



# ANNUAL REPORT

2021/22

# *Fair Markets, Empowered Consumers*



## OUR VALUES

- Transparency
- Professionalism
- Integrity
- Teamwork
- Proactiveness

## VISION

A competitive Botswana with fair markets and empowered consumers.

## MISSION

We ensure a vibrant competitive landscape, fair business practices and safeguard the welfare of consumers in Botswana.

# CORPORATE PROFILE

The Competition and Consumer Authority is constituted in terms of the Competition Act 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 protects consumers against unfair business practices by investigating consumer complaints, promoting awareness of consumer rights, and conducting consumer education. The governing body of the Authority is the Competition and Consumer Board, which is responsible for the direction of the affairs of the Authority.

Chairperson of the Competition and Consumer Board

**Dr Malebogo Bakwena**

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

**Ms Tebelelo Pule**

## Registered Office

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Plot 28, Matsitama Road  
Main Mall  
Gaborone, Botswana

## Contact Details

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Facebook	Competition and Consumer Authority - Botswana
Twitter	@CCABotswana

## Bankers

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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

## External Auditors

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KPMG  
Chartered Accountants  
Plot 67977  
P.O. Box 1519, Gaborone, Botswana

## Internal Auditors

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

## Reporting Date

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31st March 2022



**To: Honourable Minister of Trade and Industry**

Pursuant to section 24 of the Competition Act 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 2021/22, for you to lay before the National Assembly.

Yours Faithfully,



**Dr Malebogo Bakwena**

Chairperson of the Competition and Consumer Board

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# ACRONYMS

ACF	African Competition Forum
AEWG	Agency Effectiveness Working Group
BIFM	Botswana Insurance Fund Management
BOBS	Botswana Bureau of Standards
BODEA	Botswana Dentists Association
BOMAID	Botswana Medical Aid Society
BPOMAS	Botswana Public Officers Medical Aid Scheme
BPS	Botswana Police Service
CCA	Competition and Consumer Authority
CEO	Chief Executive Officer
DWMPC	Department of Waste Management and Pollution Control
ECA	Economic Commission for Africa
EDD	Economic Diversification Drive
GABCON	Gaborone Container Terminal
ICN	International Competition Network
ICPEN	International Consumer Protection and Enforcement Network
MITI	Ministry of Investment, Trade and Industry
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
OECD	Organisation for Economic Cooperation and Development
PPADB	Public Procurement and Asset Disposal Board
SADC	Southern African Development Community
UNCTAD	United Nations Conference on Trade and Development
WCD	World Competition Day
WCRD	World Consumer Rights Day

# CORPORATE GOVERNANCE

## Competition and Consumer Board

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

### Members of the Competition and Consumer Board as at 31st March 2022

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

### Competition and Consumer Board Committees as at 31st March 2022

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

# COMPETITION AND 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



**Mr. Oteng B. Batlhoki**  
Member



**Ms. Kemmony Keitsile**  
Member



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



**Dr Malebogo Bakwena**  
Chairperson - Competition and  
Consumer Board

# CHAIRPERSON'S STATEMENT

*On behalf of the Competition and Consumer Board, I have the pleasure and privilege to present the Competition and Consumer Authority's Annual Report for the year ended 31st March 2022 covering its operational and financial performance.*

The Authority's five-year Strategic Plan covers the period 2020 to 2025, with the overall intent being to enable a competitive Botswana with fair markets and empowered consumers.

The priority areas for the Authority in the five-year plan are:

- i Lowering market concentration levels;
- ii Strengthening the promotion of consumer rights and increasing awareness levels;
- iii Enhancing research, market intelligence, investigation and legal enforcement capacity;
- iv Integrating the two legislative mandates in its value chain, creating a seamless service; and
- v Improving organisational capacity and performance.

The 2021/22 financial year under review is the first year of the implementation of the Strategic Plan. The priority areas for the Authority in this financial year were studies on the Grains Market in Botswana and the Cost of Roaming Charges in Africa. A perusal through this annual report will show that the Authority made significant and commendable strides to accomplish these priority areas in the year under review through investigations of anti-competitive conduct, regulation of mergers, and initiatives geared towards promoting consumer welfare and enhancing its human capital.

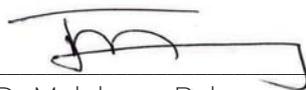
The Competition and Consumer Board continued to exercise its oversight role, as directed by the Board Charter. Through its various Committees such as Finance and Audit, Tender, Human Resource and Technical Committees, the Board monitored and reviewed financial activities of the Authority, human resource and compensation policies, enforcement and advocacy, as well as tendering guidelines and procedures, to ensure compliance.

One of the main challenges faced by the Authority during this reporting period was the Board having to make the hard decision to sanction closure of nine (9) CCA offices, following a restructuring exercise and the integration of the Consumers Affairs Unit at the Ministry of Trade and Industry with the Authority. The affected offices were in Kanye, Jwaneng, Tsabong, Hukuntsi, Ghanzi, Maun, Kasane, Selebi-Phikwe and Serowe. The Board took a decision to close down the offices after weighing all options, as it was not possible to run all of them due to financial constraints. However, measures were put in place to minimise the negative impact of the office closures on service delivery by the Authority to consumers and the business community. I am confident that the strategies put forward will ensure business continuity, seamless integration of mandates and efficient service delivery.

On behalf of the governing Board, I extend our gratitude to the CEO, her Management and Staff for their invaluable contribution towards achieving the Authority's mandate in this financial year under review. I personally thank every team member for their energy, commitment and consistency.

I further thank the Ministry of Trade and Industry for constant and continued support. Finally, I thank my fellow Board members for their support and strategic insights throughout the year.

I look forward to a successful 2023 with you all.



Dr Malebogo Bakwena  
**Chairperson - Competition and Consumer Board**



**Ms. Tebelelo Pule**  
Chief Executive Officer

# CHIEF EXECUTIVE OFFICER'S STATEMENT

*I am honoured to present to you the highlights of the Competition and Consumer Authority's (CCA) performance for the period 1st April 2021 to 31st March 2022.*

During the period under review, the CCA continued to forge ahead in its mission to ensure a vibrant competitive landscape, fair business practices and safeguard the welfare of consumers in Botswana.

## **Investigations of Anti-Competitive Conduct**

The Authority investigated a total of 26 anti-competitive cases in the review period which included cartel conduct, abuse of dominance (through predatory pricing, price discrimination refusal of access to an essential facility and margin squeeze) and horizontal agreement through price fixing. Cartel cases investigated related to the construction, waste management, financial, Government supplies and animal feed sectors.

Some of the cases investigated resulted in legal challenges to the CCA. One such case of the Botswana Dental Association versus medical aid providers (BOMAID, Pula, BPOMAS), involved a legal challenge to the Authority's jurisdiction, and is currently with the High Court, thus halting the Authority's case investigation until after the court makes a ruling. Another case before the courts involves Universal House (Pty) Ltd and Mmegi Investments Holdings in which the CCA was sued to enforce its February 2017 merger decision. The Authority has since taken steps to enforce its decision and the matter is currently pending before the Competition and Consumer Tribunal.

## **Consumer Protection**

The Authority handled a total of 1251 consumer complaints in the period under review, showing a 7.4% increase in comparison with the previous financial year. Out of these cases, 83% were resolved, while the rest were still under investigation as at the end of the financial year under review. One of the key initiatives the CCA employs in protecting consumers against unfair business practices are compliance inspections; done independently, or in collaboration with other sector regulators.

In the period under review, the Authority independently carried out 1,156 business compliance inspections across the country including motor dealers, funeral parlours and hardware stores. The level of compliance stood at 86.3%, an improvement on the 74.1% achieved in the last financial year.

The Authority further carried out joint inspections with other regulatory institutions. Through these joint exercises, a total of 584 businesses were inspected, and the level of compliance stood at 72.5%. The Authority jointly carried out inspections with BOCRA to determine if businesses in the telecommunications sector complied with sale of type-approved products as per the BOCRA Act. Furthermore, the Authority carried out compliance inspections with the Botswana Police Service and the Public Health Department focusing on, among others, cleanliness of business premises, counterfeit food and beverages, display and sale of tainted goods, non-issuance of receipts, failure to display prices, shelf prices that do not tally with till prices, display and validity of trade licenses, product labelling, standards and packaging, and unfair disclaimers.

The Authority investigates and prosecutes enterprises that infringe provisions of the Consumer Protection Act before the Competition and Consumer Tribunal. One highlight was the Authority's referral of a case against Katlego Motors (Pty) to the Tribunal, which ordered the car dealership to refund a consumer P37,000 for sale of a defective motor vehicle.

Non-enforcement mechanisms such as advocacy and stakeholder engagement continued to be used by the Authority to promote consumer rights awareness and compliance by the business community. Following notable lack of compliance with price display by retailers and informed by consumer complaints, the Authority embarked on a campaign to educate business associations on price display, engaging industry associations such as Business Botswana and the Chinese



Business Association. The Authority further mounted a campaign against pyramid and other deceptive schemes which were observed to be on the increase in Botswana. Through various communication channels, the CCA warned consumers to be vigilant and suspicious of any scheme that promises unjustified returns and to report such rather than join and entrap themselves.

### **Mergers**

The Authority continued to regulate mergers and acquisitions to ensure they do not lead to market concentration which might harm both competition and consumer welfare. The Authority received 49 mergers for the 2021/22 financial year representing a 19.5% increase compared to 41 mergers registered the previous year. The increase in merger notifications in the reporting period could partly be attributed to the negative effects of Covid-19 and the gradual lifting of global movement restrictions which stimulated economic activity. The Authority notes that some firms that were struggling to stay afloat owing to Covid-19 effects decided to sell a portion of their entities to raise debt-free capital. I am happy to report that merger reviews were successfully executed within the 30-day statutory timeline. The Authority's interventions ensured that product innovation, industrial growth, and general expansion of markets were maintained through the assessment of mergers and acquisitions.

### **Key Developments**

With effect from January 1st 2022, the CCA under the guidance of the Board, took a difficult decision to close down nine district offices, remaining only with the Gaborone head office and the Francistown office. Prior to this decision, the Authority had been operating nine (9) other offices in Kanye, Jwaneng, Tsabong, Hukuntsi, Ghanzi, Maun, Kasane, Selebi-Phikwe and Serowe. The

desire had been to keep all the offices open, but budgetary constraints frustrated the Authority's best efforts to keep them open. Mitigating interventions were however put in place by the Authority to minimise disruptions in the service to consumers. In addition to communication channels such as social media, website, telephone lines and fax, the CCA availed four (4) more new lines for use by consumers to register complaints and follow up on their existing cases through WhatsApp texts, SMS and mobile calls.

In the long term, the Authority seeks enhanced collaboration with consumer groups so that they fill up the void left by the closure of the CCA offices in affected localities. Initiatives and strategic partnerships with other institutions and industry associations are actively being explored to ensure that consumers and businesses are efficiently served even without the CCA's physical presence. Active media engagement is also a priority to ensure that information reaches a wider spectrum of stakeholders.

### **Human Capital**

It would be remiss of me to end this report without highlighting the important contribution my team made in achieving corporate objectives amidst the resource constraints the Authority was operating under. As at 31st March 2022, average employee performance stood at 87% against a target of 80%, while staff retention stood at 94% from a target of 95%.

Despite the challenges posed by the Covid-19 pandemic and the transitioning of the Authority, the CCA remained focused on staff welfare by maintaining a conducive working environment. A number of initiatives were implemented to enhance employee engagement and employee wellness. These included Working-From-Home Guidelines enforced to curb infection rates in the

work place and to safeguard employees' families from infections.

Though not an optimal organisational structure and dictated by financial constraints, the Authority implemented the approved establishment of 45 employees, down from 126 employees. This signalled the lapse of secondment of employees from the Ministry of Investment, Trade and Industry. Just like the closure of regional offices, the lean structure of the Authority will have a significant bearing on the operations of the Authority such as investigations, resolution of consumer complaints, stakeholder engagement and research.

### **Appreciation**

I extend my sincere gratitude to the Competition and Consumer Board for its policy direction and

oversight, ensuring that the Authority met its strategic objectives in the year under review. I am also thankful to my team for working tirelessly to ensure that the Authority achieved its mandate. I welcome new staff who joined the Authority in the year under review, and bid farewell and thank those who left to pursue other interests. Last but not least, I extend my sincere appreciation to the Ministry of Trade and Industry for its continued support throughout the year.



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Ms. Tebelelo Pule  
**Chief Executive Officer**



# EXECUTIVE MANAGEMENT



**Ms. Tebelelo Pule**  
Chief Executive Officer



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



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



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



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



**Ms. Gomolemo Ratsie**  
Director: Corporate Services

# COMMUNICATIONS AND STAKEHOLDER RELATIONS

In line with its mandate under the Competition Act and the Consumer Protection Act, the Authority carried out certain initiatives aimed at creating awareness about unfair business practices and anti-competitive conduct in the market. Due to the ongoing Covid-19 restrictions, the Authority in the period under review continued to rely on contactless platforms such as virtual meeting apps, social media, website, radio, and television to reach out to its key stakeholders and the general public.

The following activities were carried out in the 12-month period from 1st April 2021 to 31st March 2022:

## Public Education on Pyramid Schemes



Pyramid schemes and other forms of deceptive schemes such as multiplication and chain letter schemes are on the increase in Botswana. Every day on social media platforms there is an invitation to consumers to participate in arrangements that resemble a pyramid scheme in open contravention of the Consumer Protection Act, 2018 which prohibits participation in pyramid and related schemes.

