-type: none"> • Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases. 	

Accounting Policies

for the year ended 31 March 2020

16. New Standards and Interpretations (Continued)

International Financial Reporting Standards and amendments effective for the first time for March 2020 year-end but have immaterial or no impact on the Authority Annual Financial Statements:

Standards, Amendments and Interpretations	Scope and Impact	Applicable for Annual Periods Beginning on or After
Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities	No impact on these financial statements	Annual periods beginning on or after 1 January 2019
Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement	No impact on these financial statements	Annual periods beginning on or after 1 January 2019
Amendments to IAS 28, 'Investments in associates and joint ventures' – longterm interests in associates and joint ventures	No impact on these financial statements	Annual periods beginning on or after 1 January 2019
Annual improvements cycle 2015-2017	No impact on these financial statements	Annual periods beginning on or after 1 January 2019
IFRIC 23, 'Uncertainty over income tax treatments'	No impact on these financial statements	Annual periods beginning on or after 1 January 2019
International Financial Reporting Standards and amendments in issue but not effective:		
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material	Immaterial Impact expected	Annual periods beginning on or after 1 January 2020
Amendment to IFRS 3, 'Business combinations' Definition of a business	No impact expected	Annual periods beginning on or after 1 January 2020

Accounting Policies

for the year ended 31 March 2020

16. New Standards and Interpretations (Continued)

International Financial Reporting Standards and amendments in issue but not effective:

Standards, Amendments and Interpretations	Impact on the Annual Financial Statements	Applicable for Annual Periods Beginning on or After
IFRS 17, 'Insurance contracts'	No impact expected	Annual periods beginning on or after 1 January 2022 (following due process) Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17
Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosure – Interest rate benchmark reform	No impact expected	'Annual periods beginning on or after 1 January 2020 (early adoption is permitted)

Accounting Policies

for the year ended 31 March 2020

17. Changes in Accounting Policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

The Authority has initially applied IFRS 16: Leases from 1 April 2019. The Authority chose the modified retrospective approach method in applying the new standard, therefore comparative information throughout these financial statements has not been restated to reflect the requirements of IFRS 16: Leases.

The effect of initially applying IFRS 16 is mainly attributed to the following:

- Right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position for all arrangements where identified assets are controlled for a period of time in exchange for consideration. Any other payments that relate to the use of assets is expensed as incurred, applying the practical expedient per IFRS 16.
- Instead of applying lease smoothing, additional depreciation will be recognised for all right-of-use assets and the lease liability will be amortised using the effective interest method resulting in an expense.

Under the modified retrospective approach only, a lessee may apply a single discount rate to a portfolio of leases with reasonably similar characteristics e.g., leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment. This practical expedient is applied on a lease-by-lease basis.

IFRS 16 Leases (Post 1 April 2019)

The Authority has adopted all of the requirements of IFRS 16 effective 1 April 2019 (initial application). IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Authority has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported in terms of IAS 17 and IFRIC 4: Determining whether an arrangement contains a lease. The Authority adjusted the accrued operating lease liability recognised on the statement of financial position immediately before the date of initial application against the lease asset.

The Authority elected the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases, and a single discount rate to a portfolio of leases with similar characteristics.

In the application of this model, the Authority has recognised the following at the date of initial application (unless the lease term is shorter than 12 months or the underlying asset is of low value):

Accounting Policies

for the year ended 31 March 2020

17. Changes in Accounting Policies (Continued)

Application of IFRS 16 Leases Continued

- A lease liability for all leases previously classified as operating leases, measured at the present value of the remaining lease payments, discounted using the applicable entity's incremental borrowing rate at the date of initial application; and
- A right-of-use asset, measured retrospectively, using the applicable borrowing rate at the date of initial application.

The Authority recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of identified assets for a specific period. The commencement date is the date on which a lessor makes an underlying asset available for use to the lessee.

The right-of-use assets are initially measured at cost, which comprises the amount of initial measurement of the lease liability adjusted for:

- any lease payments made at or before the commencement date;
- plus any initial direct costs incurred by the lessee;
- plus an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the asset is located; and
- any lease incentives.

Subsequent to initial measurement, the right-of-use assets are depreciated from the commencement date using the straight-line method over the shorter of the estimated useful lives of the right-of-use assets or the end of the lease term.

