



# ANNUAL REPORT 2012/13



# Corporate Profile

The Competition Authority is constituted in terms of the Competition Act (Cap 46:09) and is domiciled in the Republic of Botswana. The main purpose of the Authority is the prevention of, and redress for anti-competitive practices in the economy.

## Chairman of the Competition Commission

Dr. Zein Kebonang

## Secretary to the Competition Commission

Thulasoni G. Kaira  
Chief Executive Officer of the Competition Authority

## Registered Office

Fairgrounds Plot 50664  
Ground Floor Gaborone

## Bankers

Barclays Bank of Botswana Barclays House  
P.O. Box 478  
Gaborone

Standard Chartered Bank Botswana Limited Mall Branch  
P.O. Box 469  
Gaborone

## Auditors

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

## Contact Details

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## Reporting Date

31st March 2013

# Glossary Of Terms

“**Act**” means the Competition Act (Cap 46:09);

“**Authority**” means the Competition Authority;

“**Bid-Rigging**” means a horizontal agreement between enterprises whereby, in response to a request for bids, one of the parties to the agreement agrees not to submit a bid; or the parties to the agreement agree upon the price, terms and conditions of a bid to be submitted;

“**Cartels**” means illegal agreements between two or more competitors not to compete with each other;

“**Chief Executive Officer**” or “**CEO**” means the Chief Executive Officer of the Competition Authority, or as otherwise specified;

“**Commission**” or “**Board**” means the Competition Commission;

“**Committee**”, unless otherwise specified, refers to a Committee of the Competition Commission;

“**Competition**” means activity arising from the operations of two or more entities offering products and services in a manner that is consistent with acceptable competitive business behaviour and conduct, disabuse of dominant power in the market place, and fair business practices;

“**Court**” means the High Court of Botswana;

“**Dominant Position**” means a situation in which one or more enterprises possess such economic strength in a market as to allow the enterprise or enterprises to adjust prices or output without effective constraint from competitors or potential competitors;

“**Enterprise**” means a person or group of persons, whether or not incorporated, that carries on a business for gain or reward in the production, supply or distribution of goods or the provision of any service;

“**Government**” means the Government of the Republic of Botswana;

“**Horizontal Agreement**” means an agreement between enterprises, each of which operates, for the purpose of the agreement, in the same market and would, therefore, normally be actual or potential competitors in that market;

“**Member**” means a member of the Competition Commission;

“**Merger**” means acquisition, takeover and/or amalgamation of assets or shares between independent enterprises;

“**Minister**” means Minister of Trade and Industry of Botswana;

“**Ministry**” means the Ministry of Trade and Industry of Botswana;

“**Relevant Market**” means the geographical or product market to be used for the purpose of assessing the effects of a practice, conduct or agreement on competition;

“**Resale Price Maintenance**” means an agreement between a supplier and a dealer with the object or effect of directly or indirectly establishing a fixed or minimum price or price level to be observed by the dealer when reselling a product or service to the dealer's customers;

“**Secretary**” means the Secretary to the Competition Commission;

“**Services**” includes the carrying out and performance of any engagement, whether professional or not, for gain or reward, other than the supply of goods;

“**Vertical Agreement**” means an agreement between enterprises each of which operates, for the purposes of the agreement, at a different level of the production chain and relates to the conditions under which the parties may purchase, sell or resell certain goods or services.

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# Mission, Vision, Values

## Mission

“To promote and maintain fair competition in the economy”

## Vision

“To secure prosperity through 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 Governance

## Competition Commission

The governing body of the Competition Authority is the Competition Commission, which is responsible for the direction of the affairs of the Authority. The Commission has both corporate governance and adjudicative functions under the Competition Act (Cap 46:09).

## Board Charter

There is a Board Charter which states the obligations of the Commission to ensure that there are appropriate accountability and control systems in place, as well as adherence to proper reporting mechanisms and the applicable laws.

## Members of the Competition Commission

Member		Date of Appointment	Term of Appointment	Expiry Date
Dr. Zein Kebonang	Chairman	1st June 2010	5 years	31st May 2015
Mr. Gaylard Kombani	Vice Chairman	1st June 2010	3 years	31st May 2013
Ms. Tiny M. Kgatlwane		1st June 2010	4 years	31st May 2014
Mr. Tendekani E. Malebeswa		1st June 2010	5 years	31st May 2015
Mr. Boniface G. Mphetlhe		1st November 2011	4 years	31st October 2015
Dr. Jay S. Salkin		1st June 2010	4 years	31st May 2014
Mr. Wankie B. Wankie		1st June 2010	3 years	31st May 2013

## Competition Commission Committees

Committees	Members		Responsibilities
Finance and Audit Committee	Mr. Wankie B. Wankie Dr. Jay S. Salkin Mr. Gaylard Kombani	Chairman	The Committee is responsible for finance and audit affairs of the Authority, including considering the Authority's budget estimate proposal, quarterly financial reports and annual financial statements before they are submitted to the Competition Commission for consideration and approval.
Human Resources Committee	Ms. Tiny M. Kgatlwane Dr. Jay S. Salkin Dr. Zein Kebonang Mr. Boniface G. Mphetlhe	Chairperson	The Committee is responsible for the Authority's human resources affairs, including terms and conditions of service, staff recruitment and development.
Technical Committee	Mr. Tendekani E. Malebeswa Mr. Gaylard Kombani Mr. Wankie B. Wankie	Chairman	The Committee considers and reviews technical policy proposals intended to facilitate implementation of the mandates of the Competition Commission and the Authority, especially with respect to enhancing public awareness of these two entities in so far as safeguarding unfettered competition in the economy and protecting consumer interests are concerned.
Commission Tender Committee	Mr. Wankie B. Wankie Dr. Jay S. Salkin Mr. Gaylard Kombani	Chairman	The Committee considers procurement policy proposals and reviews, including thresholds for tendering before sanctioning their submission to the Competition Commission for consideration and approval.

# Competition Commission



**Dr. Zein Kebonang**  
Chairman



**Mr. Gaylard Kombani**  
Vice Chairman



**Ms. Tiny M. Kgatlwane**  
Member



**Mr. Tendekani E. Malebeswa**  
Member



**Mr. Boniface G. Mphethe**  
Member



**Dr. Jay S. Salkin**  
Member



**Mr. Wankie B. Wankie**  
Member



**Mr. Thula Kaira**  
CEO and Secretary to the  
Commission

# Chairman's Statement

Developing a competition culture was the theme at the second National Competition Conference held on the 14th of March 2013 in Gaborone. During the occasion, I took time to highlight to our stakeholders and partners how in 2011 we started our Competition Authority from scratch.

For a new agency and indeed for any competition agency, developing a competition culture requires that we monitor how firms and consumers behave in particular situations or instances.

Monitoring how firms and consumers behave in turn requires more than just a compartmentalised knowledge of competition law, but an appreciation of wider government policies and their inter-play.

In trying to promote a competitive culture, there is always a danger that the Authority may view itself more of a policing rather than a facilitating agency. Care must therefore be taken to ensure that the Authority is seen to promote commerce.

To ensure that our work does in fact help shape market forces, promote business rivalry, benefit the economy and consumers, continued public education through advocacy programs and awareness campaigns are a must. These must remain an integral part of our day to day business activity if we are to promote greater enlightenment in all competition matters.

Equally important is the need to ensure that competition disputes are adjudicated over speedily, economically and timeously. For this reason, the recent publication of adjudication rules by the Authority is a welcome development. Rules however do not in, and by themselves, resolve disputes. It takes human capital and finance to turn the wheels of justice.

Commissioners must be fully trained if they are to perform the legal duties enshrined in the Competition Act. Entrusting complex commercial disputes to less trained Commissioners will diminish public confidence in the Commission.

As we move forward into the future, therefore, the Commission will have to be adequately financed, trained and resourced if it is to effectively adjudicate and settle competition disputes before it.

Lastly, let me thank fellow Commissioners for the input they have made on various matters that were brought before us.



**Dr. Zein Kebonang**  
Chairman, Competition Commission







RESALE PRICE MAINTENANCE  
COMPETITION COMMISSION  
PRICE FIXING  
MONOPOLY  
ACQUISITION  
CARTELS  
ANTI-COMPETITIVE PRACTICES  
VERTICAL AGREEMENT  
HORIZONTAL AGREEMENT  
REFUSAL TO DEAL  
RELEVANT MARKET  
COMPETITION COMMISSION  
BID RIGGING  
COLLUSION  
RESALE PRICE MAINTENANCE  
PRICE FIXING  
CARTELS  
ANTI-COMPETITIVE PRACTICES  
HORIZONTAL AGREEMENT  
REFUSAL TO DEAL  
RELEVANT MARKET  
COMPETITION COMMISSION  
BID RIGGING  
COLLUSION  
ENTERPRISE MERGERS  
PRICE MAINTENANCE  
MONOPOLY  
ACQUISITION  
CARTELS  
ANTI-COMPETITIVE PRACTICES  
HORIZONTAL AGREEMENT  
REFUSAL TO DEAL  
RELEVANT MARKET



MONOPOLY VERTICAL AGREEMENT  
ACQUISITION PRICE FIXING COLLUSION  
PROSPERITY MERGER COMPETITION PROSPERITY MERGER  
ENTERPRISE MAINTENANCE PROSPERITY MERGER COLLUSION ENTERPRISE  
MAINTENANCE PROSPERITY MERGER COLLUSION ENTERPRISE

# Chief Executive Officer's Statement

I wish to acknowledge the statement of the Chairman of the Competition Commission. In doing so, I also wish to highlight the theme for our National Stakeholders Conference on Competition, 'Towards a Culture of Fair Competition'. Developing a culture of fair competition is good for business. The Global Competitiveness Report for 2012/13 highlighted a number of short-comings that affect competitiveness of which competition is a prominent factor.

The Report noted, among other things, that countries with efficient goods markets are well positioned to produce the right mix of products and services given their particular supply and demand conditions, as well as to ensure that these goods can be most effectively traded in the economy.

Healthy market competition, both domestic and foreign, is important in driving market efficiency and thus business productivity by ensuring that the most efficient firms, producing goods demanded by the market, are those that thrive.

Evidently, competition is a catalyst for any innovative economy and needs to be promoted and protected.

Having a legal and policy framework for competition informs the investor about whether a country has transparent dispute resolution systems in place to deal with anti-competitive trade practices, barriers to business entry, growth and development. Such an environment is in itself attractive to business.

The task of improving the competition playing field is a concerted effort. All Government departments, local authorities and parastatals should take into account the core competition principles of transparency, non-discrimination and fairness in their commercial undertakings. This will create a right business culture that will attract sustainable and not opportunistic entrepreneurship.

In the year under review, the Authority performed well, as it met, and in most cases exceeded set targets. The bulk of the cases handled were mergers and acquisitions, which accounted for 39% of cases in 2012/13, followed by abuse of dominance cases at 32%. Cartel cases however showed the highest increase, increasing by almost 300% from 2011/12 to 2012/13.

Figure 1 and Table 1 below show the actual number of competition cases handled and the performance against target:

Figure 1: Cases Handled from 1st April 2012 to 31st March 2013

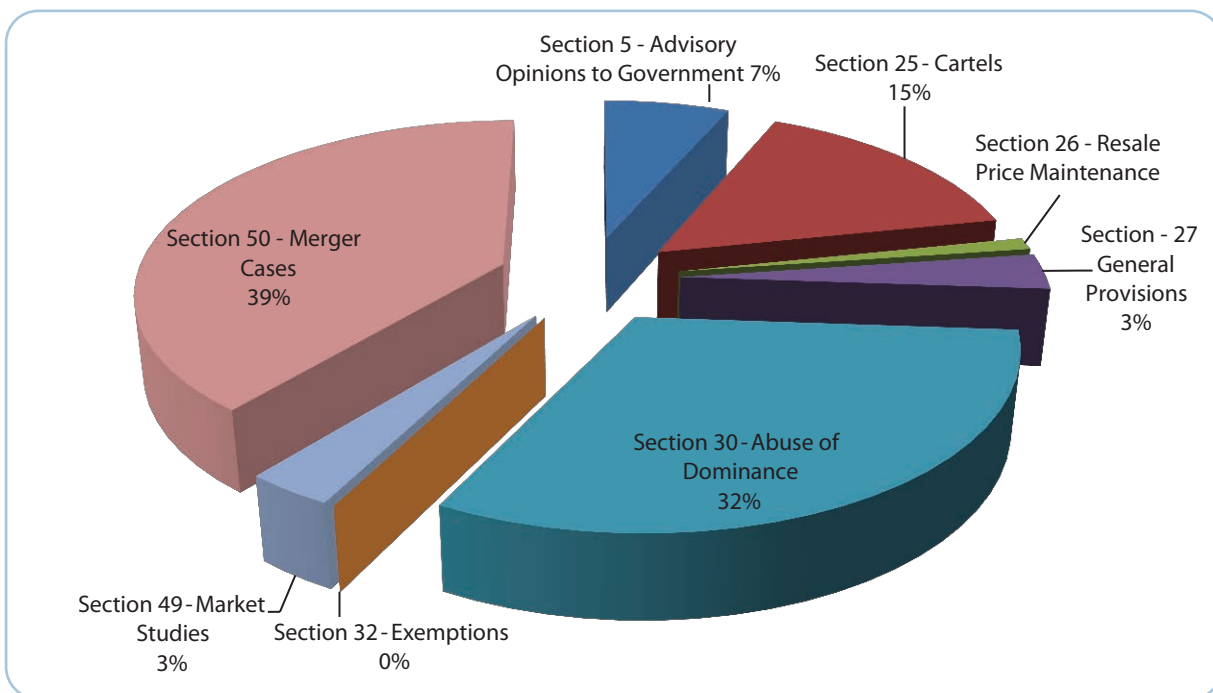


Table 1: Actual Competition Cases Handled by the Competition Authority Against Target

SECTION OF ACT (A)	CASES RECEIVED IN 2011/12 (B)	CASES BROUGHT FORWARD FROM 2011/12 (C)	NEW CASES RECEIVED 2012/13 (D)	TOTAL CASE LOAD 2012/13 (E=C+D)	TARGETS 2012/13 (F)	CASES COMPLETED 2012/13 (G)	CASES CARRIED FORWARD TO 2013/14 (H=E-G)
Section 5 Advisory Opinions to Government	0	0	6	6	2	6	0
Section 25 Cartels	4	3	11	14	7	3	11
Section 26 Resale Price Maintenance	0	1	0	1	3	0	1
Section 27 General Provisions	3	1	2	3	3	2	1
Section 30 Abuse of Dominance	11	11	18	29	14	14	15
Section 32 Exemptions	0	0	0	0	0	0	0
Section 49 Market Studies	0	0	3	3	1	0	3
Section 50 Mergers	19	8	28	36	20	33	3
<b>TOTALS</b>	<b>37</b>	<b>24</b>	<b>68</b>	<b>92</b>	<b>50</b>	<b>58</b>	<b>34</b>

All this could not have been possible without the dedication of the Competition Authority team. Therefore, a worthy tribute is due to the staff who continued to put in their very best efforts in all that we do.

I would like to also thank the Commission and the Ministry of Trade and Industry for the support they rendered during the year under review.



**Thula Kaira**  
Chief Executive Officer and Secretary to the Commission



“I am often in a dilemma  
as to whether to state this answer  
and to give up my dear and numerous  
I shall return to ‘Brough’”  
— JOHN ADDINGTON

# Executive Management



**Mr. Thula Kaira**  
Chief Executive Officer



**Dr. Mokubung Mokubung**  
Director - Competition and  
Research Analysis



**Mr. Gideon Nkala**  
Director - Communications and  
Advocacy



**Ms. Magdeline Gabaraane**  
Director - Mergers and  
Monopolies



**Mr. Duncan T. Morotsi**  
Director - Legal and  
Enforcement



**Ms. Tebelelo Pule**  
Director - Corporate Services

# Managers



**Ms. Gladys Ramadi**  
Manager - Communications and  
Advocacy



**Mr. Ernest Bagopi**  
Manager - Competition and  
Research Analysis



**Ms. Tapiwa Masie**  
Manager - Legal and  
Enforcement



**Ms. Tshepo Wadipeba**  
Manager - Human Resources



**Mr. Innocent Molalapata**  
Manager - Mergers and  
Monopolies



**Ms. Bonyana Ndubiwa**  
Manager - Policy Coordination  
and International Liaison



**Ms. Martha Seipato**  
Manager - Finance



ACQUISITION PRICE FIXING MONOPOLY VERTICAL AGREEMENT ACQUISITION PRICE FIXING  
COMPETITION ACQUISITION PRICE FIXING COMPETITION  
PROSPERITY MERGER COMPETITION PROSPERITY MERGER  
COLLUSION ENTERPRISE PRICE MAINTENANCE  
PROSPERITY MERGER RESALE PRICE MAINTENANCE



# Mergers And Monopolies

The merger control provisions are contained in Part X of the Competition Act (Cap 46:09). The parties to a merger that meet the thresholds as outlined in section 54 of the Act, read together with Regulation 20 of the Competition Regulations, are required to notify the Authority in the prescribed manner and form.