Section 9 (1) of the Consumer Protection Act states that “a person shall not directly or indirectly promote, or knowingly join, enter or participate, or cause any other person to promote, join, enter or participate in a pyramid scheme, multiplication

scheme; a chain letter scheme; or any other scheme declared as such by the Minister”. A person who participates in a pyramid or related schemes commits an offence under the Act and upon conviction is liable to a fine not exceeding P100 000, or to imprisonment for a term not exceeding five years, or both.

In the period under review, the Authority continued to monitor social media platforms to identify these unlawful activities in a bid to protect unsuspecting consumers. These platforms are the principal avenues that promoters use to advertise their deceptive schemes.

Some of the schemes uncovered that resulted in the Authority opening up investigations included WhatsApp Gifting and Mufhiwa Building Project. The Authority in various communication platforms such as social media posts, press releases, newsletters, and radio interviews implored consumers to be vigilant and suspicious of any scheme that promises unjustified returns and to report these to the Authority rather than join and entrap themselves.

In readying itself to stem out this deceptive conduct, the Authority made overtures to sister organisations in the region that have dealt with similar challenges. The CCA staff were inducted by the South African National Consumer Commission on the full gamut of carrying out an investigation into a pyramid scheme. The CCA further made preparatory work to ensure that perpetrators of this criminal conduct are investigated and prosecuted.

The success in investigating and possibly prosecuting those involved in unfair business practices with criminal sanctions including pyramid schemes requires a strong tripartite relationship between the CCA, Botswana Police Service (BPS) and the Directorate of Public Prosecutions (DPP). For effective implementation

of the Consumer Protection Act in relation to the pyramid and related schemes, the CCA collaborated with the BPS who are responsible for criminal investigation and possible referral to the DPP.

The CCA, BPS and the DPP in the period under review discussed and clarified roles in respect of handling such investigations and the ideal steps that should be undertaken to ensure successful investigations and possible prosecution of such offences.

### **Engagement with the Business Community on Display of Prices**

Suppliers are mandated by the Consumer Protection Act to provide information that is accurate, clear and complete in relation to goods and services offered to consumers, including the price of the goods or services. A supplier who displays goods or services without displaying the price is in contravention of the law, and prices must be displayed in Pula (BWP) currency.

Often consumers find the price of goods displayed on the shelves and when they get to the till for payment the price is not the same. The Act expressly states that a supplier must not charge a consumer more than the price indicated or displayed for goods and services.

Following a lack of compliance with price display and consumer complaints that many retailers do not display prices or that they do not display prices in Pula currency, the Authority embarked on a campaign to educate business associations on price display.

In the period under review, the Authority on 9th December 2021 engaged Business Botswana on displaying prices on shop shelves, issuing receipts and return policy. The Authority further engaged the Chinese Business Association on 14 December 2021, encouraging the association to promote compliance within the Chinese business community.

### **Capacitating Public Institutions to Combat Bid-rigging**

The Authority continued to create public awareness and conduct training for government departments and parastatals with the objective to combat bid-rigging in public procurement.

Bid-rigging under the Competition Act falls under agreements that are prohibited and as such

bid-rigging is per se offence. The offence is established by reaching an agreement not to submit a bid, withdrawing a bid that had been submitted already or even conspiring to submit bids through an arrangement or agreement.

To that end, the Authority in the period under review made a presentation to Air Botswana on 'Fighting Bid-rigging and Cartels in Public Procurement' on 24 November 2021. Another presentation on bid-rigging was made at a Ministry of Health Anti-Corruption Prevention Pitso on 24 February 2022. At Botswana University of Agriculture and Natural Resources (BUAN) the Authority capacitated participants on the elements of 'Anti-Competitive Conduct and Bid-rigging' at a capacity-building workshop on 28th February 2022.

### **World Competition Day 2021 Commemoration**

The Authority on 5th December 2021 joined the rest of the world in observing World Competition day under the theme "Competition Policy for an Inclusive and Resilient Economy". In a press release to commemorate the day, the Authority stated that the Covid-19 pandemic has imposed serious challenges to most economies such as massive job losses across sectors and reduced incomes. It said the challenges will require robust strategies that will improve the resilience of economies. "Admittedly, regulatory failures have over the years undermined the capacity of policies to yield dividends for citizens and consumers in general. Some of the regulatory failures, particularly in developing economies, have been attributed to over-regulation, in other instances under regulation or poorly designed regulation and lack of implementation capacity; this is often exacerbated by weak institutional capacity of most regulatory institutions", the release said.

The Authority noted that the Competition Act in Botswana highlights 'offsetting benefits' such as lower prices, provision of social benefits and citizen empowerment as instances of exemptions even when considering some anti-competitive agreements. It is equally heartening to note that in Botswana, the determination of mergers is one policy process that has a tinge of inclusivity.

"Through robust policy advocacy and targeted enforcement initiatives the CCA continues to play its part to ensure that the economy is inclusive and resilient," the press statement said.

## World Consumer Rights Day Commemoration



The Authority joined the international community in commemorating World Consumer Rights Day (WCRD) on 15th March 2022, celebrating the day under the national theme: *The Role of Consumer Groups and their Efficacy*.

Consumer groups/organisations/associations seek to advocate for consumer rights and to protect consumers from unfair business practices. Recognising the state of development in consumer education, the Authority decided to come up with this national theme that is consistent with the current state and the vision to cooperate with consumer groups in Botswana.

As part of celebrations for the day, the CCA hosted a virtual panel discussion to break down the theme with a panel of consumer rights personalities which comprised: Mr. John Kapito, Executive Director of the Consumer Association of Malawi; Mr. Joseph Selolo, Company Secretary for the South African National Consumer Commission and Mr. Richard Harriman, the founder of Consumer Watchdog in Botswana.

The WCRD celebrations also took place in the form of five satellite convocations of consumer groups in Ghanzi, Gaborone, Palapye, Selebi -Phikwe and Francistown.

Internationally, the theme for World Consumer Rights Day 2022 was Fair Digital Finance, as announced by Consumers International, the membership organisation for consumer groups around the world.

Digital financial services comprise a broad range of financial services accessed and delivered through digital channels, including payments, credit, savings, remittances and insurance; as well as mobile financial services.

### Media Engagement

In the year under review, the Authority continued to interact with the media as an important partner in disseminating competition and consumer news across the country. The authority continued to utilise newspapers, radio and television to communicate with its stakeholders and the general public.

Tables 1, 2 and 3 below depict the press releases and public notices issued by the Authority, and the newspaper articles and radio interviews which featured the Authority from 1st April 2021 to 31st March 2022:

**Table 1: Press Releases and Public Notices Issued by the Authority from 1st April 2021 to 31st March 2022**

DATE	SUBJECT OF PRESS RELEASE/PUBLIC NOTICE
8th April 2021	Prices of Essentials Goods Regulated During State of Emergency
27th July 2021	Product Recall: Koo Canned Vegetables, Hugo Baked Beans and Helderberg Peas
4th December 2021	World Competition Day
20th December 2021	Festive Season Closure

**Table 2: Radio and Television broadcasts featuring the Authority from 1st April 2021 to 31st March 2022**

DATE	SUBJECT OF PRESS RELEASE/PUBLIC NOTICE
8th April 2021	The price of cooking oil – RB1
15th June 2021	Prices of commodities following increase of levy – RB1
15th June 2021	Prices of commodities following increase of levy – Duma FM
18th June to 18th May 2021	Radio campaign/adverts on Financial Inclusion and Financial Literacy on Duma FM
21st June 2021	Labelling of goods on shelves – RB1
14th June 2021 to 10th December 2021	Botswana Television Campaign on Financial Inclusion and Financial Literacy on the Breakfast Show Botswana Television Campaign on Financial Inclusion and Financial Literacy on the Itshireletse Programme
1st July 2021	Prices of commodities in stores – RB1
6th August 2021	Product recall: Koo canned vegetables, Hugo baked beans and Helderberg peas – RB1
20th August 2021	Essential Consumer Rights – RB1
10th September 2021	Consumer Rights and Responsibilities – RB1
13th June to 10th December 2021	Botswana Television Campaign on Financial Inclusion and Financial Literacy on the Itshireletse Programme
10th December 2021	Bait Advertising and Unfair Business Practices – RB1 Papadi le Madirelo Programme
15th December 2021	Consumer Tips on Festive Shopping – RB1
7th March 2022	Consumer safety in cyberspace - Btv Breakfast Show
11th to 15th March	Radio Campaign adverts on World Consumer Rights Day 2022 Commemoration on Yarona FM
14th March 2022	World Consumer Rights Day commemoration – Yarona FM

**Table 3: Newspaper Articles Featuring the Authority from 1st April 2021 to 31st March 2022**

MONTH	ARTICLE	NEWSPAPER
April 2021	Competition Tribunal Rules on CCA, GABCON container matter	Botswana Guardian
	Competition Tribunal defers NAP's appeal CCA Warns Traders Of Harsh Penalties	Mmegi Mmegi, Monitor
May 2021	Trafigura wants total Control of Puma Energy	Botswana Guardian
June 2021	On the Petrol Prowl: CCA approves Puma Energy takeover by Singapore company	The Voice
	Competition Authority approve BPOPF-Bona Life takeover	The Weekend Post
	Bopping with Potential: BOP given go ahead to up stake in Bona Life	The Voice
July 2021	CA approves Access Bank takeover of BancABC	The Weekend Post
	BMWN scores big against PPC Botswana	Mmegi
	Danoher transaction amid union concerns	The Weekend Post
	CA Joins Consumer Protection Network	Mmegi
	CCA Goes After Pyramid Schemes	Mmegi
	CCA Urges Return of Koo, Hugo, Helderberg Foods	Daily News
	Danoher Acquires PPC Aggregate Quarries	Business Weekly & Review
Maxisave Buys Marakalalo Estate	Business Weekly & Review	
July 2021	MVA fund acquires BRO stake	Botswana Guardian
	CCA approves Aviagen share acquisition	Botswana Guardian
September 2021	CCA Endorses Acquisition of Adapt IT By Volaris	Business Weekly & Review
October 2021	CCA Approves Primetime Property Acquisition	Business Weekly & Review
	Mega Pave Takeover Approved Conditionally	Business Weekly & Review
	Tyre Manufacture Bridgestone Acquires Otranco	Business Weekly & Review
October 2021	CCA Warns Suppliers	The Monitor
	Matsitama Goes East (Eastport Botswana Set To Takeover Matsitama Minerals)	The Voice
December 2021	Tlou Acquires P50m To Finance Lesedi Project	Business Weekly & Review
	Towards an inclusive, resilient economy	The Patriot
January 2022	CCA Receives PNRB, BCL Merger Notice	Botswana Gazette
	Competition Authority approves acquisition of BCL assets by PNR	Weekend Post
	Competition Authority Closes nine regional offices	Mmegi
	Competition Authority no price controller	Daily News
	Phikwe Poised: Competition Authority approves partial BCL acquisition	The Voice
February 2022	Extravagant CCA in Financial Crisis	Business Weekly & Review
March 2022	Advert - World Consumer Rights Day Panel Discussion	The Monitor

## International Engagements

### Competition and Consumer Authority Admitted into the Consumer Protection Network (ICPEN)

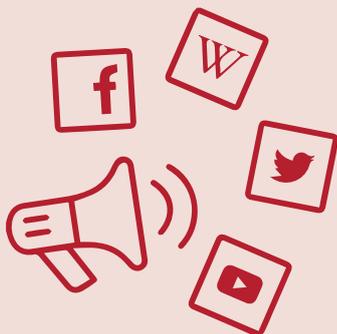
The CCA was admitted into ICPEN (International Consumer Protection and Enforcement Network) during its annual conference which was held virtually June 23rd to 24th 2021.

ICPEN is a membership organisation consisting of consumer protection law enforcement authorities from across the globe that provides a forum for developing and maintaining regular contact between consumer protection agencies, and focus on consumer protection concerns. By encouraging cooperation between agencies, ICPEN aims to enable its members to have a greater impact with their consumer laws and regulations.