However, if the lease transfers ownership of the underlying asset or the cost of the right of use asset reflect that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement of the lease.

The right-of-use assets are depreciated over the lease period of 3.5 - 9.5 years

Right-of-use Asset	Useful Life
Buildings	3.5 - 9.5 years

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability.

The incremental borrowing rate applied to determine the lease liability recognised on 1 April 2019 was 6.5%.

Accounting Policies

for the year ended 31 March 2020

17. Changes in Accounting Policies (Continued)

Application of IFRS 16 Leases (Continued)

Impact of adopting IFRS 16 on the financial statements

The adoption of IFRS 16 resulted in the Authority recognising two leases for buildings on 1 April 2019. These were previously treated as operating leases in terms of IAS 17. On 1 April 2019, the previously recognised equalisation of operating lease liabilities in terms of IAS 17 was derecognised from trade and other payables. On transition leases were recognised using the modified retrospective approach.

When measuring the right-of-use asset, set the right-of-use at an amount equal to the lease liability and thus the equalisation of operating lease liabilities in terms of IAS 17 is set off against the right-of-use asset.

The following table summarises the impact of adopting IFRS 16 as at 1 April 2019:

Operating lease commitments as at 31 March 2019	42,778,913
Effecting of discounting lease commitments at an annual rate of 6.5%	(11,822,639)
Lease liability recognised on the statement of financial position as at 1 April 2019	30,956,274
Current portion	1,275,110
Long term portion	29,681,164
	30,956,274

The right-of-use asset recognised on 1 April 2019 was P30,564,206 which is equal to the lease liability recognised of P30,956,274 less straight-lining adjustment of P392,068 for operating leases as at 1 April 2019.

Notes to the Annual Financial Statements

for the year ended 31 March 2020

		March 2020 BWP	March 2019 BWP
1. GOVERNMENT SUBVENTION			
Revenue/subvention received from the Government of the Republic of Botswana		33,407,197	28,389,660
Capital grants received from the Government of the Republic of Botswana	16	768,082	872,359
Total Government subvention received		34,175,279	29,262,019

Amount recognised as income includes amortisation of grants previously received to fund capital expenditure as shown below:

Government subvention	1	33,407,197	28,389,660
Amortisation of subvention relating to capital assets	16	768,082	872,359
Total Grants Revenue		34,175,279	29,262,019

There were no unfulfilled conditions or contingencies attached to these income and capital grants.

Other Income			
Sale of tender documents		25,000	750
Sundry income		56,491	20,000
		81,491	20,750

2. STAFF COSTS

Salaries and wages		13,292,258	11,188,591
Allowances and benefits		2,584,511	2,533,473
Pension fund contributions		1,370,444	1,197,445
Medical aid and uniforms		1,153,827	755,909
Contract gratuity, severance and leave pay		1,924,566	1,494,394
		20,325,606	17,169,812

3. CONSULTANCY COSTS

Consultancies		1,577,500	2,468,444
		1,577,500	2,468,444

Notes to the Annual Financial Statements

for the year ended 31 March 2020

	March 2020 BWP	March 2019 BWP
4. ADMINISTRATION EXPENSES		
Advertising and publicity	569,197	546,627
Competition and Consumer Board sitting allowances	283,892	295,200
Competition and Consumer Board training and related expenses	94,987	214,868
External audit fees	214,860	154,821
Internal audit fees	581,035	286,864
Forensic audit fees	-	112,000
Bank charges	17,255	13,753
Depreciation	768,082	872,359
Insurance	403,435	273,291
Cleaning expenses	149,056	146,472
Printing and stationery	339,877	648,402
Merger related costs	87,228	247,453
Adjudication sitting allowances and expenses	237,600	325,811
Information technology and related services costs	1,153,731	212,951
Workshop and seminars	255,232	652,418
Staff training	783,037	915,945
Staff welfare and social activities	260,415	642,435
Utilities	1,083,220	951,200
Vehicle expenses	150,442	124,372
Legal expenses	324,297	245,177
Recruitment expenses	87,235	390,323
Repairs and maintenance	276,218	294,163
Security services	109,159	123,756
Subscriptions to professional bodies	48,248	40,701
Office refreshments and utensils	160,671	92,057
Travel and accommodation	593,878	336,088
Depreciation on Right of Use Asset	15 3,444,149	-
	12,476,436	9,159,507
4.1. RESTRUCTURING AND INTEGRATION EXPENSES		
Consumer Integration Expenses	2,017,409	-
Secondment Allowances	2,846,968	-
	4,864,377	-

During the year, the Consumer and Competition mandates were integrated. This followed the commencement of the Competition Act 2018.