From left to right:  
Mr. Innocent Molalapata, Ms. Magdeline Gabaraane, Mr. Ridwell Moremi, Mr. Norman Ngubane (Intern), Ms. Pono Semane

## Merger Reviews

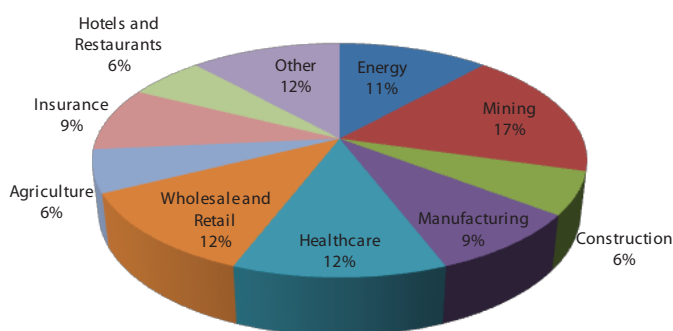
During the period under review, the Competition Authority had a total of 36 merger notifications. Of this, 28 were received in 2012/13, while eight were brought forward from 2011/12. This indicates an increase of 47% on merger notifications compared to the previous year.

These mergers were for businesses in manufacturing, mining, healthcare, construction, wholesale and retail, insurance, agriculture, transport, hotels and restaurants, energy and security industries. The Authority determined 33 cases, while three were carried forward to the next financial year (2013/14).

The Authority also made inquiries on five mergers that were implemented without notification to ascertain whether the Authority was supposed to have been notified in accordance with section 54 of the Competition Act. Out of the five, one was identified to have not been in contravention of the Act, and inquiries were still on-going on the other four.

## Merger Notification by Sector

Figure 2: Mergers Notified by Sector



## Trends in Merger Review Outcomes

The Authority finalised 33 merger assessments during the period under review, in comparison to the 11 assessments that were finalised in the previous year.

The table below indicates the determination of mergers finalised in the period under review:

Table 2: Determination on Finalised Mergers

Merger Cases	2011/12	2012/13
Notified	19	28
Carried forward	0	8
Finalised	11	33
Approved without condition	3	17
Approved with condition	8	13
Prohibited (no settlement reached)	1	1
Prohibited (settlement reached)	0	2

Note: The determination of 33 cases was against a projected assessment of 20 merger cases within the same period, which indicates a 65% above target performance by the Authority.

## Mergers and Acquisitions Assessed in 2012/13

During the period 1st April 2012 to 31st March 2013, the Competition Authority assessed the following mergers and acquisitions:

Table 3: Mergers and Acquisitions Assessed from 1st April 2012 to 31st March 2013

CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
<p><b>MER/011/2012</b>  <b>Fluid Systems Botswana (Pty) Ltd, Fluid Systems North (Pty) Ltd and Manuli Fluiconnecto</b></p>	<p>Acquisition of 80% shares in Fluid Systems Botswana (Pty) Ltd and Fluid Systems North (Pty) by Manuli Fluiconnecto Holdings B.V. (incorporated in the Netherlands). Manuli Fluiconnecto Holdings B.V. was reportedly part of the Manuli Rubber Industries Group. The Manuli Group had no known business interests in Botswana apart from the supply of hydraulic and pneumatic products to businesses in Botswana through its South African subsidiary, Manuli Fluiconnecto (Pty) Ltd. Fluid Systems Botswana (Pty) Ltd, and Fluid Systems North (Pty) Ltd supplied and serviced hydraulics and pneumatics equipment in Botswana.</p> <p>Manuli Fluiconnecto Holdings B.V. was in the business of designing, manufacturing and supplying hydraulic and pneumatic products. Pre-merger, both Fluid Systems Botswana and Fluid Systems North were not considered to be dominant players in the hydraulics and pneumatics market in Botswana, with their combined market share estimated at 12%. Post-merger, the merged entity was expected to retain a similar market position.</p> <p>The proposed transaction was not likely to substantially lessen or prevent competition in Botswana due to the continued existence of competitive constraints that would remain in the relevant market to ensure that rivalry continues to discipline the commercial behaviour of the merged firms. Further, Fluid Systems Botswana and Fluid Systems North were individually or collectively not dominant.</p> <p>While the proposed acquisition did not raise any public interest concerns, the Authority was, nonetheless, hopeful that, in future, Manuli Fluiconnecto Holdings B.V. could consider identifying products within their value chain that could be manufactured or assembled in Botswana in order to assist in technological transfer and industrial growth in Botswana.</p>	<p>Unconditional approval of the proposed acquisition of 80% shares in Fluid Systems Botswana (Pty) Ltd and Fluid Systems North (Pty) by Manuli Fluiconnecto Holdings B.V.</p>
<p><b>MER/012/2012</b>  <b>Oakleaf Investments Holdings 76 (Pty) Ltd and Opiconsivia Investments 230 (Pty) Ltd</b></p>	<p>Proposed acquisition of 33% issued share capital in Opiconsivia Investments 230 (Pty) Ltd by Oakleaf Investments Holdings 76 (Pty) Ltd. Oakleaf Investments Holdings 76 (Pty) Ltd and Opiconsivia Investments 230 (Pty) Ltd were both special purpose vehicles established for the purposes of this transaction.</p> <p>Pembani Group (Pty) Ltd, the holding company of the acquiring enterprise, was reportedly a holding company broadly focused on investment in the energy sector and infrastructure projects such as power generation and distribution, ports and rail among others.</p>	<p>Approval of proposed merger with conditions that the merged entity:</p> <p>(i) would not engage in any conduct/activity that would be tantamount to abusing its dominant market position; and</p>



CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
	<p>Pembani had no known business interests in Botswana. Afrisam Consortium, the holding company of the target enterprise, was present in Botswana through its subsidiary, Afrisam Botswana. Afrisam Botswana was in the business of supply of cement, ready-mix concrete, aggregate and slagment.</p> <p>Assessing the merger, the Authority took cognisance of the fact that the proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of the service, due to lack of product overlap between the merging parties.</p> <p>The market structure was not expected to change post-merger, with the merged entity retaining the 50% market share previously held by the target enterprise. The proposed merger was also expected to have no significant negative effect on the public interest in Botswana in terms of employment, in that no retrenchments or redundancies were expected to occur at the merging parties' enterprise in Botswana by virtue of its implementation.</p>	<p>(ii) would not engage in any cartel conduct which may include, but not be limited to price fixing, market allocation, bid-rigging and any concerted practices in any product market in Botswana.</p>
<p><b>MER/003 (b) 2011 G4S (Botswana) Limited and Shield Security</b></p>	<p>G4S proposed to acquire 100% issued share capital in Shield Security. Both G4S and Shield Security were operational in the security services market in Botswana, offering services such as cash solutions, alarm and response, and man-guard security. Accordingly, there were horizontal overlaps between the services provided by the merging parties, particularly in relation to the provision of man-guard, alarm and response security services. In its decision, the Authority took cognisance of the fact that:</p> <p>(i) G4S's aggregate market share was expected to rise from 30% to 33.4%, while, in the already concentrated alarm and response security services market, it was expected to increase from 51.5% to 52.6%. In addition, the acquiring enterprise was considered to be a dominant and well-resourced entity that could grow its market share generically without the proposed takeover;</p> <p>(ii) the proposed transaction was likely to result in the removal of a "small but significant" competitor, particularly in the alarm and response services market of Botswana, and enhance G4S's continued dominance; and</p> <p>(iii) the proposed transaction did not readily demonstrate the likelihood of a benefit to the public, which would outweigh any detriment attributable to the strengthening of a dominant position in a market by G4S, and the removal of a "small but significant" competitor, despite the commitment made by the parties to the transaction to maintain employment.</p>	<p>The proposed acquisition of 100% issued share capital in Shield Security by G4S was prohibited. In addition to the prohibition, G4S was restrained for a period of 24 months (as from June 2012) from soliciting any current clients of Shield Security.</p>
<p><b>MER/009/2012 Steinhoff International Holdings and KAP International Holdings</b></p>	<p>A proposed shares swap in the form of Steinhoff International Holding (SIH) increasing its shareholding from 34% to 88% in KAP International Holdings, and, in exchange, the latter acquiring from the former, the entire issued capital of, and claims on loan account against PG Bison Holdings (Pty) Ltd, Unitrans Holdings (Pty) Ltd, SHF Raw Materials (Pty) Ltd, Roadway Transport (Pty) Ltd and Toolplast Holdings (Pty) Ltd (collectively termed the SIH Industrial Assets).</p>	<p>Approved unconditionally.</p>



CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
	<p>KAP was reportedly a holding company of subsidiaries and associate companies invested in a portfolio of diverse manufacturing businesses. These included fresh and processed meat, automotive, leather products and components, footwear, specialty fibres, bottle resin, maize milling and towel-making products. The market structure was not expected to change post-merger.</p> <p>The proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of supplies or service due to the nature of the transaction being a share swap. Furthermore, the proposed merger was not expected to have any negative effect on the public interest in Botswana.</p>	
<p><b>MER/010/2012 Steinhoff International Holdings and JD Group</b></p>	<p>Proposed acquisition by Steinhoff International Holdings (SIH) of additional Shares in JD Group, resulting in SIH holding more than one half of the issued share capital in JD Group. SIH was reportedly a diversified industrial company with its core focus in South Africa in manufacturing, sourcing raw materials, logistics and distribution of household goods. On the other hand, JD Group was a diversified mass consumer financier and a differentiated furniture, appliance, electronic goods, home entertainment and office automation retailer.</p> <p>The proposed transaction was not likely to result in a substantial lessening of competition, nor endanger the continuity of the service, due to lack of product overlap. In addition, the continued existence of competitive constraints expected to remain in the relevant market would ensure that rivalry continues to discipline the commercial behaviour of the merged firms.</p> <p>Furthermore, though the market share of the merged entity, as submitted by the merging parties under fuel distribution was higher than the dominance threshold of 25%, this was not expected to result in any abuse of dominance as defined under section 2 of the Competition Act of Botswana as the market structure was not expected to change, let alone the behaviour, post transaction implementation. Moreover, the proposed merger was expected to have no significant negative effect on the public interest in Botswana.</p>	<p>Approved unconditionally.</p>
<p><b>MER/013/2012 Petrologistics and Grindrod Mauritius</b></p>	<p>Mauritian entity, Grindrod Mauritius proposed to acquire 75.5% issued share capital in Petrologistics, an entity incorporated in Botswana. Grindrod Mauritius was reportedly part of Grindrod Group whose services included, inter alia, provision of freight movement and total logistic solutions. Grindrod Mauritius had no known business interests in Botswana apart from its indirect ownership of 24.5% shares in Petrologistics, through its subsidiary, Fuelogic. Petrologistics was an active participant in the provision of liquid fuel distribution services into and within Botswana's market economy.</p> <p>Accordingly, there was no overlap between the activities of the merging parties in Botswana and the market shares of the merged entity in the already concentrated primary and secondary liquid fuel distribution services markets were expected to remain at 49% and 50%, respectively, post-merger. Consequently, the proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of the service. Consideration was also made to the existence of countervailing power that existed in the market.</p>	<p>Approved with the condition that Grindrod Mauritius design and implement citizen empowerment initiatives targeted towards empowering citizens or citizen-owned companies in Botswana to penetrate the fuel distribution market (particularly within the secondary fuel distribution system).</p>

CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
<p><b>Kalend (Pty) Ltd and Bokamoso Private Hospital (BPHT)</b></p>	<p>Acquisition of 100% issued share capital, assets and stock in Bokamoso Private Hospital Trust (BPHT) by Kalend (Pty) Ltd. Kalend was incorporated in Botswana and owned by the South African Lenmed Private Hospital and Botswana Public Officers Medical Aid Scheme (BPOMAS). BPHT was duly licensed to operate a private hospital, nursing homes and associated medical and/or auxiliary services in Botswana.</p> <p>The proposed transaction contemplated Kalend acquiring the rights, title and interest in, and to all assets and stock of the business including, without limitation, the intellectual property rights, goodwill, business names, business records and licenses, but specifically excluding any excluded assets as defined in the Assets Sale and Purchase Agreement.</p> <p>The market share of the merged entity in the already concentrated market was expected to remain at 37%. The proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of supplies or services, due to lack of product overlap. Additionally, the continued existence of competitive constraints that would remain in the relevant market was expected to ensure that rivalry continued to discipline the commercial behaviour of the new firm.</p> <p>Though the market share post transaction implementation was estimated to be higher than the dominance threshold of 25%, the transaction was not expected to result in any abuse of dominance as the market structure was not expected to change, let alone the behaviour, post transaction implementation. Furthermore, the proposed merger was expected to have no significant effect on public interest in Botswana in terms of product or service provision, in that the operation of the hospital was to continue to improve access to quality private hospital services to the public and also offer choice</p>	<p>Approved with the condition that the acquiring enterprise would not engage in any conduct of abuse of dominance, given the fact that the target enterprise was considered a dominant firm under section 2 of the Competition Act.</p>
<p><b>MER/015/2012 Khella (Pty) Ltd and Bokamoso Private Hospital (BPHT)</b></p>	<p>Proposed acquisition of sale and cession of rights, title and interest in Bokamoso Private Hospital Trust by Khella (Pty) Ltd (owned by BPOMAS). The market share of the merged entity in the already concentrated market was expected to remain at 37%. The transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of supplies or services, due to lack of product overlap.</p> <p>In addition, the continued existence of competitive constraints that would remain in the relevant market was expected to ensure that rivalry continued to discipline the commercial behaviour of the new firm. Though the market share post transaction implementation was estimated to be higher than the dominance threshold of 25%, the transaction was not expected to result in any abuse of dominance as the market structure was not expected to change, let alone the behaviour, post transaction implementation.</p> <p>Furthermore, the proposed merger was expected to have no significant effect on the public interest in Botswana in terms of product or service provision, in that the operation of the hospital was to continue to improve access to quality private hospital services to the public and also offer choice.</p>	<p>Approved with the condition that the acquiring enterprise would not engage in any conduct of abuse of dominance given the fact that the target enterprise was considered a dominant firm under section 2 of the Competition Act.</p>



CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
<p><b>MER/015/2012</b>  <b>Botswana Mining Services Business and Bucyrus Botswana (Pty) Ltd</b></p>	<p>Proposed acquisition of 100% interest in the Botswana Mining Services Business of Eqstra Botswana (Pty) Ltd by Bucyrus Botswana (Pty) Ltd. Bucyrus Botswana, a subsidiary of Caterpillar Global Mining, was involved in the distribution and after-sales of underground and surface mining equipment in Botswana. On the other hand, a subsidiary of Eqstra, Botswana Mining Services Business, mainly existed for the distribution and provision of after-sales services in relation to the Bucyrus branded products as per the terms of the Eqstra Botswana and Bucyrus Botswana Distribution Agreement.</p> <p>The assessment of the merger revealed that there were very few major players in the market of distribution and after-sales of underground and surface mining equipment in Botswana. The evaluation of the transaction found that the proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of the service, due to the lack of product overlap between the activities of the merging parties.</p> <p>In addition, the proposed merger was expected to have no significant negative effect on the public interest in Botswana in terms of employment, in that no retrenchments or redundancies were expected to occur at the merging parties' enterprise in Botswana by virtue of its implementation.</p> <p>The Authority was, however, hopeful that, in future, the Caterpillar Group would consider designing and implementing citizen empowerment initiatives targeted towards empowering citizens of Botswana to penetrate and participate in the mining equipment industry in Botswana.</p> <p>Such initiatives would include divesting some of its equipment or plants to citizen owned companies, establishing joint ventures with citizen owned companies, or engaging in contractual agreements similar, but not limited to the "Eqstra Distribution Agreement" with citizens, or citizen owned companies.</p>	<p>Approved unconditionally.</p>
<p><b>MER/017/2012</b>  <b>Bucyrus Mining Services Business and Barloworld Equipment Botswana (Pty) Ltd</b></p>	<p>Proposed acquisition of 100% interest in Bucyrus Mining Services Business by Barloworld Equipment Botswana. The net effect of the transaction was to permit Caterpillar to consolidate its global distribution network so that all of the Bucyrus products acquired in terms of the Bucyrus transaction would, going forward, be distributed by the Caterpillar Dealer Network, which in Botswana was Barloworld.</p> <p>The evaluation of the transaction found that the proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of the service, due to the lack of product overlap between the activities of the merging parties. In addition, the proposed merger was expected to have no significant negative effect on the public interest in Botswana in terms of employment, in that no retrenchments or redundancies were expected to occur at the merging parties' enterprise in Botswana by virtue of its implementation.</p>	<p>Approved unconditionally.</p>





CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
<p><b>MER/018/2012</b>  <b>Senn Foods (Pty) Ltd and Seafood Wholesale Botswana (Pty) Ltd</b></p>	<p>Acquisition of 100% issued share capital in Seafood Wholesale Botswana (Pty) Ltd (SFW) by Senn Foods (Pty) Ltd (ISF) and, in exchange, SFW acquiring 43% of the issued share capital in SF. SF was a wholly owned subsidiary of Derek Brink Holdings (Pty) Ltd, and was a wholesaler of fresh meat and manufacturer of processed meats. SFW on the other hand was an active participant in the distribution of chilled and frozen products, including SF's processed meats and dry goods.</p> <p>The proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of the service, due to lack of product overlap between the activities of the merging parties, as well as the continued existence of competitive constraints that would remain in the relevant market.</p> <p>Though the market share post transaction implementation was estimated to be higher than the dominance threshold of 25%, there was no expected abuse of dominance. Furthermore, the transaction was expected to have no significant negative effect on the public interest in Botswana in terms of employment, in that no retrenchments or redundancies were expected to occur by virtue of the transaction implementation.</p>	<p>Approved unconditionally.</p>
<p><b>MER/016/2012</b>  <b>Clover SA and Clover Botswana</b></p>	<p>Clover South Africa increasing its 70% stake in Clover Botswana to 100% by acquiring 29% and 1% issued share capital in Clover Botswana held by PF Brink (Pty) Ltd and Petrus Frederik Brink, respectively. On the relevant product markets, both Clover SA and Clover Botswana were considered to be operational in Botswana as manufacturers and distributors of the relevant food products such as milk, cheese, yoghurt, fruit juice, dairy mix, mageu, etc.</p> <p>The evaluation of the transaction found that the proposed transaction was not likely to give rise to substantive competition concerns in the manufacturing and distribution of the relevant food products (mainly dairy products) in Botswana, as a result of the nature of the transaction or the transaction itself.</p> <p>In addition, the proposed transaction demonstrated the likelihood of the proposed acquisition resulting in a benefit to the public which would outweigh any detriment attributable to any potential competition concerns, considering the following commitments which were to be completed within a period of 3 years from the 27th of June 2012, made by Clover SA to assist the upstream market, particularly small scale dairy producers to:</p> <ul style="list-style-type: none"> <li>(i) identify a local milk farmer and assist the same to develop a dairy business, through providing technical assistance and training with regard to good dairy practice;</li> <li>(ii) help start cluster farming in Botswana by firstly identifying land that is suitable for dairy farming with access to electricity and water; secondly contacting financing institutions and giving the security that all milk produced would be collected and processed by Clover Botswana; and</li> <li>(iii) supporting the farm by providing dairy management training, technical advice, sourcing of good quality dairy cows and using the farm as a training facility for future dairy farmers and herd managers, who want to produce milk on a commercial basis.</li> </ul>	<p>Approved subject to the undertakings/commitments given by Clover SA.</p>



CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
<b>MER/021/2012 Industrial Development Corporation of South Africa and Scaw South Africa (Pty) Ltd and Wire Industries Botswana (Pty) Ltd (WIB)</b>	<p>Proposed acquisition of 65% issued share capital in Scaw South Africa (Pty) Ltd (Scaw SA) and 44% issued share capital in Wire Industries Botswana (Pty) Ltd (WIB) through Consolidated Wire Industries (Pty) Ltd (CWI,) by Industrial Development Corporation of South Africa (IDC SA). IDC SA was a national development finance institution set up to promote economic growth and industrial development in Africa.</p> <p>Scaw SA was reportedly a South African based integrated steel maker producing highly specialised and critical consumables for mining, rail, power, offshore oil and gas, construction, commercial and other industrial sectors.</p> <p>While the production facilities were located in South Africa, Scaw SA did export some of these products to customers who are located in Botswana, while the Botswana entity, WIB, had been dormant since 1990.</p> <p>The proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of supplies or services, due to the absence of product overlap between the activities of the merging parties. In addition, no significant negative effect on the public interest in Botswana was identified.</p>	<p>Approved unconditionally.</p>
<b>MER/006/2012 Camp Management Services Botswana (Pty) Ltd and Ford Food Botswana (Pty) Ltd</b>	<p>Camp Management Services Botswana (CMSB) proposed acquisition of 100% interest in Ford Food Botswana. Both the acquiring and the target enterprises were in the camp management and catering services in Botswana, with a pre-merger estimated market shares of 20% and 13%, respectively.</p> <p>Post-merger, the merged entity was expected to attain an estimated share of 33%. The assessment of the proposed acquisition found that the proposed transaction was likely to result in lessening of competition, but not substantially, because sufficient post-merger competitive constraints such as countervailing power and the availability of competitive suppliers would remain to ensure that rivalry continued to discipline the commercial behaviour of the merged firms.</p> <p>In addition, the proposed merger was expected to have no significant negative effect on the public interest in Botswana in terms of employment, in that no retrenchments or redundancies were expected to occur at the merging parties' enterprise in Botswana.</p>	<p>Approved unconditionally.</p>
<b>MER/026/2012 NWK Limited and Mont Trade (Pty) Ltd</b>	<p>Proposed acquisition of 50% issued share capital in Mont trade (Pty) Ltd by NWK limited of South Africa. NWK manufactured a comprehensive range of scientifically formulated animal feed products, such as cattle, sheep, pig, chicken and horse feeds, while Mont Trade distributed animal feed products manufactured by NWK to the end customers throughout Botswana.</p> <p>The proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of the service, as there was no product overlap between the activities of the merging parties.</p>	<p>Approved unconditionally.</p>



CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
	<p>Though the pre-and post-merger market share of Mont Trade in the Day-Old-Chicks market was estimated to be above the dominance threshold of 25%, the continued existence of competitive constraints, such as countervailing power that would remain in the relevant market, would ensure that rivalry continued to discipline the commercial behaviour of the merged entity. Furthermore, the proposed acquisition did not give rise to significant public interest concerns in Botswana by virtue of its implementation.</p> <p>The acquiring enterprise had indicated in its submission that since the main purpose of the transaction was to diversify its business in Botswana, part of the long term aim of the transaction was to expand by opening new trading branches in Lobatse, Kanye, Maun, Ghanzi, Kasane and Selebi-Phikwe.</p>	
<p><b>MER/027/2012</b>  <b>Blue Falcon Trading 188 (Pty) Ltd and Branded Clothing Company (Pty) Ltd</b></p>	<p>Proposed acquisition of 99% issued share capital in Branded Clothing company (Pty) Ltd by Blue Falcon Trading 188 (Pty) Ltd. Blue Falcon was a newly established entity (none of its shareholders had any known business interests in Botswana) incorporated in the Republic of South Africa, while Branded Clothing Company was incorporated under the Laws of Botswana, with six stores in Botswana trading as Studio 88 and Sidestep.</p> <p>Studio 88 operated as a footwear and apparel retailer, selling predominantly sports branded products and unbranded fashion products, while Sidestep offered a wide variety of high fashion footwear, complemented by selected apparel and accessories.</p> <p>The proposed transaction was not likely to result in substantial lessening of competition due to lack of product overlap between the activities of the merging parties. In addition, the existence of many players in the relevant market was expected to ensure that rivalry continued to discipline the commercial behaviour of the new entity. Furthermore, the proposed merger was expected to have no significant negative effect on the public interest in Botswana.</p>	<p>Approved unconditionally.</p>
<p><b>MER/028/2012</b>  <b>Exclusive Books Botswana and Richtrau No 229 (Pty) Ltd</b></p>	<p>Proposed acquisition of 100% interest in Exclusive Books Botswana by Richtrau No 229 (Pty) Ltd. Richtrau was a special purpose vehicle controlled by the Mvelaphanda Group in South Africa, which reportedly had no known business interests in Botswana. Exclusive Books, on the other hand, was in the book retail market in Botswana with estimated pre-and post-merger market shares of 21%.</p> <p>The book retail market in Botswana was found to be competitive, with several major suppliers. According to the analysis, the proposed transaction was not likely to result in substantial lessening of competition due to the absence of product overlap between the acquiring and target enterprises, and was also not expected to have a significant negative effect on the public interest in Botswana in terms of employment.</p>	<p>Approved unconditionally.</p>

CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
<b>MER/023/2012</b> <b>Jindal BVI and</b> <b>CIC Energy</b>	<p>Proposed acquisition of 100% control in CIC Energy Corp by Jindal BVI Limited. Jindal was reported to be one of India's major steel producers, with a significant presence in sectors such as mining, petroleum, power generation and infrastructure. However, Jindal had no known business interests or assets in Botswana. Similarly, CIC Energy was not operational in Botswana as a producer of coal and energy, but held assets in Botswana geared towards production of coal energy. Accordingly, there was no overlap between the activities of the merging parties in Botswana.</p> <p>Considering the merger, the Authority took cognisance of the fact that the proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of the service, due to the nature of the transaction being a foreign direct investment. The proposed transaction was also likely to promote technical and economic progress in that Jindal was expected to resuscitate the Mmamabula project, which would be a reliable source of energy for Botswana, and also possibly for the neighbouring states, and even for export.</p>	<p>Approved unconditionally.</p>
<b>MER/022/2012</b> <b>Vivo Energy</b> <b>Holdings and</b> <b>Shell Botswana</b>	<p>Proposed acquisition of 100% shareholding in Shell Botswana by Vivo Energy Holdings (VEH). VEH was part of a well-integrated system of oil companies and was the license holder for the Shell Group globally. VEH had no known business interests or assets in Botswana. Shell Botswana was an active participant in the provision of liquid fuel and lubricants into and within Botswana's economy through various channels, including direct sale to major clients, resellers and service stations.</p> <p>Accordingly, there was no overlap between the activities of the merging parties in Botswana. The market shares of the merged entity in the already concentrated liquid fuel and lubricants service provision were expected to remain at 27% and 8%, respectively, post-merger. Consequently, the proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of the service in the distribution of fuel and lubricants markets.</p> <p>However, considering the levels of unemployment in Botswana, the Authority considered the following commitments made by the parties:</p> <ul style="list-style-type: none"> <li>(i) the level of employment within Shell Botswana would not be negatively affected as a result of the transaction; and</li> <li>(ii) Vivo Energy presented more opportunity for enterprises trading in the downstream market as fuel retailers through increased capital injection and provision of more start-up capital to aspiring entrepreneurs.</li> </ul>	<p>Approved subject to the commitments made by the parties.</p>





CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
<p><b>MER/030/2012</b>  <b>MMI Holdings Ltd and Eris Property Group Ltd</b></p>	<p>Proposed acquisition of majority control over Eris Property Group Ltd by MMI Holdings Ltd. MMI Holdings operated in Botswana through the following subsidiaries with their estimated pre-and post-merger market shares in the respective markets; Momentum Life Botswana and Metropolitan Life with a life insurance market share of 11%, and Momentum Health Botswana and Botsogo Medical Aid Society with a healthcare administration services market share of 6%.</p> <p>Eris property, on the other hand, operated in Botswana through the following subsidiaries; Eris Properties Botswana and BEP Developments Botswana, with 5% share of the property development market, and Khumo Property Asset Management with property management market share at 5%.</p> <p>The analysis showed that the proposed merger was not likely to result in substantial lessening of competition due to the absence of product overlap between the acquiring and target enterprises. Furthermore, the merged entity was not considered a dominant player in any of the relevant markets.</p> <p>However, in making its determination, the Authority noted the structural link that would exist, post-merger, between MMI Holdings Limited and Botswana Insurance Holdings Limited as a result of the common shareholding in Khumo Property Asset Management (Pty) Ltd and BEP Developments Botswana (Pty) Ltd.</p>	<p>Approved with the following conditions:</p> <p>(i) that there would be no loss of jobs both at the subsidiaries of the acquiring and the target enterprises on account of the implementation of this merger; and</p> <p>(ii) the structural link that would exist, post-merger, between MMI Holdings Limited and Botswana Insurance Holdings Limited as a result of the common shareholding in Khumo Property Asset Management (Pty) Ltd and BEP Developments Botswana (Pty) Ltd would not lead to coordinated effects which, in turn, could distort competition and ultimately affect consumer welfare.</p>
<p><b>MER/031/2012</b>  <b>Corbett Electrical and Rimrock Holdings</b></p>	<p>Proposed acquisition of 100% equity in Corbett Electrical by Rimrock Holdings (a consortium of Botswana investors). Corbett Electrical was operational in the technical electrical engineering contracting market in Botswana, while Rimrock Holdings was not. Accordingly, there was no overlap between the activities of the merging parties in Botswana and the market share of the merged entity in the competitive technical electrical engineering contracting market was expected to remain at 19% post-merger.</p> <p>Consequently, the transaction was not likely to substantially lessen or prevent competition in the market for technical electrical engineering contracting in Botswana. In addition, consideration was given to the fact that the take-over was made by a consortium comprising of citizens of a company that was wholly owned by non-citizens.</p> <p>Therefore, the takeover was considered to be in line with the citizen empowerment initiative of Botswana. Moreover, the proposed transaction afforded Botswana the opportunity to provide high voltage technical electrical engineering services, thus advancing economic progress in line with the country's development needs.</p>	<p>Approved with a condition that no redundancies result due to the transaction.</p>



CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
<b>MER/032/2012</b> <b>AON Holdings Botswana (Pty) Ltd and Glenrand MIB</b>	<p>AON Holdings Botswana proposed acquisition of 75% issued share capital in Glenrand MIB Botswana. Pursuant to the proposed transaction, AON Holdings Botswana would hold 75% stake in Glenrand MIB Botswana, while a wholly owned citizen consortium (Synopsis (Pty) Ltd) would continue to hold its 25% shares in Glenrand MIB Botswana.</p> <p>Glenrand MIB Botswana specialised in conventional long-term insurance, while AON Holdings Botswana (through its subsidiary AON Botswana) specialised in short-term insurance. The proposed transaction was likely to result in lessening of competition, but not substantially, because sufficient post-merger competitive constraints, such as countervailing power and low barriers to entry, would remain to ensure that rivalry continued to discipline the commercial behaviour of the merged firms.</p> <p>The market share of the merged entity in the short-term insurance brokerage service market was 40%, which was significantly higher than the dominance threshold of 25%. As such, there was potential for abuse of dominance, particularly since the market share of the closest competitor was at 22%, which would weaken the competitive tension that may be imposed on the merged entity. However, the Authority noted that there were no barriers to entry to be occasioned by the increase in market power, in addition to the presence of low switching costs for the clients.</p>	<p>Approved with a condition that no redundancies would occur without the consent of both employees of AON and Glenrand MIB.</p>
<b>MER/035/2012</b> <b>AON Botswana (Pty) Ltd and AON Holdings Botswana (Pty) Ltd</b>	<p>Proposed acquisition of 25% issued share capital in AON Botswana (Pty) Ltd by AON Holdings Botswana (Pty) Ltd, held by CEDA Venture Capital Fund (CVCF). AON Botswana and AON Holdings Botswana (through its shareholding in AON Botswana) were primarily involved in the insurance brokerage, provision of actuarial services and employee benefit administration, and consulting services.</p> <p>CVCF (a private equity investor whose modus operandi is predicated upon making equity investments, with a 5 to 7 year investment horizon, and then recouping its investment through a disposal of that equity investment, either to its partners or to third party investors) wanted to exit. Accordingly, there was no overlap between the activities of the merging parties in Botswana and given that the transaction was a share buy-back, the transaction was not likely to substantially lessen or prevent competition.</p> <p>The proposed acquisition, however, raised public interest concerns in the form of section 59(2)(f) of the Competition Act in terms of advancing citizen empowerment initiatives or enhancing the competitiveness of citizen-owned small and medium sized enterprises. The Authority noted that shares that were previously owned by citizens through the CVCF were being taken over by a non-citizen owned firm, which was considered against the spirit and intent for the establishment of CEDA, which was the empowerment of citizens.</p>	<p>The proposed acquisition was rejected on public interest grounds. However, after some negotiations, the Authority and the merging parties settled that the transaction of the share buy-back by AON Holdings from CVCF should proceed on the following terms:</p> <p>(i) that AON Holdings should look for a citizen partner/partners to acquire the 25% shares it has purchased from CVCF, within a period of 12 months;</p> <p>(ii) in the event that no suitable citizen partner/partners is or are willing or able to take up the shares, AON Holdings would be at liberty to approach any other local entity/entities to take up the shares; and</p> <p>(iii) that AON Holdings and AON Botswana shall revert to the Competition Authority after the expiry of 12 months, with a status report of the transaction regarding the progress made in securing a citizen partner.</p>



CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
<p><b>MER/033/2012</b>  <b>Botswana Medical Aid Society (BOMAID) and Medical Rescue International Botswana(MRI Botswana)</b></p>	<p>Proposed acquisition of 39.6% shares in MRI Botswana by Botswana Medical Aid Society (BOMAID), which were held by CEDA Venture Capital Fund (CVCF). BOMAID provided healthcare administration services with an estimated market share of 22%, while MRI Botswana was in the emergency medical services market with an estimated market share of 80%, hence, there was a vertical relationship in the services provided by the two parties.</p> <p>Prior to this proposed merger, BOMAID already held 53.4% shares in MRI Botswana. Both markets were uncompetitive, with only a few players in possession of a larger portion of the market. Determining the proposed merger, the Authority concluded that the proposed transaction was not likely to result in substantial lessening of competition due to the absence of product overlap between the acquiring and target enterprises, however, the proposed merger raised a public interest concern under section 59(2)(f) of the Competition Act.</p> <p>The Authority noted that since BOMAID was already in possession of 53.4% shareholding in MRI Botswana, the shares held by CVCF should be sold to other citizens who were not already part of MRI Botswana. This was meant to ensure that more citizens were economically empowered and wealth was distributed amongst other citizens.</p>	<p>The proposed acquisition was rejected. However, after some negotiations, the Authority and the merging parties settled that the acquisition of 39.6% shares in MRI Botswana by BOMAID proceed on the condition that, in the event that BOMAID decides to dispose of the acquired shares, it would first offer them to citizens, who are not already shareholders in MRI Botswana.</p>
<p><b>MER/034/2012</b>  <b>Cathay Fortune Investments Limited and Discovery Metals Limited</b></p>	<p>Proposed hostile take-over of Discovery Metals ordinary shares by Cathay Fortune Investments. Discovery Metals was an active participant in the copper-silver mining industry in Botswana, while Cathay Fortune's presence in the Botswana market was only through its shareholding in Discovery Metals.</p> <p>Accordingly, there was no product overlap between the transacting enterprises due to the fact that Cathay Fortune was already a shareholder in Discovery Metals. Consequently, the proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of the service, due to the nature of the transaction.</p> <p>In addition, the proposed transaction was expected to have no negative effect on the public interest in Botswana by virtue of its implementation.</p>	<p>Approved with conditions that redundancies, if any, pertaining to the transaction should be in accordance with the applicable labour laws and that the parties exercise restraint.</p>
<p><b>MER/001/2013</b>  <b>Cathay Fortune Investments and China-Africa Liantou</b></p>	<p>Proposed subscription by China-Africa Liantou Mining for 25% of the equity capital to be issued by Cathy Fortune Investment Limited. On the relevant product market, only the target enterprise (Cathay Fortune) was operational in the Botswana copper-silver mining industry, through its 17.78% shareholding interests in Discovery Metals Limited.</p> <p>Accordingly, there was no overlap between the activities as far as the transaction was concerned in Botswana. Consequently, the merger was not likely to result in a substantial lessening of competition, nor endanger the continuity of the service, due to the absence of product overlap between the acquiring and target enterprises.</p>	<p>Approved unconditionally.</p>



CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
	<p>The Authority was, however, optimistic that Cathay Fortune Investments Limited and China-Africa Liantuo Mining Co., Ltd would consider developing smelting capacity in Botswana in the foreseeable future. Alternatively, in the event that any of the players in the industry (or related industry) set up a smelting plant in Botswana, (with excess capacity to accommodate other players) that the parties would consider negotiating a feasible access to the domestic smelting facilities.</p>	
<p><b>MER/036/2012</b> <b>Reinforcing Steel Contractors (RSC) Botswana and CA Steel (Pty) Ltd</b></p>	<p>Proposed acquisition of 100% interest in Reinforcing Steel Contractors (RSC) Botswana (an operating division of Murray and Roberts Botswana) by CA Steel. RSC Botswana was in the business of steel and reinforcing solutions market in Botswana. CA Steel, through its shareholders, also had interests in the steel industry, but not in Botswana. Therefore, there existed a vertical link between the services offered by the merging parties.</p> <p>Determining the proposed merger, the Authority took cognisance of the fact that, although there existed a vertical relationship between the activities of Reinforcing Steel Contractors Botswana and the business interests of the CA Steel (Pty) Ltd shareholders in Murray and Roberts, the proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of service, due to the absence of geographical overlap between the activities of the merging parties in Botswana.</p> <p>In addition, even though the market share of the merged entity in the steel and reinforcing solutions market in Botswana was estimated at 25% (meeting the dominance threshold as set in the Competition Regulations), it was not on account of the merger.</p> <p>Furthermore, there was no established track record of abuse of dominant market position in the market to warrant a threat of abuse of dominance post transaction implementation. Moreover, no significant negative effect on the public interest in Botswana was identified, in relation to the provisions of section 59 (2) of the Competition Act.</p> <p>The Authority was, however, hopeful that the parties would take cognisance of the high unemployment rates in Botswana and make every endeavour to ensure that the transaction did not lead to loss of employment in Botswana.</p>	<p>Approved with the condition that the merged entity did not enter into any vertical or collusive agreements with Murray and Roberts Botswana, given the past ownership of Reinforcing Steel Contractors Botswana by Murray and Roberts Botswana, as well as the business interests of the shareholders of CA Steel (Pty) Ltd.</p>
<p><b>MER/037/2012</b> <b>Pinnock Holdings (Pty) Ltd and its subsidiary Sachet Investments (Pty) Ltd and Yalda Ltd</b></p>	<p>Proposed acquisition of certain contracts (not in Botswana) of Pinnock Holdings (Pty) Ltd and its subsidiary Sachet Investments (Pty) Ltd by Yalda Limited. The contracts related to the design, supply, delivery and installation of on board computers and related equipment for locomotives and training of certain personnel.</p> <p>Though incorporated in Botswana, both Pinnock Holdings and Satchet Investments had no business activities in Botswana.</p>	<p>Approved unconditionally.</p>



CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
	<p>The proposed transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of the service due to the absence of any product overlap or business activities in Botswana between the acquiring and the target enterprise.</p> <p>In addition, there was no established track record of abuse of dominant market position in this market due to the absence of any business activities in Botswana between the acquiring and the target enterprises. Furthermore, no negative public interest concerns could be readily identified in the proposed merger in Botswana in relation to the provisions of section 59(2) of the Competition Act.</p>	
<p><b>MER/040/2012</b>  <b>Aspen Pharmacare Holdings Limited (Aspen) and GlaxoSmithKline plc (GSK)</b></p>	<p>Proposed acquisition of intellectual property rights of certain over-the-counter (OTC) products of GlaxoSmith-Kline PLC (GSK) by Aspen Pharmacare Holdings Limited (Aspen) of South Africa. Aspen was a company incorporated under the Laws of South Africa and supplied branded and generic pharmaceuticals in more than 150 countries across the world and consumer and nutritional products in selected territories.</p> <p>GSK was reportedly a research-based pharmaceutical firm incorporated under the Laws of England that focused on original product research and the branding and marketing of new innovator products. Its core business was the provision of prescription medicines, prescribed vaccines and consumer healthcare products. In addition, GSK manufactured and supplied certain OTC products, some of which were substitutes to those manufactured and supplied by Aspen.</p> <p>The transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of the service due to the fact that the existence of post-merger competitive constraints, which would be imposed by other players in the pharmaceutical market, would help to ensure that business rivalry was maintained to govern the commercial behaviour of the acquiring firm.</p> <p>In addition, the acquiring firm did not possess any market dominance and consequently no threat of abuse of dominant market position was anticipated, post transaction implementation. Furthermore, no significant negative effects on the public interest in Botswana were identified, in relation to the provisions of section 59 (2) of the Competition Act.</p>	<p>Approved unconditionally.</p>
<p><b>MER/002/2013</b>  <b>ECH Management Solutions Botswana (ECH Botswana) and Servest (Pty) Limited (Servest)</b></p>	<p>Proposed acquisition of 100% issued share capital in ECH Management Solutions (ECH Botswana) by Servest. ECH Botswana was reportedly in the business of facilities management and consultancy services market in Botswana with an estimated pre-and post-merger market share of 33%. Servest was in the delivery of facilities management market, but not in Botswana.</p> <p>There, therefore, existed a vertical relationship between the activities of the acquiring and the target enterprise in that ECH Botswana was in the consultancy and management market, which involved the acquiring of contracts, and Servest would then deliver the services as per the contract agreement.</p>	<p>Approved with the following undertakings/commitment by the merging entity that it shall:</p> <p>(i) use its best efforts to subcontract citizen entities at all material times;</p>



CASE NUMBER AND THE PARTIES	SYNOPSIS OF THE CASE	DECISION
	<p>The facilities management and consultancy market in Botswana was found to be uncompetitive with only about three major players. The transaction was not likely to result in substantial lessening of competition, nor endanger the continuity of service, due to the absence of product overlap between the activities of the merging parties in Botswana.</p> <p>In addition, the proposed merger was not expected to have any significant negative effect on the public interest in Botswana in terms of employment, in that no retrenchments or redundancies were expected to occur at the target enterprise in Botswana, based on the parties' submission. Additionally, the merged entity demonstrated its commitment to use its best efforts to engage citizen owned companies by subcontracting to them at all material times.</p>	<p>(ii) comply with all statutory prescriptions in respect of trade licenses and services reserved for citizens of Botswana or companies wholly owned by citizens of Botswana; and</p> <p>(iii) subcontract to wholly citizen owned companies or citizens of Botswana the provision of reserved services.</p>
<p><b>MER/003/2013</b>  <b>Tosas Botswana and Raubex Group Limited (Raubex)</b></p>	<p>Proposed acquisition of the entire issued share capital of Tosas Botswana by Raubex. Tosas Botswana was a manufacturer and distributor of value-added bituminous products in Botswana and held an estimated market share of 45%. Raubex, on the other hand, was a construction company incorporated under the Laws of South Africa and its activities included road building, road rehabilitation, concrete structures, pipelines, mining services and production of construction materials.</p> <p>Raubex conducted business in some Southern African countries, but not in Botswana. The value-added bituminous products market in Botswana was found to be less competitive with about four major players only. The proposed transaction was not likely to result in substantial lessening of competition due to the absence of both product and geographical overlap between the acquiring and target enterprises.</p> <p>Though the market share of the merged entity in the manufacturing and distribution of value-added bituminous products market was estimated to be above the 25% dominance threshold as set in the Competition Regulations, this was not on account of the merger, but rather the market structure.</p> <p>In addition, there was no established track record of abuse of dominant market power in this market to warrant a threat of abuse of dominance post transaction implementation, as defined under section 2 of the Competition Act. Furthermore, no significant negative effect on the public interest in Botswana was identified, in relation to the provisions of section 59 (2) of the Act.</p>	<p>Approved with optimism that, in the future, the merged entity would consider opening up the roads construction and rehabilitation division in Botswana, which would also lead to the expansion of industrialisation in the country.</p>







RESALE PRICE MAINTENANCE PROSPECTIVELY MERGER RESALE PRICE MAINTENANCE PRICE FIXING  
COMPETITION COMMISSION BID RIGGING COLLUSION ENTERPRISE COMPETITION COMMISSION PRICE FIXING  
PRICE FIXING HORIZONTAL AGREEMENT RESALE PRICE MAINTENANCE COMPETITION COMMISSION PRICE FIXING  
CARTELS ANTI-COMPETITIVE PRACTICES COMPETITION COMMISSION BID RIGGING HORIZONTAL AGREEMENT  
MONOPOLY VERTICAL AGREEMENT PRICE FIXING REFUSAL TO DEAL MONOPOLY VERTICAL  
ACQUISITION PRICE FIXING HORIZONTAL AGREEMENT REFUSAL TO DEAL MONOPOLY VERTICAL

# Competition And Research Analysis

Under the Competition and Research Analysis function, the Authority manages, directs and coordinates operations for investigations, monitoring and assessment of anti-competitive practices in both the private and the public sector.

## Market Research Studies

The Competition Authority embarked on market studies in the wholesale, retail (food and groceries), cement and poultry sectors which were still on-going at end of March 2013. The wholesale and retail studies were initiated by the Authority in order to provide market or industry information that is valid, relevant and reliable to ensure fair play in the market place.

The other studies in the cement and poultry sectors were conducted in conjunction with the African Competition Forum (ACF), which brings together African competition agencies.

The two studies were conducted to understand the cement and poultry sectors in the participating countries of Kenya, Tanzania, Zambia, Namibia, South Africa and Botswana, and identify common competition issues within these sectors. Results would be shared with all stakeholders and the public upon completion, and in Botswana any competition issues raised will be addressed by the Authority.



From left to right:

Ms. Bianca Phele (Intern), Mr. Ernest Bagopi, Mr. Othusitse Oletile, Dr. Mokubung Mokubung, Mr. Setso Sikwane (Intern), Ms. Goitseone Modungwa, Mr. Thabang Tlhalerwa (Intern), Ms. Thabiso Mbongwe

## Investigations into Abuse of Dominance and Restrictive Agreements

In the review period, the Department handled 20 cases involving abuse of dominance, resale price maintenance and restrictive business practices. Seven cases were carried forward to the next financial year. Table 4 below shows cases handled in the year under review:

## Competition and Research Cases for the Year Ending 31st March 2013

Table 4: Competition and Research Cases

CASE	SYNOPSIS OF THE CASE	OUTCOME
<b>Explosives Case</b>	<p>A supplier of mining explosives was reported to the Authority for abusing dominance by holding back supply.</p> <p>The Authority determined that the respondent was not a dominant player in the supply-of-explosives market, hence could not be labelled as abusing dominance.</p> <p>The Authority found that alternative companies sold ammonium nitrate (the base product for making explosives), which meant that there were other competitors to the respondent.</p>	The case was not referred to the Commission and was closed.
<b>Laboratory Case</b>	<p>A private hospital and a private in-house medical laboratory were reported to the Authority for abuse of dominance by not allowing other medical laboratories to access the private hospital's patients.</p> <p>The Authority found that both the private hospital and the medical laboratory were not abusing dominance, as they are interconnected companies which the Competition Act permits.</p>	The case was not referred to the Commission and was closed.
<b>Domestic Gas (LPG) Case</b>	<p>A bulk domestic gas supplier in the Francistown area was reported to the Authority for abusing dominance by holding back supply, competing with customers at the downstream market, as well as corruption in the award of a tender to supply domestic gas at Tonota College of Education (TCE).</p> <p>The Authority established that, even though the bulk domestic gas supplier was a dominant player in the supply of domestic gas, it did not abuse its dominance by holding back supply to the complainant.</p> <p>Investigations revealed that in 2011, there was a shortage of Liquid Petroleum Gas (LPG) not only in the Francistown area, but throughout the country.</p> <p>The issue of corruption in the domestic gas supply tender at TCE was referred to the Directorate on Corruption and Economic Crime (DCEC) and the complainant was informed.</p>	The case was not referred to the Commission and was closed.
<b>Hydraulic Services Case</b>	<p>The Authority received a complaint on abuse of dominance and excessive pricing by Komatsu Botswana (Pty) Ltd, and alleged exclusive business arrangement between Komatsu Botswana (Pty) Ltd and Cylinder Services (a company in South Africa).</p> <p>Investigations by the Authority found that even though Komatsu Botswana (Pty) Ltd was a dominant player in the repair of hydraulic cylinders, it did not abuse its dominance by excessive pricing as alleged. The Authority determined that there were other companies involved in the repair of hydraulic cylinders which could offer the same service at competitive prices.</p> <p>It was found that a different company had fixed the complainant's hydraulic cylinder. This confirmed that alternative service providers exist, and that the hydraulic cylinder service market was fairly competitive.</p>	The case was not referred to the Commission and was closed.

