

2017



BOCRA
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ANNUAL REPORT

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OUR VALUES

TRANSPARENCY

Our decision making will be open and informed by consultation with various stakeholders. We will embrace the diverse interests of our different stakeholders.

CONSISTENCY

We will ensure that our decisions are fair, predictable and dependable. We will be objective in our decision making and apply remedies that are proportionate.

PEOPLE CENTERED

We believe that our people are indispensable assets who drive our success through their commitment to excellence. We shall therefore harness individual skill and strengths and work as one.

INNOVATION

We will continuously explore new ways in designing proactive regulatory interventions that will respond timeously and effectively to market demands and the latest technology trends.

ACCOUNTABILITY

We are responsible for our actions and decisions, we take due care in the use of public resources and adhere to internationally acceptable governance principles.

INTROD



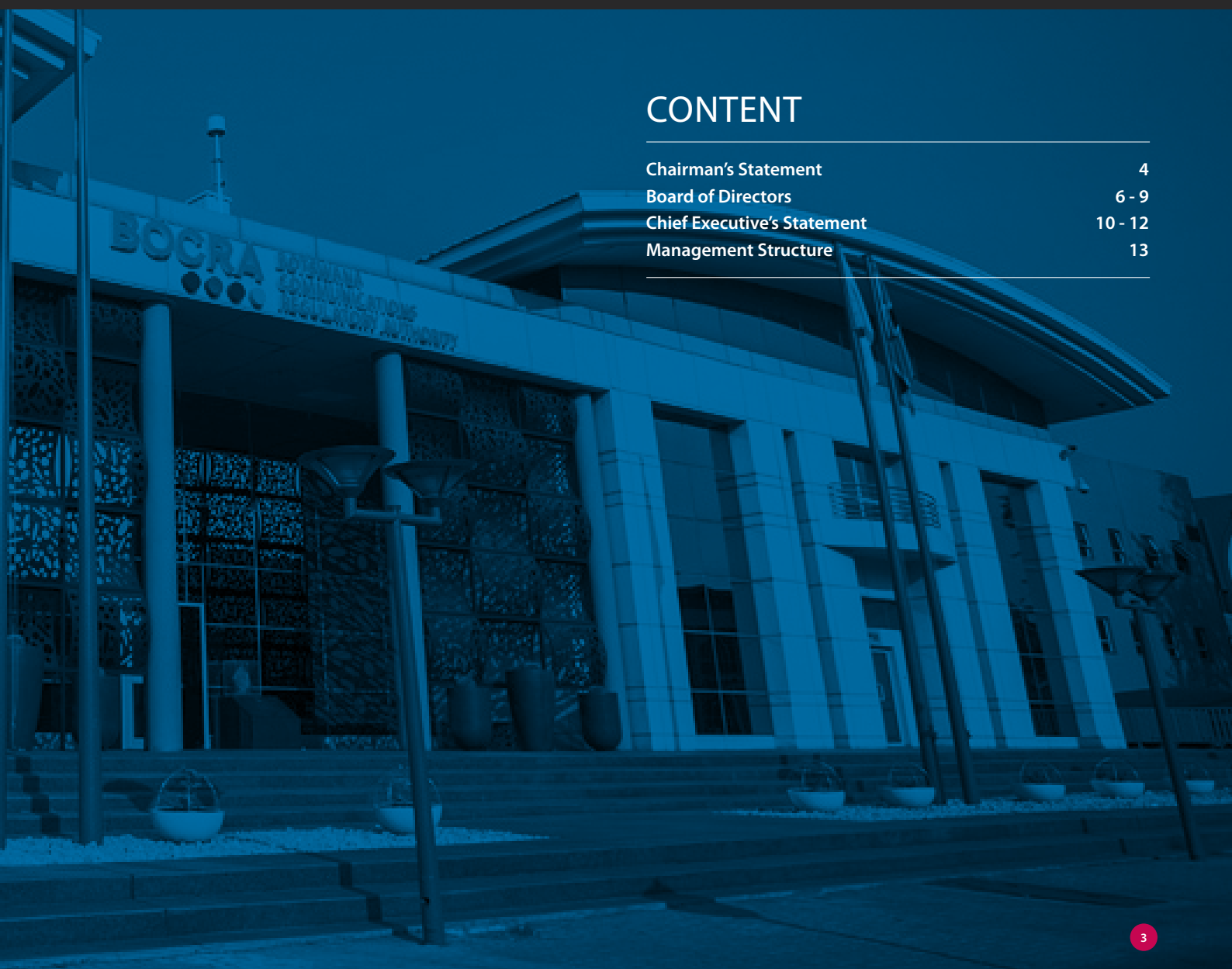
UCTION

OUR VISION IS TO HAVE
A CONNECTED AND INFORMED
SOCIETY.

