

ANNUAL REPORT 2020/21

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 - Competition and Consumer Board

Dr Malebogo Bakwena



Registered Office

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



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Bankers

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

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

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

Ms Tebelelo Pule



External Auditors

KPMG
Chartered Accountants
Plot 67977, Off Tlokweg Road, Fairgrounds
P.O. Box 1519, Gaborone, Botswana



Internal Auditors

PricewaterhouseCoopers
Audit, Assurance and Tax Services
Plot 50371, Fairgrounds Office Park
P.O. Box 294, Gaborone, Botswana

Reporting Date:
31st March 2021

LETTER TO THE MINISTER

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 2020/21, for you to lay before the National Assembly.

Yours Faithfully,

Dr Malebogo Bakwena

Chairperson - Competition and Consumer Board

TABLE OF CONTENTS

CLICK TO NAVIGATE

CORPORATE PROFILE	2
ACRONYMS	5
CORPORATE GOVERNANCE	6
COMPETITION AND CONSUMER BOARD	9
CHAIRPERSON’S STATEMENT	12
CHIEF EXECUTIVE OFFICER’S STATEMENT	14
OVERVIEW	17
EXECUTIVE MANAGEMENT	18
COMMUNICATIONS AND STAKEHOLDER RELATIONS	20
MERGERS AND ACQUISITIONS	31
INVESTIGATIONS, POLICY RESEARCH AND ADVOCACY	40
CONSUMER PROTECTION	44
LEGAL SERVICES	50
CORPORATE SERVICES	52
ANNUAL FINANCIAL STATEMENTS	53

ACRONYMS

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

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 2021

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



FINANCE AND AUDIT COMMITTEE

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.

Members



Mr. Koonyatse K. Tamasiga
Chairperson



Ms. Kemmonye Keitsile
Member



Mr. Phodiso P. Valashia
Member



HUMAN RESOURCES COMMITTEE

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.

Members



Mr. Phodiso P. Valashia
Chairperson



Dr Selinah Peters
Member



Mr. Phemelo M. Rankoro
Member



Mr. Oteng B. Batlhoki
Member



TECHNICAL COMMITTEE

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.

Members



Mr. Oteng B. Batlhoki
Chairperson



Mr. Phodiso P. Valashia
Member



Ms. Kemmony Keitsile
Member



Mr. Phemelo M. Rankoro
Member



BOARD TENDER COMMITTEE

The Committee reviews and monitors policy and thresholds for tendering, and reports to the Board accordingly.

Members



Dr Selinah Peters
Chairperson



Ms. Kemmony Keitsile
Member



Mr. Koonyatse K. Tamasiga
Member



COMPETITION & CONSUMER BOARD

COMPETITION & CONSUMER BOARD

Dr Malebogo Bakwena
Chairperson



Mr. Phemelo M. Rankoro
Vice Chairperson



Dr Selinah Peters
Member



Mr. Koonyatse K. Tamasiga
Member



Mr. Phodiso P. Valashia
Member



Ms. Kemmony Keitsile
Member



Mr. Oteng B. Batlhoki
Member



Ms. Tebelelo Pule
CEO and Ex-officio
Member



CHAIRPERSON'S STATEMENT

I have the honour to present yet another Annual Report to you. For us, this undertaking is not just a mere routine but a moment of accountability. All the activities that were undertaken during the year were each geared towards the achievement of a particular objective. The annual report presents us a golden opportunity to account for the public resources that were used in the various activities and the time that was spent on the projects that were undertaken. This is a solemn moment.

If ever there was a year that organisations have been stretched and challenged, 2020/21 was such, it has been hard for everyone. It is no wonder that for the entire year, the Competition and Consumer Authority (CCA) Board and its committees have not had an opportunity to convene a physical meeting due to the trying and unprecedented times that we find ourselves in. It would have been easy for some to sit back and consider the year a lost cause but our oversight role, especially at the take-off stage of the integration process, would not grant us such a luxury. We had to roll up our sleeves to ensure that even under trying circumstances the CCA and the various board committees were at work. We ought to be gracious for the technology that made all these possible; thankfully the Board and the CCA have embraced technology to facilitate business. Our investment in technology has been validated.

At the Board level, there were a number of key activities that we have been tracking throughout the year, in addition to the routine oversight responsibilities. The major notable agenda item on the Board's programme during the year under review has been the finalisation of the integration of the Consumer Protection office and the former Competition Authority.

Considerable milestones have been achieved. However, the outstanding task remains the finalisation of recruitment of staff to fill up the vacant positions under the new organisational structure. The original plan was to complete this important process during this financial year, but this was not to be. Given that the 2020/21 financial year had been interspersed with the stop-and-start Covid-19 restrictions;

this has proven to be a daunting task that frustrated all our best efforts to complete the delicate and involving consultative process on time.

I am however confident that this urgent transaction would be put to bed in the coming financial year. It is important that staffing is completed for the stability of the Authority. We owe it to the employees, and our principals who want to see a fully-fledged organisation doing what it has been set up to do.

I invite you to read the pages of our account and appreciate the state of competition in our markets; upon closer examination you will no doubt appreciate that a lot is being done to reduce the level of concentration across the sectors: that cartels are monitored; consumer awareness and confidence is raised; mergers assessments and investigations are done by the book.

I wish to commend the CEO and Staff of the Authority for their commitment, many of whom worked tirelessly through the lockdowns.



Dr Malebogo Bakwena

Chairperson - Competition
and Consumer Board

Dr Malebogo Bakwena

Chairperson - Competition
and Consumer Board

CHIEF EXECUTIVE OFFICER'S STATEMENT

The 2020/21 Financial Year was a frustrating period for businesses and consumers across the world; and it was no different in Botswana. Due to the Covid-19 pandemic, the country witnessed a number of national lock-downs, partial lockdowns, curfews and movement restrictions that still hold to this day, which have had a number of battering effects on businesses, and by extension, consumers and the economy at large.

The restricted environment has resulted in some enterprises learning to quickly adapt so as to survive. Tragically, some enterprises, particularly smaller and medium enterprises, have found it tough to survive in these depressing circumstances, and have as a consequence exited the market, leaving a trail of broken hearted employees and in other instances, unmet needs of consumers due to some discontinued services.

Understandably, the overriding focus during the period has been to save lives even as enterprises attempted to swim ashore. When human life is at stake, everything else becomes secondary. When the pandemic broke out, all of us had to put our hands to plough to ensure that we join in the national response to keep people safe as a priority. Not many would have immediately thought of regulations and regulators.

Conversely, it is also very true that in a period of misery and disaster, some always find an incentive to profit from despair because everyone's guard is unusually down. Without a semblance of order there is always a propensity to harm and destroy. The CCA as a watchdog of free and fair competition in the market place, and consumer protection, needed to ensure at all times that even during a pandemic businesses are kept on a leash, so that they do not necessarily commit market

transgressions to disempower consumers.

Covid-19 restrictions in a lot of sectors created conditions of limited suppliers and limited competition, particularly in the production of essential commodities, and this induced a real likelihood of producers and distributors of essential supplies colluding to set cut-throat prices because the conditions were germane. The possibility of cartel conduct was real, which meant that even during a state of emergency, the Authority had to actively monitor the market dynamics. Thankfully, in Botswana the authorities saw through this, and came up with a series of statutory instruments to curb the conduct.

The conception of Statutory Instrument 61 of 2020, to which we played no small part, served to regulate the price increase of essential supplies for the duration of the State of Emergency. The range of supplies covered a lot of basic food items, health supplies and other hardware and agricultural basics. The effect of this Statutory Instrument was essentially to outlaw excessive pricing on essential products and it was largely effective. From the initial lockdown up to now the Authority received numerous complaints of excessive pricing and these were addressed using this statutory instrument. In a lot of cases, traders were made aware of the Instrument and they simply complied, particularly for products such as masks, sanitisers and food products. The aim during this

Ms. Tebelelo Pule

Chief Executive Officer

period was not outright enforcement, but mostly to assert consumer welfare and the continuation of services using the soft power of regulatory advocacy.

During this period, the Authority collaborated with other key stakeholders such as the Botswana Police Service, Botswana Bureau of Standards, Ministry of Health and Wellness, and the Botswana Medicines Regulatory Authority among others, to ensure that consumers are not exposed to substandard, harmful and expired consumables and other products such as sanitisers and beverages. A number of these products have had to be pulled off the shelves thus protecting consumers.

In less than two years after taking the consumer protection mandate, the CCA has really embraced the consumer protection mandate and this saw the institution take part in the Financial Inclusion Programme with the Ministry of Finance and Economic Development, and a host of other institutions in the financial sector.

While the chief aim of financial inclusion is to widen the net to include populations that are excluded in financial services, the Authority's participation in the programme is to ensure that the interest of consumers are taken into consideration, particularly consumers who are not literate and are in remote areas.

On the competition side, the Authority ramped up its public outreach using digital platforms and the engagement on public platforms has increased phenomenally. The number of complaints that were lodged online increased in the previous year and this has enabled the CCA to undertake its key investigations into anti-competitive conducts, a lot of which were slowed down by movement restrictions. I have no doubt that many of these cases which are at advanced stages, would be completed in the coming financial year.

Most importantly, the Authority has been able to conduct its merger assessments within the stipulated time periods to facilitate business. The CCA carried out a research study on cement as a policy advisory instrument to the Ministry of Investment, Trade and Industry. We are hopeful that the policy paper will be instructive in the development of the cement sector in Botswana.

It was during this financial year that the Authority's strategic plan went into full operation, albeit with the obvious setbacks of Covid-19 induced financial burden, but the organisation has learnt to adapt to the new normal, and we have made sustained achievements, Covid-19 challenges notwithstanding.

Ke a leboga betsho.


Ms. Tebelelo Pule
 Chief Executive Officer



CLICK ON TO NAVIGATE

OVERVIEW

This Annual Report comes soon after the Authority had finalised its five year strategic plan. The investigations, projects and activities undertaken during this financial year were carved out with the CCA strategy document as the guiding light.

All the projects, investigations, research and other interventions were guided by the Mission, Vision and Values of the CCA. 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 creation of a competitive Botswana with fair markets and empowered consumers. The Authority's operations were further given meaning by its guiding values of Transparency, Professionalism, Integrity, Teamwork and being Proactive.

While a variety of methods have been employed to deliver all the activities and projects that have been undertaken during the year under review, these in the main have been underpinned by the main activity drivers which consist of enforcement, advocacy, stakeholder engagement and agency effectiveness.

The Competition and Consumer Authority formulated its 5-year Strategic Plan covering the period 2020 to 2025. The overall intent of the strategy seeks to enable a competitive Botswana that has fair markets and empowered consumers.

The CCA Strategic Plan intends to:



Lower market concentration levels and limit dominance of big players and monopolies, promoting domestic competition thus ensuring a vibrant competitive landscape.



Strengthen the promotion of consumer rights and increase awareness levels by: improving reach and access through digital platforms; optimising the handling of consumer complaints and enhancing information dissemination.



Improve its organisational capacity and performance, by being transparent, prudent, accountable to sound governance practices, and fostering an engaging and enabling environment for our people.



Enhance its research, market intelligence, investigation and legal enforcement capacity, leveraging its two (2) amended Acts (the Competition Act and the Consumer Protection Act) to remove barriers, constraints and business practices that inhibit fair play in the market.



Integrate the two legislative mandates in its value chain, creating a seamless service with embedded partners (government, regulators, enforcement and licensing authorities, and other partners), to effectively advocate and deliver impactful interventions for safeguarding the welfare of consumers and business.

EXECUTIVE MANAGEMENT

Ms. Tebelelo Pule
Chief Executive
Officer



Mr. Gideon Nkala
Director:
Communications and
Stakeholder Relations



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



Ms. Nomathemba Dladla
Director:
Mergers and
Monopolies



Mr. Kesego Modongo
Director:
Legal Services



Mr. Baitshapi Tebogo
Director:
Corporate Services



Ms. Mosetsana Manyelela
Acting Director:
Consumer Protection



In Memoriam:
Mr. Baitshapi Tebogo
passed away on 1st
August 2021. May his
soul rest in eternal
peace. †

COMMUNICATIONS & STAKEHOLDER RELATIONS



COMMUNICATIONS & STAKEHOLDER RELATIONS

The Competition Act under section 5 mandates the Competition and Consumer Authority 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 Authority to disseminate information and promote awareness of consumer rights and responsibilities amongst consumers and businesses, and to formulate and implement consumer education programmes.

To that end, the Authority carried out several public education and stakeholder engagement activities in the year under review in pursuit of this mandate. It is worth noting that due to the Covid-19 pandemic and the State of Emergency in the country which entailed lock downs, travel restrictions and Covid-19 mitigation protocols, face-to-face stakeholder engagement activities were severely scaled down in the 12-month period under review. There was heavy reliance on non-contact methods such as radio, television, digital platforms and virtual meetings for stakeholder engagement.

The following activities were carried out in the 2020-21 financial year under review:



The Competition and Consumer Authority conducted a public education campaign from 15th June to 31st August 2020 via the Business Kraal Programme on Gabz FM. The objectives of the campaign was to create awareness and educate consumers, businesses and the general public on the Authority's mandate in enforcing both the Competition Act and the Consumer Protection Act. The CEO, management and Board Chairperson were featured on the programme discussing various topics such as anti-competitive conduct and how it harms the economy, regulation of mergers and how it benefits the economy, consumer rights and responsibilities, consumer groups and their importance to consumers, the dangers of pyramid schemes and their prohibition in the Act, and the impact the Authority has had through enforcement of the two Acts.

CONSUMER EDUCATION ON FINANCIAL INCLUSION

Financial Inclusion is one of the recommendations of the Botswana Financial Sector Development Strategy, and implementation of the Financial Inclusion Roadmap started in 2015. Financial inclusion is achieved when consumers across the income spectrum in a country can access and sustainably use financial services that are affordable and appropriate to their needs. It considers Credit, Payments, Savings and Insurance. According to the World Bank, financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance;



CCA's Ms Gorata Moloise addressing a Financial Inclusion workshop

delivered in a responsible and sustainable way.

In the period under review, the Competition and Consumer Authority, in partnership with the Ministry of Finance and Economic Development, hosted Financial Inclusion sensitisation workshops around the country from the 16th to 26th March 2021.