CASE	SYNOPSIS OF THE CASE	OUTCOME
<b>Bran-meal Case</b>	<p>The Authority received a complaint alleging abuse of dominance by Foods Botswana (Pty) Ltd and O. Goitse Investments (Pty) Ltd through exclusive dealing and excessive pricing.</p> <p>The Authority determined in its investigations that the business relationship between Foods Botswana (Pty) Ltd and O. Goitse Investments (Pty) Ltd was just that of supplier and customer; traits of exclusive dealing between the two could not be established.</p> <p>It was determined that there were other customers who buy bran-meal from Foods Botswana (Pty) Ltd for distribution, and this nullified the allegation on exclusive dealing.</p> <p>On the allegation of excessive pricing of bran-meal by O. Goitse Investments (Pty) Ltd, it was found that, though they are the biggest distributor of Foods Botswana bran-meal, O. Goitse Investments pricing was not the highest in the market.</p> <p>Other customers who distributed Foods Botswana bran meal (i.e., Agrivet, Agricop and Tholo Holdings) sold bran meal at prices higher than that of O. Goitse Investments (Pty) Ltd.</p>	The case was not referred to the Commission and was closed.
<b>Poultry Case</b>	<p>Chicken meat distributors were reported to the Authority for allegedly abusing dominance through predatory pricing.</p> <p>The Authority's findings indicated that the complainant's conduct did not amount to predatory pricing, as alleged.</p> <p>Dominant respondents sold chicken meat above production cost, and only one respondent (who is not a dominant player) sold chicken meat at a price just below the alleged industry production cost.</p>	The case was not referred to the Commission and was closed.
<b>Furniture Shop Case</b>	<p>A furniture shop was reported to the Authority for alleged resale price maintenance.</p> <p>The Authority's findings did not reveal any form of resale price maintenance as alleged.</p>	The case was not referred to the Commission and was closed.
<b>Cement Case</b>	<p>A complaint was received by the Authority alleging restrictive business dealings in the cement sector.</p> <p>The Authority's investigations did not reveal any restrictive business dealings as alleged.</p>	The case was not referred to the Commission and was closed.
<b>Horticulture Case</b>	<p>The Authority received a complaint alleging abuse of dominance in the horticultural and retail markets.</p> <p>The Authority's findings did not reveal any abuse of dominance as alleged.</p>	The case was not referred to the Commission and was closed.



Table 5: Competition and Research Cases

A	B	C	D	E	F	G
Section of Competition Act	Number of Cases Brought Forward from 2011/12	Number of Cases Received in 2012/13	Total Number of Cases in 2012/13 (B+C)	Target	Number of Cases Completed in 2012/13	Number of Cases Carried Forward to 2013/14 (D-F)
Section 5 Advisory Opinions to Government	0	2	2	2	2	0
Section 25 Cartels	1	5	6	3	2	4
Section 26 Resale Price Maintenance	0	0	0	2	0	0
Section 27 Vertical and Horizontal Agreements	0	0	0	2	0	0
Section 30 Abuse of Dominance	5	9	14	11	10	4
Section 49 Market Inquiries	0	3	3	1	0	3
<b>Total</b>	<b>6</b>	<b>19</b>	<b>25</b>	<b>21</b>	<b>14</b>	<b>11</b>

The following cases were carried forward to the next financial year:

- (i) alleged acts of concerted practice by various vehicle panel beaters;
- (ii) alleged acts of concerted practice by suppliers in the poultry industry;
- (iii) alleged bid-rigging by some enterprises supplying the Government of Botswana;
- (iv) alleged flouting of tender procedures in the supply of food to schools and Government agencies;
- (v) alleged abuse of dominance in referral of corpses to private mortuaries;
- (vi) alleged refusal to deal by some wholesalers;
- (vii) alleged refusal to deal by some retail supermarkets;
- (viii) alleged predatory pricing of tomatoes by some horticultural farmers;
- (ix) market inquiry in the retail sector;
- (x) market inquiry in the poultry sector; and
- (xi) market inquiry in the cement industry.



# Legal And Enforcement

The Legal and Enforcement function entails the provision of legal services to the Competition Authority and the Competition Commission, and enforcement of the Competition Act. During the period under review, the Authority developed some procedural rules and guidelines. Of these, some were prescribed in the Act, whilst others were designed to ease the process of investigation by inspectors.



From left to right:

Mr. Kesego Modongo, Ms. Tapiwa Masie, Mr. Duncan Morotsi, Ms. Katumelo Searobi - Mhutsiwa (Intern), Ms. Precious Hadebe (Intern)

The following Legal and Enforcement activities were carried out in the period under review:

## Guidelines, Manuals and Rules

During the period under review, guidelines, rules and manuals were put in place to ensure that staff of the Authority understood what is expected of them under the Competition Act. The Authority developed guidelines, manuals and rules as follows:

Table 6: Guidelines, Manuals and Rules Developed from 1st April 2012 to 31st March 2013

GUIDELINES/MANUALS/RULES DEVELOPED	PURPOSE	USE
<p><b>Investigations Manual</b></p>	<p>The Manual sets out the process to be followed by inspectors of the Authority in the investigation of cases of restrictive practices and abuse of dominance. The manual refers to specific sections of the Competition Act which inspectors must observe when conducting investigations and also when carrying out dawn raids.</p> <p>An Investigations Process Map is incorporated into the manual with specified timelines for each stage of the process to guide inspectors, and to ensure that investigations are conducted in a professional, consistent and efficient manner.</p>	<p>Internal use by Authority staff</p>

GUIDELINES/MANUALS/RULES DEVELOPED	PURPOSE	USE
<b>Guidance Notes on the Application of Public Interest Under the Competition Act</b>	<p>The guidelines discuss the public interest objectives in the Competition Act and give more guidance to the Authority on how to apply the public interest provisions in the Act by making reference to how such provisions have been interpreted and dealt with in other jurisdictions.</p> <p>Public interest exceptions apply to cases of merger assessments, abuse of dominance cases and to applications for exemptions under the Competition Act.</p>	Internal use by Authority staff
<b>Guidelines on the Enforcement of Competition Law at the Request of Another State</b>	<p>The guidelines highlight the provisions in the Competition Act relating to the principle of comity, and set a framework within which bilateral cooperation agreements with foreign competition agencies may be negotiated.</p> <p>The guidelines explain the criteria and procedure for the assessment and granting of exemptions by the Authority.</p>	Internal use by Authority staff
<b>Guidelines and Criteria for Granting Exemptions Under the Competition Act</b>	They provide guidance in the application and implementation of section 77 of the Act, and in negotiations of cooperation agreements and their application.	Internal use by Authority staff
<b>Rules for the Conduct of Proceedings of the Competition Commission</b>	The rules set out the procedures to be followed by litigants appearing before the Competition Commission and outline how proceedings will be conducted before the Commission.	Public use  (Published in the Government Gazette of 4th January 2013)
<b>Leniency Policy</b>	The Leniency Policy is intended to form part of Botswana's enforcement strategy as such programmes have been found to be effective in other jurisdictions. Enterprises which come forward with information that enables or assists the Authority to determine that a breach of section 25 of the Act has occurred may receive substantial reductions in or complete immunity from, financial penalties levied by the Competition Commission for that conduct. The Policy is still to be circulated for public comment before it is implemented	Public use  (To be published once consultations on the text have been completed)

## Legal Opinions to Government

In terms of section 5(2)(j) of the Competition Act, the Authority is expected to advise the Minister on international agreements relevant to competition matters. In pursuance of this mandate, the Authority rendered advice on the proposed competition text to form part of the SADC-EU Economic Partnership Agreement which is currently being negotiated by SADC Member States and the European Union.

## Memoranda of Understanding (MoUs)

The Competition Authority is mandated to forge relationships with other sector regulators in a bid to encourage cooperation and to ensure that their respective

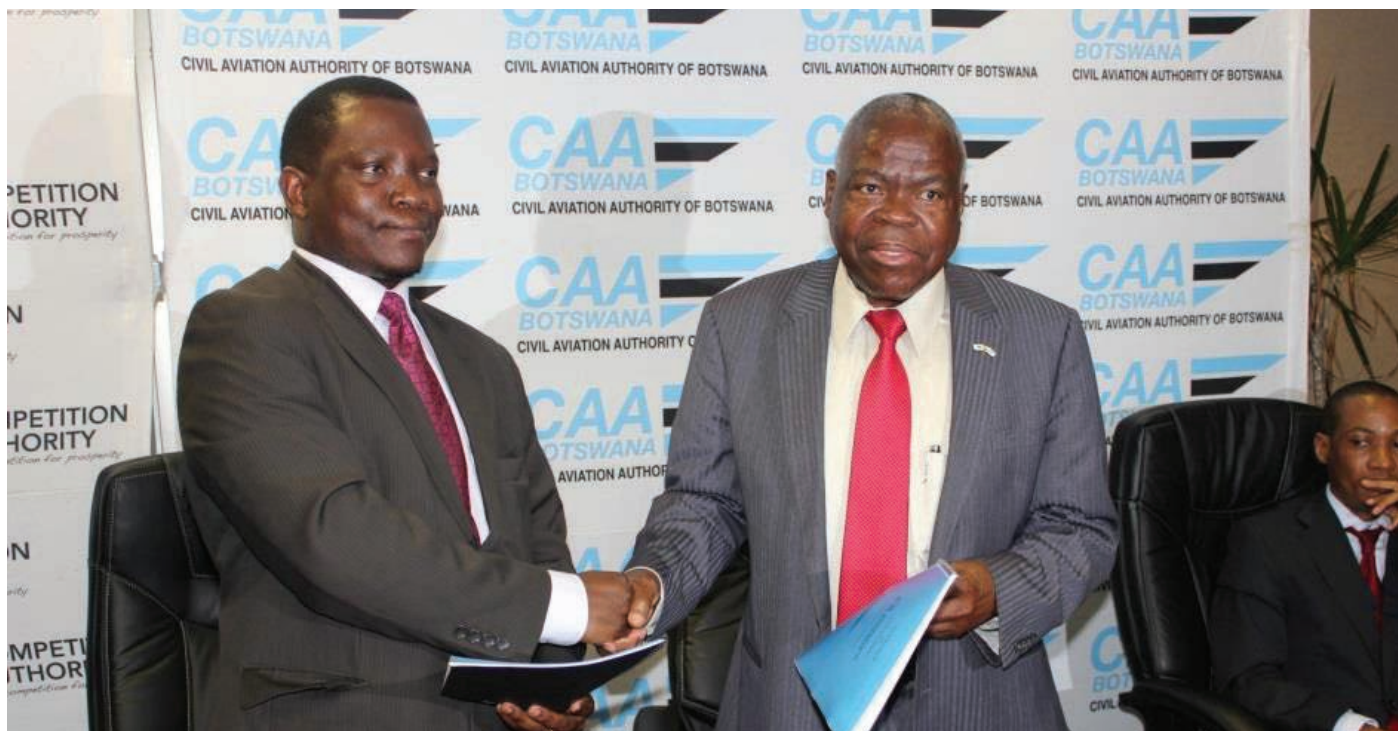
obligations with regard to dealing with competition issues are understood.

The Authority negotiated MoUs with the Civil Aviation Authority of Botswana (CAAB) and the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). The MoU with CAAB was signed on 17th October 2012, while the MoU with NBFIRA was awaiting approval by the NBFIRA Board before signature.

The conclusion of the two MoUs is intended to facilitate the sharing of information on investigations carried out in the parties' respective areas of competence, assistance to each other in the conduct of investigations, provision of expert evidence in the conduct of court or quasi-judicial proceedings, joint training sessions for staff and consultation on areas of mutual interest.



Negotiations were ongoing in the year under review to finalise MoUs with the Botswana Communications Regulatory Authority (BOCRA) and Bank of Botswana (BOB). The Authority had set a target to conclude four MoUs with sector regulators during the review period.



Mr. Kaira and the CEO of the Civil Aviation Authority of Botswana Major General Thokwane at the Signing of a Memorandum of Understanding Between the CA and CAAB on 17th September 2012

## Enforcement

The Authority was served with two applications made to the Commission regarding disputes on the decisions of two merger assessments. Both disputes were settled by counsel representing the parties before they reached the Commission for adjudication.

The two merger transactions related to the exiting of CEDA Venture Capital Fund from AON Botswana and Med-Rescue International. Both transactions involved the buy-back of shares from CEDA Venture Capital Fund following its exit as an investor. In the AON transaction, AON Holdings had proposed to buy the shares previously held by CEDA Venture Capital; while in the MRI transaction, BOMAID had proposed to take over the CEDA Venture Capital shares. The merger transactions were rejected on public interest grounds.

Following the application to the Commission by AON Holdings and BOMAID, settlement agreements were reached allowing the transactions to proceed, but instructing the parties to find citizen partners who were not already shareholders to take over the shares previously held by CEDA Venture Capital.

## Notices of Intention to Investigate

In the period under review, eight Notices of Intention to Investigate were issued as follows:

- (i) three notices were issued to the Medical Practitioners' Group, Botswana Dental Association and the Botswana Optometrists Association to look into the tariff dispute between medical practitioners and medical aid societies to determine whether the Medical Practitioners' Group acted in a concerted manner contrary to the Competition Act; and
- (ii) five notices were issued to BOMAID, BOTSOGO, PULA, BPOMAS and AFA to enable the Authority to investigate possible resale price maintenance imposed by the medical aid schemes on medical practitioners and abuse of dominance by the same medical aid schemes.

## Ex-post Notices

*Ex-post* Notices are issued in exceptional cases where the Authority defers giving normal notice because it considers that giving such notice would materially prejudice its powers to enter and search any premises in terms of section 36 of the Act for information needed for investigation. In the period under review, eight *Ex-post* Notices were issued by the Authority following a raid in the panel beating sector and a Government food rations tender.

In addition to issuing notices to enterprises alleged to have engaged in anti-competitive conduct, the Authority also issued notices to third parties that it deemed had relevant information that could assist in its investigations.

## Search Warrants

Where the Authority determines that there is need to enter and search the premises of a respondent for purposes of seizing any documents or articles relevant to the investigation, a search warrant may be obtained in terms of section 36 (4) of the Competition Act. This is for matters falling within the scope of sections 25, 26, 27(1) or 30(1) of the Act. In the period under review, the Authority obtained 15 search warrants.

## Investigations into Abuse of Dominance and Restrictive Horizontal and Vertical Agreements

A total of 31 complaints were recorded, and 21 were pursued for investigation; while the remaining 10 cases were not investigated as they did not fall within the mandate of the Authority. These complaints were duly referred to the relevant institutions for action as appropriate.

Of the 21 cases that were investigated, six were closed as no competition concerns were found. As reflected in Table 7 below, the cases involved cartels, other restrictive agreements and abuse of dominance. The remaining 12 cases were carried forward to the next financial year.