OUR PURPOSE IS TO REGULATE THE
COMMUNICATIONS SECTOR FOR THE
PROMOTION OF COMPETITION, INNOVATION,
CONSUMER PROTECTION AND UNIVERSAL
ACCESS.

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CHAIRMAN'S STATEMENT



● Peter van Riet-Lowe

● BComm. (Hons) in Economics and Bachelor Comptable in Accounts and Finance (Hons), University of Johannesburg

● Investment Management Certificate (IMC), (UK)

● Certified Management Accountant (CMA) and FCPA

The Board and the Ministry of Transport and Communications entered into a Shareholder Compact Agreement that aligned the Ministry's strategic intent and performance expectations with BOCRA's Corporate Scorecard for 2016/17. The Agreement identified among other imperatives: Consumer Protection, affordability, quality of services, cyber security, content development, infrastructure development as well as universal access and service. All these areas of performance were addressed to various levels of achievement as demonstrated under the sector reviews in the report.

The 2016/17 reporting period coincided with the Mid-Term Review of the BOCRA Strategic Plan, for the period 2014-2019, during which the Board revised the organisation's performance target - called the Big Hair Audacious Goal (BHAG). The revision of the Strategic Plan performance target was intended to facilitate ICT sector development for Botswana to attain a score of 7 in terms of Access to ICTs and 5 in terms of Usage of ICTs. Initially BOCRA had set its performance target at 6 for Access to ICTs and 3 for Usage of ICTs. However, at the time of signing the 2016 Shareholder Compact Agreement in July 2016, Botswana had a score of 4.22 for Access and 2.37 for Usage based on the year 2015 data. When the 2016 ICT Development Index figures were released in November 2016, they placed Botswana at 4.33 for Access and 3.26 for Usage.

The movement was reassuring that reaching a target of 7:5 by 2019 was achievable.

The performance target is based on the ICT Development Index established by the International Telecommunication Union (ITU) to track the level of ICT development among member states. The parameters are measured out of a maximum score of 10.

The Board noted that a lot of work was still required, particularly to grow the usage side of the target. During the reporting period, quality of service issues, operator billing and/or tariffs issues presented themselves as areas that required increased attention. While some issues were operational in nature, there were also policy considerations that required the Board to engage more with key stakeholders, a calling that the Board embraced and pursued.

During this reporting period BOCRA assumed additional mandate under the Electronic Communications and Transactions Act and the Electronic Records (Evidence) Act that called for additional resources. This challenge remains under the Board's consideration. Increased shift towards data consumption by consumers compared to voice point to the importance of security of electronic commerce. This new mandate therefore, calls on BOCRA to move swiftly to assure consumers of the necessary online protection.

The 2016/17 performance, as with previous years' performances, was attributable to the dedication of the Chief Executive, Mr Thari G. Pheko, and his BOCRA team; underpinned by the Chief Executive completing his ten-year tenure at BOCRA during the reporting period. The Board thanked Mr Pheko for his leadership of the organisation, and contribution to the growth of communications sector in Botswana. The Board remains confident that Mr Pheko left behind a legacy of robust administrative and regulatory systems, as well as a team of dedicated professional staff to ensure uninterrupted continuity of the regulatory environment.



Peter van Riet-Lowe
Board Chairman



BOARD OF DIRECTORS



● Peter van Riet-Lowe (Chairperson)

- BComm. (Hons) in Economics and Bachelor Comptable in Accounts and Finance (Hons), University of Johannesburg
- Investment Management Certificate (IMC), UK
- Certified Management Accountant (CMA) and FCPA

Peter Van Riet-Lowe is an Investment Manager with over twenty years of experience and pension fund expertise. He is a Director of the Botswana listed company, Chobe Holdings Limited. Peter is the Founder of Fleming Asset Management Botswana. He previously held the position of CFO at the Windorf and Manica Groups. In addition, Peter holds directorships in various Botswana based private companies and serves on the Board of certain non-governmental organisations. Peter holds a Bachelor of Commerce (Hons) in Economics and Bachelor Comptable in Accounts and Finance (Hons) from the University of Johannesburg, an Investment Management Certificate (IMC) (UK), Certified Management Accountant (CMA) and FCPA.