Notes to the Annual Financial Statements

for the year ended 31 March 2020

	March 2020 BWP	March 2019 BWP
5. LEASE EXPENSES		
Lease Expenses	-	3,102,410
6. FINANCE INCOME AND COSTS		
6.1. Finance Income		
Interest income from bank deposits	33,171	63,649
6.2. Finance Costs		
Lease liabilities	1,920,216	-

Notes to the Annual Financial Statements

for the year ended 31 March 2020

7. PLANT AND EQUIPMENT

2020	Furniture and Fittings BWP	Motor Vehicles BWP	Computer Equipment BWP	Total BWP
COST				
At 31 March 2019	3,589,102	2,076,327	4,496,708	10,162,137
Additions for the period	149,092	449,880	19,054	618,026
Disposals	-	-	-	-
At 31 March 2020	3,738,194	2,526,207	4,515,762	10,780,163
ACCUMULATED DEPRECIATION				
At 31 March 2019	2,348,679	1,523,429	3,793,290	7,665,398
Depreciation	344,170	149,293	274,619	768,082
Disposals	-	-	-	-
At 31 March 2020	2,692,849	1,672,722	4,067,909	8,433,480
CARRYING AMOUNT				
At 31 March 2020	1,045,345	853,485	447,853	2,346,683
2019	Furniture and Fittings BWP	Motor Vehicles BWP	Computer Equipment BWP	Total BWP
COST				
At 31 March 2018	3,083,213	2,076,327	4,139,997	9,299,537
Additions for the period	505,889	-	356,711	862,600
Disposals	-	-	-	-
At 31 March 2019	3,589,102	2,076,327	4,496,708	10,162,137
ACCUMULATED DEPRECIATION				
At 31 March 2018	1,995,416	1,327,449	3,470,175	6,793,040
Depreciation	353,263	195,980	323,115	872,358
Disposals	-	-	-	-
At 31 March 2019	2,348,679	1,523,429	3,793,290	7,665,398
CARRYING AMOUNT				
At 31 March 2019	1,240,423	552,898	703,418	2,496,739

Notes to the Annual Financial Statements

for the year ended 31 March 2020

	March 2020 BWP	March 2019 BWP
8. RECEIVABLES AND PREPAYMENTS		
Staff receivables	238,881	207,169
Receivables	226,437	262,359
Allowance for credit losses	-	(45,238)
	465,318	424,290
Prepayments	304,619	996,895
	769,937	1,421,185
Reconciliation of allowance for credit losses		
Opening balance	(45,238)	(65,238)
Unutilised provisions	45,238	20,000
	-	(45,238)

Receivables consists of rental deposits and utilities deposits. Prepayments mainly consist of rental and insurance paid for in advance.

Staff advances are receivable over six months for advances and twenty four months for training advance and do not attract any interest. Receivables were evaluated for impairment. Amounts receivable from employees are recoverable through payroll deductions.

9. CASH AND CASH EQUIVALENTS

Call	5,156,464	4,630,310
Current	595,011	390,311
Cash on hand	4,993	4,999
	5,756,468	5,025,620

A sweeping arrangement is in place for the call account with Standard Chartered Bank.

10. TRADE AND OTHER PAYABLES

Trade Payables and Accruals	1,655,219	1,315,656
Audit Fees	211,501	141,583
Merger Fees Advance and Refunds	3,349	556,336
Staff Related Payables	18,274	12,903
Operating Lease Liability	-	392,068
	1,888,343	2,418,546

Accruals are non-interest bearing and have an average term of three months. Accruals were booked in for the services rendered like the provision for Accpacc support that was paid after year end. Staff related payables comprises severance pay. Audit fee provision is based on the terms of the engagement letter. It is payable in stages with the last payment due on delivery of the signed audit report.

