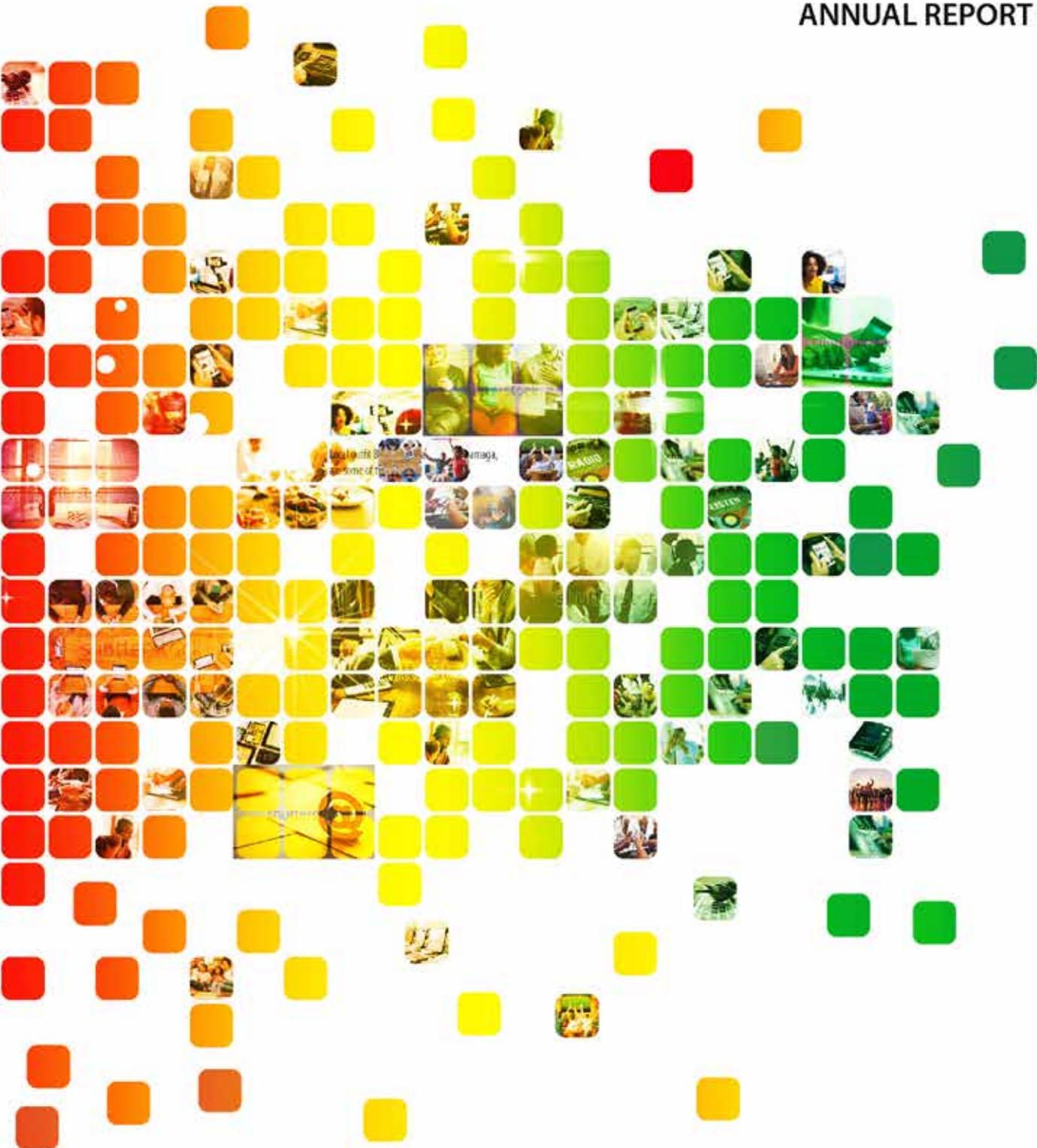


# BOCRA



ANNUAL REPORT 2018





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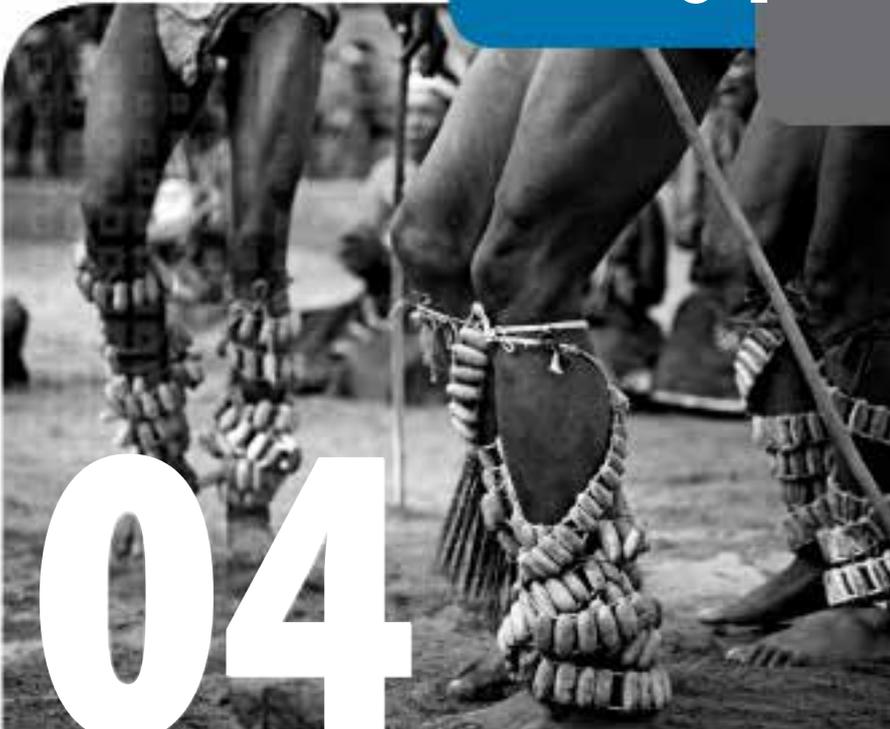
BOCRA has been facilitating development of a Local Content Strategy, in line with its mandate of ensuring domestic sector development.

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## Governance

"It is Board's conviction that the reduction of Termination Rates will result in a positive impact on the downstream retail tariffs."

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# Telecommunications

## BOCRA regulates telecommunications, among other sub-sectors' communications.



**3G rollout has increased** from 57% to 67% over the year while 4G increased from 46% to 55% across 448 towns/villages of Botswana.

Mobile broadband subscriptions increased by 9% from 1,404,065 in March 2017 to 1,523,545 in March 2018.

**TELECOMMUNICATIONS** SPURRED BY THE MOBILE TECHNOLOGY, CONTINUES TO EXPERIENCE SIGNIFICANT GROWTH IN TERMS OF THE TOTAL NUMBER OF CONSUMERS AND VARIETY OF SERVICES.



For more information go to <http://www.bocra.org.bw/telecommunications>



BOCRA has been facilitating development of a Local Content Strategy, in line with its mandate of ensuring domestic sector development.

The Strategy was developed in collaboration, with the Local Content Committee (LOCOG), Companies and Intellectual Property Authority (CIPA), Ministry of Youth Empowerment,

# HISTORY IN THE MAKING

**1996**

Approval of the Telecommunications Act of 1996 [No. 15 of 1996]; Establishment of the Botswana Telecommunication Authority (BTA) and the beginning of liberalisation of the telecommunications market.

**97**

Setting up of the BTA with the assistance of the Swedish Management Group (SMG) and publishing of the tender for the procurement of mobile telephone services.

**98**

Beginning of competition and awarding of the first fifteen year mobile licences to Mascom Wireless (Pty) Ltd and Vista Cellular (now Orange Botswana (Pty) Ltd). The licences were awarded with a ten (10) year exclusivity period.

**99**

Licensing of the first two commercial FM Broadcasting Radio Stations; Yarana FM and Gabz-FM. BTA awarded the first Internet Service Providers' licences.



**2000**

Hosting of the Telecommunications Regulators Association of Southern Africa (TRASA) Programme office. BOCRA moved into its own building (the current office). National Roaming was suspended. BOCRA issued two rulings directing Botswana Telecommunications Corporation (BTC) to provide leased line capacity to two Internet Service Providers (ISPs).

**2001**

Implementation of the new seven digit-numbering plan. The International Telecommunication Union (ITU) conducted a study on the BOCRA and declares it a best practice model for regulators and policy-makers to emulate.

**2002**

Study on the Pricing of Telecommunications Services in Botswana. ITU Secretary General Mr. Yoshio Untsumi officially opened the BOCRA Office.



**03**

BTC was granted a fifteen (15) year licence. BOCRA issued Interconnection Guidelines and the first interconnection ruling between Botswana Telecommunication Corporation (BTC), Mascom Wireless and Orange Botswana.

**04**

Study on Further Liberalisation of the Telecommunications market in Botswana that led to the August 2006 Minister's pronouncement on the lifting of the restriction on the provision of VoIP by Value Added Network Service Providers and permission for mobile operators to self-provide transmission links.

**05**

Installation of the Automated Frequency Management System (AFMS) which simplifies many of the responsibilities of radio Frequency Spectrum administration such as licensing, engineering analysis, frequency assignment and monitoring. Study on Cost Model and Pricing Framework for the Telecommunications Market in Botswana.

**06**

Development of the Telephone and Draft Universal Service and Access Policy.

**2007**

Introduction of the Service Neutral Licensing Regime leading to the birth of the BTC mobile phone service arm - beMOBILE.

**2008**

Development of the Telecommunications Technical Specifications and Type Approval Procedures. Development of the Telephone Numbering Policy and the Spectrum Management Strategy.



**09**

Official opening of the spectrum monitoring facility – The Spectrum House. Market study of the telecommunications sector in Botswana and the beginning of the Mobile Phone Sim-cards Registration requirement.

Sports and Culture Development (MYSC) and the Department of Broadcasting Services (DBS). As at the end of reporting period, the stakeholders completed a situational analysis of local content broadcasting in Botswana. The analysis discussed the effectiveness of initiatives and measures that support local content in Botswana. Pursuant to the situational analysis, the stakeholders will proceed with development of the Local Content Strategy during the next financial year, which will provide a blueprint to facilitate development and promotion of broadcasting local content.

The Authority continued monitoring the operations of the licensed Broadcasters for compliance, based on Service Availability Rate (SAR), which was set at 99%. The SAR is calculated as an average for all transmission areas. The performance for the period under review is given in the Table 6.

The SAR is calculated as an average of all transmission areas. During the period under review, eBotswana made a marked improvement from 94% recorded in the second quarter to 99.9% recorded in the fourth quarter. eBotswana had previously

recorded 94% performance as a result of switching off its transmitter to allow for installation of a transponder and changing of settings. Gabz FM SAR fluctuated over the year reaching the lowest in the fourth quarter.

Broadcasters still struggle to meet the required SAR due to power outages in remote areas, and provision of back-up power continues to pose a challenge due to the large capital investment required. Broadcasters still struggle to meet the required SAR due to power outages in remote areas.

## 2010

Allocation of the Fixed Wireless Access Spectrum and the Development of a Cost Model and Pricing Framework for Communications Services in Botswana.

## 11

Directive on the implementation of the Recommendations of the Cost Model and Pricing Framework for Communications Services in Botswana leading to the reduction of wholesale and retail tariffs.



## 2012

Parliament passes the Communications Regulatory Authority Act (CRA). The Act provides for the regulation of Telecommunications, Broadcasting, Postal and Internet services under a converged environment.

## 2013

Telecommunications Corporation Limited (BTCL) as a retail business and the Botswana Fibre Networks (BoFiNet) as a wholesale business.

Establishment of the Communications Regulatory Authority (BOCRA). Implementation of structural separation of the Botswana Telecommunications Corporation (BTC) to create Botswana

## 2014

Creation of the Universal Access and Service Fund (UASF) in April 2014 to support provision of universal access to communication services particularly in the underserved and un-served areas of Botswana. Parliament passes the Electronic Records (Evidence) Act, 2014 and the Electronic Communication and Transactions Act 2014.

## 2015

BOCRA facilitated reduction of regional retail roaming tariffs in line with the 2014 SADC ICT Ministers policy directive

for reduction of regional tariffs. Botswana, Zambia, Namibia and Zimbabwe commenced the reduction of tariffs in November 2015.

BOCRA developed and published minimum specifications for Integrated Digital TVs, Mobile/ Portable devices and Set-Top-Boxes (STBs) to facilitate transition from analogue to digital broadcasting. Botswana and South Africa signed of a Joint Communiqué for "Cooperation and Coordination of Cross Border Interference for Terrestrial Services and Other Related Matters" Botswana Telecommunications Corporation Limited (BTCL) on the Botswana Stock Exchange, (BSE).

## 16

BOCRA facilitated the hosting of the Africa Internet Summit (AIS16) and the World Telecommunication Indicators Symposium (WTIS). BOCRA implements new ICT Licensing Framework. BOCRA licenses postal operators under the new licensing framework.

## 2017

Establishment of the Communications Regulatory Authority (BOCRA). Implementation of structural separation of the Botswana Telecommunications Corporation (BTC) to create Botswana Telecommunications Corporation Limited (BTCL) as a retail business and the Botswana Fibre Networks (BoFiNet) as a wholesale business.

## 2018

Cost model and pricing study leading to removal of off-net premiums from retail tariffs and reduction of mobile termination rates to 13 thebe.



# Chairman's Statement

**Major General Bakwena Oitsile (Rtd)**  
Board Chairman



I am honoured to present my maiden report as Chairman of the Board of BOCRA. I am grateful for the foundation laid by the former Board under the stewardship of Chairman Mr. Peter van Riet Lowe.

The Board was reconstituted during the reporting period and we consequently started work in August 2017. Our first major task was the recruitment of the substantive Chief Executive following retirement of Mr. Thari Pheko at end of April 2017.

The 2017/18 reporting period marked the penultimate year of the BOCRA five-year Strategic Plan for the period

2014-2019. During the period under review, implementation of the Strategy Plan focused on six key strategic objectives: Affordable ICT Services; Universal Access and Services; Sector Growth (Broadcasting); Improvement of Quality of Service; Improvement of Regulatory Processes; Implementation of Electronic Communications & Transactions Regulations as well as Electronic Records (Evidence) Regulations. The performance of BOCRA was assessed on the basis of the Operational Plan and the Shareholder Compact Agreement signed with the Ministry of Transport and Communications.

In pursuit of the foregoing, BOCRA directed operators to implement certain regulatory decisions aimed at ensuring affordability of services and enhancing competition in the market. Among other things, the Board took a decision to implement the reduction of the Termination Rates (prices that operators charge one another for carrying each other's calls) over a two-year glide path. It is Board's conviction that the reduction of Termination Rates will result in a positive impact on the downstream retail tariffs.

The Board, through the Universal Service and Access Fund (UASF) undertook to improve access to communications services in rural, unserved and underserved areas. The initiative is aimed at facilitating the use of ICTs in rural communities by providing Internet connectivity to schools and enhancing mobile network coverage in line with the objectives of the National Broadband Strategy.

**"It is Board's conviction that the reduction of Termination Rates will result in a positive impact on the downstream retail tariffs."**



The first beneficiaries of the projects were the three regions of Mabutsane, Kgalagadi and Ghanzi.

The Board also issued seven television broadcast licences in a bid to encourage growth of the television broadcast market. The new licensees are expected to offer variety of services leading to increased choice for consumers.

Quality of Service was one of the areas that the Board addressed. To this end, the Board issued additional spectrum for Fixed Wireless Access (FWA) in an effort to address last mile connectivity, provide better speeds for internet connectivity and address service gaps. The release of FWA spectrum was also intended to help address quality of service for data services especially in urban areas where the demand for high speed data is on the increase.

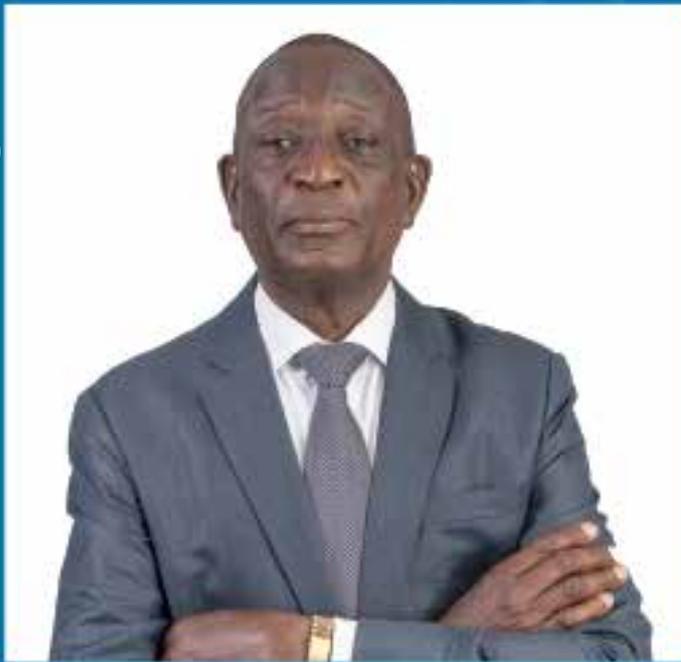
In line with the additional mandates brought about by the Electronic Communications and Transactions Act, and the Electronic Records (Evidence) Act, the Board approved licensing of Electronic Signature Provider. The provider will ensure secure online transactions to inspire consumer confidence. Increased data consumption and electronic transactions will largely depend on consumer confidence on the security of online business.

Although the Board started its work four months into the financial year, it managed to reach major decisions to advance the regulatory mandate. During the ensuing period the Board will formulate the next strategic plan for the period 2020-2024 to take the industry forward.

In conclusion, the Board welcomes and pledges its unwavering support to Mr Martin Mokgware who assumed duty on 1 December 2017 as the Chief Executive. Equally, the Board is grateful to Mr Tshoganetso Kapaletswe who acted as Chief Executive for seven months from May to November 2017.

**Major General Bakwena Oitsile (Rtd)**  
Board Chairman

# Board of Directors



**Major General Bakwena Oitsile**  
Chairman

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Diploma in Civil Engineering, Fort-Belvios, Virginia, USA



**Professor Joseph Monamati Chuma**  
Vice Chairman

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PhD. in Electronic System Engineering,  
University of Essex, UK  
M.Sc. In Telecommunications &  
Information Systems Engineering,  
University of Essex, UK  
Master of Business Administration  
(MBA), University of Botswana  
BEng in Electrical & Electronic Engineering,  
University of Nottingham, UK

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**Onkagetse Doctor Pusoentsi**  
Board Member

Bachelor of Laws Degree,  
University of Botswana



**Wilhemina T. Makwinja**  
Board Member

B A (Hons) in Sociology and Social  
Policy, University of Essex (UK)  
Post graduate qualification in  
International Management  
specialising in Energy, Oils & Gas,  
Liverpool University (UK)



**Galeboe Mmelesi**  
Board Member

Bachelor of Computer Science,  
University of Botswana



**Batang Comma Serema**  
Board Member

PhD (Library and Information Studies),  
University College London, UK  
MSc. (Information Analysis), Robert  
Gordon University, Scotland, UK  
BA (History & Environmental Science),  
University of Botswana



**Gape Kaboyakgosi**  
Board Member

PhD in Public Policy, Australian  
National University, Australia  
Master of Public Administration  
(MPA), Syracuse University, USA  
Bachelor of Arts (BA), University of  
Botswana



**Martin Mokgware**  
Chief Executive & Ex-officio Member

M.A Transport Economics, University  
of Leeds, UK  
B.A Economics, University of Botswana  
Postgraduate Diploma in  
Telecommunications Regulation,  
University of Westminster, UK

# Chief Executive's Statement

**Martin Mokgware**  
Chief Executive



It has been two decades since the establishment of the telecommunications regulatory authority in December 1996 and the introduction of competition with the licensing of mobile network operators in February 1998. Over the period, the communications industry has realised significant gains and played a major role in the growth of the economy of Botswana. All the regulated services

of telecommunications, broadcasting, postal and the Internet have grown, albeit by varying degrees. Phenomenal growth has been observed in the uptake of mobile voice telephony which registered a penetration of approximately 157% as at March 2018. This impressive growth has facilitated the penetration of mobile broadband services, reaching 75% during the same period.

The broadcasting market also experienced some growth as new entrants came on board promoting competition, diversity and plurality in the sector. BOCRA awarded television licences for provision of broadcasting service through various platforms including satellite and Internet Protocol (IP) platforms.

New entrants took advantage of reducing prices for satellite bandwidth and associated capital investment to launch satellite television broadcasting services. Broadcasting licences were awarded for Satellite Subscription Television, Subscription Management Services, Satellite Free to Air and online television broadcasting. Some of the new entrants managed to penetrate

**Phenomenal growth has been observed in the uptake of mobile voice telephony which registered a penetration of approximately 157% as at March 2018.**



## COMMERCIAL POSTAL MARKET

Two additional players were licensed, growing the market to

# 22

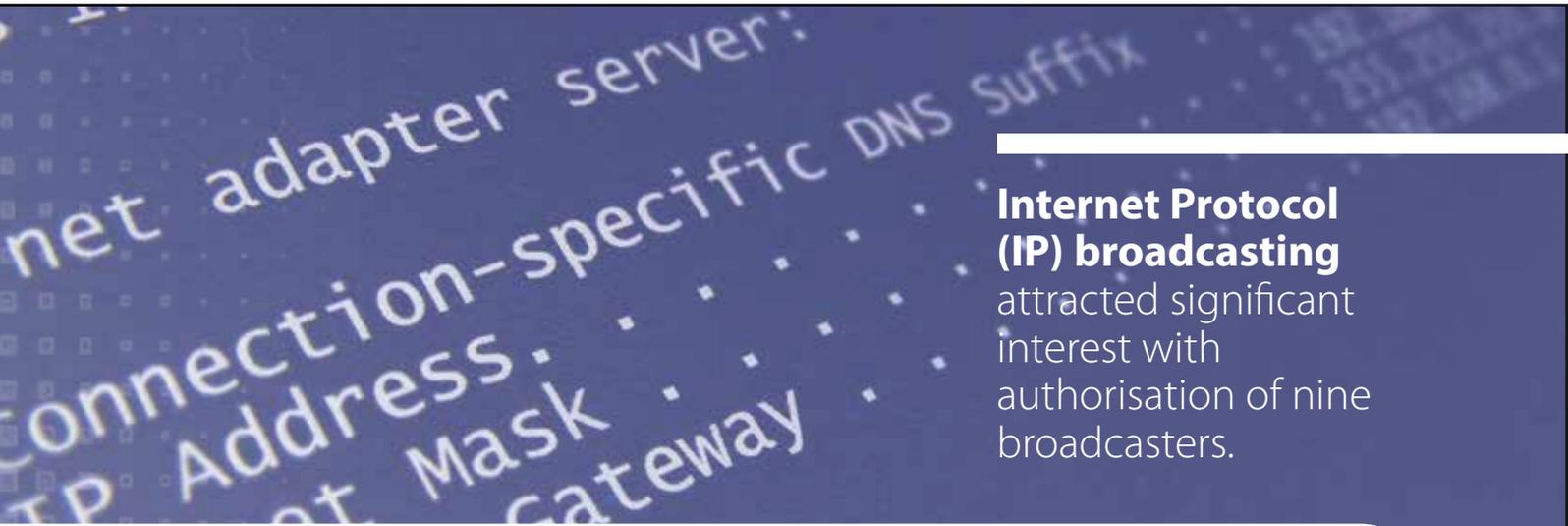
2018: **22 players**

2017: **20 players**

the market during the reporting period while others were yet to launch their services.

Internet Protocol (IP) broadcasting attracted significant interest with authorisation of nine broadcasters. BOCRA employs light touch regulation on the IP broadcasters who are guided by a Code of Practice. BOCRA continued to observe the development of this service that is accessible to viewers with broadband internet connectivity.

On the Terrestrial Platform, BOCRA invited applications for Network Facilities Provider licensing for Digital Terrestrial Television (DTT). Regrettably no applicants were successful, prompting BOCRA to vigorously pursue infrastructure sharing, to facilitate roll out and expansion of commercial terrestrial services which would achieve the same objective



**Internet Protocol (IP) broadcasting** attracted significant interest with authorisation of nine broadcasters.

as licensing additional broadcasters. BOCRA also initiated a FM market study to evaluate the feasibility of licensing more FM broadcasting players.

With respect to the commercial postal market, two additional players were licensed, growing the market to 22 commercial operators. However, the sector continued to face competition from electronic communication, leading to a 32.2% reduction in volume of postal items compared to the previous financial year. The reduction is attributable to electronic substitution as some bulk mailers increasingly shift to communicating with their customers electronically.

In line with its mandate of ensuring affordable prices for services, BOCRA undertook a Cost Model and Pricing study to determine the underlying cost of providing services. The study resulted in a regulatory Directive mandating operators to reduce mobile termination rates from 29 thebe to 13 thebe over a two year glide path beginning June 2017. Further, operators were directed to

eliminate Off-Net premiums from their tariffs over the same period.

On the technology front, operators continued to roll out 3G and 4G services to address the growing demand for data services. 3G rollout increased from 57 to 67 percent over the year while 4G increased from 46 to 55 percent. The exponential growth in the demand for data services brought with it a new set of challenges, as operators need to continuously think of new ways of improving quality of service.

The year was also active on the legal front. BOCRA appeared before the courts of law on three occasions with two other matters dealt with outside the courts. As a quasi-judicial entity, legal cases are to be expected as they serve to strengthen transparency and predictability of regulatory environment.

The International Telecommunication Union summarised Botswana's communications market performance by ranking the country fifth in Africa behind Mauritius, Seychelles, South

**4G**

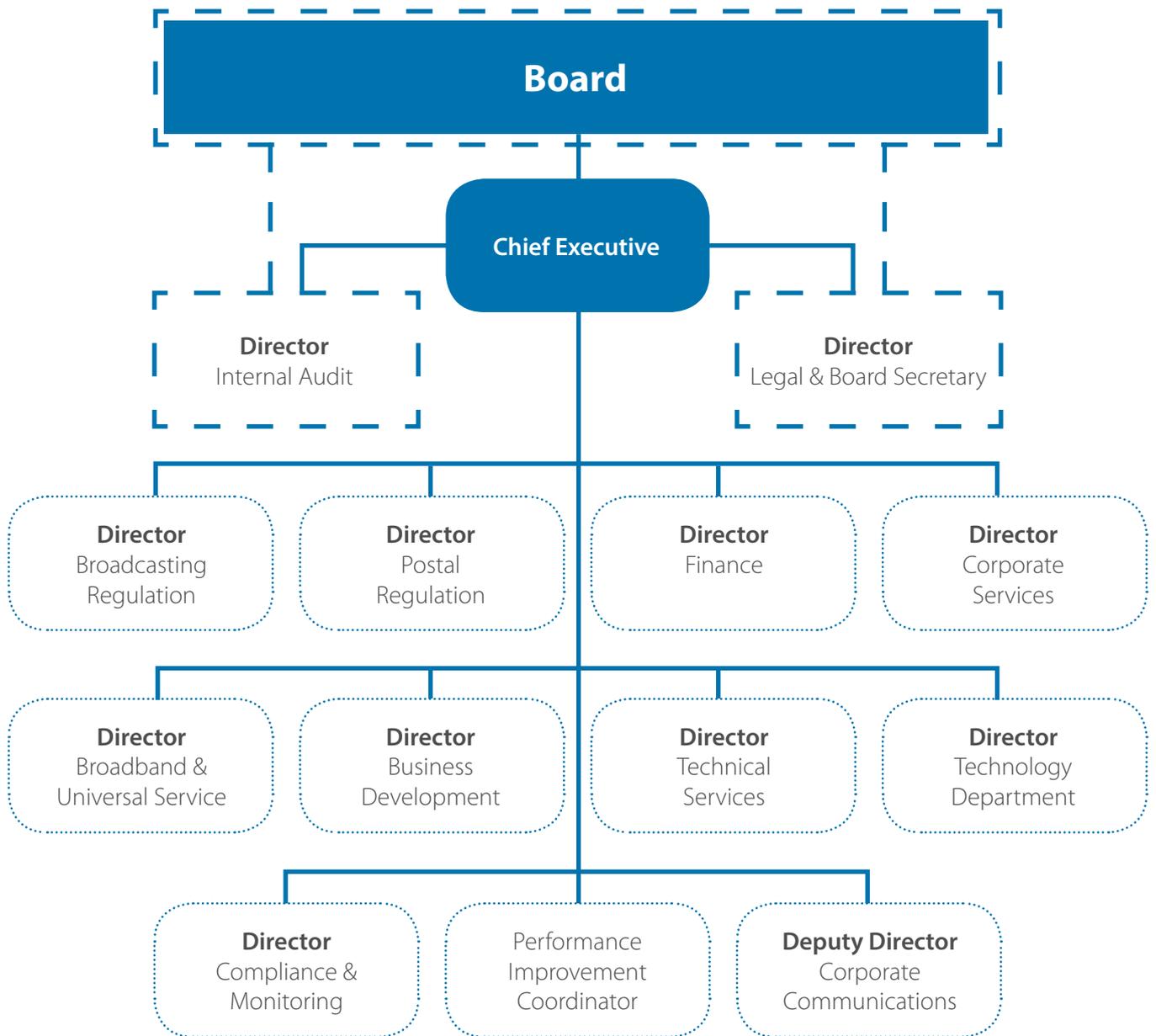
**increased from 46% to 55% due to growing demand for data services**

Africa and Cape Verde. Botswana has maintained this impressive performance for the past three years despite the unique challenges of vast territory with sparse population and no access to the sea, all of which make provision of communications services costly compared the front runners.