**Table 4: Summary of Stakeholder Engagement from 1st April 2021 to 31st March 2022**

STAKEHOLDER	TYPE OF ENGAGEMENT
<b>Business</b> 	<ul style="list-style-type: none"> <li>Meeting with Business Botswana on importance of displaying prices on shop shelves, issuing receipts and return policy on 9 December 2021</li> <li>Meeting with Chinese Business Association on issuing receipts, display of prices and return policy on 14 December 2021</li> <li>Radio interview (RB1) (Papadi le Madirelo) discussion on Bait Advertising and Unfair Business Practice on 10 December 2021</li> </ul>
<b>Government Ministries, Parastatals, Councils</b> 	<ul style="list-style-type: none"> <li>Presentation to Air Botswana/ DCEC Workshop on Consumer Tracking, Fighting bid-rigging and Cartels in Public Procurement on 24 November 2021</li> <li>Presentation on bid-rigging at a Ministry of Health Anti-Corruption Prevention Pitso on 24 February 2022</li> <li>Presentation on anti-competitive conduct and bid-rigging at a BUAN Capacity-Building Workshop on 28 February 2022</li> <li>Meeting with Honourable MP Letsholo on CCA mandate on 10 March 2022</li> </ul>
<b>Sector Regulators and Strategic Partners</b> 	<ul style="list-style-type: none"> <li>Participation in CIPA Workshop on Introduction to Copyright on 16th June 2021</li> <li>Presentation on competition issues in the LPG sector at a BERA LPG Association formation workshop on 04 March 2022</li> </ul>
<b>Publications</b> 	<ul style="list-style-type: none"> <li>CCA e-newsletter published on 16th July 2021</li> <li>CCA e-newsletter published on 14th December 2021</li> <li>CCA e-newsletter special issue published on 27 January 2022</li> <li>CCA e-newsletter Issue 2 published on 30 March 2022</li> </ul>
	<ul style="list-style-type: none"> <li>Radio interview (RB1) on the price of cooking oil on 8th April 2021</li> <li>Radio interview (RB1) on prices of commodities following increase of levy on 15th June 2021</li> <li>Radio interview (Duma FM) on prices of commodities following increase of levy on 15th June 2021</li> <li>Radio interview (RB1) on labelling of commodities on shelves on 21st June 2021</li> <li>Radio campaign (Duma FM) on Financial Inclusion and Financial Literacy</li> </ul>

## Media



- Television (BTV) campaign on Financial Inclusion and Financial Literacy
- Combi campaign on Financial Inclusion and Financial Literacy
- Social media campaign on Pyramid Schemes
- Radio interview (RB1) on prices of commodity goods consumers pay at stores on 1 July 2021
- Radio interview (RB1) on product recall: Koo canned vegetables, Hugo baked beans and Helderberg peas on 6 August 2021
- Radio interview (RB1) on Essential Consumer Rights on 20 August 2021
- Radio interview (RB1) on Consumer Rights and Responsibilities on 10 September 2021
- Interview on consumer safety in cyberspace on Btv Breakfast Show on 7 March 2022
- Radio adverts on Yarona FM on World Consumer Rights Day on 11 to 15 March 2022
- World Consumer Rights Day Panel Discussion on the efficacy of consumer groups on 15 March 2022
- Radio interview on Yarona FM on World Consumer Rights Day commemoration on 14 March 2022
- Radio interview on RB1 on World Consumer Rights Day commemoration on 17 March 2022

## Regional and International Engagement



- Participation in the OECD International Conference on The Consumer Marketplace of the Future on 15-17 June 2021
- Presentation to Cape Town African Competition Roundtable on 22nd June 2021
- Participation in the ICPEN Conference from 23rd to 24th June 2021
- Induction by the South African National Consumer Commission on Pyramid Schemes on 24th June 2021
- Treasurer of Africa Competition Forum
- Co-chair on International Competition Network Agency Effectiveness Working Group



# MERGERS AND MONOPOLIES

The Competition and Consumer Authority's mandate with respect to the regulation of Mergers and Acquisitions is through the investigation and assessment of merger transactions. This is done with the view to determine whether a proposed merger(s) is/are 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 a period of 30 working days.<sup>1</sup>

For operational efficiency, the Authority classifies mergers under categories: simple and complex. This classification is made based on a postulated effect (or lack thereof) of the proposed merger on competition. Simple mergers are generally those with no competition concerns and are envisaged to be assessed within 30 working days. Complex mergers are those that, during the preliminary assessment, reveal signs that point to them having the potential or likelihood to pose some competition and/or public interest concerns, and are assessed within 90 working days.

In its determination of the proposed merger(s), the Authority may:

- (i) unconditionally approve;
- (ii) conditionally approve; or
- (iii) outright prohibit/decline a proposed merger.

## **Merger Activity**

In the 2021/22 financial year, 49 merger transactions were notified to the Authority representing a 19.5% increase compared to 41 mergers registered the previous year. The increase in merger notifications observed in the reporting financial year could partly be attributed to the negative effects of Covid-19 and the gradual lifting of global movement restrictions which stimulated economic activity.

From the 49 mergers notified, one (1) did not meet the notification requirements and was therefore not notifiable while the 44 were assessed and finalised. The remaining four (4) mergers were carried forward to the 2022/23 financial year for completion. Thus, the Authority completed 89.7 percent of the mergers received in the 2021/22 financial year. In addition to the 44 mergers finalised within the 2021/22 financial year, the Authority also completed assessment of two (2) mergers that were outstanding at the close of the preceding financial year.

<sup>1</sup>Days refer to Monday to Friday, excluding Saturday, Sunday and public holidays.

**Table 5: Summary of 2021/22 financial year mergers activity**

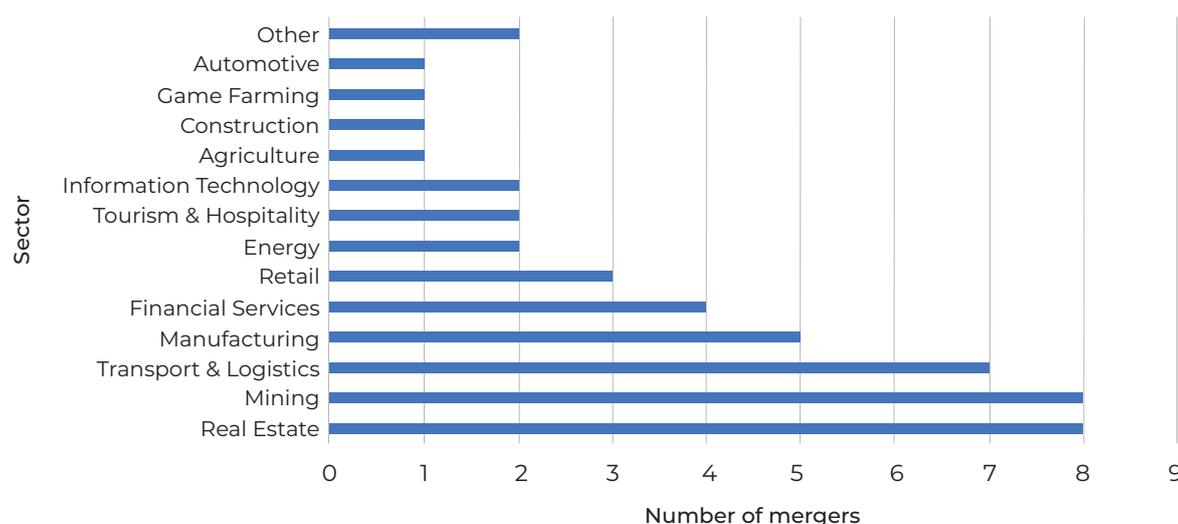
Brought Forward <sup>2</sup>	Notified in 2020/21	Simple Merger	Complex Merger	Conditionally Approved	Unconditionally Approved	Prohibited/Declined
2	49	46	0	4	42	0

Source: The Authority's Mergers and Acquisitions Database as at 31 March 2022

### Classification of Mergers by Sector

The period under review saw the assessment of mergers across a number of sectors as illustrated by Figure 1 below.

**Figure 1: Number of mergers assessed and finalised by sector (2021/22)**



Source: The Authority's Mergers and Acquisitions Database as at 31 March 2022

In the period under review, the Authority assessed and finalised eight (8) transactions from the Real Estate and Mining sectors respectively. The high number of mergers in the Real Estate sector may be explained by a back-log of sales agreements that were triggered by the Transfer Duty Act, 2018. Amendments contained in the Transfer Duty Act, 2018 raised the transfer duty for non-citizens from 5% to 30%. As such, investors rushed to conclude deals before commencement of the Act. Furthermore, the implementation of some transactions may have been delayed by movement restrictions occasioned by the Covid-19 pandemic. As such, transactions could be completed once movement restrictions were eased, hence the higher number of transactions in the Real Estate sector.

Although the Mining and Real Estate sectors registered the highest number of mergers, notified and assessed mergers came from different sub sectors. The high number of mergers in the mining sector can be attributed to consolidations in diamond and copper mining which have largely been due to the envisaged

been due to the envisaged strong trajectory and growing market confidence in 2021 by credible sources such as S&P and Mining Technology.

There has been an increase in demand for coal globally because of a shortage of natural gas observed as a result of an increase in the global demand for electricity according to the Organisation for Economic Cooperation and Development (OECD).

Other sectors that registered a notable number of mergers include Transport and Logistics, Financial Services, and Retail. As observed on Figure 1 above, the aforementioned sectors registered seven (7), five (5) and four (4) mergers respectively. In each of the stated sectors, the notified mergers involved entities playing in differing subsectors. As such, the consummations were driven by differing motives. However, from a general perspective, the Authority notes that some firms have been struggling to stay afloat owing to Covid-19 effects and as such decided to sell a portion of their entities to raise debt-free capital.

<sup>2</sup>These are mergers carried forward from the previous financial year mainly because they were notified close to the end of the 2021/2022 financial year.

In total, 388 mergers have been handled by the Authority since its inception, which indicates the significant role that the Authority continues to play in regulating merger activities in Botswana's economy, thus ensuring that such activities do not lead to concentration 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 or 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'.

The statutory period for reviewing mergers is 30 working days and the CCA was able to achieve a considerably shorter average period of 21 days in the assessment of simple mergers.

For the period under review, the Authority completed 45 simple mergers at an average turnaround time of 21 working days compared to 18 working days in the 2020/21 financial year. This represents a slight increase in turnaround time of mergers assessed for the year under review due to changes that were brought by Covid-19, such as working from home as well as delays in the receipt of merger-specific information. Be that as it may, the average turnaround time still falls within the 30 days' statutory time frame.

### Mergers Approved Unconditionally

The Authority unconditionally approves a proposed transaction with no competition and/or public interest concerns. In the period under review, 42 mergers as illustrated by Table 6 below, were approved unconditionally, showing a 48% increase from the 29 mergers approved unconditionally in the previous period.

**Table 6: Mergers Approved Without Conditions in the 2021/22 Financial Year**

File Number	Acquiring Enterprise	Target Enterprise	Sector
MER/007/2021	Allmuss Botswana	Meybeernick Investments	Real Estate
MER/009/2021	OMPE V GP Proprietary Limited	Actom Investment Holdings (Pty) Ltd	Manufacturing
MER/010/2021	Sandvik Aktiebolag Plc	DSI-Underground Holdings S.á. r. l	Mining
MER/011/2021	Puma Energy Holdings Pte Ltd	Trafigura Pte Ltd	Energy
MER/013/2021	Botswana Opportunity Partnership	Foudello (Pty) Ltd	Financial Services
MER/014/2021	Kellogg Tolaram Noodles Singapore Pte. Ltd	KT ROA Pte. Ltd	Retail
MER/015/2021	Access Plc	African Banking Corporation of Botswana Ltd	Financial Services
MER/016/2021	K2021511200 (South Africa) (Pty) Ltd	GRS Botswana (Pty) Ltd	Manufacturing
MER/018/2021	Maxisave Botswana (Pty) Ltd	Thornpark (Pty) Ltd	Game farming
MER/019/2021	Motor Vehicle Accident Fund	JTTM Properties (Pty) Ltd	Real Estate
MER/021/2021	Aviagen European Holdings Limited	Ross Central Africa Limited	Agriculture
MER/022/2021	Volaris Group Inc	Adapt IT	Financial Services
MER/023/2021	Bridgestone Mining Solutions Australia (Pty) Ltd	Otraco International (Pty) Ltd	Motor
MER/024/2021	New African Properties Limited	Primetime Property Holdings Ltd	Real Estate

MER/025/2021	Imperial Capital Limited	Deep Catch Namibia Holdings	Transport & Logistics
MER/026/2021	Sun Valley Estates Proprietary Limited	Ascendis Health SA Holdings Proprietary Limited	Transport & Logistics
MER/028/2021	Max Power Limited	Leboam Holdings (Pty) Ltd	Mining
MER/029/2021	K2020893770 (SA) Pty Ltd	Sybrin Systems (Pty) Ltd and Sybrin Limited	Financial Services
MER/30/2021	DP World logistics FZE	Imperial Logistics Limited	Transport & Logistics
MER/031/2021	Lambertus J Vorster	Leamington Investments Proprietary Limited	Real Estate
MER/032/2021	Okwa Diamonds (Pty) Ltd	Gem Diamonds Botswana Proprietary Limited	Mining
MER/033/2021	Visionary Victor Botswana	Amulet Diamond Corporation	Mining
MER/034/2021	Max Power Limited	Cradle Arc Botswana	Mining
MER/035/2021	3S Wildlife Farm	Alvita (Pty) Ltd	Tourism & Hospitality
MER/036/2021	Kuwer Ventures (Pty) Ltd	Jam Jar (Pty) Ltd	Real Estate
MER/037/2021	Botswana Railways Staff Pension	JTTM Properties (Pty) Ltd	Real Estate
MER/038/2021	Eastport Ventures Botswana (Pty) Ltd	Matsitama Minerals Proprietary Limited	Mining
MER/039/2021	SMSA Africa Logistics Group (Pty) Ltd	Gentex Associates (Pty) Ltd	Transport & Logistics
MER/040/2021	Khubung Group (Pty) Ltd	Walgreen Investments (Pty) Ltd	Manufacturing
MER/041/2021	Friedshelf 1726 (Pty) Ltd	Aspen Logistic services (Pty) Ltd	Transport & Logistics
MER/043/2021	Net 1 Applied Technologies South Africa (Pty) Ltd	Ovobix (RF) Proprietary Limited and Luxanio 227 (Pty) Ltd	Information Technology
MER/044/2021	Transport Holdings Limited	Petrochemical Tanker Trailers	Transport & Logistics
CAS-01207-K8J3K5	Bakers Transport Proprietary Limited	Barloworld Specialised Transport Proprietary Limited, Manline Energy Proprietary Limited, and Manline Freight Proprietary Limited	Transport & Logistics
CAS-01215-B7W1K3	CFAO Holdings South Africa (Pty) Ltd	EIE Group (Pty) Ltd	Retail
CAS-01216-Z9G3L5	Premium Nickel Resources (Pty) Ltd	BCL Limited	Mining
CAS-01217-F3G1C3	Daewoo Engineering & Construction Co. Ltd	Jungheung Engineering & Construction Ltd	Construction
CAS-01247-R1K4J6	VIP II BLUE B.V	Vivo Energy Plc	Energy
CAS-01329-P6V2J2	Paratus Telecommunications (Pty) Ltd	Croc 684 (Pty) Ltd	Information Technology
CAS-01388-M5D8L9	Lonsa Everite (Pty) Ltd	Swartland Investments (Pty)Ltd and Swartland Insulation (Pty) Ltd	Retail

CAS-01391-N1H9Y7	Liwa Bright (Pty) Ltd	Snowline Enterprises (Pty) Ltd	Real Estate
CAS-01381-L4Q8H4	Bona Life Insurance (Pty) Ltd.	Storage Solutions	Warehouse

Source: The Authority's Mergers and Acquisitions Database as at 31 March 2022

### 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 identified during the merger assessment. The Authority, therefore, expansively engages the merged entity during the period of monitoring the condition(s). In the period under review, four (4) mergers were approved with conditions as follows:

**Table 7: Mergers Approved With Conditions in the 2021/22 Financial Year**

File Number	Acquiring Enterprise	Target Enterprise	Sector
MER/012/2021	Pula Properties Limited	Mashatu Investment (Pty) Ltd	Tourism & Hospitality

The Authority approved the proposed acquisition with the conditions that:

1. 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) unreasonable refusals to be redeployed;
- d) resignations or retirements in the ordinary course of business;
- e) retrenchments lawfully effected for operational requirements unrelated to the Merger; and
- f) terminations in the ordinary course of business, including but not limited to, dismissals as a result of misconduct or poor performance.