Notes to the Annual Financial Statements

for the year ended 31 March 2020

	March 2020 BWP	March 2019 BWP
11. PROVISIONS		
11.1. Gratuity		
Opening balance	633,294	233,630
Provision raised during the period	960,710	769,794
Provision used during the period	(1,029,999)	(370,130)
Closing balance	564,005	633,294
11.2. Leave - Annual		
Opening balance	475,553	322,368
Provision raised during the period	841,617	505,815
Provision used during the period	(595,159)	(352,630)
Closing balance	722,011	475,553
11.3. Leave - Travel		
Opening balance	124,208	25,208
Provision raised during the period	60,792	106,000
Provision used during the period	(80,000)	(7,000)
Closing balance	105,000	124,208

Total provisions relate to gratuity, leave and leave travel as at the reporting date. The Gratuity provision is calculated in accordance with the respective contracts of employment. Leave provision is calculated based on accrued leave days not taken during the period, while leave travel is a contractual benefit payable after every two years of service. Under contract employment, there is an option to pay the gratuity on an annual basis.

Notes to the Annual Financial Statements

for the year ended 31 March 2020

12. FINANCIAL INSTRUMENTS

The accounting classification of each category of financial instruments and their carrying amounts are as follows:

	Note	Financial assets at amortised cost BWP	Financial liabilities at amortised cost BWP	Total carrying amount BWP
2020				
Staff advances and deposits	8	465,318	-	465,318
Cash and cash equivalents	9	5,756,467	-	5,756,468
Trade and other payables	10	-	1,888,343	1,888,343
		6,221,786	1,888,343	8,110,129
2019				
Staff advances and deposits	8	424,290	-	424,290
Cash and cash equivalents	9	5,025,620	-	5,025,620
Trade and other payables	10	-	2,026,479	2,026,479
		5,449,910	2,026,479	7,476,389

Financial Risk Management Objectives and Policies

The main risks arising from the Competition and Consumer Authority's financial instruments are interest rate risk, credit risk and liquidity risk. The Competition and Consumer Authority does not hold any derivative financial instruments.

Credit Risk

The Competition and Consumer Authority has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Credit risk is the risk that the regulated and supervised institutions and other counter parties will not be able or willing to pay or fulfil their obligations in accordance with the Competition Act. The Authority is exposed to credit risk through its cash balances and staff advances. All cash and cash equivalents are placed with financial institutions registered in Botswana.

The maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents, as shown in the Statement of Financial Position. Credit risk on staff debtors is managed through recoveries from terminal benefits in accordance with the contractual terms and conditions of employment.

Significant Concentration of Credit Risk

Financial assets that potentially subject the Competition and Consumer Authority to concentrations of credit risk consist primarily of cash and cash equivalents, as well as accounts receivable. Cash and cash equivalents are placed with reputable financial institutions in the normal course of trading.

Notes to the Annual Financial Statements

for the year ended 31 March 2020

12. FINANCIAL INSTRUMENTS (Continued)

Significant Concentration of Credit Risk (Continued)

The Competition and Consumer Authority does not engage in any other investment portfolios. Expertise and controls have been put in place to manage credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer note 9). The Competition and Consumer Authority has no long-term significant interest bearing assets. Since the Competition and Consumer Authority receives funds from Government on a quarterly basis, which are linked to expenditure, it does not engage in long-term investments which attract significant interest rates.

The Competition and Consumer Authority is also monitoring instructions from the Central Bank on issues relating to interest rates trends.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates with all other variables held constant.

2020	Increase / decrease in basis points	Effect on surplus or deficit and equity
Pula	+100	516
Pula	-100	(516)
2019		
Pula	+100	463
Pula	-100	(463)

Liquidity Risk

The Competition and Consumer Authority's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, without incurring losses or risking damage to the Competition and Consumer Authority's reputation.

The ultimate responsibility for liquidity risk management rests with the Competition and Consumer Board, which has established appropriate liquidity risk management procedures for the management of the Competition and Consumer Authority's funding and liquidity management requirements. The Competition and Consumer Authority manages liquidity risk by maintaining adequate cash and cash equivalents to settle liabilities when they become due, by continuously monitoring forecast and actual cash flows, and by matching the Government Subvention to the maturity profile of the financial liabilities.