All of the above would not have been possible had it not been for the dedication and professionalism of BOCRA staff over the years.

**Martin Mokgware**  
Chief Executive

# Executive Structure





**Martin Mokgware**

Chief Executive



**Joyce Wema Isa-Molwane**

Director Legal & Board Secretary



**Bonny Mine**

Director Finance



**Bathopi Luke**

Director Broadcasting Regulation



**Tebogo Mmoshe**

Director Compliance & Monitoring



**Noble Katse**

Director Business Development

# Executive Management



**Peter Tladinyane**

Director Corporate Services



**Cynthia Phaise**

Director Technical Services



**Murphy Setshwane**

Director Licensing & Postal Regulation



**Tshoganetso Kapaletswe**

Chief Technology Officer



**Aaron Nyelesi**

Deputy Director Corporate Communications



**Thapelo M. Mogopa**

Performance Improvement Coordinator



**Maitseo Ratladi**

Director Broadband & Universal Service



# CORPORATE GOVERNANCE

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# Broadcasting BOCRA regulates Yarona FM, Duma FM, Gabz FM and eBotswana.



**BOCRA awarded four** Subscription Management Service Licences, one Subscription Satellite Television Licence, two Free to Air Satellite Television Licences, six Authorisations for Online Radio and two Authorisations for IPTV.

**THE CRA ACT MANDATES BOCRA TO REGULATE ALL BROADCASTING; SUBSCRIPTION MANAGEMENT SERVICES AND RE-BROADCASTING ACTIVITIES SAVE FOR THE STATE BROADCASTING.**



For more information go to <http://www.bocra.org.bw/broadcasting>

# Role of the Board

The Board of Directors of the Botswana Communications Regulatory Authority (BOCRA) comprises a team of seven members appointed by the Minister of Transport and Communications (MTC) in accordance with Section 4(1) of the Communications Regulatory Authority (CRA) Act of 2012.



The Board plays a paramount role in the regulation of the ICT, Postal, Telecommunications and Internet sectors by ensuring adherence to the provisions of the CRA Act, applicable laws of Botswana and accepted standards of good corporate governance. The Board is also responsible for, inter alia, strategic and business planning for efficient operation, appropriate budgeting, policy development, appointment of senior officers on recommendation of the Chief Executive as well as

overall performance review of the organisation and the Chief Executive.

In executing its mandate, the Board relies on the CRA Act, the Board Charter and the Shareholder Compact Agreement between BOCRA and the Ministry of Transport and Communications. These instruments establish the Board's values, responsibilities and obligations to act in utmost good faith in the best interest of the Authority for the good of all stakeholders.

## Role of the Board

### Composition of the Board

The Board comprises the following seven non-executive members and the Chief Executive who is an ex-officio member of the Board:

- Major General Bakwena Oitsile (Rtd) (Board Chairperson) re-appointed on the 1st August 2017;
- Prof. Joseph Monamati Chuma (Board Vice-Chairperson) appointed on the 1st August 2017;
- Mrs. Nnaniki Wilhemina T Makwinja, re-appointed on the 1st August 2017;
- Mr. Onkagetse Pusoentsi; appointed on the 1st June 2015;
- Dr. Gape Kaboyakgosi; appointed on the 1st August 2017;
- Mr. Galeboe Mmelesi, appointed on the 1st August 2017;
- Dr. Batlang Comma Serema, appointed on the 1st September 2017 and
- Mr. Martin Mokgware, Chief Executive, appointed 1st December 2017.

The following four (4) Members retired from the BOCRA Board on 31 July 2017:

- Mr. Peter Van Riet-Lowe (Chairman)
- Mr. Thapelo Kalake
- Mr. Monametsi Kalayamotho
- Mr. Joseph M. Matome

### Board Committees

There are four Board Committees whose respective Terms of References detail the Committees' responsibilities and powers, namely:

#### Finance and Audit Committee

The Committee ensures that Management creates and maintains effective financial controls as well as managing all associated risks that BOCRA may be exposed to.

Chairman: Dr. Gape Kaboyakgosi  
 Members: Mrs. Wilhemina Makwinja;  
 Mr. Martin Mokgware; and  
 Mrs. Ontlametse Sebonego (Independent Member).

#### Board Tender Committee

The Committee is mainly responsible for the adjudication and approval of procurement of goods and services valued between P2 million and P5 million.

Chairman: Mr. Galeboe Mmelesi  
 Members: Professor Joseph Munamati Chuma;  
 Mr. Onkagetse Pusoentsi; and  
 Mr. Martin Mokgware.

#### Human Resources Committee

The Committee ensures adherence to good corporate practice on all issues bearing on the employer-employee relationship but without assuming the functions of Management.

Chairman: Mrs. Wilhelmina Makwinja  
 Members: Mr. Onkagetse Pusoentsi;  
 Dr. Gape Kaboyakgosi; and  
 Mr. Martin Mokgware.

#### Regulatory Committee

The Regulatory Committee advises the Board on, and ensures adherence to, the Act in so far as the Board's regulatory functions are concerned.

Chairman: Professor Joseph Munamati Chuma  
 Members: Mr. Onkagetse Pusoentsi;  
 Mr. Galeboe Mmelesi; and  
 Mr. Martin Mokgware.



## Role of the Board

**Table 1: Board Meetings Attendance & Sitting Allowances April to August 2017**

MEMBER	ORDINARY BOARD MEETING	SPECIAL & CONSULTATIVE BOARD MEETING	FINANCE & AUDIT COMM.	EXTERNAL TENDER COMM.	REGULATORY COMM.	HUMAN RESOURCE COMM.	SITTING ALLOWANCE
Mr. Peter Van Riet-Lowe	1/1	5/5	-	-	-	-	13,500
Mrs. Wilhelmina Makwinja	1/1	4/5	1/1			8/10	25,200
Maj. Gen Bakwena Oitsile	1/1	3/5			1/1		9,000
Mr. Onkagetse Pusoentsi	1/1	5/5				9/10	27,000
Mr. Joseph Matome	1/1	3/5	1/1				9,000
Mr. Thapelo Kalake	1/1	5/5			1/1	10/10	30,600
Mr. Monametsi Kalayamotho	1/1	5/5				7/10	23,400
Mrs. Ontlametse Sebonego	1/1	-	1/1				3,600
Mr. Tshoganetso Kapaletswe	1/1	3/3	1/1	-	1/1		nil

**Table 2: Board Meetings Attendance & Sitting Allowance August 2017 to March 2018**

MEMBER	ORDINARY BOARD MEETING	SPECIAL & CONSULTATIVE BOARD MEETING	FINANCE & AUDIT COMM.	BOARD TENDER COMM.	REGULATORY COMM.	HUMAN RESOURCE COMM.	SITTING ALLOWANCE
Maj Gen. Bakwena Oitsile (Rtd)	3/3	2/2	-	-	-	-	11,250
Prof. Joseph M. Chuma	3/3	1/2		3/3	3/3		18,000
Mrs. Wilhelmina Makwinja	3/3	2/2	2/3	-	-	4/5	19,800
Mr. Onkagetse Pusoentsi	3/3	1/2	-	-	3/3	5/5	21,600
Dr. Gape Kaboyakgosi	3/3	1/2	3/3	-	-	5/5	21,600
Mr. Galeboe Mmelesi	2/3	1/2	-	3/3	3/3	-	16,200
Dr. Batlang Comma Serema	3/3		-	3/3	-	-	10,800
Mr. Martin Mokgware	1/1	1/1	1/1	1/2	1/1	1/1	nil
Mrs. Ontlametse Sebonego	-	1/1	1/3	-	-	-	3,600

NB: Mrs Ontlametse Sebonego is appointed as an independent Member of the Finance and Audit Committee

## Role of the Board

## Board Participation

### Board Training

The Board is regularly trained and exposed to modern trends in regulation to ensure effective leadership, guidance and knowledge-based decision making. Board members participated in the following programmes intended to enhance their appreciation of the industry and facilitate their oversight role:

Table 3: Board Participation

BOARD MEMBER	TRAINING AND DEVELOPMENT	PLACE
Mr. Galeboe Mmelesi	Commonwealth Telecommunications Organisation (CTO) ICT Round Table	London, United Kingdom
Dr. Batlang Comma Serema	Regulatory Master Class	Bath, United Kingdom
Prof. Joseph Munamati Chuma Mr. Thapelo Kalake Mr. Monametsi Kalaamotho Mr. Onkagetse Pusoentsi	Global Symposium for Regulators (GSR-17)	Nassau, Bahamas
Mr. Joseph Matome	Institute of Directors	Johannesburg, South Africa
Mrs. Wilhelmina Makwinja Dr. Gape Kaboyakgosi Mrs. Ontlametse Sebonego	Role of the Board of Directors in Financial Oversight	Cape Town, South Africa
Mrs. Wilhelmina Makwinja Maj. Gen. Bakwena Oitsile (Rd)	AfricaCom 2017	Johannesburg, South Africa
Mrs. Wilhelmina Makwinja	World Summit on the Information Society (WSIS)	Geneva, Switzerland
Prof. Joseph Munamati Chuma	GSMA Mobile World Congress 2018	Barcelona, Spain
Maj. Gen. Bakwena Oitsile (Rd) Mr. Onkagetse Pusoentsi	Internet Governance Forum	Geneva, Switzerland

# Policy and Legal Review

The following legal disputes arose:

## 1

### Mascom Wireless Botswana (Pty) Ltd vs BOCRA, Orange Botswana and BTCL

In May 2017, Mascom instituted a two-pronged urgent application against BOCRA, Orange and BTCL seeking firstly, to interdict and restrain implementation of the Regulatory Directive No.1 of 2017 (Directive) which was intended to go into effect on 1st June 2017; and secondly seeking a review and setting aside of the Directive. BOCRA opposed the urgent application which was heard and dismissed by the High Court on 1st June 2017 on the basis that the grounds advanced were not urgent.

On 21st July 2017 Mascom served BOCRA with judicial review proceedings seeking to set aside the Directive on the basis of illegality, irrationality and procedural unfairness. As at end of reporting period, the court was still to make its determination.

## 2

### GABZ FM vs BOCRA

In April 2017, GABZ FM instituted review proceedings against BOCRA challenging the issuance of an order granted against the Radio Station in accordance with the Enforcement Guidelines and after investigations carried out by BOCRA.

The station contended that BOCRA breached the audi alteram partem rule of natural justice and failed to afford them a hearing prior to issuance of the order. BOCRA opposed the application maintaining that Gabz FM was given a hearing contrary to their averments.

The matter was before Justice Mothobi on 12 October 2017 and was dismissed with costs due to non-attendance of the Radio Station’s legal representatives.

## 3

### Multichoice Botswana vs BOCRA

Multichoice Botswana (MCB) filed an urgent application against BOCRA seeking two reliefs. Under Part A of the application Multichoice sought a suspension of their obligations in terms of Clause 13 of their Subscriber Management Service licence; with respect to Part B they sought to review and set aside BOCRA’s decision to include Clause 13 in the Licence, which clause centres around the regulation of tariffs chargeable by Multichoice. The matter was heard on urgency on 13th September 2017 and proceeded to full argument on the 20th October 2017, whereat an order was granted suspending MCB’s obligations under Clause 13 of the Licence pending full hearing of Part A of the application scheduled for 10 April 2018.

## Policy and Legal Review

## 4

**John Bogatsu Gaetsewe vs Botswana Postal Services & BOCRA**

On 26 September 2017, BOCRA was served with an application by Mr John Bogatsu Gaetsewe, who cited Botswana Post and BOCRA as Respondents for several relief emanating from the closure of his post box. A further complaint was the time BOCRA took to address his complaint, which in his view was inordinate. Mr. Gaetsewe sought to have a declaratory order made to the effect that notwithstanding BOCRA's intervention and rendering of assistance within 34 days, BOCRA failed to address his complaint with urgency and reasonable efficacy under the circumstances.

Both Respondents have filed papers in opposition to the application and matter scheduled for argument before Acting Judge Dube in Lobatse on the 11 April 2018.



## 5

**Dispute between EasiMail and BotsPost**

**EasiMail (Pty) Ltd** declared a dispute between themselves and Botswana Postal Services regarding their business dealings about franking machines. The dispute followed the decision by BotswanaPost to start selling and maintaining franking machines thereby competing directly with EasiMail which originally held a contract with BotswanaPost for the same business. BOCRA made a ruling that, selling and maintenance of franking machines did not require a licence under the CRA Act, 2012. BOCRA also made a determination to liberalise the sale of franking machines in Botswana. Thus, anybody who wishes to take part in the franking business in Botswana could do so freely, subject to type approving the franking machines with the Authority as per Section 85 of the CRA Act, 2012. In this regard, BOCRA ruled that all franking machines used in Botswana should conform to the ISO 5138/ 7-1986 (E/F) standard or its equivalent.

**Communications Regulatory Authority Regulations**

The Authority received the latest draft of the CRA Regulations in January 2018 from the Ministry of Transport and Communications with a request for stakeholders' comments to be solicited.

The Authority accordingly invited and considered stakeholders comments.

Completion of the consultative process for the formulation of Regulations is targeted for the 2nd quarter of 2018.



# Internal Audit

Since inception, BOCRA has maintained an independent and objective, Internal Audit function. Internal Audit findings are reported to the Finance and Audit Committee and administratively to the Chief Executive. A risk-based audit approach is used in the evaluation of all auditable areas as per the approved Internal Audit Plan. An Assurance Report is then issued quarterly to the Board Audit Committee covering all the audits carried out for the period and also giving status on the following:

**1**

Management action on outstanding recommendations;

**2**

Audit plan progress;

**3**

Effectiveness of Risk Management and Governance, and

**4**

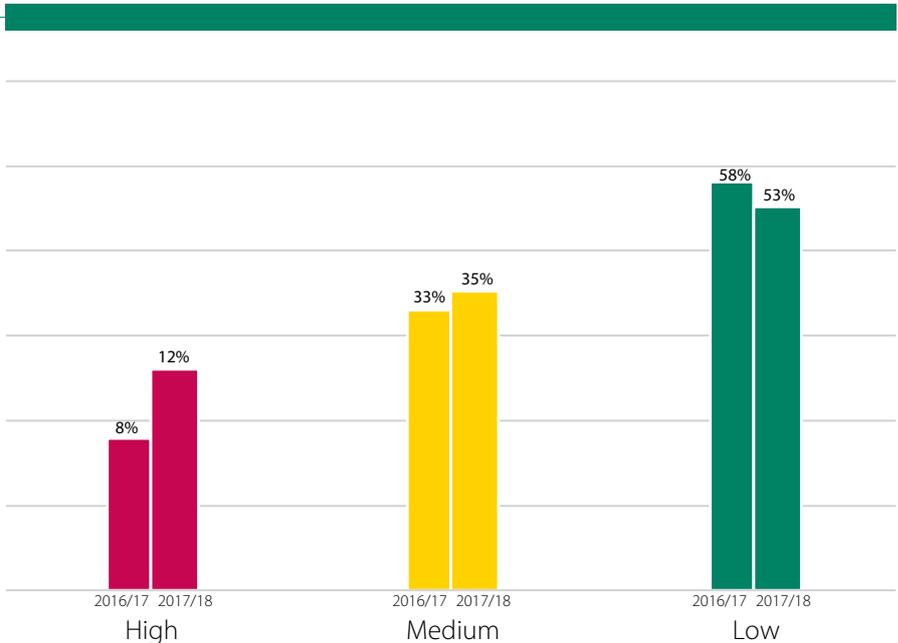
Fraud

Internal Audit

BOCRA continues to enforce a Risk Management Policy to safeguard the Authority’s assets. A Risk Register is maintained and updated quarterly, and risk profile assessed to prioritise on the mitigation factors. During the year 2017/18 the Authority had 17 identified corporate risks in comparison to twelve identified in the previous reporting period. Amongst those profiled, five new risks identified were rated as; one high risk, two medium risks, and two low risks. Three of the existing risks reduced profile from medium to low based on measures put in place.

The 17 risks are illustrated in figure 1.2 of the risk heat map, according to the impact that the risk would have on delivery of BOCRA strategic objectives and the likelihood of the risk occurring. From all the risks, two were rated HIGH risk and colour coded red, six were rated MEDIUM risk and coded yellow, and nine were rated LOW risk and coded green.

Overall, the Heat Map shows that BOCRA is generally a low to medium risk organisation.



Details of the risk profile for this year and the previous year are shown in figure 1.1.

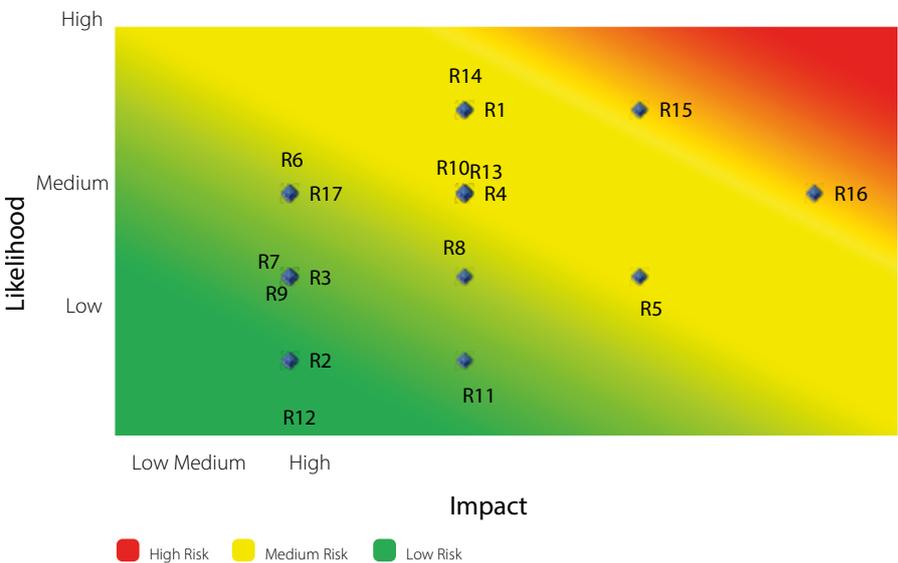


Fig. 1.2 Risk Heat Map



## Business Continuity

BOCRA has a business continuity and disaster recovery plan in place and is continually enhancing its systems to ensure continuity of its business processes should any disaster occur. Efforts are made to raise awareness amongst staff members and to empower them on the disaster recovery plans and the expectations.

# Market Review

## ICT MARKET PERFORMANCE REVIEW

### Telecommunications Market Structure

The Botswana telecommunications market is made up of three Public Telecommunications Operators (PTOs) namely; Botswana Telecommunications Corporation Limited (BTC), Mascom Wireless Botswana (Pty) Ltd (Mascom) and Orange Botswana (Pty) Ltd (Orange).

Another major player is the Botswana Fibre Networks (BoFiNet) which was licensed in 2013 to provide only wholesale services to other licensed service providers. Along with the major players are smaller players, commonly called Internet Service Providers (ISPs), which provide value added services and internet on a smaller scale than PTOs. The other category is that of Private Telecommunications Network Licence (PTNL) providers. Though they exist in the market, they do not play a significant role since they were only licensed to build private networks for internal business use.

All the PTOs hold licences that allow them to offer mobile and fixed telephony services and products. Mascom and Orange have been offering predominantly mobile telephony services including mobile internet and value add services while BTCL provides both the fixed and mobile services. Mascom nevertheless has been approved to provide fixed telephony services but has not yet launched the service in this reporting period.

In September 2015, BOCRA implemented a new and converged licensing framework to create a more conducive environment for ICT development. The framework has two major categories, that is, Network Facilities Provider (NFP) Licence and the Services and Applications Provider (SAP) Licence. The NFP licence caters for entities that provide Infrastructure while the SAP licence is for entities that utilise infrastructure from the NFP to provide service. Within each category, there are different licence types to cater for specific needs of the service provider.

In this review period, all PTOs, BoFiNet, PTNLs and few of the ISPs still held licences provided for under the old licensing framework. It was envisioned that beyond February 2017 the market would be operating entirely under the new framework, but the migration deadline was extended to end of June 2017. All the PTOs and BoFiNet

Market Review

**1.4%** decline in active mobile subscriptions to

**3,181,591**

in March 2018 from  
from **3,226,389** in  
March 2017

applied for migration but the process of migrating was underway in the reporting period. Internet service providers were also at various stages of the migration process.

**Table 4 shows the different categories of licensees in the market:**

CATEGORY	QUANTITY
Number of PTOs and Wholesale Provider Licensees	4
Total Number of Network Facilities Provider Licences	36
Total Number of Services and Applications Provider Licences	63

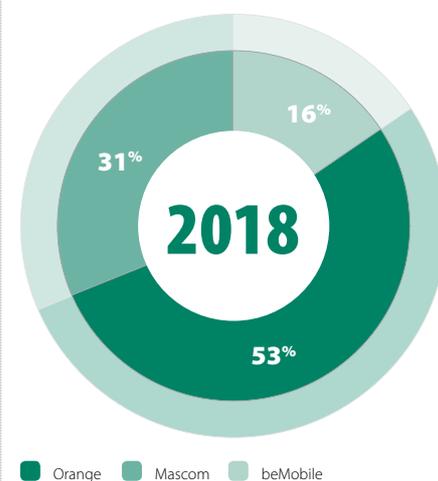
Botswana has experienced a remarkable growth of more than 100% in mobile telephony subscriptions since 2009 when BTC introduced mobile telephony services. Previous studies have concluded that Botswana market was experiencing a unique form of competition where consumers own multiple SIM-cards belonging to different service providers. This practice is driven by the need to take advantage of product and price offerings availed by the various service providers. The practice also ensures that the consumers have access to other networks by swapping SIM-cards in areas of the country where their network of choice is not available or limited.

The number of active mobile subscriptions decreased from 3,226,389 in March 2017 to 3,181,591 in March 2018 representing a decline of about 1.4% compared to the 6.8% decline recorded between 2016 and 2017. Mobile Teledensity declined from 159% in March 2017 to 157% as at March 2018. The decrease in active mobile subscriptions in the review period was attributed mainly to a high churn rate experienced during the festive season of 2017 by the three operators which had not been fully recovered until March 2018.

The market share measured by the number of active mobile subscriptions is as follows; Mascom Wireless continues to be the leader at 53% followed by Orange at 31% and BTC Mobile at 16%. In the previous year, Mascom had market share of 55% followed by Orange with 30% and lastly BTC Mobile with 15%. Market shares of the three mobile operators for March 2017 and March 2018 are represented in figure 3 and figure 4.



**Fig 3: Mobile Market share as at March 2017**

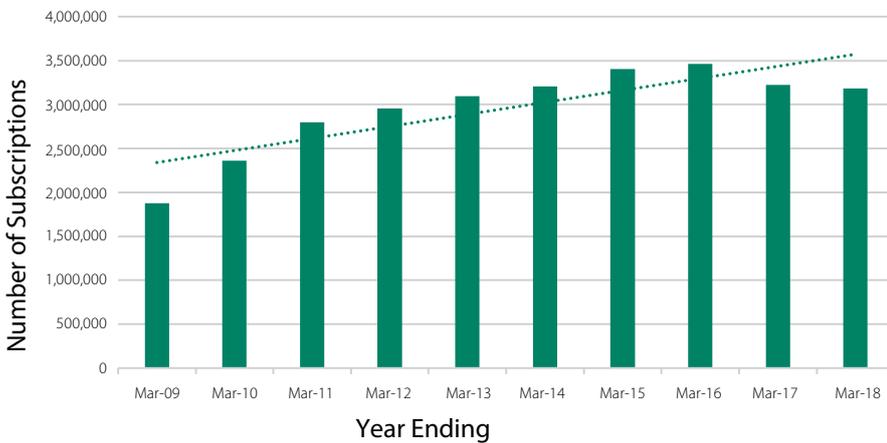


**Fig 4: Mobile Market share as at March 2018**



## Market Review

Figure 5 illustrates the ten-year trend of mobile telephony subscriptions



The number of mobile subscriptions grew by 85% from 1,874,101 in March 2009 to 3,460,331 in March 2016. Uptake of subscriptions then declined by 7% in March 2017 and further declined in March 2018. PTOs explain the decline as natural churn as market reaches maturity. It is expected that uptake of subscriptions would lessen in future, unless there is a strategic intervention by the industry aimed at increasing demand for new subscriptions. Such interventions may involve introduction of totally new and innovative products that address an unserved market need.

### Market Share between Prepaid and Postpaid Services.

The market share between prepaid and post-paid mobile telephony subscriptions has remained the same for the past ten years at 98% and 2% respectively. The status quo is due to consumer preferences of prepaid services over post-paid services. Though post-paid is cheaper, prepaid allows for budget spending through pre-payment and paying for consumption whereas postpaid has recurring charges that are not related to consumption. Refer to figure 6 for comparison of prepaid against postpaid market shares.

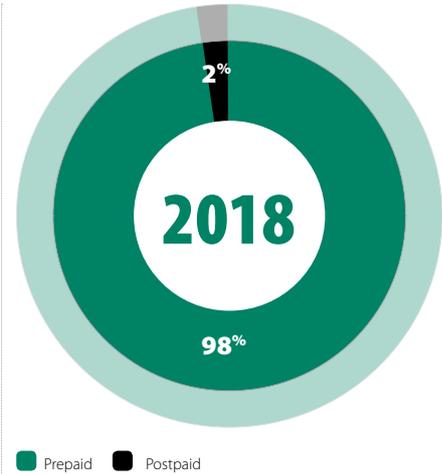


Fig 6: Market Share between Prepaid and Post-paid Mobile subscriptions

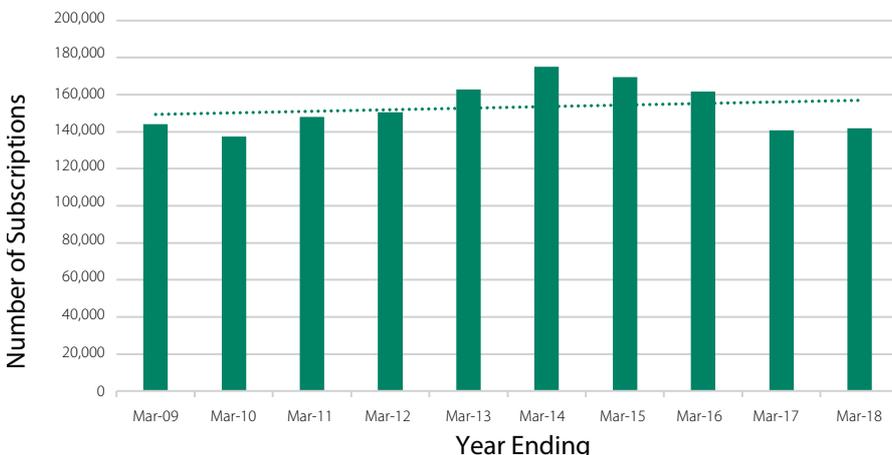
Source: BOCRA



## Market Review

**Fig 7: Fixed Telephony Subscriptions for the Past 10 Years**

Source: BOCRA



**1.4%** decline in active mobile subscriptions to

in March 2018 from from **3,226,389** in March 2017

### Fixed Market Segment

Figure 7 shows uptake of fixed telephony subscriptions over a period of ten-years. Fixed telephony subscriptions grew from 144,195 in March 2009 to 174,992 in March 2014. Subscriptions declined beginning March 2015 reaching an all-time low of 140,873 in March 2017, then increasing marginally by about 0.7% between March 2017 and March 2018. Teledensity for fixed telephony is 7%.

The expected long-term market trend is that there may be further decline in demand of fixed telephony services as consumers prefer the use of mobile telephony. The superiority of mobile telephony over fixed telephony is in its convenience of mobility, capability to text, download music, as well as e-commerce on-the-go. The offerings by mobile telephony service providers are popular among the youth who constitute the largest proportion of the population of Botswana.