The aim of the workshops, which covered Jwaneng, Tsabong, Hukuntsi, Ghanzi, Maun, Kasane and Selebi-Phikwe was to educate and empower consumers about relevant financial facilities, and to close the gap of consumers who are excluded from financial services. Experts in the financial sector such as the Banking Ombudsman, and financial services providers were engaged as resource persons in the workshops.

The Banking Ombudsman, Dr. Gabriel Maotwanyane, advised consumers to read laws that affect them such as the Consumer Protection Act of 2018 to empower themselves and speak with authority on matters affecting them.

The CCA further carried out the Financial Inclusion awareness campaign to radio and television being featured on Radio Botswana (Papadi le Madirelo) and Btv. The discussions covered a wide breadth of topics including insurance and savings products, with the main objective being to build capacity to ensure that consumers are not coerced to sign up for products without appropriate information.



The Banking Ombudsman Dr. Gabriel Maotwanyane addressing a Financial Inclusion workshop

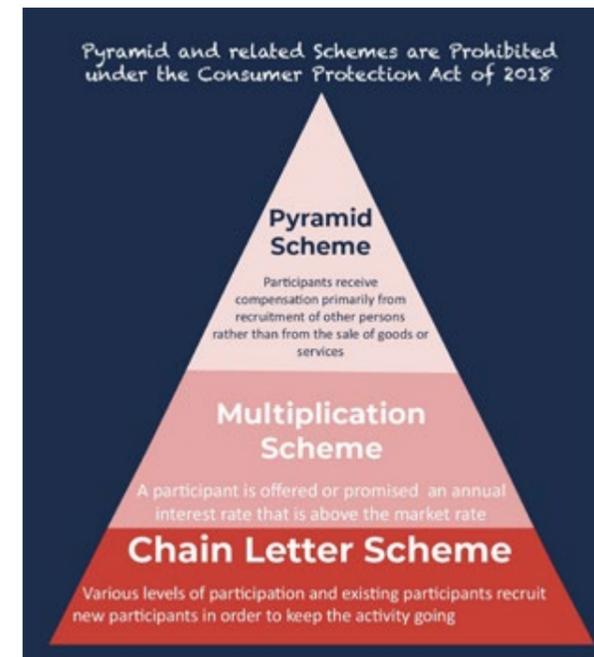
PUBLIC EDUCATION ON PYRAMID SCHEMES

In the period under review, the Authority undertook some activities to create awareness about the dangers of pyramid schemes which are prohibited under the Consumer Protection Act. According to the Act, a pyramid scheme is an arrangement, agreement, practice or a scheme where participants in the scheme receive compensation derived primarily from their respective recruitment of other persons as participants, rather than from the sale of any goods or services.

The Act prescribes stern penalties for participation in a pyramid scheme. Anyone found guilty of participation in one shall be liable to a fine not exceeding P100 000, or to a prison term not exceeding five years, or both.

The Authority utilised mediums such as radio, television, social media and public notices to sensitise consumers to decline whenever they are invited to join the seemingly lucrative schemes, which in most instances, are fraudulent.

Consumers were further sensitised that participation in a pyramid scheme, either through promoting the pyramid, joining or inviting someone to join the scheme is an offence. The Act states that a person who directly or indirectly promotes, or knowingly joins, enters or participates, or causes any other person to promote, join, enter or participate in a pyramid and related schemes commits an offence.



WORLD COMPETITION DAY 2020 COMMEMORATION



The Authority joined other competition agencies and consumer groups to commemorate World Competition Day (WCD) on 5th December 2020 under the theme 'Competition Policy and Access to Health Care.' In a press statement to mark the day, the CCA said universal access to health services is one of the most pressing issues that confront governments around the world, particularly in developing countries.

The CCA noted in the press release that a competitive health care system will generally lead to lower prices, improve wider geographical footprint of health services and quality services as opposed to non-competitive health markets. Consumers, including the state, would reap benefits when there is robust competition and varied innovative solutions and choices offered.

In a virtual address to staff to commemorate the day, the CEO, Ms. Tebelelo Pule, said the Authority recently did a research study on the pharmaceutical sector and expressed hope that the findings would help to bring about fair competition in the distribution, availability and price of medicines and drugs in the country's health care services. "There is a national outcry about shortage of drugs in the public health systems and steep prices of drugs and medicines in the private health sector. As a competition and consumer regulator the public looks up to us to intervene and to bring about market efficiencies, especially markets that will yield competitive prices and other key consumer services," the CEO said.

Ever since its inception in 2011, the Competition Authority, now Competition and Consumer Authority, has observed WCD on 5th December. It was on this day in 1980 when the United Nations approved the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices.

**WORLD CONSUMER RIGHTS DAY 2021
COMMEMORATION**

The Authority, in collaboration with the Department of Waste Management and Pollution Control (DWMP), commemorated World Consumer Rights Day on March 15th under the theme 'Tackling Plastic Pollution.'



**TACKLING PLASTIC
POLLUTION**

In a joint press statement to mark the day, the CCA and DWMP said consumers have become closely associated with plastics, particularly the use of plastic shopping bags. They said the long-term solution to the plastic problem can never materialise without the input of the users of the harmful plastic products, being consumers.

The two organisations noted that industry or businesses are generally motivated by profit with very little regard for the environment, but consumers on the other hand have an obligation to support conservation efforts as their communities bear the brunt of environmental disasters such as flooding, and excessive droughts. Thus, consumers have a moral duty to tackle plastic pollution to protect their communities and nations.

The release said consumers can make a number of choices which start with reducing the use of plastic products. Reduction in plastic use, particularly the single-use plastics, could lead to a huge environmental relief. The other shift in consumer pattern could be re-use of plastic bags and other products, which automatically cuts on the volume of plastic products that are strewn all over our surroundings. Businesses were urged to promote environmental conservation through using only plastics that can be recycled.



CCA AND BOBS SIGN MOU TO ENHANCE COOPERATION



Chief Executive of the CCA Ms. Tebelelo Pule, and the Acting Managing Director of BOBS Mr. Keeper Morgan at the MOU signing ceremony on 23rd September 2020

The CCA and the Botswana Bureau of Standards (BOBS) signed a memorandum of understanding on 23rd September 2020 to enhance cooperation on the enforcement of Standards, Competition and Consumer Protection laws.

The Competition Act and the Consumer Protection Act empower the CCA to among others; undertake market inquiries, conduct surveys on consumer behaviour, consumption patterns, market prices, quality of products and business practices, and to cause the testing of products on the market to ensure that specifications, performance, quality and safety standards are adhered to.

BOBS is established under section 3 of the Standards Act Cap 43:07 with the mandate of promoting standardisation and quality assurance in industry and commerce. The mandate encompasses promotion of standardisation and quality assurance in industry and commerce, so as to achieve optimum benefits for the public, particularly with regard to the health, safety, welfare, and protection of the consumer.

To that end, the CCA and BOBS found it prudent to enter into a MoU for purposes of discharging their respective functions. Among others, the MoU is intended to enable the two organisations to assist each other with data collection and analysis, inspection of business and products to ensure good quality for consumers, and the examination and testing of goods for compliance with the Standards and Consumer Protection laws.

Table 1: Summary of Stakeholder Engagement from 1st April 2020 to 31st March 2021

STAKEHOLDER	TYPE OF ENGAGEMENT
Business	<ul style="list-style-type: none"> • CCA in partnership with the Business Kraal premiers on Gabz FM; on 15th June 2020 • CCA discusses anti-Competitive conduct and Investigations on the Business Kraal; on 22nd June 2020 • Anti-Competitive Conduct and Investigations Discussion Continues on the Business Kraal; on 29th June 2020 • Hearing of Abuse of Dominance case against GABCON; on 7th July 2020 • The CCA-GABCON abuse of dominance case decision passed by the Tribunal; on 10th September 2020
Government Ministries, Parastatals, Councils	<ul style="list-style-type: none"> • Presentation to Government Departments in Kasane on the Mandate of the CCA and the interface between corruption and bid-rigging; on 11-13 November 2020
Media	<ul style="list-style-type: none"> • CCA sensitising the public about online scams (pyramid schemes) on Papadi le Madirelo RB1 program; on 24th July 2020 • CCA discussing Consumer Responsibilities and Pyramid Schemes on the Business Kraal; on 13th July 2020 • CCA discusses Consumer Protection Act on the Business Kraal; on 6th July 2020 • CCA discusses Consumer Case Reporting and Investigating on the Business Kraal; on 27th July 2020 • The Board Chair discusses the role of the CCA Board on the Business Kraal; on 23rd August 2020 • The CEO discusses the impact of CCA on the economy on the Business Kraal; on 31st August 2020 • The CEO discusses the CCA Covid-19 Response Live on Btv; on 19th May 2020 • CCA discusses the importance of Consumer Groups on the Business Kraal; on 23rd July 2020 • CCA discusses Consumers and Spending over the festive season on Btv's Morning Show; on 4th December 2020 • CCA sensitises Consumers about Black-Friday promotions on RB1's Masa-a-Sele; on 13th December 2020 • CCA discusses Consumers and Spending over the festive season on RB1's Masa-a-Sele; on 14th December 2020 • CCA discusses how to survive Covid-19 retrenchments on RB1's Tatediso-ya-Dikgang; on 14th December 2020 • CCA discusses Budgeting on RB1's Masa-a-Sele program on 13th January 2021 • CCA discusses implication for failure to pay financial credits on RB1's Masa-a-Sele; on 27th January 2021 • CCA discusses money and behaviour on RB1's Masa-a-Sele; on 10th February 2021 • CCA discusses Consumer Education on Btv's The Eye; on 15th February 2021 • CCA discusses Covid-19 Response on Btv's Morning Show, on 12th March 2021 • Commemoration of World Consumer Rights Day on Btv's The Journey programme; on 24th March 2021
Sector Regulators	<ul style="list-style-type: none"> • CCA signs MoU with BOBS on 23rd September 2020
Fairs and Exhibitions	None held this period due to the Covid-19 pandemic
Consumers	Financial Inclusion Sensitisation Workshops: <ul style="list-style-type: none"> • Jwaneng 16th March 2021 • Tsabong 17th March 2021 • Hukuntsi 18th March 2021 • Ghanzi 19th March 2021 • Maun 22nd March 2021 • Kasane 24th March 2021 • Selebi-Phikwe 26th March 2021
CCA Board and Staff	<ul style="list-style-type: none"> • CEO's World Competition Day Virtual address to staff; on 4th December 2020

MEDIA ENGAGEMENT

In the year under review, the Authority utilised media platforms such as radio and television to carry out public education and engage stakeholders on competition and consumer protection issues, due to the Covid-19 pandemic which necessitated cutting down face to face interactions.

The Authority carried out numerous radio and television interviews, ran adverts and issued press releases and public notices to get its message across on competition and consumer protection enforcement. The Authority was also extensively covered in the print media

Tables 2 and 3 below depict the press releases and public notices issued by the Authority, and the newspaper articles which featured the Authority in the year under review:

Table 2: Press Releases and Public Notices Issued by the Authority from 1st April 2020 to 31st March 2021

DATE	SUBJECT OF PRESS RELEASE/PUBLIC NOTICE
24 March 2021	Settlement Agreement Between CCA and GABCON in Respect of Contravention of Section 31 Of the Competition Act of 2018
15 March 2021	Tackling Plastic Pollution - Consumer Responsibility
28 February 2021	Rest In Peace Dr Jay S. Salkin
04 December 2020	Competition and Consumer Authority Celebrates World Competition Day
22 September 2020	Competition and Consumer Authority and Botswana Bureau of Standards to Sign Memorandum of Understanding
10 September 2020	Product Recall Surveillance Inspection: Canned Red Grape Liqui Fruit 330ml
09 September 2020	Judgment on Abuse of Dominance Case Between CCA And GABCON
31 July 2020	Suspension of Services by the Competition and Consumer Authority in the Greater Gaborone Zone due to Zonal Lockdown.
11 July 2020	Participation in a Pyramid Scheme and Related Schemes is an Offence
07 July 2020	Hearing of Abuse of Dominance Case Against GABCON
05 June 2020	Payment of Storage Fees During Lockdown Complaints
13 May 2020	Surveillance of Essential and Basic Products During the Covid-19 Pandemic
29 April 2020	Surveillance of Essential and Basic Products During the Covid-19 Pandemic
01 April 2020	Competition and Consumer Authority Precaution Statement Against Deceptive Practices During the Corona Virus Outbreak

Table 3: Newspaper Articles Featuring the Authority from 1st April 2020 to 31st March 2021

MONTH	ARTICLE	NEWSPAPER
April 2020	No Articles	-
May 2020	PPADB, CCA Fuel Collusion and Cartels	Botswana Guardian
June 2020	No articles	-
July 2020	No articles	-
August 2020	Competition Authority Report Accuses Choppies & Payless of "Sinister" Motives	Sunday Standard
September 2020	Competition Authority approves Rainbow School sale	The Midweek Sun
	Competition Authority faces possible lawsuit	Mmegi
	Introducing the CCA Board	Botswana Guardian
	Foschini Botswana Wants to Acquire Jet Supermarkets	Botswana Gazette
	Acquisition of Rainbow Schools Approved	Botswana Gazette
	Harmful Liqui Fruit drink not found in 169 inspected local retailers	Botswana Guardian
	GABCON's application against the CCA dismissed by the Competition and Consumer Tribunal	Botswana Guardian
	BOBS, CCA MoU to ensure compliance	Daily News
GABCON Convicted of Market Dominance Abuse	The Voice	
October 2020	CCA, BOBS, Sign MoU	Mmegi Monitor
	Foschini Botswana Proposes to Buy Jet	Business Weekly & Review
	GABCON's Application Against Competition Authority Dismissed	Business Weekly & Review
	Lack of Price Control Disadvantages Consumers	Daily News
	Foschini Seeks to Take Over Jet stores	Botswana Guardian
	Liquid Telecommunications Seeks to Buy BPC Shares	Midweek Sun
November 2020	Edgars Acquisition In The Offing	Botswana Gazette
	Hostile Takeover Looms At G4S	Botswana Gazette
	Jet acquisition approved conditionally	Botswana Guardian
December 2020	Liquid Telecom to Buy Back Shares from BPC	The Voice
	Competition & Consumer Authority Celebrates World Competition Day	Botswana Guardian
January 2021	Retailability Commences Acquisition of Edgars Botswana	The Voice
	CCA Gives Acquisition of Payless The Thumps Up	Botswana Gazette
	Cresta Proposes to Lease Phakalane Hotel	Botswana Gazette
	CCA Approves Acquisition of Payless By ERG	Midweek Sun
February 2021	Competition Authority blocks P20m Maun mall deal	Mmegi
	Big Companies face corporate bullying, cartel investigations	Sunday Standard
	CCA approve over 50 mergers	The Patriot
	CCA approves Cresta, Phakalane Hotel merger, But	Botswana Gazette
	CCA approves G4S takeover unconditionally	Botswana Gazette
	CCA probes Cresta Mahalapye for over pricing	Botswana Gazette
March 2021	CCA removes barriers in the pharmaceutical sector	Botswana Guardian
	Komatsu, Barloworld confess market dominance	Sunday Standard
	CCA, finance ministry talks financial inclusion	Midweek Sun

REGIONAL AND INTERNATIONAL STAKEHOLDER ENGAGEMENT

The Competition and Consumer Authority continued to engage with its external regional and international partners, sharing knowledge and information on enforcement in competition and consumer protection.

