



Annual Report
2018-19



Mission

To promote and ensure fair competition in the economy for the benefit of consumers

Vision

Prosperity for all through competitive and fair markets

Values

Transparency

“We commit to be open and inclusive in our interaction with the public, business and other stakeholders”

Professionalism

“We shall be accountable, responsive and efficient in carrying out our mandate”

Integrity

“We shall be honest, respectful, tolerant and uphold the highest ethical standards at all times”

Teamwork

“We commit to individually and collectively achieve our common goals through timely information sharing and mutual support”

CORPORATE PROFILE

The Competition Authority (the Authority) is constituted in terms of the Competition Act (Cap 46:09) 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. The governing body of the Authority is the Competition Commission, which is responsible for the direction of the affairs of the Authority.

Chairperson of the Competition Commission

Dr Onkemetse Tshosa

CEO and Secretary to the Competition Commission

Ms. Tebelelo Pule

Registered Office

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

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Bankers

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

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

External Auditors

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

Internal Auditors

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

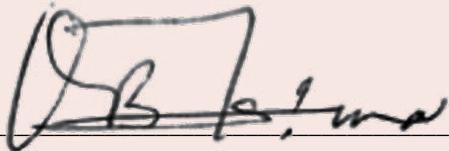
Reporting Date

31st March 2019

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

Pursuant to section 24 of the Competition Act (Cap 46:09), please find attached a comprehensive report on the operations of the Competition Authority, together with the Auditor's Report and the Audited Accounts of the Competition Authority for the financial year 2018/19, for you to lay before the National Assembly.

Yours Faithfully,



Dr Onkemetse Tshosa
Chairperson of the Competition Commission

ACRONYMS

ABA	American Bar Association
ACF	African Competition Forum
ARC	Architects Registration Council
BAMB	Botswana Agricultural Marketing Board
BCL	BCL Limited
BIACT	Botswana Institute of Architectural and Construction Technologists
BOB	Bank of Botswana
BMC	Botswana Meat Commission
BOMAID	Botswana Medical Aid Society
BWP	Botswana Pula
CA	Competition Authority
CCPC	Competition and Consumer Protection Commission
CEDA	Citizen Entrepreneurial Development Agency
CEO	Chief Executive Officer
CFTC	Competition and Fair Trading Commission
CIPA	Companies and Intellectual Property Authority
CSR	Corporate Social Responsibility
DCEC	Directorate on Corruption and Economic Crime
ECCI	Estonian Chamber of Commerce and Industry
ECL	Expected Credit Losses
FMCG	Fast Moving Consumer Goods
GA	Gambling Authority
GABCON	Gaborone Container Terminal

IAS	International Accounting Standard
IASB	International Accounting Standard Board
ICN	International Competition Network
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
KBL	Kgalagadi Breweries Limited
KSI	Kgalagadi Soap Industries
LEA	Local Enterprise Authority
LPG	Liquefied Petroleum Gas
MoU	Memorandum of Understanding
MITI	Ministry of Investment, Trade and Industry
OECD	Organisation for Economic Cooperation and Development
PPADB	Public Procurement and Asset Disposal Board
RFI	Requests for Information
SADC	Southern African Development Community
SEMIL	Sanlam Emerging Markets Ireland Limited
SMMEs	Small, Medium and Micro Enterprises
SOE	State Owned Enterprise
TCCC	The Coca-Cola Company
UB	University of Botswana
UNCTAD	United Nations Conference on Trade and Development
WCD	World Competition Day

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CORPORATE GOVERNANCE

Competition Commission

The Competition Commission is the governing body of the Competition Authority and is responsible for the direction of the affairs of the Authority. The Commission has both corporate governance and adjudicative functions under the Competition Act.

Commission Charter

The Commission has a Commission Charter (Board Charter), which states the responsibilities and duties of the Commission in ensuring high standards of corporate governance, professionalism, transparency and separation of powers.

Members of the Competition Commission as at 31st March 2019

Member	Date of Appointment	Term	Expiry Date
Dr Onkemetse Tshosa	1 st September 2015 (1 st Term)	5 years	31 st August 2020
Chairperson			
Ms. Thembisile T. Phuthogo	1 st July 2018 (2 nd Term)	4 years	30 th June 2022
Vice Chairperson			
Mr. Tendekani E. Malebeswa	1 st June 2015 (2 nd Term)	5 years	31 st May 2020
Dr Selinah Peters	1 st December 2016 (2 nd Term)	3 years	30 th November 2019
Ms. Seipati G. Olweny	1 st August 2017 (1 st Term)	4 years	31 st July 2021
Mr. Koonyatse K. Tamasiga	1 st June 2016 (1 st Term)	5 years	31 st May 2021
Mr. Phodiso P. Valashia	1 st July 2018 (1 st Term)	4 years	30 th June 2022
Dr Jay S. Salkin	1 st June 2014 (2 nd Term)	4 years	31 st May 2018
Ms. Tebelelo Pule	1 st October 2017	Duration of Term as CEO	End of Term as CEO

Competition Commission Committees as at 31st March 2019

Committees	Members	Responsibility
Finance and Audit Committee	Mr. Koonyatse K. Tamasiga - Chairperson Ms. Seipati Olweny - Member Mr. Phodiso P. Valashia - Member Dr Jay S. Salkin - Member ¹	The Committee assists the Commission 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	Ms. Thembisile T. Phuthego - Chairperson Ms. Seipati Olweny - Member Dr Selinah Peters - Member	The Committee assists the Commission 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. Tendekani E. Malebeswa - Chairperson Mr. Koonyatse K. Tamasiga - Member Mr. Phodiso P. Valashia - Member Dr Jay S. Salkin - Member ²	The Committee is tasked with assisting the Commission in discharging its oversight responsibilities of formulation, monitoring and review of appropriate legal and technical policies, rules, guidelines and procedures that enable the Authority to undertake its enforcement and advocacy functions.
Commission Tender Committee	Dr Selinah Peters - Chairperson Ms. Thembisile T. Phuthego Mr. Tendekani E. Malebeswa	The Committee reviews and monitors policy and thresholds for tendering, and reports to the Commission accordingly.

¹Dr. Jay S. Salkin was Chairperson up to May 2018 when his term ended

²Dr. Jay S. Salkin was member up to May 2018 when his term ended

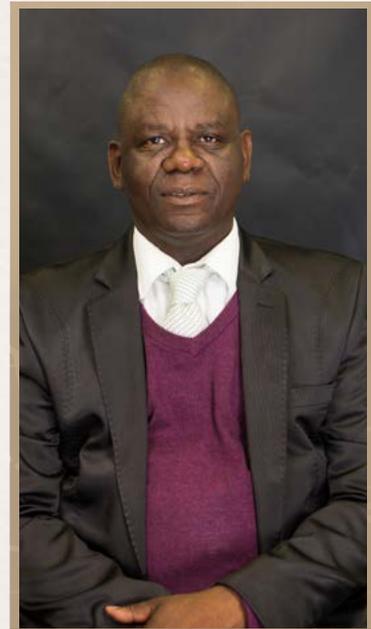
COMPETITION COMMISSION



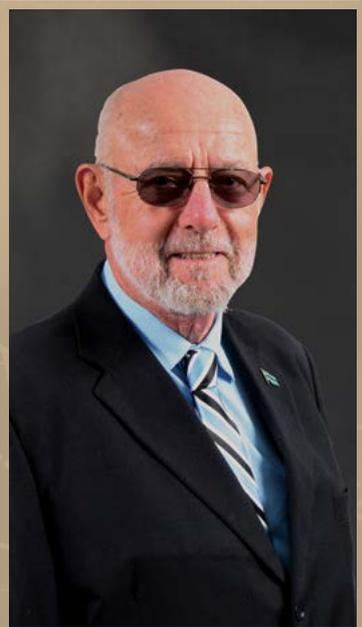
Dr Onkemetse B. Tshosa
Chairperson



Ms. Thembisile T. Phuthego
Vice Chairperson



Mr. Tendekani E. Malebeswa
Member



Dr Jay S. Salkin
Member



Dr Selinah Peters
Member



Mr. Koonyatse K. Tamasiga
Member



Ms. Seipati G. Olweny
Member



Mr. Phodiso P. Valashia
Member



Ms. Tebelelo Pule
CEO and Secretary to
the Competition Commission



Dr Onkemetse Tshosa
Chairperson of the Competition Commission

CHAIRPERSON'S STATEMENT

Every year around this time we get that rare privilege to account to our chief stakeholders on how well we are progressing in executing the mandate we have been charged with. It is a task that we always look forward to, and one that we do with the utmost dedication.

To us, the annual report is not just one of the routine tasks that we tick in a box, but a sacred moment that we take the shareholder, our parent Ministry of Investment, Trade and Industry, Batswana and the business community into confidence, and outline our success, challenges and opportunities.

The Authority has through its departments and units undertaken a number of activities and projects, all of which cumulatively further the mandate of the Authority.

So much has been achieved in creating and maintaining relationships, particularly with key stakeholders. An organisation such as ourselves would not be completely effective in its regulatory assignment unless it builds and maintains relationships with

key partners. We have learnt over the years of our existence that the key functions of competition enforcement and advocacy are best implemented from the pedestal of stakeholder engagement and management.

During the 2018/19 financial year, the Authority had a number of engagements with key stakeholders such as the business community, media, international partners, sector regulators and strategic partners such as the Bank of Botswana (BOB), Botswana Unified Revenue Service (BURS), Botswana Communications Regulatory Authority (BOCRA), Public Procurement and Asset Disposal Board (PPADB), Directorate on Corruption Economic Crime (DCEC), Companies and Intellectual Property Authority (CIPA), Civil Aviation Authority of Botswana (CAAB) and the Gambling Authority. Many of these engagements facilitated staff requisite training, investigative and prosecutorial collaborations and concerted public education.

Although a lot more can still be achieved in the area of prosecuting cases of anti-competitive conduct across the economy, it is heartening to note that a number

of cases relating to the conduct of resale price maintenance (vertical agreements) reached the Competition Commission. This was the first time that such a conduct was investigated by the Authority, and decided at the Commission.

The implication of such a feat is that businesses are increasingly becoming aware of the offence of resale price maintenance and, most importantly, prosecutors, investigators and the Commission have broadened the horizons of competition law practice in Botswana, particularly in relation to resale price maintenance.

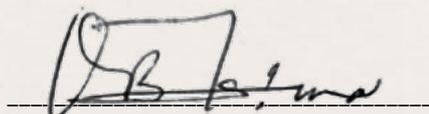
The Authority investigated a number of key industries and reached some key conclusions some of which could result in future amendments of provisions that impede free competition, or give incentive to anti-competitive conduct. As a competition regulator, the Authority necessarily relies on market studies, surveys and related research.

During the period under review, the Authority undertook some studies in pharmaceuticals and liquefied petroleum gas. These are sectors that impact directly on the lives of the general populace, and once these studies are fully completed, the interventions would have a significant bearing on consumer welfare.

The Authority continued to facilitate business by ensuring that mergers, acquisitions and exemptions sought by businesses are determined within reasonable timeliness. The Authority, has as a consequence, devised shorter turn-around times just to ensure that business operations are not disrupted. Considerable care is always exercised to ensure that where mergers could significantly restrict competition, such mergers are prohibited, and in instances where mergers could affect public interests concerns such as employment, remedies or conditions are imposed to ensure market efficiency. I am supremely confident that these remedies are effective and have been sufficiently applied.

I am pleased to note that amidst all the operational activities that the Authority undertook, there was a deliberate effort to include employee engagement activities. While the mandate is the number one priority, we should never forget the drivers of the mandate, the employees. I am heartened by the modest efforts made to invest in the employees of the organisation.

I am sufficiently satisfied that during financial year 2018/19, the Authority made concerted efforts to achieve the lofty goals that it set for itself.



Dr Onkemetse Tshosa
Chairperson of the Competition Commission

“

businesses are increasingly becoming aware of the offence of resale price maintenance

”



Ms Tebelelo Pule
CEO and Secretary to the Competition Commission



CHIEF EXECUTIVE OFFICER'S STATEMENT

The 2018/19 financial year was a watershed phase at the Authority as some of the key projects that undergird the success of the organisation were either started, or gained momentum during this period.

The Authority had in 2017 elected to subject itself to the United Nations Conference on Trade and Development (UNCTAD) Peer Review Mechanism with the sole aim of honing its investigations, research, merger assessment, advocacy and other organisational systems and processes. As an organisation that is mandated to burst cartels, make merger determinations while removing all competition impediments in the market place; it is critical that the Authority adopts systems comparable to the best in the world, hence the decision to subject itself to the peer review.

I am grateful to report that the peer review exercise was done and completed in July 2018. The organisation is currently undergoing a re-tooling exercise that will see the implementation of the UNCTAD Peer Review recommendations. This is an intensive exercise which might go on for some time and will be done in phases. What is gratifying is that the process of welding together all the various operations and methods into the Authority's systems is supervised by experts from UNCTAD. Once fully implemented, these recommendations will result in a proficient organisation that is nimble; able to undertake far reaching investigations, research, advocacy and merger determinations that will have a profound impact in the economy, while addressing small and medium enterprise concerns, and issues of restricted market access and limited consumer benefits.



Authority continued to make steady progress both in its regulatory mandate and in building a competition culture in the economy.



The implementation of the peer review recommendations came at a time when the Authority was on the verge of transforming into a completely new entity, the Competition and Consumer Authority. While these two processes are fully engaging and could swamp the entire organisation, it was important that these two projects be undertaken, given the ultimate value to be derived from the two processes.