Notes to the Annual Financial Statements

for the year ended 31 March 2020

12. FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk (Continued)

The following table summarises the maturity profile of the Competition and Consumer Authority's financial liabilities as at 31 March 2020 based on contractual undiscounted payments:

2020	Less than	1 to 3	3 to 12	1 to 5	> 5	Total
	1 month	months	months	years	years	
	BWP	BWP	BWP	BWP	BWP	BWP
Trade and other payables	-	1,888,343	-	-	-	1,888,343
	-	1,888,343	-	-	-	1,888,343

2019	Less than	1 to 3	3 to 12	1 to 5	> 5	Total
	1 month	months	months	years	years	
	BWP	BWP	BWP	BWP	BWP	BWP
Trade and other payables	-	2,026,478	-	-	-	2,026,478
	-	2,026,478	-	-	-	2,026,478

Fair Values

Due to the short-term nature of all financial assets and financial liabilities, the amortised cost approximates their fair value.

Capital Management

Capital consists of the line item Accumulated funds in the Statement of Financial Position. The Competition and Consumer Authority's objectives when managing capital are to safeguard its ability to continue as a going concern in order to perform the mandate for which it was created. Management is of the view that these objectives are being met. During the period under review, the Competition and Consumer Authority did not have borrowings. As a government owned institution, the Competition and Consumer Authority is supported by the Government of the Republic of Botswana, which currently provides the necessary support to sustain the operations of the Competition and Consumer Authority.

13. RELATED PARTY TRANSACTIONS

The Competition and Consumer Authority was set up by the Competition Act, 2018 and is, therefore, related to the Government of Botswana. All related party transactions and balances are non-interest bearing and unsecured. There are no guarantees for transactions with related parties. Transactions with related parties are on agreed terms and conditions. The following transactions were carried out with related parties:

Relationships

Owner with control of entity
Members of Competition and Consumer Board

Government of Botswana
Refer to General Information Page

Notes to the Annual Financial Statements

for the year ended 31 March 2020

13. RELATED PARTY TRANSACTIONS (Continued)

		March 2020 BWP	March 2019 BWP
Subvention Received			
Government of the Republic of Botswana	(Note 1)	34,175,279	29,262,019

Compensation Paid to Key Management Personnel of the Authority

Basic salaries and allowances	4,504,516	4,331,265
Gratuity	960,709	769,794
Rental for CEO's official residence	382,800	365,400
Total employee benefits	5,848,026	5,466,459

Key management personnel are also provided with staff advances under the terms applicable to all staff. Competition and Consumer Board fees are not included in the compensation paid to management above.

Purchases from related parties (utilities and travel costs)

Air Botswana	191,011	128,068
Botswana Investment Trade Centre	2,812,526	2,737,010
Botswana Telecommunications Corporation	315,997	250,867
Botswana Power Corporation	267,205	244,035
Botswana Post	6,966	5,831
Water Utilities Corporation	14,140	7,176
	3,607,845	3,372,987

Amounts due from related parties (deposits and prepayments)

Botswana Investment Trade Centre	400,138	824,250
Botswana Power Corporation	42,837	33,521
	442,975	857,771

Amounts due to related parties (trade creditors and accruals)

Air Botswana	28,764	2,693
Water Utilities Corporation	1,000	1,441
Botswana Power Corporation	21,850	46,992
Botswana Telecommunications Corporation	39,429	34,471
Botswana Post	528	-
	91,571	85,597

Notes to the Annual Financial Statements

for the year ended 31 March 2020

13. RELATED PARTY TRANSACTIONS (Continued)

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2020, the Competition and Consumer Authority has not recorded any impairment of receivables relating to amounts owed by related parties (2019: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Competition and Consumer Board Fees

Competition and Consumer Board fees for the year amounted to BWP271,956 (2019: BWP 295 200).

14. TAXATION

No provision for taxation is required as the Competition and Consumer Authority is exempt from taxation in terms of the Second Schedule of the Income Tax Act (CAP 52:01).