In the period under review, the Authority had the following regional and international engagements which were conducted virtually due to the Covid-19 pandemic:

Virtual ICN 2020 Annual Conference



A plenary session at the 2020 ICN virtual conference

The annual International Competition Network (ICN) conference was held virtually on 14th to 17th September 2020. The virtual conference, a first for the ICN, was originally planned as an in-person conference in Los Angeles in May, but could not take place due to the corona virus pandemic.

Topics discussed at the conference included; Competition Advocacy in the Digital Age, Digital Strategy of Competition Agencies, Digital Mergers, Unilateral Conduct Remedies, Particularly in Digital Markets, Big Data and Cartelisation.

The digital age represents new challenges not only for enforcement, but also for advocacy, and panellists presented concrete examples and approaches to address specific competition advocacy challenges arising from digital markets, such as data privacy, consumer empowerment, and technical industry knowledge.

The conference featured the Agency Effectiveness Working Group (AEWG) Plenary with a focus on the Digital Strategy of Competition Agencies. The mandate of the AEWG is to identify key elements of a well-functioning competition agency and good practices for strategy and planning, operations, and enforcement tools and procedures.

Botswana's Competition and Consumer Authority, co-chairs the Agency Effectiveness Working Group together with the Competition and Consumer Commission of Singapore and the Swedish Competition Authority. The CEO of the Competition and Consumer Authority gave an overview of Botswana's perspective on agency effectiveness.



The CEO Ms. Tebelelo Pule addressing the ICN Virtual Conference on 15th September 2020

OECD Global Forum on Competition

The Global Forum on Competition took place virtually from 7th to 10th December 2020. It brought together competition officials from over 110 authorities and organisations worldwide. The theme for the forum was 'Competition Policy: Time for a Reset?' Topics for discussion included abuse of dominance in digital markets, economic analysis in merger investigations, and using market studies to tackle emerging competition issues.

UNCTAD's eCommerce Week

The CCA participated in UNCTAD's eCommerce Week. The forum accords ministers, senior government officials, CEOs and other business representatives, international organisations, development banks, academics and civil society to discuss the development opportunities and challenges associated with the digital economy.

Table 4 gives a summary of international stakeholder engagement in the 2020/21 financial year:

Table 4: Summary of International Stakeholder Engagement from 1st April 2020 to 31st March 2021

Type of Engagement	Date
e-Week UNCTAD meetings on Competition and Consumer Protection, Digital Economy and Cyber Security	27th April to 1st May 2020
ACF Covid-19 Training	29th May 2020
UNCTAD on Competition Policy in Times of Covid-19	3rd June 2020
UNCTAD Key Competition and Consumer Protection Priorities	17th June 2020
ICN Kick-off Call	18th June 2020
ACF Steering Committee Teleconference Call	15th July 2020
ACF Webinar on Competition Law and Policy during and in the Aftermath of the covid-19 Pandemic, Reflections in the Arab region	16th July 2020
ACF Virtual Workshop on Introduction to Merger Analysis and Investigative Techniques, Market Definition, Competitive Effects and Remedies	12th August 2020
ACF Steering Committee Meeting	9th September 2020
ICN Pre-Conference Webinar	9th September 2020
ICN Virtual Annual Conference Agency Effectiveness Working Group, Digital Strategy of Competition Agencies	14th–17th September 2020
Webinar on Competition in Aviation after Covid-19	25th September 2020
ACF Biennial Conference	2nd October 2020
UN Review Conference on Competition and Consumer Protection	19th–23rd October 2020
OECD Symposium on Quality Infrastructure Investment	2nd November 2020
14th Annual Competition Law, Economics and Policy (CLEP) Conference – Impact of Covid-19 on Economy	3rd November 2020
14th Annual Competition Law, Economics and Policy (CLEP) Conference – Merger Control and Public Interest after Covid-19	4th November 2020
Joint EC-UNCTAD Workshop Kick-starting Consumer Product Safety	12th November 2020
ACF Biennial Conference – Covid-19 as a Catalyst for Accelerating Trade and Investment in Africa	24th November 2020
Webinar on Accountability and Transparency During and Post Covid-19	27th January 2021
OECD Global Forum on Competition	7th–10th December 2020
ACF Steering Committee Meeting	24th–25th February 2021
ICN – Fostering a Culture of Compliance	25th February 2021
ICN Agency Effectiveness Working Group Meeting	2nd March 2021
20th International Conference on Competition	4th March 2021
UNCTAD-ECA Regional Dialogue on MSME and Competition Policies	11th March 2021
ACF Steering Committee Meeting	24th March 2021
Update on the OECD Gender Inclusive Competition Policy	30th March 2021



MERGERS & ACQUISITIONS

MERGERS & ACQUISITIONS

MERGERS AND ACQUISITIONS

The Authority administers Part XI of the Competition Act of 2018 (“the Act”), which was effected on 2nd December 2019. 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 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 perceived 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

For the 2020/21 financial year, 41 mergers were handled compared to 56 mergers handled in the previous financial year. This translates to a 26% decrease from the mergers handled in the 2020/2021 financial year. This reduction in notification can partly be attributed to the Authority’s closure during the state of emergency (national lock-down) from 2nd April to 11th May 2020, wherein the Authority did not accept any new notifications. From the 41 mergers that were handled, 38 of those were finalised and the remaining two (2) were carried forward for completion in the 2021/22 financial year. In addition to the 38 mergers finalised in 2020/21 financial year, one (1) transaction brought forward from the 2019/20 financial year was completed in the 2020/21 financial year. The 38 finalised mergers are presented in Table 5:

Table 5: Finalised Mergers for the 2020/21 Financial Year

Brought Forward ¹	Notified in 2020/21	Simple Merger	Complex Merger	Conditionally Approved	Unconditionally Approved	Prohibited/ Declined
1	41	37	1	8	29	1

Source: The Authority’s Mergers and Acquisitions Database as at 31 March 2021

During the period under review, the mergers handled were from various sectors as illustrated by Figure 1 below:

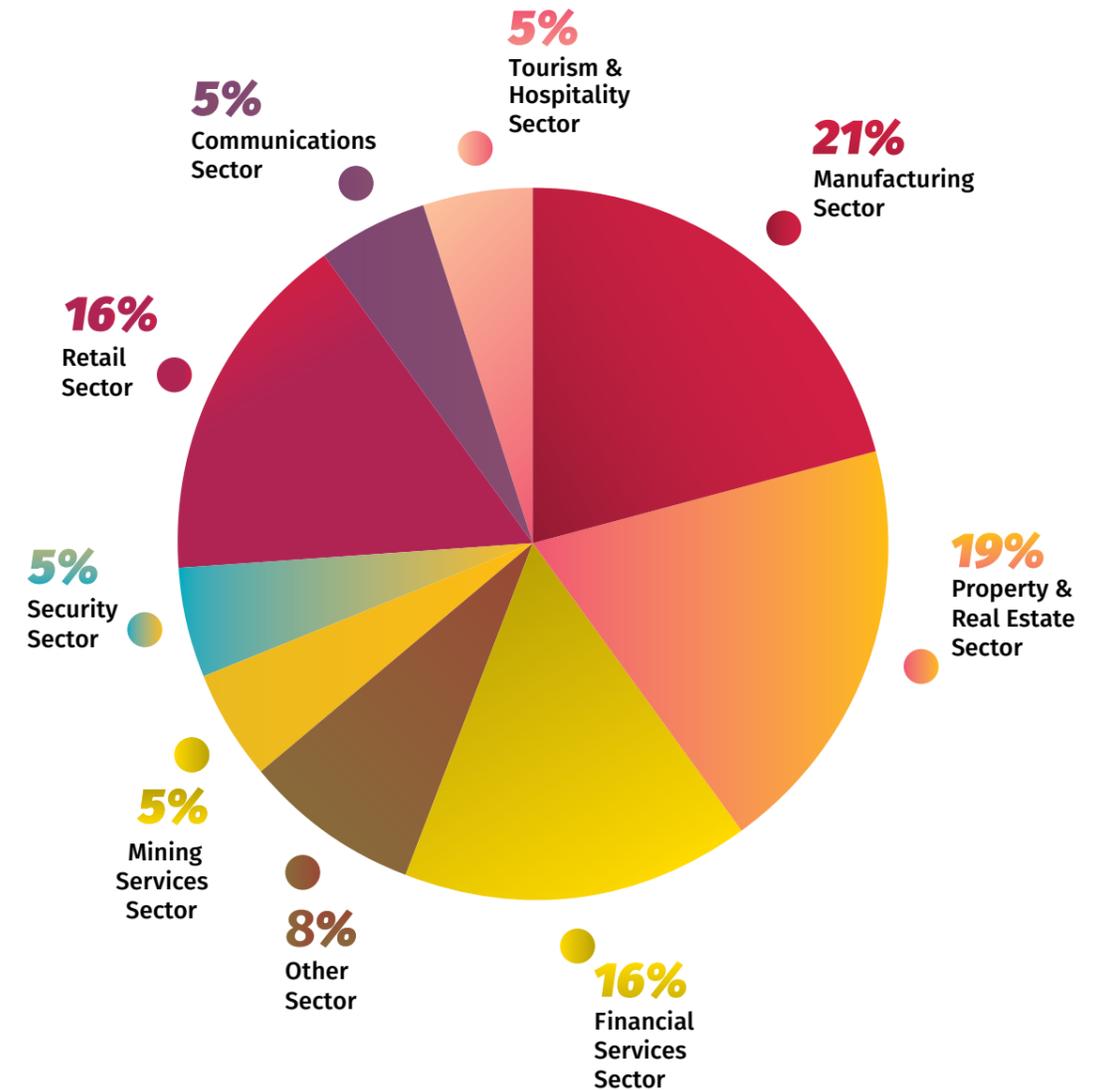


Figure 1: Sectoral Representation of Mergers Reviewed in the 2020/21 Financial Year

Source: The Authority’s Mergers and Acquisitions Database as at 31 March 2021

¹These are mergers carried forward from the previous financial year mainly because they were notified close to the end of the 2019/2020 financial year.

Most of the mergers assessed and completed during the period under review were in:



Most of the mergers assessed and completed during the period under review were in the Manufacturing (21%), Real Estate and Property (19%), and Retail (16%) sectors respectively. In the 2020/21 financial year, a larger share of the mergers and acquisitions in the manufacturing sector could largely be attributed to the relatively higher transactions in the building materials segment of the manufacturing sector. The Real Estate and Property sector has also continued to experience a relatively higher level of consolidation compared to other sectors of the economy. This consolidation can be explained by the amendment of the Transfer Duty Act, 2018 in the form of an increase in the transfer duty for non-citizens from 5% to 30%. The effect of this amendment could be inferred to mean that affected persons would have to fork out more if they intend to purchase immovable property. Previously, both citizens and non-citizens alike paid a 5% tax, with non-citizens only paying 30% on the acquisition of agricultural land. This amendment was expected to encourage citizen participation in this market.

However, in the year under review, the Authority experienced a relatively higher number of transactions in the real estate and property sector due to a back-log of sales agreements between buyers and sellers in the property market. Most of these transactions were finalised before 31st March 2020, prior to the Transfer Duty Act coming into effect on 1st of April 2020.

In total, 342 mergers have been handled by the Authority since inception, which indicates the role that the Authority continues to play in ensuring that merger activities do not lead to concentration in the economy, which might harm both competition and consumer welfare in future. In addition, the Authority's intervention ensures that product innovation, industrial growth, competitive pricing of goods and services, quality goods, consumer welfare and general expansion of markets are encouraged and maintained through the assessment of mergers and acquisitions.

TURNAROUND TIMES

The Authority strives for efficiency in engaging relevant stakeholders with regards to requests for information during merger assessment through conducting interviews, site visits at the premises/production plants of some of the merging parties where necessary, as well as benchmarking with other agencies regionally and globally. This approach remains instructive in enabling the team to work efficiently in order to meet prescribed 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 73 working days respectively, compared to 18 and 69 working days in the 2019/20 financial year. This shows a slight decline in turnaround time in the only complex merger assessed during the year. Nevertheless, this transaction was assessed within the statutory timeline of 90 days.

MERGERS APPROVED UNCONDITIONALLY

The Authority unconditionally approves a proposed transaction with no competition and/or public interest concerns. In the period under review, 29 mergers as illustrated in Table 6 were approved unconditionally, showing a decrease of 41% from the 49 mergers approved unconditionally in the previous period.