Table 7: Legal and Enforcement Cases

A	B	C	D	E	F	G
<b>Section of Competition Act</b>	<b>Cases Brought Forward from 2011/12</b>	<b>Number of Cases Received in 2012/13</b>	<b>Total Number of Cases in 2012/13 (B+C)</b>	<b>Target</b>	<b>Number of Cases Completed in 2012/13</b>	<b>Number of Cases Carried Forward to 2013/14 (D-F)</b>
<b>Section 25 Cartels</b>	2	6	8	4	1	7
<b>Section 26 Resale Price Maintenance</b>	1	0	1	1	0	1
<b>Section 27 Vertical and Horizontal Agreements</b>	1	2	3	1	2	1
<b>Section 30 Abuse of Dominance</b>	4	5	9	3	3	6
<b>Section 32 Exemptions</b>	0	0	0	0	0	0
<b>Total</b>	<b>8</b>	<b>13</b>	<b>21</b>	<b>9</b>	<b>6</b>	<b>15</b>

Six cases involving abuse of dominance and restrictive agreements were investigated and closed as reflected in Table 8 below:



Table 8: Investigations of Abuse of Dominance and Restrictive Agreements

CASE	SYNOPSIS OF THE CASE	OUTCOME
<b>Botswana Bakers Association versus Flour Millers, In-store Bakeries and Filling Stations Case</b>	<p>A complaint was received from the Botswana Bakers Association in relation to the production of bread by millers, in-store bakeries and filling stations which the members of the Bakers Association felt was detrimental to their business operations and survival.</p> <p>The Authority's investigation revealed that the production of bread by in-store bakeries, and filling stations was regulated by licence and was, therefore, legal and justified. The case did not, therefore, raise any competition concerns.</p>	<p>The case was not referred to the Commission and was closed.</p>
<b>Super Trading and Ya Raheem Case</b>	<p>The Authority received a complaint from Super Trading alleging that Ya Raheem was involved in bid rigging. After investigations, the Authority and Ya Raheem settled in terms of section 47(2) of the Act, and the settlement is to be confirmed as an order before the Commission.</p>	<p>The case was completed and prepared for referral to the Commission</p>
<b>Commercial Banks Case</b>	<p>A complaint was made by a local law firm alleging anti-competitive practices by some commercial banks in selecting law firms for the provision of legal services.</p> <p>The investigations by the Authority found that the process used by the banks to create panels was competitive and open to participation by all law firms in that the said panels were not immutable, and that after a period of one to two years law firms interested in offering their legal services to the banks were invited to submit their profiles.</p>	<p>The case was not referred to the Commission and was closed.</p>
<b>Department of Curriculum Development and Evaluation Case</b>	<p>The Authority received a complaint from Vision Publishers alleging that tenders for textbooks issued by the Department of Curriculum Development and Evaluation were littered with restrictions that limited competition.</p> <p>After investigation, the Authority found out that the process used by the said Department was fair and transparent and there was nothing anti-competitive.</p> <p>However the concerned Department indicated that it was in the process of reviewing all the textbook development, evaluation, selection and procurement processes for efficiency and the Authority indicated willingness to have an input into the process.</p>	<p>The case was not referred to the Commission and was closed.</p>
<b>Spar Maun and Mifugo Enterprises (Pty) Ltd Case</b>	<p>A complaint was received from Mifugo Enterprises alleging that Spar Maun deducted certain amounts of money which were otherwise due to Mifugo after supplying fresh unbaked pies.</p> <p>After investigation, the Authority found that the complainant sought to recover their outstanding amounts, and this was not a competition issue.</p>	<p>Case closed and complainant was advised to seek other means of redress.</p>
<b>Manufacturers versus Stocksure Holdings (Pty) Ltd Case</b>	<p>A complaint was received from Stocksure Holdings, a company in the business of supplying basic office equipment, alleging that its suppliers competed with it for tenders.</p> <p>After an analysis of the facts of the case and further interviewing the complainant, the Authority found out that at the heart of this complaint was that suppliers did not want to compete with manufacturers who supply them with products.</p>	<p>The case was closed, as in competition law there is nothing that precludes a manufacturer and supplier from competing with each other.</p>



The following cases were carried forward to the next financial year:

- (i) allegations of abuse of dominance in the sorghum and maize milling sectors;
- (ii) preliminary inquiry into possible bid-rigging in the sorghum and maize milling sectors;
- (iii) preliminary inquiry into anti-competitive practices in the retail sector;
- (iv) allegations of anti-competitive conduct by a commercial bank in respect of the allocation of conveyancing services;
- (v) an investigation initiated by the Authority for alleged bid-rigging in a Ministry of Health tender;
- (vi) allegations of bid-rigging in a Government tender for the servicing of fire extinguishers;
- (vii) allegations of bid-rigging in various Government tenders by an enterprise with its sister companies;
- (viii) an investigation initiated by the Authority into possible anti-competitive practices by medical aid schemes.
- (ix) investigation into possible resale price maintenance in the medical sector;
- (x) allegation of predation in the wheat flour sector;
- (xi) allegation of abuse of dominance in the windscreen supply industry; and
- (xii) allegation of abuse of dominance in the bakery sector.

## Exemptions

The Authority may grant an exemption from agreements prohibited under sections 27 and 30 if such agreements have offsetting benefits for the public.

The Authority had set a target that it would in the review period receive 10 exemption requests. However, none were received and lack of awareness could be the main challenge as the relevant stakeholders may not be aware that they could make an application for exemptions in terms of the Act.

In an effort to increase awareness on exemptions as provided for in the Act, the Authority hosted a workshop for legal professionals where exemptions and other legal and enforcement issues were explained in detail.





RESALE PRICE MAINTENANCE PROSPERITY MERGER RESALE PRICE MA  
ON PRICE FIXING COLLUSION ENTERPRISE COMPETITION COMMISSION  
GER PRICE FIXING HORIZONTAL AGREEMENT RESALE PRICE MAINTENANCE PRICE  
IN CARTELS ANTI-COMPETITIVE PRACTICES COMPETITION COMMISSION BID RIGGING PRICE  
RISE MONOPOLY VERTICAL AGREEMENT PRICE FIXING REFUSAL TO DEAL MONOP  
NCE ACQUISITION PRICE FIXING CARTELS ANTI-COMPETITIVE PRACTICES ACQUISITION

# Communications And Advocacy

The Competition Authority is mandated, under section 5(2)(d) of the Competition Act, to inform and educate members of the public and persons engaged in trade and commerce about its powers and functions. To that end, the Authority carried out a number of activities in the period under review to educate the public and promote awareness on its mandate and that of the Competition Commission. The objective was to create a culture of fair competition and promote compliance with the provisions of the Act through non-enforcement mechanisms.



From left to right:  
Mr. Gideon Nkala, Ms. Gladys Ramadi, Ms. Kelebogile Ngwenya

## National Stakeholders Conference on Competition

The second annual National Stakeholders Conference on Competition was held at the Gaborone International Convention Centre on 14th March 2013 under the theme, "Towards a Culture of Competition".

The conference was officially opened by the Honourable Minister of Trade and Industry, Dorcas Makgato-Malesu, who observed that the conference theme was fitting because there is need for a cultural and mindset change where fair competition is not regarded as a barrier, but rather as a good reference point for progress in businesses and the nation at large.

Honourable Makgato-Malesu said creating a culture of competition is one of the precursors to competitiveness, and stressed that Government is committed to ensuring that there is fair competition in the economy. She challenged the Competition Commission and the Competition Authority to take a developmental approach as they implement the Competition Act.

The Minister said that performance of the two institutions will not be measured by how many cases they have handled from year to year, but rather by the positive impact of their interventions in the economy.



Honourable Minister of Trade and Industry Dorcas Makgato-Malesu Officially Opening the National Stakeholders Conference on Competition on 14th March 2013

The Keynote speaker at the conference was Dr. Jochen Pöttgen, the Head of Trade, Politics, Press and Information for the European Union Delegation to Botswana and the Southern African Development Community (SADC).

In his remarks, Dr. Pöttgen said markets are created and managed by human beings who, by their nature, have a tendency to manipulate things for personal benefit. "That is why, especially in the globalised world, there is need for supervising authorities to ensure that the conditions of fair competition are met to defend players in the market, and, most importantly, to protect consumers", he said.



Dr. Jochen Pöttgen - Head of Trade, Politics, Press and Information for the European Union Delegation to Botswana and the Southern African Development Community Delivering the Keynote Address at the National Stakeholders Conference on Competition on 14th March 2013

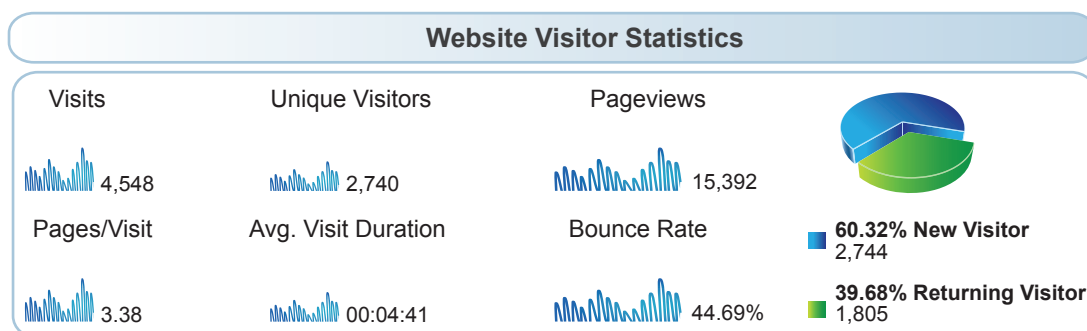
## Social Media

The Authority continued to extensively use social media platforms such as Facebook and Twitter, to interact with its stakeholders. The Facebook page had 569 Likes as at 31st March 2013. At least five new enquiries were made on the page every month. As at 31st March 2013, the Authority had 149 followers on its Twitter page.

## Website

A total of 2,740 people visited the Authority's website [www.competitionauthority.co.bw](http://www.competitionauthority.co.bw). Of these, 60% being new, and 40% being returning visitors to the site during the period, 1st April 2012 to 31st March 2013. The Competition Act and Competition Regulations can be accessed from the website, or purchased from the Government Printer shops in Gaborone and Francistown. Figure 3 shows the number of visits to the website.

Figure 3: Number of Visits to the Competition Authority Website from 1st April 2012 to 31st March 2013



## Media Relations

### Weekly Newspaper Column

As part of its media outreach and effort to maximise avenues of educating the public on competition law and policy issues, the Competition Authority secured space for a weekly column entitled 'Levelling the Playing Field' in Mmegi newspaper.

The column, which was published every Wednesday in the paper, was authored on a rotational basis by staff from the various Departments of the Authority and the topics covered a wide range of competition issues. The first edition of the column was published on 22nd August 2012. The column is available online on the Competition Authority website [www.competitionauthority.co.bw](http://www.competitionauthority.co.bw) and Mmegi website [www.mmegi.bw](http://www.mmegi.bw)

### Botswana Television Morning Show

In the review period, the Competition Authority secured space on Botswana Television's Morning Show with the objective of increasing public awareness on its mandate. A commercial, which captured the mandate of the Authority, ran daily on the morning show, as well as regular interviews of Authority staff.

## International Relations

The Authority was visited by similar entities for benchmarking purposes in the year under review. In this regard, it hosted a Mozambican delegation on 3rd August 2012, and a South Sudanese delegation on 25th October 2012. The Authority also commemorated the UN Set of Principles and Rules on Competition on 5th December 2012.



Honourable Member of Parliament, Henry Dilah Iluga Odwa (shaking hands with Mr. Kaira), led the South Sudanese Delegation on a benchmarking exercise with the Competition Authority on 25th October 2012



## Advocacy

The Competition Authority, through its various Departments, carried out a number of activities in the period under review to educate the public and promote awareness of its mandate and that of the Competition Commission. The advocacy activities are outlined in Table 9 below:

Table 9: Stakeholder Engagement and Advocacy Activities from 1st April 2012 to 31st March 2013

STAKEHOLDER	ADVOCACY ACTIVITY	EXPECTED OUTCOME
<b>Business Community</b>	<ul style="list-style-type: none"> <li>• Presentation to Lobatse Poultry Farmers Association on the Role and Mandate of the Competition Authority and the Competition Commission on 9th May 2012</li> <li>• Participation at the BOCCIM Northern Trade Fair on 31st May to 3rd June 2012</li> <li>• Participation at the Consumer Fair on 23rd to 28th July 2012</li> <li>• Hosting the Northern Stakeholders Conference in Francistown on 25th September 2012</li> <li>• Participation at the BOCCIM Wholesalers and Retailers Workshop on 10th September 2012</li> <li>• Presentation on the Effects of Anti-Competitive Behaviour at a BOCCIM/DCEC Seminar on 13th November 2012</li> <li>• Participation at the Global Expo on 20th to 23rd November 2012</li> <li>• Participation at the Shoshong Tourism and Business Expo on 25th November 2012</li> <li>• Presentation to the Botswana Exporters and Manufacturers Association (BEMA) Seminar on Tariffs in the Milling Industry on 27th November 2012</li> <li>• Hosting the National Stakeholders Conference on Competition in Gaborone on 14th March 2013</li> <li>• Publication of Merger Notices and Merger Decisions in newspapers and the Government Gazette throughout the review period</li> </ul>	<p>Awareness of the business community about the role and mandate of the Competition Authority and the Competition Commission, resulting in compliance with the Competition Act.</p>
<b>Sector Regulators</b>	<ul style="list-style-type: none"> <li>• Participation at the CAAB Aviation Pitso on 23rd June 2012</li> <li>• Official launch of MoU with the Directorate on Corruption and Economic Crime and the Public Procurement and Asset Disposal Board on 13th August 2012</li> <li>• Presentation on the Role and Mandate of the Competition Authority and the Competition Commission to CAAB on 15th August 2012</li> <li>• Signed Memorandum of Understanding with the Civil Aviation Authority of Botswana on 17th September 2012</li> <li>• Participation at the DCEC Assessment Panel on 11th October 2012</li> <li>• Presentation at Botswana Code of Conduct for the Private Sector Seminar organised by DCEC on 13th November 2012</li> <li>• Presentation at Asset Disposal and Public Procurement Workshops Organised by PPADB in November and December 2012</li> <li>• Presentation on the Role and Mandate of the Competition Authority and the Competition Commission to NBFIRA on 6th December 2012</li> <li>• Presentation on Bid-rigging to the District Administration Tender Committee Workshop in Francistown on 22nd January 2013</li> <li>• Presentation at Suppliers on Anti-Competition, Bid Rigging and Collusion in Public Procurement Workshop organised by PPADB on 11th February 2013</li> </ul>	<p>Smooth information sharing, joint investigations and advocacy activities which promote compliance and a culture of competition in all sectors of the economy</p>

STAKEHOLDER	ADVOCACY ACTIVITY	EXPECTED OUTCOME
	<ul style="list-style-type: none"> <li>• Participation at the BTA Code of Conduct for Broadcasters workshop on 14th February 2013</li> <li>• Participation at the DCEC Measurement of Corruption Training Workshop on 25th February to 1st March 2013</li> <li>• Presentation on the Role and Mandate of the Competition Authority and the Competition Commission to the Bank of Botswana on 7th March 2013</li> <li>• Participation at Review of Compliance Mandatory Requirements in Tendering Workshop on 26th March 2013</li> <li>• Participation in the Launch of PPADB Online Contractor Registration System Workshop on 27th March 2013</li> </ul>	
<b>Local Authorities</b>	<ul style="list-style-type: none"> <li>• Presentation to Councils on the Role and Mandate of the Competition Authority and the Competition Commission as Follows:</li> <li>• Presentation to the North East District Council on 25th May 2012</li> <li>• Presentation to the South East District Council on 15th November 2012</li> <li>• Presentation to Selebi-Phikwe Town Council on 15th November 2012</li> <li>• Presentation to Kgatleng District Council on 25th November 2012</li> </ul>	Understanding and support of competition law for onward dissemination to constituents
<b>Police Service</b>	<ul style="list-style-type: none"> <li>• Meeting with the Botswana Police Service on 20th March 2013 to explain the Authority's Mandate and Solicit Collaboration on Implementation of the Competition Act</li> </ul>	Smooth implementation of the Competition Act
<b>Legal Practitioners</b>	<ul style="list-style-type: none"> <li>• Workshop for Legal Practitioners on the Competition Act, on 30th August 2012</li> </ul>	Awareness and compliance to the Competition Act
<b>Academic Institutions</b>	<ul style="list-style-type: none"> <li>• Participation at UB Economics Society Panel Discussion on 2nd February 2013</li> <li>• Participation at University of Botswana Business Enrichment Symposium on 17th to 19th October 2012</li> </ul>	Awareness about the role and mandate of the Competition Authority and the Competition Commission and collaboration on competition research and study
<b>Public</b>	<ul style="list-style-type: none"> <li>• Kgotla meeting at Selebi-Phikwe on 25th February 2013</li> <li>• Kgotla meeting at Mogapi on 25th February 2013</li> <li>• Kgotla meeting at Maokatumo on 25th February 2013</li> <li>• Kgotla meeting at Ntlhantle on 27th September 2012</li> <li>• Responded to more than one thousand complaints and enquiries from the public</li> </ul>	Raising public awareness about competition law and policy promotes a culture of competition
<b>Ministry of Trade and Industry</b>	<ul style="list-style-type: none"> <li>• Submission of 2011/12 Annual Report and Financial Statements on 30th September 2012</li> <li>• Participation at Methala ya Khumo Exhibition in Shakawe on 15th September 2012</li> <li>• Participation at Methala ya Khumo Exhibition in Goodhope on 23rd February 2012</li> <li>• Participation at Commemoration of International Day of Cooperatives in Serowe on 7th July 2012</li> <li>• Participation at Africa Industrialisation Day in Selebi-Phikwe on 15th November 2012</li> <li>• Exhibiting at the Cooperatives Training Centre Official Opening on 1st March 2013</li> </ul>	Enactment of conducive competition legislation and policy, and financial support for implementation
<b>Other Government Ministries</b>	<ul style="list-style-type: none"> <li>• Consultative Meetings with Ministries on the Role and Mandate of the Competition Authority and the Competition Commission as Follows:</li> <li>• Ministry of Infrastructure, Science and Technology: 11th March 2013</li> </ul>	

STAKEHOLDER	ADVOCACY ACTIVITY	EXPECTED OUTCOME
	<ul style="list-style-type: none"> <li>• Ministry of Foreign Affairs: 11th March 2013</li> <li>• Ministry of Finance and Development Planning: 13th March 2013</li> <li>• Ministry of Environment, Wildlife and Tourism: 15th March 2013</li> <li>• Ministry of Labour and Home Affairs: 26th March 2013</li> <li>• Presentation on Bid-rigging to Various Government Departments on 11th February 2013</li> </ul>	
<b>Media</b>	<ul style="list-style-type: none"> <li>• Press Conference to Commemorate the Competition Authority's 1st Anniversary on 24th April 2012</li> <li>• Press Statement on Shield Security Merger Decision on 11th May 2012</li> <li>• Joint Press Statement on the Launch of the MoU with PPADB and DCEC on 9th August 2012</li> <li>• Launch of weekly column 'Levelling the Playing Field' in Mmegi Newspaper</li> <li>• Press Statement on the AON and BOMAID Merger Decision on 19th December 2012</li> <li>• Press statement on Discovery Metals Merger Decision on 20th December 2012</li> <li>• Press Statement on the Competition Commission Starting to Adjudicate Cases on 13th January 2013</li> <li>• Press Statement on AON and BOMAID Settlement with the Authority on 13th February 2013</li> </ul>	Awareness and compliance to the Competition Act
<b>Parliament</b>	<ul style="list-style-type: none"> <li>• Submission of 2011/12 Annual Report and Financial Statements on 30th September 2012</li> </ul>	Appreciation of the Authority's role and mandate and enactment of competition-friendly policy and legal frameworks
<b>Consumer Advocacy Groups</b>	Presentation at Botswana Consumer Centre for Advocacy and Research Orientation Workshop on 20th September 2012	Awareness of competition issues and prevention of consumer exploitation through anti-competitive practices





# Corporate Services

The Department of Corporate Services comprises the Human Resources, Finance, Procurement and Information Technology Units. Together, the Units provide support to the technical departments of the Authority.