We have learnt during implementation that the two processes are in fact complimentary. Once the peer review process is completed and key recommendations are implemented which include strengthened government support, prudent co-existence between sector regulators and the Authority; proper institutional set-up of the Authority, and beneficial interaction between the Authority and the judiciary; it is hoped that the Authority will now be in a better position to serve the market and consumers better.

The Competition Authority's Strategic Plan 2017-2022 which is now in its second year, has now been imprinted into our systems and processes. A lot of our organisational activities that were undertaken in the year evolved from this strategic plan. Furthermore, the Authority used this strategic instrument as an impetus to other performance instruments such as the prioritisation framework. Evidently, our focus during this period had been to build a sustainable base for future efficiency.

I am delighted to note that the Authority continued to make steady progress both in its regulatory mandate and in building a competition culture in the economy. While we have never doubted the affinity between the Authority and government, through our parent Ministry of Investment, Trade and Industry, in the 2018/19 financial year our working relations with the ministry deepened, particularly during the two processes of Peer Review and organisational transformation.



Flowing from our renewed understanding, I have no doubt in my mind that the positive spin-off from these constant interactions is that the ministry undoubtedly occupies the first berth in championing competition culture and consumer welfare in our nation.

Concerning operational achievements, the Authority has made a number of strides in ensuring that anti-competitive conducts are not only investigated, but are brought before the Commission for redress. Compared to the previous year where no cases were prosecuted, there have been four cases of resale price maintenance and exclusive dealing that were brought before the Commission. Following on the commitment made to the business community that the Authority endeavours to cut down on the amount of time it takes to make merger determinations, the Authority continues to live out this commitment by continuously reducing the time it takes to finalise merger transactions, while ensuring that merger decisions help make the markets more accessible and efficient.

The tasks before us during this financial year were monumental, and I am happy that in spite of the daunting challenges we did not wilt. Looking at the submissions made across the departments, one will be quick to notice the improvements made in terms of the research output, investigations and the stakeholder engagements across the length and breadth of the organisation. In 2018/19, we learnt very instructive lessons, particularly in our advocacy and investigations initiatives.

Once again, we commit to seize opportunities and strive to turn the challenges that confront us into strengths of the future.

Le ka moso bagaetsho.

Ms. Tebelelo Pule
CEO and Secretary to the Competition Commission

EXECUTIVE MANAGEMENT



Ms. Tebelelo Pule
Chief Executive Officer



Mr. Calistus Sengwatse
Director: Investigations and Research
Analysis



Mr. Gideon Nkala
Director: Communications and
Advocacy



Ms. Nomathemba Dladla
Director: Mergers and Monopolies



Mr. Kesego Modongo
Director: Legal and Enforcement

OFFICE OF THE CEO



Ms. Tebelelo Pule
Chief Executive Officer



Ms. Tebogo Tyolo
Registrar and Advisor to the Commission



Ms. Bonyana Ndubiwa
Manager: Policy Coordination and International Liaison



Ms. Joyce Ngwako
Performance Improvement Coordinator



Mr. Dikago Seitiso
PA to the CEO

MANAGERS



Mr. Ridwell Moremi
Manager: Mergers and Monopolies



Ms. Goitsemodimo Tseladikae
Manager: Legal and Enforcement



Ms. Gomolemo Ratsie
Manager: Finance



Ms. Joyce Ngwako
Performance Improvement
Coordinator



Ms. Tshepo Wadipeba
Manager: Human Resources



Mr. Ernest Bagopi
Manager: Investigations and Research Analysis



Ms. Bonyana Ndubiwa
Manager: Policy Coordination and International Liaison



Ms. Gladys Ramadi
Manager: Communications and Advocacy



Overview

The Competition Authority's operations are underpinned by its Mission, Vision and Values. All activities undertaken including investigation of cases, merger reviews, market studies and advocacy initiatives are all meant to promote and ensure fair competition in the economy of Botswana for the benefit of consumers.

The long term vision is that the enforcement of the Act should lead to economic prosperity through fair markets. In all its operations, the Authority is guided by its Values of Transparency, Professionalism, Integrity and Teamwork.

Delivery of the mandate of the Authority is achieved through a two-pronged strategy of advocacy for fair competition in the economy and enforcement of the Competition Act. During the period under review, the Authority set itself a number of performance targets.

The following were some of the priority areas in the year under review:

- i. Broadening awareness platforms particularly in the prioritised sectors of agriculture, health, construction and retail;
- ii. Putting more emphasis on enforcement of the Act targeting, in particular, cartels in construction, agriculture, retail and health;
- iii. Undertaking market studies, particularly in the pharmaceutical sector and liquefied petroleum gas;
- iv. Scouring the market for merger transactions that could have been concluded without being notified to the Authority, completing notified mergers within a shorter turn-around time; and
- v. Implementing initiatives that would motivate employees and uplift their morale while at the same time rewarding outstanding performance.

This Annual Report, therefore, covers achievements, challenges, opportunities, initiatives and lessons learnt in the context of the Authority's annual performance during the 2018/19 financial year.



Mr. Gideon Nkala



Ms. Gladys Ramadi



Ms. Kelebogile Ngwenya



Mr. Modimoosi Matebesu



Ms. Baboloki Meekwane

STAKEHOLDER ENGAGEMENT & ADVOCACY

Section 5 of the Competition Act mandates the Authority to inform and educate members of the public and persons engaged in trade or commerce, about the powers and functions of the Authority; and to advise Government on the actual or likely anti-competitive effects of current or proposed policies or legislation.

In the 2018/19 period under review, the Authority carried out the following public education activities to enhance understanding and compliance with the Act, as well as to advise government on some laws assessed to have some anti-competitive effects:

Presentation of Competition Assessment Report on the Architects Registration Act to Industry Stakeholders



The Authority presented the competition assessment report of the amended Architects Registration Act of 2014 to industry stakeholders at a consultative meeting that was held at Avani Hotel in Gaborone on 27th June 2018. The Authority conducted the assessment following a complaint lodged by the Botswana Institute of Architectural and Construction Technologists (BIACT).

Presenting the report, Communications and Advocacy Director, Gideon Nkala, said when laws and regulations unduly restrict activities of suppliers in the market-

place, competition is distorted. As a consequence, competition agencies seek to reduce the restrictions by subjecting existing laws and proposed laws to competition assessment with the aim of identifying unnecessary restrictions. Competition Assessment, he stated, is often used to help draft new laws, assess and evaluate existing laws, and evaluate the impact of regulation on competition.

He informed the stakeholders that in addressing the complaint through the advocacy route, the Competition Authority engaged BIACT, the Architects Registration Council (ARC), the Ministry of Infrastructure and Housing Development, Local Government Councils who validate drawings done by the professionals including architects, draftspersons and technologists; and local colleges and universities offering architectural programmes. Consumers of architectural services including companies and individuals were also engaged.

The stakeholders were engaged through various means including interviews, meetings and questionnaires, and the competition assessment was based on the OECD Competition Assessment Toolkit. The stakeholders were informed that the Authority determined that some provisions of the amended Architects Registration Act of 2014 restrict competition, and the Authority made a recommendation to government to amend these provisions with a view to achieving the desired objective of protecting the market and the consumers, without removing effective competition or distorting the architectural services market. The Authority awaits Government's response to its recommendations.

Engagement with Ministries on the Benefits of Competition

The Competition Authority continued to educate various stakeholders on the benefits of competition. On 6th November 2018, a presentation was made in Maun to staff of the Office of the President in the North West region comprising procurement, finance and administration officers. The attendees were inducted on the benefits of competition, what bid-rigging is and how to detect it, and the role public officers can play in facilitating bid-rigging, and how to combat it.

On 26th November 2018, the Authority made a presentation to senior management of the Ministry of Tertiary Education at a procurement workshop held in Francistown. The purpose of the presentation was two-fold; first to induct the management on the benefits of competition to an economy, and to educate senior education managers on the dangers of bid-rigging and its impact on the economy. Participants were informed of the many ways that tenderers employ to eliminate competition in the public bidding process, and also drilled on ways to detect bid-rigging.

Stakeholders Submissions on the Proposed Acquisition of Saham S.A. By Sanlam Emerging Markets (Ireland) Limited



The Competition Authority held a public hearing on 31st July 2018 for the proposed acquisition of the entire issued share capital in Saham S.A. (Saham Group) by Sanlam Emerging Markets (Ireland) Limited (SEMIL).

The hearing was intended to allow the parties to the transaction to make verbal representations to the Authority with respect to the transaction, as well as allow their competitors and the general public to express their views on the proposed acquisition.

Engagement of Stakeholders During Fairs and Exhibition



In the quest to increase awareness about its mandate, the Competition Authority participated for the first time at the Ghanzi District Agricultural Show which was held 3rd to 8th July 2018. Deemed to be the biggest agricultural show in Botswana, the show attracted national and international exhibitors. The show afforded the Authority the chance to showcase its services and educate businesses, future entrepreneurs and members of the public who graced the event about its mandate, and that of the Competition Commission.

The Authority also participated in the Ministry of Investment, Trade and Industry's outreach program dubbed 'Metlhala ya Khumo' in Shakawe on 28th July 2018 with a view to educate stakeholders in the area about its mandate. The event was graced by the Minister, Hon. Bogolo Kenewendo, and the Member of Parliament for Okavango Hon. Bagalatia Arone. Hon. Kenewendo told Shakawe residents that her ministry will use initiatives such as Metlhala ya Khumo to reach out to different parts of the country such as Okavango where the ministry's services are currently not adequate. She said the event was an effort to encourage Botswana to play a role in diversifying the economy.

In an effort to reach out to young entrepreneurs and build a culture of competition amongst young people, the Authority also took part in the Molefi Senior Secondary School Career Fair for Form 5 students on 9th August 2018. Over 800 students were briefed on the Authority's mandate, the benefits of competition, anti-competitive business practices, mergers and acquisitions. They were also informed about the various career paths at the Authority and the subject combinations that could lead to a career at the Authority or any competition agency in the world. At the end of the presentations, students were asked questions to test their level of understanding and rewarded with various Authority branded merchandise. They were also given educational materials such as brochures.

Other fairs and exhibitions the Authority used to create awareness include the Business Botswana Northern Trade Fair in Francistown on 25th to 29th May 2018, the CEDA Entrepreneurship Engagement Day in Kazungula on 23rd March 2019, and the LEA SMME Pitso in Francistown on 27th to 30th March 2019.

Media Engagement

The Authority continued to engage the media as a strategic partner in disseminating information on competition issues and creating a culture of competition among business and the public, and promoting compliance with the Competition Act.

In the period under review, the Authority issued five (5) press releases as follows:

Table 1: Press Releases Issued by the Competition Authority from 1st April 2018 to 31st March 2019

DATE	SUBJECT OF PRESS RELEASE
23rd May 2018	Competition Authority Agrees on Remedial Actions in the Best Interest of Independent Retailers and Consumers
18th October 2018	Competition Authority Rejects Choppies - Payless Application
22nd October 2018	African Competition Forum Elects New Steering Committee
3rd December 2018	Competition Authority Commemorates World Competition Day 2018
18th March 2019	Competition Authority Hosts Competition Symposium

The Authority was featured in 22 newspaper articles as shown in the table below:

Table 2: Newspaper Articles Featuring the Competition Authority from 1st April 2018 to 31st March 2019

MONTH	ARTICLE	NEWSPAPER
May 2018	CA hands Baobab to SA company	Weekend Post
June 2018	CA Approves 33% Acquisition of Agrifeeds	Botswana Guardian
July 2018	The Tollman Family In New Deal with Wilderness	The Telegraph
	Trident Wholesaler 'Cleared' of Anti-Competitive Conduct	The Botswana Gazette
August 2018	CA Okays Tollman's Acquisition of Xigera Camp	The Business weekly & Review
	Competition Authority Apprehensive About Architects Registration Act	The Botswana Gazette
	Competition Authority Breaks Branding War Impasse	Mmegi
	Competition Authority to Decide Over Coca Cola Takeover	The Botswana Gazette
October 2018	CA Rejects Choppies - Payless Application	The Botswana Gazette
	CA Rejects Choppies - Payless Application	Weekend Post
	Choppies Caught in Price - fixing Scandal	The Botswana Gazette
	Exposed: Choppies & Payless Anti - competitive tactics	Sunday Standard
November 2018	Coca Cola Approved to Acquire Bottling Rights from Rival	Business Weekly & Review
	Competition Authority Arm - twists Coca Cola	The Botswana Gazette
	Competition Authority Could Pounce on BOMAID	Business Weekly & Review
December 2018	Competition Authority Commemorates World Competition Day	Business Weekly Review
January 2019	Competition Authority Approves SureChoice Acquisition	The Telegraph
February 2019	First Capital Proposes to Acquire Bank of India	Business Weekly & Review
	First Capital Proposes to Buy Indian Bank	Botswana Guardian
March 2019	CA Demands Answers on 'Surprise' Mascom Deal	Mmegi
	Competition Authority to Host Competition Convention in April	Botswana Guardian
	Maatla Energy Set to Purchase Jindal BVI	Botswana Guardian

Electronic Communication

The Authority continued to actively utilise social media to reach out to its stakeholders. The corporate Facebook page; 'Competition Authority-Botswana', recorded an increase in engagement by stakeholders with a cumulative increase in Likes from 3500 on 31st March 2018 to 4423 Likes by 31st March 2019.

