



MERGER DECISION NO 12: 2018

Notice in terms of Section 60(4) (a) (ii) of the Competition Act

DECISION ON THE PROPOSED ACQUISITION OF ASSETS AND LIABILITIES AND OTHER INTERESTS OF BAOBAB SCHOOL BY ENTAX HOLDINGS (PTY) LTD AS A GOING CONCERN

Pursuant to section 60(4)(a)(ii) of the Competition Act (Cap 46:09), notice is hereby given on the decision made by the Competition Authority ("the Authority") in respect of the proposed acquisition of assets and liabilities and other interests of Baobab School by Entax Holdings (Pty) Ltd as a going concern.

The Competition Authority ("the Authority") determined through the analysis of the facts of the merger that the proposed transaction is not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the services offered in the market for the provision of private education in pre-primary and primary in Gaborone. Nonetheless, the Authority took cognisance of the commitment by the merging parties in their intention to continue sourcing uniforms from local suppliers.

The proposed merger however, raises a public interest concern under section 59(2)(f) of the Competition Act which states that:-

"in assessing a proposed merger the Authority may in addition, consider any factor which, the Authority considers bears upon the broader public interest in the proposed merger, including the extent to which the merger may advance citizen empowerment initiatives or enhance the competitiveness of citizen-owned small and medium sized enterprises."

The Authority notes that shares that were previously owned by citizens are being taken over by a non-citizen owned firm. In light of the aforementioned, and pursuant to the provisions of section 60 of the Competition Act; the Authority has approved the proposed acquisition of assets and liabilities and other interests of Baobab School by Entax Holdings (Pty) Ltd as a going concern with the following conditions:

- i. Entax Holdings shall continue to source uniform from the existing local suppliers that were engaged by Baobab on terms no less favourable to those offered by Baobab to local suppliers, pre-merger;
- ii. Entax Holdings shall ensure that parents or learners are not forced to buy Curro branded gadgets;
- iii. The Authority is cognisant of the merging parties' commitment to retain the current employees of the target entity. In light of this, the merged entity shall ensure that there are no retrenchments of any employees associated with this merger commencing from the approval date; and
- iv. Entax Holdings shall fulfil the existing contractual obligations with learners, suppliers and employees.

In order for the Authority to properly monitor compliance with the above conditions, the Authority shall require Entax Holdings to adhere to the following:

Entax shall annually (for a period of three years from the implementation date) submit to the Competition Authority, a detailed report indicating:-

- I. Any changes to its employment records in the country; and
- II. A list of its existing and new locally based suppliers.

However, as stated under section 66 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone, on this 20th day of April 2018.

Tebelelo Pule, Chief Executive Officer, Competition Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013