● Wilhemina T. Makwinja (Vice Chairperson)

- Postgraduate in Energy, Oil and Gas, Liverpool University, UK
- B A Hons in Sociology and Social Policy, University of Essex, UK

Nnaniki Wilhemina T Makwinja is a seasoned Organisational Development and Human Resources Practitioner with over 30 years of experience. She has held senior Human Resources positions in various organisations including but not limited to Debswana Diamond Company where she spent over eighteen years, Botswana Power Corporation, Ghagoo Diamond Mining, Bokamoso Private Hospital, Air Botswana where she head Human Resources departments. She is currently Operations Director with new Sidilega Private Hospital. She possesses B A (Hons) in Sociology and Social Policy with University of Essex (UK), post graduate qualification in International management specialising in Energy, Oils and Gas with Liverpool University (UK) and Industrial Relation Executive Development Programme from Stellenbosch University Business School (RSA).



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● **Major General Bakwena Oitsile (retired)**
(Member)

- Diploma for Basic Officers Engineer, Fort-Belvios, Virginia, USA

Major General Bakwena Oitsile (Retired) is the Managing Director of Bakwena & Associates, a wholly owned Botswana citizens company that provides, amongst others, Project Management and Training, and Dispute Arbitration Resolution. He is the founding Human Resource Manager of Can Manufacturers Botswana, the first canning manufacturing company to be established in Botswana. He had an illustrious career spanning thirty seven (37) years with the disciplined forces in Botswana starting with the Botswana Police Service and ending with the Botswana Defence Force where he retired in 2004 holding the position of Major General. He holds a Diploma for Basic Officers Engineer Course from Fort-Belvios, Virginia, USA.

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● **Joseph M. Matome**
(Member)

- CIMA Finalist
- ICAEW, Chartered Accountants, UK
- BSc (Hons) Business Administration, University of Bath, UK
- International Baccalaureate Diploma, United World College of Atlantic, Wales

Joseph Malope Matome is the Founder and Corporate Director of mining consultancy, Six Plus One. Matome spent twenty six years of his career in the mining industry working for Debswana Mining Company with a short stint at Anglo American Services. An Accountant by profession, Matome practiced accounting for a large part of his career. His qualifications include CIMA Finalist (Passed part III); Finalist ICAEW (Chartered Accountants UK) (Passed PE1); BSc (Hons) Business Administration - University of Bath, UK; International Baccalaureate Diploma - United World College of the Atlantic, Wales.



BOARD OF DIRECTORS (continued)



● **Monametsi Kalayamotho**
(Member)

- BSc (Hons) Information Systems, University of Greenwich, London, UK
- Master's Degree in Strategic Management, University of Derby, UK
- Doctorate of Business Administration, Netherlands Business School, Netherlands – Ongoing

Monametsi Kalayamotho is an entrepreneur, innovator and business executive. He is the founder and Chief Executive Officer of Moro Group, a diversified Group with interests in Information Technology, Telecommunications, Manufacturing, Property Development, Hospitality & Leisure and Financial Services. Monametsi also sits on numerous Boards of group and associate companies. Monametsi studied for BSc (Hons) Degree in Information Systems from the University of Greenwich London, Graduated Master's Degree in Strategic Management from University of Derby and is currently pursuing a Doctorate of Business Administration at the Netherlands Business School.



● **Thapelo Kalake**
(Member)

- Masters of Business Administration, Finance, University of Botswana
- BSc Engineering, Industrial Engineering, Western Michigan University, Kalamazoo, MI, USA
- BSc, Part I, University of Botswana

Thapelo Kalake is the Director of Shared Services at Water Utilities Corporation (WUC) where he is responsible and accountable for corporate assets and all core business supporting infrastructure and services including Information Services, Property and Administration, Security, and Fleet Services. He is Chairman of Board of Trustees of the Universal Access and Services Fund (UASF). He holds a Master of Business Administration degree with emphasis on Finance. He also holds a Bachelor of Science Engineering, Industrial Engineering with minors in Economics and Mathematics from Western Michigan University, Kalamazoo, MI, USA. He also acquired Bachelor of Science, Part 1 with the University of Botswana.



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● **Onkagetse Pusoentsi**
(Member)

- Bachelor of Laws Degree, University of Botswana

Onkagetse Pusoentsi is a Senior Partner with Modimo and Associates law firm. A lawyer by profession, Pusoentsi specialises on industrial relations and corporate governance. As Senior Partner he deals with issues of Civil Litigation, Commercial Agreements and General Legal Advice to clients in different disciplines of the Law including Conveyancing, Notarial Practice, Labour Law and Employment, Land Law, Contract Law, Delict, Construction, Estates, Debt Collection, Arbitration as well as Corporate and Commercial. He is a member of the Audit and Risk Committee of the International Working Group on Women and Sport. He is also a legal advisor of the Botswana Football Association. Mr. Pusoentsi holds a Bachelor of Laws Degree from the University of Botswana.