The Authority received 25 customer enquiries through the Facebook page as well as three (3) complaints on alleged anti-competitive conduct in this period. The number of Twitter Followers stood at 1171 by 31st March 2019, compared to 1106 by 31st March 2018. The website recorded 4 832 page views by 31st March 2019, up from 4 169 page views on 31st March 2018.

The Authority further published six (6) editions of the corporate e-newsletter entitled Botswana Competition Bulletin, to local and international stakeholders.

World Competition Day Commemoration

The Competition Authority joined other competition agencies and consumer groups in observing World Competition Day (WCD) on Wednesday 5th December 2018 under the theme "Digital Economy, Innovation and Competition." The theme was aimed at discerning the contemporary competition law benefits and challenges to consumers in view of the disruptive business models based on continuous innovation in today's digital economy.

In a press statement to mark the day, the Authority observed that massive innovations have had a positive effect on consumer choice, and most importantly, the net price of consumer goods and services has been reduced. The Authority said product innovation is a potent antidote against debilitating business practices such as market concentration and excessive pricing of commodities and services.

However, the Authority noted that while the digital economy and innovation herald all the positive economic transformations and consumer welfare effects, there are attendant competition challenges that seem intent on diminishing the returns. "There is a propensity, particularly in weak markets, for digital first movers to gain market traction and entrench themselves as quasi-monopolies, and competition agencies, have a duty to ensure that competition is protected, and that consumers derive benefits from digital economies," the statement said.

CA Joins Business Botswana Delegation to Estonia

Business Botswana, invited the Competition Authority to be part of a business delegation to Estonia from October 31st until November 3rd 2018. This was a follow up to the presentation made by Estonia's Deputy Minister for Foreign Affairs, Honourable Vaino Reinart at the National Business Conference hosted by Business Botswana in September 2018.

The objective of the mission was to establish trade and investment linkages between Botswana and Estonia, and for the Estonian Chamber of Commerce and Industry (ECCI) to formalise relations with Business Botswana, and to further appreciate how Estonia managed to become a high income country in a short space of time, with the best E-solutions (E-Government) for its citizens and residents.

While the business delegation was to benchmark and build business links with the Estonian business community, the Competition Authority joined the delegation to assure prospective investors that any investment in Botswana would be protected in a regulated but competitive environment; highlighting Business Botswana as one of its key partners in ensuring free and fair competition in the country's economy.

All-MITI Parastatals Games

The Competition Authority joined other parastatals under the Ministry of Investment, Trade and Industry at the ALL-MITI Parastatals Games which were hosted by SPEDU in Selebi-Phikwe on 2nd June 2018. Welcoming participants, Selebi-Phikwe District Commissioner, Mr. Patson Dibotelo, thanked the parastatals for hosting their fourth annual games in the town, saying this supports the revitalisation of the region's economy following the closure of the BCL Mine in 2016. The theme for the games, which were held at Kopano Primary School, was 'Keeping SPEDU Region Alive'.

Mr. Dibotelo further said Selebi-Phikwe Town Leadership and the community enjoy very cordial relationships with the Ministry through engagement with SPEDU. He said in 2017 the Council signed a MoU with SPEDU that is aimed at investment promotion and ease of doing business within the planning area. The Botswana Bureau of Standards emerged as the overall winner of the 2018 Games, followed by CEDA in second place, while CIPA and the Gambling Authority shared third position.

Regional and International Stakeholder Engagement

The Authority continued to foster relationships with regional and international competition bodies such as the Southern African Development Community (SADC) African Competition Forum (ACF), the International Competition Network (ICN), the United Nations Conference on Trade and Development (UNCTAD), and the Organization for Economic Cooperation and Development, (OECD).

The following are the highlights of the Authority's regional and international cooperation in the period under review:



Voluntary Peer Review



The Minister of Investment, Trade and Industry, Hon. Bogolo Kenewendo, led the Competition Authority team at the Intergovernmental Group of Experts (IGE) Voluntary Peer Review for Botswana which was held in Geneva, Switzerland on 12th July 2018.

The Voluntary Peer Review is a comprehensive exercise which is carried out by UNCTAD with the objective to identify areas for improvement in a country’s legal and institutional framework, thereby contributing to enhancing the quality, efficiency and effectiveness of competition law enforcement.

South Africa, Kenya and the United States were the peer reviewers of Botswana at this session.

Hon. Kenewendo informed the participants that Botswana’s Parliament has passed a new Act that will merge Competition and Consumer enforcement under one entity called the Competition and Consumer Authority.

UNCTAD has submitted the Voluntary Peer Review Report with recommendations. The Authority will in the 2019/20 financial year hold Peer Review dissemination workshops to report back to stakeholders about the findings and the way forward.

The following are some of the key recommendations of the UNCTAD Peer Review Report to Government, the Competition Authority and the Judiciary:

Recommendations to the Government

- i.** There should be sufficient allocation of financial and human resources to cover the observed gaps so as to ensure sufficiency at the Authority;
- ii.** The Authority should be enabled to exercise independence to vary working tools such as organisational structure without having the approval of the Ministry to allow more flexibility and increased efficiency of delivery; and
- iii.** There is a need to promote the coexistence between sector economic regulation authorities and the Competition Authority, their independency and efficiencies.

Recommendations to the Competition Authority

- i.** The institutional set-up and practice for the enforcement of competition should be revisited with a view to creating a practical and dynamic set-up that guarantees basic procedural rights to the parties concerned without hindering operational efficiency in the dispensation of substantive competition justice and not vice versa;
- ii.** There should be placement of required skills and competences in departments so as to meet the delivery expectation on an end-to-end basis that reduces interdepartmental dependency, in particular, legal professionals in all enforcement-related departments;
- iii.** Capacity-building and training of staff should be given priority, including staff needs assessments to guide the training programmes to be developed;
- iv.** With the new mandate on consumer protection, there is need to produce a road map report on the merging of the two functions and assign competencies in the two areas;
- v.** Commensurate capacity-building and training in consumer protection, including

Recommendations to the Judiciary

- needs assessments to guide the training programmes, should be developed;
- vi.** Work with local universities to develop a curriculum on competition and consumer protection to develop human resource capacities in this area so as to address the evident need for a systematic inclusion of competition and consumer protection law either at undergraduate or professional qualification examinations for the legal profession and thus assist Botswana in having a transparent and accountable implementation of competition policy;
 - vii.** Consider establishing an annual conference on competition law with the Law Society in Botswana and its related stakeholders, along the lines of the annual Anti-trust Spring meetings of the American Bar Association; and
 - viii.** Develop tailor-made advocacy programmes for specific target groups in the economy, including the business community, consumer organizations, government ministries and departments, the judiciary and business lawyers.
- i.** There is need for more interaction between CCA and the judiciary. Botswana now has a highly trained, experienced and responsible judicial system; however, there have been concerns about its efficiency and specialisation, especially in commercial matters such as competition law; and
 - ii.** The Judiciary should consider attending certain forums related to competition law enforcement to interact with other judges handling competition issues so as to enhance and sustain such knowledge and skills, as the Judiciary forms a critical part of competition law enforcement in Botswana through the appellant jurisdiction of the same.

OECD Global Forum on Competition

Botswana participated at the OECD Global Forum on Competition in Paris from 28th to 29th November 2018. According to the OECD, the Global Forum brings together high-level competition officials from over 100 authorities and organisations worldwide to debate a wide range of key and emerging competition issues including the link between competition policy and other cornerstones of economic development. Debates at the 2018 forum focused on competition and fairer societies, gender, regional competition agreements, investigative powers and state owned enterprises (SOEs).



The Director of Legal and Enforcement, Mr. Kesego Modongo, presented to the forum Botswana's perspective on competition law and SOEs. He said application of the Competition Law is to all economic activity in Botswana, and the 'State' will only be held accountable or be regulated for competition issues to the extent that it engages in trade, in any market that is open for participation by other enterprises. Express exclusion from competition regulation is on enterprises operating on the basis of statutory monopoly.

The Manager for Investigations and Research Analysis, Mr. Ernest Bagopi, briefed the forum on Requests for Information (RFI), describing them as one of the investigative powers widely used by Botswana's competition agency. He said in order to get relevant information, the Authority invites the parties concerned to submit information, which may assist in the determination of an investigation; i.e., prove or disprove conduct, and a complainant is encouraged to provide as much information as possible. Respondents may be other stakeholders e.g., third parties, competitors, and relevant government institutions.

ICN Advocacy Workshop

Botswana was represented at the ICN Advocacy Workshop which was hosted by the Antimonopoly Committee of Ukraine from 28th February to 1st March 2019 in Kiev. Held under the theme “Competition Advocacy - From Barriers to Prosperity”, the workshop was attended by at least 70 member agencies of the ICN. The workshop provided an opportunity for competition agencies to share their experiences and best practices with an array of competition advocacy topics including competition advocacy in natural monopoly markets, competition authorities’ involvement in privatisation processes, collaboration with stakeholders, and competition advocacy in the digital era.



Anti-Trust Spring Meeting American Bar Association

The Authority was amongst the over 100 organisations that were represented at the 2019 Anti-Trust Spring Meeting that was held in Washington D.C in the United States of America from 26th to 29th March 2019. The 67th Spring Meeting, hosted by the American Bar Association, brought together all segments of the global competition and consumer protection community including enforcement officials, private attorneys, in-house corporate counsel, academics, judges, economists, and business people; to share knowledge about all aspects of competition and consumer protection law.

The meeting discussed a wide range of pertinent competition issues ranging from enforcement, investigations, advocacy, merger control, consumer protection and agency effectiveness issues such as ethical conduct. The Authority’s team was led by the Chairperson of the Competition Commission, Dr Onkemetse Tshosa.

Benchmarking with Regional Competition Agencies



The Competition Authority of Botswana benchmarked with sister competition agencies in the SADC region in the year under review, with the objective to learn from each other, and share best practices.

As the Authority is in the process of transforming into a Competition and Consumer Authority, the Authority's Communications and Advocacy team embarked on a benchmarking visit with Malawi's Competition and Fair Trading Commission (CFTC) from 11th to 15th March 2019 to learn and appreciate the different processes of the CFTC, especially with regards to consumer protection.

The team's particular interest was on how CFTC engages with stakeholders as well as the different processes that it undertakes to fulfill its communications and public education mandate. The CFTC team, briefed the Authority's team on various aspects of their structure and operations.

In addition to interacting with CFTC staff, the Botswana delegation also met and received briefings from officials of COMESA Competition Commission, Public Procurement and Asset Disposal Authority, Malawi Energy Regulatory Authority, Malawi Communications Regulatory Authority, Malawi Bureau of Standards, Consumer Association of Malawi, the Reserve Bank of Malawi, the Director of Trade

in the Ministry of Industry, Trade and Tourism, and the Gaming and Lotteries Board. The Botswana delegation’s benchmarking exercise culminated with attendance of the World Consumer Rights Day commemoration which was hosted by the CFTC in Salima Malawi on 15th March 2019.

In another benchmarking exercise, the Department of Legal and Enforcement visited the Zambia Competition and Consumer Protection Commission (CCPC) from 4th to 8th February 2019. The main objective of the exercise was to witness a competition litigation trial and all the processes that go into its preparation in order to improve the Authority’s own processes. This comes as Botswana has a new Competition Act that will commence in due course with one of the critical changes to be ushered in being the prosecution of cartels and the consumer protection aspect. The team also attended a trial and Competition Tribunal hearings, and also met members of the Tribunal.

Still on benchmarking, the Department of Mergers and Monopolies team undertook a benchmarking exercise with the South African Competition Commission (CompCom) from 4th to 8th March 2019. The aim of the exercise was to garner techniques on merger related processes with the view to improving operational efficiency. Current cases were benchmarked in order to measure decisions taken by the Authority against the views of CompCom on merger related transactions. CompCom also shared case precedence including that of mergers notified simultaneously in both the South African and Botswana jurisdictions. The highlight of the benchmarking exercise for the Botswana team was the Tribunal hearing for merger cases.



African Competition Forum

The Authority was represented at the ACF's Biennial Conference which was held in October 2018 in Marrakech, Morocco. ACF Chairperson Hardin Ratshisusu called upon member agencies to proactively pursue case-related cooperation in competition regulation and policy.

Mr. Ratshisusu, who is also Deputy Chair of the Competition Commission of South Africa, said there have been multiple cross-border investigations; citing investigations into shipping liners, collusion over car parts, forex market manipulation, pharmaceuticals, and recent mega-mergers in agro-chemicals which raised similar competition concerns across jurisdictions.

He said over the past two years, the ACF has made considerable strides in all its three work-streams namely; facilitating integration, capacity building and advocacy. However, the ACF Chair bemoaned the challenges in cross-border cooperation which include inadequate resources and the absence of enabling institutions.