Table 6: Mergers Approved Without Conditions in the 2020/21 Financial Year

File Number	Acquiring Enterprise	Target Enterprise	Sector
MER/010/2020	Franaco (Pty) Ltd	Northern Clinics Holdings (Pty) Ltd	Health
MER/012/2020	Continental Reinsurance PLC	Continental Reinsurance Company Ltd	Financial Services
MER/014/2020	BIFM Local Property Fund	Philadelphia Square Investments	Property and Real Estate
MER/015/2020	Botswana Development Corporation	Pasdec Botswana (Pty) Ltd	Manufacturing
MER/016/2020	Komatsu Botswana (Pty) Ltd	Joy Global Botswana (Pty) Ltd	Manufacturing
MER/017/2020	A-OP (Pty) Ltd	Rainbow Primary School and Rainbow School (Pty) Ltd	Education
MER/018/2020	Dunebug Safaris (Pty) Ltd	Soren Lindstrom (Pty) Ltd	Tourism and Hospitality
MER/019/2020	New African Properties Limited	El Alamein (Pty) Ltd	Property and Real Estate
MER/020/2020	CNH Industrial SA (Pty) Ltd	Invicta Holdings Ltd	Manufacturing
MER/021/2020	Liquid Telecommunications Holdings Limited	Liquid Telecommunications Botswana Proprietary Limited	Communications
MER/024/2020	BIFM Local Property Fund	Tarlton Holdings (Pty) Ltd	Property and Real Estate
MER/025/2020	Fleming Capital Securities	G4S Plc	Security
MER/027/2020	Bachique 813 (Pty) Ltd	Tupperware Holdings South Africa (Pty) Ltd	Retail
MER/028/2020	Bontle Paper Industries (Pty) Ltd	Green Packaging (Pty) Ltd	Manufacturing
MER/029/2020	Botswana Insurance Company Limited	Liberty General Botswana (Pty) Ltd	Financial Services
MER/030/2020	Boago Emerging Markets (Pty) Ltd	Western Insurance Botswana (Pty) Ltd	Financial Services
MER/031/2020	Kensal Rise (Pty) Ltd	Leoal Holdings (Pty) Ltd	Property and Real Estate
MER/032/2020	Olympia Capital Holdings	Olympia Capital Corporation	Manufacturing
MER/033/2020	Tshukudu Metals Botswana (Pty) Ltd	Lambertus Johannes Vorster	Mining Services
MER/034/2020	Ellis Retail Group (Pty) Ltd	Payless Supermarkets (Pty) Ltd	Retail
MER/035/2020	Nalamalapu Anji Reddy	Shamiz (Pty) Ltd	Petroleum
MER/037/2020	Zane Gouveia	Tepzmurt (Pty) Ltd t/a Fenestra Unlimited	Manufacturing
MER/038/2020	Allied Universal Topco LLC	G4S Plc	Security
MER/039/2020	Lonsa Everite (Pty) Ltd	The Everite Business; The EBP Business; The EP Business, Sheet Rite (Pty) Ltd; Sky Sands (Pty) Ltd; and Sky Business	Manufacturing
MER/040/2020	Alviva Holdings Limited	Tarsus Technology Group (Pty) Ltd	Communication
MER/002/2021	Gaborone Academy of Law	Far Property Company Ltd	Property and Real Estate
MER/003/2021	Premier FMCG (Pty) Ltd	Mister Sweet Brand	Manufacturing
MER/004/2021	IA Bell and Company (Pty) Ltd	Bell Equipment Ltd	Mining Services
MER/005/2021	BIFM Local Property Fund	Rainet Safaris (Pty) Ltd	Property and Real Estate

Source: The Authority's Mergers and Acquisitions Database as at 31 March 2021

MERGERS APPROVED WITH CONDITIONS

The Authority approves a merger with condition(s) if it has found that a specific remedy can address the competition and/or public interest concerns (such as preventing a decline in the production or distribution of goods, promote technical or economic progress, benefit a particular industrial sector, promote employment and exports, advance citizen

empowerment initiatives or enhance the competitiveness of citizen owned small and medium size enterprises and whether the merger improves the ability of national industries to compete in international markets identified during merger assessment. The Authority, therefore, expansively engages the merged entity during the period of monitoring the condition(s). In the period under review, eight (8) mergers were approved with conditions as follows:

Table 7: Mergers Approved With Conditions in the 2020/21 Financial Year

File Number	Acquiring Enterprise	Target Enterprise	Sector
MER/011/2020	Treacastle Global Investments L.L.C	Bright Employee Benefits (Pty) Ltd	Financial Services

The Authority approved the proposed acquisition with the conditions that:

- a. There shall be no merger related retrenchments that may affect the local employees of Bright Employee Benefits (Pty) Ltd.

MER/022/2020	Foschini (Botswana) (Pty) Ltd	The Jet Business	Retail
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The Authority approved the proposed acquisition with the conditions that:

1. There shall be no merger specific retrenchments or redundancies that may affect the employees of the merged enterprises. For clarity, merger specific retrenchments or redundancies do not include (the list is not exhaustive):
 - i. voluntary retrenchment and/or voluntary separation arrangements;
 - ii. voluntary early retirement packages;
 - iii. unreasonable refusals to be redeployed;
 - iv. resignations or retirements in the ordinary course of business; v. retrenchments lawfully effected for operational requirements unrelated to the Merger; and
 - v. terminations in the ordinary course of business, including but not limited to, dismissals as a result of misconduct or poor performance;
2. The merged enterprise shall inform the Authority of the date of implementation within thirty (30) days of the Approval date;
3. The merged enterprise shall provide details (Full Name; Identification Number; Gender; Position and Store of employment; Contact Number) of the 126 employees of the target within thirty (30) days of the Approval date;
4. The merged enterprise shall share a copy of the conditions of approval to all employees of the target and/or their respective representatives within ten (10) days of the Approval date;
5. Should vacancies arise in the target, the merged enterprise shall consider previous employment at one of the non-transferring Jet stores to be a positive factor to be taken into account in the consideration of offering potential employment;
6. The merged enterprise shall for a period of three (3) years from the implementation date, submit a report on each anniversary of the implementation date, detailing its compliance with the conditions of approval;
7. Any person who believes that the merged enterprise has failed to comply with any of the conditions of approval may approach the Authority with his/her complaint;
8. In cases of any job losses, for the Authority to assess whether the retrenchments or redundancies are merger specific, at least three (3) months before (to the extent that this deadline can be practically achieved and in terms of the prevailing and legally required employment practices) any retrenchments or redundancies are to take place, inform the Authority of:
 - i. The intended retrenchments;
 - ii. The reasons for the retrenchments;
 - iii. The number and categories of employees affected;
 - iv. The expected date of the retrenchments; and
9. The conditions shall last for a period of three (3) years from the date of implementation.

MER/023/2020	Oclin Proprietary Ltd	Parts of Edgars Business Conducted by Edcon	Retail
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The Authority approved the proposed acquisition with the conditions that:

1. There shall be no merger specific retrenchments or redundancies that may affect the employees of the merged enterprises. For clarity, merger specific retrenchments or redundancies do not include:
 - i. voluntary retrenchment and/or voluntary separation arrangements;
 - ii. voluntary early retirement packages;
 - iii. unreasonable refusals to be redeployed;
 - iv. resignations or retirements in the ordinary course of business;
 - v. retrenchments lawfully effected for operational requirements unrelated to the Merger; and
 - vi. terminations in the ordinary course of business, including but not limited to, dismissals as a result of misconduct or poor performance
2. The merged enterprise shall inform the Authority of the date of implementation within thirty (30) days of the Approval date;
3. The merged enterprise shall provide details (Full Name; National Identity Numbers; Gender; Position and Store of Employment; Contact Number) of the 73 employees of the target within thirty (30) days of the Approval date.
4. The merged enterprise shall share a copy of the conditions of approval to all employees of the target and/or their respective representatives within ten (10) days of the Approval date;
5. Should vacancies arise in the target, the merged enterprise shall consider previous employment at one of the non-transferring Edgars Business Stores to be a positive factor to be taken into account in the consideration of offering potential employment;
6. The conditions shall last for a period of three (3) years from the date of implementation;
7. The merged enterprise shall for a period of three (3) years from the implementation date, submit a report on each anniversary of the implementation date, detailing its compliance with the conditions of approval;
8. Any person who believes that the merged enterprise has failed to comply with any of the conditions of approval may approach the Authority with his/her complaint; and
9. In cases of any job losses, for the Authority to assess whether the retrenchments or redundancies are merger specific, at least three (3) months before (to the extent that this deadline can be practically achieved and in terms of the prevailing and legally required employment practices) any retrenchments or redundancies are to take place, inform the Authority of:
 - i. The intended retrenchments;
 - ii. The reasons for the retrenchments;
 - iii. The number and categories of employees affected; and
 - iv. The expected date of the retrenchments.
10. The conditions shall last for a period of three (3) years from the date of implementation.

MER/026/2020	Jexman Holdings (Pty) Ltd	Monyglob (Pty) Ltd	Financial Services
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The Authority approved the proposed acquisition with the conditions that:

1. All employees of the Target Enterprise should be retained by the Acquiring Enterprise; and
2. The merged entity should revert to the Competition and Consumer Authority within 12 months from the implementation date, with a status report regarding the status of the concerned employees.

MER/036/2020 **Min Botswana Holdings (Pty) Ltd** **Aon Holdings Botswana (Pty) Ltd** **Financial Services**

The Authority approved the proposed acquisition with the conditions that:

There will be no merger specific retrenchments. For clarity, merger specific retrenchments or redundancies do not include:

- a. voluntary retrenchment and/or voluntary separation arrangements;
- b. voluntary early retirement packages;
- c. ordinary course of business;
- d. retrenchments lawfully effected for operational requirements unrelated to the Merger; and
- e. terminations in the ordinary course of business, including but not limited to, dismissals as a result of misconduct or poor performance.

MER/001/2021 **Cresta Marakanelo (Pty) Ltd** **Phakalane Hotel and Convention Centre** **Tourism and Hospitality**

The Authority approved the proposed acquisition with the conditions that:

- a. Cresta will prioritise employees of Phakalane Estates who were working at the Phakalane Hotel and Convention Centre when recruiting for its new business situated at the Phakalane Hotel and Convention Centre.

MER/006/2021 **Jagdish Shah** **Kruger Agencies Technology (Pty) Ltd** **Retail**

The Authority approved the proposed acquisition with the conditions that:

- 1. There shall be no termination of any of the current employees of the Target Enterprise;
- 2. The Director of the Kruger Agencies, shall continue to be employed as a Managing Director in the company for at least one (1) year with the intention to train a Citizen with the skills necessary to undertake the role and position within 18 months from the date of implementation. Furthermore, for all positions which are held by expatriate staff in the company, the Acquirer shall appoint citizen understudies who shall take over the roles performed by the expatriates when their contracts come to end; and
- 3. The Merged Enterprise should revert to the Competition and Consumer Authority within 24 months from the date of approval, with a status report regarding the above undertakings.

MER/008/2021 **NMI Durban South Motors (Pty) Ltd** **Barloworld Motor Botswana (Pty) Ltd** **Retail**

The Authority approved the proposed acquisition with the conditions that:

- 1. There shall be no merger specific retrenchments or redundancies that may affect the employees of the Merged Enterprise; and
- 2. The Merged Entity should revert to the Competition and Consumer Authority within 12 months from the date of approval, with a status report regarding the abovementioned condition, stating the number of employees who have left the company, their names, and the reasons for leaving.

Source: The Authority's Mergers and Acquisitions Database as at 31 March 2021

Mergers Rejected

The Authority prohibits a merger if the implementation of the proposed transaction will give rise to Substantial Lessening of Competition and Public interest concerns. In the period under review, one (1) merger was rejected as shown in Table 8 below.

Table 8: Mergers Rejected in the 2020/21 Financial Year

FILE NUMBER	SECTOR	ACQUIRING FIRM	TARGET FIRM
MER/019/2020	Property and Real Estate	El Alamein (Pty) Ltd	New African Properties Limited

- 1. The analysis of the facts of the proposed merger showed that there were substantive competition concerns that would arise in the market for the provision of retail rental space in shopping complexes in the relevant geographic market being Maun, given the fact that:
 - i. The proposed transaction is likely to result in a substantial lessening of competition, due to the removal of a competitor in the form of the target enterprise;
 - ii. The implementation of the proposed merger is expected to result in the acquiring entity enhancing its dominant position. The post-merger market share will stand at 42% in the relevant geographic area, considerably higher than the 25% dominance threshold prescribed by the Competition Act, which raises potential competition concerns;
 - iii. There are high barriers of entry in the relevant market owing to the difficulty in acquiring commercial land in the relevant market as indicated by the Maun Land Authorities and the acquiring enterprise; and
 - iv. Finally, there exists cross-shareholding between the upcoming Delta Palms Mall and the acquiring enterprise through a common shareholder in the form of Cash Bazaar Holdings (Pty) Ltd. This cross shareholding element has the potential to give rise to both coordinated and unilateral effects to the detriment of consumers and competitors of the merged enterprise.
- 2. Pursuant to the provision of section 53 of the Act, the Authority declined to approve the proposed acquisition of a letting enterprise situated at Tribal Lot 1299 Maun, together with the underlying leases and the right to collect rental, as a going concern from El Alamein (Pty) Ltd by New African Properties Ltd.

Source: The Authority's Mergers and Acquisitions Database as at 31 March 2021

At the time of finalising this report, the case had been registered at the Competition and Consumer Tribunal on appeal by the merging parties. At the time of publication the Authority was still awaiting the judgment of the appeal.

Mergers Brought Forward

Table 9 below shows one merger that was notified in the 2019/2020 financial year but was brought forward and finalised in the period under review. This merger was filed in the last month of the financial year being February. Investigations and assessments were on-going at the start of the 2020/21 financial year.

Table 9: Mergers Brought Forward to the 2020/21 Financial Year

FILE NUMBER	SECTOR	ACQUIRING FIRM	TARGET FIRM
MER/009/2020	Construction	Zebra Construction (Pty) Ltd	Sahara Investments (Pty) Ltd

Source: The Authority's Mergers and Acquisitions Database as at 31 March 2021

Mergers Carried Forward

Table 10 below shows mergers that were notified in the 2020/2021 financial year and were carried forward to the 2021/22 financial year.