2. The conditions shall last for a period of three (3) years from the date of implementation

MER/017/2021	Danoher Botswana (Pty) Ltd	PPC Aggregate Quarries Botswana (Pty) Ltd	Mining
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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 following (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. 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;

The merged enterprise shall provide details (Full Name; Identification Number; Gender; Position and Store of employment; contact number) of all the employees of the target within thirty (30) days of the Approval date;

2. The merged enterprise shall share a copy of the conditions of approval to Botswana Mine Workers Union within ten (10) days of the approval date;

3. 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 4 factor to be taken into account in the consideration of offering potential employment;

4. The merged enterprise shall for a period of three (3) years from the merger decision date, submit a report on each anniversary of the merger decision date, detailing its compliance with the conditions of approval. The merged enterprise shall inform the Authority of the date of implementation within thirty (30) days of the Approval date; and;

Any person who has reasonable ground(s), suspicion(s) and/or believes that the merged enterprise has failed to comply with any of the conditions of approval may approach the Authority with his/her complaint

MER/027/2021	Zexmon Investments (Pty) Ltd	Blue Pebbles (Pty) Ltd t/a Mega Pave	Manufacturing
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The Authority approved the proposed acquisition with the conditions that:

1. There will be no merger-specific retrenchments for a period of three (3) years from the date of implementation. 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

MER/003/2022	Magister Investments Limited.	Tongaat Hulett Limited	Manufacturing
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The Authority approved the proposed acquisition with the conditions that:

1. The merged entity should use all its endeavours to ensure that the packaging business of THB continues to source packaging plastic locally and other services in Botswana; and 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):
  - a) voluntary retrenchment and/or voluntary separation arrangements;
  - b) voluntary early retirement packages;
  - c) unreasonable refusals to be redeployed;
  - d) resignations or retirements in the ordinary course of business;
  - e) retrenchments lawfully effected for operational requirements unrelated to the Merger; and
  - f) terminations in the ordinary course of business, including but not limited to, dismissals as a result of misconduct or poor performance;

Source: The Authority's Mergers and Acquisitions Database as at 31 March 2022

### Mergers Brought Forward

Table 8 below shows mergers that were notified in February of the 2020/2021 financial year and were brought forward and finalised in the period under review (2021/2022). The Investigations and assessments relating to these two transactions were therefore ongoing at the start of the 2021/2022 financial year.

**Table 8: Mergers Brought Forward to the 2021/22 Financial Year**

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

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

### Mergers Carried Forward

Table 9 below shows mergers that were notified in the 2021/2022 financial year and were carried forward to the 2022/23 financial year.

**Table 9: Mergers Carried Forward to the 2022/23 Financial Year**

File Number	ACQUIRING FIRM	TARGET FIRM	SECTOR
CAS-01422-W3V1Q8	Pioneer Foods (Pty) Ltd	Bokomo Botswana (Pty) Ltd	Manufacturing
CAS-01459-M6N0M6	Heineken International B.V.	NBL Investment Holdings Proprietary Limited and Distell Group <sup>3</sup>	Retail
CAS-01486-R1V1B6	Nalamalapu Anji Reddy	Minnova (Pty) Ltd	Energy
CAS-01533-M1Y5R5	Sarova Investments (Pty) Ltd	Abdul Kader Hussain	Property

Source: The Authority's Mergers and Acquisitions Database as at 31 March 2022

<sup>3</sup>The proposed transaction entail: (i) a further interest in Namibia Breweries Limited; and (ii) the combination of Heineken's current South African business, Heineken South Africa (RF) (Pty) Ltd, along with its increased interest in NBL, and the flavoured alcoholic beverages, wine and spirits business of Distell Group Holdings Limited.

## Other Activities

The Authority also carried out a compliance exercise for three (3) merger cases and an impact assessment exercise on one (1) merger case.

Impact studies or ex-post evaluations are an important instrument for assessing previous merger decisions, as well as for improving the quality of future decisions (OECD, 2011:13).<sup>4</sup> “Impact Evaluation of Policy Decisions”, Competition Law and Policy, OECD]. The evaluations provide an opportunity to assess whether the conditions/remedies imposed were sound, given the information available at the time, and if the assumptions on which the conditions were made were sensible.

A reasonable time frame to conduct ex-post reviews is usually 3-4 years post the implementation of a merger. This time frame is deemed reasonable enough to allow for a merger to realise any benefits in the economy. It can be noted that in the case of Aon Holdings Botswana (Pty) Ltd & AON Holdings Botswana (Pty) Ltd, the impact accruing from the merger whose decision was made in 2012, was only realised nine (9) years later. This was due to the difficulty that the merging parties had with the transfer of shares (as per the CCA’s directive) to a citizen or citizen-owned entity. Ultimately the shares were successfully transferred to a reputable citizen owned company in the form of Africa Lighthouse Capital.

**Table 10: Compliance Assessment Exercise**

Parties to the transaction	Date of the decision	Condition	Compliance Status
Halfway Ngami Motors & Dennis Service Station	12th April 2019	<p>Taking the public interest concerns and pursuant to the provisions of section 60 of the Competition Act of Botswana, the Authority has approved the proposed acquisition with the conditions that:</p> <ol style="list-style-type: none"> <li>1. The merged entity should ensure that the shareholding in the business of Dennis Caltex Service Station is 51% and 49% for citizen(s) and non-citizen(s) respectively, as per the Trade Act of 2003;</li> <li>2. Halfway Ngami Toyota concludes the ongoing process of transferring 10% of its shares to a local citizen; not later than six (6) months from the decision date; and</li> </ol> <p>The merging parties are to provide the Authority with a status update on compliance towards this decision within six (6) months from the date of this determination.</p>	Compliant
Bradleymore's Holdings (Pty) Ltd & VPB PROPCO	7th February 2018	<p>The Authority approved the proposed sale of the business and assets of VPB Propco (Pty) Ltd (in liquidation), QSR Food Company (Pty) Ltd (in liquidation), Boitumelo Dijo (Pty) Ltd (in liquidation) and Greenax (Pty) Ltd (in liquidation) (collectively referred to as “the Target Enterprises”) by Bradleymore’s Holdings (Pty) Ltd with the following conditions:</p> <ol style="list-style-type: none"> <li>1. Bradleymore’s shall source a significant portion of their input requirements locally by continuing to source from existing suppliers that were engaged by VPB, provided they are YUM accredited; as well as consider sourcing from any other YUM accredited suppliers based in Botswana who are currently not supplying KFC;</li> <li>2. Bradleymore’s shall ensure that local suppliers are assisted in penetrating or meeting YUM’s standards of accreditation</li> </ol>	Compliant

<sup>4</sup>OECD (2011), “Impact Evaluation of Policy decisions” Competition Law and Policy, OECD

Bradleymore's Holdings (Pty) Ltd & VPB PROPCO	7th February 2018	<p>with the aim of sourcing from these suppliers; and</p> <p>3. The Parties shall not retrench any employees of the target entities as a result of the acquisition for a period of three (3) years from the implementation date. For the sake of clarity, retrenchments do not include: voluntary separation; voluntary early retirement; unreasonable refusal to be deployed in accordance with the provisions of the labour laws of Botswana; resignations or retirements in the ordinary course of business; terminations in the ordinary course of business; dismissals as a result of misconduct of poor performance.</p> <p>In order for the Authority to properly monitor compliance with the above conditions, the Authority shall require Bradleymore's to adhere to the following:</p> <ul style="list-style-type: none"> <li>i. Bradleymore's shall annually (for a period of three years from the implementation date) submit to the Competition Authority, a detailed report indicating: -</li> <li>ii. Any changes to its employment records in the country and the reasons thereof;</li> <li>iii. A list of its existing and new locally based suppliers (including the type of inputs they supply). This information can be captured in the supply agreements KFC has with such suppliers; and</li> <li>iv. A copy of the strategy to be employed in building capacity of local suppliers in ensuring they meet YUM accreditation standards. That copy should be availed to the Authority within a period of twelve (12) months from the implementation date. The parties need to demonstrate to the Authority efforts made in identifying potential suppliers in line with their expansion strategy.</li> </ul> <p>The Authority further took cognisance of the fact that:</p> <ul style="list-style-type: none"> <li>a. The proposed transaction is likely to result in reduced competition due to the removal of a competitor in the line haul transportation services market;</li> <li>b. The implementation of the proposed merger is expected to result in the merged entity attaining a dominant position; and</li> <li>c. The proposed transaction is expected to result in retrenchments and citizen disempowerment.</li> </ul>	Compliant
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Sanlam Emerging Markets Limited & Saham SA: Decision date	29th October 2018	<p>The Authority has approved the proposed merger, with the commitment that:</p> <ol style="list-style-type: none"> <li>1. The merged entity shall ensure that for a period of 3 years commencing from the approval date, there are no retrenchments of any employee associated with this merger. SEMIL must inform the Authority of any retrenchments at Continental Botswana at the same time that SEMIL would be required to provide a written notice of the intention to retrench to the Commissioner of Labour and Social Security, in terms of section 25 of the Employment Act of 1982, as amended.</li> </ol> <p>In order for the Authority to effectively monitor compliance with the commitment, the Authority shall require SEMIL to inform it of:</p> <ol style="list-style-type: none"> <li>i. the intended retrenchments;</li> <li>ii. the reasons for the retrenchments;</li> <li>iii. the number and categories of employees affected; and</li> <li>iv. the expected date of the retrenchments.</li> </ol> <p>SEMIL will one month after the implementation of the merger and annually (for a period of three (3) years thereafter) within one month of the finalization of Continental Botswana's Annual Financial Statements submit to the Authority a report indicating a list of all Continental Botswana's customers in Botswana for the preceding financial year and the gross written premium generated from each customer in that financial year. In each report subsequent to the first report, if there is a significant change in the gross written premium generated from any customer, SEMIL will explain the reasons for this change in the report. This report is to be verified by Continental Botswana's independent auditors.</p>	Compliant
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Source: 2021-2022 Compliance Assessment Report

**Table 11: Impact Assessment Exercise**

Parties to the transaction	Date of the decision	Condition	Impact Status
Aon Holdings Botswana (Pty) Ltd & AON Holdings Botswana (Pty) Ltd	11th December 2012	<ol style="list-style-type: none"> <li>1. On 29th October, 2012, the Competition Authority received a notification, for the proposed acquisition of 25% issued share capital in Aon Botswana (Proprietary) Limited ("Aon Botswana") by Aon Holdings Botswana (Proprietary) Limited ("Aon Holdings"), held by CEDA Venture Capital Fund ("CVCF") pursuant to section 56(1) of the Competition Act of Botswana (No. 17 of 2009);</li> <li>2. Aon Holdings owned 70% shares in Aon Botswana. The other 5% and 25% shares were held by Employee Share Ownership</li> </ol>	<p>The Authority confirms that that Minet Botswana was able to identify a citizen buyer as per the Authority's instruction. Despite the prolonged time taken before identifying a citizen buyer, Minet made concerted efforts in searching for a local company to acquire the</p>

Sanlam Emerging Markets Limited & Saham SA: Decision date	29th October 2018	<p>Plan Trust and CVCF, respectively.</p> <p>3. The Authority rejected the merger based on public interest considerations. The Authority noted that shares that were previously owned by citizens through the CVCF were being taken over by a non-citizen-owned firm, which the Authority considered to be against the spirit and intent of the establishment of Citizen Economic Development Agency ("CEDA"), which was the empowerment of citizens.</p> <p>4. However, a settlement agreement was reached between the Authority and Aon Holdings on 1st February 2013, following the rejection of 11th December 2012.</p> <p>5. The parties had agreed that the transaction of the buy-back of shares by Aon Holdings from CVCF should proceed immediately upon the signing of this Settlement Agreement on the following terms:</p> <ul style="list-style-type: none"> <li>i. That Aon Holdings should look for a citizen partner/partners to acquire the 25% shares it had purchased from CVCF;</li> <li>ii. That Aon Holdings is granted a period of twelve (12) months from the date of signing of the Settlement Agreement to identify and conclude with a citizen partner(s) to take up the shares which were the subject of the said buy-back;</li> <li>iii. In the event that no suitable citizen partner(s) was or were willing or able to take up the shares, AON Holdings would be at liberty to approach any other local entity/entities to take up the shares;</li> <li>iv. That Aon Holdings and Aon Botswana shall revert to the Competition Authority after the expiry of twelve (12) months, the period referred to above, with a status report of the transaction regarding the progress made in securing a citizen partner; and</li> <li>v. That upon settlement being reached and signed AON Holdings and AON Botswana would withdraw the application/appeal against Competition Authority currently pending before the court and each party shall bear its own costs.</li> </ul>	<p>outstanding shares. Africa Lighthouse which is a leading Botswana citizen-owned private equity and investment firm has 33.33% shares in Minet Botswana Holdings (Pty) Ltd and proved to be a suitable buyer. Africa Lighthouse had already demonstrated prudence and dedication in investment in Botswana.</p>
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Source 2021-2022 Impact Assessment Report

# INVESTIGATIONS, POLICY AND RESEARCH

## COMPETITION CASES

The Authority is responsible for investigations of anti-competitive business conduct by enterprises in the various sectors of the economy ranging from restrictive business practices to unilateral conduct business behaviours. Investigation of these conducts is covered under the Competition Act 2018 in sections 25 to section 31. The enforcement of the Consumer Protection Act 2018, is carried out by the Authority through consumer protection investigations, monitoring compliance by businesses, and advocacy.