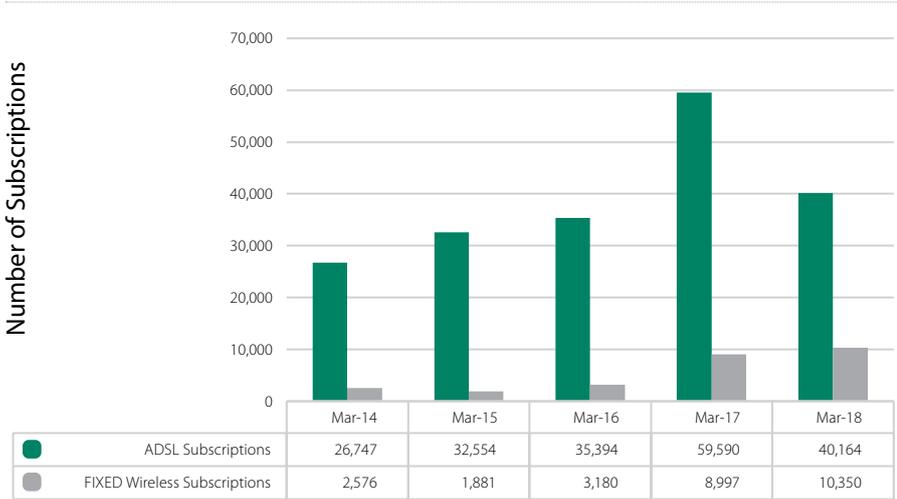


**INTERNET UPTAKE**

**Fixed Broadband Internet**

The market trends show a growth in access and increased usage of fixed broadband, as this service presents high speeds and high internet capacities. In the fixed broadband category, BTCL offers Asymmetric Digital Subscriber Line (ADSL) while Orange Botswana offers fixed wireless broadband named Konnecta. ADSL subscriptions decreased by 33% between March 2017 and March 2018 from 59,590 subscriptions to 40,164 subscriptions. This decline was attributable to the data validation and clean up exercise where accounting for active subscriptions was improved.

The number of subscriptions for Orange Botswana fixed wireless Internet increased by 15% from 8,997 to 10,350 and it is anticipated to continue to increase steadily. Table 8 shows the uptake of fixed broadband in the last 5 years.



**Fig 8: Fixed Broadband subscriptions for the past 5 years.**

Source: BOCRA

**33%** decline in ADSL subscriptions to

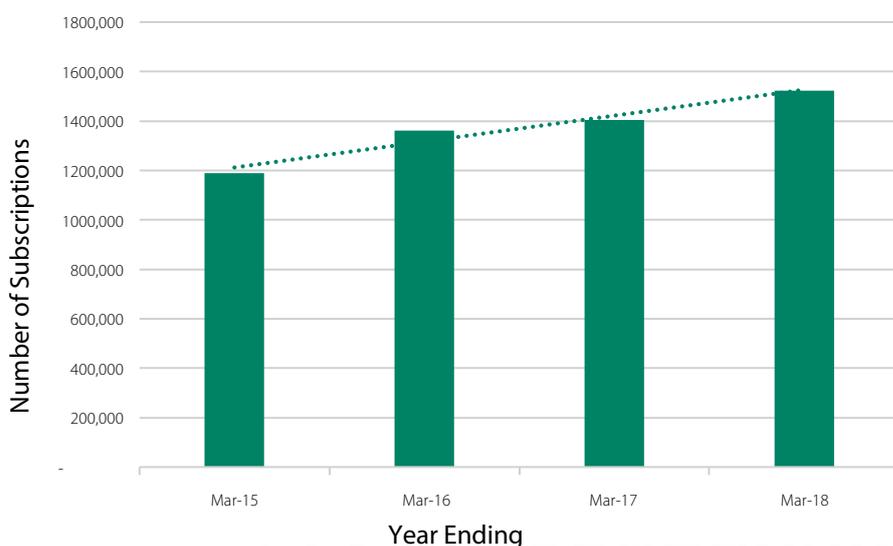
**40,164**





## Mobile Broadband Market

Figure 9 shows that mobile broadband subscriptions increased by 9% from 1,404,065 in March 2017 to 1,523,545 in March 2018. The compound annual growth rate for the four-year period from March 2015 to March 2018 is 6%. A large number of the population has access to and is using internet services through smartphones, USB Modems and other wireless technologies as PTOs continue to increase coverage of mobile broadband and offer consumer driven packages. The use of mobile technology surpassed the fixed technology due to its convenience. Coverage for mobile broadband technologies such as 3G and 4G/LTE are mostly prevalent in urban areas. Other Internet access technologies such as GPRS, EDGE are widely deployed throughout the country, giving access to mobile internet to most mobile subscribers.



**Fig 9: Mobile Broadband Subscriptions for the past 4 years**

Source: BOCRA

**"Mobile broadband subscriptions increased by 9% from 1,404,065 in March 2017 to 1,523,545 in March 2018."**

## Implementation of the Cost Model and Pricing Framework

### Removal of Off-Net premium from Off Net Calls

Botswana Communications Regulatory Authority (BOCRA) approved new retail tariffs for mobile telephony services. The approved tariffs aim to eliminate Off-Net premiums and ensure that mobile service providers charge consumers the same tariff for On-Net and Off-Net calls. Mobile service providers are expected to implement the reduction of tariffs in two phases with the first phase having been implemented on 1st June 2017 and the final phase to be implemented on 1st June 2018. Approval of the new tariffs follows the issuance of Regulatory Directive No.1 of 2017 on 24th March 2017, whose objective was to facilitate cost-oriented pricing, affordability of services and competition.

Tables 5-16 depict approved retail tariff ceilings which were implemented by mobile service providers during the first phase that took effect from 1st June 2017 as well as old tariffs which were applicable prior to the Directive.

### Tariffs for Mascom Wireless

Table 5: Old Prepaid Voice call tariffs in Pula/minute

	CALL TYPE	PEAK	OFF-PEAK	OFF-OFF PEAK
Prepaid Voice Tariffs (Including VAT)	Mascom to Mascom	1.20	0.60	0.45
	Mascom to fixed networks	1.20	0.60	0.45
	Mascom to Other National Mobile Networks	1.50	0.75	0.60

Table 6: Old Postpaid Voice call tariffs in Pula/minute

	CALL TYPE	PEAK	OFF-PEAK	OFF-OFF PEAK
Postpaid Voice Tariffs (Excluding VAT)	Mascom to Mascom	0.96	0.55	0.45
	Mascom to fixed networks	1.20	0.55	0.45
	Mascom to Other National Mobile Networks	1.20	0.65	0.65

## Market Review

Table 7: Approved Prepaid Voice call tariffs in Pula/minute

	CALL TYPE	PEAK	OFF-PEAK	OFF-OFF PEAK
Prepaid Voice Tariffs (Including VAT)	Mascom to Mascom	1.20	0.60	0.45
	Mascom to fixed networks	1.20	0.60	0.45
	Mascom to Other National Mobile Networks	1.40	0.70	0.55

Table 8: Approved Postpaid Voice call tariffs in Pula/minute

	CALL TYPE	PEAK	OFF-PEAK	OFF-OFF PEAK
Postpaid Voice Tariffs (Excluding VAT)	Mascom to Mascom	0.96	0.55	0.45
	Mascom to fixed networks	1.10	0.55	0.45
	Mascom to Other National Mobile Networks	1.10	0.55	0.45

## Tariffs for Orange Botswana

Table 9: Old Prepaid Voice call tariffs in Pula/minute

	CALL TYPE	PEAK 7AM - 9PM	OFF-PEAK 9PM - 7AM
Prepaid Voice Tariffs (Including VAT)	Orange to Orange	1.35	0.875
	Orange to Fixed Networks	1.65	0.875
	Orange to Other National Mobile Networks	1.65	0.875

Table 10: Approved Prepaid Voice call tariffs in Pula/minute

	CALL TYPE	PEAK 7AM - 9PM	OFF-PEAK 9PM - 7AM
Postpaid Voice Tariffs (Excluding VAT)	Orange to Orange	1.35	0.875
	Orange to Fixed Networks	1.55	0.875
	Orange to Other National Mobile Networks	1.55	0.875

Sundays and Public Holidays tariffs are same as off peak rates



Table 11: Old Postpaid Off-net Tariffs

ON-NET (BWP)			OFF-NET (BWP)	
PRICE PLAN	PEAK VAT INCL	OFF-PEAK VAT INCL	PEAK VAT INCL	OFF-PEAK VAT INCL
Sapphire	1.09	1.09	1.39	1.39
Emerald	1.09	1.09	1.39	1.39
Jade	1.29	1.29	1.49	1.49
Opale	1.29	1.29	1.49	1.49
Diamond	0.99	0.99	1.29	1.29
Ruby	0.99	0.99	1.29	1.29
MySim	0.99	0.99	1.29	1.29
Home_Broadband	0.69	0.69	0.99	0.99
Diamond-Charity	1.01	1.01	1.23	0.78
Least Cost Routing	0.79	0.79	1.13	1.13

Table 12: Approved Postpaid Off-Net Tariffs

ON-NET (BWP)			OFF-NET (BWP)	
PRICE PLAN	PEAK VAT INCL	OFF-PEAK VAT INCL	PEAK VAT INCL	OFF-PEAK VAT INCL
Sapphire	1.09	1.09	1.29	1.29
Emerald	1.09	1.09	1.29	1.29
Jade	1.29	1.29	1.39	1.39
Opale	1.29	1.29	1.39	1.39
Diamond	0.99	0.99	1.19	1.19
Ruby	0.99	0.99	1.19	1.19
MySim	0.99	0.99	1.19	1.19
Home Broadband	0.69	0.69	0.89	0.89
Diamond-Charity	1.01	1.01	1.13	0.70
Least Cost Routing	0.79	0.79	1.03	1.03

**"The approved tariffs aim to eliminate Off-Net premiums and ensure that mobile service providers charge consumers the same tariff for On-Net and Off-Net calls."**

## Market Review

## Tariffs for Botswana Telecommunications Corporation Limited (BTCL)

Tariffs for BTCL for On Net and Off Net tariffs were already equalised prior to the issuance of the Directive and therefore did not need to be approved.

It is worth noting that the approved tariffs are the maximum prices that mobile service providers can charge for their voice call service. Therefore, all other packages offered by mobile service providers should fall within the above approved prices.

### Termination Rates

The following tables show the fixed and mobile termination rates that were implemented on 1st June 2017 as well as those that will be implemented the on 1st of June 2018.

Table 13: Prepaid call tariffs

PREPAID RATES	BTCL MOBILE TO BTCL MOBILE	BTC MOBILE TO FIXED	BTC MOBILE TO OTHER MOBILE
Per Minute Rates - Voice (VAT Inc) Peak	1.32	1.32	1.32
Per Minute Rates - Voice (VAT Inc) Off-peak	0.60	0.60	0.60

Table 14: Postpaid Call Tariffs

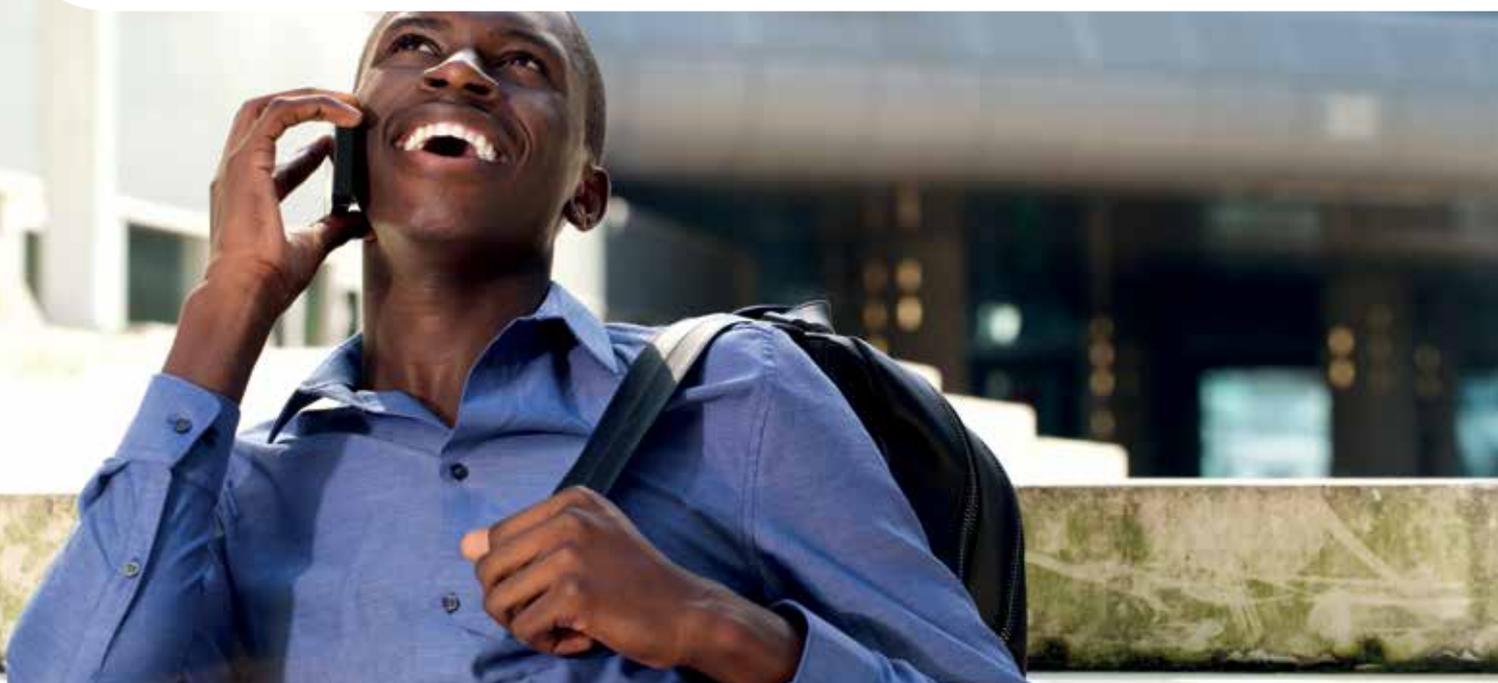
POSTPAID PACKAGES	PRICE
Per Minute Rates (VAT Inc)	1.28

Table 15: Fixed Termination Rates (in BWP) Excluding VAT

YEAR	CURRENT	1 JUNE 2017	1 JUNE 2018
Termination Rate (Pula)	0.200	0.170	0.130

Table 16: Mobile Termination Rates (in BWP) Excluding VAT

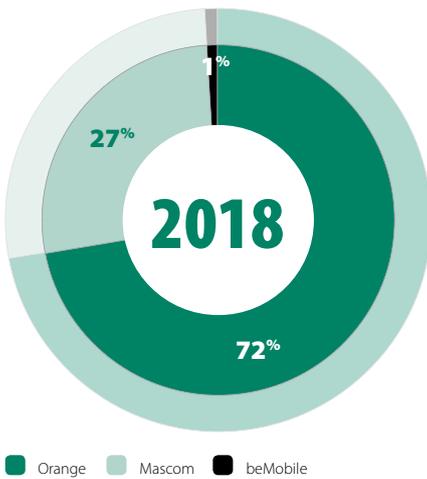
YEAR	CURRENT	1 JUNE 2017	1 JUNE 2018
Termination Rate (Pula)	0.295	0.220	0.130



## Mobile Money Services

All three mobile operators offer mobile money services, though BTC Mobile has put on hold registration of new subscribers since quarter 1 of 2016 due to the envisaged revamp of the service. Orange Botswana was the market leader at 72% market share, followed by Mascom Wireless at 27% market share and BTC Mobile at 1%. In the previous year, Orange’s market share was 68% followed by Mascom with 31% and lastly BTC Mobile with 1%.

The subscriber base for mobile money services has grown significantly over the past 4 years. This growth is illustrated in the figure 11:

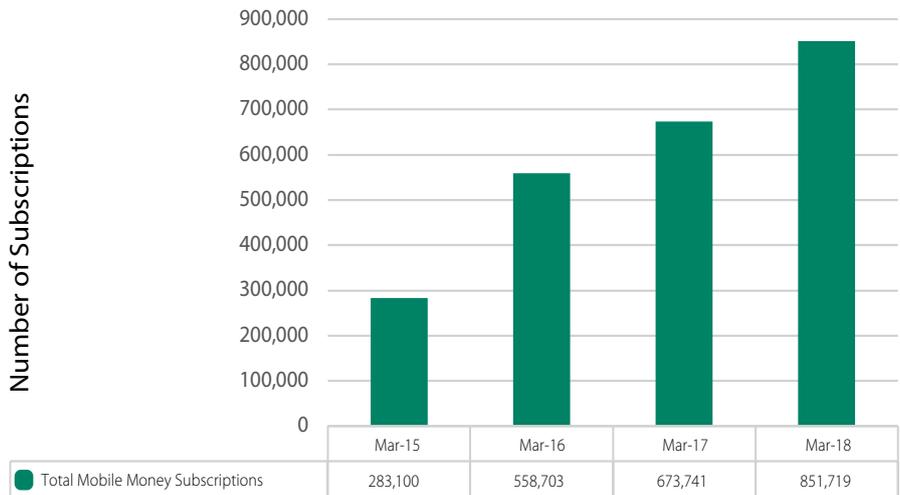


**Fig 10: Market Share of Mobile Money Subscriptions as March 2018**

Source: BOCRA

**Fig 11: Mobile money subscriptions for the past 4 years**

Source: BOCRA



**MOBILE MONEY SERVICES**

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**Orange Botswana**  
was the market leader at

**72%** market share



Market Review

## Postal Regulation

### Licensing of Postal Operators

BOCRA continued to attract new market entrants to the postal market. During the reporting year, the Authority licensed two more commercial postal operators: MontelView Holdings (Pty) Ltd trading as Droplt and NorthGuys Messaging & Couriers (Pty) Ltd. These brought the total number of licensed postal operators to 22 commercial postal operators (courier companies) and one public postal operator, being BotswanaPost.

### Commercial Postal Operators' Market Share

During the year under review, the commercial postal market recorded a total mail volume of 867 566 postal items compared to 1 279 093 postal items registered during the 2016/17 financial year. This reflected a significant decline of 32.2% in mail volumes from the previous financial year. The decline in mail volumes has been associated with diversion to electronic communication by the public at large as well as private and public institutions. Some Commercial Postal Operators and even the Public Postal Operator indicated that the decline in mail volume was due largely to electronic substitution. They indicated that institutions such as banks and insurance companies shifted to communicate with their customers electronically rather than by physical mail.

### MAIL VOLUMES

Postal items declined by

**32.2%**



The commercial postal market share as measured by mail volumes for both domestic and international mail is presented in figure 12. As of March 2018, Sprint Couriers was the market leader with 49.87% of the market share, which represented a 9.12% growth from the 40.75% recorded in March 2017. DHL International Botswana was the second with 12.83% followed by Botswana Couriers and Logistics with 10.19%, BotswanaPost with 8.24% and FedEx Express Botswana in fifth spot with 4.19%. At the bottom of the pyramid, seven companies registered a very low market share, each accounting for less than 1.00% of the market share. First Connections Couriers and S. Couriers had the smallest market share, accounting for 0.02% and 0.07% respectively.

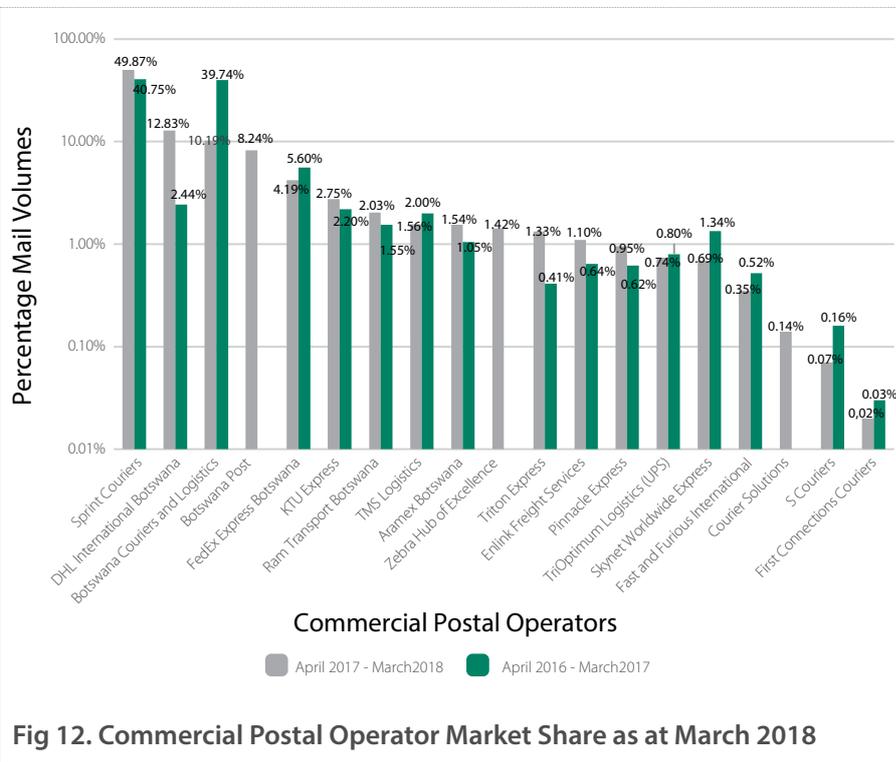


Fig 12. Commercial Postal Operator Market Share as at March 2018



## Total Mail Volume in Botswana

Figure 13 represents total mail carried by the Public Postal Operator (BotswanaPost) and Commercial Postal Operators. The postal market recorded a total of 13 668 791 postal items as of March 2018. Ordinary mail was the main focus for the postal market accounting for 94% (12 801 225 postal items) of the total mail volume in Botswana while value-added or express mail services accounted for 6% (867 566 postal items) of the total mail volume. Moreover, the sector recorded more domestic express mail volumes of 617 301 postal items compared to international express mail volumes which registered 250 265 postal items.

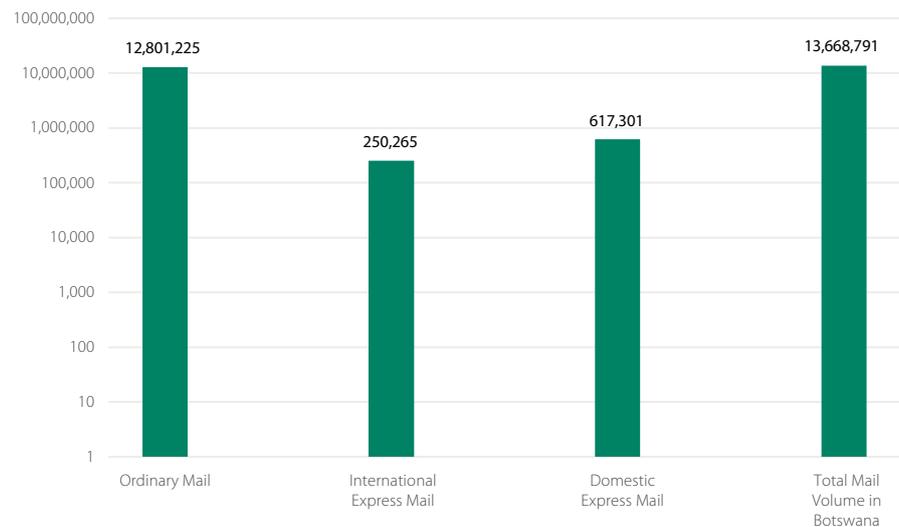


Fig 13. Total Mail Volumes in Botswana

## Broadcasting Regulation

### Broadcasting Licensing

In pursuit of its mandate of promoting competition, diversity and plurality in the broadcasting sector, BOCRA opened up for broadcasting licences under various platforms. BOCRA awarded four Subscription Management Service Licences, one Subscription Satellite Television Licence, two Free to Air Satellite Television Licences, six Authorisations for Online Radio and two Authorisation for IPTV. Licences on the Satellite and IP platforms are issued on first come first serve basis, while terrestrial licences are issued on a competitive basis. Table 17 shows broadcasting and licences and authorisations made during the year.

## Market Review

Table 17: Broadcasting licences &amp; authorisations made during the year

LICENCE TYPE	LICENSEES	ROLL OUT STATUS	ACCESS PARAMETERS
<b>Subscription Management Service</b>	MultiChoice Botswana	Service Available	Transponder: Intelsat 20 68.5E
			Frequency: 11.594GHz
			Symbol Rate: 27500 bps
			FEC: 5/6
	Econet Media Botswana	Service Available	Transponder: Intelsat 37e 18.5W
			Frequency: 3.877GHz
			Symbol Rate: 16190 bps
			FEC: 3/5
	Startimes	Service Available	Transponder: SES 5E
			Frequency: 11.938 GHz
			Symbol Rate: 27509 bps
			FEC: 5/6
Mediacore	Still to Launch August 2018	Intelsat 20 68.5E	
<b>Subscription Satellite TV</b>	OVY Network (PTY) LTD	Service Available	Transponder: NigComSat 42.5E
			Frequency: 12.518 GHz
			Symbol Rate: 29500 bps
			FEC: 3/5
<b>Free to Air Satellite TV</b>	Alfaview (PTY) LTD	Still to Launch	
	Maru TV	Service Available	Transponder: Intelsat 36 68.5E
			Frequency: 11.888 GHz
		Symbol Rate: 30000 bps	
		FEC: 5/6	
		Polarisation: Vertical	

**Table 17: Broadcasting licences & authorisations made during the year**

LICENCE TYPE	LICENSEES	ROLL OUT STATUS	ACCESS PARAMETERS
<b>Online Radio - Free Access</b>	Sports Network Proprietary Limited	Service Available	http://www.sportsnationradio.net/ Sports Nation App
	Lion Front	Still to launch	No website developed
	Solly Cannon Holdings	Still to launch	No website developed
	Rera Online Christian Radio	Service Available	http://www.reraradio.com
	ICE 100	Service Available	Accessible through an ICE 100 App downloadable from Play Store & Apple
	Southern Kings	Still to launch	http://www.letlhabile.co.bw
<b>IPTV - Subscription</b>	Mascom Wireless	Still to launch	http://www.mascom.bw
	Cene Media	Service Available	http://www.cenemedia.com
	Power TV	Still to launch	To be accessible through a smart TV, an App and any Android Device

**Satellite Platform**

The reducing prices of satellite bandwidth and lower capital investment has made this a platform of choice for new entrants. As shown in Table 16, Multichoice, Econet, Ovy and Maru TV commenced operations while Alfaview and Mediocre launch dates were extended to August 2018. Maru TV launched on both Multichoice and Ovy Network Platforms and are also accessible online. However, some of the new entrants experienced challenges in penetrating the market due to their requirement for an additional satellite dish which proved to be unattractive to consumers. The number of subscribers for subscription television stands at 92 228 customers.

**Online Platform**

Significant interest in Internet Protocol (IP) broadcasting was registered and several service providers were authorised to provide the service. These included Lion Front, Solly Cannon Holdings, Rera Online Christian Radio, ICE 100, Power TV, Cene Media, Mascom Wireless and Sports Network Proprietary Limited.

IP broadcasting services can only be accessed through Internet. Since the broadcaster is not necessarily the Internet service provider, it makes it difficult for the broadcaster to guarantee quality of service. BOCRA applied light touch approach to regulation of online broadcasting.

Cene Media began offering broadcasting content over their networks through Triple Play or Quadruple Play, enhancing their ability to guarantee quality service.

## Market Review

### Terrestrial Platform

BOCRA invited applications for Network Facilities Provider (NFP) licence for Digital Terrestrial Television (DTT) but no applicant qualified for award. Consequently, BOCRA engaged government exploring active sharing of the existing infrastructure to allow roll out and expansion of commercial terrestrial services, including DTT and FM.

### Monitoring of Broadcasting Services

FM broadcasters are mandated by their licence conditions to comply with service standards and obligations including compliance to Local Content Quota, Service Availability Rate (SAR), Transmission Signal Quality Standards, Compliance to Roll out Obligations (coverage) and Content Standards.

### Local Content Quota

Local Content Quota for radio broadcasting is calculated as a percentage of local music played over the overall music played. Single channel television service local content quota is calculated as percentage of locally produced programmes over the overall programming excluding news. Figure 14 depicts performance of broadcasters on local content.