Table 10: Mergers Carried Forward to the 2021/22 Financial Year

FILE NUMBER	SECTOR	ACQUIRING FIRM	TARGET FIRM
MER/009/2021	Manufacturing	Actom Investment Proprietary Limited	OMPE V GP Mining Holdings (Pty) Ltd
MER/010/2021		DSI Underground Holdings S.á. r. l	Sandvik Aktiebolag Plc

Source: The Authority's Mergers and Acquisitions Database as at 31 March 2021

INVESTIGATIONS, POLICY RESEARCH AND ADVOCACY

During this financial year, the Competition and Consumer Authority investigated a total of 25 competition related cases, 15 of which were a roll-over from the previous financial year. The other ten (10) cases were new investigations that were received during the 2020/21 financial year. Out of the 25 cases investigated, only four (4) cases were investigated and closed during the reporting period. The remaining 21 cases are still under investigation and will be carried forward to the 2021/22 financial year as shown in Table 11 below:

Table 11: Cases Handled

Number of cases investigated	25
Number of new cases	10
Number of cases brought forward from the previous year	15
Number of cases closed after investigation	4
Number of cases carried forward to the next financial year	21

CASES BROUGHT FORWARD FROM THE PREVIOUS FINANCIAL YEAR AND CLOSED IN 2020/21

- i. PBL Africa (Pty) Ltd and Superfit Molapo Vs Sphinx Associates;
- ii. Easil-Mail Vs Botswana Post; and
- iii. Banyana (Proprietary) Limited Vs Various Bidders for the advertised farms.

CASES RECEIVED, INVESTIGATED AND CLOSED IN THE 2020/21 FINANCIAL YEAR

Nowata Africa (Pty) Ltd Vs Diamond Flowers (Pty) Ltd t/a Afronobel (Pty) Ltd

The Authority received a complaint alleging abuse of dominance by Diamond Flowers (Pty) Ltd t/a Afro Nobel. The complaint related to the alleged abuse of dominance in the form of predatory conduct by Diamond Flowers (Pty) Ltd t/a Afro Nobel, the respondent was alleged to be selling some of the leading mining explosive products at a price lower than the cost price charged by the supplier.

The findings of the preliminary inquiry did not indicate any signs of abuse of dominance through predatory pricing as per the allegation. Because there were no anti-competitive behaviour detected against the respondent, the Authority could not continue with the investigation against Diamond Flowers (Pty) Ltd as per the allegation and the case was closed.

CASES RECEIVED IN 2020/21 AND CARRIED FORWARD TO THE NEXT FINANCIAL YEAR

The Braai Place Vs Khumo Property Asset Management

This is a case of alleged abuse of dominance against Khumo Property Asset Management (Khumo). The allegation is that Khumo Property may be abusing its dominance by refusing to deal with The Braai Place Ltd by not leasing its rental shop space at Airport Junction Mall. The investigation process has moved from a preliminary inquiry stage into a full investigation stage. The investigation process will be carried forward into the 2021/22 financial year.

Cotton Fields (Pty) Ltd Vs Total Botswana (Pty) Ltd

This is a case of allegation of resale price maintenance by Total Botswana (Pty) Ltd. The allegation is that Total Botswana (Pty) Ltd dictates the price and margins at which its merchants or fuel stations (that have entered into a merchant agreement) are to resell petroleum products and participating goods and services to Total Cardholders. The investigation is still ongoing. Currently, the matter is before the Competition and Consumer Tribunal following an application of an interim relief by Cotton Fields (Pty) Ltd following Total Botswana (Pty) Ltd indication of termination of operation of the Game City fuel filling station (by Cotton Fields (Pty) Ltd). The investigation process has been carried forward into the 2021/22 financial year.

Competition and Consumer Authority Vs Conduit Investments (Pty) Ltd

This is a case of alleged abuse of dominance through margin squeeze levelled against Conduit Investments (Pty) Ltd.



INVESTIGATIONS, POLICY RESEARCH AND ADVOCACY

The Authority initiated an investigation against Conduit Investments (Pty) Ltd after receiving a complaint from a whistle-blower. The whistle-blower alleged that Conduit Investments (Pty) Ltd (a crusher dust producer and supplier located in Moshana (near Kanye) could be abusing its market power by charging its customers (both brick moulding businesses and individual customers) a much high price for crusher dust. The allegation is that Conduit Investments also competes with customers that mould bricks as it also has presence in the downstream market. By charging its customers a higher price on crusher dust, it is alleged that the strategy is for these brick moulding customers to find it difficult to compete with Conduit Investments in the business of selling bricks in the downstream market.

Ekuseleni Clinical Laboratory Vs Botswana Medical Aid Society (BOMAID)

This is a case of allegation of possible abuse of dominance by BOMAID. The alleged abuse of dominance behaviour relates to abuse of market power in the form of discriminatory pricing through the introduction of the tariffs system by BOMAID. The allegation points to BOMAID's implementation of the two tariff system that is discriminative against Ekuseleni (by paying it lower tariffs compared to other medical laboratories for similar services rendered).

The other alleged conduct relates to the discriminatory price increments that BOMAID applies to Ekuseleni. The allegation is that when it applies annual tariff adjustments for its service providers, BOMAID does not apply the tariff increase to the complainant. The third allegation points to the exclusive arrangement between BOMAID and Diagnofirm (with regards to BOMAID Managed Care Benefit Scheme). The investigation is still ongoing and will be carried forward to the 2021/22 financial year.

Competition and Consumer Authority Vs Choppies Enterprises Limited, Sefalana Group, Pick n Pay, Spar, Shoprite/Checkers/USave, and Eureka/ Trident Group

The Authority conducted a market inquiry on In-House Brands in the year 2015 to 2017. One of the findings of the market inquiry indicated possible abuse of market power by different retailers/wholesalers use of In-House branded products to stifle growth of Family brands. It is alleged that the behaviour is practised amongst others by Spar Wentzel Group, Tsetseng Retail Group, Choppies Enterprises Limited, Sefalana Group, Pick n Pay, Shoprite/Checkers/USave and Eureka/Trident Group. The process of preliminary inquiry continues into the 2021/22 financial year.

Competition and Consumer Authority Vs Security Systems (Pty) Ltd

This is a case of allegation of possible abuse of dominance in the form of predatory pricing and price discrimination by Security Systems (Pty) Ltd (Security Systems) for alarm monitoring and response (inclusive of SMS alerts and electric fence monitoring). The Authority initiated a preliminary inquiry against Security Systems after receiving a tip off that the respondent could be abusing its market power. The preliminary inquiry process is on-going and will be carried forward into the 2021/22 financial year.

Competition and Consumer Authority Vs Botswana Investment Fund Management (BIFM)

This is a case of allegation of possible abuse of dominance in the form of refusal to deal by BIFM. The Authority initiated a preliminary inquiry against BIFM after receiving a complaint from a whistle-blower alleging that Khumo Property Asset Management (Pty) Ltd which is owned by BIFM, also participated and got awarded a tender to manage about four (4) properties of which BIFM co-owns through various partnership agreements with other entities namely: Motor Vehicle Accident Fund, Debswana Pension Fund, and Engen Marketing Botswana. The whistle-blower's concern is that it would be unfair for other property management entities to compete for business with BIFM when the respondent has influence in the decision making in the upstream market. The matter is still in a preliminary inquiry stage and the process will flow into the 2021/22 financial year.

Various Micro-Financiers Vs BOTUSAFE (Pty) Ltd and LESAKA (Pty) Ltd

The allegation by various micro lenders is that both BOTUSAFE and LESAKA could be abusing their position to access government employees by way of using central registries as a barrier to entry for other micro lenders. The investigation process will be carried forward into the 2021/22 financial year.

Botswana Dental Association Vs BOMAID and other Medical Aid Funders

This is a case of allegation of possible abuse of dominance in the form of refusal of access an essential facility and possible horizontal agreement through price fixing by Botswana Medical Aid Society (BOMAID), Pula Medical Aid (PULA) and Botswana Public Officers Medical Aid Scheme (BPOMAS). After receiving a complaint from Botswana Dental Association (BODEA), the Authority initiated an investigation against BOMAID, Pula and BPOMAS and the investigation will be carried forward into the next financial year.

CASES HANDLED BY SECTOR

Cases (mainly cartel conducts) that were handled either through investigation or market inquiry related to the following sectors of the market:

-  **i. Abattoir sector;**
-  **ii. Construction sector (bidding market);**
-  **iii. Waste Management sector (bidding market);**
-  **iv. Financial sector;**
-  **v. Government supplies sector (bidding market); and**
-  **vi. Animal feed sector.**

RESEARCH

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

Cement Policy Advisory Paper

Cement is an important commodity in ensuring the competitiveness and growth of many economies because it is critical in the construction of infrastructure and housing. The product has a spill-over effect on the entire economy as it is a necessary input for the downstream companies and SMME's. The price, availability and quality of cement therefore, has a direct effect on the competitiveness of various sectors of the economy as well as on the general welfare of consumers. Botswana does not have limestone deposits, which is the primary commodity for producing a key input in the production of cement (clinker), hence local producers of cement import clinker and other inputs from South Africa for the manufacturing of cement.

Factors that shape the market structure and competitive dynamics in the cement markets across Africa include reliance on imports, the degree of vertical integration, small markets and economies of scale and high establishment and production costs, among others. Botswana, like many countries which do not have limestone deposits, relies heavily on imports for the supply of cement, making the local market vulnerable to cross border competition challenges.

Vertical integration in the cement supply chain is common across many African countries and this poses a risk of foreclosure of other suppliers, particularly, if a dominant vertically integrated upstream producer of cement input, is supplying to the downstream competitors in cement production. The competitiveness of the local producers is partly affected by this kind of a regional cement supply set-up. Other factors that affect the competitiveness of local producers are operational inefficiencies such as supply unreliability, limited capacity, limited choice in the local produce, high prices and poor standard of some cement.

High barriers of entry in the market and the small-sized market are a disincentive for potential investors to enter the market. However, since the uncovering of a SACU cement cartel by the South Africa Competition Commission in 2009, there has been a more meaningful competition in Botswana from importers such as Afrisam, Lafarge, Champion and lately Sephaku. The cartel constituted a market sharing agreement between Lafarge, Afrisam and PPC. It is yet to be observed how the rivalry between these firms would affect the market shares and prices of cement in Botswana.

Poultry Market dynamics in Botswana

Following a concern on existing discrepancy regarding poultry products, the Competition and Consumer Authority carried a market surveillance across the retail chain stores and individual sellers/ abattoirs in Gaborone and surrounding areas. Generally, the data collection indicate that the pricing of poultry meat used is in two methods. The market operates either by price per Unit or Per Kg. Price per unit was observed to be a predominant method used by individual sellers/ abattoirs while price per kilogram is mainly used by retail chain stores.

The chain stores generally sell chicken per kilogram, whilst the small scale producers price their products per unit without regard to the size of the product. There is need for the CCA to do a lot of public education engagement around these issues so that these prices are understood within context. The CCA had done engagements with a number of key stakeholders including some members of the small scale producers, businesses and Ministry of Agriculture. The engagements are on-going.

CONSUMER PROTECTION



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: to conduct research on consumer protection policies, laws and regulations and to make recommendations on improvements required. It also investigates and presides over disputes of unfair business practices with the objective of assisting the parties to a settlement; and to conduct comprehensive surveys on consumer behaviour, consumption patterns, market prices, price and quality of products, business practices and any other related matters, as well as publish reports on the findings of the surveys.

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 refer the matter to the Competition and Consumer Tribunal.

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

-  I. Motor vehicles, motor parts and service (CCV);
-  II. Electronics and Electricals matters (CCE);
-  III. Clothing and textiles (CCCL);
-  IV. Furniture (CCF);
-  V. Cell Phone, cell phone gadgets and accessories (CCC);
-  VI. Construction (CCCon);
-  VII. Events Management (CCEm);
-  VIII. Services (CCS);
-  IX. Tourism & Hospitality (CCTh);
-  X. Household Improvements(CCH);
-  XI. Borehole (CCB);
-  XII. e-Commerce (CCET);
-  XIII. Agricultural Implements & Services (CCA); and
-  XIV. Miscellaneous (CCM): anything not covered in the above categories.

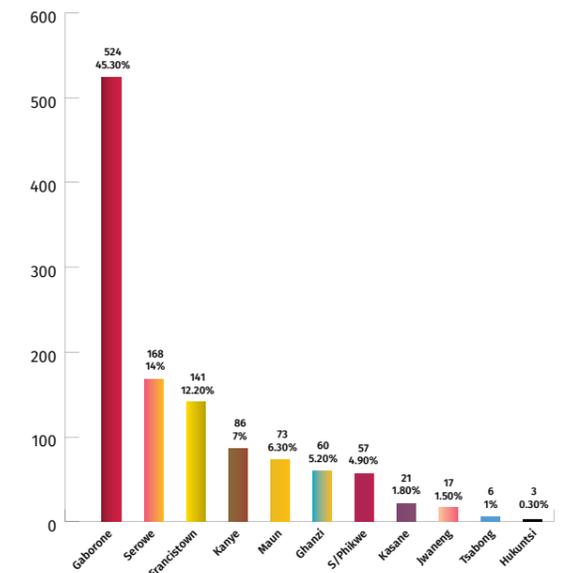
A total of 1158 complaints were lodged in the year under review.

Table 12: Complaints Received Per District Office

No.	Name of District	No. of Complaints Received	% of Complaints Received
1.	Gaborone	524	45.3%
2.	Serowe	168	14%
3.	Francistown	141	12.2%
4.	Kanye	86	7%
5.	Maun	73	6.3%
6.	Ghanzi	60	5.2%
7.	S/Phikwe	57	4.9%
8.	Kasane	21	1.8%
9.	Jwaneng	17	1.5%
10.	Tsabong	6	1%
11.	Hukuntsi	3	0.03%
TOTAL		1158	100%

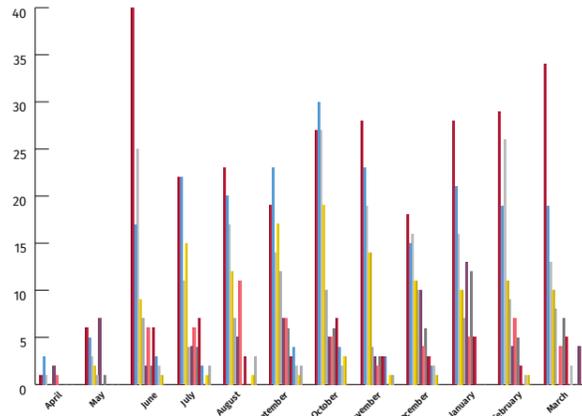
A total of 245 complaints were brought forward from the previous year, bringing the total cases investigated to 1403.