Notes to the Annual Financial Statements

for the year ended 31 March 2020

	March 2020 BWP	March 2019 BWP
15. COMMITMENTS AND CONTINGENCIES		
Leases (Authority as Lessee)		
15.1. Right-of-use assets		
Initial recognition 1 April 2019		
Lease liability on transition	30,956,274	-
Less Operating lease accrual	(392,068)	-
	30,564,206	-
Depreciation	(3,444,149)	-
Closing balance at 31 March 2020	27,120,057	-
15.2. Lease liability		
Opening balance (1 April 2019)	30,956,274	-
Add: Interest	1,920,216	-
Less: Payments	(3,195,326)	-
Closing balance 31 March 2020	29,681,164	-
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	3,495,714	-
Two to five years	21,420,184	-
More than five years	14,667,689	-
Total undiscounted lease liabilities at 31 March 2020	39,583,587	-
Less: Total finance cost allocated to future periods	(9,902,423)	-
Lease liability at 31 March 2020	29,681,164	-
Current portion	1,667,010	-
Non-current portion	28,014,154	-
	29,681,164	-
Amounts Recognised in Profit or Loss		
Finance cost on lease liability	1,920,216	-
Depreciation relating to right-of-use assets	3,444,149	-
Amounts Recognised against Lease Liability		
Total cash outflow for leases	3,195,326	-

Notes to the Annual Financial Statements

for the year ended 31 March 2020

15. COMMITMENTS AND CONTINGENCIES (Continued)

	March 2020 BWP	March 2019 BWP
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15.3. Lease Expenses

Short term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities total P135,466. Lease expenses have been included in administration expenses in the Statement of Comprehensive Income.

15.4. Capital Commitments

As at 31 March 2020, the Competition and Consumer Authority had no capital commitments.

There were no other commitments already made at the end of the reporting date.

15.5. Guarantees

The Competition and Consumer Authority does not have guarantees on employee loans.

16. DEFERRED CAPITAL GRANT

Capital Grant

Opening balance	2,106,837	2,116,596
Deferred during the year	618,026	862,600
Amortisation of government grants	(768,082)	(872,359)
Closing balance	1,956,781	2,106,837

Revenue Grant

Opening balance	-	-
Deferred during the year	2,527,026	-
Closing balance	2,527,026	-
	4,483,807	2,106,837

16.1. DEFERRED GRANT

Current	3,295,108	872,359
Non-Current	1,188,699	1,234,478
	4,483,807	2,106,837

The Competition and Consumer Authority is funded through Government Subvention or Grant. The above mentioned grant is for both grant related to assets and revenue grant.

Notes to the Annual Financial Statements

for the year ended 31 March 2020

	March 2020 BWP	March 2019 BWP
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17. REVENUE

17.1. Revenue Arising from Contracts with Customers	2,237,903	3,825,161
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Regulation 16(2) stipulates that a merger shall be accompanied by a merger fee of 0.01 percent of the merging enterprises' combined turnover or assets in Botswana, whichever is higher. The basis of recognition is disclosed in accounting policy note 6.

17.2. Sale of Tender Documents	25,000	750
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Bidders are required to pay for the tender documents upon collection. There are no contractual obligations around tender fees and the fees are non-refundable.

17.3. Exemption Fees

Regulation 6(2) stipulates that an application for an exemption shall be accompanied by an application fee of 0.01 per cent of the applicant's latest turnover. There were no exemption fees received during the current and prior year.

18. EVENTS AFTER THE REPORTING DATE

There were no material events that occurred after the reporting date and up to the date of this report which would require adjustment to the financial statements.

Covid-19 was declared a pandemic by the World Health Organization in March 2020. The full impact of COVID-19 is yet to be determined. Many governments, globally, had to take stringent steps to assist contain the spread of the virus. Similarly, the Botswana Government introduced, among others, lockdowns, extreme social distancing and other safety measures to help curb the spread of the virus. The country was placed under a nationwide lockdown on 02 April 2020 as such resulting in severe disruption to the economic activity.

The disease has continued to spread globally and beyond the Authority's reporting date, the full extent of the health and economic outcomes remain uncertain as the pandemic poses challenges for humanity and the economy globally. However, between the reporting date and the date the Board approved these financial statements, Management concluded that the effect of the pandemic and the measures taken to contain its spread were non-adjusting post-balance sheet events. Management has re-assessed the appropriateness of the use of the going concern assumption in the preparation of these financial statements.

Management is of the view that the significant uncertainty associated with COVID-19 does not cast significant doubt on the Authority's immediate ability to continue as a going concern. Though the Authority has recorded a deficit, the Botswana Government through the Ministry of Investment, Trade and Industry continue to provide support to the Authority, further they have allocated and confirmed a budget amount for the financial year 2020/21. There is therefore no material uncertainty about the Authority's ability to continue as a going concern.