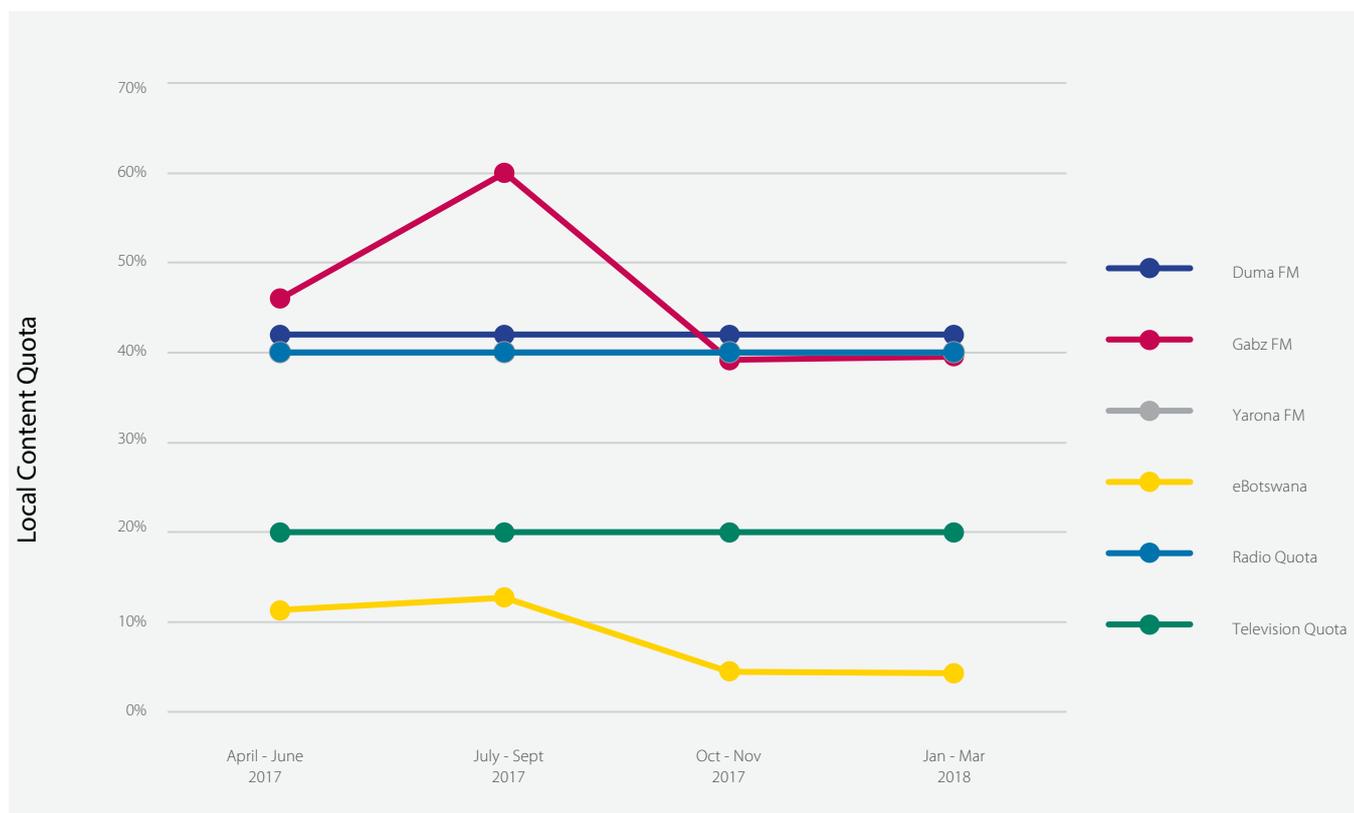


Fig 14: Local Content Quota



## Market Review

The three commercial radio stations performed well during the year, with Duma FM and Gabz FM surpassing the minimum set local content quota of 40%, while Yarona FM met the threshold. With regard to television broadcasting, eBotswana did not reach the minimum 20% threshold. The Station's quota continued to decline during the year prompting BOCRA to demand a plan on how the station intended to improve the performance. Implementation and monitoring will start in the ensuing year.

### Service Availability Rate (SAR)

Terrestrial Radio services are required to meet 99.9% Service Availability Rate (SAR). SAR is defined as a percentage of time when the broadcasting service is available for access by consumers. The Service providers provide monthly SAR performance to BOCRA. SAR performance for the period under review is depicted in Figure 15.

**Duma FM  
and Gabz FM**  
surpassing the  
minimum set  
local content  
quota of  
**40%**

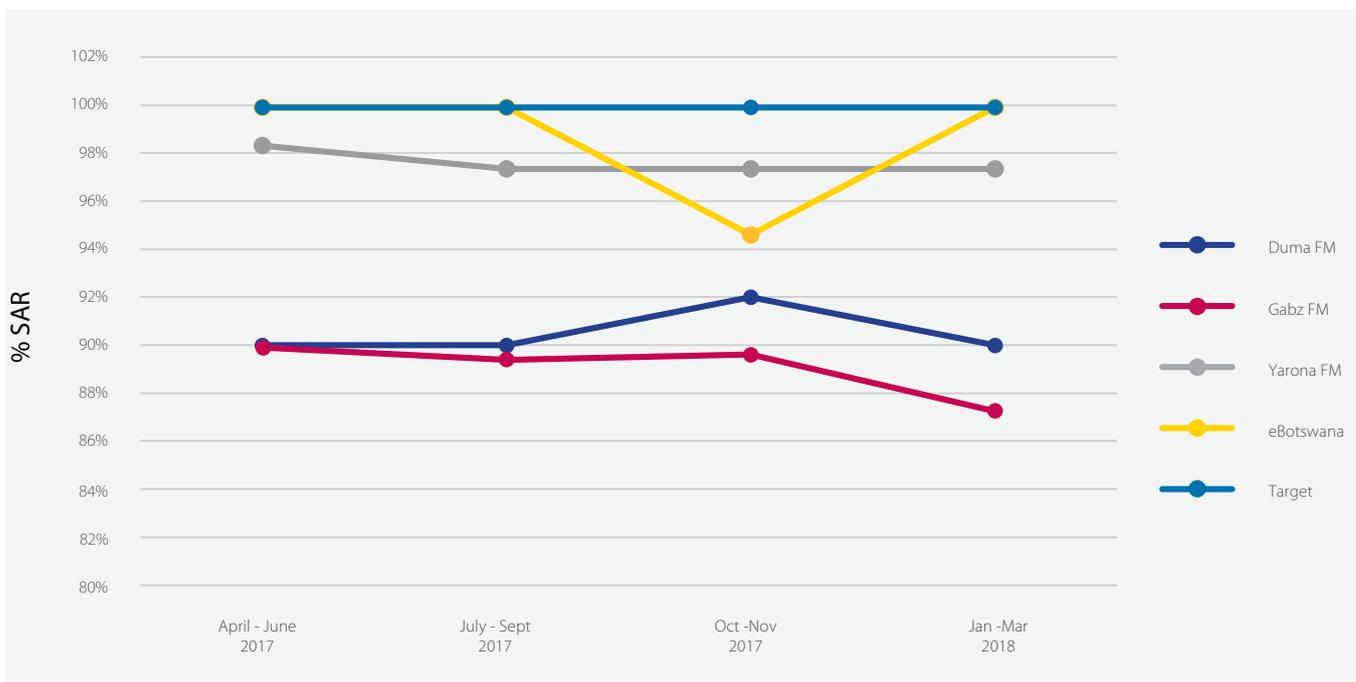


Fig 15: Service Availability Rate (SAR)

## Market Review

Gabz FM Service Availability Rate declined during the period under review from 90% at the beginning of the period to 87.25% by the end of the year. The decline was largely attributed to Lobatse transmitter which was down for prolonged period due to technical problems. Duma FM performance fluctuated between 90% and 92%. The station attributed the performance to spurious power cuts in some of their remote sites. Yarona FM SAR remained constant at 97.34% throughout the year. eBotswana achieved the 99% SAR during the year under review with the exception of quarter three where it recorded a decline to 94.60%.

### SAR and Audio Quality

BOCRA began monitoring broadcasting transmitters through the use of a spectrum monitoring system. The exercise focused on two parameters: Signal Availability at correct level, correct frequency as well as Audio Clarity. The system enabled remote monitoring through the 16 fixed stations located across the country.

Figure 16 shows a snapshot of results obtained from a monitoring site located in Mochudi.

**Gabz FM Service Availability Rate declined from 90% to 87.25% during the period under review**

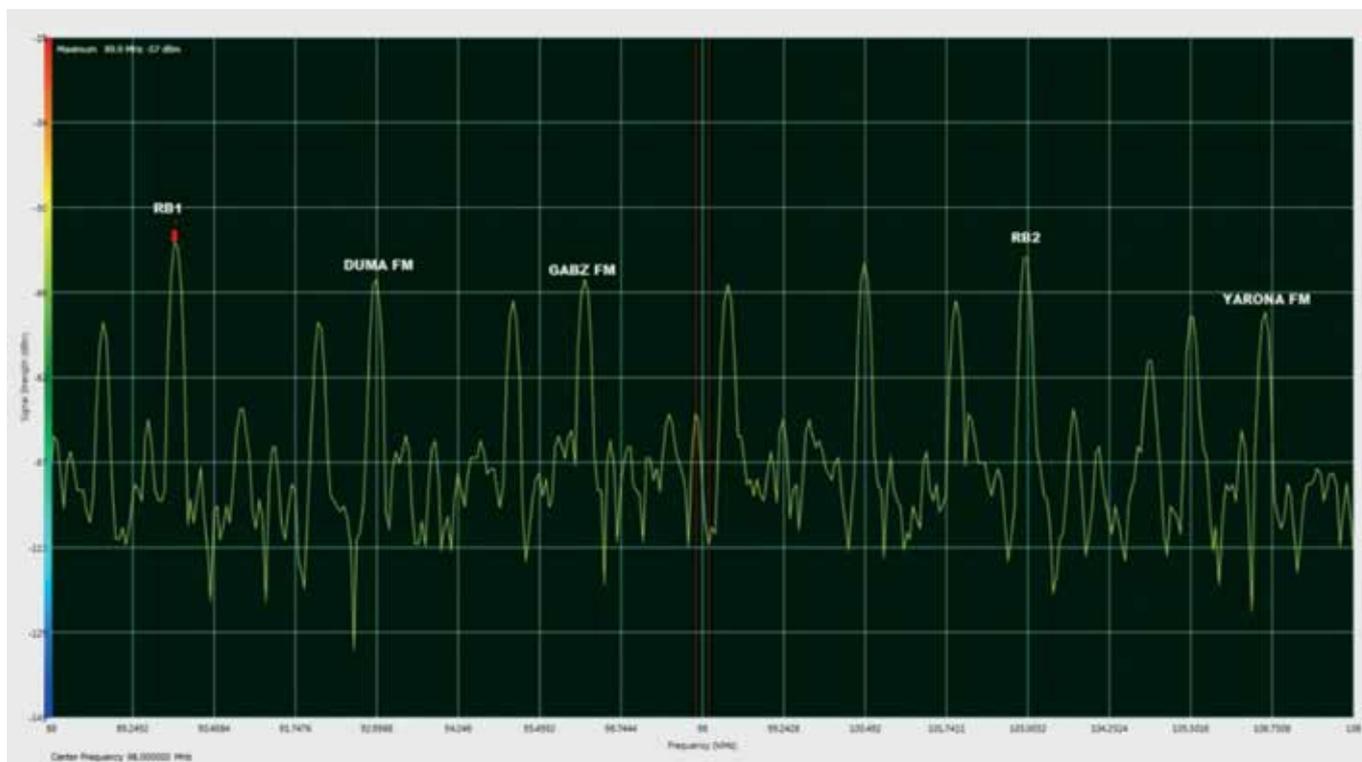


Fig 16: Snapshot of Mochudi monitoring site



## Market Review

Table 18 summarises monthly performance analysis of broadcasters in the monitored regions.

**Table 18: Summarised monthly performance of broadcasters**

TRANSMITTER	RADIO STATION	FREQUENCY	MONTH					
			OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Gaborone	Duma FM	93	■	■	■	■	■	■
	Gabz FM	96.2	■	■	■	■	■	■
	Yarona FM	106.6	■	■	■	■	■	■
Francistown	Duma FM	93.6	■	■	■	■	■	■
	Gabz FM	96.8	■	■	■	■	■	■
	Yarona FM	100.1	■	■	■	■	■	■
Selibe Phikwe	Duma FM	87.9	■	■	■	■	■	■
	Gabz FM	91	■	■	■	■	■	■
	Yarona FM	97.5	■	■	■	■	■	■
Maun	Duma FM	87.9	■	■	■	■	■	■
	Gabz FM	91	■	■	■	■	■	■
	Yarona FM	97.5	■	■	■	■	■	■
Gantsi	Duma FM	97.3	■	■	■	■	■	■
	Gabz FM	90.8	■	■	■	■	■	■
	Yarona FM	NIL	■	■	■	■	■	■
Jwaneng	Duma FM	92.7	■	■	■	■	■	■
	Gabz FM	NIL	■	■	■	■	■	■
	Yarona FM	NIL	■	■	■	■	■	■
Lobatse	Duma FM	100.9	■	■	■	■	■	■
	Gabz FM	94.1	■	■	■	■	■	■
	Yarona FM	102.1	■	■	■	■	■	■
Kanye	Duma FM	94.5	■	■	■	■	■	■
	Gabz FM	NIL	■	■	■	■	■	■
	Yarona FM	NIL	■	■	■	■	■	■
Radisele / Mahalapye	Duma FM	90.3	■	■	■	■	■	■
	Gabz FM	93.4	■	■	■	■	■	■
	Yarona FM	99.9	■	■	■	■	■	■
Palapye	Duma FM	98	■	■	■	■	■	■
	Gabz FM	94.7	■	■	■	■	■	■
	Yarona FM	105.1	■	■	■	■	■	■
Ramatlabama	Duma FM	92.1	■	■	■	■	■	■
	Gabz FM	95.3	■	■	■	■	■	■
	Yarona FM	105.7	■	■	■	■	■	■
Serowe	Duma FM	89.9	■	■	■	■	■	■
	Gabz FM	96.1	■	■	■	■	■	■
	Yarona FM	102.9	■	■	■	■	■	■

**Notes**

- Monitoring commenced in October 2017 and is conducted twice a week.
- The monthly performance is determined by at least half of the weeks' performance over a month.

**Legend**

- Correct & Signal Content
- Carrier Available With No Content
- No Signal & Output

## Market Review

The red filled cells indicate places where the broadcaster has not yet rolled out. The findings were consistent with the operators' submissions. In most of these places, the broadcasters have not yet been allocated frequencies, except for Ramatlabama. The results show problems with Gabz FM site at Lobatse, Selibe-Phikwe, Serowe and Ghanzi. The Ghanzi site experienced power problems often resulting in prolonged downtimes. The Duma FM problem was mainly identified at the Serowe site which was eventually found to have a frequency that had drifted to 89.8 MHz instead of 89.9 MHz.

Yarona FM had a consistent problem with the Palapye site as a result of faulty technical configuration, which has since been rectified by the station. In most of the sites, non-performance was not consistent, but where it was identified, the broadcasters were immediately notified to take remedial actions. Where the site was off for a prolonged period, the broadcaster was obligated to give a long-term commitment for the sustainability of that site. BOCRA continues improve the monitoring process to ensure the performance of the sites can be easily tracked and the results are taken with greater frequency to show the status of the sites as close as possible to the current reality.

### Roll out Obligations

FM broadcasting is still important to Botswana as it is a free to air service, supporting both mobile and fixed reception. Its biggest advantage to service providers is the infinite scalability which means one transmitter supports can support unlimited number of receivers within the coverage area. The broadcaster's transmission roll-out was monitored to ensure compliance with their transmission coverage obligations in line with their national licences. The table below shows the places in which the broadcasters have rolled out broadcasting transmitters.

**FM broadcasting** is still important to Botswana as it is a **free to air** service, supporting both **mobile** and **fixed** reception





**Table 19: Transmitter location deployment**

PLACE	DUMA FM	GABZ FM	YARONA FM
Gaborone	■	■	■
Lobatse	■	■	■
Palapye	■	■	■
Serowe	■	■	■
Maun	■	■	■
Mahalapye	■	■	■
Francistown	■	■	■
Orapa	■	■	■
Jwaneng	■	■	■
Kanye	■	■	■
Ramatlabama	■	■	■
Kasane	■	■	■
Ghanzi	■	■	■
Serule	■	■	■
Sefhare	■	■	■
Bobonong	■	■	■
Selibe-Phikwe	■	■	■
Tsabong	■	■	■
Letlhakeng	■	■	■

The above transmitter deployment translates into population coverage depicted in Table 19.

**Legend**

- Area Station Rolled Out
- Area Station has not Rolled Out

**Duma FM** achieves the highest coverage of 66%, having deployed transmitters in 18 locations across the country, while **Yarona FM** has the lowest population coverage of 40.5% achieved by 9 transmitters.

## Market Review

**Table 20: Summary of broadcasters’ signal population coverage**

SERVICE PROVIDER	% POPULATION COVERAGE	% EXPECTED COVERAGE
GABZ FM	59.4%	76
DUMA FM	66.0%	78
YARONA FM	40.5%	78
RADIO BOTSWANA & RB2	90	-

Coverage means all the points where the broadcasting signal level is high enough for consumers to be able to receive a satisfactory service, and population coverage means the percentage of the overall population that is within coverage. Duma FM achieves the highest coverage of 66% having deployed transmitters in 18 locations across the country while Yarona FM has the lowest population coverage of 40.5% achieved by 9 transmitters. The broadcasters were not able to meet their coverage obligations citing the challenges to the traditional media which affected financial capacity to invest in infrastructure. The State-owned radios have been able to archive significant population coverage of 90%, having deployed broadcasting transmitters in 45 locations. The initiative of sharing existing government infrastructure is expected to assist the licensed broadcasters to significantly increase their population coverage.

All the FM stations also provide an online streaming complementary service making them accessible to the areas where there are no terrestrial deployment and indeed to the whole world.

eBotswana is currently operating on a regional licence for a radius of 50km around Gaborone which signifies 100% compliance as the station is only licensed to broadcast in Gaborone area.

### Contents Standards

Broadcasters are prohibited from broadcasting content which, among others;

- 1 Contains frequent use of offensive language, including blasphemy;
- 2 Presents sexual matters in an explicit and offensive manner;
- 3 Glamourizes violence or depicts violence in an offensive manner; or
- 4 Is likely to incite or perpetuate hatred or vilify any person or section of the community on account of race, ethnicity, nationality, gender, sexual preference, age, disability, religion or culture of that person or section of the community.





## Market Review

BOCRA carried out selective content monitoring through listening and viewing of all the available services at selected times. The public audience also played a key role in monitoring content and complaints from members of the public initiated “retrospective” monitoring and investigation of that content. BOCRA investigated a number of cases for content violation and only one resulted in a sanction. In that specific case, Gabz FM aired content that contained language which was offensive, explicit and harmful to children. The broadcaster was sanctioned and given six months in which similar infractions should not occur. The broadcaster was further directed to install a delay mechanism to ensure that harmful live content can be blacked out before going on air. The broadcaster has since complied.

Through Public Education campaigns BOCRA educates the public on broadcasting issues, particularly the code of conduct for broadcasters. This equips the public on how they should expect broadcasters to behave, and as such the public can raise complaints where they feel there has been a contravention by a broadcaster with respect to what has been aired. This has been very effective and in the majority of the content violations investigated, the public had initiated the complaints.





### Local Content Initiative

BOCRA led a multi-stakeholder initiative to improve the development and promotion of local content for broadcasting. Through a local Content Committee facilitated by BOCRA, a three-year Local Content Strategy was developed. The Strategy provides a roadmap on how Local content could be improved and identifies stakeholders for specific deliverables as summarised below;

- ▶ **Creative Industry:** Capacity building to improve the quality and quantity of content that is produced;
- ▶ **Broadcasters:** Adoption of more professional ways to source content;
- ▶ **Regulator:** Licensing of more players and realigning definition of local content;
- ▶ **Policy maker:** Review and development of several Policies that impede local content, development of new Acts to support production of local content;
- ▶ **Committee:** Capacity Building in lobbying the stakeholders for local content and Strategic partnerships; and
- ▶ **Academia:** Review of curriculum to align with local content needs.

In line with this strategy, BOCRA has licensed new players into the market and, in consultation with the stakeholders, has proposed a new definition of local content which is aimed at further empowering locals. The definition has been included in the CRA draft regulations



**BOCRA AWARDED:**

**6** Authorisations for Online Radio

Subscription Management Service Licences **4**

# Compliance and Monitoring

Pursuant to its mandate to monitor compliance, BOCRA undertook planned investigations during the reporting period in Kweneng District, CKGR area, Kgalegadi district and Ngwaketse District.



## The overall objectives of the investigations were:

**To investigate** any infractions of the CRA Act and related statutory instruments and administer appropriate regulatory sanctions;

**To encourage** compliance and improve the quality of communication services in Botswana;

**To investigate** the status of licensed communications operators, equipment and services;

**To sensitise** consumers and operators on emerging regulatory requirements; and

**To access status** of the findings of investigations done in the previous years to ensure that operators have normalised and complied with the requirements.

## Compliance and Monitoring

Table 21 depicts the various outcomes of the investigations undertaken during the year under review:

**Table 21: Investigations carried out in the year 2017/18**

AREA	DATE	# OF SHOPS / LODGES VISITED	COMPLIANT	NON-COMPLIANT	ACTION TAKEN
Central District	10-16 September 2017	29	11	18	Phones were not type approved. Seller given time to regularise, after such time some cases were referred to the police and the phones confiscated.
North East District	19-24 September 2017	25	9	16	Phones were not type approved. Seller given time to regularise, after such time some cases were referred to the police and the phones confiscated.
North West District	12-17 February 2018	29	12	17	Phones were not type approved. Seller given time to regularise their operations. Most sellers did so after the given time.

The findings revealed that there was compliance in general, except for cases or infractions related to type approval of equipment as summarised in Table 21.

Most of the commercial outlets visited had not type approved their equipment as required by the law. **BOCRA confiscated equipment, mostly cell phones that were not type approved.** Some cases were referred to the Police Service for prosecution in terms of Section 84 of the Act. The exercise highlighted the need for continuous education to ensure that consumers purchased type approved telecommunication equipment or gadgets.



# Network Performance

BOCRA monitors PTOs' performance through various methods including quarterly network performance reports to ensure compliance with licence conditions and guidelines. In cases where PTOs breach the established QoS targets, BOCRA demands reasons for the failure and the mitigating steps to be taken to rectify and improve the performance. BOCRA also requires timelines for the proposed mitigations. PTOs reported challenges such as battery theft, radio capacity, hardware faults, greenfield acquisition and mains faults as main contributors for their failures where QoS targets were not met.

PTOs' performance is measured in accordance with the following key performance indicators:

## **Dropped Call Rate (DCR) - 2%:**

refers to a percentage of the calls that were cut before the speaking parties had finished their conversation;

## **Call set-up Success Rate (CSSR) - 98%:**

refers to the percentage of originating calls that were successfully established by the customer;

## **Congestion Rate (CR) - 2%:**

refers to the percentage of failure to access a traffic channel during call set up;

## **Network Availability (NA) - 99%:**

refers to the network equipment and software available; and

## **Handover success rate (HSR) - 95%:**

refers to the percentage of transferred on-going calls from one channel to another.

Network Performance

# Performance of the three PTOs

## Congestion Rate

Table 21: Mobile Operators Congestion Rate (%) 2017/18

MONTH	MASCOM	ORANGE	BTCL	TARGETED CONGESTION (%)
April 17	0.51	0.19	0.24	2
May 17	0.57	0.27	0.18	2
June 17	0.62	0.23	0.72	2
July 17	0.23	0.19	0.19	2
August 17	0.38	0.04	0.40	2
September 17	0.81	0.24	0.24	2
October 17	0.25	0.32	0.20	2
November 17	0.19	0.35	0.10	2
December 17	0.30	1.25	0.20	2
January 18	0.28	0.33	0.16	2
February 18	0.15	0.37	0.08	2
March 18	0.16	0.50	0.11	2

### Interpretation for Congestion

All the three PTOs performed within a set target.

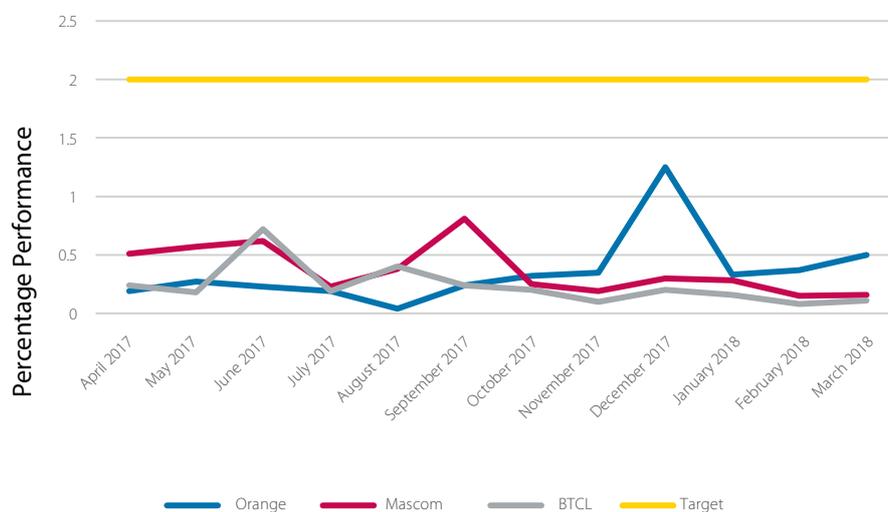


Fig 17: PTOs Congestion Rate



## Network Performance

### Dropped Call Rate

Table 20: Mobile Operators Drop Call Rate (DCR) (%) 2017/18

MONTH	MASCOM	ORANGE	BTCL	TARGETED DCR (2%)
April 17	1.41	0.67	1.73	2
May 17	1.21	0.72	1.73	2
June 17	1.07	0.74	1.63	2
July 17	0.93	1.11	1.60	2
August 17	0.97	0.18	1.60	2
September 17	0.81	1.05	1.60	2
October 17	1.07	0.68	1.60	2
November 17	0.91	0.79	1.60	2
December 17	0.89	0.71	1.70	2
January 18	1.17	0.83	1.63	2
February 18	1.12	1.01	1.77	2
March 18	1.00	1.01	1.77	2

#### Interpretation for Drop Call Rate

All the three Operators performed within a set target for all the months under review.

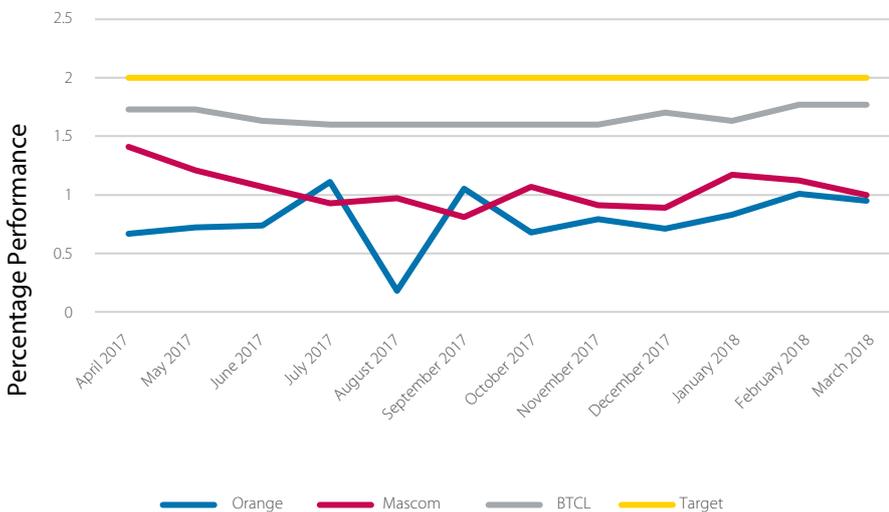


Fig 18: PTOs Drop Call Rate

Network Performance

### Call Set-up Success Rate

Table 21: Mobile Operators Call Setup Success Rate (CSSR) (%) 2017/1

MONTH	MASCOM	ORANGE	BTCL	TARGETED CSSR (%)
April 17	98.92	98.50	98.45	98
May 17	98.67	98.27	98.71	98
June 17	98.81	98.45	98.58	98
July 17	99.01	98.31	98.70	98
August 17	99.09	98.12	98.80	98
September 17	99.11	98.33	98.70	98
October 17	98.84	98.33	98.70	98
November 17	99.02	98.03	98.80	98
December 17	98.95	97.17	98.50	98
January 18	98.72	98.15	98.46	98
February 18	98.86	98.00	98.67	98
March 18	99.00	97.69	98.72	98

#### Interpretation for CSSR

Mascom and BTC Mobile performed within the set target for all the months under review. Orange Botswana failed to perform within 98% target during the months of December 2017 and March 2018, citing high traffic in the festive season and location upgrades as the reasons for the underperformance.