During the period under review, the Authority investigated a total of 26 competition related cases, of which 21 were a rollover from the previous financial year. The other five (5) cases were new investigations for complaints received during the 2021/22 financial year. Out of the cases investigated, only six (6) cases were closed. Because of the complexity and lengthy process of an investigation, the remaining 20 cases are still under investigation as there is need to gather more evidence. They will be carried forward to the 2022/23 financial year as shown in Table 12 below:

**Table 12: Competition Cases Handled 1st April 2021 to 31st March 2022**

Number of cases investigated	26
Number of new cases	5
Number of cases taken over from the previous year	21
Number of cases closed after being investigated	6
Number of cases carried forward to next financial year	20

### Cases Still Under Investigation and Brought Forward from the 2020/21 Financial Year

- i. Competition and Consumer Authority vs Choppies Enterprises Limited, Sefalana Group, Pick n Pay, Spar, Shoprite/Checkers/USave, and Eureka/Trident Group;
- ii. Competition and Consumer Authority vs Conduit Investments (Pty) Ltd;
- iii. Doves Funeral Parlour vs FSG Limited Botswana;
- iv. Competition and Consumer Authority vs Security Systems (Pty) Ltd;
- v. Competition and Consumer Authority vs Master Farmer Feeds (Pty) Ltd t/a Nutri Feeds Botswana and Opti Feeds Botswana (Pty) Ltd;
- vi. Ekusileni Clinical Laboratory vs Botswana Medical Aid Society (BOMAID); and
- vii. Botswana Dental Association vs BOMAID and other medical aid funders.

### **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 case is still under investigation and will be carried forward to the 2022/23 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. The behaviour is alleged to possibly be practised by Spar Wentzel Group, Tsetseng Retail Group, Choppies Enterprises Limited, Sefalana Group, Pick N Pay, Shoprite/ Checkers/ Usave and Eureka/ Trident Group. The case is still under investigation and will be carried forward to the next 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 to 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. After the Authority served BOMAID with a Notice of Intention to Investigate, BOMAID approached the High Court challenging the Authority's jurisdiction and proclaimed to be exempt from the Competition Act. As a result of the matter brought before the High Court, the process of investigation has been put on hold until the High Court makes a determination on the matter. The case will be carried forward to the 2022/23 financial year and the process of investigation will restart only after the High Court ruling.

### **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. 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. It is alleged that Conduit Investments also competes with customers that mould bricks as it also has presence in the downstream market. By charging its crusher dust customers a high price, 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. The case is still under investigation and will be carried forward to the 2022/23 financial year.

### **Cases Brought Forward from the Previous Financial Year and Closed in 2021/22**

#### **Cotton Fields (Pty) Ltd vs Total Botswana (Pty) Ltd**

Cotton Fields (Pty) Ltd lodged a complaint with the Competition and Consumer Authority alleging that Total Botswana (Pty) Ltd had terminated the lease agreement for a service station without any cause. Cotton Fields (Pty) Ltd alleged that the termination of the contract could have been provoked by its by Cotton Fields (Pty) Ltd refusal to participate and implement the merchant agreement imposed by Total Botswana (Pty) Ltd. It was further alleged that Total Botswana (Pty) Ltd dictated the price and margins at which the merchants party to the merchant agreement are to re-sell petroleum products and participating goods and services to Total Botswana fuel cardholders. The Authority investigated some elements of the complaint relating to allegations of resale price maintenance by Total Botswana (Pty) Ltd. While the investigation was ongoing, Cotton Fields (Pty) Ltd filed an interim relief application requesting the Competition and Consumer Tribunal to withhold the termination of lease agreement by Total Botswana in respect to the operation of Game City Total Filling Station.

Their reasoning being a pending investigation (by the Authority) of various anti-competitive business conducts levelled against Total Botswana. In October 2021, the Tribunal issued a judgement for the application of the Interim relief. The judgement pointed to the issue at hand being a contractual matter, therefore not a competition issue and that it (the Tribunal) lacked jurisdiction over such a matter. This judgement led to the investigation carried out by the Authority irrelevant and eventually being closed.

### **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 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 was that it would be unfair for other property management entities to compete for business with BIFM yet the respondent has influence in the final decision-making in the award of the tender. The findings of the Authority's preliminary inquiry indicated no vital signs of abuse of a dominant position by BIFM and this meant the closure of the case.

### **Cases Received, Investigated and Closed During the Current Financial Year**

#### ***Dr Peter Thomas Awang vs Bokamoso Private Hospital***

The Authority received a complaint from Awang Specialists Surgical Clinics alleging that Lenmed Health Bokamoso Private Hospital (Bokamoso Private Hospital) has abused its dominance by refusing to deal with the complainant. It was alleged that Bokamoso Private Hospital leased a facility to Dr Peter Awang to provide wound clinical services only for Bokamoso Private Hospital deciding to revoke the lease agreement and close services offered by the wound clinic. Dr Peter Awang then lodged a complaint cornering the behaviour by Bokamoso Private Hospital (of termination of the lease agreement of the facility) as unfair and unjustifiable. The investigation revealed that though Bokamoso Private Hospital was

dominant in the relevant market, it did not own an essential facility as other alternative facilities were in existence which Awang Specialists Surgical Clinics could approach for a lease agreement and continue operating its services. Because of lack of evidence to prove the conduct as alleged, the investigation against Bokamoso Private Hospital was then closed.

#### ***Netsol (Pty) Ltd vs Jenny Internet (Pty) Ltd***

Netsol (Pty) Ltd lodged a complaint with the Competition and Consumer Authority alleging that Jenny Internet (Pty) Ltd could be engaging in predatory pricing as Jenny Internet (Pty) Ltd price levels were very low. It further alleged that Jenny Internet (Pty) Ltd which originates from South Africa, imported internet bandwidth at a relatively lower cost and retailed it locally at prices lower than Botswana Fibre Networks Ltd (BoFiNet) wholesale price. The case was closed as the preliminary investigation could not establish any vital elements of abuse of a dominant position in the form of predatory pricing by Jenny Internet (Pty) Ltd.

### **Case Received in 2021/22 And Carried Forward to the Next Financial Year**

#### ***Jong Transport (Pty) Ltd vs Impala Terminals Africa***

Jong Transport (Pty) Ltd, a local road freight company, lodged a complaint against Impala Terminals Africa alleging that Impala Terminals Africa has abused its dominance through refusal to deal. Impala Terminals Africa is an international company contracted by Khoemacau mine to facilitate the transportation of copper concentrates to the refineries. Jong Transport (Pty) Ltd alleged that the requirements by Impala Terminals are onerous and a barrier to entry for the local hauliers. It alleged that the requirement of in-bond requirement (from local hauliers) by Impala Terminals Africa, is unnecessary since copper concentrate is transported within in the SACU region. Jong Transport (Pty) Ltd alleged that Impala Terminals Africa does not make in-bond a requirement from its hauliers that originate outside Botswana. Furthermore, Jong Transport (Pty) Ltd alleged that Impala Terminals Africa was discriminating in terms of transport rates offered, and other trade conditions. Apparently Impala Terminals Africa considered Jong Transport (Pty) Ltd transport rates extremely high even though the complainant alleged their rates were lower than those of the already contracted international road hauliers.

## Cases Dealt with Through Investigation or Market Inquiry

Cases, mainly cartel conducts, dealt with through investigation or market inquiry related to the following sectors of the market:

- Construction sector (bidding market);
- Waste management sector (bidding market);
- Financial sector;
- Government supplies sector (bidding market); and
- Animal feed sector



# CONSUMER PROTECTION

The Authority is empowered to investigate breaches against the Consumer Protection Act which include breach of sale agreements such as failure to deliver goods by the supplier (section 14), supplying goods that do not meet safety and quality standards (section 15), non-disclosure of key information on goods and services (section 10), deceptive conduct (section 6) and unfair contract terms (section 23).

## Consumer Complaints

In the period under review, the Authority handled a total of 1,251 consumer complaints. The total cases handled show an increase of 7.4% in comparison with the previous financial year. The distribution of these complaints between Gaborone and the Francistown offices is 73.7% (922) and 26.3% (329) respectively.

Out of these 1,251 consumer complaints handled, 136 (10.9%) were carried over from the previous financial year. Therefore, a total of 1,115 new consumer complaints were received in the period under review. From these 1,251 cases, 1,039 (83%) were resolved, and 212 were still under

investigation. That is, 83% of Consumer Protection cases handled have been resolved.

## Categories of Consumer Complaints

Consumer Complaints are categorised as follows:

- i. Electronics and Electricals matters (CCE);
- ii. Motor vehicles, motor parts and service (CCV);
- iii. Cell Phone and cellphone gadgets and accessories (CCC);
- iv. Furniture (CCF);
- v. Clothing and textiles (CCCL);
- vi. Construction (CCCon);
- vii. Events Management (CCem);
- viii. Services (CCS);
- ix. Tourism and Hospitality (CCTh);
- x. Borehole (CCB);
- xi. Household/ Home Improvements (CCH);
- xii. Ecommerce Transactions (CCEt);
- xiii. Agricultural Implements (CCA); and
- xiv. Miscellaneous (CCM) covers anything not covered in the above categories;

Table 13 below shows the total number of complaints handled in various categories:

**Table 13: Consumer Complaints Handled in Various Categories from 1st April 2021 to 31st March 2022**

CATEGORIES																
MONTHS	CCE	CCV	CCC	CCM	CCF	CCCL	CCCon	CCem	CCS	CCTh	CCB	CCH	CCEt	CCA	TOTAL	%
APRIL	17	33	17	9	9	6	22	0	5	0	5	1	0	0	124	9.9
MAY	16	32	22	9	10	7	13	1	0	0	1	5	0	0	116	9.3
JUNE	9	19	18	1	8	4	5	1	1	1	3	1	1	0	72	5.8
JULY	11	24	12	8	13	1	5	0	1	1	3	2	1	0	82	6.6
AUG	18	25	24	11	7	6	8	0	0	1	3	2	0	0	105	8.4
SEPT	20	24	25	18	5	8	7	0	0	0	2	1	0	0	110	8.8
OCT	17	26	43	25	17	4	11	1	2	0	4	2	0	2	154	12.3
NOV	21	25	23	22	10	6	8	0	3	0	6	1	0	1	126	10.1

DEC	13	12	8	11	3	5	5	2	5	0	2	0	0	0	66	5.3
JAN	9	33	14	14	14	1	2	0	4	1	4	0	0	0	96	7.7
FEB	5	32	14	13	7	3	4	0	8	0	1	1	0	2	90	7.2
MAR	16	40	14	13	9	3	3	0	6	0	1	2	0	3	110	8.8
<b>TOTAL</b>	<b>172</b>	<b>325</b>	<b>234</b>	<b>154</b>	<b>112</b>	<b>54</b>	<b>93</b>	<b>5</b>	<b>35</b>	<b>4</b>	<b>35</b>	<b>18</b>	<b>2</b>	<b>8</b>	<b>1251</b>	<b>100</b>
%	13.7	26	18.7	12.3	9	4.3	7.4	0.4	2.8	0.3	2.8	1.4	0.2	0.7	100	

The table depicts the top four (4) categories of consumer complaints with a cumulative total of 70.7% of the consumer cases dealt with for the period under review. These are: Motor vehicle, motor parts and service[CCV] at 26% [on average 27% of the consumers were fully refunded, 10% of the consumers received replacements, 10% had their vehicles repaired by the relevant businesses, and 53% of the complaints were not yet fully resolved]; followed by Cell-phone and cell-phone gadgets and accessories[CCC] at 18.7% [on average 29% of the consumers were fully refunded, 15% of them received repairs, 14% received replacements, 15% did not qualify as Consumer Protection complaints, and 27% were not fully resolved]; then Electronics and electrical matters[CCE] at 13.7% [on average 12% of the consumers were fully refunded, 12% received replacements, 16.3% received repairs, 7% did not qualify as Consumer Protection complaints, and 53% of the complaints were not fully resolved]; and last but not the least is Miscellaneous[CCM] at 12.3% [on average 23% of the consumers were fully refunded, 16% received replacements, 10% received repairs, 31% did not qualify as Consumer Protection complaints, and 20% were not fully resolved].

The table also summarises the last four (4) categories of consumer protection complaints to have a cumulative total of 1.6%, of which, Agriculture implements [CCA] is 0.7% of the consumer complaints, followed by Events management [CCM] at 0.4%, then Tourism and hospitality at 0.3%, and last but not the least is Economic transactions [CCEt] at 0.2%. This table further draws that the number of consumer complaints received are generally equally distributed throughout the financial year and range between 5.3% in the month of December (lowest) and 10.1% in November (highest).