Figure 2: Complaints Received Per District office



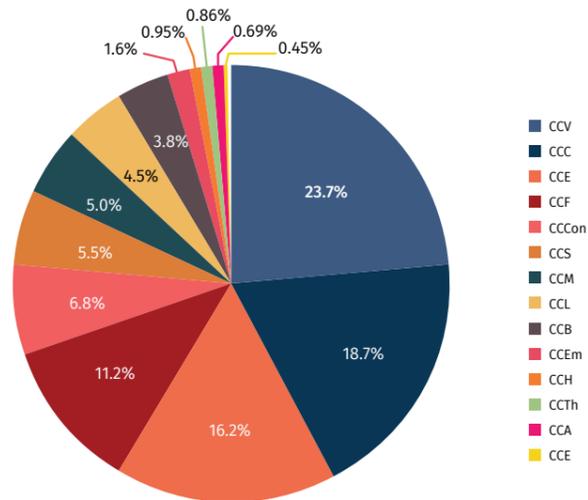
Gaborone received the highest number of complaints at 45.3%, followed by Serowe at 14%. The least complaints were received by Hukuntsi office at .03%.

Figure 3: Number of Complaints Received Per Category Per Month



Most of the complaints were received in June 2020 wherein 120 complaints were registered, this was after the first lockdown, the second highest was in September and January where 117 complaints were registered. Only 8 cases were received in April before lockdown.

Figure 4: Percentage of Complaints Received Per Category



The complaints were received with: CCV 275/1158(23.7%); CCC 217/1158 (18.7%); CCE 188/1158 (16.2%); CCF 130/1158 (11.2%); CCCon 79/1158 (6.8%); CCS 64/1158 (5.5%); CCM 58/1158 (5%);CCCL 52/1158 (4.5%); CCB 44/1158 (3.8%); CCEm 18/1158 (1.6%); CCH 11/1158 (0.95%); CCTh 10/1158 (0.86%); CCA 8/1158 (0.69%); CCEt 4/1158 (0.34%).

According to Figure 4, the majority of complaints related to motor vehicles, motor parts and services at 23.7%, most consumers buy grey imports without the assistance of experts in the auto industry to ensure that vehicles bought do not have faults. Complaints include failure to repair, sale of a defective product (parts or vehicle), failure to deliver, and poor merchantability of pre-owned vehicles. The next most common complaint was cell phones and accessories at 18.7%. Complaints entailed failure to repair, poor merchantability, failure to perform, limiting the warranty, and non-disclosure of information. Electronic category followed at 16.2% and these include poor merchantability, failure to perform, and misleading information.

Furniture category complaints followed at 11.2%, which included defective product, failure to honour hire purchase contractual obligations and taking long to return products from repair. E-commerce transactions were the least common complaints at 0.45%.

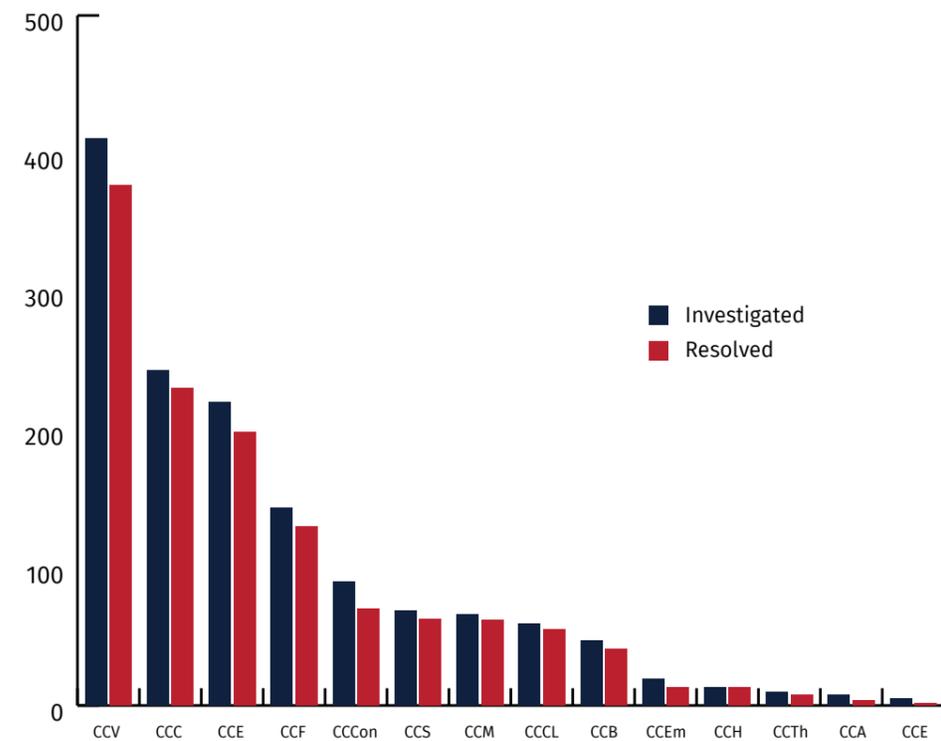
These included complaints relating to payment of services using e-platforms wherein service provider had not received payments.

A total of 1403 complaints were investigated. Out of these, 1267 complaints were resolved or 90.3% of cases resolved and 136 complaints were still pending at the end of the financial year.

Table 13: Number of Complaints Resolved and Pending

CATEGORY & ABBREVIATION	BROUGHT FORWARD FROM PREVIOUS YEAR	RECEIVED	INVESTIGATED	RESOLVED	PENDING
	(2019-2020)	2020/21	2020/21		
Motor vehicles, motor parts and service (CCV)	136	275	411	377	34
Electronics and Electricals matters (CCE)	32	188	220	198	22
Clothing and textiles (CCCL)	7	58	65	55	4
Furniture (CCF)	13	130	143	130	13
Cell Phone, cell phone gadgets and accessories (CCC)	26	217	243	230	13
Construction (CCCon)	11	79	90	70	20
Events Management (CCEm)	1	18	19	13	6
Services (CCS)	5	64	69	63	6
Tourism & Hospitality (CCTh)	0	10	10	8	2
Household Improvements(CCH)	2	11	13	13	0
Borehole (CCB)	3	44	47	41	6
e-Commerce (CCEt)	1	4	5	3	2
Agricultural Implements & Services (CCA)	0	8	8	4	4
Miscellaneous (CCM) anything not covered in the above categories.	8	52	60	62	4
TOTAL COMPLAINTS	245	1158	1403	1267	136

Figure 5: Number of Resolved Complaints per Category



Source: The Authority's Consumer Protection Unit Database as at 31st March 2021

PENDING COMPLAINTS

Out of the 136 complaints that are pending, 34 or 25% are in the Motor Vehicle category; followed by Electronics and Electricals 22 or 16%. Construction complaints follow at 20 or 15%; Furniture is at 13 complaints or 10%; and Cellphone based complaints and Event Management at six (6) complaints each and the rest are at four (4) complaints and lower.

COMPLIANCE

Through the compliance function, the Authority promotes consumer welfare by ensuring that businesses comply with laws that underpin good business practices for goods and services. Inspections are conducted and if non-compliance is observed, the Authority instigates the complaint, the aim is to eventually take the matter to the Competition and Consumer Tribunal.

For offences outside the CCA mandate, the Authority referred these complaints to the relevant Ministries and Departments for appropriate action. In some instances, the Authority collaborates with other relevant stakeholders to conduct joint inspections.

In the period under review, inspections were carried out, in which 3005 businesses were inspected countrywide. These included general dealers, motor dealer, funeral parlours and hardwares around the country. This resulted in 80.3% compliance level compared to the previous year whereby 347 businesses were inspected with 90 business found not to be compliant. Compliance level was at 74.1%.

The focus of the inspections was targeted at some specific areas of the Act, such as display and sale of tainted goods; non-issuance of proof of purchases (receipts); failure to display prices; shelf prices that do not tally with till prices; uncleanliness especially in the kitchens; trading without a license; failure to display a trading license; packaging of food; unfair disclaimers; and failure to comply with labelling standards: The aim of these targeted inspections was to assess and gauge the level of compliance so as to properly direct intervention appropriately.

JOINT INSPECTIONS

These included enforcement of standards for sanitisers (BOBS), type approval for cell phones (BOCRA), OPSON - counterfeits for food and beverages - Public Health Act and



Medicines and Related Substance Act. (BOMRA) and AG CERA tablets, which did not meet the required BOMRA standard.

PRICE MONITORING ON ESSENTIALS AND BASIC PRODUCTS

Following the outbreak of the Covid-19 pandemic, the Authority carried out a price monitoring surveillance for essential and basic products in response to the Government statutory instrument that was issued to curb excessive pricing of essential commodities during the State of Emergency. In terms of this instrument, traders were not allowed to increase the cost of essential products by more than the additional cost of procurement or cost of production of such commodities. In the event that a trader contravened this instrument, they were guilty and liable to a fine not exceeding P100 000 or to an imprisonment term not exceeding five years, or to both.

CASES INVESTIGATED

Pyramid Schemes

Pursuant to section 9 of the Consumer Protection Act of 2018, the Division investigated three (3) alleged pyramid and related schemes during the year under review:

WhatsApp Gifting Motshelo

It is a suspected chain letter scheme and operated as follows:

- Participants are recruited to join the group with P100.00.
- The recruited participants are expected to recruit more participants to join under them.
- The top participant in a list, benefits or is paid P500.
- The first participant exits the group or re-joins at the bottom.

The Authority contacted some participants who appeared in some of the WhatsApp gifting motshelo and below are the observations:

- Some participants were not aware that they were added as members of WhatsApp gifting motshelo.
- Other participants did not know who added them to the group.
- Some of the participants quit the group before benefiting.
- Some participants did not know about the scheme and had never joined it.

The Authority is still carrying out investigations. Since this is a criminal matter, the Authority will engage the Botswana Police Service once investigations are concluded.

Elamant

Elamant is an online membership rewards platform that was created to support its members. The company was launched on November 8th, 2017 in Singapore and Mr. Ryan Evans was the Chief Executive Officer (CEO).

Members collect receipts and upload them for redemption after every 30 days. There is a waiting period of 30 days for validation and processing. Members benefit from travel experience and shopping reward.

How Does Elamant Work?

- Shopping data (receipts) is captured
- The data is given to business people for targeted marketing
- Pays everyone who brings their shopping receipt
- From the data businesses make decisions on the type of business they could embark upon

The Authority collaborated with the Botswana Police Service to investigate. It was resolved that the two perpetrators who introduced the scheme in the country should be charged for operating an illegal business in the country as it was not registered with the Companies and Intellectual Property Authority (CIPA).

Mufhiwa Building Project

It is a suspected chain letter scheme. The scheme is legally registered with CIPA in Botswana and was launched on 15th June 2020. The Head Office is in Pretoria, South Africa. Mufhiwa Building Project was founded by a South African woman, Tshifhiwa Ngcai. It has promoters and members in Botswana, Namibia, Zimbabwe as well as South Africa. The joining fee is P160.00 or R200.00 which is a once off payment. Members get the monetary incentive from the company when they gain six direct recruits to join at any of the five stages in the scheme.

Benefits

- Home Loan
- Buying a house
- Property Building
- Renovations
- Rates and taxes
- Furniture and landscaping
- Cash Back

Investigations are ongoing and upon completion findings will be handed over to the Botswana Police Service since this is a criminal matter.

ANONYMOUS TIP-OFFS

The Authority relies on tip-offs to conduct some of its investigations. The following tip-offs were received in the year under review:

- Alleged pre-packaging of sanitisers by distributing businesses. Perpetrators were reported to the Police.
- Wholesale reported to be altering expired dates on commodities. Investigations proved the report wrong.

REMOVAL OF MARKET CONSTRAINTS AND UNFAIR BUSINESS PRACTICES

The Authority is mandated to remove unfair business practices in the market. The following are some of the unfair business practices removed in the year under review:

- Failure to display prices by some businesses;
- Continuous sale of tainted food products; and
- Failure to issue receipts.



LEGAL SERVICES

CASES BEFORE THE COMPETITION AND CONSUMER TRIBUNAL

The Authority refers cases and prosecutes entities that infringe the provisions of the Competition Act and the Consumer Protection Act before the Competition and Consumer Tribunal. It also appeals and defends appeals against it at the High Court and Court of Appeal.

CCA Vs GABCON

In a case that was referred to the Competition and Consumer Tribunal on 15th December 2018 against Gaborone Container Terminal (Pty) Ltd (GABCON) the Authority reached settlement with the party. GABCON was said to have been abusing its dominance in the container haulage market. GABCON owns an essential facility in the upstream market of container depot, it is also present in the downstream market of container haulage and competes with other truck owners for the transportation of containers. GABCON had introduced conditions to access the container depot which were not favourable to its competitors in the downstream market. A settlement agreement was reached between the Authority and GABCON and made an order of the Tribunal on 20th January 2021.

Cotton Fields Vs Total Botswana

In an ongoing investigation, an interim order was applied for on 9th March 2021 by Cotton Fields (Pty) Ltd against Total Botswana (Pty) Ltd and the Authority. Cotton Fields (Pty) Ltd has lodged a complaint with the Authority alleging abuse of dominance by Total Botswana (Pty) Ltd and that they are at the receiving end of the said abuse of dominance. The Authority is investigating the allegation, however Cotton Fields (Pty) Ltd alleges that it may suffer prejudice pending the finalisation of the investigation. It therefore made an application to the Competition and Consumer Tribunal to interdict Total Botswana (Pty) Ltd from taking certain actions until the investigation is completed. The Authority has taken a stand to abide by the decision of the Tribunal in the application.