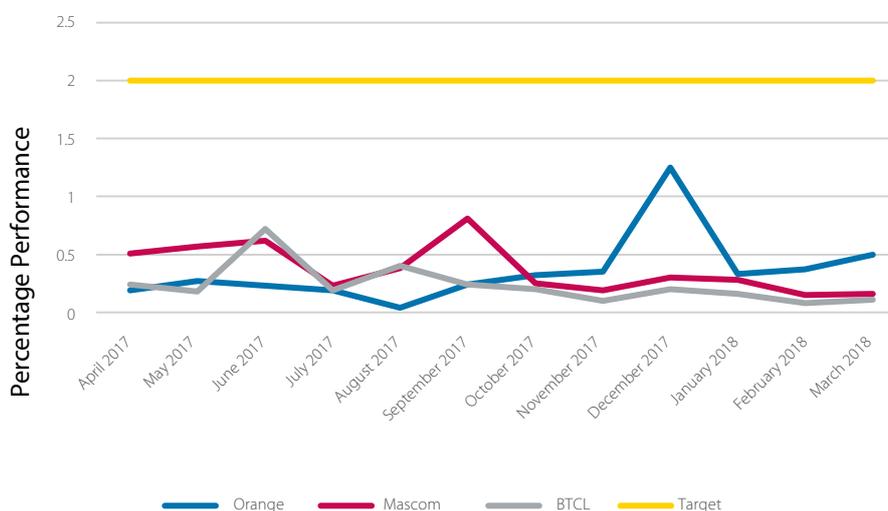


Fig 19: PTOs Call Setup Success Rate (CSSR)

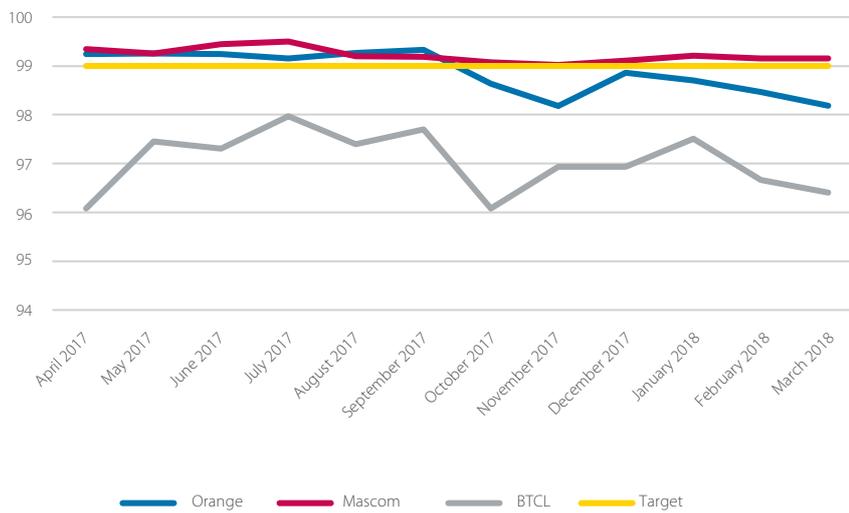


## Network Performance

### Network Availability Rate

Table 22: Mobile Operators Network Availability (NA) (%) 2017/18

MONTH	MASCOM	ORANGE	BTCL	TARGETED NA (99%)
April 17	99.34	99.24	96.08	99
May 17	99.26	99.25	97.45	99
June 17	99.45	99.24	97.31	99
July 17	99.50	99.15	97.97	99
August 17	99.20	99.27	97.94	99
September 17	99.19	99.33	97.70	99
October 17	99.07	98.64	96.08	99
November 17	99.02	98.18	96.93	99
December 17	99.11	98.86	96.94	99
January 18	99.21	98.70	97.51	99
February 18	99.15	98.47	96.23	99
March 18	99.15	98.19	96.41	99



#### Interpretation for NA

Mascom met the target throughout the period under review while Orange Botswana performed below the target for the months of October 2017 to March 2018. BTC Mobile performed below target for the entire review period. Attributed to these challenges is theft of batteries for solar powered equipment that PTOs have deployed for remote sites that are not connected to the national grid, making it impossible to keep the network availability at the required levels. To arrest or resolve this problem, BTCL will be rolling out a high security battery cabinet which is break-in protected to counter the scourge. The intention is to completely arrest the situation by the end of this financial year.

Fig 20: PTOs Network Availability Rate

## Network Performance

### Handover Success Rate

Table 23: Mobile Operators Handover Success Rate (HSR) (%) 2017/18

MONTH	MASCOM	ORANGE	BTCL	TARGETED HSR (95%)
April 17	97.01	99.46	97.91	95
May 17	97.00	98.94	97.93	95
June 17	97.26	99.37	98.00	95
July 17	97.38	98.64	98.00	95
August 17	96.64	99.24	98.50	95
September 17	97.05	97.57	98.20	95
October 17	96.88	97.99	98.00	95
November 17	96.64	97.00	98.00	95
December 17	96.78	96.75	97.94	95
January 18	96.63	96.95	98.05	95
February 18	96.68	97.27	98.16	95
March 18	96.76	98.66	98.08	95

#### Interpretation for HSR

All three PTOs performed within the set target of 95% for HSR.

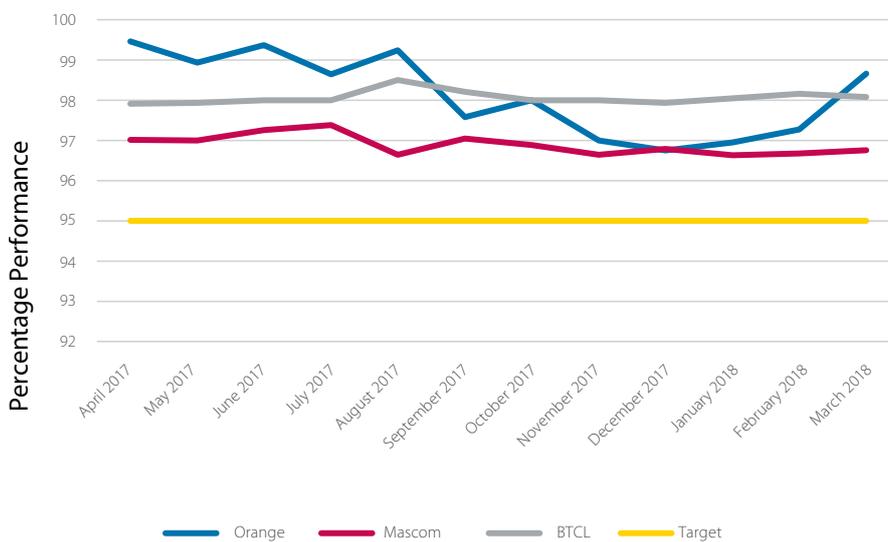


Fig 21: PTOs Handover Success Rate

# Technical Services

## Fixed Wireless Access Licensing

Due to increasing demand for spectrum brought about by increased data consumption, BOCRA reviewed the Fixed Wireless Access (FWA) spectrum in the frequency bands 2.3- 2.5, 3.4-3.6 GHz to address the objectives of the National Broadband Strategy (NBS) by availing additional spectrum to facilitate penetration of broadband services.



Following the review, BOCRA licensed three operators in the frequency bands 2.4 and 3.4 GHz through a tendering process to address last mile connectivity, provide better speeds for internet connectivity and address service gaps where ADSL was not available. The release of FWA spectrum helped to address quality of service for data services especially in urban areas where the demand for high speed data is on the increase.





## Licensing of Two-way Radio

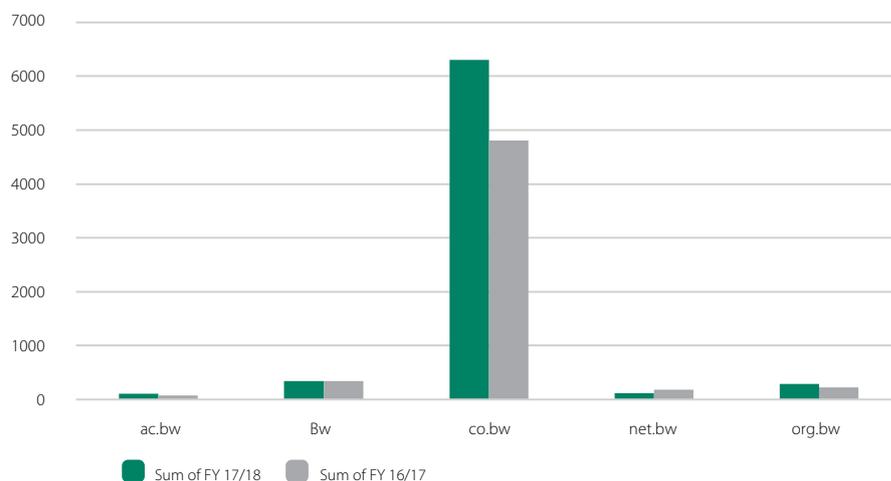
The period under review experienced increased number of new two-way radio licences issued, attributable partly to the use of online platforms and improved turnaround times for licence processing following implementation of an online applications system.

A total of 288 new radio licences were processed, representing a 26%

increase, compared to 5% over the 2016/17 period. In addition, 759 licences were renewed compared to 207 in the previous period. The increase in the number of new licences issued over the year is an indication of growth of two-way radio communications services. Table 24 shows a summary of radio licencing activities for 2017/18 period.

**Table 24: Licencing activities 2017/18**

QUARTER	NEW LICENCES	RENEWED LICENCE	CANCELLED LICENCES
Q1	50	96	2
Q2	73	181	1
Q3	94	215	1
Q4	71	267	0
<b>Total</b>	<b>288</b>	<b>759</b>	<b>4</b>



**Figure 22: Year on Year Comparison for Domain Name Registration by zone**

## Domain Names

In October 2017, BOCRA and Internet Company for Assigned Names and Numbers (ICANN) organised a workshop on Domain Name System Security Extensions (DNSSEC) and Domain Name System (DNS) Business. The objective of the workshop was to train registrars in Botswana to secure the Domain Name Systems, as well as market the .bw to encourage uptake.

The workshop was divided in two sections being Domain Name Security Extensions Operations and Implementation and DNS Business. The registrars were encouraged to automate their registration systems to reduce the turnaround times and registration prices to encourage uptake of .bw.

## Total Number of Names Registered by Registrars

The top registrars by volume during the year were BTC and Bwdomains. Bwdomains gained popularity because it automated its services. Figure 23 shows growth of domain names between FYs 2016/2017 and 2017/2018. A significant growth was realised in the co.bw which has grown from 4809 to 6302 domain names.

## Country Code Top-Level Domain Name (ccTLD) Management

The .bw ccTLD uptake is still relatively low, in FY 2017/2018 a total of 7153 domain names were registered and this is an improvement from the previous FY 2016/2017 in which a total of 5628 domain names were registered. Table 25 gives a summary of registration by zone.

**Table 25: Country Code Top-Level Domain Name**

ZONE	FY 16/17	FY 17/18
Bw	338	338
co.bw	4809	6302
net.bw	178	123
ac.bw	75	103
org.bw	228	287
<b>Total</b>	<b>5628</b>	<b>7153</b>

The low uptake of the (.bw) was mainly attributed to strong competition from generic Top-Level Domains (gTLDs) like .com, .biz, .info, .net, .org which are registered at very competitive prices and lack of online registration from local registrars (Internet Service Providers) made .bw domain name registration inefficient. The overall number of registered .bw domains for the FY 2017/2018 was 7153.



## Technical Services

### BOCRA Network Vulnerability Reports

Cybersecurity vulnerability tests were conducted to assess the BOCRA IT network. The vulnerability tests indicated that some computers and servers needed to be upgraded and patched to the latest operating systems and Microsoft upgrades. The installation of software upgrades and patches was subsequently done. However, some of the equipment such as Switches, Routers, Firewalls and Wireless Access points had reached their end of life support from the supplier and they will be replaced in the financial year 2018/2019.

### Type Approval

BOCRA implemented a revised fees structure and reviewed the Type Approval certificates to increase validity period. In addition, BOCRA automated the Type Approval application process. Customer Online application process has improved the efficiency of the Type Approval process and enabled submission of applications from all corners of the country.

However, implementation of the new Type Approval Certificates with a two-year validity period as opposed to one-year validity period, has led to a reduction in the number of

type approved equipment from 747 reported for the 2016/17 financial year to 496 for the 2017/18 financial year.

The above notwithstanding, automation coupled with increased surveillance and education campaigns on the importance of type approved communication devices resulted in increased awareness in both equipment supplier and consumers.

## Spectrum Monitoring

BOCRA undertook a spectrum monitoring exercise with a view to optimise spectrum utilisation and identify possible free spectrum for new assignment. The exercise covered FM Broadcasting and some frequencies in the Aeronautical and Land Mobile bands.

#### FM Broadcasting

Monitoring of the FM broadcasting spectrum occupation was carried out to ascertain the extent to which broadcasting stations along the borders were using coordinated frequencies. Broadcasting signals received were mostly FM stations from South Africa and were duly coordinated as per the ITU requirements. BOCRA continued with the monitoring of the broadcasting spectrum for the purpose of identifying additional broadcasting channels for Botswana.

#### Aeronautical Band

Monitoring also covered the use of the Aeronautical band (118 MHz – 137 MHz) in the Gaborone region. The aeronautical band is critical for airplane communications and therefore has to be kept free of interference for the safety of Botswana's airspace. The level of activity in the band was found to be in keeping with aviation safety requirements provided for by the ITU.

#### Land Mobile Band

Countrywide monitoring of land mobile band 170 MHz – 174 MHz was carried out. This frequency band was chosen to identify possible free spectrum for further assignment of land mobile applications. Monitoring revealed varying degrees of activity with more observed between 170 MHz and 171.275 MHz and less activity in the upper part of the band indicating that there was room for new assignment on the upper band

## World Radiocommunications Conference 2019 Preparations

The world Radiocommunications Conference 2019 (WRC-19) preparatory process is underway. BOCRA’s preparatory team has prioritised the agenda so as to focus more on items of high priority. In prioritising the team came up with nine high priority agenda items. Out of these, one deals with the land mobile issue, four deal with broadband applications in the mobile service, three deal with satellite issues and one deals with science issues.

**BOCRA has held two national stakeholders’ consultation meeting and a preliminary Botswana position paper has been developed taking into consideration the stakeholders’ inputs.**

At a SADC level, Botswana chairs this process and also rapporteurs six agenda items. Botswana is also a chapter coordinator for chapter 6 which deals with general issues. At Africa continental level Botswana rapporteurs one agenda item. So far Botswana has attended four SADC meetings, two African Telecommunications Union (ATU) spectrum working group meetings and two ATU WRC-19 preparatory meetings.

BOCRA took part in the process of harmonising positions for the continent where divergent views emerged on most International Mobile Telecommunication (IMT) related issues including channelization of the

C and L - bands and the spectrum needs for Public Protection and Disaster Relief (PPDR). No consensus has been reached on most agenda items as member states are still awaiting the outcomes of the ITU Study Groups. BOCRA also attended the working party 5C meeting dealing with high altitude platform systems (HAPS).

In as far as the preparatory phase is going, BOCRA is doing well in ensuring that the Botswana preliminary position for high priority agenda items is advocated for. This is done so as to influence the SADC region to adopt Botswana position as a SADC position so as to be able to influence the Africa position.



## Technical Services

### Network Coverage

To address the growing demand for services by consumers, especially the high increase in demand for data, MNOs continued to roll out 3G and 4G services in line with their licensing obligations. 3G rollout has increased from 57% to 67% over the years while 4G increased from 46% to 55%. In addition to their rollout plans, MNOs submitted their plans for addressing the quality of service and high demand for data services. To date, services have been provided across 448 towns/villages of Botswana as per the figure 23 on the different technologies by the MNO.

To address the growing demand for services by consumers especially the high increase in data, PTOs continued to roll out 3G and 4G services in line with their licensing obligations. Over the year 3G rollout increased from 57%

to 62% population coverage while 4G increased from 46% to 55% population coverage.

Operators continued putting up more base stations to close 3G and 4G network gaps.

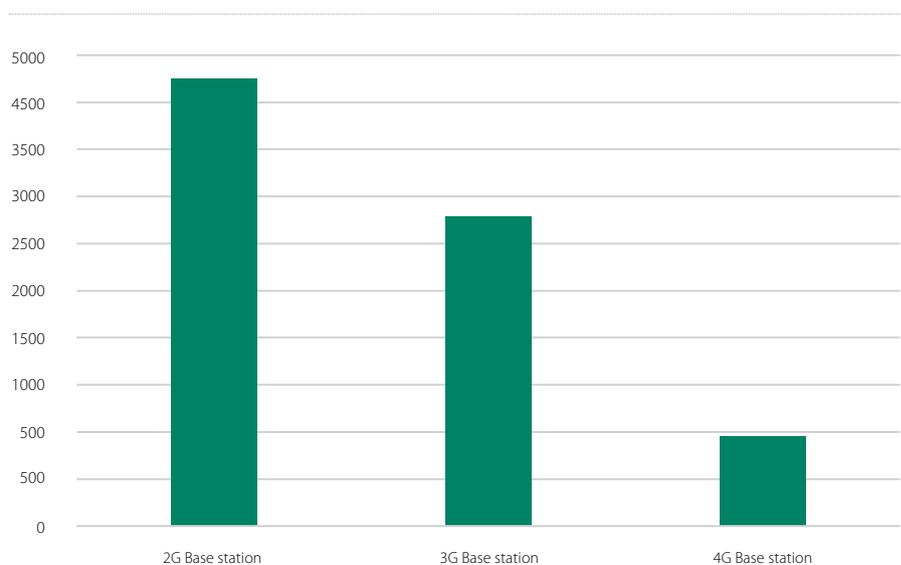


Figure 23: No. of base stations in Botswana

### Universal Access and Services

**In order to fulfil its mandate to promote universal access and service, BOCRA has established the Universal Access and Service Fund (UASF) as a separate entity specifically to fund and implement the UASF programs and projects.**

During the period under review, the UASF commenced three major projects in the three regions; Mabutsane, Kgalagadi and Ghanzi.

**These were:**

- Computerisation of 77 schools;
- Internet connectivity to all the schools with high speed broadband internet of 5Mbps; and
- Upgrading of base stations from 2G to 3G or better in 68 villages in the three regions.

At the end of the report period, projects were at different stages of completion and would be completed in the next financial year.

**Connect an Employee Initiative**

In 2014, BOCRA developed the “Connect an Employee” that is aimed at assisting the Government in its effort to ensure universal access to ICTs in Botswana. The purpose of the initiative is to ensure that all parastatal

institutions connect internet services for their employees at home. The Authority conducts regular follow ups on progress made in the Connect An Employee initiative by various parastatals. As at March 2018, 15 parastatals had connected their employees to residential internet compared with 9 in March 2016. This translated to a total of 1276 employees connected compared to 810 in March 2016.

The Authority continues to engage parastatals to connect their employees to residential Internet to increase broadband uptake in Botswana.

# Consumer Education

BOCRA conducted countrywide consumer education and awareness activities through various platforms including Consumer Consultative meetings, radio programmes, school visits, agricultural shows and trade exhibitions such as Business Botswana and the Botswana Consumer Fair.



**The objective of consumer awareness activities was to enhance public knowledge, awareness and understanding of the regulated sectors and enable consumers of communications services to make informed choices of the services at their disposal.**

**Consumer education initiatives cover a range of issues, including but not limited to:**

- BOCRA mandate – functions and responsibilities
- Universal Access and Service Fund – functions and responsibilities
- Consumer rights obligations
- Complaints Handling Procedures
- Child Online Protection
- Responsible use of communications services
- Communications sector trends and latest developments

In conjunction with PTOs, BOCRA carried out consultative meetings with consumers in Palapye, Francistown, Maun and Ghanzi. The objective of the meetings was to reach out to consumers and provide them with a platform to raise concerns that they had with provision and use of communication services.

In addition, BOCRA took part in the commemoration of the Consumer Rights Day in Gaborone and Selebi Phikwe. BOCRA also joined the Lobatse and Kgatleng Districts as they held Open Days through which they took their services to the people. A total of 33 education activities were undertaken.

## Consumer Education

Table 26 shows consumer education activities undertaken during the financial year 2017/2018.

**Table 26 Education Activities Undertaken April 2017 – March 2018**

CATEGORY	NAME OF EVENT	TARGETED AUDIENCE	NUMBER ENGAGEMENTS
Conference	HATAB Annual Conference	Hospitality Industry, Public, Consumers	4
	Consumer Rights Day		
	Consumer Watchdog Conference		
	Botswana Consumer Fair		
Awareness Campaign	Schools addresses	Students and Teaching staff	14
	Public address	General public, consumers	5
	Institutions	Police	1
Fairs	Agricultural Fairs	Consumers, Public, Exhibitors, Farmers	4

The 2015 Consumer Satisfaction Survey recommended, among other things, for BOCRA to increase targeted educational efforts in order to improve customer understanding of the relationship between technical matters, service quality and pricing. The study highlighted the relationship between bandwidth, Internet speed, Internet type and pricing as problematic among consumers.

Throughout all the education activities where BOCRA engaged with the different groups of consumers, there was continued and deliberate effort to speak to issues of the Internet, data consumption and pricing. Audiences demonstrated overall increased awareness of prices charged for their services, improved awareness of complaints handling processes and increased awareness of consumer rights for good service quality of service.

## Complaints Resolution

**BOCRA received 65 complaints during the review period compared to 50 during the previous year. The complaints received were mainly relating to PTOs.**

Mascom and Orange recorded twenty-one complaints each while BTC recorded eighteen complaints. The most common complaints for Mascom were on billing and airtime bundles. Orange had more complaints relating to billing, mobile money and contracts. BTC has common complaints on poor service and slow internet.

It was evident from the reported complaints that consumers continued to enter into contracts without full understanding of the products and services they were contracting for. Operators were implored to take customers through their products and services to enable them to make informed choices. Equally, consumers

were advised to ensure understanding of their rights and obligations and to take time to compare products available in the market before committing themselves to a service with any operator.

**Table 27 shows the number of complaints escalated to BOCRA over 5 years**

YEAR ENDING MARCH	NO. OF NEW COMPLAINTS
2014	32
2015	35
2016	35
2017	50
2018	65



## Consumer Education

Tables 28 summarises complaints escalated to BOCRA during the reporting period.

**Table 28 Comparison of complaints escalated to BOCRA per operator**

TYPE OF COMPLAINTS	ORANGE	BTC	MASCOM	VBN	FACEBOOK	ACTUAL RECEIVED	RESOLVED	UNRESOLVED
Mobile Money	4					4	4	
Billing	3	1	7			11	7	4
Contract	4					4	4	
Competition	1					1	1	
Poor Customer Service	1	4	2			7	7	
Hoax Calls	2	2	2			6	6	
Interconnection			1			1		1
Slow internet		3	1	2		6	6	
Lost Phone	1	1	1			3	3	
Invasion of Privacy/ Alleged Hacking	2	2	2			6	6	
No Credit Beep	1					1	1	
False advertising					1	1	1	
Airtime/bundles	1	1	3			5	5	
Disconnected Line		1				1	1	
Refund		2				2	2	
Complaints Procedures not followed			2			2	2	
Poor Network	1	1	1			3	3	
<b>Total</b>	<b>21</b>	<b>18</b>	<b>21</b>	<b>2</b>	<b>1</b>	<b>63</b>	<b>59</b>	<b>5</b>

# Stakeholder Engagement

## LOCAL ENGAGEMENTS

### World Telecommunication and Information Society Day (WTISD)

BOCRA coordinated the commemoration of the World Telecommunication and Information Society Day (WTISD) held in Masunga Village in the North-East District in May 2017.

WTISD is held annually on 17 May to mark the establishment of the International Telecommunication Union (ITU) and help raise awareness of the possibilities that the use of the Internet and other ICTs can bring to societies and economies as well as to mobilise ICT stakeholders to bridge the digital divide.

The 2017 commemoration was held under the theme Big Data for Big Impact. The theme aimed at identifying opportunities and challenges of ensuring that Big Data become a key tool in tackling the challenges of implementing the SDGs and measuring impact.

BOCRA, on behalf of the Ministry of Transport and Communications, mobilised other ICT stakeholders to contribute ICT solutions to Masunga communities. For its part, BOCRA contributed 30 computers, ten network printers and one heavy duty photocopier into a common pool that was evenly distributed to benefit various community groups in Masunga.

### Business Botswana Northern Fair

BOCRA exhibited at the Business Botswana Northern Fair held in Francistown in May 2017 under the theme **Business Agility in Botswana: Optimising Business at 50 Years & Beyond.**

Business Botswana Northern Trade Fair is the premier commercial exhibition that provides a one-stop-shop for local and regional business to engage in commerce.

BOCRA took part in the event to get closer to communications stakeholders, particularly consumers and shared with them its mandate and received feedback on the services they receive from licensees.



## Hospitality and Tourism Association of Botswana

**BOCRA took part in the Hospitality and Tourism Association of Botswana (HATAB) Annual Conference held in April 2017 in Kasane.**

The Conference sought to provide a platform for public and private sector dialogue and allowed leadership to engage and share information on tourism development and challenges. The theme of the conference was 'The Role of the Tourism Sector in Expanding Economic Opportunity in Botswana'. BOCRA used the conference to interact with members of the hospitality industry, the majority of whom use two-way radios for communication and reminded them of the regulatory requirements around the use of such equipment.

## World Post Day 2017

**BOCRA joined the postal fraternity to commemorate the World Post Day at Seronga village in October 2017.**

The commemoration was held under the theme: Innovation, Integration and inclusion. The World Post Day is an annual event that is commemorated every October under the auspices of the Universal Postal Union with the purpose of raising awareness of the role of the Post in the everyday lives of the people and businesses as well as its contribution to the social and economic development. The highlight for the day was the official opening of the newly built Seronga Post Office in line with postal sector reforms, which focused on embracing technology, developing new products and services, expanding the post office service delivery channels and ensuring wider accessibility to the post office for all citizens.

## Consumer Consultative Forums

BOCRA, jointly with PTOs carried out Consumer Consultative Meetings in January and February 2018 in Palapye, Francistown, Maun and Ghanzi in a collaboration to address common consumer concerns.

The meetings provided consumers with a multi stakeholder platform to raise issues of concern that they had with provision and use of communication services.

## Gaborone International Trade Fair

**BOCRA exhibited at the 12th edition of the Botswana Consumer Fair held in August 2017 under the theme, 'It's More Than Just Shopping'.**

The Consumer Fair is an ideal platform for exhibitors to meet consumers and customers. The 2017 Botswana Consumer Fair report indicated that the Fair attracted a visitor attendance of 60,000 recorded over a seven-day period.

The BOCRA stall attracted between 30 and 70 consumers per day during the week and obtained position 3 under the Regulators category.

Most visitors to the stall were interested in the regulation of mobile internet prices, opportunities for additional radio broadcast licences and complaints handling procedures.

## World Radio Day

In February 2018, BOCRA, together with its broadcasting stakeholders commemorated the World Radio Day under the theme "Radio & Sports" and sub-themes of Diversity in sports coverage; Gender equality in sports coverage and Peace and development through sports coverage.

Held in Gaborone, the event attracted people from both media and sports fields. Women who lead in different sports fields expressed their appreciation for sports coverage and encouraged radio stations and media in general to raise the bar in coverage of women and girls in sports.

# REGIONAL PARTICIPATION

## CRASA Consumer Issues Committee (CIC)

Following appointment to chair the CRASA Consumer Issues Committee, BOCRA convened a Committee meeting in May 2017.

The Committee discussed an array of issues including:

**harmonisation of the child helpline service telephone number;**

**SADC ICT Consumer Rights and Protection Regulatory Framework; and**

**Cyber Security and development of statistical guidelines on consumer protection.**

The Committee also revised its Operational Plan 2017/18.

The Consumer Issues Committee is one of the CRASA Standing Committees charged with the mandate to build capacity and facilitate regional integration regarding consumer protection.

## CRASA Quality of Service/Quality of Experience Workshop

BOCRA is a member of the Communications Regulators Association of Southern Africa (CRASA), a regional body comprising National Regulatory Authorities of the Southern African Development Community (SADC) region which works towards harmonisation of the Postal and Information Communications and Technologies (ICT) regulatory environment in the region in order to improve the Postal and ICT business environment and investment climate in SADC.

BOCRA hosted the CRASA workshop on Quality of Service (QoS) and Quality of Experience (QoE) Regulation for the Southern African Development Community (SADC) in May 2017. The Workshop that was facilitated by the International Telecommunication Union (ITU)-D, was targeted at building capacity within the SADC region, regarding the QoS and QoE and their regulations. It provided ITU-T framework and recommendations on QoS and QoE with focus on regulatory aspects of QoS standards, market competition, pricing and consumer protection; overview of Internet QoS; QoS in network neutrality; and broadband QoS measurements.

SADC Member States shared their experiences on enforcement of QoS regulations focusing on common guidelines.

The Workshop recommended for CRASA to consider a common position on Network Neutrality, adopt a programme on mapping broadband and develop a common broadband measurement platform.

The Workshop also recommended that the outcomes of group exercise on choosing parameters and their respective targets for fixed telephony, mobile telephony, fixed broadband, mobile broadband, interconnection, and general management services be included into the Common Guidelines on QoS for CRASA.