## Pyramid Scheme Investigations

The Authority investigated four (4) alleged pyramid schemes during the year under review as follows:

### WhatsApp Gifting Motshelo

The allegation received by the Authority was that the scheme worked by way of participants being recruited to join the group, and the recruited

participant is also expected to recruit more participants to join under them. A top participant in a list, benefits or get paid and either exist the group or join from the bottom and it continues in that format. The findings of the investigation led to the Authority referring the matter to the Botswana Police Service (BPS) for further investigation.

### Element

The Authority investigated allegations of the existence of a pyramid scheme called Element. An investigation was conducted and the findings indicated that indeed the scheme used to be in place but was not in effect anymore. Because the pyramid scheme was not in practice anymore, this negated the need to continue investigations under the Consumer Protect Act because of the requirement to prove it as an on-going practice. The only thing left was for BPS to take over the process of investigation to deal with the criminal element which the CCA does not have jurisdiction over.

### Mufhiwa Building Project

The Authority found out about this pyramid scheme which had members in Ghanzi, Tlokwen, Moshupa, Mochudi, Hukuntshi, Maun, and Francistown. It was alleged that the scheme originated from South Africa and the Botswana contact had registered a company to run this scheme locally. Apparently the scheme had promoters and members in Botswana, Namibia, Zimbabwe as well as South Africa. The joining fee was P160.00 or R200.00 (once-off payment). It was alleged that members got the incentives from the scheme when their six direct recruits join. The findings of the Consumer Protection investigations indicated that the pyramid scheme was not in existence anymore both locally and regionally as per the initial allegation. The local company that was alleged to be running the scheme in Botswana was also not operational anymore. As a result, the investigation under Consumer Protection could not progress any further. This development could not allow a referral to the Botswana Police Service to look into the criminal conduct because no one could be identified as an associate to the scheme, and this led to the investigation being closed.

## **Petron Corporation**

Petron pay pyramid scheme was alleged to be an online site that purported to offer an investment platform. The investigations confirmed the allegations as reported, and that the scheme operated in more than one country around the world, but only operates online. It was alleged to pay high returns to investors through the money raised from the contribution collected from the new members. Indications were that this was a multiplication scheme and therefore illegal to perform in Botswana. The investigation revealed that the scheme has collapsed and no longer operates in Botswana.

## **Anonymous Tip-Offs**

### ***Oriental Plaza***

The Authority received a number of tip-offs from the public about non-compliance by some businesses mainly those businesses operating from the Oriental Plaza (Gaborone). The tip offs pointed to non-display of prices and this led to carrying out inspection and taking action to the relevant perpetrators.

## **Product Recalls**

The Authority has powers to implement product recalls where necessary. It can also engage its powers to implement manufacturers' initiated product recall. The following recalls were made in the period under review.

The following recalls were all initiated by manufacturers:

- I. Kit Kat Chocolate recall on 5th February 2022; and
- II. Koo Canned Vegetables, Hugo Baked Beans and Helderberg Peas recall on 27th July 2021.

## **Compliance Inspections**

Businesses operate within a number of legislative frameworks that necessitate monitoring and they are expected to comply with such laws. The Consumer Protection Act espouses the power to carry out an inspection function by the Authority. This is meant to protect the interests of consumers by ensuring that businesses comply with legal, regulatory and government policy pronouncements. The compliance monitoring by the Authority is done with the aim of enforcing the consumer protection legislation. If a business is found to be contravening the law, appropriate control measures (like warning, fine, advocative for

corrective measures etc.) are instituted. In case of severe contraventions, the matter may be referred to the Competition and Consumer Tribunal for determination.

In the period under review, inspections were carried out and 1156 businesses (including motor dealers, funeral parlours and hardwares businesses around the country) were inspected for compliance. The level of compliance for the year was 86.3%. This is an improvement from the 74.1% achieved in the previous financial year.

Because of the outbreak of the Covid-19 pandemic there was a need for the Authority to monitor prices for essential and basic products to ensure fair business practices during the challenging period for consumers. Monitoring of prices during this period was meant to establish price movement patterns as well as distribution and availability of essential commodities.

## **Joint Inspections**

Apart from inspections it initiates, the Authority also carries out joint inspections with other regulatory institutions. In the period under review, the Authority carried out joint inspections with BOCRA to determine if businesses in the retail space of cellphones complied with sale of type approved products as per the BOCRA Act. It also jointly carried out inspections with the Botswana Police Service and the Public Health Department to verify counterfeits of food and beverages.

Through these joint inspections, a total of 584 businesses were inspected and the level of compliance sat at 72.5%. The focus of the inspections was amongst others; Display and sale of tainted goods, Non-issuance of proof of purchases (receipts), Failure to display prices, Shelf prices that do not tally with point of sale prices, Cleanliness, Display and validity of Trade license, Product labelling standards and packaging, and unfair disclaimers.



## RESEARCH AND POLICY

The Competition Act empowers the Authority to carry out market inquiries and research under Part X of the Act.

### Research

#### *Study on the Grains Market*

In the period under review, the Authority conducted a study on the Grains Market, which was aimed at identifying policies and laws in Botswana that could be an impediment in achieving higher levels of competition along the Grains market supply value chain. The findings of the study will be ready for presentation in the next financial year.

#### *Study on the Cost of Roaming Charges in Africa*

The Authority further engaged in a combined cross country study through the African Competition Forum (ACF) which Botswana is a member. The study was on the Cost of Roaming Charges in Africa and the participating countries were Botswana, Angola, Kenya, Mauritius, South Africa, and Zambia. The study continues into the next financial year when it is expected to conclude by the end of Quarter 3 when findings will be presented. As a member of the ACF, Botswana continues to benefit from the immense technical knowledge that the ACF has built over the years.

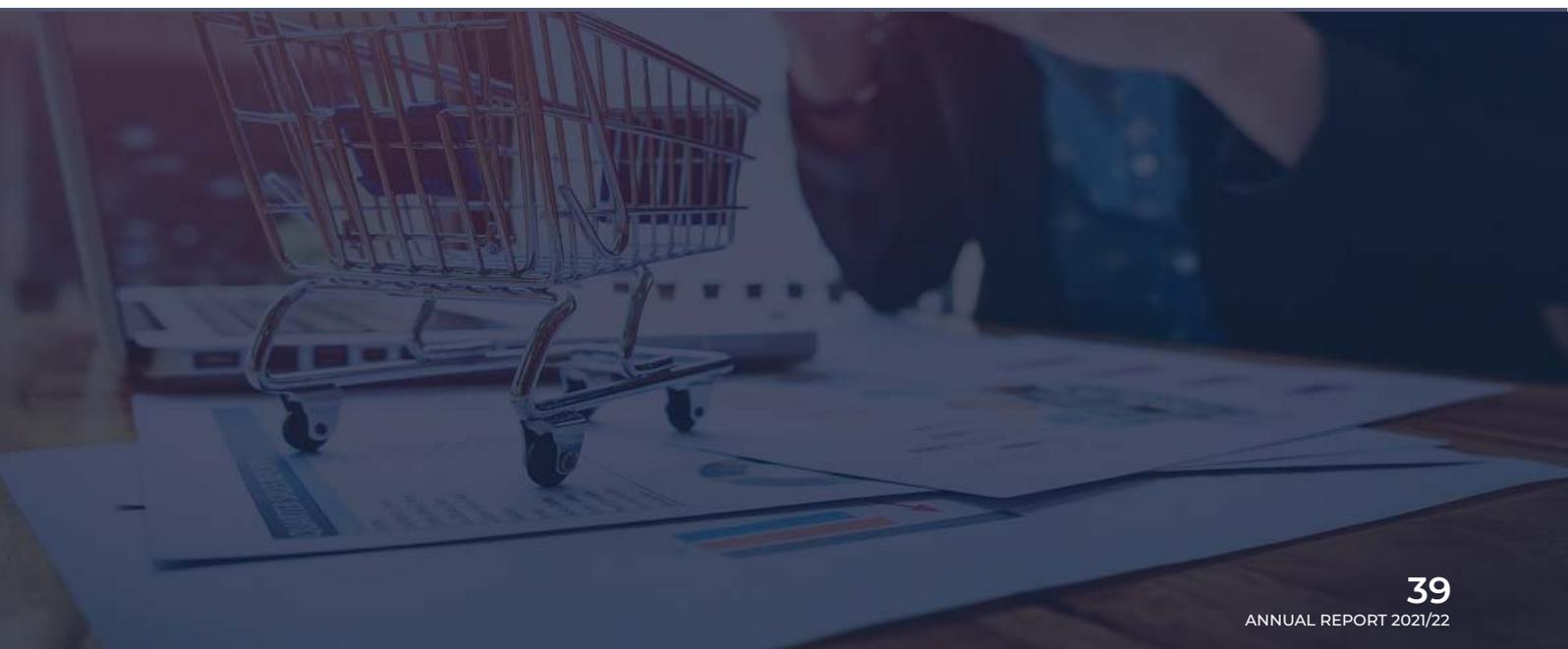
### Policy

#### *Protocol on Competition and Consumer Policies*

The Authority has been participating in the development of the Protocol on Competition and Consumer Policies through the two agreements by Africa member states being: Agreement establishing Tripartite Free Trade area between East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA), and Southern African Development Community (SADC). The other agreement the Authority was involved in developing is an agreement establishing the African Continental Free Trade Area (AfCFTA). Both exercises are still ongoing and will be carried over to the next financial year. The engagement of Botswana in the development of this important trade protocol assists all member states to improve their relevant policies and get ready for tenable opportunities in the future.

#### *Global Competitiveness*

The Authority engaged the Botswana National Productivity Centre (BNPC) with a view to partner and identify areas of interest to improve the country's level of global competitiveness. The collaboration led to the Authority and BNPC working on a Memorandum of Understanding that will be the path to achieving this targeted collaboration. The MoU is expected to be signed in the next financial year.





# LEGAL SERVICES

The Authority is mandated to prosecute enterprises that infringe the provisions of the Competition Act and the Consumer Protection Act before the Competition and Consumer Tribunal and to appeal the Tribunal decisions against the Authority and/or defend the decisions in favour of the Authority at the High Court and Court of Appeal. The Department also plays an advisory role to the Authority as a whole to ensure that there is proper corporate governance and execution of functions within the ambit of the law.

## **Cases Before the Competition And Consumer Tribunal**

### *Katlego Motors Cases*

On 24th August 2021, the Authority referred a case against Katlego Motors (Pty) Ltd (“Katlego Motors”) to the Competition and Consumer Tribunal (“the Tribunal”). Investigations in the case revealed that Katlego Motors contravened the provisions of section 15(1) of the Consumer Protection Act through the sale of goods (a motor vehicle) that are not of good quality, in good working order, and free of defects without informing the purchaser of the state of such goods. The facts of the case were that on 20th September 2019 the Complainant purchased an Audi A3 vehicle from Katlego Motors in Mogoditshane, for the sum of P37,000.00. The vehicle later failed a roadworthiness test at the Department of Road Transport and Safety (DRTS) and as a result, could not be registered. When the Complainant approached Katlego Motors about the vehicle defects, she was asked to return the Audi A3 and was promised another vehicle, and was given a courtesy vehicle to use while the new one was being sourced. The Complainant never received the promised vehicle and eventually approached the Authority for assistance. The case was referred to the Tribunal and Katlego Motors was ordered to refund the Complainant the sum of P37,000.00. The Complainant was also ordered to return the courtesy vehicle to Katlego Motors.

In another case against the same enterprise, Katlego Motors Pty Ltd, the business is being prosecuted again for contravening section 15(1) of the Consumer Protection Act for engaging in an unfair business practice through the sale of goods that are not of good quality, in good working order and free of defects without informing the purchaser of the state of such goods. Katlego Motors had supplied the Complainant with a vehicle that was not in good working order and also not of the colour chosen by the Complainant. The matter was pending before the Tribunal as at the end of the financial year under review.

### *Steel Galaxy Case*

The Authority also prosecuted a case before the Tribunal where Chitswana Enterprises Pty Ltd t/a Steel Galaxy (“Steel Galaxy”) was alleged to have contravened section 6(1)(c) of the Consumer Protection Act by using unfair tactics in the supply of goods in that they have neglected/refused/failed to deliver goods to the Complainant even though she paid for them. Steel Galaxy was using unfair tactics by refusing to deliver purchased goods and demanding an original invoice from the Complainant while it was never issued to her. Upon conclusion of investigations, the Authority referred the matter to the Tribunal demanding a refund in the sum of P18,437.44 from Steel Galaxy in favour of the Complainant.

## Cases Before the High Court

### *Universal House and Mmegi Case*

Sometime in 2016, the Authority received a tip-off from a whistle blower that Universal House (Pty) Ltd (Universal) and Mmegi Investments Holdings (Pty) Ltd (Mmegi) implemented a merger without the Authority's approval. Subsequent to the tip-off, the Authority caused Universal and Mmegi to formally notify the transaction. A merger decision was finally issued by the Authority in February 2017 to the effect that Universal and Mmegi should divest within three (3) months from the date of the decision because the merger was anti-competitive. Mmegi and Universal did not comply with the Authority's decision and, as a result, the Authority commenced investigations to bring about compliance. Before investigations could be concluded, an interested party, Your Friend (Pty) Ltd t/a Gabs FM (Gabs FM), and later Metlhaetsile Leepile sued the Authority before the High Court, for an order directing the Authority to enforce its February 2017 decision. The case is subject to an appeal before the Court of Appeal. The Authority has since taken steps to enforce its decision and the matter is currently pending before the Tribunal.