Table 3 below gives a summary of stakeholder engagement by sector in the 2018/19 financial year:

Table 3: Summary of Stakeholder Engagement and Advocacy from 1st April 2018 to 31st March 2019

STAKEHOLDER	TYPE OF ENGAGEMENT
Business	<ul style="list-style-type: none"> • Presentation to Trident Banner Group in Gaborone and Mahalapye - 24th July 2018 • Presentation to Trident Banner Group in Palapye and Selebi-Phikwe - 25th July 2018 • Presentation to Trident Banner Group in Francistown - 26th July 2018 • Presentation to Trident Banner Group in Maun - 27th July 2018 • Public Hearing on Saham/Salam Proposed Merger - 31st July 2018 • Presentation on Competition to BAMB Stakeholder Meeting at Pandamatenga - 12th October 2018 • Presentation on the Competition Authority Mandate to Engen Staff in Gaborone - 30th October 2018 • Presentation on Bid-rigging at the Jwaneng Mine Supply Chain Management Business Forum - 8th November 2018 • Presentation on the Competition Authority Mandate to Engen Staff in Gaborone - 19th November 2018 • Exhibition at the CEDA Entrepreneurship Engagement Day in Kazungula - 23rd March 2019 • Exhibition at the LEA SMME Pitso and Fair on in Francistown - 27th to 30th March 2019

Government Ministries and Parastatals	<ul style="list-style-type: none"> • Presentation to Office of the President staff in Francistown - 20th June 2018 • Presentation at DCEC Staff Sensitisation Workshop in Francistown - 17th August 2018 • Presentation at DCEC Staff Sensitisation Workshop in Francistown - 20th August 2018 • Presentation at DCEC Staff Sensitisation Work in Maun - 21st September 2018 • Presentation to Ministry of Environment, Natural Resources and Conservation Procurement Officers Retreat in Maun - 26th October 2018 • Presentation on Bid-rigging at the Office of the President Workshop in Maun - 6th November 2018
Media	<ul style="list-style-type: none"> • Interview on Gabz FM on Authority Mandate and Google case - 24th July 2018 • Press release on Election of ACF Steering Committee - 22nd October 2018 • Press release on Trident Banner Groups - 23rd May 2018 • Press release on World Competition Day - 3rd December 2018 • Press release on Choppies/Payless Buying Group - 18th October 2018 • Press release on Competition Symposium - 18th March 2019
Sector Regulators	<ul style="list-style-type: none"> • Presentation on Competition Mandate and Bid-rigging at Gambling Authority in Gaborone - 13th March 2019
Students	<ul style="list-style-type: none"> • Presentation to Molefi Secondary School Students on Mandate - 9th August 2018 • Presentation on Competition and the Media to UB 4th Year Media Students in Gaborone - 13th February 2019
Public	<ul style="list-style-type: none"> • Business Botswana Northern Trade Fair - May 25th to 29th 2018 • Exhibition at Ghanzi Show - 3rd to 8th July 2018 • Exhibition at Ministry of Trade Metlhala-ya-Khumo in Shakawe - 28th July 2018 • Consumer Fair - 27th August to 2nd September 2018 • Global Expo - 30th October to 2nd November 2018
Regional and International Engagement	<ul style="list-style-type: none"> • Peer Review Session at IGE in Geneva - 12th to 13th July 2018 • Benchmarking visit by Zimbabwe Competition and Tariff Commission - 26th July 2018 • Benchmarking visit by Mergers Team to Compcom in South Africa - 4th to 8th March 2019 • Benchmarking visit by Legal Enforcement Team to CCPC in Zambia - 4th to 8th February 2019 • Benchmarking visit by Communications and Advocacy Team to CFTC in Malawi - 11th to 15th March 2019 • Intergovernmental Group of Experts (IGE) Voluntary Peer Review for Botswana Geneva, Switzerland - 12th July 2018 • OECD Global Forum on Competition 28th - 29th November 2018 • ICN Advocacy Workshop in Kiev, Ukraine - 28th February to 1st March 2019 • ABA Anti-Trust Meeting in Washington, USA - 26th to 29th March 2019

Advocacy

In pursuance of its mandate to advise the Government on any anti-competitive law, policies or regulations, the Authority carried out the following advocacy activities in the period under review:

Competition Assessment of the Architects Registration Act

Following a complaint lodged by the Botswana Institute of Architectural and Construction Technologists (BIACT), on the Architects Registration Act of 2014, the Authority conducted a competition assessment of the Act in question. Competition assessment follows a standard process as outlined in the OECD Toolkit, which determines whether a law, policy or regulation; limits the number or range of suppliers, limits the ability of suppliers to compete, reduces the incentive of suppliers to compete, or limits the choices and information available to consumers.

BIACT has more than 200 members representing technologists, draftspersons, interior designers and others. In its complaint, it asserted that section 23 of the amended Architects Registration Act leaves out other professions, section 48A on sign-off, causes delays, and channels work to architects; and the provision on work restrictions brings unnecessary restrictions on the practice of architecture. Under the amended Act, all architectural work exceeding 250 M² of ground floor area is reserved for architects, work under 250M² of ground floor area is reserved for architectural technologists while architectural work under 150M² is reserved for architectural draftspersons.

Further, under the new law, drawings are to be counter signed by an architect then submitted to Councils

for validation. In the past, there were no thresholds. Architects, technologists and draftspersons used to compete in the same wider market, with individuals and companies creating market niches for themselves, and consumers were free to choose.

The Architects Registration Council (ARC) is a body that regulates activities of architects in Botswana. All architects, technologists and draftspersons must register with ARC to get a practicing license. The ARC, in its response, maintained that it does not see anything wrong with qualification criteria on section 23, that section 48A on sign-off is a quality assurance mechanism. It further submitted that section 48 restrictions are commensurate with training and meant to protect the public.

In its assessment, the Authority determined that some provisions of the amended Architects Registration Act of 2014 restrict competition. The Authority determined that in the Act as amended, the extra layers of quality assurance make the service more expensive, and much longer to access as consumers pay for validation by architects, and then pay for Local Councils approvals.

Further, the provision would lead to excessive pricing of the architectural service and is an incentive for collusion between service providers. Regarding the new thresholds, the Authority determined that the provision creates market allocations, confers market power on architects, reduces choice in the architectural services market, encourages collusion and creates barriers to entry in certain segments.

In its recommendation to Government, the Authority said the law should not restrict what consumers ought to do but should provide information disclosures about the various architectural services, qualifications, training and allow the consumers to choose. It said the rigorous accreditation by the ARC with proper approvals done by local Councils should be substantive

assurance to protect the architectural market from those who are unqualified to practice. The Authority recommended that the law should be amended to be less restrictive while still achieving the desired objective of protecting the market and consumers without removing effective competition in the defined market. The Authority awaits Government's determination following the recommendation.

Competition Assessment of the Botswana Meat Commission Tallow Tender

The Authority conducted a competition assessment following a complaint it received from a whistle blower who alleged unfair practice by Botswana Meat Commission (BMC). According to the whistle blower, BMC floated a tender for the sale of Tallow; Tender Number 193/03/2017, where there was a certain company (Peritus Investment (Pty) Ltd) that submitted its bid as per the requirements stipulated in the Invitation to Tender (ITT).

Tallow is body fat harvested from cattle slaughtered at the BMC abattoir and it is used in soap manufacturing. It is an essential ingredient in the manufacture of soap, without which soap cannot be produced. The whistle blower alleged that there was unfair practice in the evaluation and award of the tender by BMC as it was awarded to Kgalagadi Soap Industries (KSI) under less than transparent circumstances. It was reported that four companies had tendered, and Peritus was asked to reduce its bid while KSI's bid increased. Eventually, KSI won the bid and became the sole BMC customer to date.

BMC is a statutory monopoly of beef exports and beef by-products, and effectively has the economic strength to adjust prices or output without any effective constraint from the market. BMC abattoirs are the only ones fitted with facilities to harvest tallow and thus making BMC the sole producer and supplier. The Authority, in its assessment, determined that the

conduct of refusal to deal has the effect of reducing competition in the market, as there are no other alternative suppliers. Further, the exclusive award of one tenderer closes other competitors, and the economic value add of other competitors who have been subsisting from BMC tallow has been removed.

It was determined that BMC's refusal to deal with other companies precipitated job and economic losses. In its recommendation, the Authority implored BMC to urgently reconsider its stance of selling tallow to only one customer given the grave economic consequences. The Authority awaits BMC's determination following the recommendation.

Engagement with Trident Banner Groups over Resale-Price Maintenance

In the period under review, the Authority engaged the Trident Banner Group following concerns that through the use of monthly promotion pamphlets, Trident engaged in anti-competitive conduct in the form of resale price maintenance in contravention of section 26(1) of the Competition Act (CAP 46:09). Resale price maintenance is an agreement between a wholesaler and a retailer not to sell a commodity or product below a specified price. The Authority carried out a number of competition analyses involving Trident Wholesalers.

An important tool of the Banner Group model involves the use of monthly promotions in which Trident and Banner Group members jointly advertise promotional products in promotional pamphlets produced by Trident at a nominal cost to the members.

Trident acts as a wholesaler of grocery products and general merchandise to independent retailers throughout Botswana. It operates Banner Groups under the trade brand names Big 11, Fair Price and Saverite in which Banner Group members participate on a voluntary basis in monthly promotional activities undertaken under each Banner Group. In addition

to the extensive trade and retail support that Trident offers to about 500 independent retailers on its Banner Group member base, it has been able to offer highly competitive prices to these local retailers throughout Botswana by means of group purchasing power and supply chain management.

After extensive engagement with Trident and further assessment of the complaint, the Authority concluded that whilst the Trident Banner Group model does not strictly comply with the provisions of section 26(1) of the Competition Act, it serves a useful purpose to support the growth of local small independent retailers so that they are able to compete with large corporate retailers. The Authority further recognised that without the support from Trident, the Banner Group Members would perish because they face competition from retailers from other banner groups.

Accordingly, the Authority directed Trident to undertake remedial steps in relation to future conduct to ensure strict compliance with the Competition Act. The measures include Trident's undertaking to:

- i. Increase the awareness of Banner Group Members in relation to their rights and obligations under the banner group arrangement leveraging the monthly members meetings and annual satisfaction survey, and through regular training on competition law;
- ii. Ensure that printed promotional pamphlets

for Banner Group Members bear the words "recommended price" on every page of the pamphlet;

- iii. Provide clear written communication to every existing and new Banner Group Member of the flexibility to sell products at any other price besides the minimum recommended price;
- iv. Ensure that there is no perceived or actual threat of expulsion from the Banner Group, or termination of the agreement where a Banner Group Member chooses to sell at any price other than the recommended price;
- v. Introduce regular and increased levels of communication to both Banner Group Members and customers, informing them of the Trident banner group promotions of select products/commodities at recommended discounted prices; and
- vi. Formalise Banner Group Member engagement through a structured programme including but not limited to initiatives that provide training, merchandising, marketing and store support.

In order to enhance understanding and promote compliance, the Authority subsequently made presentations to Trident Banner Groups in Gaborone, Mahalapye, Palapye, Selebi-Phikwe, Francistown and Maun in the month of July 2018.



Corporate Social Responsibility

In the review period, the Authority continued its CSR programme to enhance stakeholder engagement outside core mandate.

The following CSR activities were carried out in the period 2018/19:

The Authority donated food groceries and designed and printed certificates for the 2017 Standard Seven Leavers Class at Lapologang Primary School in Selebi -Phikwe who did well in their examinations.

Furthermore, the Authority supported a youth empowerment initiative undertaken by Ba Isago University by buying tickets for all Interns at the Authority to participate in the youth seminar.



Mr. Calistus Sengwatse



Mr. Ernest Bagopi



Ms. Goitseone Modungwa



Ms. Thabiso Mbongwe



Mr. Christson Daman



Mr. Setso Sikwane



Mr. Tumelo Motswiri

RESEARCH & INVESTIGATIONS

The main function of the Authority under the Investigations and Research function is to; manage, direct and coordinate operations for research, investigations, and to assess and monitor anti-competitive business conducts in the economy of Botswana.

Twenty-Five (25) new cases of anti-competitive conduct were investigated by the Authority during the 2018/19 financial year. Nine (9) cases have been closed and currently, (16) cases are still under investigation and these cases have been carried forward to the next financial year.

During the year under review, the Authority investigated cases of anti- competitive conduct and conducted two market inquiries. The following are some of the cases that were investigated and closed.

Investigations of Anti-Competitive Conduct

The following cases were investigated and closed during the 2018/19 financial year:

SERNIN (PTY) LTD & CLOVER BOTSWANA (PTY) LTD

The Authority received a complaint in January 2018 (from a dairy farmer in Botswana) against Clover Botswana (Pty) Ltd. The farmer complained that Clover sets prices for the local farmers when purchasing their milk and there is no negotiation with the farmers when it comes to setting prices. Furthermore, when the farmers tried to engage Clover Botswana (Pty) Ltd, they were often referred to Clover South Africa.

According to the complainant, the price of milk at some point was P5.05 per litre; then Clover gave P0.18 per litre increase, resulting in the selling price being P5.23 per litre. Clover Botswana reduced the price to P5.15 per litre. The complainant said while a P0.08 per litre reduction does not reflect a lot of money, in percentage terms it is more than 50% of one's profit.

The complainant asserted that when selling, he sold milk at P5.23 per litre, the profit margin was at 7%, which was later reduced to 5%. He reiterated that no business can grow (with a 5% profit margin) because the inflation rate is more than the profit margin.

Clover acquires 600 000 litres of milk from the local farmers in the whole country. The farmer highlighted that there are a few milk processing companies in Botswana, and that Delta Dairies and 'Lesselies' who are the other milk processors in the country do not buy raw milk locally, but rather import from South Africa. Parmalat was reported to have stopped purchasing raw milk from local farmers.

When considering all the factors, the Authority noted that while Clover (Botswana) is a dominant player in the processing of milk in Botswana, there was nothing in their conduct that suggested abuse of dominance. The Authority, as a consequence, recommended that the matter be closed. However, the Authority will engage the Ministry of Agricultural Development and Food Security about initiatives of promoting local dairy industry through competition.