## SABA Conference

**BOCRA took part in the 5th Africa and Digitalisation Conference, 26 Annual General Conference and 25th Anniversary of the Southern Africa Broadcasting Association (SABA) held at the Gateway Conference Centre (GCC) in Windhoek, Namibia in September 2017.**

BOCRA alongside other National Regulatory Authorities from SADC, contributed in a plenary discussion that considered the impact of digital radio on traditional radio, looking at practices, technology, content, regulation, licensing and spectrum.

The 5th Africa and Digitalisation Conference was held under the theme “Strategies for Stimulating Local Content Production and Creating an Enabling Environment for Sustainable Telling of Africa’s Story”. The Conference discussed several broadcasting issues including the broadcasting environment and its relation to culture, identity and languages; traditional radio in the multimedia environment; content strategies for a sustainable African market; and challenges facing producers, presenters and writers.

The Conference reviewed the roadmap for implementation of the bouquet, looking at the required strategies for regulatory, technical and content production. In addition, the Conference resolved to create a broadcast market for Africa.

## dotAfrica Roadshow

**In January 2018, BOCRA took part in the dotAfrica roadshow that started in South Africa, en route to the summit of Mount Kilimanjaro via several countries, as part of roadshow and fanfare, and to eventually be presented at the African Union Headquarters in Addis-Ababa, Ethiopia.**

The roadshow was to sensitise stakeholders on the use of the dotAfrica domain name.

The Internet Corporation for Assigned Names and Numbers (ICANN), the organisation responsible for the coordination of the global Internet's systems of unique identifiers, launched a new top-level domain application process in 2012.

The Top-Level Domain name for Africa (dotAfrica gTLD) was created to bring the continent together as an internet community under one umbrella allowing e-commerce, technology and infrastructure to flourish. It is an opportunity to forge a unique online identity which will associate products, services and/or information with the continent and people of Africa.

## Domain Names

BOCRA partnered with Internet Company for Assigned Names and Numbers (ICANN) to deliver a workshop on Domain Name System Security Extensions (DNSSEC) and Domain Name System (DNS) Business for registrars in Botswana to educate registrars on how to secure the Domain Name Systems as well as market the .bw domain extension to encourage uptake. The workshop was divided in two sections: Domain Name Security Extensions Operations and Implementation, and DNS Business. The registrars were encouraged to automate their registration systems to reduce the turnaround times and registration prices to encourage uptake of .bw

# INTERNATIONAL PARTICIPATION

## World Telecommunication Development Conference (WTDC-17)

A Botswana delegation, comprising the Ministry of Transport and Communications (MTC) and BOCRA, took part in the World Telecommunication Development Conference (WTDC-17) held in Buenos Aires, Argentina, 9-20 October 2017 under the theme "ICT for Sustainable Development Goals" - ICT-SDGs.

The WTDC culminated with a declaration that emphasised the importance of necessary actions for the implementation of key concepts including:

- The fundamental contribution of telecommunications/ ICTs in attaining WSIS Action Lines and the 2030 Agenda for Sustainable Development;
- Connectivity for underserved and unserved populations;
- Promotion of widespread, affordable access to telecommunications/ICTs;
- Use of new and emerging technologies/trends in telecommunications/ICTs;
- Human and institutional capacity building;
- Proper and comparable indicators/statistics and ICT trend analysis;
- ICT needs of women, girls, children, persons with disabilities; and
- Building trust, confidence and security in telecommunications/ICTs

## World Summit on the Information Society 2018

BOCRA attended the 2018 WSIS Forum in Geneva, Switzerland in March 2018. The theme of the forum was "Leveraging ICTs to build information and knowledge societies for achieving the Sustainable Development Goals (SDGs)".

The forum provided stakeholders with a platform to discuss the role of ICTs in achieving the sustainable development goals. WSIS Forum sessions focused on cybersecurity, privacy, and e-commerce, and their links to sustainable development. Various policy sessions took place focusing on the attainment of WSIS Action Lines and SDGs. In addition, different countries shared their success stories and good practices in achieving WSIS action lines and using ICTs to achieve SDGs. The 2018 WSIS Forum emphasised the importance of emerging technologies such as Artificial Intelligence (AI), Big Data, and Internet of Things (IoT) in attaining the SDGs and the need to align existing policies with these emerging trends. The forum also touched on the impact of new technologies in economic, security, legal, and ethical considerations.

Botswana needs a wider stakeholder engagement and participation to achieve the 17 SDGs. Furthermore, Botswana needs to conduct research on emerging technologies such as IA, Big Data and IoT.



## World Summit on the Information Society 2018 (continued)

In addition, Botswana should continuously review and align existing ICT policies to exploit the potential and benefits of emerging technologies in achieving the SDGs. Botswana should further harness these emerging technologies in driving Digital inclusion and bridging the digital divide.

Prior to attending the 2018 WSIS forum, BOCRA engaged with licensed operators to submit projects and initiatives for the WSIS Stocktaking database for the period under review. The initiatives and projects refer to the 11 WSIS Action Lines and SDGs and are made publicly available in the WSIS Stocktaking database. The database provides up to date information on the progress of implementation of WSIS outcomes. Projects were received from Orange Botswana and BoFiNet. BOCRA submitted projects under the UASF.

The submitted projects are as outlined in table 29.

**Table 29: Projects submitted for WSIS stocktaking**

NAME	PROJECT
UASF	· Provision of Broadband Wi-Fi hotspots in Public Strategic areas in Botswana
	· Computerisation and provision of Broadband Internet Connectivity to Public Primary Schools
BOFINET	· Fibre To The x (FTTx)
	· National Backbone Expansion Project
ORANGE	· Mobile Agriculture
	· Orange Social Venture Prize
	· Super Coders Training For Primary Schools
	· Digital Education Drive
	· Women’s Digital Centres

## Global Symposium for Regulators (GSR)

**BOCRA attended the 17th edition of the Global Symposium for Regulators (GSR) which was held in Nassau, Bahamas, from 11 to 14 July 2017 under the theme: Living in a World of Digital Opportunities.**

GSR is a forum for telecommunication/ICT regulatory authorities from around the world to share their views and experiences on identified pressing regulatory issues. The symposium promotes dialogue between regulators, policy makers, industry leaders and other key ICT stakeholders.

The symposium featured a series of topics that included a Thematic Pre-Conference, a Global Dialogue on Digital Financial Inclusion focusing on cybersecurity, the Regional Regulatory Associations Meeting (RA) and the Private Sector Chief Regulatory Officers Meeting. Among the main discussion issues that regulators discussed were:

- Artificial intelligence, virtual reality and robots;
- Collaborative regulation in a digital ecosystem;
- Reliability of networks and devices for digital services; and
- Affordable access to ICTs for SDGs.

## Stakeholder Engagement/ International Participation

## CTO Forum and Annual General Meeting

**BOCRA attended the Commonwealth Telecommunications Organisation (CTO) Forum that took place from 11-13 September 2017 in Maputo, Mozambique under the theme Digital Nations, Digital Wealth.**

The Forum is the premier ICT conference of the Commonwealth that brings together senior policy makers, regulators and industry leaders from across the Commonwealth and beyond, to examine the most topical issues in the ICT sectors.

Discussions focused on policy, regulation, technologies, operations, investment and multilateral cooperation. The Forum discussed in detail regulatory aspects of the Internet of Things; e-government challenges and emerging technologies; child online protection global good practices, universal service funds under pressure from free riders among its numerous topics.

**Throughout the Forum, there was common understanding around many issues including:**

- The journey to the digital future is both individual and collective;
- Public investment is a necessity to connect the unconnected, as although 3G covers 85% of the world, only half of the world population is connected to the Internet;
- Countries must develop coordinated multi-sectoral strategies for ICTs, to include broadband infrastructure, health, education, agriculture and other areas;
- IoT and augmented reality may require less, but more flexible regulation;
- The need to balance open data with privacy;
- Government to lead by deploying e-Government services;
- Competitive digital economies require government to create the enabling conditions, laws and frameworks, including for machine-to-machine communications; and
- Governments must make cybersecurity a priority.

## Internet Governance Forum 2017

**BOCRA took part in the 12th meeting of the Internet Governance Forum (IGF) held in Geneva, Switzerland from 18 to 21 December 2017, under the theme: Shape Your Digital Future.**

The future of global digital governance, access and development, and emerging technologies were among the main themes.

The forum agreed the need to maximise the opportunities offered by technology, while addressing the challenges that technology brings. The forum also acceded that the digital divide remains a reality as billions of individuals still do not have access to the internet. There was a call for a holistic approach to bridging this divide.



# REVIEWS

CORPORATE SOCIAL INVESTMENT 76

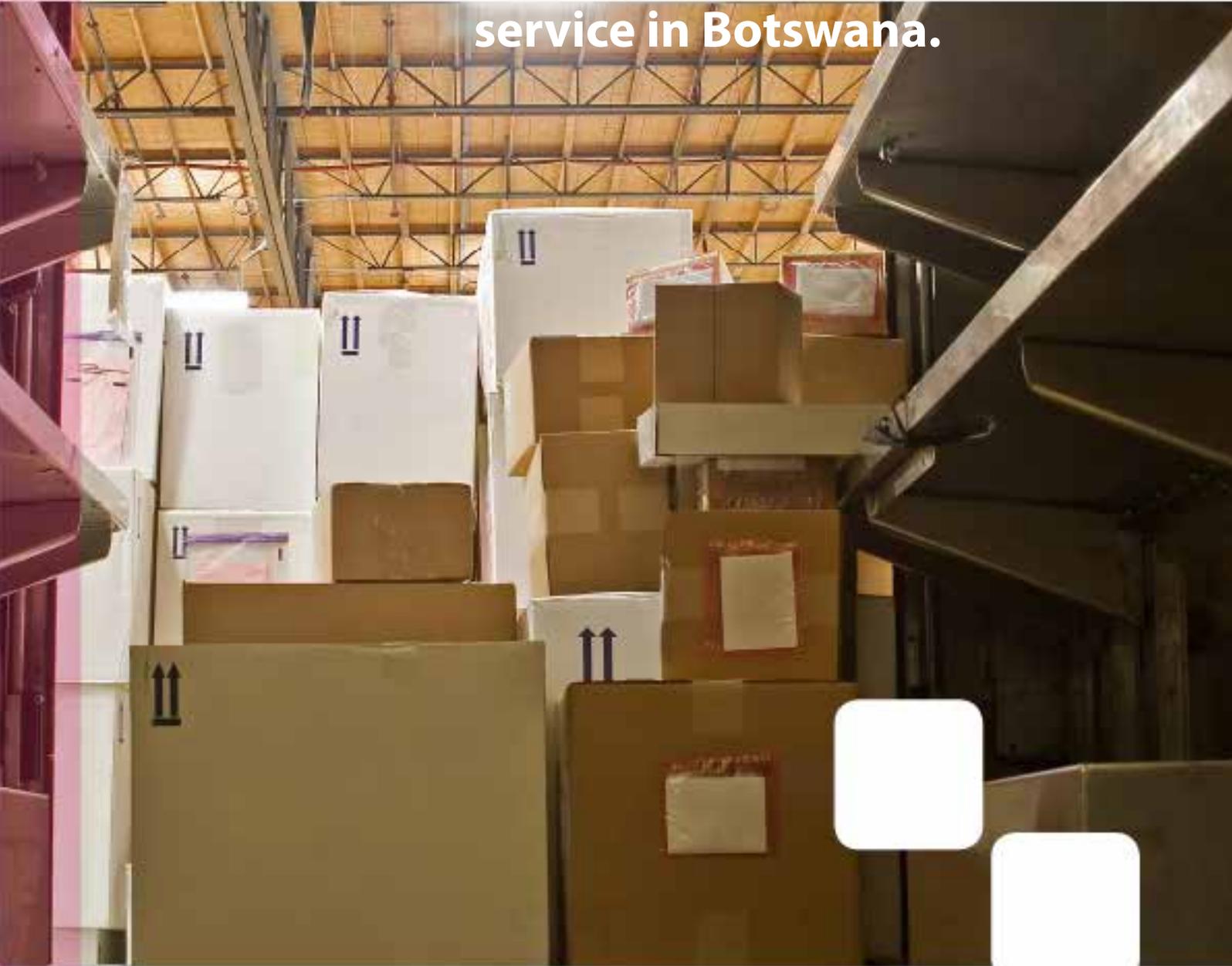
HUMAN RESOURCES ADMINISTRATION 78

# REVIEWS





## Postal BOCRA supervises the provision of postal service in Botswana.



BOCRA made a ruling that, selling and maintenance of franking machines did not require a licence under the CRA Act, 2012. The ruling liberalised selling of franking machines in Botswana subject only to Type Approval requirements in terms of Section 85 of the Act.

**THE CRA ACT** PROHIBITS ANY PERSON TO PROVIDE POSTAL SERVICES WITHOUT A VALID LICENCE ISSUED BY BOCRA. THE AUTHORITY IS ALSO MANDATED TO ENSURE THAT THERE IS PROVISION OF SAFE, RELIABLE, EFFICIENT AND AFFORDABLE POSTAL SERVICES THROUGHOUT BOTSWANA.



For more information go to <http://www.bocra.org/bw/broadcasting>

# Corporate Social Investment

## Donations

BOCRA recognises that it is a corporate social being that owes its existence and receives its support from the environment within which it operates.

It is in recognition of this reality that BOCRA shared some of its resources with some deserving institutions and causes across the country in line with its corporate social investment objective of ploughing back to the society within which it does business.



## Corporate Social Investment

Table 30: Donations Made during the year

BENEFICIARY	DESCRIPTION	AMOUNT
Cancer Association of Botswana	Dinner Sponsorship	10,000.00
Sir Ketumile Masire Foundation	Annual Resource Mobilization	75,000.00
BOSICTA	Branded T shirts for the ICT Fair	6,000.00
UB Foundation	Annual Fundraising Gala Dinner	30,000.00
Creative Stars Foundation	Please Bail Me out Charity Dinner	4,000.00
UB Debate Masters Association	SANUDC Debate Tournament registration	8,760.00
Botswana Association of the Blind and Partially Sighted	Website Development	30,000.00
Struizendam Primary School Gaborone Excursion	Food and transport to Gaborone and back to Struizendam	54,000.00
BICA	Annual Dinner Dance	7,500.00
Chainring	Ride for pink fundraising event	5,000.00
Botswana Netball Association	Netball Youth Cup 2017	100,000.00
Law Society Botswana	LSB Annual Conference	51,897.00
Esteres	Women's Etiquette Brunch	5,000.00
Linchwe CJSS	15 Tablets	46,815.00
Kealeboga Primary School	1 Heavy Duty Photocopier	87,060.00
Itireleng Primary School	1 Heavy Duty Photocopier	87,060.00
Borwa CJSS	4 Computers, 2 Printers, 1 Interactive board	95,825.50
Mogoditshane Senior Secondary School	1 Heavy Duty Photocopier	87,060.00
Lentswe CJSS	15 tablets for Prize Giving	46,815.00
Itireleng Primary school	Heavy duty Photocopier	84,560.00
Childline Botswana	4th annual family fun day	10,000.00
Kalahari Conservation	2017 Gala Dinner	10,000.00
University of Botswana	2017 National Open Data Forum	20,000.00
Botswana Institute for technology Research and Innovation (BITRI)	Africa Materials Research Society (AMRS) 2017 International conference	100,000.00
Good Radio Awards	Good Radio Awards	20,000.00
Botswana National Sports Commission	President's Cycle Challenge	20,000.00
<b>Total</b>		<b>1 102,352.50</b>

# Human Resources Administration

## Rationalisation of Departments and Functions

In order to improve operational efficiency, BOCRA undertook a rationalisation exercise during the period under review.



### The following changes were made;

- 1 The Security Unit was incorporated under Human Resources and Administration Department to form a new department called Corporate Services.
- 2 The Information Technology and CcTLD (Country Code Top Level Domain) functions were subsumed under Technology Department.
- 3 The Internal Audit function was outsourced to an external service provider.
- 4 The Licensing function was centralised and incorporated under Postal Regulation to form a new department called Postal Regulation and Licensing.
- 5 Quality of Service function was moved from Compliance and Monitoring and subsumed under Technical Services Department.
- 6 Following removal of IT Unit to Technology Department, Corporate Support department was renamed Finance Department.
- 7 Project Management Office function was created and incorporated under Strategy Office/Performance Improvement Coordination.

## Human Resource Administration



### Automation of HR Processes

In its endeavour to automate HR processes and improve efficiency, the organisation rolled out an end-to-end Payroll process integrated with Finance module for seamless processing of accounts. Automated Employee Self Service (ESS) was also implemented. Automation was also extended to HR services which included Training and Development as well as Performance Management System.

Automated processes will allow employees to access online services relating to performance management, personal development, and employment data.

### Business Process Mapping

A consultant was appointed to review business processes and determine alignment with the Organisational Structure. The objective of the project was to review and map BOCRA processes and determine alignment with the BOCRA structure in order to improve operational efficiency. The outcome of the exercise will be considered in the 2018/19 period.

### Best Company to Work for Survey

In order to improve its employment policies, processes, standards and practices against the best organisations in the market, BOCRA participated in the Best Company to Work for Survey conducted by Deloitte. The results reflected the organisation's work environment to be a positive one.

Pursuant to the results of the survey, BOCRA developed the Impact Plan and undertook a team building exercise for departments that scored low in in some aspects of the survey.



## People Development

### Long Term Training

Identified employees were sent on long term training in various areas in line with the training policy and plan. Table 31 depicts training undertaken and status as at 31 March 2018

**Table 31: Long term training courses and their statuses as at March 2018**

TRAINING PROGRAMME	LEVEL	NUMBER OF OFFICERS	STATUS
Global Information and Telecommunications Technology	Master's Degree	1	Completed
ICT and Regulation	Master's Degree	1	Completed
Business Administration	Bachelor's Degree	1	Completed
Telecommunications Management	Master's Degree	1	On-Going
Association of Chartered Certified Accountant	Professional	1	On-Going
Business Administration	Bachelor's Degree	2	On-Going
<b>Total</b>		<b>7</b>	

### Short Term Training

In order to build internal capacity and capabilities, several employees were sent to pursue management development courses such as Project Management, Key Performance Indicators (KPI) Techniques, PMS Training on the use of Balance Score Card and Emotional Intelligence.

**Table 32: Number of officers who pursued management development courses during the year**

TRAINING PROGRAMME	NUMBER OF OFFICERS	STATUS
PRINCE2 Project Management	3	Attended
Key Performance Indicators Training	40	Attended
Balanced Scorecard Training	10	Attended
Emotional Intelligence	10	Attended
<b>Total</b>	<b>63</b>	

Leadership, Management and Supervisory training was also conducted for all eligible levels of employees with the objective of equipping all Leaders, Managers and Supervisors with requisite people management skills.

A Retirement Planning workshop was conducted for a total of 16 employees aged from 45 to 49 years in order to equip them with best retirement lifestyle choices.

### Cybersecurity Awareness Training

A Cybersecurity Awareness Training course was conducted for Board Members and Staff in March 2018. The main purpose of the training was to raise awareness on cybercrime and cybersecurity issues among staff and the Board.

### Content Database Training

Twenty-five (25) staff members were trained on content database of the resource centre.

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## Human Resource Administration

### **Staff Movements**

The former Chief Executive, Mr. Thari G. Pheko left the organisation on retirement following expiry of his contract. Two employees resigned from the employ of BOCRA during the period under review while one employee passed on.

Mr Martin Mokgware was appointed the Chief Executive effective 1 December 2017. Ms Joyce Isa Molwane, Director Legal and Board Secretary was appointed effective 1 December 2017.

### **Organisational Capital**

A new modern resource centre was commissioned during the period under review. As at March 2018 the Resource Centre was fully operational with all staff having undergone training in the use of the Content Databases. The objective of the resource centre is to facilitate research and learning at the workplace.

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# ANNUAL FINANCIAL STATEMENTS

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**Internet** BOCRA facilitates the growth of the Internet market as part its role to facilitate the uptake of ICTs.



BOCRA reviewed the Fixed Wireless Access (FWA) spectrum in the frequency bands 2.3- 2.5, 3.4-3.6 GHz and licensed three operators in the frequency bands 2.4 and 3.4 GHz to address last mile connectivity, provide better speeds for internet connectivity and address service gaps where ADSL was not available in line with the objectives of the National Broadband Strategy (NBS).

**THE USE OF SMARTPHONES HAS LED TO INCREASED NUMBER OF PEOPLE WITH ACCESS TO MOBILE INTERNET ESPECIALLY AMONG THE YOUTH.**



For more information go to <http://www.bocra.org/bw/internet>



## General Information

<b>Country of incorporation and domicile</b>	Botswana
<b>Nature of business and principal activities</b>	The Authority is a body corporate, established under the Communications Regulatory Act, 2012 for the regulation of communications sector in Botswana comprising telecommunications, internet and information and communications technologies, radio communications, broadcasting, postal services and related matters.
<b>Members of the Board</b>	Major General Bakwena Oitsile (Chairperson) - retired 30th June 2017 and reappointed 1st September 2017 Mr. Peter McClean Van Riet-Lowe - retired 1st September 2017 Mr. Thapelo Kalake - retired 1st September 2017 Mr. Monametsi Kalayamotho - retired 1st September 2017 Mr. Joseph M. Matome - retired 30th June 2017 Mr. Onkagetse Pusoentsi Mrs. Wilhemina T. Makwinja - retired 30th June 2017 and reappointed 1st September 2017 Mr. Thari G. Pheko - Chief Executive (ex-officio) -retired 30th April 2017 Mr. Galeboe Mmelesi - appointed 1st September 2017 Dr. Gape Kaboyakgosi - appointed 1st September 2017 Dr. Batlang C. Serema - appointed 1st September 2017 Prof. Joseph Chuma - appointed 1st September 2017 Mr. Tshoganetso Kapaletswe- Acting Chief Executive (ex-officio) - 1st May 2017 to 30th November 2017 Mr. Martin Mokgware - Chief Executive(ex-officio) appointed 1st December 2017
<b>Registered office</b>	Lot 50671, Independence Avenue, Extension 5, Gaborone, Botswana

## General Information (continued)

<b>Postal address</b>	Private Bag 00495, Gaborone, Botswana
<b>Bankers</b>	First National Bank of Botswana Limited Barclays Bank of Botswana Limited Standard Chartered Bank Botswana Limited Bank of Baroda (Botswana) Limited Stanbic Bank of Botswana Limited
<b>Auditors</b>	PricewaterhouseCoopers
<b>Secretary</b>	Ms. Pako Ralehika-Phiri (resigned 30th June 2017) Ms. Keamogetswe Sefakwe - Acting Secretary (1st July 2017 - 30th November 2017) Ms. Joyce W. Isa-Molwane (appointed 1st December 2017)
<b>Chief Executive</b>	Mr. Thari G Pheko (retired 30th April 2017) Mr. Tshoganetso Kapaletswe (Acting Chief Executive 1st May 2017 to November 2017) Mr. Martin Mokgware (appointed 1st December 2017)
<b>Functional Currency</b>	Botswana Pula ('P') and is rounded to the nearest Pula



## Board Members Responsibilities and Approval

The members are required in terms of the Communications Regulatory Authority Act, 2012 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements which show a true and fair view of the state of affairs of the Group and Authority as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The members have reviewed the Group and Authority's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 94 to 131 and the supplementary information disclosed on pages 132 and 133 which have been prepared on the going concern basis, were approved by the Board on 14 September 2018 and were signed on its behalf by:

Chairperson

Chief Executive

**Gaborone**

# Board Members' Report

The Members of the Board have pleasure in submitting their report.

## 1. Review of activities

The Authority is a body corporate, established under the Communications Regulatory Authority Act, 2012 for the regulation of communications sector in Botswana comprising telecommunication, internet and information and communications technologies, radio communications, postal services and related matters.

The operating results and state of affairs of the Group and Authority are fully set out in the attached annual financial statements and do not in our opinion require any further comment. Net surplus of the Group was P35,633,844 (2017: P 50,811,356) and for Authority was P20,374,296 (2017: P 12,368,021).

## 2. Accounting policies

The accounting policies of the Group and Authority are consistent with the previous year except for the adoption of new standards or interpretations or amendments in the International Financial Reporting Standards.

## 3. Members interest in contracts

None of the Members or Officers of the Authority had any interest in any contract during the financial year.

## 4. Members

The Board members of the Authority during the year and to the date of this report are as follows:

Major General Bakwena Oitsile (Chairperson) - retired 30th June 2017 and reappointed 1st September 2017

Mr. Peter McClean Van Riet-Lowe - retired 1st September 2017

Mr. Thapelo Kalake - retired 1st September 2017

Mr. Monametsi Kalayamotho - retired 1st September 2017

Mr. Joseph M. Matome- retired 30th June 2017

Mr. Onkagetse Pusoentsi

Mrs. Wilhemina T. Makwinja - retired 30th June 2017 and reappointed 1st September 2017

Mr. Thari G. Pheko - Chief Executive (ex-officio) - retired 30th April 2017

Mr. Galeboe Mmelesi - appointed 1st September 2017

Dr. Gape Kaboyakgosi- appointed 1st September 2017

Dr. Batlang C. Serema - appointed 1st September 2017

Prof. Joseph Chuma - appointed 1st September 2017

Mr. Tshoganetso Kapaletswe- Acting Chief Executive (ex-officio)- 1st May 2017 to 30th November 2017

Mr. Martin Mokgware - Chief Executive (ex-officio)- appointed 1st December 2017

## 5. Secretary

Ms. Pako Ralehika-Phiri (resigned 30th June 2017)

Ms. Keamogetswe Sefakwe- Acting Secretary (1st July 2017 to 30th November 2017)

Ms. Joyce W. Isa-Molwane ( appointed 1st December 2017)



# Independent Auditor's Report



## To The Minister of Transport and Communications

### Report on the audit of the consolidated and separate financial statements

#### Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Botswana Communications Regulatory Authority ( the "Authority") and its subsidiary ( together " Group") as at 31 March 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (the "IFRS") and the requirements of the Communications Regulatory Authority Act, 2012.

#### What we have audited

Botswana Communications Regulatory Authority's consolidated and separate financial statements set out on pages 94 to 131 comprise:

- the consolidated and separate statement of financial position as at 31 March 2018;
- the consolidated and separate statement of comprehensive income for the year then ended;
- the consolidated and separate statement of changes in equity for the year then ended;
- the consolidated and separate statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

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

#### Independence

We are independent of the Group in accordance with the Botswana Institute of Chartered Accountants' Code of Ethics (the "BICA Code") and the ethical requirements that are relevant to our audit of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with these requirements and the BICA Code. The BICA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B).

*PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana  
T: (267) 395 2011, F: (267) 397 3901, [www.pwc.com/bw](http://www.pwc.com/bw)*

Country Senior Partner: B D Phirie  
Partners: R Binedell, A S Edirisinghe, L Mahesan, R van Schalkwyk, S K K Wijesena

## Independent Auditor's Report (continued)



### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We communicate the key audit matter that relates to the audit of the consolidated and separate financial statements of the current period in the table below.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><b>Consolidation of Universal Access and Service Fund Trust (Consolidated financial statements)</b></p> <p>In terms of section 29 of the Communications Regulatory Authority Act, 2012 (the "Act") the Authority established the Universal Access and Service Fund ("the Fund"), which was subsequently restructured into a registered Trust, the Universal Access and Service Fund Trust ("the Trust") on 4 April 2014.</p> <p>The principle of control is a key determinant of whether or not an entity is consolidated. As a requirement of IFRS 10 Consolidated Financial Statements ("IFRS 10"), control is established only when one entity has power over the other entity, is exposed to or holds rights to variable returns from its involvement with the other entity and has the ability to use the power over the other entity.</p> <p>Management applied significant judgement in assessing whether the Authority controls the Trust and therefore consolidated the Trust. The significant judgement included the following:</p> <ul style="list-style-type: none"> <li>• The Authority's ability to appoint or remove the trustees;</li> <li>• The ability of the Authority to direct the activities of the Trust by issuing general or specific policy directions, directives and guidelines in line with the trust deed; and</li> <li>• The Authority's involvement in the administration and management of the Trust activities, including the imposition of levies.</li> </ul> <p>Based on this assessment, management concluded that the Authority has met all the conditions necessary to establish control over the Trust in terms of IFRS 10.</p>	<p>We obtained an understanding of the facts considered by management in determining whether the Authority controls the Trust by performing the following procedures: .</p> <ul style="list-style-type: none"> <li>• We tested the Authority's ability to appoint or remove the Board of Trustees by inspecting the Trust deed. We found that, in terms of the trust deed, the Authority shall appoint all the Trustees and gives it the right to remove trustees.</li> <li>• We inspected the trust deed to determine whether the Authority had the ability to direct the direct the activities of the Trust. We found that in terms of the trust deed, the Authority has the ability to issue general or specific policy directions, directives and guidelines.; and</li> <li>• In order to assess the extent of the Authority's involvement in the administration and management of the Trust activities, including the imposition of levies, we enquired from management and read the relevant requirements of the Act. We then inspected the Trust deed to assess whether</li> </ul>

## Independent Auditor's Report (continued)



We considered the consolidation of the Trust to be a matter of most significance to our current year audit due to the significant judgement applied by management in making this assessment as indicated above.