CCA Vs New African Properties

On 14th December 2020, the Authority rejected a merger for the proposed acquisition of a letting enterprise situated at Tribal Lot 1299 Maun, together with the underlying leases and the rights to collect rental, as a going concern from El Alamein (Pty) Ltd by New African Properties (Pty) Ltd on the basis that the merger would raise competition issues in the provision of rental retail space in shopping complexes in the Maun market. Subsequent to this, the parties to the merger appealed

the decision to the Competition and Consumer Tribunal on 26th January 2021 on the basis that the Authority had erred in reaching its decision, and the Authority has opposed the appeal. The appeal is still pending before the Tribunal.

CASES BEFORE THE HIGH COURT

CCA Vs Mmegi Investment Holdings

On 17th February 2017, the Authority rejected a merger for the proposed acquisition of 28.73% shareholding in Mmegi Investment Holdings (Pty) Ltd by Universal House (Pty) Ltd. This transaction was rejected post-merger because the parties had implemented it without prior notification to the Authority. The Authority in its decision, directed Universal House (Pty) Ltd to divest the 28.73% shareholding and they failed to divest within the stipulated time frame. As a result of the non-compliance with the decision in 2019, two interested parties made an application to the High Court for the Authority to be ordered to enforce its decision against Universal Holdings (Pty) Ltd. The matter is still pending before the High Court, however the Authority will abide by the decision of the High Court because it was already in the process of enforcing its decision when the applications were made.

CCA Vs BOMAID

The Authority has instigated an investigation against numerous medical aids in Botswana, based on allegations of abuse of dominance. In a turn of events, Botswana Medical Aid Society (BOMAID) has alleged that it is a non-profit making society therefore the Competition Act does not apply to its operations. BOMAID made an application to the High Court on 21st January 2021 for an order declaring that it is exempt from the application of the Competition Act and that section 31 of the Competition Act does not apply to its conduct. The Authority opposed the application on the basis that BOMAID is a profit making entity. The matter is still pending before the High Court.

CORPORATE SERVICES

Staff Engagement

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. To achieve employee engagement, the Authority continued to monitor and implement the initiatives aimed at improving engagement. This was done by creating a conducive work environment, communication, training and development, and employee recognition.

During the year under review, some measures were put in place to curb the infection rates within the workplace. Staff had to work remotely in line with the Covid-19 protocols. The Authority also developed Working-from-Home Guidelines (WFH) to augment the existing Flexi Hours Policy.

In addition, the Authority implemented the following initiatives aimed at improving the overall employee experience:

- i. Performance Rewards for staff recognition;
- ii. Christmas Gifts, as a Token of Appreciation to staff.

Talent Development

The Authority developed tools to support leadership development. These included acting appointments as well as learning programs and opportunities. The Authority further developed a training and development programme to help provide a prime opportunity to expand the knowledge base of all employees and improve performance. Overall, during the financial year 2020/21, 125 employees attended virtual capacity building workshops and networking conferences.

Employee Wellness

The well-being of employees is accorded the highest priority to improve their overall health, fitness, and general well-being. In conjunction with our Employee Support Assistance Partner, the Authority delivered Virtual Health Talks to the staff across the branches encompassing several issues primarily to assist them to deal with the various challenges brought about by the Covid-19 pandemic.

Procurement

The Authority follows the PPAD Act and Regulations and other statutory instruments in all its procurement activities, including complying with the laid down internal procurement procedures.

- **EDD** - During the financial year 2020/2021, the Authority complied with the Economic Diversification Drive (EDD) policy, supporting a total of 73 (seventy three) 100% citizen owned businesses by procuring locally produced goods and services. The total value of these purchases equalled P2 144 854.35 from the overall value of P3 842 269.55.
- **Youth Empowerment** - In addition, the Authority supported youth-owned companies through the youth empowerment programme. The Authority procured goods and services valued at P493 857.35 from 24 youth-owned companies during the 2020/2021 financial year. These are inclusive of companies owned by young women and those owned by young people with disabilities.

In the coming financial year the CCA hopes to further show a breakdown of these specific demographics under procurement beneficiaries.

Information Technology

This Authority utilises ICT services to optimise the performance of the organisation. The Authority is planning to undertake the following projects in the next financial year:

- i. A Case Management System that will enhance the current ways of working and augment the Authority's capabilities to manage cases. The essence is to deliver a modern strategic integrated Case Management System for the Authority to enhance its administrative processes.
- ii. A 24/7 Complaints Registration and Ethics hotline service that will aid in the reporting of competition and consumer-related complaints, including any unlawful activities occurring within the organisation's business structures.



ANNUAL FINANCIAL STATEMENTS

31 MARCH 2021

ANNUAL FINANCIAL STATEMENTS

31 March 2021

CONTENTS	PAGE
Board's Responsibility and Approval of the Annual Financial Statements	55
Independent Auditor's Report	56 - 59
Statement of Comprehensive Income	60
Statement of Financial Position	61
Statement of Changes in Funds	62
Statement of Cash Flows	63
Summary of Significant Accounting Policies	64 - 74
Notes to the Annual Financial Statements	75 - 89

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.

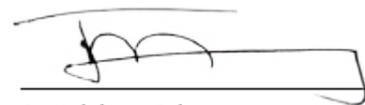
The Competition and Consumer Authority maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse of the Competition and Consumer Authority's assets. According to Section 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.

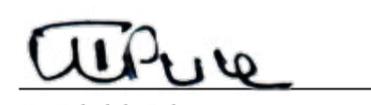
After making enquiries, the Board has no reason to believe that the Competition and Consumer Authority will not be a going concern in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these Annual Financial Statements based on forecasts, available cash 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 60 to 89 which were approved and signed on its behalf by:



Dr. Malebogo Bakwena
Chairperson of the Board



Ms. Tebelelo Pule
Chief Executive Officer

Date of Approval by the Board

12 November 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Competition and Consumer Authority



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Independent Auditor's Report

To the members of Competition and Consumer Authority

Opinion

We have audited the financial statements of Competition and Consumer Authority (the Authority) set out on pages 8 to 38, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, accounting policies and notes to the financial statements.

In our opinion, these financial statements give a true and fair view of the financial position of Competition and Consumer Authority as at 31 March 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

To the Members of Competition and Consumer Authority

Existence and accuracy of expenditure	
Refer to notes 2, 3 and 4 to the financial statements	
Key audit matter	How the matter was addressed in our audit
<p>Competition and Consumer 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.</p> <p>The Authority incurs significant annual expenditure in discharging its mandate and relies on Government funding for conducting its business.</p> <p>The total expenditure incurred during the financial reporting year amounted to P 45 248 375.</p> <p>Due to the significant risks associated with the non-approval of expenditure, recording of expenditure not incurred or expenditure incurred for the purpose other than for which the Authority was set up, the extent of expenditure incurred and the significant work effort by the audit team, the existence and accuracy of expenditure was considered a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> We tested the design and implementation of internal controls over the processing, review, monitoring and authorisation of expenditure to assess whether expenditure incurred and recognised is in terms of the procurement policy and approved by the appropriate authority levels. For a sample of expenditure incurred we agreed that the expenditure was in terms of the procurement policy, appropriately approved and agreed to supporting documentation. With the assistance of our information technology specialists we performed data analytical procedures, specifically related to staff costs and cash payments, to identify any exceptions against approved processes and expectations. We followed up on the exceptions identified by inspecting relevant supporting documentation on a sample basis to confirm that the expenditure was approved and valid.

Other matter

The financial statements of the Authority as at and for the year ended 31 March 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 November 2020.

INDEPENDENT AUDITOR'S REPORT

To the Members of Competition and Consumer Authority

Other information

The members are responsible for the other information. The other information comprises the General Information, Board's responsibility and approval of the annual financial statements but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after that date.

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

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 on the other information that we obtained prior to the date of this auditor's report, 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 members for the financial statements

The members are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the members determine 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 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 either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Competition and Consumer Authority

- 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 members.
- Conclude on the appropriateness of the members' 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.
- 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 members 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.

From the matters communicated with the members, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



KPMG
Certified Auditors
Practicing member: Adele Venter (20170221)
Certified Auditor of Public Interest Entity
BAOA Certificate Number CAP 0040 2021
Gaborone

26 November 2021

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	March 2021 BWP	March 2020 BWP
Revenue			
Government subvention	1	42,642,955	33,407,197
Armotisation of subvention relating to capital assets	16	753,448	768,082
Revenue arising from contracts with customers	17	1,591,297	2,237,903
Total Revenue		44,987,700	36,413,182
Other Income			
Sale of tender documents	17	21,500	25,000
Sundry Income		-	56,491
		21,500	81,491
Total Income		45,009,200	36,494,673
EXPENDITURE			
Staff costs	2	31,328,440	20,325,606
Consultancy costs	3	1,758,431	1,577,500
Administration expenses	4	12,161,504	12,476,437
Restructuring and Integration Expenses	4.1	-	4,864,377
		45,248,375	39,243,919
Operating (deficit)/surplus for the year		(239,175)	(2,749,246)
Finance Income	5	47,476	33,171
Finance Costs	5	(1,828,702)	(1,920,216)
Total comprehensive income for the year		(2,020,401)	(4,636,291)

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	March 2021 BWP	March 2020 BWP
ASSETS			
Non-Current Assets			
Plant, Property and equipment	6	1,932,000	2,346,683
Right of Use Assets	15.1	23,675,913	27,120,057
		25,607,913	29,466,740
Current Assets			
Receivables and prepayments	7	1,551,712	769,937
Cash and cash equivalents	8	1,794,396	5,756,468
		3,346,109	6,526,405
Total Assets		28,954,022	35,993,145
FUNDS, RESERVES AND LIABILITIES			
Funds and Reserves			
Accumulated (deficit)/surplus		(3,471,586)	(1,451,185)
Non-Current Liabilities			
Deferred capital grant	16.1	788,651	1,188,699
Lease liabilities	15.2	25,899,847	28,014,154
		26,688,498	29,202,853
Current Liabilities			
Trade and other payables	9	1,354,585	1,888,343
Provisions	10	1,514,772	1,391,016
Government subvention	16.1	753,448	3,295,108
Lease liabilities	15.2	2,114,305	1,667,010
		5,737,110	8,241,477
Total Funds, Reserves and Liabilities		28,954,022	35,993,145

STATEMENT OF CHANGES IN FUNDS

For the year ended 31 March 2021

	Accumulated Funds BWP	Total BWP
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)
Balance at 1 April 2020	(1,451,185)	(1,451,185)
Total Comprehensive income for the year	(2,020,401)	(2,020,401)
Balance at 31 March 2021	(3,471,586)	(3,471,586)

STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	March 2021 BWP	March 2020 BWP
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus/ (Deficit) for the year		(2,020,401)	(4,636,291)
Adjustments for:-			
Revenue Grant Utilised	16	(2,527,026)	-
Finance income	5	(47,476)	(33,171)
Finance costs	5	1,828,702	1,920,216
Recognition of capital grant	16	(753,448)	(768,082)
Depreciation of plant and equipment	4	753,448	768,082
Depreciation on right of use asset	4	3,444,144	3,444,149
Movement in provision for gratuity pay	10.1	205,460	(69,289)
Movement in provision for leave pay	10.2	(112,204)	246,458
Movement in provision for leave travel	10.3	30,500	(19,208)
Cash generated/(utilised) by operations		801,699	852,864
Decrease/(Increase) in trade and other receivables	8	(781,775)	651,248
(Decrease)/Increase in trade and other payables	9	(533,758)	(138,135)
Net cash flows from operating activities		(513,834)	1,365,977
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Interest received	5	47,476	33,171
Purchase of plant and equipment	6	(338,765)	(618,026)
Net cash flows used in investing activities		(291,289)	(584,855)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Capital grant received	16	338,765	3,145,052
Payment of lease liabilities	15.2	(3,495,714)	(3,195,326)
Net cash flows (used in)/generated from financing activities		(3,156,949)	(50,274)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(3,962,071)	730,848
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		5,756,468	5,025,620
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	1,794,397	5,756,468

ACCOUNTING POLICIES

For the year ended 31 March 2021

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).

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.

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.

ACCOUNTING POLICIES

For the year ended 31 March 2021

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 2021

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 Competition and Consumer Board. 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 2021

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

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 rate (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 2021

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.

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 2021

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 assets 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 measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate at the date of initial application. Lease payments included in the measurement of the lease liability comprise of the fixed payments. The lease liability is subsequently measured by discounting revised lease payments using the applicable entity's incremental borrowing rate at the date of initial application.

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

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%.

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.

15. GOVERNMENT GRANT

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

ACCOUNTING POLICIES

For the year ended 31 March 2021

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 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

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

16. NEW STANDARDS AND INTERPRETATIONS

The standards and interpretations which became effective during the year ended 31 March 2021 are summarised as follows:

Standards, Amendments and Interpretations	Impact
IFRS 16 amendment	COVID-19 Related Rent Concessions
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Amendments	Interest Rate Benchmark Reform – Phase 2
Conceptual Framework amendments	Amendments to References to Conceptual Framework in IFRS Standards
IFRS 3 amendment	Definition of a Business
IAS 1 and 8 amendments	Amendments to the definition of Material

ACCOUNTING POLICIES

For the year ended 31 March 2021

16. NEW STANDARDS AND INTERPRETATIONS Continued

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2021 and have not been applied in preparing these financial statements.

IFRS 17: Insurance Contracts (and its related amendments)

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model (“general model”) for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity’s financial statements. The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted only if the entity applied IFRS 9.

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement. The existing requirement to ignore management’s intentions or expectations for settling a liability when determining its classification is unchanged. The amendments are to be applied retrospectively from the effective date. The standard is effective for annual periods beginning on or after 1 January 2023.

Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 37)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the ‘costs of fulfilling a contract’ when assessing whether a contract is onerous comprise both:

- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

ACCOUNTING POLICIES

For the year ended 31 March 2021

16. NEW STANDARDS AND INTERPRETATIONS Continued

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs. Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use. Making this allocation of costs may require significant estimation and judgement.

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the authority first applies the amendments.

Annual Improvements to IFRS Standards 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards: The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 Financial Instruments: The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

IFRS 16 Leases: The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

IAS 41 Agriculture: The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

ACCOUNTING POLICIES

For the year ended 31 March 2021

16. NEW STANDARDS AND INTERPRETATIONS Continued

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted. When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.

Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired.