## Human Resources

### *Workforce Complement*

During the year ending 31st March 2013, the structure of the Authority was revised to ensure that it is aligned to the organisational strategic objectives. But no major changes were made as the structure was seen to be optimal. At the end of March 2013, the organisational head count stood at 30 against an establishment of 39 (seven of which are for the planned regional office).

The percentage of staff stood at 60% technical and 40% support. The technical functions comprised Mergers and Monopolies, Competition and Research Analysis, Legal and Enforcement, Communications and Advocacy, Policy Coordination and International Liaison and the CEO's Office.

The Authority had a predominantly young workforce, with the average age of staff being 35 years. Of the 30 employees of the Competition Authority, 16 (53%) were male, and 14 (47%) were female. The Authority also engaged five interns in the review period.



From left to right:

Mr. Mooketsi Ntwaagae, Mr. Keoagile Ntshaanana (Intern), Mr. Tonny Kolanyane, Mr. Botsalo Makolo, Ms. Rebecca Rabakane, Ms. Tebelelo Pule, Mr. Morulaganyi Modikwa, Ms. Tshepo Wadipeba, Mr. Otlaathusa Seforo, Ms. Sebilo Kebotsamang, Mr. Kamogelo Ditsele, Ms. Neo Gopolang

### *Staff Turnover*

The Competition Authority is proud of a 0% turnover rate against a target of 5% for the year ending 31st March 2013. The low level of turnover is attributed to effective people management strategies that have been put in place.

### *Training and Development*

The Authority strives to develop one of its most valued assets, human resources, by providing work relevant skills training that can enable it to effectively respond to its business needs and achieve its strategic goals and objectives.

Following the approval of the Training and Development Policy by the Competition Commission, the Authority embarked on a training programme to equip its employees with the necessary skills to implement the Competition Act. In this regard, the following training and development activities were undertaken in the period under review:

Table 10: Training and Development in 2012/13

TYPE OF TRAINING	VENUE	DATE
Annual Conference of the International Competition Network (ICN)	Brazil	17th to 20th April 2012
Investigators and Adjudicators Training Workshop	Kasane	28th May to 2nd June 2012
Case Handlers Winter School	South African Competition Commission	23rd to 24th May 2012
Research Methodology	Competition Authority Offices	30th April to 7th May 2012
SPSS for Data Analysis	Gaborone	7th to 11th May 2012
UNCTAD Research Symposium	Switzerland	8th July 2013
Inter-Governmental Group of Experts on Competition Law and Policy and Ad Hoc Meeting on Consumer Protection	Switzerland	9th to 13th July 2012
Legal and Enforcement Benchmarking	South African Competition Commission	6th to 7th August 2012
Webber Wentzel Conference on Competition Law and the Healthcare Sector	South Africa	6th September 2012
Annual Competition Law, Economics and Policy Conference	South African Competition Commission	7th September 2012
Africa Competition Forum (ACF) Research Project	South Africa	6th September 2012
Tax Update Seminar	Gaborone	19th September 2012
9th Annual HR Summit	South Africa	7th to 12th October 2012
ICN Cartel Workshop	Panama	2nd to 4th October 2012
ICN Advocacy Workshop	France	25th to 27th October 2012
UNCTAD Peer-Review Competition Meetings	Zimbabwe Tanzania	19th to 20th November 2012 26th to 27th November 2012
SADC Training Workshop	South Africa	13th to 14th November 2012
SADC Competition Law and Policy Training	South Africa	13th to 14th November 2012
ICN Mergers Workshop	Columbia	8th to 9th November 2012
Regional Competition Research Workshop	Namibia	3rd to 6th December 2012

In addition to the above training programmes, the Authority facilitated development of its staff by providing study loans. The loans are converted into bursaries upon successful completion of a training programme, in line with the Authority's Training and Development Policy. Study loans were provided for Masters Degree in Economics and Post Graduate Diploma in Economics for Competition Law.

## Team Building

As one of its core values, the Competition Authority aims to promote teamwork amongst its employees. During the period under review, the Authority held some team building activities. This included a staff retreat at Hartbeespoort, South Africa on 14th December 2012.



Competition Authority Staff at a Team Building Activity at Hartbeespoort, South Africa on 14th December 2012

## Staff Welfare

The Competition Authority developed a Health and Safety Policy with an intended objective to encourage employees to become a healthy and productive workforce. In line with this policy, a Wellness Day was held on 16th November 2012 and comprised activities such as aerobics, health checks and motivational speeches. The Authority also participated in World AIDS Day on 1st December 2012.



Staff at the Competition Authority Wellness Day on 16th November 2012

## Employee Relations

The Authority maintained sound employee relations in the review period due to initiatives such as the establishment of the Staff Welfare Committee. The committee facilitates consultation and involvement of staff in decision making. Since its establishment, the Staff Welfare Committee has been actively involved in the facilitation of staff retreats, team building activities, wellness days and sports activities.

## Finance

The Financial Provisions for the Competition Authority are stipulated in sections 21 to 24 of the Competition Act, 2009. They cover funding, requirements for the preparation of proper accounts, the annual audit, and preparation of the annual report.

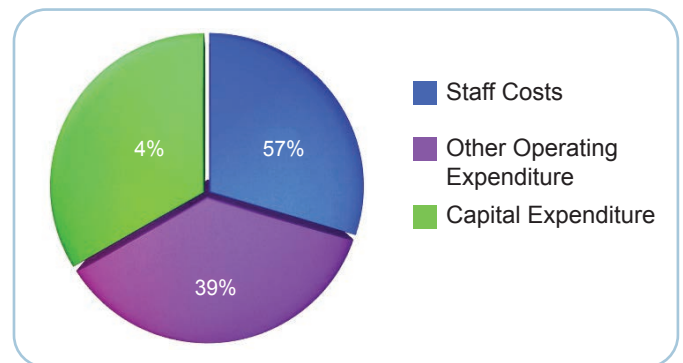
In the review period, the Authority carried out the following finance-related activities:

- (i) developed the budgets according to the Public Service budget cycle and secured funding for the Authority;
- (ii) maintained accurate books of accounts and financial records at the required times through its financial guidelines
- (iii) acquired and implemented automated financial systems;
- (iv) advised the Authority on funding levels;
- (v) facilitated the external auditing of the Authority's books of accounts;
- (vi) developed and maintained accurate financial records in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the Competition Act; and
- (vii) minimised treasury risk

Table 11: Summary of Financials

Operating Expenditure	Expenditure	Percentage of the Expenditure
	<i>(Estimates in BWP)</i>	
Staff Costs	12,644,479	57%
Other Operating Expenditure	8,661,751	39%
Capital (Development) Expenditure	797,303	4%
<b>Total Expenditure</b>	<b>22,103,533</b>	<b>100%</b>

Figure 4: Percentage Breakdown of Competition Authority Expenditure for the Year Ending 31st March 2013



## Procurement

The Competition Authority developed Procurement and Transport Guidelines in the period under review. It also collaborated with the Public Procurement and Asset Disposal Board (PPADB) to align the Authority's Tender Regulations and Procedure Manual with the PPADB's procurement guidelines. It also continued to comply with the Economic Diversification Drive (EDD) policy to support local manufacturers and service providers.





# Audited Annual Financial Statements 31 March 2013



COMPETITION AUTHORITY ANNUAL REPORT 2012/13  
PRICE FIXING  
COLLUSION  
RESALE PRICE MAINTENANCE  
BID RIGGING  
PRICE FIXING  
MONOPOLY  
VERTICAL AGREEMENT  
CARTELS  
ANTI-COMPETITIVE PRACTICES  
HORIZONTAL AGREEMENT RELEVANT TO DEAL RELEVANT MARKET  
COMPETITION COMMISSION  
PRICE FIXING  
COLLUSION  
RESALE PRICE MAINTENANCE  
BID RIGGING  
PRICE FIXING  
MONOPOLY  
VERTICAL AGREEMENT  
CARTELS  
ANTI-COMPETITIVE PRACTICES  
HORIZONTAL AGREEMENT RELEVANT TO DEAL RELEVANT MARKET  
COMPETITION COMMISSION

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**COMMISSIONERS' RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

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 61-79 , which were signed on its behalf by:



.....  
**Dr. Zein Kebonang**  
Chairperson of the Competition Commission  
9th September 2013



.....  
**Thulasoni G. Kaira**  
Chief Executive Officer of the Competition Authority  
and Secretary to the Competition Commission  
9th September 2013

## COMPETITION AUTHORITY

### FINANCIAL STATEMENTS

31 March 2013

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMPETITION COMMISSION

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Competition Authority, which comprise the statement of financial position as at 31 March, 2013, and the statement of comprehensive income, statement of changes in funds and the statement of cashflows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 61-79.

### *Competition Commissioners' Responsibility for the Financial Statements*

The Competition Commissioners are responsible for the preparation and fair presentation of these 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 Competition Commissioners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of, the financial position of the Competition Authority as at 31 March, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Competition Act, 2009.

Practicing Member: Thomas Chitambo (20030022)  
Certified Auditor

Gaborone  
9th September 2013

2nd Floor, Plot 22  
Khama Crescent  
P O Box 41015 Gaborone, Botswana

## COMPETITION AUTHORITY

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	March 2013 BWP	March 2012 BWP
<b>REVENUE</b>			
Government subvention	1	21,993,617	14,708,014
Amortisation of subvention relating to capital assets	16	1,210,162	1,044,670
Total grants revenue		23,203,779	15,752,684
<b>Other Revenues</b>			
Income from international partners		340,006	481,000
Merger fees		1,035,018	1,095,665
Sale of tender documents		1,250	45,000
Interest revenue	6	85,949	-
		1,462,223	1,621,665
<b>Total revenue</b>		24,666,002	17,374,349
<b>EXPENDITURE</b>			
Staff costs	2	12,644,479	5,726,735
Consultancy costs	3	425,834	474,575
Administration expenses	4	6,733,553	6,895,419
Operating lease expenses	5	1,502,364	1,145,535
		21,306,230	14,242,264
<b>Surplus for the year</b>		3,359,772	3,132,085
<b>Total Comprehensive Income</b>		3,359,772	3,132,085

## COMPETITION AUTHORITY

### STATEMENT OF FINANCIAL POSITION

31 March 2013

	Notes	March 2013 BWP	March 2012 BWP
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	7	3,821,377	4,234,236
<b>Current assets</b>			
Trade, other receivables and prepayments	8	1,105,504	866,909
Cash and cash equivalents	9	6,994,445	3,219,708
		8,099,949	4,086,617
<b>Total assets</b>		11,921,326	8,320,853
<b>FUNDS, RESERVES AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Accumulated funds		6,491,858	3,132,085
<b>Non-current liabilities</b>			
Government subvention	16.1	2,611,215	3,189,566
		2,611,215	3,189,566
<b>Current liabilities</b>			
Trade and other payables	10	195,717	172,392
Provisions	11	1,412,374	782,140
Government subvention	16.1	1,210,162	1,044,670
		2,818,253	1,999,202
<b>Total funds, reserves and liabilities</b>		11,921,326	8,320,853

## COMPETITION AUTHORITY

### STATEMENT OF CHANGES IN FUNDS

For the year ended 31 March 2013

	Accumulated Funds BWP	Total BWP
Balance at 01 April 2011	-	-
Total comprehensive income	3,132,085	3,132,085
Balance at 31 March 2012	3,132,085	3,132,085
Balance at 01 April 2012	3,132,085	3,132,085
Surplus for the year	3,359,773	3,359,773
Balance at 31 March 2013	6,491,858	6,491,858

## COMPETITION AUTHORITY

### STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Notes	March 2013 BWP	March 2012 BWP
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Surplus for the period		3,359,772	3,132,085
Adjustments for:			
Amortisation of Government subvention	16	(1,210,162)	(1,044,670)
Depreciation	4	1,210,162	1,044,670
Movement in provision for gratuity pay for the year	11.1	26,388	519,187
Movement in provision for leave pay for the year	11.2	533,930	262,953
Movement in provision for leave travel for the year	11.3	69,917	
Cash generated by operations before working capital changes		3,990,007	3,914,225
Decrease in trade and other receivables	8	(238,595)	(866,909)
Increase in trade and other payables	10	23,325	172,392
Net cash flows from operating activities		3,774,737	3,219,708
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>			
Purchase of plant and equipment for expansion	8	(797,303)	(5,278,906)
Net cash flows used in investment activities		(797,303)	(5,278,906)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Government subvention			
Net cash flows from financing activities	16	797,303	5,278,906
		797,303	5,278,906
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		3,774,737	3,219,708
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>			
		3,219,708	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>			
	9	6,994,445	3,219,708



## COMPETITION AUTHORITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 March 2013

#### ACCOUNTING POLICIES

##### Presentation of Financial Statements

The financial statements have been prepared on a historical cost basis. All values are rounded to the nearest Pula (BWP 1) 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, 2009. Section (23) (3) (d) of the Competition Act, 2009, requires that reference be made that the financial statements have been prepared in a manner consistent with prior periods, except, for the adoption of the new or revised standards.

##### SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements is in conformity with the International Financial Reporting Standards, which requires the use of certain critical accounting estimates and judgements concerning the future. Estimates and judgements 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 judgement. There are no areas of estimation or judgement 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.

The following methods and rates were used during the period to depreciate plant and equipment to estimated residual values:

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

An item of plant and equipment is derecognised upon disposal 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.

##### 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.

## COMPETITION AUTHORITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### ACCOUNTING POLICIES

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 the economic benefits will flow to the Competition Authority and 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.

#### OTHER INCOME

##### *Merger fees*

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

##### *Interest Income*

Interest income is recognised as it accrues (using the effective interest rate). Interest is recognised under other revenues in the statement of comprehensive income.

##### *Sale of tender documents*

Tender fees are recognised when payment is received from the bidders.

##### *Income from International Partners*

Income is recognised when there has been an approval of funding and upon receipt of the funds by the Competition Authority.

#### EMPLOYMENT BENEFITS

##### *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. In some contracts, gratuity is paid annually, while in others, gratuity can 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 made in the Statement of Financial Position.

**ACCOUNTING POLICIES****FINANCIAL INSTRUMENTS*****Financial assets******Initial recognition***

Financial assets within the scope of IAS 39 are classified as loans and receivables. When financial assets are recognised initially, they are measured at fair value, including transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Competition Authority commits to purchase the asset. The Competition Authority's financial assets include cash and cash equivalents and trade and other receivable. Gains and losses on disposal of financial assets are recognised in the statement of comprehensive income under other income.

***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as follows:

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortised cost using the effective interest rate method less any impairment. Gains and losses are recognised in surplus or deficit when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Gains are shown in the Statement of Comprehensive Income under other operating income, while losses are shown under other operating expenses.

Loans and receivables consist of trade and other receivables, and cash and cash equivalents.

***Cash and cash equivalents***

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and deposits on call in banks, net of outstanding bank overdrafts. Cash and cash equivalents are subsequently carried at amortised cost. Due to the short-term nature of these, the amortised cost approximates their fair value.