The disclosures relating to consolidation are set out in the financial statements in the following notes:

- Note 1.1 Significant judgements and sources of estimation uncertainty (Page 100)
- Note 1.2 Consolidation (Page 101)

### Impairment assessment of trade receivables ( Consolidated and separate financial statements)

The carrying amount of trade and other receivables of the Group and the Authority as at 31 March 2018 amounted to BWP 68,878,237 and BWP 52,744,599.

Management assessed the impairment of trade receivables on an individual basis in the current year and recognised an impairment loss of BWP 470,413 for the group and BWP 470,413 for the Authority. We considered the impairment assessment of trade receivables to be a matter of most significance to our audit of the current year due to the following:

- The magnitude and significance of the trade receivables balance; and
- Management applied significant judgement, estimates and assumptions which included the following:
- Estimated future cash flows and the timing of the future cash flows; and
- Estimated future losses based on historical loss experience;

the provisions of the trust deed took into account the requirements of the Act. We found that the Act and consequently the trust deed gives the Authority the power to impose levies.

- We obtained the management agreement entered into by the board of Trustees and the Authority. We assessed whether the terms of this management agreement resulted in the Authority being involved in the administration and management of the trust. We found that the administrative function of the Trust is carried out by employees of the Authority.

We performed the following procedures over management's impairment assessment of trade receivables:

- For selected trade receivable balances included in management's impairment assessment, we inquired from management about the basis on which the final impairment provision was determined and noted that the ageing of receivables to be the primary determinant.
- On a sample basis, we tested the accuracy of the ageing classification of debtors included in the debtors age analysis obtained from management and no differences were noted;
- We identified trade receivables that were outstanding for more than 90 days i.e. overdue, at year-end, taking into account the ageing of these receivables as the primary indicator. We compared these overdue trade receivables to the trade receivables used by management in their impairment assessment. We found the overdue trade receivables to have been included by management in their impairment assessment;

## Independent Auditor's Report (continued)



The disclosures relating to accounts receivables are set out in the financial statements in the following notes:

- Note 1.1 Significant judgements and sources of estimation uncertainty (Page 100)
- Note 6 Trade and other receivables (Page 117)
- Note 22 Risk management (Page 126)

- On a sample basis, we tested subsequent receipts from customers by agreeing them to supporting evidence which included remittance advice identifying the payment of the outstanding balances at yearend. We compared the results of our testing to management's assessment of the recoverability of those receivables. No material differences were noted; and
- In order to assess the reasonability of the estimated cash flows used by management, we compared the estimated future cash flows included in the impairment assessment to historical collection and past experience. We found the estimated future cash flows used by management to be comparable to historical collection and past experience.

### Other information

The Board members are responsible for the other information. The other information comprises the information included in the Botswana Communications Regulatory Authority's Group Annual Financial Statements for the year ended 31 March 2018, which we obtained prior to the date of this auditor's report, and other sections of the Botswana Communications Regulatory Authority 2017/18 Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditor's Report (continued)



### **Responsibilities of the Board members for the consolidated and separate financial statements**

The Board members are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Communications Regulatory Authority Act, 2012, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated and separate financial statements, management is responsible for assessing the Group and Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and Authority or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group and Authority's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- Conclude on the appropriateness of the Board members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our 11 opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Independent Auditor's Report (continued)



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. From the matters communicated with the Board members, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In accordance with Section 26 (3) of the Communications Regulatory Authority Act, 2012 we confirm that:

- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the performance of our duties as auditors;
- In our opinion the accounts and related records of the Authority have been properly maintained;
- The Authority has complied with the financial provisions of the Communications Regulatory Act, 2012; and
- The financial statements prepared by the Authority were prepared consistent with that of previous year.

*PricewaterhouseCoopers*

Individual practicing member: Sheyan Edirisinghe  
Registration number: 20030048

**28 September 2018**  
Gaborone



# Statements of Financial Position

As at 31 March 2018

	NOTE	GROUP		AUTHORITY	
		2018	2017	2018	2017
		P	P	P	P
<b>Non-Current Assets</b>					
Investment property	3	9,700,000	9,490,000	9,700,000	9,490,000
Property, plant and equipment	4	116,511,041	124,605,359	115,940,592	123,848,247
		<b>126,211,041</b>	<b>134,095,359</b>	<b>125,640,592</b>	<b>133,338,247</b>
<b>Current Assets</b>					
Tax receivable		2,443,590	-	2,443,590	-
Trade and other receivables	6	68,878,237	31,300,290	52,744,599	24,239,547
Cash and cash equivalents	7	356,608,474	345,555,206	168,013,475	176,277,131
		427,930,301	376,855,496	223,201,664	200,516,678
<b>Total Assets</b>		<b>554,141,342</b>	<b>510,950,855</b>	<b>348,842,256</b>	<b>333,854,925</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Accumulated surplus		508,709,526	481,081,957	303,986,027	303,986,027
Universal Access and Service Fund	9	20,374,296	12,368,021	-	-
		<b>529,083,822</b>	<b>493,449,978</b>	<b>303,986,027</b>	<b>303,986,027</b>
<b>Liabilities</b>					
<b>Non-current Liabilities</b>					
Deferred tax liability	8	579,972	-	579,972	-
<b>Current Liabilities</b>					
Trade and other payables	10	24,477,548	17,323,679	23,901,961	17,323,679
Tax payable		-	177,198	-	177,198
Universal Access and Service Fund Trust	9	-	-	20,374,296	12,368,021
		<b>24,477,548</b>	<b>17,500,877</b>	<b>44,276,257</b>	<b>29,868,898</b>
<b>Total Equity and Liabilities</b>		<b>554,141,342</b>	<b>510,950,855</b>	<b>348,842,256</b>	<b>333,854,925</b>

# Statements of Comprehensive Income

For the year ended 31 March 2018

	NOTE	GROUP		AUTHORITY	
		2018	2017	2018	2017
		P	P	P	P
Revenue	12	181,045,445	159,061,952	132,144,698	117,761,920
Other income		1,196,080	1,645,681	1,193,840	1,604,241
Operating expenses	13	(149,913,162)	(115,200,717)	(112,095,524)	(109,436,505)
<b>Surplus for the year before finance income</b>	14	<b>32,328,363</b>	<b>45,506,916</b>	<b>21,243,014</b>	<b>9,929,656</b>
Finance income	15	9,253,880	7,488,801	5,079,681	4,622,726
Fair value adjustments	3	210,000	490,000	210,000	490,000
<b>Surplus for the year before tax</b>		<b>41,792,243</b>	<b>53,485,717</b>	<b>26,532,695</b>	<b>15,042,382</b>
Taxation	16	(6,158,399)	(2,674,361)	(6,158,399)	(2,674,361)
<b>Surplus for the year</b>		<b>35,633,844</b>	<b>50,811,356</b>	<b>20,374,296</b>	<b>12,368,021</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>35,633,844</b>	<b>50,811,356</b>	<b>20,374,296</b>	<b>12,368,021</b>



# Statements of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2018

	NOTE	GROUP		AUTHORITY	
		2018	2017	2018	2017
		P	P	P	P
<b>Cash flows from operating activities</b>					
Cash generated from operations	18	16,423,438	79,501,566	13,555,356	33,060,473
Tax paid		(8,199,215)	(2,497,162)	(8,199,215)	(2,497,162)
<b>Net cash generated from operating activities</b>		<b>8,224,223</b>	<b>77,004,404</b>	<b>5,356,141</b>	<b>30,563,311</b>
<b>Cash flows from investing activities</b>					
Finance income	15	9,253,880	7,488,801	5,079,681	4,622,726
Purchase of property, plant and equipment	4	(6,628,317)	(1,577,543)	(6,534,939)	(1,570,958)
Proceeds from sale of plant and equipment	4	203,482	287,307	203,482	287,307
<b>Net cash generated from / (used in) investing activities</b>		<b>2,829,045</b>	<b>6,198,565</b>	<b>(1,251,776)</b>	<b>3,339,075</b>
<b>Cash flows from financing activities</b>					
Amount paid to Universal Access and Service Fund Trust		-	-	(12,368,021)	(8,548,695)
Dividends paid to Botswana Government		-	(2,849,565)	-	(2,849,565)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(2,849,565)</b>	<b>(12,368,021)</b>	<b>(11,398,260)</b>
Total cash and cash equivalents movement for the year		11,053,268	80,353,404	(8,263,656)	22,504,126
Cash and cash equivalents at beginning of the year		345,555,206	265,201,802	176,277,131	153,773,005
<b>Total cash and cash equivalents at end of year</b>	7	<b>356,608,474</b>	<b>345,555,206</b>	<b>168,013,475</b>	<b>176,277,131</b>

# Statements of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2018

	ACCUMULATED SURPLUS	TOTAL EQUITY
	P	P
<b>AUTHORITY</b>		
<b>Balance at 01 April 2016</b>	<b>283,987,927</b>	<b>283,987,927</b>
Surplus for the year	12,368,021	12,368,021
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>12,368,021</b>	<b>12,368,021</b>
Amortisation of capital grant	(1,900)	(1,900)
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	(12,368,021)	(12,368,021)
Transferred to accumulated surplus for utilisation in operating activities as approved by the Minister under section 29 (4)	20,000,000	20,000,000
<b>Total transactions with owners</b>	<b>7,630,079</b>	<b>7,630,079</b>
<b>Balance as at 31 March 2017</b>	<b>303,986,027</b>	<b>303,986,027</b>
<b>AUTHORITY</b>		
<b>Balance at 01 April 2017</b>	<b>303,986,027</b>	<b>303,986,027</b>
Surplus for the year	20,374,296	<b>20,374,296</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>20,374,296</b>	<b>20,374,296</b>
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	(20,374,296)	(20,374,296)
<b>Total transactions with owners</b>	<b>(20,374,296)</b>	<b>(20,374,296)</b>
<b>Balance as at 31 March 2018</b>	<b>303,986,027</b>	<b>303,986,027</b>



## Statements of Changes in Equity (continued)

For the year ended 31 March 2018

	<b>SURPLUS ALLOCATED TOWARDS UNIVERSAL ACCESS AND SERVICE FUND</b>	<b>TOTAL RESERVES</b>	<b>ACCUMULATED SURPLUS</b>	<b>TOTAL EQUITY</b>
	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>
<b>GROUP</b>				
<b>Balance at 01 April 2016</b>	<b>28,548,695</b>	<b>28,548,695</b>	<b>414,091,827</b>	<b>442,640,522</b>
Surplus for the year	-	-	50,811,356	50,811,356
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>28,548,695</b>	<b>28,548,695</b>	<b>50,811,356</b>	<b>50,811,356</b>
Excess of income over expenditure paid to the Universal Access and Service Fund Trust	(8,548,695)	(8,548,695)	8,548,695	-
Transferred from accumulated surplus	12,368,021	12,368,021	(12,368,021)	-
Transferred to accumulated surplus for utilisation in operating activities as approved by the Minister under section 29 (4)	(20,000,000)	(20,000,000)	20,000,000	-
Capital grant	-	-	(1,900)	(1,900)
<b>Total transactions with owners</b>	<b>(16,180,674)</b>	<b>(16,180,674)</b>	<b>16,178,774</b>	<b>(1,900)</b>
<b>Balance as at 31 March 2017</b>	<b>12,368,021</b>	<b>12,368,021</b>	<b>481,081,957</b>	<b>493,449,978</b>
Note(s)	9			

## Statements of Changes in Equity (continued)

For the year ended 31 March 2018

	SURPLUS ALLOCATED TOWARDS UNIVERSAL ACCESS AND SERVICE FUND	TOTAL RESERVES	ACCUMULATED SURPLUS	TOTAL EQUITY
	P	P	P	P
<b>GROUP</b>				
<b>Balance at 01 April 2017</b>	12,368,021	12,368,021	481,081,957	493,449,978
Surplus for the year	-	-	35,633,844	35,633,844
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>12,368,021</b>	<b>12,368,021</b>	<b>35,633,844</b>	<b>35,633,844</b>
Excess of income over expenditure paid to the Universal Access and Service Fund Trust	(12,368,021)	(12,368,021)	12,368,021	-
Transfer from accumulated surplus	20,374,296	20,374,296	(20,374,296)	-
<b>Total transactions with owners</b>	<b>8,006,275</b>	<b>8,006,275</b>	<b>(8,006,275)</b>	<b>-</b>
<b>Balance as at 31 March 2018</b>	<b>20,374,296</b>	<b>20,374,296</b>	<b>508,709,526</b>	<b>529,083,822</b>
Note(s)	9			



# Accounting Policies

## Consolidated Annual Financial Statements for the year ended 31 March 2018

### GENERAL INFORMATION

The Authority is a body corporate, established under the Communications Regulatory Authority Act, 2012. The address of the Authority's registered office is at Lot 50671, Independence Avenue, Extension 5, Gaborone, Botswana. The main activities of the Authority is to regulate the communications sector in Botswana comprising telecommunications, internet and information and communications technologies, radio communications, broadcasting, postal services and related matters.

The Consolidated and Separate annual financial statements set out on pages 94 to 131 have been approved by the Board on 14 September 2018

### 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The Group and Authority annual financial statements have been prepared in accordance with International Financial Reporting Standards. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. They are presented in Botswana Pula.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Consolidation of Universal Access and Service Fund Trust

In terms of section 29 of the Communications Regulatory Authority Act, 2012 (the "Act") the Authority established the Universal Access and Service Fund, which was subsequently restructured into a registered Trust (the "Universal Access and Service Fund Trust") on 4 April 2014.

The Trust is established with the aim of implementation of universal access and service provision and for the administration of the Universal Access Service Fund (the "Fund") of the Authority.

Management applied significant judgement in assessing whether the Authority controls over the Trust in terms of IFRS 10 Consolidated Financial Statements. The significant judgement included the following:

- The Authority's ability to appoint or remove the trustees;
- The ability of the Authority to direct the activities of the Trust by issuing general or specific policy directions, directives and guidelines in line with the trust deed; and
- The Authority's involvement in the administration and management of the Trust activities, including the imposition of levies.

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption by management may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

# Accounting Policies (continued)

## Consolidated Annual Financial Statements for the year ended 31 March 2018

### 1.1 Significant judgements and sources of estimation uncertainty (continued)

#### Impairment testing (continued)

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as exchange rates, inflation and interest.

#### Impairment of trade receivables

The Group reviews its debtors to assess impairment on a continuous basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is measurable decrease in estimated cash flows from debtors. Management applied significant judgement, estimates and assumptions which included the following:

- Estimated future cash flows and the timing of the future cash flows; and
- Estimated future losses based on historical loss experience;

#### Fair value estimation

Fair values of investment properties are determined by a professional external valuer using market related assumptions including yield capitalisation method, discounted future cash flows of rental income etc. based on the type of property and area. Market conditions include transactions that have been carried out at a date as close as possible to the valuation dates.

### 1.2 Consolidation

#### a) Subsidiaries

Subsidiaries are all entities (including structured entities such as the Universal Access and Service Fund Trust) over which the Group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in statement of comprehensive income.



# Accounting Policies (continued)

## Consolidated Annual Financial Statements for the year ended 31 March 2018

### 1.2 Consolidation (continued)

#### a) Subsidiaries (continued)

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in statement of comprehensive income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

#### Transactions eliminated on consolidation

Inter-Group transactions, balances and unrealised gains on transactions between group entities are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. The accounting policies for subsidiaries are consistent with the policies adopted by the Group.

### 1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the Group, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent to initial measurement investment property is measured at fair value. A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

### 1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost and subsequently carried at cost less accumulated depreciation and any impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

## Accounting Policies (continued)

### Consolidated Annual Financial Statements for the year ended 31 March 2018

#### 1.4 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Not depreciated
Buildings	50 years
Furniture and fixtures	6-7 years
Motor vehicles	4 years
Office equipment	4 years
IT equipment	2 years
Technical equipment	2-25 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in the statement of comprehensive income unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the statement of comprehensive income when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### 1.5 Financial instruments

##### Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

##### Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.



# Accounting Policies (continued)

## Consolidated Annual Financial Statements for the year ended 31 March 2018

### 1.5 Financial instruments (continued)

#### Initial recognition and measurement (continued)

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

#### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### Impairment of financial assets

At each reporting date management assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in the statement of comprehensive income.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of comprehensive income.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When such assets are written-off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written-off are included as other income in the statement of comprehensive income.

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in statement of comprehensive income when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

## Accounting Policies (continued)

### Consolidated Annual Financial Statements for the year ended 31 March 2018

#### 1.5 Financial instruments (continued)

##### Trade and other receivables (continued)

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in statement of comprehensive income within operating expenses. When a trade receivable is uncollectable, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in statement of comprehensive income.

Trade and other receivables are classified as loans and receivables.

##### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### 1.6 Tax

##### Tax expenses

Significant judgement is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Authority recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Income Tax Act was amended during February 2016 to bring all parastatal entities and other state-owned enterprises, which had previously been exempted from income tax, to be within the ambit of the Act. The revised Act allows the Minister of Finance and Economic Development to exempt specific parastatal entities and state-owned enterprises from income tax. The Honourable Minister identified those entities which are to be exempted from income tax in the Income Tax (Bodies Corporate Exempt From Tax) Regulation, 2016 of 1 July 2016. The Authority was not identified as an exempt entity in this regulation and is thus subject to income tax for the first time in the previous year.

The Botswana Unified Revenue Services (BURS) has not issued any guidelines as to any transitional arrangements which would apply in the first tax period for the newly taxable entities. Accordingly, the Authority has estimated the income tax liability for the current year based on management's best interpretation of the Income Tax Act as it may apply to the Authority. This has required the Authority to make a number of judgments in the calculation of its current and deferred tax charges and balances. The most significant of these judgments are:

- the income tax liability of the prior year calculated based on the income for the portion of the financial year (although a possible interpretation of the Income Tax Act may indicate that this should be for the full financial year)



# Accounting Policies (continued)

## Consolidated Annual Financial Statements for the year ended 31 March 2018

### 1.6 Tax (continued)

- capital allowances on property, plant and equipment existing at the beginning of the previous financial year have been calculated using the accounting book value of such property and equipment as at 31 March 2016 as proxy for cost in accordance with the Income Tax Act.
- the full cost of computer software has been claimed for income tax purposes.

These judgments may be challenged by BURS during future financial periods, as and when income tax assessments are submitted, etc. Any changes in the recorded value of current and deferred income tax as a result of different views taken by BURS will be accounted for in the financial statements for the year when such changes occur.

### 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as income and contractual receipts is recognised as an operating lease asset.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under other income in the statement of comprehensive income.

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

### 1.8 Impairment of assets

Management assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income.

## Accounting Policies (continued)

### Consolidated Annual Financial Statements for the year ended 31 March 2018

#### 1.8 Impairment of assets (continued)

Management assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### 1.9 Employee benefits

##### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical aid), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The Group operates a defined contribution pension fund for its permanent citizen employees. The fund is registered under the Pension and Provident Fund Act (Cap 27:03). Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

#### 1.10 Provisions and contingencies

##### Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.



# Accounting Policies (continued)

## Consolidated Annual Financial Statements for the year ended 31 March 2018

### 1.11 Revenue

Revenue includes amounts charged to the telecommunications, broadcasting and postal service operators of Botswana as turnover fees. These fees are based on a fixed percentage of the monthly turnover of the operators initially as certified by them and subsequently certified by their auditors on an annual basis.

Revenue also includes revenue from services such as system license fees, service license fees and radio license fees.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of value added tax.

### 1.12 Related party transactions

Related parties comprise the Government of Botswana, joint ventures, Government departments, members of the Executive Management Committee and members of the Board. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether or not a price is charged.

### 1.13 Translation of foreign currencies

#### Foreign currency transactions

##### Functional and presentation currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The financial statements are presented in Botswana Pula, which is the measurement currency of the entity.

##### Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such monetary assets and liabilities are translated at the exchange rates prevailing at the year end.

# Accounting Policies (continued)

## Consolidated Annual Financial Statements for the year ended 31 March 2018

### 2. BASIS OF PREPARATION

#### (a) New standards, amendments and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 April 2017:

Amendment to IAS 12 – Income taxes: Recognition of deferred tax assets for unrealised losses

Amendment to IAS 7 – Cash flow statements: Disclosure initiative

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

#### (b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2018, and have not been early adopted in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group, except the following set out below:

#### **IFRS 9 Financial Instruments (effective for the Group for the financial year ending April 2019)**

IFRS 9 replaces existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment losses on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is in the process of assessing the potential impact to the financial statements.

#### **IFRS 15 Revenue from Contracts with Customers (effective for the Group for the financial year ending April 2019)**

IFRS 15 establishes a comprehensive framework detailing the principles an entity must apply when measuring and recognising revenue. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Group is in process of assessing the potential impact on its Group financial statements regarding the application of IFRS 15. It is anticipated that some changes in the classification of statement of comprehensive income disclosure line items, such as revenue and other trading income, may occur.

#### **IFRS 16 - Leases (effective for the Group for the financial year ending April 2020)**

The objective of the project was to develop a new leases standard that sets out the principles that both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar manner to finance leases under IAS 17. The Group is in the process of assessing the potential impact to the financial statements.



# Notes to the Financial Statements

for the year ended 31 March 2018

	GROUP			AUTHORITY	
	2018	2017	2018	2017	2017
	P	P	P	P	P
<b>3. INVESTMENT PROPERTY</b>					
Valuation	9,700,000	9,490,000	9,700,000	9,490,000	9,490,000
Carrying value	9,700,000	9,490,000	9,700,000	9,490,000	9,490,000
<b>Reconciliation of investment property</b>					
<b>Investment property</b>					
Opening balance	9,490,000	9,490,000	9,700,000	9,490,000	9,000,000
Fair value adjustment	210,000	-	-	210,000	490,000
<b>Closing balance</b>	<b>9,700,000</b>	<b>9,490,000</b>	<b>9,700,000</b>	<b>9,700,000</b>	<b>9,490,000</b>

## Details of valuation

A valuation of the investment properties was performed by an independent professional valuer, Mr. Lloyd Mulambya Bsc. (Real Estate) MR EIB, MREAC, of Stocker Fleetwood Bird. The valuation conforms to International Valuation Standards and was based on recent market data on similar properties transacted on an arm's length basis. These valuations were performed using the Income Capitalisation Method (discounted cash flow method) which is based on individual property capitalisation rates.

	GROUP			AUTHORITY	
	2018	2017	2018	2017	2017
	P	P	P	P	P
<b>Amounts recognised in surplus or deficit for the year</b>					
Rental income from investment property	437,687	437,687	437,687	437,687	437,687
Repairs and maintenance of the investment property	(75,657)	(157,806)	(75,657)	(157,806)	(157,806)

## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

### 4. PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	CARRYING VALUE
<b>GROUP</b>						
Buildings	50,300,036	(9,763,843)	40,536,193	50,300,036	(8,559,065)	41,740,971
Furniture and fixtures	12,553,049	(8,599,971)	3,953,078	12,492,094	(7,287,628)	5,204,466
IT equipment	12,366,782	(11,307,798)	1,058,984	11,316,154	(10,656,535)	659,619
Land	2,135,700	-	2,135,700	2,135,700	-	2,135,700
Motor vehicles	4,454,276	(3,173,051)	1,281,225	4,410,539	(2,819,376)	1,591,163
Office equipment	13,342,479	(10,787,613)	2,554,866	13,294,207	(8,848,154)	4,446,053
Technical equipment (ASMS)	139,882,651	(79,878,853)	60,003,798	139,839,186	(71,013,869)	68,825,317
Capital work-in-progress	4,987,197	-	4,987,197	2,070	-	2,070
<b>Total</b>	<b>240,022,170</b>	<b>(123,511,129)</b>	<b>116,511,041</b>	<b>233,789,986</b>	<b>(109,184,627)</b>	<b>124,605,359</b>



## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

### 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Reconciliation of property, plant and equipment - 2018

	OPENING BALANCE	ADDITIONS	TRANSFERS	DISPOSALS / WRITE-OFF	DEPRECIATION	TOTAL
	P	P	P	P	P	P
<b>GROUP</b>						
Buildings	41,740,971	-	-	-	(1,204,778)	40,536,193
Furniture and fixtures	5,204,466	60,955	-	-	(1,312,343)	3,953,078
IT equipment	659,619	1,070,630	-	(3,223)	(668,042)	1,058,984
Land	2,135,700	-	-	-	-	2,135,700
Motor vehicles	1,591,163	463,333	-	-	(773,271)	1,281,225
Office equipment	4,446,053	48,272	-	-	(1,939,459)	2,554,866
Technical equipment (ASMS)	68,825,317	-	-	-	(8,821,519)	60,003,798
Capital work in progress	2,070	4,985,127	-	-	-	4,987,197
	<b>124,605,359</b>	<b>6,628,317</b>	<b>-</b>	<b>(3,223)</b>	<b>(14,719,412)</b>	<b>116,511,041</b>

#### Reconciliation of property, plant and equipment - 2017

	OPENING BALANCE	ADDITIONS	TRANSFERS	DISPOSALS / WRITE-OFF	DEPRECIATION	TOTAL
	P	P	P	P	P	P
<b>GROUP</b>						
Buildings	41,365,492	1,299,657	-	-	(924,178)	41,740,971
Furniture and fixtures	6,593,671	153,928	-	-	(1,543,133)	5,204,466
IT equipment	2,017,735	163,664	-	(10,419)	(1,511,361)	659,619
Land	2,135,700	-	-	-	-	2,135,700
Motor vehicles	2,453,707	19,185	-	-	(881,729)	1,591,163
Office equipment	6,409,759	13,550	-	(1,900)	(1,975,356)	4,446,053
Technical equipment (ASMS)	77,779,192	40,061	-	-	(8,993,936)	68,825,317
Capital work-in-progress	114,572	-	(112,502)	-	-	2,070
<b>Total</b>	<b>138,869,828</b>	<b>1,690,045</b>	<b>(112,502)</b>	<b>(12,319)</b>	<b>(15,829,693)</b>	<b>124,605,359</b>

## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

### 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2018			2017		
	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	CARRYING VALUE
<b>AUTHORITY</b>						
Buildings	50,300,036	(9,763,842)	40,536,194	50,300,036	(8,559,065)	41,740,971
Furniture and fixtures	12,553,049	(8,599,972)	3,953,077	12,492,094	(7,287,628)	5,204,466
IT equipment	12,229,541	(11,251,611)	977,930	11,272,290	(10,613,433)	658,857
Land	2,135,700	-	2,135,700	2,135,700	-	2,135,700
Motor vehicles	3,389,199	(2,597,369)	791,830	3,345,462	(2,510,649)	834,813
Office equipment	13,342,479	(10,787,613)	2,554,866	13,294,207	(8,848,154)	4,446,053
Technical equipment (ASMS)	139,882,651	(79,878,853)	60,003,798	139,839,186	(71,013,869)	68,825,317
Capital work-in-progress	4,987,197	-	4,987,197	2,070	-	2,070
<b>Total</b>	<b>238,819,852</b>	<b>(122,879,260)</b>	<b>115,940,592</b>	<b>232,681,045</b>	<b>(108,832,798)</b>	<b>123,848,247</b>



## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

### 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Reconciliation of property, plant and equipment - 2018

	OPENING BALANCE	ADDITIONS	TRANSFERS	DISPOSALS/ WRITE-OFF	DEPRECIATION	TOTAL
	P	P	P	P	P	P
<b>AUTHORITY</b>						
Buildings	41,740,971	-	-	-	(1,204,778)	40,536,193
Furniture and fixtures	5,204,466	60,955	-	-	(1,312,343)	3,953,078
IT equipment	658,857	977,252	-	(3,223)	(654,957)	977,930
Land	2,135,700	-	-	-	-	2,135,700
Motor vehicles	834,813	463,333	-	-	(506,316)	791,830
Office equipment	4,446,053	48,272	-	-	(1,939,459)	2,554,866
Technical equipment (ASMS)	68,825,317	-	-	-	(8,821,519)	60,003,798
Capital work in progress	2,070	4,985,127	-	-	-	4,987,197
	<b>123,848,247</b>	<b>6,534,939</b>	-	<b>(3,223)</b>	<b>(14,439,372)</b>	<b>115,940,592</b>

## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

### 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Reconciliation of property, plant and equipment - 2017

	OPENING BALANCE	ADDITIONS	TRANSFERS	DISPOSALS/ WRITE-OFF	DEPRECIATION	TOTAL
	P	P	P	P	P	P
<b>AUTHORITY</b>						
Buildings	41,365,492	1,299,657	-	-	(924,178)	41,740,971
Furniture and fixtures	6,593,671	153,928	-	-	(1,543,133)	5,204,466
IT equipment	1,996,119	163,664	-	(10,419)	(1,490,507)	658,857
Land	2,135,700	-	-	-	-	2,135,700
Motor vehicles	1,439,319	12,600	-	-	(617,106)	834,813
Office equipment	6,409,759	13,550	-	(1,900)	(1,975,356)	4,446,053
Technical equipment (ASMS)	77,779,192	40,061	-	-	(8,993,936)	68,825,317
Capital work in progress	114,572	-	(112,502)	-	-	2,070
	<b>137,833,824</b>	<b>1,683,460</b>	<b>(112,502)</b>	<b>(12,319)</b>	<b>(15,544,216)</b>	<b>123,848,247</b>



## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>5. FINANCIAL ASSETS BY CATEGORY</b>				
<b>Loans and receivables</b>				
Trade and other receivables	67,298,018	30,063,314	51,164,380	23,002,571
Cash and cash equivalents	356,608,474	345,555,206	168,013,475	176,277,131
	<b>423,906,492</b>	<b>375,618,520</b>	<b>219,177,855</b>	<b>199,279,702</b>

### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

There are no credit ratings available in Botswana. The above banks have reported sound financial results and continued compliance with minimum capital adequacy requirements set by the regulator. None of the financial assets that are fully performing have been renegotiated during the year.