ULTIMEX HOLDINGS (PTY) LTD VS MINISTRY OF AGRICULTURAL DEVELOPMENT & FOOD SECURITY

The Authority received a complaint from local miller called Ultimex Holdings (Pty) Ltd concerning anti-competitive conduct by the Ministry of Agricultural Development and Food Security with regard to the 70/30 import permit ratio of maize meal as per Statutory Instrument Number 66 of 2005.

According to the complainant, Bokomo Botswana (Pty) Ltd (another local miller) had initially applied to be issued with a permit to import maize and flour during the period when their production plant would have been closed for maintenance. Initially the Ministry had rejected the application on the strength of the 70/30 import rule which requires that an applicant that wishes to import maize ought to have bought 70% of their maize needs locally. Bokomo Botswana (Pty) Ltd appealed the decision and the Ministry reversed its rejection of the initial application of an import permit by Bokomo Botswana (Pty) Ltd hence disregarding the 70/30 import permit ratio rule.

The case was closed. However, the Authority is of the view that the regulation Cap 43:08 on the Control of Goods, Prices and Other Charges Act; and the regulation of import and exports of agriculture is a possible statutory barrier to entry, and has the potential to affect competition in the maize meal industry. The Authority undertakes to take up the matter through the advocacy route.

Barriers to Entry Identified in the Market

In the period under review, the Authority identified the following barriers in the market:

- i. Barrier to entry in the scrap metal industry (export market);
- ii. Statutory barrier to entry in the Architectural sector. The newly implemented Architects Registration Act does not cater for Interior Architects; and
- iii. Barrier to access tallow as a result of the introduction of a new method of buying tallow in the meat industry.

Barriers to Entry Removed in the Market

In the period under review, the Authority removed the following constraints in the market:

- i. The complainant, Creative Business Solutions (Pty) Ltd, could not buy photocopying paper from the manufacturer of photocopying paper being Mondi Group (Pty) Ltd. Following intervention by the Authority, the complainant was listed by the manufacturer, and the complainant and other enterprises are now able to buy directly from the select manufacturer;
- ii. Motherwell Investments (Pty) Ltd t/a Mother Brands Botswana complained that some wholesalers and chain stores such as Metro Sefalana Cash & Carry Limited, Trans Africa (Pty) Ltd, Trade World (Pty) Ltd, Shoppers (Pty) Ltd, Tsetseng Investments (Pty) Ltd T/A Spar, Trident Holdings (Pty) Ltd refused to list Motherwell tea products. After the Authority's intervention, all the stores agreed to list the tea products; and
- iii. Golden Bakery complained that they were refused to tender a food supplies tender (bread) in the Serowe and Mahalapye sub-districts. The Authority sought to sensitise the concerned sub-districts with particular reference to open and fair competition. Subsequent to the Authority's intervention, the Sub-districts committed to competition compliant tendering processes.

Referral of Case For Adjudication

The Authority referred a case of possible abuse of dominance against Gaborone Container Terminal (Pty) Ltd (GABCON) to the Competition Commission for adjudication.

Research Activities

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

LIQUEFIED PETROLEUM GAS MARKET INQUIRY

The Authority, through the African Competition Forum (ACF), collaborated with other competition agencies in the SADC region and conducted a market Inquiry on Liquefied Petroleum Gas (LPG).

The findings of the study indicate that there is extreme market concentration in the upstream market with high profit margins. The arrangement of cylinder exchange could lead to abuse of dominance, and the study further indicated that consumers have limited choice as a result of difficulty in cross filling.

Furthermore, the study identified strong indication of market allocation in the upstream market.

The Authority shared recommendations on identified possible anti-competitive practices and other infringements such as abuse of dominance, restrictive business agreements and collusive behaviour.

The LPG market which had hitherto been unregulated, is now being regulated following the existence of the Botswana Energy Regulatory Authority (BERA).

PHARMACEUTICAL MARKET INQUIRY

The Authority has embarked on a market inquiry in the pharmaceutical sector in Botswana, and the objectives of the inquiry are as follows:

- i. To identify competition issues that need to be addressed in the Pharmaceuticals Sector in Botswana;
- ii. To understand the landscape of the Pharmaceuticals Sector in Botswana;
- iii. To understand the relationship between stakeholders within the Pharmaceuticals Sector subject to the value chain; and
- iv. To assess potential barriers to entry that may prevail along the Pharmaceuticals supply value chain in Botswana.

The market inquiry is underway and the results will be shared with the relevant stakeholders to address areas where there are competition concerns.



Mr. Kesego Modongo



Ms. Goitsemodimo Tseladikae



Ms. Keitumetse Segopamitlwa

ENFORCEMENT & PROSECUTIONS

The Authority, under its Legal and Enforcement function, is responsible for referring and prosecuting entities that infringe the provisions of the Competition Act before the Competition Commission, and appealing or defending appeals against the Authority at the High Court and Court of Appeal.

It is also responsible for the assessment of exemption applications, maintenance of relationships with other sector regulators and provision of general legal services to the Authority to ensure proper execution of functions within the ambit of the law.

Cases Before the Competition Commission

On 15th December 2018, the Authority referred a possible abuse of dominance case to the Competition Commission against Gaborone Container Terminal (Pty) Ltd. The Authority contended that Gaborone Container Terminal (Pty) Ltd had contravened the provisions of section 30(1) of the Competition Act by engaging in conduct amounting to abuse of dominance through refusal to deal. The case is still ongoing before the Commission.

Cases Referred to the Commission and Closed

The Authority had in August 2017 referred four cases of possible resale price maintenance to the Competition Commission. The referred cases were against four (4) wholesalers namely; Metro Sefalana Cash and Carry Limited, Trident Holdings (Pty) Ltd, Trans Africa (Pty) Ltd and Trade World (Pty) Ltd.

The Authority's contention in each case was that the wholesalers had entered into vertical agreements with their respective banner group members and the agreements involved resale price maintenance contrary to section 26(1) of the Act.

All four cases were successfully finalised in 2018 through court settlement agreements. All four wholesalers are currently in compliance with the agreed conditions.

Preparations for Implementation of the New Competition Act of 2018

In preparation for the coming into effect of the new Competition Act, the Authority held a workshop on the 31st January 2019 with the Directorate of Public Prosecutions and Botswana Police Services. The Authority identified these stakeholders as potential critical partners in the enforcement of the criminalisation of cartel conduct and vertical agreements. This is because the Botswana Police Services is the custodian of all criminal investigations in the country and the Directorate of Public Prosecutions is the primary prosecutor. A collaboration of efforts between the Botswana Police Services, Directorate of Public Prosecutions and Competition Authority would ensure a smooth handling of this new aspect of the competition law.

The workshop was a launch pad to enable the Authority to start consultations that would culminate in the design of strategies and determinations of best working practices to ensure successful criminal prosecution of cartels under the new Competition Act.

Assessment of Exemption Application

The Authority assessed the exemption application from Payless Supermarket (Pty) Ltd and Choppies Distribution Centre (Pty) Ltd (“the Parties”) on 27th September 2018, and rejected it. The application was rejected on the basis that the facts, analysis and conclusions of the exemption assessment showed that the proposed transaction would likely lead to the substantial lessening of competition. Further, the Authority determined that on a balance, it was not proportionate to the benefits for the public, and would likely lead to a situation whereby the parties to the transaction would lessen competition in the retailing of Fast Moving Consumer Goods (FMCG) or grocery retailing market, where the Parties operate in similar geographic markets.

The Authority had received an application for an exemption from the Parties on 25th April 2017 in respect of a buying group agreement entered into on 22nd April 2017 by the Parties. The agreement allowed them to purchase goods together from their suppliers and specified how the goods will be apportioned and distributed between them.

The application recognised the fact that the agreement could potentially be in violation of section 27 of the Competition Act as the Parties were competitors and should ideally purchase goods independently of each other. The application was made pursuant to section 32(1) of the Act as read with regulation 6(1) of the Competition Regulations, 2011.

Memorandum of Agreement with Statistics Botswana

The Competition Act requires the Authority to establish a mechanism through which it can maintain regular contact with other sector regulators. In the period under review, the Authority began the process of facilitating a memorandum of agreement with Statistics Botswana.



Ms. Nomathemba Dladla



Mr. Ridwell Moremi



Mr. Othusitse Oletile



Ms. Gorata Selelo



Ms. Lizalozé Ganaope



Mr. Mothusi Lotshwao



Mr. Powell Kebinaefhe

MERGERS AND ACQUISITIONS

The Authority administers Part X of the Competition Act which is realised through the investigation and assessments of merger transactions by determining whether a proposed merger is likely to substantially prevent or lessen competition; whether a proposed merger would likely result in any enterprise, including an enterprise which is not involved as a party in the proposed merger; acquiring a dominant position in a market, and whether the merger can, or cannot be justified on public interest grounds. In assessing the mergers, the Authority has statutory timelines which stipulate the duration of the assessment, as contained in section 56 of the Act.

In light of this, administratively, mergers are classified based on their effect (or lack thereof) on competition, into two categories: simple or complex. The simple mergers are those with no competition and/or public interest concerns and these are envisaged to be assessed within 30 calendar days. Complex mergers are those that, at face value, are likely to pose some competition and/or public interest concerns, and are assessed within 90 calendar days.

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

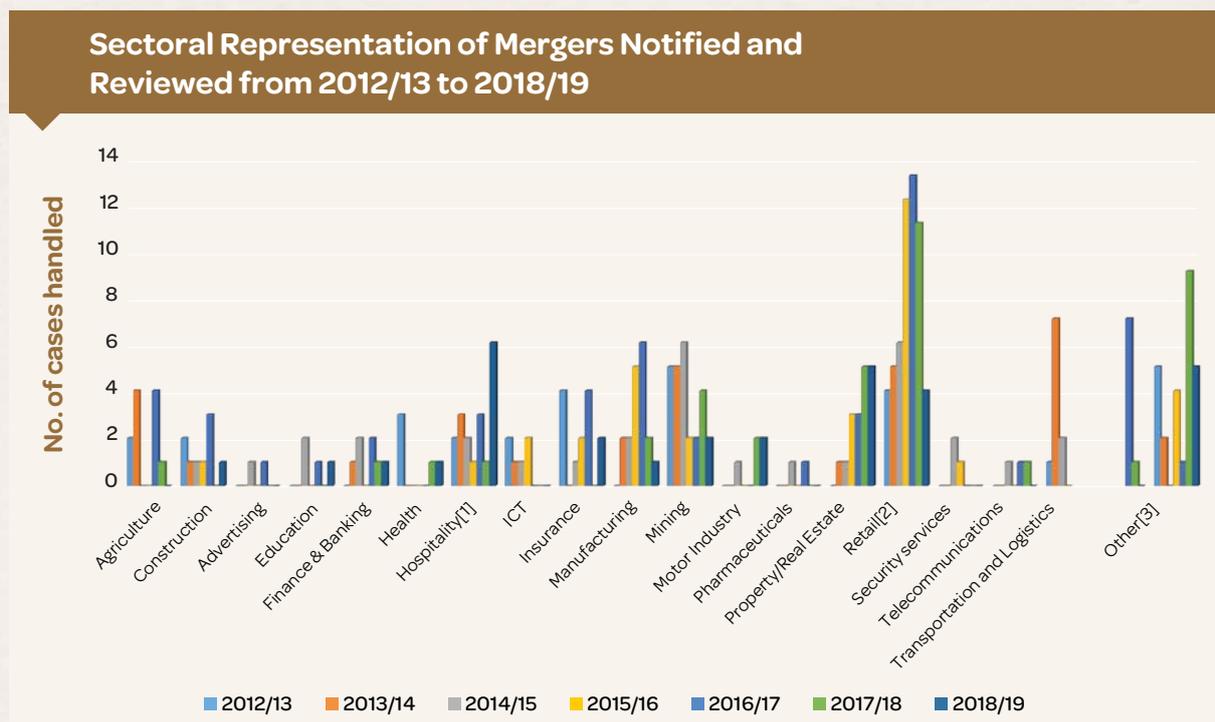
Mergers Activity

A total of 31 mergers were handled in the 2018/19 financial year, representing a decrease of 20.5% from the 39 mergers handled in the previous year. Out of the 31 mergers that were handled, 29 were classified as simple and two were classified as complex. Furthermore, 27 mergers were approved without conditions, four (4) were approved with conditions, and no merger was prohibited or declined.

The mergers handled by the Authority involve a vast number of sectors. Figure 1 below depicts the trends in sectoral representation of the mergers handled, indicating that a majority of transactions handled over the years, specifically 2016/17 and 2017/18, were in the retail sector.

In total, 249 mergers were handled by the Authority since inception, which indicates the significant role that the Authority continues to play in ensuring a level playing field through the assessment of mergers.

Figure 1: Sectoral Representation of Mergers Notified and Reviewed from 2012/13 to 2018/19



Mergers Approved Unconditionally

In the event that a proposed transaction poses no competition and/or public interest concerns, the Authority approves it unconditionally. In the period under review, 27 mergers were approved unconditionally, showing a 10% decrease from the 30 mergers approved in the previous period.