In response to this conflict and the resulting diversity in practice, on 11 September 2014 the IASB issued Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28). This standard has been deferred indefinitely by amendments made in December 2015.

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

ACCOUNTING POLICIES

For the year ended 31 March 2021

16. NEW STANDARDS AND INTERPRETATIONS Continued

Definition of accounting estimates (Amendments to IAS 8) Continued

- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the authority applies the amendments.

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board). The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include.

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a authority's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from 1 January 2023 but may be applied earlier.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

	March BWP	March BWP
1. GOVERNMENT SUBVENTION		
Revenue/subvention received from the Government of the Republic of Botswana	42,642,955	33,407,197
Capital grants received from the Government of the Republic of Botswana	16 753,448	768,082
Total Government subvention received	43,396,403	34,175,279
Amount recognised as income includes amortisation of grants previously received to fund capital expenditure as shown below:		
Government subvention	42,642,955	33,407,197
Amortisation of subvention relating to capital assets	16 753,448	768,082
Total grants revenue	43,396,403	34,175,279
There were no unfulfilled conditions or contingencies attached to these income and capital grants.		
1.1 Other Income		
Sale of tender documents	21,500	25,000
Sundry income	-	56,491
	21,500	81,491
2. STAFF COSTS		
Salaries and wages	24,081,452	13,292,258
Allowances and benefits	2,756,619	2,584,511
Pension fund contributions	1,468,484	1,370,444
Medical aid and uniforms	1,012,709	1,153,827
Contract gratuity, severance and leave pay	2,009,176	1,924,566
	31,328,440	20,325,606
3. CONSULTANCY COSTS		
Consultancies	1,758,431	1,577,500
	1,758,431	1,577,500

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

	March BWP	March BWP
4. ADMINISTRATION EXPENSES		
Advertising and Publicity	1,316,922	569,197
Competition and Consumer Board sitting allowances	335,138	283,892
Competition and Consumer Board training and related expenses	88,449	94,987
External audit fees	228,000	214,860
Internal audit fees	-	581,035
Bank charges	15,735	17,255
Depreciation	753,448	768,082
Insurance	345,587	403,435
Cleaning expenses	313,142	149,056
Printing and stationery	652,980	339,877
Merger related costs	160,732	87,228
Adjudication sitting allowances and expenses	-	237,600
Information technology and related services costs	604,583	1,153,731
Workshop and seminars	43,005	255,232
Staff training	26,940	783,037
Staff welfare and social activities	248,859	260,415
Utilities	1,470,217	1,083,220
Vehicle Expenses	89,099	150,442
Legal expenses	101,800	324,297
Recruitment expenses	-	87,235
Repairs and maintenance	234,331	276,218
Security services	124,956	109,159
Subscriptions to professional bodies	55,168	48,248
Office refreshments and utensils	49,309	160,671
Travel and accommodation	502,480	593,878
Depreciation on right of use asset	15 3,444,144	3,444,149
Financial Inclusion Expenses	956,480	-
	12,161,504	12,476,436
4.1 RESTRUCTURING AND INTEGRATION EXPENSES		
Consumer Integration Expenses	-	2,017,409
Secondment Allowances	-	2,846,968
	-	4,864,377

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

	2021 BWP	2020 BWP		
5. FINANCE INCOME AND COSTS				
5.1 Finance Income				
Interest income from bank deposits	47,476	33,171		
5.2 Finance Costs				
Lease Liabilities	1,828,702	1,920,216		
6. PLANT AND EQUIPMENT				
	Furniture & Fittings BWP	Motor Vehicles BWP	Computer Equipment BWP	Total BWP
2021 COST				
At 31 March 2020	3,738,194	2,526,207	4,515,762	10,780,163
Additions for the period	134,349	-	204,416	338,765
At 31 March 2021	3,872,543	2,526,207	4,720,178	11,118,928
ACCUMULATED DEPRECIATION				
At 31 March 2020	2,692,849	1,672,722	4,067,909	8,433,480
Depreciation	339,973	149,292	264,183	753,448
At 31 March 2021	3,032,822	1,822,014	4,332,092	9,186,928
CARRYING AMOUNT				
At 31 March 2021	839,721	704,193	388,086	1,932,000
	Furniture & Fittings BWP	Motor Vehicles BWP	Computer Equipment BWP	Total BWP
2020 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
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
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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

7. RECEIVABLES AND PREPAYMENTS

	2021 BWP	2020 BWP
Staff receivables	269,894	238,881
Receivables	231,250	226,437
	501,144	465,318
Prepayments	1,050,568	304,619
	1,551,712	769,937
Reconciliation of allowance for credit losses		
Opening balance	-	(45,238)
Unutilised provisions	-	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.

8. CASH AND CASH EQUIVALENTS

Call	1,725,526	5,156,464
Current	63,870	595,011
Cash on hand	5,000	4,993
	1,794,396	5,756,468

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

9. TRADE AND OTHER PAYABLES

Trade Payables and Accruals	999,586	1,655,219
Audit Fees	228,000	211,501
Merger Fees Advance and Refunds	99,584	3,349
Staff Related Payables	27,415	18,274
	1,354,585	1,888,343

Accruals are non-interest bearing and have an average term of three months. Accruals were booked in for the services rendered 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 2021

	March 2021 BWP	March 2020 BWP
10. PROVISIONS		
10.1 Gratuity		
Opening balance	564,005	633,294
Provision raised during the period	1,083,925	960,710
Provision used during the period	(878,465)	(1,029,999)
Closing balance	769,465	564,005
10.2 Leave - Annual		
Opening balance	722,011	475,553
Provision raised during the period	867,870	841,617
Provision used during the period	(980,074)	(595,159)
Closing balance	609,807	722,011
10.3 Leave - Travel		
Opening balance	105,000	124,208
Provision raised during the period	52,500	60,792
Provision used during the period	(22,000)	(80,000)
Closing balance	135,500	105,000
	1,514,772	1,391,016

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 2021

11. FINANCIAL INSTRUMENTS

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

	Note	Financial Assets at amortised cost	Financial liabilities at amortised cost	"Total carrying amount"
		BWP	BWP	BWP
2021				
Staff Advances and deposits	8	501,144	-	501,144
Cash and cash equivalents	9	1,794,396	-	1,794,396
Trade and other payables	10	-	1,354,585	1,354,585
		2,295,540	1,354,585	3,650,125
2020				
		Loans and Receivables	Financial liabilities at amortised cost	"Total carrying amount"
Staff Advances and deposits	8	465,318	-	465,318
Cash and cash equivalents	9	5,756,468	-	5,756,468
Trade and other payables	10	-	1,888,343	1,888,343
		6,221,786	1,888,343	8,110,129

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 counterparty will be unable to pay amounts in full when due. Credit risk is the risk that the regulated and supervised institutions and other counterparties 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. 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. The Competition and Consumer Authority does not have any significant credit risk exposure to any single counterparty.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

12. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk (continued)

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.

2021	Increase / decrease in basis points	Effect on Surplus or deficit and equity
Pula	+100	173
Pula	-100	(516)

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.

The following table summarises the maturity profile of the Competition and Consumer Authority's financial liabilities as at 31 March 2021 based on contractual undiscounted payments:

2021	Less than 1 month BWP	1 to 3 months BWP	3 to 12 months BWP	1 to 5 years BWP	> 5 years BWP	Total BWP
Trade and other payables	-	1,354,585	-	-	-	1,354,585
	-	1,354,585	-	-	-	1,354,585
2020	Less than 1 month BWP	1 to 3 months BWP	3 to 12 months BWP	1 to 5 years BWP	> 5 years BWP	Total BWP
Trade and other payables	-	1,888,343	-	-	-	1,888,343
	-	1,888,343	-	-	-	1,888,343

Fair Values

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

12. FINANCIAL INSTRUMENTS (continued)

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 un-secured. 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	Government of Botswana
Members of Competition and Consumer Board	Refer to General Information Page

Subvention Received

Government of the Republic of Botswana (Note 1)	43,396,403	34,175,279
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Compensation Paid to Key Management Personnel of the Authority

Key Management personnel of the Authority comprises the Chief Executive Officer and Directors who are responsible for the strategic direction of the Authority.

Short term benefits

Basic salaries and allowances	5,224,072	4,504,516
Rental for CEO's official residence	401,940	382,800
	5,626,012	4,887,316

Post Employment Benefits

Gratuity	1,083,925	960,709
Total employee benefits	6,709,937	5,848,026

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

13. RELATED PARTY TRANSACTIONS Continued

Amounts due from related parties (deposits and prepayments)

Air Botswana		
Botswana Investment Trade Centre	694,784	400,138
Botswana Power Corporation	42,837	42,837
	737,621	442,975

Amounts due to Related parties (Trade creditors and accruals)

Air Botswana	-	28,764
Water Utilities Corporation	-	1,000
Botswana Power Corporation	25,000	21,850
Botswana Telecommunications Corporation	16,995	39,429
Botswana Post	-	528
	41,995	91,571

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Competition and Consumer Authority has not recorded any impairment of receivables relating to amounts owed by related parties (2020: 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 BWP335,138 (2020: BWP 271,956).

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 2021

15. COMMITMENTS AND CONTINGENCIES		
Leases (Authority as Lessee)	2021 BWP	2020 BWP
15.1 Right-of-use assets		
Opening balance 1 April 2020		
Lease liability on transition	27,120,057	30,956,274
Less Operating lease accrual	-	(392,068)
	27,120,057	30,564,206
Depreciation	(3,444,144)	(3,444,149)
Closing balance 31 March 2021	23,675,913	27,120,057
15.2 Lease liability		
Opening balance 1 April 2020	29,681,164	30,956,274
Add: Interest	1,828,702	1,920,216
Less: Payments	(3,495,714)	(3,195,326)
Closing balance 31 March 2021	28,014,152	29,681,164
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	3,825,188	3,495,714
Two to five years	23,075,805	21,420,184
More than five years	9,186,880	14,667,689
Total undiscounted lease liabilities at 31 March 2021	36,087,873	39,583,587
Less: Total finance cost allocated to future periods	(8,073,721)	(9,902,423)
Lease liability at 31 March 2021	28,014,152	29,681,164
Current portion	2,114,305	1,667,010
Non-Current portion	25,899,847	28,014,154
	28,014,154	29,681,164
Amounts recognised in Profit or loss		
Finance cost on lease liability	1,828,702	1,920,216
Depreciation relating to right-of-use assets	3,444,144	3,444,149
Amounts recognised against lease liability		
Total cash outflow for leases	3,495,714	3,195,326

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

	March 2021 BWP	March 2020 BWP
15. COMMITMENTS AND CONTINGENCIES Continued		
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 period.		
15.5 Guarantees		
The Competition and Consumer Authority does not have guarantees on employee loans.		
16. DEFERRED GRANT		
Capital Grant		
Opening balance	1,956,781	2,106,837
Deferred during the year	338,765	618,026
Amortisation of government grants	(753,448)	(768,082)
Closing balance	1,542,098	1,956,781
Revenue Grant		
Opening balance	2,527,026	-
Deferred during the year	-	2,527,026
Utilised during the year	(2,527,026)	-
Closing balance	-	2,527,026
	1,542,098	4,483,807
16.1 DEFERRED GRANT		
Current	753,448	3,295,108
Non-Current	788,651	1,188,699
	1,542,099	4,483,807

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 2021

	March 2021 BWP	March 2020 BWP
17. REVENUE		
17.1 Revenue arising from contracts with customers	1,591,297	2,237,903

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.

	March 2021 BWP	March 2020 BWP
17.2 Sale of Tender Documents	21,500	25,000

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 lock-down 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

	March 2021 BWP	March 2020 BWP
15. COMMITMENTS AND CONTINGENCIES Continued		

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 period.

15.5 Guarantees

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

16. DEFERRED GRANT

Capital Grant	March 2021 BWP	March 2020 BWP
Opening balance	1,956,781	2,106,837
Deferred during the year	338,765	618,026
Amortisation of government grants	(753,448)	(768,082)
Closing balance	1,542,098	1,956,781
Revenue Grant		
Opening balance	2,527,026	-
Deferred during the year	-	2,527,026
Utilised during the year	(2,527,026)	-
Closing balance	-	2,527,026
	1,542,098	4,483,807

16.1 DEFERRED GRANT

	March 2021 BWP	March 2020 BWP
Current	753,448	3,295,108
Non-Current	788,651	1,188,699
	1,542,099	4,483,807

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 2021

	March 2021 BWP	March 2020 BWP
17. REVENUE		
17.1 Revenue arising from contracts with customers	1,591,297	2,237,903
17.2 Sale of Tender Documents	21,500	25,000

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.

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 various restrictions such as curfew thereby 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.

19. GOING CONCERN

The Authority incurred a net loss of P2,020,401 (2020: P4,636,291) for the year ended 31 March 2021 and as of this date the total liabilities exceeded total assets by P3,471,586 (2020: P1,451,185). Also, as of this date, the current liabilities exceeded current assets by P2,391,001 (2020: P1,715,072).

As a government owned institution, the Authority is funded from grants from the Government of the Republic of Botswana to sustain the operations of the Competition and Consumer Authority. It is therefore reliant on funding from the government on an annual basis, following submission of the approved budget.

This is confirmed through the letter of support from the Government of Botswana through the Ministry of Investment, Trade and Industry that was provided and effective for a period of 12 months from the date of the signing of financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

19. GOING CONCERN Continued

The Authority continues to incur losses. However, it should be noted that the objective of the Authority is not to make a profit but to discharge its mandate as a Government institution. The losses are mainly due to the application of IFRS 16 and the corresponding interest on lease liabilities (finance costs) and do not result primarily from the operations of the Authority. The Authority annually submits a budget to the government for approval as well as for determining the grant for the next financial year and the process is currently ongoing.

The directors have also considered the following matters in making an assessment on the going concern assumption: Letter of support - This letter serves to confirm that Government of the Republic of Botswana through the Ministry of Investment, Trade and Industry, will continue to provide financial support to the Competition and Consumer Authority (CCA) for the next 12 months from the date of signing of the financial statements in order for the Authority to continue as a going concern.

Management has also made an assessment of the impact of COVID-19 on going concern and they are of the view that COVID-19 does not have a significant impact on the Authority's 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.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.



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