	RATINGS	GROUP		AUTHORITY	
		2018	2017	2018	2017
		P	P	P	P
Trade receivables	Group 1	-	-	-	-
	Group 2	27,409,459	26,203,545	22,793,196	19,409,518
Receivable from CRASA	Not rated	1,879,408	816,478	1,879,408	816,478
Staff debtors	Not rated	465,102	32,171	465,102	32,171
Cash at bank and Short-term deposits	Not rated	356,606,474	345,555,206	168,011,475	176,275,131

### Key:

Group 1 = new customers (less than 6 months).

Group 2 = existing customers (more than 6 months) with no default in the past.

## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>6. TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	55,093,250	30,369,460	38,959,612	22,682,960
Less: Impairment	(2,173,092)	(1,833,803)	(2,173,092)	(1,833,803)
Trade receivables (net)	52,920,158	28,535,657	36,786,520	20,849,157
Other receivables	12,033,350	679,008	12,033,350	1,304,765
Deposits	54,007	53,559	54,007	53,559
Staff debtors	465,102	32,171	465,102	32,171
Receivable from CRASA	1,879,408	816,478	1,879,408	816,478
Prepayments	1,526,212	1,183,417	1,526,212	1,183,417
	<b>68,878,237</b>	<b>31,300,290</b>	<b>52,744,599</b>	<b>24,239,547</b>
Trade debtors are unsecured and do not attract interest.				
Trade receivables which are fully performing	27,409,459	26,203,545	22,793,196	19,409,518
Trade receivables past due are not considered to be impaired.				
Past due is when an invoice remains outstanding beyond 30 days.				
The ageing of amounts past due but not impaired is as follows:				
0-3 months	21,952,234	1,542,123	11,070,197	1,439,639
more than 3 months	3,558,465	789,989	2,923,127	-
	<b>25,510,699</b>	<b>2,332,112</b>	<b>13,993,324</b>	<b>1,439,639</b>

### Trade receivables impaired

As of 31 March 2018, trade and other receivables of P2,173,092 (2017: P1,833,803) were impaired and provided for.

The ageing of these receivables is as follows:

0-3 months	-	238,885	-	238,885
more than 3 months	2,173,092	1,594,918	2,173,092	1,594,918
	<b>2,173,092</b>	<b>1,833,803</b>	<b>2,173,092</b>	<b>1,833,803</b>



## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>6. TRADE AND OTHER RECEIVABLES (CONTINUED)</b>				
<b>Reconciliation of provision for impairment of trade and other receivables</b>				
Opening balance	1,833,803	2,172,590	1,833,803	2,172,590
Provision for impairment	470,413	506,909	470,413	506,909
Amounts recovered	(131,124)	(845,696)	(131,124)	(845,696)
	<b>2,173,092</b>	<b>1,833,803</b>	<b>2,173,092</b>	<b>1,833,803</b>

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of comprehensive income.

Amounts charged to the allowance account are generally written-off when there is no expectation of recovering additional cash.

<b>7. CASH AND CASH EQUIVALENTS</b>				
Cash on hand	2,000	2,000	2,000	2,000
Bank balances	61,848,943	57,821,565	10,646,083	21,991,635
Short-term deposits	294,757,531	287,731,641	157,365,392	154,283,496
	<b>356,608,474</b>	<b>345,555,206</b>	<b>168,013,475</b>	<b>176,277,131</b>
For the purpose of the cash flow statement the year-end cash and cash equivalents comprise of following;				
Cash on hand	2,000	2,000	2,000	2,000
Bank balances	61,848,943	57,821,565	10,646,083	21,991,635
Short-term deposits	294,757,531	287,731,641	157,365,392	154,283,496
	<b>356,608,474</b>	<b>345,555,206</b>	<b>168,013,475</b>	<b>176,277,131</b>

## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>8 DEFERRED LIABILITY</b>				
<b>Movement in deferred taxation</b>				
Deferred taxation at beginning of year	-	-	-	-
Temporary differences	579,972	-	579,972	-
<b>Deferred taxation at end of year</b>	<b>579,972</b>	<b>-</b>	<b>579,972</b>	<b>-</b>
<b>Broken down as:</b>				
Differences in tax and accounting depreciation	579,972	-	579,972	-
	<b>579,972</b>	<b>-</b>	<b>579,972</b>	<b>-</b>
<b>9. UNIVERSAL ACCESS AND SERVICE FUND</b>				
Opening balance	12,368,021	28,548,695	12,368,021	28,548,695
Transferred to accumulated surplus for utilisation in operating activities as approved by the Minister under section 29 (4)	-	(20,000,000)	-	(20,000,000)
Transfer from accumulated surplus	20,374,296	12,368,021	-	-
Amount paid during the year to Universal Access and Service Fund Trust	(12,368,021)	(8,548,695)	(12,368,021)	(8,548,695)
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	-	-	20,374,296	12,368,021
<b>Closing balance</b>	<b>20,374,296</b>	<b>12,368,021</b>	<b>20,374,296</b>	<b>12,368,021</b>

The Trust was maintained in accordance with the requirements of Section 29(3) of the Communications Regulatory Act, 2012. This Trust is not distributable and can be utilised except for funds approved by Minister under section 29 (4).

Universal Access and Service Fund Trust came in to existence in April 2014 and consolidated for Group reporting purposes. Therefore the surplus has been classified as a liability in the Authority and classified as a reserve at the Group level.



## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>10. TRADE AND OTHER PAYABLES</b>				
Trade payables	412,679	-	-	-
VAT payable	767,273	410,941	767,273	410,941
Employee cost accruals	7,404,959	6,332,989	7,404,959	6,332,989
Other accrued expenses	12,026,713	3,013,353	12,026,713	3,013,353
Deposits received	73,985	82,244	73,985	82,244
Other payables	3,791,939	7,484,152	3,629,031	7,484,152
	<b>24,477,548</b>	<b>17,323,679</b>	<b>23,901,961</b>	<b>17,323,679</b>
<b>11. FINANCIAL LIABILITIES BY CATEGORY</b>				
The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial liabilities in each category are as follows:				
Financial liabilities at amortised cost				
Universal Access and Service Fund Trust	-	-	20,374,296	12,368,021
Trade and other payables	15,729,729	10,579,749	15,729,729	10,579,749
	<b>15,729,729</b>	<b>10,579,749</b>	<b>36,104,025</b>	<b>22,947,770</b>
<b>12. REVENUE</b>				
Turnover fees - Telecommunications	100,059,107	91,411,318	100,059,107	91,411,318
Turnover fees - Postal	1,263,643	(837,681)	1,263,643	(837,681)
Turnover fees - Broadcasting	498,631	278,359	498,631	278,359
Radio license fees	20,785,745	17,984,928	20,785,745	17,984,928
System license fees	6,531,127	6,363,901	6,531,127	6,363,901
Service license fees	1,730,092	1,537,167	1,730,092	1,537,167
UASF Levy	48,900,747	41,300,032	-	-
Others	1,276,353	1,023,928	1,276,353	1,023,928
	<b>181,045,445</b>	<b>159,061,952</b>	<b>132,144,698</b>	<b>117,761,920</b>

## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

	NOTE	GROUP		AUTHORITY	
		2018	2017	2018	2017
		P	P	P	P
<b>13. OPERATING EXPENSES</b>					
Major categories of operating expenses:					
Employee costs	14(a)	49,909,796	51,142,124	49,909,796	51,142,124
Depreciation	4	14,719,412	15,829,692	14,439,372	15,544,215
Impairments on receivables		470,413	506,909	470,413	506,909
Consulting and professional fees		1,530,817	5,000,743	1,530,817	5,000,743
Project expenses		35,168,788	3,506,945	-	-
Conference expenses		4,246,393	9,658,710	4,210,207	9,589,355
Travel expenses		3,707,031	3,588,552	3,707,031	3,588,552
Repairs and maintenance		3,904,603	4,279,122	3,899,284	4,279,122
Security charges		1,529,757	1,194,067	1,529,757	1,194,067
Training		3,088,471	2,731,254	2,959,202	2,361,792
Internet charges		2,215,749	2,636,772	2,215,749	2,636,772
Advertising		3,415,919	3,290,541	2,296,007	2,317,284
Donations		1,030,117	1,882,943	1,030,117	1,882,943
Board expenses		2,975,519	1,668,793	2,358,936	1,236,187
Legal expenses		9,020,634	28,860	9,020,634	15,000
Other expenses		12,979,743	8,254,690	12,518,202	8,141,441
		<b>149,913,162</b>	<b>115,200,717</b>	<b>112,095,524</b>	<b>109,436,505</b>
<b>14. SURPLUS FOR THE YEAR BEFORE FINANCE INCOME FOR THE YEAR IS STATED AFTER ACCOUNTING FOR THE FOLLOWING:</b>					
Profit on sale of property, plant and equipment		-	276,887	-	276,887
Depreciation on property, plant and equipment		14,719,412	15,829,692	14,439,372	1,544,215
Employee costs (refer note (a) below)		49,909,796	51,142,124	49,909,796	51,142,124
(a) Employee costs:					
Salary and wages		36,563,183	37,983,660	36,563,183	37,983,660
Pension - defined contribution plan		5,062,666	5,382,310	5,062,666	5,382,310
Other employee benefits		8,283,947	7,776,154	8,283,947	7,776,154
		<b>49,909,796</b>	<b>51,142,124</b>	<b>49,909,796</b>	<b>51,142,124</b>
Average number of employees		84	88	84	88



## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>15. FINANCE INCOME</b>				
Bank	269,398	247,599	39,194	58,092
Income from short-term investments	8,984,482	7,241,202	5,040,487	4,564,634
	<b>9,253,880</b>	<b>7,488,801</b>	<b>5,079,681</b>	<b>4,622,726</b>
<b>16. TAXATION</b>				
Current tax:				
Basic tax at 22% (2017: 22%)	5,578,427	2,674,361	5,578,427	2,674,361
Deferred income tax:				
Temporary differences	579,972	-	579,972	-
<b>Income tax expense</b>	<b>6,158,399</b>	<b>2,674,361</b>	<b>6,158,399</b>	<b>2,674,361</b>
The tax on Group and Authority's profit before tax differs from theoretical amount that would arise using the basic tax rate as follows:				
<b>Surplus before income tax</b>	<b>41,792,243</b>	<b>53,485,717</b>	<b>26,532,695</b>	<b>15,042,382</b>
Tax calculated at applicable tax rates of 22%	9,194,293	11,766,858	5,837,193	3 309 324
Tax effects of:				
- Expenses not deductible for tax purposes	226,626	414,247	226,626	414,247
Timing differences not recognised in the previous year			282,954	-
Income not chargeable for tax purposes	(3,262,520)	(9,506,744)	-	(1,049,210)
<b>Income tax expense</b>	<b>6 158 399</b>	<b>2,674,361</b>	<b>6 158 399</b>	<b>2,674,361</b>
<b>17. AUDITORS' REMUNERATION</b>				
Fees	186,780	183,262	128,568	132,862

## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>18. CASH GENERATED FROM OPERATIONS</b>				
Surplus for the year before tax	41,792,243	53,485,717	26,532,695	15,042,382
Adjustments for:				
Depreciation	14,719,412	15,829,692	14,439,372	15,544,216
Profit on sale of assets	(200,260)	(276,887)	(200,260)	(276,887)
Interest received	(9,253,880)	(7,488,801)	(5,079,681)	(4,622,726)
Fair value adjustments	(210,000)	(490,000)	(210,000)	(490,000)
Changes in working capital:				
Trade and other receivables	(37,577,947)	23,655,003	(28,505,052)	13,076,646
Trade and other payables	7,153,870	(5,213,158)	6,578,282	(5,213,158)
	<b>16,423,438</b>	<b>79,501,566</b>	<b>13,555,356</b>	<b>33,060,473</b>
<b>19. COMMITMENTS</b>				
<b>Authorised capital expenditure</b>				
<b>Already contracted for but not provided for:</b>				
- Property, plant and equipment	-	-	-	-
- ASMS Technical equipment	-	-	-	-
	-	-	-	-
This committed expenditure relates to property, plant and equipment and will be financed by available bank resources.				
<b>Approved but not yet contracted for:</b>				
- Property, plant and equipment	-	-	-	-
<b>Operating leases – as lessor (income) lease payments due</b>				
- within one year	437,687	437,687	437,687	437,687

Lease agreements are cancellable and have the terms 1 to 2 years. The rentals are renegotiated at the anniversary of the lease agreements to align with the open market rates. There are no contingent rents receivable.



# Notes to the Financial Statements (continued)

for the year ended 31 March 2018

## 20. CONTINGENCIES

Guarantee issued by the Authority in favour of First National Bank of Botswana Limited towards the employees' housing loan, wherein the Authority has guaranteed up to 100% of the outstanding balance. The balance outstanding at the reporting date under this guarantee amounts to P 17,478,358 (2017: P 19,571,262).

Guarantee issued by the Authority in favour of First National Bank of Botswana Limited towards the employees' personal loan, wherein Authority has guaranteed up to 100% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P 5,657,945 (2017: P 3,768,926).

Guarantee issued by the Authority in favour of Bank of Baroda (Botswana) Limited towards the employees' personal loans, wherein the Authority has guaranteed up to 100% of the outstanding balance. The balance outstanding at the reporting date under this guarantee amounts to P1,266,252 (2017: P 2,100,285).

Guarantee issued by the Authority in favour of WesBank (a division of First National Bank of Botswana Limited) towards guarantee for employees' car loan, with a maximum facility of P 5,000,000, wherein the Authority has guaranteed up to 50% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P4,812,662 (2017: P4,592,946).

## 21. RELATED PARTIES

### Related parties

The Authority is wholly owned by the Government of Botswana. It therefore has a significant number of related parties including other stated owned entities. Government departments and all other entities, within the national sphere of Government.

**Members of the Board** - Refer to Page 84

### Members of key management

T G Pheko (Chief Executive) - retired 30<sup>th</sup> April 2017

T Kapaletswe (Acting Chief Executive) - 1<sup>st</sup> May 2017 to 30<sup>th</sup> November 2017

M Mokgware (Chief Executive)- appointed 1<sup>st</sup> December 2017

B Mine

B Luke

N Katse

M Setshwane

T Mmoshe

P. Tladinyane

C. Phiase

J. Isa-Molwane

## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>21. RELATED PARTIES (CONTINUED)</b>				
<b>Related party balances</b>				
<b>Amounts included in Trade and other receivables/ (Trade and other Payables) regarding related parties as:</b>				
Botswana Telecommunications Corporation Limited	14,501,808	(5,904,282)	10,319,156	(5,904,282)
Botswana Post	1,707,745	503,099	500,961	203,272
Botswana Fibre Network	2,808,480	5,762,246	2,020,704	3,992,691
Communications Regulators' Association of Southern Africa	1,879,408	816,478	1,879,408	816,478
<b>Other balances owing (to)/ from related parties at year-end were:</b>				
Universal Access and Service Fund Trust	-	-	(20,374,296)	(12,368,021)
<b>Related party transactions</b>				
<b>i) Board expenses</b>				
Sitting allowances	443,073	87,465	354,561	70,707
Travelling allowances	1,706,652	1,315,744	1,352,030	994,961
Cell phone allowances	74,214	60,750	34,650	39,150
Conferences expenses	751,580	189,238	617,695	115,774
	<b>2,975,519</b>	<b>1,653,197</b>	<b>2,358,936</b>	<b>1,220,592</b>
<b>ii) Sale of services rendered</b>				
Botswana Telecommunications Corporation Limited	54,313,485	42,774,475	41,918,733	30,492,239
Botswana Post	1,887,667	1,967,478	746,056	769,524
Botswana Fibre Network	6,873,640	10,696,588	4,295,022	7,500,237



## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>21. RELATED PARTIES (CONTINUED)</b>				
<b>iii) Project costs (subsidies) paid to related parties</b>				
Botswana Fibre Network	3,492,305	3,506,946	-	-
<b>iv) Compensation to key management</b>				
Remuneration paid	9,841,983	11,466,293	9,841,983	11,466,293
Other long-term employee benefits	1,485,794	1,479,134	1,485,794	1,479,134
	<b>11,327,777</b>	<b>12,945,427</b>	<b>11,327,777</b>	<b>12,945,427</b>

## 22. RISK MANAGEMENT

### Capital risk management

The Group's objectives when managing funds are to safeguard the Group's ability to continue as a going concern in order to provide effective oversight on the telecommunication, broadcasting and postal services operators and create sufficient funds for development of world class facilities to monitor its activities.

The capital structure of the Authority consists of cash and cash equivalents disclosed in note 7, and accumulated surplus as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

### Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance.

Risk management is carried out by the key management of the Authority and under policies approved by the board. The Board provides written principles for overall risk management.

# Notes to the Financial Statements (continued)

for the year ended 31 March 2018

## 22. RISK MANAGEMENT (CONTINUED)

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS
	P	P
<b>GROUP</b>		
<b>As at 31 March 2018</b>		
Trade and other payables	15,729,729	-
<b>As at 31 March 2017</b>		
Trade and other payables	10,579,749	-
<b>AUTHORITY</b>		
<b>As at 31 March 2018</b>		
Trade and other payables	15,729,729	-
Universal Access and Service Fund Trust	20,374,296	-
Dividend payable	-	-
<b>As at 31 March 2017</b>		
Trade and other payables	10,579,749	-
Universal Access and Service Fund Trust	12,368,021	-



# Notes to the Financial Statements (continued)

for the year ended 31 March 2018

## 22. RISK MANAGEMENT (CONTINUED)

### Interest rate risk

The Group is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates of interest on its cash resources and investments.

The cash resources are managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

The Group places its funds both in fixed interest earning deposits (fixed deposits) and fluctuating interest earning deposits which are adjusted on a short-term basis based on changes in the prevailing market related interest rates.

Further, these deposits are due on demand. The fixed deposits for the Group amounts to P 294 million (2017: P 287 million) and for Authority amounts to P 156.9 million (2017: P 154.23 million). These deposits are exposed to cash flow interest rate risk.

However considering the short-term maturity between 14 and 91 days for these deposits, these risks are minimised.

### Cash flow interest rate risk - 2018

	CURRENT INTEREST RATE	GROUP DUE IN LESS THAN ONE YEAR	AUTHORITY DUE IN LESS THAN ONE YEAR
		P	P
<b>Financial Instrument</b>			
3 months fixed deposits	3.75%	37,157,178	37,157,178
3 months fixed deposits	4.50%	44,490,856	44,490,856
3 months fixed deposits	3.75%	10,074,795	10,074,795
3 months fixed deposits	3.25%	50,413,274	50,413,274
3 months fixed deposits	4.25%	43,029,710	-
Stanlib money market fund	3.91%	94,151,536	-
Stanlib money market fund	3.91%	14,772,715	14,772,715
		<b>294,090,064</b>	<b>156,908,818</b>

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Year-end trade receivables comprise mainly of three major operators from the telecommunication sector, amounting to P49.79 million for Group (2017: P22.27 million) and P32.96 million (2017: P 16.77 million) for the Authority .

## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

### 22. RISK MANAGEMENT (CONTINUED)

#### Credit risk (continued)

Management evaluates the credit risk relating to customers on an on-going basis especially on major customers by obtaining their latest financial statements, budgets, etc, and where appropriate, makes adequate provisions for bad and doubtful debts.

Financial assets exposed to credit risk at year end were as follows:

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
Trade and other receivables	67,298,018	30,063,314	51,164,380	23,002,571
Barclays Bank Botswana Limited	20,282,583	11,168,829	7,914,562	11,168,829
Stanbic Bank Botswana Limited	36,329,598	33,323,996	-	-
Bank of Baroda Botswana Limited	50,425,939	49,033,004	50,425,939	49,033,004
First National Bank of Botswana Limited	35,230	10,003,157	35,230	10,003,157
Standard Chartered Bank of Botswana Limited	140,563,397	136,913,982	94,865,029	91,851,760
Investment in Stanlib Money Market Fund	108,971,727	105,112,238	14,772,715	14,220,381
	<b>423,906,492</b>	<b>375,618,520</b>	<b>219,177,855</b>	<b>199,279,702</b>

The Authority has also provided guarantees to banks for various employee loans sanctioned by the banks. This guarantee exposes the Authority to credit risk. Refer to note 20 for additional details.

#### Foreign exchange risk

There are no foreign currency exposures outstanding at the year end. The Group does not hedge foreign exchange fluctuations.



## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>23. FAIR VALUE MEASUREMENT</b>				
<b>Investment property</b>				
<b>Level 3: Inputs for the asset or liability that are not based on observable market data</b>				
Plot 4965, Extension 15, Village, Gaborone	9,700,000	9,490,000	9,700,000	9,490,000

The amounts shown above represents the level within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 March 2018.

The freehold property fair value information disclosed above is based on the independent valuers report.

The independent valuation was carried out on 13 June 2018. Refer to details under note 3.

The investment property comprises of Plot 4965, Gaborone. The fair value of this property determined by independent valuers is P 9 700 000.

The fair value of this property is estimated using an income approach which capitalises the estimated rental income stream, using a discount rate derived from market yields implied by recent transactions in similar properties.

The estimated market rental per unit used by the valuer in the projected cash flows are within the range of future contractual rent that the Authority has entered in to with various tenants.

The most significant inputs, all of which are unobservable, are the discount rate, occupancy rate floor area and market rental per month.

The estimated fair value increases if the estimated rental increases and reversionary discount rate declines the overall valuations are sensitive to all these assumptions. The inputs used in the valuations:

ASSUMPTIONS	INVESTMENT PROPERTY
Capitalisation rate	7.5%
Average occupancy rate	100%
Each unit is measured at	190sqm
Market rental per month per unit	P12,900

## Notes to the Financial Statements (continued)

for the year ended 31 March 2018

### 23. FAIR VALUE MEASUREMENT (CONTINUED)

The reconciliation of the carrying amounts of non financial assets classified within Level 3 is as follows:

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>Investment property</b>				
Opening balance	9,490,000	9,000,000	9,490,000	9,000,000
- increase in fair value of investment property	210,000	490,000	210,000	490,000
<b>Balance at 31 March</b>	<b>9,700,000</b>	<b>9,490,000</b>	<b>9,700,000</b>	<b>9,490,000</b>

### 24. EVENTS AFTER THE REPORTING DATE

There have been no subsequent events identified by management which require disclosure or adjustment in these financial statements.



# Detailed Income Statement

for the year ended 31 March 2018

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>Revenue</b>				
Turnover fees - Telecommunications	100,059,107	91,411,318	100,059,107	91,411,318
Turnover fees - Postal	1,263,643	(837,681)	1,263,643	(837,681)
Turnover fees - Broadcasting	498,631	278,359	498,631	278,359
Radio license fees	20,785,745	17,984,928	20,785,745	17,984,928
System licence fees	6,531,127	6,363,901	6,531,127	6,363,901
Service licence fees	1,730,092	1,537,167	1,730,092	1,537,167
UASF Levy	48,900,747	41,300,032	-	-
Others	1,276,353	1,023,928	1,276,353	1,023,928
	<b>181,045,445</b>	<b>159,061,952</b>	<b>132,144,698</b>	<b>117,761,920</b>
Other income				
Gains on disposal of assets	200,260	276,887	200,260	276,887
Other income	427,009	85,411	424,769	43,971
Bad debts recovered	131,124	845,696	131,124	845,696
Rental income	437,687	437,687	437,687	437,687
	<b>1,196,080</b>	<b>1,645,681</b>	<b>1,193,840</b>	<b>1,604,241</b>
Interest received	9,253,880	7,488,801	5,079,681	4,622,726
Fair value adjustments	210,000	490,000	210,000	490,000
	<b>9,463,880</b>	<b>7,978,801</b>	<b>5,289,681</b>	<b>5,112,726</b>
<b>Total income</b>	<b>191,705,405</b>	<b>168,686,434</b>	<b>138,628,219</b>	<b>124,478,887</b>
<b>Expenses (refer to page 133)</b>	<b>(149,913,162)</b>	<b>(115,200,717)</b>	<b>(112,095,524)</b>	<b>(109,436,505)</b>
<b>Surplus for the year before tax</b>	<b>41,792,243</b>	<b>53,485,717</b>	<b>26,532,695</b>	<b>15,042,382</b>

The detailed income statement does not form part of the audit opinion expressed on page numbers 88 to 93.

## Detailed Income Statement (continued)

for the year ended 31 March 2018

	GROUP		AUTHORITY	
	2018	2017	2018	2017
	P	P	P	P
<b>Operating expenses</b>				
Advertising	(3,415,919)	(3,290,541)	(2,296,007)	(2,317,284)
Assessment rates and municipal charges	(33,329)	(150,274)	(33,329)	(150,274)
Auditors remuneration	(186,780)	(183,262)	(128,568)	(132,862)
Impairments on receivables	(470,413)	(506,909)	(470,413)	(506,909)
Bank charges	(114,228)	(132,484)	(109,769)	(129,597)
Board expenses	(2,975,519)	(1,668,793)	(2,358,936)	(1,236,187)
Cleaning	(304,527)	(327,476)	(304,527)	(327,476)
Computer expenses	(1,884,775)	(1,357,788)	(1,884,775)	(1,357,788)
Conference expenses	(4,246,393)	(9,658,710)	(4,210,207)	(9,589,355)
Consulting and professional fees	(1,530,817)	(5,000,743)	(1,530,817)	(5,000,743)
Consumables	(34,617)	(55,486)	(34,617)	(55,486)
Depreciation, amortisation and impairments	(14,719,412)	(15,829,692)	(14,439,372)	(15,544,216)
Donations	(1,030,117)	(1,882,943)	(1,030,117)	(1,882,943)
Employee costs	(49,909,796)	(51,142,124)	(49,909,796)	(51,142,124)
Entertainment	(89,803)	(39,116)	(35,270)	(37,846)
Functions hosted by Authority	(1,095,209)	(924,665)	(1,042,132)	(924,665)
Insurance	(522,898)	(568,097)	(484,206)	(525,456)
Internet expenses	(2,215,749)	(2,636,772)	(2,215,749)	(2,636,772)
Legal expenses	(9,020,634)	(28,860)	(9,020,634)	(15,000)
Magazines, books and periodicals	(243,776)	(195,049)	(243,776)	(195,049)
Motor vehicle expenses	(241,523)	(180,308)	(216,654)	(168,961)
Postage	(42,719)	(17,277)	(42,719)	(17,277)
Printing and stationery	(1,052,229)	(826,120)	(824,530)	(821,416)
Project expenses	(35,168,788)	(3,506,945)	-	-
Protective clothing	(1,670)	(45,450)	(1,670)	(45,450)
QoS Monitoring Costs	(2,611,929)	-	(2,611,929)	-
Repairs and maintenance	(3,904,603)	(4,279,122)	(3,899,284)	(4,279,121)
Security	(1,529,757)	(1,194,067)	(1,529,757)	(1,194,067)
Staff Recruitment expenses	(586,593)	(1,276)	(586,593)	(1,276)
Staff welfare	(1,545,456)	(1,115,833)	(1,545,456)	(1,115,833)
Subscriptions	(972,641)	(805,546)	(972,641)	(805,546)
Telephone and fax	(454,649)	(500,105)	(454,649)	(500,105)
Training	(3,088,471)	(2,731,254)	(2,959,202)	(2,361,792)
Training levy	(59,379)	(10,068)	(59,379)	(10,068)
Travel	(3,707,031)	(3,588,552)	(3,707,031)	(3,588,552)
Utilities	(901,013)	(819,010)	(901,013)	(819,010)
	<b>(149,913,162)</b>	<b>(115,200,717)</b>	<b>(112,095,524)</b>	<b>(109,436,505)</b>

The detailed income statement does not form part of the audit opinion expressed on page numbers 88 to 93.