Table 4 below shows mergers that were approved unconditionally in the period under review

Table 4: Mergers Approved Without Conditions in 2017/18

FILE NUMBER	ACQUIRING FIRM	TARGET FIRM	SECTOR
MER/006/2018	Beverage Company Bidco (Pty) Ltd	Softbev (Pty) Ltd	Retail
MER/007/2018	G Investments	CB Properties (Pty) Ltd	Property
MER/008/2018	Mr. Jagdish Shah	Green Wave Agro Technology (Pty) Ltd	Retail
MER/009/2018	Minnovo Global Limited	DRA Group Holdings (Pty) Ltd	Engineering Services
MER/012/2018	Fairfax Africa Holdings Corporation	Consolidated Infrastructure Group Limited	Energy
MER/013/2018	Antalis South Africa (Pty) Ltd	Antalis Botswana (Pty) Ltd	Retail
MER/014/2018	Mont Trade (Pty) Ltd	Shoebill (Pty) Ltd	Property
MER/015/2018	Healthcare Management Services (t/a Gaborone Private Hospital)	Medical Imaging Botswana (Pty) Ltd	Health
MER/017/2018	Imperial Group Limited	Old Pretoria Premises, Waterval Premises, Maemo Motors, The MB Dealership, The Chrysler/ Jeep Dealership, The Mitsubishi Dealership, The Commercial Dealership, The Vans Dealership and The used Vehicle Business	Motor Industry
MER/018/2018	Team Engineers (Pty) Ltd	Unoda July and Betty Phuti	Construction
MER/019/2018	Motor Vehicle Accident Fund	Feune (Pty) Ltd	Property
MER/020/2018	Jonathan Taylor; Michael Trickey; Thomas Taylor	Ngoma Enterprises (Pty) Ltd	Tourism and Hospitality
MER/021/2018	Robor Holdings (Pty) Ltd	Robor (Pty) Ltd	Manufacturing
MER/022/2018	Michael Dirk Ulrich Weyl	Mack Air (Pty) Ltd	Aviation
MER/023/2018	BSA International S.A	Aspen Pharmicare Holdings Limited	Others
MER/024/2018	MHMK Group Botswana Limited	Sure Choice (Pty) Ltd	Insurance

MER/025/2018	IAM Newco	Investec asset Management Holdings (Pty) Ltd and Investec asset Management Limited	Finance and Banking
MER/026/2018	Gavin Blackbeard	Dennis Service Station (1976) (Pty) Ltd	Motor Industry
MER/002/2019	Speedy Investments (Pty) Ltd	African Leisure (Pty) Ltd t/a King Casino	Others
MER/004/2019	Moet Hennessy-Louis Vuitton SE	Belmond Ltd	Tourism and Hospitality
MER/005/2019	Tshukudu Metals (Pty) Ltd	Carel Lemcke	Mining
MER/006/2019	Heritour Limited	Abercrombie & Kent Group	Tourism and Hospitality
MER/008/2019	Winchester Properties (Pty) Ltd	Wheki (Pty) Ltd	
MER/009/2019	Tenaasha (Pty) Ltd	Mogoditshane Motors (Pty) Ltd	Motor Industry
MER/010/2019	Cresta Marakanelo (Pty) Ltd	Letlole La Rona Ltd	Property
MER/011/2019	Cresta Marakanelo (Pty) Ltd	Botswana Hotel Development Company	Property
MER/013/2019	Maatla Energy Limited	Jindal BVI Limited	Energy

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:

1. FILE NUMBER	ACQUIRING FIRM	TARGET FIRM	SECTOR
MER/005/2018	Entax Holdings (Pty) Ltd	Baobab School	Education

CONDITIONS:

The Authority approved the proposed acquisition with the conditions that:

- 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 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 (3) 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.

2. FILE NUMBER	ACQUIRING FIRM	TARGET FIRM	SECTOR
MER/010/2018	Sanlam Emerging Markets Limited (SMEIL)	Saham S.A	Financial Services

CONDITIONS:

The Authority approved the proposed acquisition with the commitment that:

- i. The merged entity shall ensure that for a period of three (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.
- ii. In order for the Authority to effectively monitor compliance with the commitment, the Authority shall require SEMIL to inform it of:
 - a) The intended retrenchments;
 - b) The reasons for the retrenchments;
 - c) The number and categories of employees affected; and
 - d) The expected date of the retrenchments.

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 finalisation 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.

3. FILE NUMBER	ACQUIRING FIRM	TARGET FIRM	SECTOR
MER/011/2018	Mountbatten Limited	Great Explorations	Tourism and Hospitality

CONDITIONS:

The Authority approved the proposed acquisition with the commitment that the merged entity shall:

- i. Ensure that the 33 employees will be redeployed to its other operations thereby resulting in no retrenchments; and
- ii. Create an employee share scheme trust, which will be for the benefit of Botswana citizen employees of the target enterprise, which will hold 16% of the issued share capital of the target entity.

In order for the Authority to properly monitor compliance with the public interest concern on employment, the merged entity shall adhere to the following:

The merged entity shall (within three months from the decision date) submit to the Competition Authority, a detailed report indicating:

- i. Any changes to its employment records; and
- ii. An update regarding the 16% shareholding advanced through the employee share scheme trust.

4. FILE NUMBER	ACQUIRING FIRM	TARGET FIRM	SECTOR
MER/016/2018	Strategic Alliance J.V ³	Beverages Manufacturers Botswana (Pty) Ltd	Manufacturing

CONDITIONS:

The Authority approved the proposed acquisition with the conditions that:

- i. The merged entity should continue the manufacturing business of TCCC's non-alcoholic ready-to-drink business beverages;
- ii. In the event that the merged entity is compelled to change the business model referred to item (i) above, it should notify the Authority with a clear justification for review;
- iii. The target employees will be employed/transferred on terms and conditions substantially no less favourable than their current terms and conditions of employment;
- iv. There will be no retrenchments as a result of the merger; and
- v. The existing minority protection provisions in favour of Sechaba Brewery Holdings Limited in Kgalagadi Breweries (Pty) Ltd must be replicated in Beverage Manufacturers (Botswana) (Pty) Ltd.

³ The proposed transaction entailed The Coca-Cola Company ("TCCC"), through Strategic Alliance, establishing control over TCCC branded non-alcoholic ready-to-drink ("NARTD") bottling business of Kgalagadi Breweries (Pty) Ltd ("KBL") through the acquisition of 50.1% of the share capital of Botswana Softco from AB InBev Botswana and AB InBev Africa.

Mergers Carried Forward

The following mergers were notified in the 2018/2019 financial year but were carried forward to the 2019/20 financial year on account of their finalisation/determination date falling outside the end of the financial year.

Table 5: Mergers Carried Forward to the 2019/20 Financial Year

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



CORPORATE SERVICES



Ms. Tshepo Wadipeba



Ms. Gomolemo Ratsie



Ms. Palesa Bogopa



Mr. Morulaganyi Modikwa



Mr. Mooketsi Ntwaagae



Ms. Felicity Bogacu



Mr. Botsalo Makolo



Mr. Otlaathusa Seforo



Mr. Tonny Kolanyane



Ms. Neo Gopolang



Ms. Rebecca Rabakane



Ms. Kamogelo Mathibidi



Ms. Kgomotso Ngwepe



Ms. Kgalalelo Motshwarakgole



Mr. Motlhaodi Bojosi

Human Resources

Staff Engagement

The Authority views employee engagement as a priority with the ultimate intention of creating a high performance and results driven culture. Striving to achieve the employee engagement target of 75% as set in the corporate scorecard, the Authority continued to monitor and implement the initiatives aimed at improving engagement. This was done through creating a conducive work environment, communication, training and development and employee recognition. During the period under review, the Authority implemented the following initiatives aimed at improving the overall employee experience:

- i. Cultural Day under the theme “Diversity and Inclusion”;
- ii. Performance Rewards for staff recognition;
- iii. Token of Appreciation to staff on Valentine’s Day; and
- iv. Annual Staff Teambuilding Retreat.

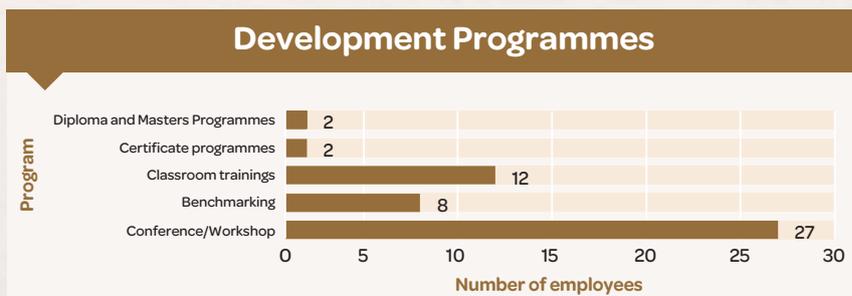
Talent Development

Internal promotions are known to have a positive effect on staff morale and productivity and are an indication that higher performance comes with the opportunity for recognition and promotion.

During the reporting period, two (2) employees were promoted to Executive Leadership positions and one (1) to a Managerial position. This is a clear testimony of the effectiveness of the Leadership Development Framework that has been put in place. The Authority has developed a number of tools that support leadership development which include acting appointments and learning programs and opportunities.

The Authority continued to implement a training and development programme for its employees, as it presents a prime opportunity to expand the knowledge base of all employees, and it is hoped that it will ultimately improve performance. The figure below indicates the developmental programmes provided to employees during the reporting period:

Figure 2: Developmental Programmes for Employees during Financial Year 2018/19



Employee Wellness

The wellbeing of employees is accorded the highest priority and this is a deliberate effort to improve the overall health and fitness as well as the general well-being of the employees. Some of the activities that were organised by the Authority through the Staff Welfare Committee included Wellness Week and staff retreat.



Jan Feb

Oct Nov

Procurement

All procurement activities within the Authority were done in accordance with the laid down procurement procedures and the PPADB Act. During the period under review, the Authority continued to implement the Government's Economic Diversification Drive (EDD) through procurement of local goods and services. In addition, the Authority supported youth owned companies as it procured goods and services valued at P485 118.24 from nine (9) youth owned companies during the 2018/19 financial year.

Operational Stability of IT Platforms

The stability and robustness of the IT infrastructure environment is critical to the sustainability of the Authority's information system. The Authority's current backbone architecture is more stable and scalable. This has positively contributed to improved stability of infrastructure and thus overall improved service delivery.

Information Accessibility and Security

The Authority strives to make information accessible anytime and anywhere for modern day business requirements. This has been achieved through successful commissioning of the cloud Microsoft Office 365 suite which has brought forth benefits such as larger mail storage, anytime anywhere access, document synchronisation, business collaboration tools for information collaboration as well as Skype for business. Security controls have been enhanced by continuous security audits and adherence to industry standards.

CORPORATE CHALLENGES & OPPORTUNITIES

Table 6: Corporate Challenges, Initiatives to Address Challenges and Opportunities

Challenges	Initiatives to Address Challenges	Opportunities
<ul style="list-style-type: none"> Manpower shortages due to a limited budget. This potentially presents serious risks that may lead to lower levels of productivity, higher turnover and ineffective internal controls. 	<ul style="list-style-type: none"> Engagement of temporary employees. 	<ul style="list-style-type: none"> The transfer of the consumer protection mandate to the Competition Authority presents opportunities for growth and wide outreach and enforcement opportunities using the country-wide Consumer Protection Offices.
<ul style="list-style-type: none"> Limited Budget 	<ul style="list-style-type: none"> Alternative funding and technical support is sourced from international bodies such as UNCTAD, ACF and OECD and collaborations with local organisations. 	<ul style="list-style-type: none"> Growth in numbers of personnel for the Competition and Consumer Authority presents an opportunity to grow competition and consumer champions and at the same time deepening the competition and consumer culture. The Peer Review recommendations are expected to lead to agency effectiveness once they have been fully implemented.

ANNUAL FINANCIAL STATEMENTS

31 March 2019

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COMPETITION AUTHORITY

Commissioners' Responsibility Statement

For the year ended 31 March 2019

The Competition Commission is responsible for the preparation of the Annual Financial Statements of the Competition Authority and all other information presented therewith. Their responsibility includes maintenance of financial records and the preparation of Annual Financial Statements in accordance with the International Financial Reporting Standards and in the manner required by the Competition Act, 2009.

The Competition 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 Authority's assets. According to Section 23 of the Competition Act 2009, the Competition Authority appoints the External Auditor but the Competition Commission is also responsible for providing policy and reviewing the design, implementation, maintenance and monitoring of the systems of internal control.

The Independent Auditors are responsible for giving an independent opinion on the Annual Financial Statements based on their audit of the affairs of the Competition Authority.

After making enquiries, the Competition Commission has no reason to believe that the Competition 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.

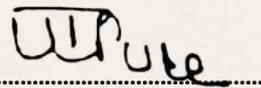
The Competition Commission is satisfied that Management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the Annual Financial Statements, to safeguard the assets of the Competition Authority and to ensure that all transactions are duly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

Against this background, the Competition Commission accepts responsibility for the Annual Financial Statements on pages 80 to 105, which were signed on its behalf by:



Ms. Thembisile T. Phuthego

Acting Chairperson of the Competition Commission



Ms. Tebelelo Pule

Chief Executive Officer of the Competition Authority and Secretary to the Competition Commission

DATE OF APPROVAL BY COMMISSIONERS:

Date signed: 18 September 2019

COMPETITION AUTHORITY

Independent Auditor's Report

For the year ended 31 March 2019

To the Competition Commissioners

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Competition Authority (the "Authority") set out on pages 80 to 105, which comprise the Statement of Financial Position as at 31 March 2019, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of Significant Accounting Policies.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of the Competition Authority as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Competition Act, 2009.