### *Medical Aids Case*

On the 4th June 2020 the Authority instigated an investigation against numerous medical aids in Botswana, based on allegations of abuse of dominance. In particular, that Medical Aid Schemes fix prices and exclude some medical service providers from accessing the BOMAID memberships. 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 involved in commercial activities and as such the Act applies to its activities. Judgement on the matter is yet to be delivered.





# CORPORATE SERVICES

The 2021/22 financial year ended successfully with the Authority realising substantial completion of the integration of the Competition and Consumer mandates. Though not an optimal organisational structure and dictated by financial constraints, the Authority implemented the approved establishment of 45 employees, leading to the lapse of the secondment of employees from the Ministry of Investment, Trade and Industry (MITI).

As at 31st March 2022, key performance indicators included average employee performance which is at 87% against a target of 80%, and staff retention stood at 94% from a target of 95%.

## **Staff Engagement and Employee Wellness**

CCA prioritises the welfare of the human capital so as to nurture the aspiration of a high performance results-driven culture. Despite challenges posed by Covid-19 and the transitioning of the Authority, with the integration of the Competition and Consumer mandates, the Authority remained focused on staff welfare by maintaining a conducive working environment, communicating and recognising employees. The 'Working From Home' (WFH) Guidelines was enforced to curb infection rates in the workplace and to safeguard employees' families from infections.

The wellness of the human capital is a high priority of the Authority. A number of initiatives were implemented during the year to enhance employee engagement, employee wellness and improve employee experience. The appointed Employee Support Partner and the Staff Welfare Committee played a pivotal role in the success of these activities, which includes:

- i. Employee Support Programme – employees were availed both individual and group support services for counselling services and motivational talks for financial management, work-life balance, and stress management;
- ii. Departmental engagements such as meetings to promote team work;
- iii. Wellness Day – aimed at organisation-wide team building, creating awareness on health issues and promoting a healthy active lifestyle;
- iv. Performance rewards for staff recognition;
- v. Christmas and Valentine's Gifts – as tokens of appreciation; and
- vi. Launch of CCA Values – The activity was done under strict Covid-19 protocols. As the first physical engagement since the advent of the pandemic, the activity uplifted staff morale and ignited team working.

## **Talent Management**

With the limitation on physical trainings due to the Covid-19 pandemic, the Authority capitalised on virtual trainings and webinars so as to capacitate employees and improve performance. During the year a total of 86 employees attended capacity-building workshops, webinars and networking conferences.

## Procurement

The Authority implements and adheres to the CCA Tender Regulation and Procurement Procedures (TRPP), the Public Procurement and Asset Disposal Board (PPADB) Act and the Public Procurement Initiative (PPI). The Authority supports citizen-owned companies through the implementation of the following, among others:

- i. Reservation of tenders for Citizen-Owned Enterprises – 99.6% of procurements for the year were from citizen-owned entities;
- ii. The application of the Economic Diversification Drive (EDD) - procurement of locally produced services and evaluation of tenders is done in accordance with the EDD thresholds; and
- iii. Local Procurement Scheme (LPS) where the Authority supports procurement from groups such as youth, women, people with disabilities.

## Information Technology

The Covid-19 pandemic has presented both a challenge and an opportunity, the need to accelerate digitisation for efficient operations. The Authority facilitated employees with laptops and internet access to enable them to continue to work and be productive whilst working from home. The development of the Case Management System (CMS) was a success and the system went live during the year. Though at early stages of implementation and still experiencing teething challenges, the system is critical to facilitate internal management of cases which includes monitoring of turnaround times for cases. With the integration exercise wound up, the digitisation strategy and automation of processes are priority activities for the next financial year.





# ANNUAL FINANCIAL STATEMENTS

## 31 March 2022

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# ANNUAL FINANCIAL STATEMENTS

## 31 March 2022

### BOARDS' RESPONSIBILITY AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

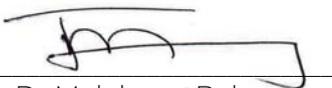
The Board is responsible for the preparation of the Annual Financial Statements of the Competition and Consumer Authority and all other information presented therewith. Their responsibility includes maintenance of financial records and the preparation of Annual Financial Statements in accordance with 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 50 to 75 which were approved and signed on its behalf by:



Dr Malebogo Bakwena  
*Chairperson of the Board*



Ms. Tebelelo Pule  
*Chief Executive Officer*

29 September 2022

# INDEPENDENT AUDITOR'S REPORT



KPMG, Chartered Accountants Audit  
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Fairgrounds Office Park  
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Telephone +267 391 2400 Fax +267 397 5281  
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## **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 50 to 75, which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, significant accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Competition and Consumer Authority as at 31 March 2022, 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.

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Partners: G Motsamai JA Venter  
South African  
VAT Number: P00043683854



**Existence and accuracy of expenditure**

Refer to note 2 staff costs and note 3 administration expenses to the financial statements.

Key audit matter	How the matter was addressed in our audit
<p>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.</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 P41,834,164.</p> <p>Due to the 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 magnitude of the expenditure balance in the financial statements 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"> <li>• Testing 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.</li> <li>• Selecting a sample of expenditure incurred and inspected that the expenditure was in terms of the procurement policy, appropriately approved and agreed to supporting documentation.</li> <li>• Reviewing of budget approval and monitoring processes.</li> <li>• Engaging our information technology specialists to assist with performing data analytical procedures, specifically in respect of payments made to suppliers and employees to identify exceptions, which included duplicated payments, employees with same banking details as suppliers, multiple payments to a beneficiary on a single day and beneficiaries with different bank account numbers. We followed up on the exceptions identified by inspecting relevant supporting documentation on a sample basis to confirm that the expenditure was appropriately approved and valid.</li> </ul>



## **Other information**

The members are responsible for the other information. The other information comprises the general information, Boards' 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 have 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 of financial statements that give a true and fair view 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.
- 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 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**  
Firm of Certified Auditors  
Practicing member: Adele Venter (CAP 0040 2022)

03 October 2022  
**Gaborone**

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 BWP	2021 BWP
<b>Revenue</b>			
Government subvention	1	38 155 389	42 642 955
Amortisation of subvention relating to capital assets	16	586 971	753 448
Revenue arising from contracts with customers	17	3 025 373	1 591 297
<b>Total Revenue</b>		41 767 733	44 987 700
Other income	1.1	17 750	21 500
<b>Total Income</b>		41 785 483	45 009 200
Administration expenses	2 & 3	41 834 164	45 248 375
<b>Operating loss for the year</b>		(48 681)	(239 175)
Finance Income	4.1	26 343	47 476
Finance Costs on lease liability	4.1	(1 574 264)	(1 828 702)
<b>Total comprehensive loss for the year</b>		<b>(1 596 602)</b>	<b>(2 020 401)</b>

# STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022 BWP	2021 BWP
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Plant and Equipment	5	1 902 319	1 932 000
Right of Use Assets	15.1	16 203 551	23 675 913
		<b>18 105 870</b>	<b>25 607 913</b>
<b>Current Assets</b>			
Receivables and prepayments	6	1 151 497	1 551 712
Cash and cash equivalents	7	1 135 308	1 794 396
		<b>2 286 805</b>	<b>3 346 108</b>
<b>Total Assets</b>		<b>20 392 675</b>	<b>28 954 022</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Reserves</b>			
Accumulated loss		(5 068 188)	(3 471 586)
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred capital grant	16.1	925 447	788 651
Lease liability	15.2	19 498 329	25 899 847
		<b>20 423 776</b>	<b>26 688 498</b>
<b>Current Liabilities</b>			
Trade and other payables	8	1 030 939	1 354 585
Employee Benefits Accruals	9	1 330 310	1 514 772
Government subvention	16.1	586 971	753 448
Lease liability	15.2	2 088 867	2 114 305
		<b>5 037 087</b>	<b>5 737 110</b>
<b>Total Liabilities</b>		<b>25 460 863</b>	<b>32 425 608</b>
<b>Total Equity and Liabilities</b>		<b>20 392 675</b>	<b>28 954 022</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Accumulated Loss BWP	Total BWP
<b>Balance at 1 April 2020</b>	(1 451 185)	(1 451 185)
Total Comprehensive loss for the year	(2 020 401)	(2 020 401)
<b>Balance at 31 March 2021</b>	<b>(3 471 586)</b>	<b>(3 471 586)</b>
Balance at 1 April 2021	(3 471 586)	(3 471 586)
Total Comprehensive loss for the year	(1 596 602)	(1 596 602)
<b>Balance at 31 March 2022</b>	<b>(5 068 188)</b>	<b>(5 068 188)</b>

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 BWP	2021 BWP
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Loss for the year</b>		<b>(1 596 602)</b>	<b>(2 020 401)</b>
Adjustments for:-			
Revenue Grant Utilised	16	-	(2 527 026)
Finance income	4	(26 343)	(47 476)
Finance costs	4	1 574 264	1 828 702
Recognition of capital grant	16	(586 971)	(753 448)
Depreciation of plant and equipment	3	586 971	753 448
Depreciation on right of use asset	3	3 134 286	3 444 144
Movement in provision for gratuity pay	9.1	(247 031)	205 460
Movement in provision for leave pay	9.2	84 193	(112 204)
Movement in provision for leave travel	9.3	(21 624)	30 500
<b>Cash generated/(utilised) by operations</b>		<b>2 901 143</b>	<b>801 699</b>
Decrease/(Increase) in trade and other receivables	6	400 214	(781 775)
(Decrease)/Increase in trade and other payables	8	(323 646)	(533 758)
<b>Net cash flows from operating activities</b>		<b>2 977 711</b>	<b>(513 834)</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>			
Interest received	4.1	26 343	47 476
Purchase of plant and equipment	5	(557 290)	(338 765)
<b>Net cash flows used in investing activities</b>		<b>(530 947)</b>	<b>(291 289)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Capital grant received	16.1	557 290	338 765
Payment of lease liabilities	15.2	(3 663 143)	(3 495 714)
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(3 105 853)</b>	<b>(3 156 949)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(659 089)</b>	<b>(3 962 071)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>1 794 397</b>	<b>5 756 468</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>1 135 308</b>	<b>1 794 397</b>

# SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

## 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. These are reflected under leases, Accounting Policy 14 and Note 15.

## 4 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.

## 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.

# SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

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.

### 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.

# SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

## 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. The Authority reports to the Government through the Ministry of Trade and Industry therefore all transactions with the Ministry 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.

### 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

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 accrual 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.

# SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

## 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.

## 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.

# SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

## 12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the Competition and Consumer Authority has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at management's best estimate of expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect of the time value of money is material. When discounting is used, the increase in the provision due to the passage of time is recognised as finance costs. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 10.

## 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 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.

# SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

## 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.

### 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.

### 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.

### Deferred income

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

## 16 NEW STANDARDS AND INTERPRETATIONS

The standards and interpretations which became effective during the year ended 31 March 2022 are summarised as follows:

Standard/Interpretation	Effective Date Years beginning on or after	Expected Impact
Interest Rate Bechmarck Reform: Phase 2: Amendments to IFRS 4	01 January 2021	The impact of the amendments is not material
Interest Rate Bechmarck Reform: Phase 2: Amendments to IFRS 7	01 January 2021	The impact of the amendments is not material
Interest Rate Bechmarck Reform: Phase 2: Amendments to IFRS 9	01 January 2021	The impact of the amendments is not material
Interest Rate Bechmarck Reform: Phase 2: Amendments to IFRS 16	01 January 2021	The impact of the amendments is not material
Interest Rate Bechmarck Reform: Phase 2: Amendments to IFRS 39	01 January 2021	The impact of the amendments is not material
Covid-19 related Rent Concessions: Amendments to IFRS 16	01 June 2020	The impact of the amendments is not material

# SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2022 and have not been applied in preparing these financial statements.

## **Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

The amendment will not have any impact on the Authority's financial statements as we do not have any Joint Ventures or Associates.

## **Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12**

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The amendment is effective for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the company's financial statements.

## **Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.**

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The amendment is effective for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the Authority's financial statements.

## **Definition of accounting estimates: Amendments to IAS 8**

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."

The amendment is effective for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the Authority's financial statements.

# SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

## **IFRS 17 Insurance Contracts**

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The standard is effective for years beginning on or after 01 January 2023. There will be no impact as the Authority is not in insurance business.

## **Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1**

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The amendment is effective is for years beginning on or after 01 January 2022.

The amendment will not have any impact on the company's financial statements.

## **Reference to the Conceptual Framework: Amendments to IFRS 3**

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

## **Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9**

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The amendment is effective for years beginning on or after 01 January 2022.

The amendment will not have any impact on the Authority's financial statements.

## **Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37**

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The amendment is effective for years beginning on or after 01 January 2022.