***Impairment of financial assets***

The Competition Authority assesses at each reporting date whether a financial asset or group of financial assets is impaired such as default of payment by receivable and liquidation of receivable, etc.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The Competition Authority first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Competition Authority determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal should not result in a carrying amount that exceeds what the amortised cost would have been had no impairment loss been recognised at the date the impairment is reversed. Any subsequent reversal of an impairment loss is recognised in surplus or deficit. If there is evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Authority will not be able to collect all of the amounts due under the original terms of the invoice, the carrying amount of the receivable is reduced through use of an allowance account. Loans and receivables are written off, together with the related allowance, when they are assessed as uncollectable.

## COMPETITION AUTHORITY

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#### ACCOUNTING POLICIES

##### Financial liabilities

###### *Initial recognition*

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The Competition Authority determines the classification of its financial liabilities on initial recognition.

Loans and borrowings are initially measured at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Comprehensive Income under other revenues and administration expenses, respectively.

The Competition Authority's financial liabilities include trade and other payables of short term nature.

##### Derecognition of financial instruments

###### *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Competition Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Competition Authority has transferred substantially all the risks and rewards of the asset, or (b) the Competition Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Competition Authority has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Competition Authority's continuing involvement in the asset.

In that case, the Competition Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Competition Authority has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Competition Authority could be required to repay.

###### *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the surplus or deficit.

#### 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.

**ACCOUNTING POLICIES****CHANGE IN ACCOUNTING POLICIES**

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

The Competition Authority has adopted the following new and amended International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations during the period. Adoption of these revised standards and interpretations did not have any financial effect on the financial statements of the Competition Authority. They did, however, give rise to additional disclosures, including in some cases, revisions to accounting policies. Only those amendments that impact the Competition Authority have been disclosed.

**New and amended standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

- IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
- IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
- IFRS 7 Financial Instruments: Disclosures (Amendments)
- IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

The adoption of the standards or interpretations is described below:

***IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets***

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has had no effect on the Authority's financial position, performance or its disclosures.

***IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters***

The International Accounting Standards Board (IASB) provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact to the Authority.

***IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements***

The amendment requires additional disclosure about financial assets that have been transferred, but not derecognised, to enable the user of the Authority's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Authority does not have any assets with these characteristics, so there has been no effect on the presentation of its financial statements.

**Standards issued, but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Authority's financial statements are disclosed below. The Authority intends to adopt these standards, if applicable, when they become effective.

## COMPETITION AUTHORITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### ACCOUNTING POLICIES

##### **IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1**

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the Authority's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will, therefore, be applied in the Authority's first annual report after becoming effective.

##### **IAS 19 Employee Benefits (Revised)**

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Authority is still assessing the impact of the revised standard. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

##### **IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)**

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

##### **IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32**

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Authority's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

##### **IFRS 1 Government Loans - Amendments to IFRS 1**

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Authority.

##### **IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7**

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These Amendments will not have an impact on the Authority's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

**ACCOUNTING POLICIES*****IFRS 9 Financial Instruments: Classification and Measurement***

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Authority's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Authority will quantify the effect in conjunction with the other phases, when the final standard, including all phases, is issued.

***IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements***

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and, therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Authority. This standard becomes effective for annual periods beginning on or after 1 January 2013.

***IFRS 11 Joint Arrangements***

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will not impact the financial position of the Authority.

***IFRS 12 Disclosure of Interests in Other Entities***

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but have no impact on the Authority's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

***IFRS 13 Fair Value Measurement***

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Authority is currently assessing the impact that this standard will have on the financial position and performance; but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

***IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine***

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after 1 January 2013. The new interpretation will not have an impact on the Authority.

***IFRIC 21 Levies***

The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The new interpretation will not have an impact on the Authority.

## COMPETITION AUTHORITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### ACCOUNTING POLICIES

##### ***IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (Amendment)***

The overall effect of the amendment is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where the recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments apply on a retrospective basis for annual periods beginning on or after 1 January 2014. These amendments will not have an impact on the Authority's financial position or performance.

##### ***Annual Improvements May 2012***

These improvements will not have an impact on the Authority, but include:

##### ***IFRS 1 First-time Adoption of International Financial Reporting Standards***

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

##### ***IAS 1 Presentation of Financial Statements***

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

##### ***IAS 16 Property Plant and Equipment***

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

##### ***IAS 32 Financial Instruments, Presentation***

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

##### ***IAS 34 Interim Financial Reporting***

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures. These improvements are effective for annual periods beginning on or after 1 January 2013.



## COMPETITION AUTHORITY

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	Notes	March 2013 BWP	March 2012 BWP
<b>1 GOVERNMENT SUBVENTION</b>			
Revenue/subvention received from the Government of the Republic of Botswana		21,993,617	14,708,014
Capital grants received from the Government of the Republic of Botswana	16	797,303	5,278,906
Total Government Subvention Received		<u>22,790,920</u>	<u>19,986,920</u>
There are no unfulfilled conditions or contingencies attached to these income and capital grants.			
<b>2 STAFF COSTS</b>			
Basic salaries		8,029,469	3,386,119
Allowances		2,990,654	1,584,652
Defined Contribution Plan Expense		765,015	236,777
Contract Gratuity		859,341	519,187
		<u>12,644,479</u>	<u>5,726,735</u>
<b>3 CONSULTANCY COSTS</b>			
Human resources consultancies		247,921	198,850
Strategic workshop		-	77,140
Development of rules and regulations of the Competition Commission and the Competition Authority		177,913	147,057
Valuation of properties under the lease agreement and Competition Authority launch services.		-	51,528
		<u>425,834</u>	<u>474,575</u>
Competition and Consumer Consultants of Australia (CCCA) were engaged to develop rules and regulations and an operational manual for the Competition Commission and Competition Authority on carrying out functions under the Competition Act, 2009.			
<b>4 ADMINISTRATION EXPENSES</b>			
Advertising		785,986	1,362,254
Audit fees		77,386	78,400
Bank charges		25,621	21,824
Competition Commission fees and allowances		103,150	106,539
Depreciation			
- Motor vehicle - note 7	319,544		
- Computer equipment - note 7	625,939		
- Furniture - note 7	264,679	1,210,162	1,044,670
Estate and office refurbishment		42,743	919,335
Insurance		298,495	204,902
Office expenses		610,835	287,216
Printing and stationery		299,154	396,211
Staff related costs		2,572,943	1,858,900
Utilities		587,150	565,556
Vehicle expenses		119,926	49,612
		<u>6,733,553</u>	<u>6,895,419</u>
Staff related costs include recruitments, training, travel, seminars, etc.			
<b>5 OPERATING LEASE EXPENSES</b>			
Office and household rental		1,502,364	1,145,535
<b>6 INTEREST REVENUE</b>			
Interest Revenue of Bank Deposits		85,949	-

## COMPETITION AUTHORITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### 7 PLANT AND EQUIPMENT

	Furniture & Fittings BWP	Motor Vehicles BWP	Computer Equipment BWP	Total BWP
<b>2013</b>				
<b>COST</b>				
At 31 March 2012	1,695,351	1,397,145	2,186,410	5,278,906
Additions for the period	279,382	200,577	317,345	797,303
At 31 March 2013	1,974,733	1,597,722	2,503,755	6,076,209
<b>ACCUMULATED DEPRECIATION</b>				
At 31 March 2012	218,639	279,429	546,602	1,044,670
Depreciation	264,679	319,544	625,939	1,210,162
At 31 March 2013	483,318	598,973	1,172,541	2,254,832
<b>CARRYING AMOUNT</b>				
At 31 March 2013	1,491,415	998,748	1,331,214	3,821,377
<b>2012</b>				
<b>COST</b>				
At 31 March 2011	-	-	-	-
Additions for the period	1,695,351	1,397,145	2,186,410	5,278,906
At 31 March 2012	1,695,351	1,397,145	2,186,410	5,278,906
<b>ACCUMULATED DEPRECIATION</b>				
At 31 March 2011	-	-	-	-
Depreciation	218,639	279,429	546,602	1,044,670
At 31 March 2012	218,639	279,429	546,602	1,044,670
<b>CARRYING AMOUNT</b>				
At 31 March 2012	1,476,712	1,117,716	1,639,808	4,234,236

#### 8 TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	2013 BWP	2012 BWP
Staff advances	400,171	15,776
Provision for debtors impairment	-	-
	400,171	15,776
Prepayments	228,100	228,100
Operating lease asset	21,740	522,749
Other receivables (VAT recoverable)	455,493	100,284
	1,105,504	866,909

Other receivables are VAT recoverable amounts. Staff advances are receivable over six months for advances and twenty four months for training advance and do not attract any interest.

## COMPETITION AUTHORITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 March 2013

	March 2013 BWP	March 2012 BWP
<b>9 CASH AND CASH EQUIVALENTS</b>		
Fixed deposit	3,533,729	-
Call	2,977,931	739,770
Current	477,785	2,477,212
Cash on hand	5,000	2,726
	<u>6,994,445</u>	<u>3,219,708</u>
<p>A sweeping arrangement is in place for the call account with Standard Chartered Bank. Fixed deposit is a 91 days short term investments.</p>		
<b>10 TRADE AND OTHER PAYABLES</b>		
Accruals	104,513	79,620
Audit Fees	76,832	78,400
Subvention recovery	14,372	14,372
	<u>195,717</u>	<u>172,392</u>
<p>Other payables are non-interest bearing and have an average term of three months. Subvention recovery is the cost paid by the Government and is recoverable from the subvention. 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 financial statements.</p>		
<b>11 PROVISIONS</b>		
<b>11.1 Gratuity</b>		
Opening Balance	519,187	-
Provision raised during the period	870,217	519,187
Provision used during the period	(843,829)	-
Closing balance	<u>545,575</u>	<u>519,187</u>
<b>11.2 Leave</b>		
Opening balance	262,953	-
Provision raised during the period	812,220	262,953
Provision used during the period	(278,291)	-
Closing balance	<u>796,882</u>	<u>262,953</u>
<b>11.3 Leave Travel</b>		
Opening balance	-	-
Provision raised during the period	69,917	-
Provision used during the period	-	-
Closing balance	<u>69,917</u>	<u>-</u>

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. Leave travel is a contractual benefit payable after every two years of service. The Employment contract has an option to pay the gratuity on annual basis.

## COMPETITION AUTHORITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### 12 FINANCIAL INSTRUMENTS (continued)

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

	Note	Loans and receivables BWP	Financial liabilities at amortised cost BWP	Total carrying amount BWP
<b>2013</b>				
Trade and other receivables	8	400,171	-	400,171
Cash and cash equivalents	9	6,994,445	-	6,994,445
Trade and other payables	10	-	76,832	76,832
		<u>7,394,616</u>	<u>76,832</u>	<u>7,471,448</u>
<b>2012</b>				
Trade and other receivables	7	15,776	-	15,776
Cash and cash equivalents	8	3,219,708	-	3,219,708
Trade and other payables	9	-	78,400	78,400
		<u>3,235,484</u>	<u>78,400</u>	<u>3,313,884</u>

#### 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 that are placed with local banks. Reputable financial institutions are used for investing purposes. 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 accounts receivable and cash and cash equivalents, as shown in the Statement of Financial Position. Credit risk on receivables is managed through the fact that the significant amount of income, mainly merger fees, is paid in advance as per the Competition Act. Any outstanding amounts on staff debtors is recovered from termination benefits as per the contractual terms and conditions of employment.

#### 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.

## COMPETITION AUTHORITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 March 2013

#### 12 FINANCIAL INSTRUMENTS (continued)

##### Interest rate risk

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

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer note 8). 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 has a 91 day fixed deposit and a current account linked to a sweep call account with reputable financial institutions. For this reporting period, interest rates on fixed deposit have been fluctuating around 4.70% and around 2% on call accounts.

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

	Increase / decrease in basis points	Effect on Equity
<b>2013</b>		
Pula	+100	65,116
Pula	-100	(65,116)
<b>2012</b>		
Pula	+100	7,397
Pula	-100	(7,397)

##### Liquidity risk

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

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 2013 based on contractual undiscounted payments:

	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>2013</b>						
Trade and other payables	-	76,832	-	-	-	76,832
	-	-	-	-	-	-
	-	76,832	-	-	-	76,832
<b>2012</b>						
Trade and other payables	-	78,400	-	-	-	78,400
	-	-	-	-	-	-
	-	78,400	-	-	-	78,400

##### Fair values

The carrying amounts of all financial assets and financial liabilities approximate to their fair value.

## COMPETITION AUTHORITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 March 2013

	Notes	March 2013 BWP	March 2012 BWP
<b>Capital management</b>			
<p>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 2012, the Competition Authority did not have borrowings. As a new 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.</p>			
<b>13 RELATED PARTY TRANSACTIONS</b>			
<p>The Competition Authority was set up by the Competition Act, 2009 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:</p>			
<b>Relationships</b>			
Owner with control of entity		Government of Botswana	
Members of Board of Commissioners		Refer to General Information Page	
<b>Subvention received</b>			
Government of the Republic of Botswana	1	<u>22,790,920</u>	<u>19,986,920</u>
<b>Compensation paid to key management personnel of the Authority</b>			
Short-term employee benefits		<u>4,495,802</u>	<u>3,436,153</u>

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	344,543	608,367
BURS (VAT refunds)	(432,457)	-
	<u>(87,914)</u>	<u>608,367</u>

The purchases from related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 March 2013, the Competition Authority has not recorded any impairment of receivables relating to amounts owed by related parties (2012: 2013). 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 BWP 103,150 (2012: BWP 106,539).

#### 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 (Chapter 52:01).

## COMPETITION AUTHORITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 March 2013

	Notes	March 2013 BWP	March 2012 BWP
<b>15 COMMITMENTS AND CONTINGENCIES</b>			
<b>15.1 Operating lease commitments</b>			
The Competition Authority has entered into rental lease agreements as follows:			
<b>Operating lease commitments where the Authority is the lessee</b>			
The Competition Authority rented office premises and a residential plot under operating lease. For office rental, the lease commenced from 1st September 2011 and continues for a period of 3 years. Termination will require a three months notice. The residential lease is for a period of 2 years, commencing from 1 May 2013. Termination will require two months notice.			
The future minimum rent payments under cancellable leases are as follows:			
Within one year		1,752,007	1,065,523
After one year, but not more than five years		880,411	2,475,954
More than five years		-	-
		<u>2,632,418</u>	<u>3,541,477</u>
<b>15.2 Capital Commitments</b>			
At 31 March 2013, the Competition Authority had no capital commitment.			
There were no other commitments already made at the balance sheet date.			
<b>15.3 Guarantees</b>			
The Competition Authority does not have guarantees on employees' loans.			
<b>15.4 Taxation</b>			
The Authority has conducted its operations in the ordinary course of business in accordance with its understanding and interpretation of commercial arrangements and applicable legislation in Botswana. In certain transactions however, the relevant third party or authorities could have a different interpretation of those laws and regulations that could lead to contingencies or additional liabilities for the Authority. There remains a risk that additional tax liabilities may potentially arise. While it is difficult to predict the ultimate outcome in some cases, the Authority does not anticipate that there will be any material impact on the Authority's results, financial position or liquidity.			
<b>16 GOVERNMENT GRANTS/SUBVENTION</b>			
Opening balance		4,234,236	-
Received during the year - note 7		797,303	5,278,906
Amortisation of government grants - note 7		(1,210,162)	(1,044,670)
Closing balance		<u>3,821,377</u>	<u>4,234,236</u>
<b>16.1 Government grants/subvention</b>			
Current		1,210,162	1,044,670
Non-Current		2,611,215	3,189,566
Closing balance		<u>3,821,377</u>	<u>4,234,236</u>
<b>16.2</b>			
The Competition Authority is funded through a Government Subvention or Grant. As at the reporting date, there were no unfulfilled conditions or contingencies relating to the grant that have not been fulfilled. The abovementioned grant is a grant related to assets. 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.			
<b>17 EVENTS AFTER THE REPORTING DATE</b>			
There were no events after the Statement of Financial Position date which would require adjustment to or disclosure in the financial statements.			









# Competition Authority Team



COMPETITION COMMISSION BID RIGGING COLLUSION CENTER PRICE MAINTENANCE PRICE FIXING  
PRICE FIXING RESALE PRICE MAINTENANCE PRICE FIXING  
CARTELS ANTI-COMPETITIVE PRACTICES COMPETITION COMMISSION BID RIGGING CARTELS ANTI-COMPETITIVE  
MONOPOLY VERTICAL AGREEMENT PRICE FIXING MONOPOLY VERTICAL  
ACQUISITION PRICE FIXING CARTELS ANTI-COMPETITIVE PRACTICES ACQUISITION

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