Basis for Opinion

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

Key Audit Matters

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

Other Information

The Commissioners are responsible for the other information. The other information comprises the Corporate Governance Report, Chairperson's Statement, Chief Executive Officer's Statement, the Commissioners' Responsibility, Approval of Annual Financial Statements and the Annual Report as required by the Competition Act, 2009, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

COMPETITION AUTHORITY

Independent Auditor's Report

For the year ended 31 March 2019

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 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 Commissioners for the Financial Statements

The Commissioners are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Competition Act, 2009 and for such internal control as the Commissioners 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 Commissioners 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 Commissioners either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

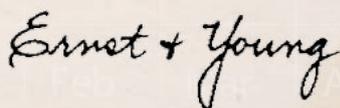
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

COMPETITION AUTHORITY
Independent Auditor's Report
For the year ended 31 March 2019

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioners;
- Conclude on the appropriateness of the Commissioners' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We communicate with the Commissioners 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.

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

Ernst & Young

Practising Member: Bakani Ndwapi

Partner

Membership Number: 19980026

Certified Auditor

Gaborone

27 September 2019

COMPETITION AUTHORITY
Statement of Comprehensive Income
For the year ended 31 March 2019

	Notes	March 2019 BWP	March 2018 BWP
Continuing operations			
Revenue			
Government subvention	1	28,389,660	25,902,422
Armotisation of subvention relating to capital assets	16	872,359	775,913
Revenue arising from contracts with customers	17	3,825,161	-
Total Revenue		33,087,180	26,678,335
Other Income			
Merger fees		-	1 426 511
Sale of tender documents	17	750	7,625
Interest revenue	6	63,649	52,599
Loss on scrapping of plant and equipment		-	(19,497)
Recovery from MITI games		-	80,502
Sundry income		20,000	-
		84,399	1,547,740
Total Income		33,171,579	28,226,075
EXPENDITURE			
Staff costs	2	17,169,812	16,492,723
Consultancy costs	3	2,468,444	1,441,547
Administration expenses	4	9,159,506	8,727,028
Operating lease expenses	5	3,102,410	2,062,030
		31,900,173	28,723,328
Operating surplus (deficit) for the year		1,271,406	(497,254)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		1,271,406	(497,254)

COMPETITION AUTHORITY
Statement of Financial Position
For the year ended 31 March 2019

	Notes	March 2019 BWP	March 2018 BWP
ASSETS			
Non-Current Assets			
Plant and equipment	7	2,496,739	2,506,497
Current Assets			
Receivables and prepayments	8	1,421,185	752,884
Cash and cash equivalents	9	5,025,620	1,926,849
		6,446,805	2,679,733
Total Assets		8,943,544	5,186,230
FUNDS, RESERVES AND LIABILITIES			
Funds and Reserves			
Accumulated surplus (deficit)		3,185,106	1,913,700
Non-Current Liabilities			
Deferred capital grant	16.1	1,234,478	1,340,682
Current Liabilities			
Trade and other payables	10	2,418,5476	574,728
Provisions	11	1,233,055	581,207
Government subvention	16.1	872,359	775,913
		4,523,961	1,931,848
Total Funds, Reserves and Liabilities		8,943,544	5,186,230

COMPETITION AUTHORITY
Statement of Changes in Funds
For the year ended 31 March 2019

	Accumulated Funds	Total
	BWP	BWP
Balance at 01 April 2017	2,410,954	2,410,954
Total comprehensive loss	(497,254)	(497,254)
Balance at 31 March 2018	1,913,700	1,913,700
Balance at 01 April 2018	1,913,700	1,913,700
Total comprehensive income for the year	1,271,406	1,271,406
Balance at 31 March 2019	3,185,106	3,185,106

COMPETITION AUTHORITY**Statement of Cash Flows**

For the year ended 31 March 2019

	Notes	March 2019 BWP	March 2018 BWP
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus/(Deficit) for the year		1,271,406	(497,254)
Adjustments for:-			
Finance income		(63,649)	(52,599)
Loss on disposal of plant and equipment		-	19,497
Recognition of capital grant	16	(872,359)	(775,913)
Depreciation of plant and equipment	4	872,359	775,913
Movement in provision for gratuity pay	11.1	399,663	(191,074)
Movement in provision for leave pay	11.2	153,182	(25,315)
Movement in provision for leave travel	11.3	99,000	(56,792)
Cash generated (utilised) by operations		1,859,605	(803,536)
Decrease/(increase) in trade and other receivables		(668,306)	2,359,744
(Decrease)/Increase in trade and other payables		1,843,823	(140,911)
Net cash flows from operating activities		3,035,122	1,415,297
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Proceeds from disposal of plant and equipment		-	-
Purchase of plant and equipment	7	(862,600)	(849,838)
Net cash flows used in investing activities		(862,600)	(849,838)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest received		63,649	52,599
Capital grant received	16	862,600	849,838
Net cash flows from financing activities		926,249	902,437
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		3,098,771	1,467,896
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,926,849	458,954
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	5,025,620	1,926,849

COMPETITION AUTHORITY

Notes to the Annual Financial Statements

For the year ended 31 March 2019

Adoption of New and Revised Standards

Standards, Amendments and Interpretations to existing standards that effected on 01 January 2018 have been adopted by the Authority.

Below are the new standards, amendments to existing standards and interpretations that have been adopted by the Authority according to the International Accounting Standard Board (IASB) mandate. The adoption of the new and revised standards will be effected for the year ending 31 March 2019 since the changes are effective for periods beginning on/ after 1 January 2018. The scope and the impact on the financial statements on adoption of the above Standards and Interpretations are stipulated below.

Standard/ Amendment/ Interpretation	Scope	Applicable for annual periods beginning on or after
IFRS 9 Financial Instruments (as revised in 2014)	<p>New standard that replaces IAS 39. The standard incorporates classification and measurement requirements that are driven by cash flow characteristics and the entity's business model. Financial instruments are classified into one of three classes: amortised cost, fair value through profit or loss, and fair value through other comprehensive income. The standard also incorporates a forward looking 'expected loss' impairment model. The standard contains requirements in the following areas:</p> <ul style="list-style-type: none"> • Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. • Impairment: IFRS 9 changes the entity's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. No material differences have been identified between the impairment allowances determined in accordance with IAS 39 	31 December 2018

COMPETITION AUTHORITY

Notes to the Annual Financial Statements

For the year ended 31 March 2019

Standard/ Amendment/ Interpretation	Scope	Applicable for annual periods beginning on or after
<p>IFRS 9 Financial Instruments (as revised in 2014)</p>	<p>and the loss allowances determined in accordance with IFRS 9 for the current period</p> <ul style="list-style-type: none"> <p>Derecognition: The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39. In the current year, the entity has applied IFRS 9 Financial Instruments.</p> <p>Details of these new requirements, as well as their impact on the entity's financial statements, are described below. The entity has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9 modified retrospective approach.</p> <p>All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.</p> <ul style="list-style-type: none"> <p>Impact: There is no significant difference between the application of IAS 39 and IFRS 9 to the financial instruments identified in the 2018 financial year for classification and measurement. Although the impact of impairment is immaterial, the expected credit loss simplified approach to trade receivables will be applied. Trade receivables are mostly current and the impact of that default would be immaterial.</p> <p>Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal interest' on the principal amount outstanding.</p> 	

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Notes to the Annual Financial Statements
For the year ended 31 March 2019

Standard/ Amendment/ Interpretation	Scope	Applicable for annual periods beginning on or after
IFRS 9 Financial Instruments (as revised in 2014)	<p>The assessment of the company's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.</p> <p>The classification and measurement requirements of IFRS 9 did not have a significant impact to the company. The company continued measuring at fair value all financial assets previously held at fair value under IAS 39.</p> <p>The following are the changes in the classification of the company's financial assets:</p> <p>Trade receivables classified as Loans and receivables as at 31 March 2019 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 April 2018.</p> <p>There are no changes in classification and measurement for the company's financial liabilities.</p>	31 December 2018

COMPETITION AUTHORITY

Notes to the Annual Financial Statements

For the year ended 31 March 2019

Standard/ Amendment/ Interpretation	Scope	Applicable for annual periods beginning on or after
IFRS 15 Revenue from contracts with customers	<p>The objective of IFRS 15 is to prescribe the accounting treatment for revenue arising from sales of goods and rendering of services to a customer. The new standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers. Revenue is recognised when a customer obtains control of a goods or services and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaced IAS 18 Revenue and related interpretations.</p> <p>The core principle underlying the new model is that the entity recognise revenue in a manner that depicts the transfer of promised goods or services to the customers. The amount recognised should reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>A five steps model was designed to assist with the attainment of the core principle of revenue recognition as follows:</p> <p>Step 1: Identify the contract with the customer Step 2: Identify the performance obligation in the contract Step 3: Determine the transaction price Step 4: Allocate the transaction price to separate performance obligations Step 5: Recognise revenue as that entity satisfies a performance obligation</p> <p>The Authority will adopt the new standard as at 1 April 2018 as IFRS 15 is effective for periods beginning on/ after 1 Jan 2018. The Authority takes cognisance of the fact that the new standard will not have any impact on the financial statements since the Authority relies on Government Subventions that are outside the scope of IFRS 15, but accounted for under IAS 20. Revenue derived from mergers fees have been recognised at a point in time under IAS 18 and will continue to be recognised as such under IFRS 15. Step 5 of the core principles which points to the recognising of revenue as the entity satisfies a performance obligation, permits the Authority to continue recognising revenue at a point in time.</p>	1 January 2018

COMPETITION AUTHORITY

Notes to the Annual Financial Statements

For the year ended 31 March 2019

Standards, Amendments and Interpretations to existing standards that effected on 01 January 2018 have been adopted by the Authority.

Below are the new standards, amendments to existing standards and interpretations that have not been adopted by the Authority according to the International Accounting Standard Board (IASB) mandate. The adoption of the new and revised standards will not be effected for the year ending 31 March 2019 since the changes are effective for periods beginning on/ after 01 January 2019. The scope and the impact on the financial statements on adoption of the above Standards and Interpretations are stipulated below.

Standard/ Amendment/ Interpretation	Scope	Applicable for annual periods beginning on or after
IFRS 16 Leases	<p>IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17: Leases and the related interpretations when it becomes effective.</p> <p>IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases of low value assets.</p> <p>The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating</p>	1 January 2019 with earlier application permitted

COMPETITION AUTHORITY

Notes to the Annual Financial Statements

For the year ended 31 March 2019

Standard/ Amendment/ Interpretation	Scope	Applicable for annual periods beginning on or after
IFRS 16 Leases	<p>lease payments under IAS 17 are presented as operating as cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.</p> <p>In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.</p> <p>Furthermore, extensive disclosures are required by IFRS 16.</p> <p>As at 31 March 2019, the Authority has a cancellable operating lease commitments (Note 14). The operating lease elapses in September 2023. IAS 17 does not require the recognition of any right-to-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 19. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Authority will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognise a right-of-use asset and a related liability is expected to have an impact on the amounts recognised in the Authority's financial statements as at March 2019 and the Commission will adopt the new standard using modified retrospective approach.</p>	1 January 2019 with earlier application permitted

COMPETITION AUTHORITY

Notes to the Annual Financial Statements

For the year ended 31 March 2019

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.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Competition Act (Cap. 46:09). The financial statements have been prepared in a manner consistent with prior periods, although the new and revised standards have been adopted, there have no impact to the financial statement.

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. There are no areas of estimation or judgment that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in the current year.

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. Residual values are set at 5% of the initial cost of the motor vehicles since it is envisaged that the amount will be salvaged on disposal.

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	20%	Computer Equipment	20 - 25%
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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 derecognised.

COMPETITION AUTHORITY
Notes to the Annual Financial Statements
For the year ended 31 March 2019

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Authority assesses whether there is any indication that assets are impaired. If any such indication exists for any asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where an asset does not generate cash flows that are largely independent of those of other assets or group of assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined by the market values relating to the asset and the related costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in the surplus or deficit in those expense categories consistent with the function of the impaired asset.

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

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Competition Authority, and the revenue can be reliably measured, while government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to the purchase of an asset, it is recognised as capital grant in the statement of financial position and released to the surplus or deficit as income in equal amounts over the expected useful life of the related asset.

COMPETITION AUTHORITY
Notes to the Annual Financial Statements
For the year ended 31 March 2019

Merger Fees

Merger fees are recognised when it is probable that the merger notified for the approval of the Authority as stipulated in section 56(1) of the Competition Act meets the threshold in Regulation 20 of the Competition Regulations as read with section 54 of the Competition Act. 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 16(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.

OTHER INCOME**Exemption Fees**

Exemption fees are recognised when an application for an exemption is received. It is required under Regulation 6(2) 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 year.

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.

Sale of Tender Documents

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

COMPETITION AUTHORITY

Notes to the Annual Financial Statements

For the year ended 31 March 2019

RELATED PARTY TRANSACTIONS

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

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

PROVISIONS

Pension

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

Leave Pay Provision

The Competition 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 surplus or deficit and a separate provision is recognised in the Statement of Financial Position.

COMPETITION AUTHORITY

Notes to the Annual Financial Statements

For the year ended 31 March 2019

FINANCIAL INSTRUMENTS

Financial Assets

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal interest' on the principal amount outstanding.

The assessment of the company's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the company. The company continued measuring at fair value all financial assets previously held at fair value under IAS 39.

The following are the changes in the classification of the company's financial assets:

- Trade receivables classified as Loans and receivables as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 April 2018.

There are no changes in classification and measurement for the company's financial liabilities

PROVISIONS

Provisions are recognised when the Competition 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.