It is unlikely that the amendment will have a material impact on the Authority's financial statements.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

		<b>2022 BWP</b>	<b>2021 BWP</b>
<b>1 GOVERNMENT SUBVENTION</b>			
Revenue/subvention received from the Government of the Republic of Botswana		38 155 389	42 642 955
Capital grants received from the Government of the Republic of Botswana	16	586 971	753 448
<b>Total Government subvention received</b>		<b>38 742 360</b>	<b>43 396 403</b>
Amount recognised as income includes amortisation of grants previously received to fund capital expenditure as shown below:			
Government subvention		38 155 389	42 642 955
Amortisation of subvention relating to capital assets	16	586 971	753 448
<b>Total grants revenue</b>		<b>38 742 360</b>	<b>43 396 403</b>
There were no unfulfilled conditions or contingencies attached to these income and capital grants.			
<b>1.1 Other Income</b>			
Sale of tender documents		5 750	21 500
Sundry income		12 000	-
		<b>17 750</b>	<b>21 500</b>
<b>2 STAFF COSTS</b>			
Salaries and wages		22 479 728	24 081 452
Allowances and benefits		3 304 948	2 756 619
Pension fund contributions		1 573 958	1 468 484
Medical aid and uniforms		1 007 519	1 012 709
Contract gratuity, severance and leave pay		2 072 018	2 009 176
		<b>30 438 171</b>	<b>31 328 440</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	<b>2022 BWP</b>	<b>2021 BWP</b>
<b>3 ADMINISTRATION EXPENSES</b>		
Advertising and Publicity	385 710	11 395 993
Board sitting allowances	270 461	335 138
Board training and related expenses	98 435	88 449
External audit fees	234 840	228 000
Internal audit fees	467 556	-
Bank charges	20 164	15 735
Depreciation	586 971	753 448
Insurance	299 235	345 587
Cleaning expenses	201 040	313 142
Printing and stationery	779 815	652 980
Merger related costs	101 535	160 732
Information technology and related services costs	601 408	604 583
Workshop and seminars	28 150	43 005
Staff training	133 942	26 940
Staff welfare and social activities	282 396	248 859
Utilities	1 464 188	1 470 217
Vehicle Expenses	102 409	89 099
Legal expenses	266 905	101 800
Recruitment expenses	613 049	-
Repairs and maintenance	178 164	234 331
Security services	115 588	124 956
Subscriptions to professional bodies	77 145	55 168
Office refreshments and utensils	47 773	49 309
Travel and accommodation	319 384	502 480
Depreciation on right of use asset	3 134 286	3 444 144
Financial Inclusion Expenses	269 107	956 480
Consultancy Costs	316 338	1 758 431
	<b>11 395 993</b>	<b>13 919 935</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

<b>4 FINANCE INCOME AND COSTS</b>	<b>2022 BWP</b>	<b>2021 BWP</b>
<b>4.1 Finance Income</b>		
Interest income from bank deposits	26 343	47 476
<b>4.2 Finance Costs</b>		
Lease Liabilities	1 574 264	1 828 702

## 5. PLANT AND EQUIPMENT

	<b>Furniture &amp; Fittings BWP</b>	<b>Motor Vehicles BWP</b>	<b>Computer Equipment BWP</b>	<b>Total BWP</b>
<b>2022 COST</b>				
At 31 March 2021	3 872 543	2 526 207	4 720 178	11 118 928
Additions for the period	55 046	-	502 244	557 290
At 31 March 2022	<b>3 927 589</b>	<b>2 526 207</b>	<b>5 222 422</b>	<b>11 676 218</b>

### ACCUMULATED DEPRECIATION

At 31 March 2021	3 032 822	1 822 014	4 332 092	9 186 928
Depreciation	248 747	149 293	188 932	586 971
At 31 March 2022	<b>3 281 568</b>	<b>1 971 307</b>	<b>4 521 024</b>	<b>9 773 899</b>

### CARRYING AMOUNT

At 31 March 2022	<b>646 021</b>	<b>554 900</b>	<b>701 398</b>	<b>1 902 319</b>
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	<b>Furniture &amp; Fittings BWP</b>	<b>Motor Vehicles BWP</b>	<b>Computer Equipment BWP</b>	<b>Total BWP</b>
<b>2021 COST</b>				
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	<b>3 872 543</b>	<b>2 526 207</b>	<b>4 720 178</b>	<b>11 118 928</b>

### 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	<b>3 032 822</b>	<b>1 822 014</b>	<b>4 332 092</b>	<b>9 186 928</b>

### CARRYING AMOUNT

At 31 March 2021	<b>839 721</b>	<b>704 193</b>	<b>388 086</b>	<b>1 932 000</b>
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The Authority maintains some of its fully depreciated assets for use in its operations until they are disposed.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 BWP	2021 BWP
<b>6 RECEIVABLES AND PREPAYMENTS</b>		
Staff receivables	299 618	269 894
Receivables-Deposits	254 065	231 250
Allowance for credit losses	-	-
	553 683	501 144
Prepayments	597 814	1 050 568
	<b>1 151 497</b>	<b>1 551 712</b>

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 salary 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.

## 7 CASH AND CASH EQUIVALENTS

Call	1 058 601	1 725 526
Current	67 512	63 870
Cash on hand	9 195	5 000
	<b>1 135 308</b>	<b>1 794 396</b>

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

## 8 TRADE AND OTHER PAYABLES

Trade Payables and Accruals	569 854	999 586
Audit Fees	233 814	228 000
Merger Fees Advance and Refunds	227 271	99 584
Staff Related Payables	-	27 415
	<b>1 030 939</b>	<b>1 354 585</b>

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 2022

	2022 BWP	2021 BWP
<b>9 EMPLOYEE BENEFITS ACCRUALS</b>		
<b>9.1 Gratuity</b>		
Opening balance	769 465	564 005
Provision raised during the period	1 026 280	1 083 925
Provision used during the period	(1 273 311)	(878 465)
Closing balance	<b>522 434</b>	<b>769 465</b>
<b>9.2 Leave - Annual</b>		
Opening balance	609 807	722 011
Provision raised during the period	1 013 575	867 870
Provision used during the period	(929 382)	(980 074)
Closing balance	<b>694 000</b>	<b>609 807</b>
<b>9.3 Leave - Travel</b>		
Opening balance	135 500	105 000
Provision raised during the period	55 375	52 500
Provision used during the period	(77 000)	(22 000)
Closing balance	<b>113 875</b>	<b>135 500</b>
	<b>1 330 309</b>	<b>1 514 772</b>

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 2022

## 10 FINANCIAL INSTRUMENTS

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

		Financial Assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount
2022	Note	BWP	BWP	BWP
Staff Advances and deposits	7	553 683	-	553 683
Cash and cash equivalents	8	1 135 308	-	1 135 308
Trade and other payables	9	-	1 030 939	1 030 939
		<b>1 688 991</b>	<b>1 030 939</b>	<b>2 719 930</b>
		Loans and Receivables	Financial liabilities at amortised cost	Total carrying amount
2021	Note	BWP	BWP	BWP
Staff Advances and deposits	7	501 144	-	501 144
Cash and cash equivalents	8	1 794 396	-	1 794 396
Trade and other payables	9	-	1 354 585	1 354 585
		<b>2 295 540</b>	<b>1 354 585</b>	<b>3 650 125</b>

### 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

## 11 FINANCIAL INSTRUMENTS

### Interest Rate Risk

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

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

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

2022	Increase / decrease in basis points	Effect on Surplus or deficit and equity
Pula	+100	106
Pula	-100	-106

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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

## 12 FINANCIAL INSTRUMENTS

The following table summarises the maturity profile of the Competition and Consumer Authority's financial liabilities as at 31 March 2022 based on contractual undiscounted payments:

### 2022

	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	-	1 030 939	-	-	-	1 030 939
	-	<b>1 030 939</b>	-	-	-	<b>1 030 939</b>

### 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
	-	<b>1 354 585</b>	-	-	-	<b>1 354 585</b>

### Fair Value

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

### Capital Management

Capital consists of the line item Accumulated losses 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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)	38 742 360
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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.

	2022 BWP	2021 BWP
<b>Short term benefits</b>		
Basic salaries and allowances	5 214 432	5 224 072
Rental for CEO's official residence	422 040	401 940
	5 636 472	5 626 012
<b>Post Employment Benefits</b>		
Gratuity	1 026 280	1 083 925
<b>Total employee benefits</b>	<b>6 662 752</b>	<b>6 709 937</b>

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.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2022, the Competition and Consumer Authority has not recorded any impairment of receivables relating to amounts owed by related parties (2021: 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 BWP 270 461 (2021: BWP335,138).

## 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 2022

## 15 LEASE MODIFICATIONS

As per Lease Modifications (IRFS 16), a lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. When a lease modification occurs, it is accounted for either as a separate lease or adjustment to an existing lease. During the financial year ended 31 March 22, lease negotiations resulted in the office rental being maintained at P270 092.19 from October 2021 until the end of the lease period; September 2023. There was no other changes to the lease terms.

The table below shows the closing lease liability and Right-of-Use Asset before and after the change in consideration terms.

	30 September 2021	01 October 2021	Variance
Lease liability	26 636 464	22 298 387	4 338 076
Right-of-Use Asset	21 594 634	17 256 558	4 338 076

On modification of the lease, the lease liability per the new terms on the 01st October 2021 came out lower than the closing balance as at 30 September 2021. This therefore meant that the difference in the lease liability balances (P4 338 076) was written off per new terms, reducing both the liability and Right-of-Use Asset and the balance written off over the remainder of the lease.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

## 15 COMMITMENTS AND CONTINGENCIES Leases (Authority as Lessee)

	2022 BWP	2021 BWP
<b>15.1 Right-of-use assets</b>		
Opening balance 1 April 2021	23 675 913	27 120 057
Depreciation	(3 134 286)	(3 444 144)
Right of Use asset on modification	(4 338 076)	-
<b>Closing balance 31 March 2022</b>	<b>16 203 551</b>	<b>23 675 913</b>
<b>15.2 Lease liability</b>		
Opening balance 1 April 2021	28 014 152	29 681 164
Add: Interest	1 574 264	1 828 702
Less: Payments	(3 663 143)	(3 495 714)
Lease Liability on modification	(4 338 076)	-
<b>Closing balance 31 March 2022</b>	<b>21 587 196</b>	<b>28 014 152</b>
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	3 462 661	3 825 188
Two to five years	20 776 550	23 075 805
More than five years	2 609 906	9 186 880
Total undiscounted lease liabilities at 31 March 2022	26 849 117	36 087 873
Less: Total finance cost allocated to future periods	(5 261 921)	(8 073 721)
<b>Lease liability at 31 March 2022</b>	<b>21 587 196</b>	<b>28 014 152</b>
Current portion	2 088 867	2 114 305
Non-current portion	19 498 329	25 899 847
	<b>21 587 196</b>	<b>28 014 152</b>
<b>Amounts recognised in Profit or loss</b>		
Finance cost on lease liability	1 574 264	1 828 702
Depreciation relating to right-of-use assets	3 134 286	3 444 144
<b>Amounts recognised against lease liability</b>		
Total cash outflow for leases	3 663 143	3 495 714

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 15.4 Capital Commitments

As at 31 March 2022, 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

	2022 BWP	2021 BWP
<b>Capital Grant</b>		
Opening balance	1 542 099	1 956 781
Deferred during the year	557 290	338 765
Amortisation of government grants	(586 971)	(753 448)
Closing balance	1 512 418	1 542 099
<b>Revenue Grant</b>		
Opening balance	-	2 527 026
Deferred during the year	-	-
Utilised during the year	-	(2 527 026)
Closing balance	-	-
	1 512 418	1 542 099
<b>16.1 DEFERRED GRANT</b>		
Current	586 971	753 448
Non-Current	925 447	788 651
	<b>1 512 418</b>	<b>1 542 099</b>

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

## 17 REVENUE

### 17.1 Revenue arising from contracts with customers

Regulation 16(2) stipulates that a merger application shall be accompanied by a merger fee of 0.01 percent of the merging enterprises' combined turnover or assets in Botswana, whichever is higher. The basis of recognition is disclosed in accounting policy note 6.

### 17.2 Sale of Tender Documents

Bidders are required to pay for the tender documents upon collection. There are no contractual obligations around tender fees and the fee are non-refundable

### 17.3 Sundry Income

This relates to recovery from a legal matter settlement.

### 17.4 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.

	2022 BWP	2021 BWP
17.1 Revenue arising from contracts with customers	3 025 373	1 591 297
17.2 Sale of Tender Documents	5 750	21 500
17.3 Sundry Income	12 000	0

## 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.

The Covid-19 outbreak has continued to evolve up to the year end of 31 March 2022 and beyond. The Government of Botswana has ensured that its residents have access to vaccinations hence reducing the impact of the virus. The economic impact of the virus has heavily affected the main source of funding; subvention. However, between the reporting date and the date the Board approved these financial statements, Management concluded that the effect of the pandemic and the measures taken to contain its spread were non-adjusting post-balance sheet events. Management has re-assessed the appropriateness of the use of the going concern assumption in the preparation of these financial statements.

Management is of the view that the uncertainty associated with COVID-19 does not cast significant doubt on the Authority's immediate ability to continue as a going concern. Though the Authority has recorded a deficit, the Botswana Government through the Ministry of Trade and Industry continue to provide support to the Authority through subvention. There is therefore no material uncertainty about the Authority's ability to continue as a going concern.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 19 GOING CONCERN

The Authority incurred a net loss of P1 596 602 (2021: P2 020 401) for the year ended 31 March 2022 and as of this date the total liabilities exceeded total assets by P5 068 188 (2021: P3 471 586). Current Liabilities exceeded current assets by P2 750 281 (2021: P2 391 002). The Authority has received a letter of support from the Government of Botswana through the Ministry of Trade and Industry confirming financial support for the next financial year.

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. However, in the event that the Authority does not receive the financial support of the government, a material uncertainty exists which may cast significant doubt about the company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have considered the following matters in making an assessment on the going concern assumption:

The Government has approved the budget for the Financial Year 2022/23 and the Authority had already received half of the funds as at the time of signing the Financial Statements.

Letter of support: This letter confirms that the Government of the Republic of Botswana through the Ministry of Trade and Industry, will continue to provide financial support to the Competition and Consumer Authority 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.

Cash flow forecast – The cash flow forecast for the 12 month period indicates consistent cash inflow as such the Authority will continue as a going concern.







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