LEASES (Where the Competition Authority is a Lessee)

Operating Leases

An operating lease is the one in which all the risks and benefits of ownership are effectively retained by the lessor. Operating lease payments are recognised as an expense in the statement of comprehensive income on the straight line basis over the lease period.

COMPETITION AUTHORITY

Notes to the Annual Financial Statements

For the year ended 31 March 2019

	Note	2019 BWP	2018 BWP
1 GOVERNMENT SUBVENTION			
Revenue/subvention received from the Government of the Republic of Botswana		28,389,660	25,902,422
Capital grants received from the Government of the Republic of Botswana	16	872,359	849,838
Total Government subvention received		29,262,019	26,752,260
Amount recognised as income includes amortisation of grants previously received to fund capital expenditure as shown below:			
Government subvention	1	28,389,660	25,902,422
Amortisation of subvention relating to capital assets	16	872,359	775,913
Total grants revenue		29,262,019	26,678,335
There were no unfulfilled conditions or contingencies attached to these income and capital grants.			
Other Income			
Sale of tender documents		750	7,625
Loss on scrapped plant and equipment		-	(19,497)
Sundry income		20,000	-
		20,750	(11,872)
2 STAFF COSTS			
Salaries and wages		11,188,591	11,016,159
Allowances and benefits		2,533,473	2,205,881
Pension fund contributions		1,197,445	1,190,897
Medical aid and uniforms		755,909	619,695
Contract gratuity, severance and leave pay		1,494,394	1,460,091
		17,169,812	16,492,723
3 CONSULTANCY COSTS			
Human resources consultancies and networking		2,468,444	1,441,548
		2,468,444	1,441,548

COMPETITION AUTHORITY
Notes to the Annual Financial Statements
For the year ended 31 March 2019

	2019	2018
	BWP	BWP
4 ADMINISTRATION EXPENSES		
Advertising	546,627	754,089
Provision for bad debts	-	65,238
Commissioners' sitting allowances	295,200	296,400
Commissioners' training and related expenses	214,868	231,463
External audit fees	154,821	181,756
Internal audit fees	286,864	392,905
Forensic audit fees	112,000	145,354
Bank charges	13,753	15,627
Depreciation	872,359	775,913
Insurance	273,291	310,322
Cleaning expenses	146,472	113,572
Printing and stationery	648,402	406,179
Merger related costs	247,453	42,980
Adjudication sitting allowances and expenses	325,811	713,968
Information technology and related services costs	212,951	476,398
Workshops and seminars	652,418	473,720
Staff welfare and social activities	642,435	696,446
Staff training	915,945	532,641
Utilities	951,200	868,569
Vehicle expenses	124,372	88,527
Legal expenses	245,177	398,319
Recruitment expenses	390,323	302,863
Repairs and maintenance	294,163	99,188
Security services	123,756	135,738
Subscriptions to professional bodies	40,701	35,055
Office refreshments and utensils	92,057	53,806
Travel and accommodation	336,087	119,993
	9,159,506	8,727,028
5 OPERATING LEASE EXPENSES		
Office and household rental	3,102,410	2,062,030

COMPETITION AUTHORITY
Notes to the Annual Financial Statements
For the year ended 31 March 2019

6 INTEREST REVENUE	2019	2018
	BWP	BWP
Interest income from bank deposits	63,649	52,599

7 PLANT AND EQUIPMENT

	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
2019	BWP	BWP	BWP	BWP
COST				
At 31 March 2018	3,083,213	2,076,327	4,139,997	9,299,537
Additions for the period	505,889	-	356,711	862,600
Scrapped	-	-	-	-
At 31 March 2019	3,589,102	2,076,327	4,496,708	10,162,137
ACCUMULATED DEPRECIATION				
At 31 March 2018	1,995,416	1,327,449	3,470,175	6,793,040
Depreciation	353,263	195,980	323,115	872,359
Scrapped	-	-	-	-
At 31 March 2019	2,348,679	1,523,429	3,793,290	7,665,399
CARRYING AMOUNT				
At 31 March 2019	1,240,423	552,898	703,418	2,496,739

	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
2018	BWP	BWP	BWP	BWP
COST				
At 31 March 2017	3,099,675	1,365,967	4,041,399	8,507,041
Additions for the period	40,880	710,360	98,598	849,838
Disposals	(57,342)	-	-	(57,342)
At 31 March 2018	3,083,213	2,076,327	4,139,997	9,299,537
ACCUMULATED DEPRECIATION				
At 31 March 2017	1,687,942	1,187,240	3,179,790	6,054,972
Depreciation	345,319	140,209	290,385	775,913
Disposals	(37,845)	-	-	(37,845)
At 31 March 2018	1,995,416	1,327,449	3,470,175	6,793,040
CARRYING AMOUNT				
At 31 March 2018	1,087,797	748,878	669,822	2,506,497

COMPETITION AUTHORITY
Notes to the Annual Financial Statements
For the year ended 31 March 2019

8 RECEIVABLES AND PREPAYMENTS	2019	2018
	BWP	BWP
Staff receivables	207,169	153,332
Receivables and prepayments	1,259,254	664,790
Allowance for credit losses	(45,238)	(65,238)
	1,421,185	752,884
Reconciliation of allowance for credit losses		
Opening balance	(65,238)	(15,000)
Unutilised provisions	20,000	(50,000)
Closing Balance	(45,238)	(65,000)

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

Staff advances are receivable over six months for advances and twenty four months for training advance and do not attract any interest.

	March	March
	2019	2018
	BWP	BWP
9 CASH AND CASH EQUIVALENTS		
Call	4,630,311	1,842,609
Current	390,311	79,239
Cash on hand	4,999	5,001
	5,025,620	1,926,849

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

COMPETITION AUTHORITY
Notes to the Annual Financial Statements
For the year ended 31 March 2019

	March 2019 BWP	March 2018 BWP
10 TRADE AND OTHER PAYABLES		
Accruals	1,315,656	205,226
Audit fees	141,583	107,494
Merger fees refunds	556,336	11,529
Staff related payables	12,903	55,973
Operating lease liability	392,068	194,504
	2,418,546	574,726

Accruals are non-interest bearing and have an average term of three months. Accruals were booked in for the services rendered like the provision for Accpacc support that was paid after year end. Staff related payables are the obligations that were not met at year end, the main expenditure is the pension accrual that emanated from the salary adjustments made in March 2018 for the ended financial year. 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.

11 PROVISIONS		
11.1 Gratuity		
Opening balance	233,630	424,706
Provision raised during the period	769,794	774,421
Provision used during the period	(370,130)	(965,497)
Closing balance	633,294	233,630
11.2 Leave - Annual		
Opening balance	322,368	347,684
Provision raised during the period	505,816	286,732
Provision used during the period	(352,630)	(312,048)
Closing balance	475,554	322,368
11.3 Leave - Travel		
Opening balance	25,208	82,000
Provision raised during the period	106,000	29,208
Provision used during the period	(7,000)	(86,000)
Closing balance	124,208	25,208

Total provisions relate to gratuity, leave and leave travel as at the reporting date. The gratuity provision is calculated in accordance with the respective contracts of employment. Leave provision is calculated based on accrued leave days not taken during the year, 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.

COMPETITION AUTHORITY
Notes to the Annual Financial Statements
For the year ended 31 March 2019

12 FINANCIAL INSTRUMENTS

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

	Note	Financial Assest at amortised cost	Financial liabilities at amortised cost	Financial liabilities at amortised cost
2019		BWP	BWP	BWP
Staff advances and deposits	8	424,290	-	424,290
Cash and cash equivalents	9	5,025,620	-	5,025,620
Trade and other payables	10	-	2,026,479	2,026,479
		5,449,910	2,026,479	7,476,390
2018		Loans and Receivables	Financial liabilities at amortised cost	Total carrying amount
Staff advances	8	341,453	-	341,453
Cash and cash equivalents	9	1,926,849	-	1,926,849
Trade and other payables	10	-	(107,494)	(107,494)
		2,268,302	(107,494)	2,160,808

Financial risk management objectives and policies

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

Credit risk

The Competition 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.

COMPETITION AUTHORITY

Notes to the Annual Financial Statements

For the year ended 31 March 2019

Significant concentration of credit risk

Financial assets that potentially subject the Competition 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 Authority does not engage in any other investment portfolios. Expertise and controls have been put in place to manage credit risk.

The Competition Authority does not have any significant credit risk exposure to any single counterparty.

Interest rate risk

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

12 FINANCIAL INSTRUMENTS Cont.

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

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

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

2019	Increase / decrease in basis points	Effect on surplus or deficit and equity
Pula	+100	463
Pula	-100	(463)
2018		
Pula	+100	18,426
Pula	-100	(18,426)

Liquidity risk

The Competition 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 Authority's reputation.

COMPETITION AUTHORITY

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

The following table summarises the maturity profile of the Competition Authority's financial liabilities as at 31 March 2019 based on contractual undiscounted payments:

2019						
	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	-	2,026,479	-	-	-	2,026,479
	-	2,026,479	-	-	-	2,026,479
2018						
	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	-	107,494	-	-	-	107,494
	-	107,494	-	-	-	107,494

The prior year financial liabilities comprises audit fees only.

Fair values

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

Capital management

Capital consists of the line item accumulated funds in the Statement of Financial Position. The Competition 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 Authority did not have borrowings. As a government owned institution, the Competition Authority is supported by the Government of the Republic of Botswana, which currently provides the necessary support to sustain the operations of the Competition Authority.

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March
2019
BWP

March
2018
BWP

13 RELATED PARTY TRANSACTIONS

The Competition Authority has entered into a rental lease agreement as follows: The Competition Authority was set up by the Competition Act (CAP 46:09) and is, therefore, related to the Government of Botswana. Transactions with related parties are in the normal course of business. The following transactions were carried out with related parties:

Relationships

Owner with control of entity	Government of Botswana
Members of Board of Commissioners	Refer to General Information Page

Subvention received

Government of the Republic of Botswana	29,262,019	26,752,260
Compensation paid to key management personnel of the Authority		
Basic salaries and allowances	4,331,265	3,728,545
Gratuity	769,794	774,421
Rental for CEO's official residence	365,400	-
Total employee benefits	5,466,460	4,502,966

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

Trading transactions

The following transactions were on an arms length basis:

Purchases from related parties	2,556,846	1,233,679
	2,556,846	1,233,679

The purchases from related parties are made at normal market prices. These relate to services from other parastatals, namely; Water Utilities Corporation, Botswana Power Corporation, Botswana Telecommunications Corporation and Botswana Investment and Trade Centre. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 March 2019, the Competition Authority has not recorded any impairment of receivables relating to amounts owed by related parties (2018: 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 Commissioners' fees

Competition Commissioners' fees for the year amounted to BWP295 200 (2018: BWP 296 400)

14 TAXATION

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

COMPETITION AUTHORITY

Notes to the Annual Financial Statements

For the year ended 31 March 2019

	March 2019 BWP	March 2018 BWP
15 COMMITMENTS AND CONTINGENCIES		
15.1 Operating lease commitments		
The Competition Authority has entered into a rental lease agreement as follows:		
Operating lease commitments where the Authority is the lessee		
The Competition Authority rented office premises and a residential plot under operating leases.		
For office rental, the lease commenced on 1st October 2013. The lease was renewed effective 1st October 2018 and shall continue for a period of 5 years. Termination requires three months notice.		
The future minimum rent payments under cancellable lease are as follows:		
Within one year	3,195,330	1,217,546
After one year, but not more than five years	12,201,292	-
More than five years	-	-
	15,396,622	1,217,546
15.2 Capital commitments		
As at 31 March 2019, the Competition Authority had no capital commitments.		
There were no other commitments already made at the end of the reporting period.		
15.3 Guarantees		
The Competition Authority does not have guarantees on employee loans.		
16 DEFERRED CAPITAL GRANT		
Opening balance	2,116,595	2,042,670
Received during the year	862,600	849,838
Amortisation of government grants	(872,359)	(775,913)
Closing balance	2,106,836	2,116,595
16.1 DEFERRED CAPITAL GRANT		
Current	872,359	775,913
Non-Current	1,234,478	1,340,682
	2,106,837	2,116,595

The Competition Authority is funded through Government Subvention or Grant. As at the reporting date, there were no unfulfilled conditions or contingencies relating to the grant that had not been fulfilled. The above - mentioned grant is a grant related to assets.

COMPETITION AUTHORITY
Notes to the Annual Financial Statements
For the year ended 31 March 2019

	March 2019 BWP	March 2018 BWP
17 Revenue		
17.1 Revenue arising from contracts with customers	3,825,161	1,426,511
Regulation 16(2) stipulates that a merger shall be accompanied by a merger fee of 0.01 percent of the merging enterprises' combined turnover or assets in Botswana, whichever is higher.		
The Authority adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 April 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements. The adoption of IFRS 15 resulted into the reclassification of merges fees from other income to revenue.		
17.2 Sale of tender documents	750	7,625
Bidders are required to pay for the tender documents upon collection. There are no contractual obligations around tender fees and the fees are non-refundable.		
17.3 Exemption fees	-	-
Regulation 6(2) stipulates that an application for an exemption shall be accompanied by an application fee of 0.01 per cent of the applicant's latest turnover. There were no exemption fees received during the year.		
18 EVENTS AFTER THE REPORTING DATE		
There were no material events that occurred after the reporting date and up to the date of this report which would require adjustment to or disclosure in the financial statements.		

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