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● **Thari G. Pheko**
(Chief Executive & Ex-officio Member)

- M.Sc (Management Information Systems)
University of East Anglia, UK
- B.Sc (Hons) Business Finance and Economics,
University of East Anglia, Norwich, UK

Thari G. Pheko is the founding Chief Executive and ex-Officio Member of the BOCRA Board, having been the Chief Executive of the Botswana Telecommunications Authority for six years prior to its dissolution in 2013. He successfully managed the transition from the then sector specific regulator called the Botswana Telecommunications Authority (BTA) to the Botswana Communications Regulatory Authority (BOCRA) that has a wider integrated ICT regulatory mandate. He holds a B.Sc (Hons) in Business Finance and Economics from University of East Anglia and an M.Sc in Management Information Systems obtained in the same university.



CHIEF EXECUTIVE'S STATEMENT



● **Thari G. Pheko**

● M.Sc (Management Information Systems) University of East Anglia, UK

● B.Sc (Hons) Business Finance and Economics, University of East Anglia, UK

As the year 2016 marked the Silver Jubilee of the independence of Botswana, the 2016/17 Financial Year marked the 20th anniversary of communications regulation in Botswana. The entire twenty years of regulation were characterised by impressive ICT development, paired with the advent of mobile telephony. The reporting period saw mobile telephony reaching 3,226,389 subscriptions, or 159% teledensity, and mobile broadband reaching 1,404,065 subscriptions. Sector revenues topped P4.3 billion, and total assets exceeded P7.1 billion, with sector investments exceeding P950 million. Sector performance has, by all accounts, been doing very well. The International Telecommunication Union's (ITU) 2016 Measuring the Information Society Report and the ICT Development Index (IDI) summed up the performance of the reporting period by ranking Botswana 5th in Africa, and 108th in the world out of 175 countries. The ranking that assessed the level of ICT access, use, and skills had, during the previous reporting period, placed Botswana at 6th in Africa and 111th in the world.

During the year, market players began to transition in earnest to the converged licensing framework, introduced in September 2015. The framework comprises two major categories: Network Facilities Provider (NFP) Licence and the Services and Applications Provider (SAP) Licence, and was introduced to stimulate market growth by unbundling some services to accommodate new players, particularly smaller operators. Many of the smaller players, such as Value-Added Network Service (VANS) providers that required SAP licence, had completed the migration process. Migration of the major players that required both licence categories, was in process.

The Commonwealth Telecommunications Organisation (CTO) awarded BOCRA for the Best Universal Access Initiative. The award, which was made during the first Commonwealth ICT & Industry Awards, held in London, recognised the Universal Service and Access Fund (UASF)

through BOCRA, for the provision of Wi-Fi hotspots in public places in major population centres around the country. The platforms allow subscribers increased access to internet, further the objectives of the National Broadband Strategy.

Following completion of market study on Costing and Pricing of Communications Services, BOCRA issued a Regulatory Directive mandating operators to reduce tariffs, including fixed and mobile termination rates, off-net mobile voice call prices, wholesale fixed broadband services, and international voice transit calls. The initiative was intended to enhance affordability and further increase the uptake of services.

At regional and international level, implementation of the Directive by the SADC Ministers responsible for Information and Communications Technologies (ICTs), that mandate SADC countries to reduce regional roaming tariffs started slowly. Only four member states - Botswana, Namibia, Zambia and Zimbabwe - implemented the Ministers' Directive. At the end of the reporting period, the exercise to determine actual cost of providing roaming services was still ongoing, with the ultimate goal of developing appropriate pricing framework.

3,226,389

• Mobile Telephony Subscriptions

+ P4.4 bil

• Sector Revenues

+ P7 bil

• Total Assets

+ P721 mil

• Total Sector Investments

The International Telecommunication Union's (ITU) 2016 Measuring the Information Society Report and the ICT Development Index (IDI) summed up the performance of the reporting period by ranking Botswana 5th in Africa, and 108th in the world out of 175 countries.

The reporting period also saw the Electronic Records (Evidence) Regulations, and the Electronic Communications and Transactions Regulations coming into effect, essentially charging BOCRA with the responsibility to facilitate electronic commerce by accrediting providers of electronic signatures. The process of establishing the necessary structures for accreditation was ongoing at the end of the reporting period.

Botswana welcomed Africa and the world by hosting two landmark ICT forums; Africa Internet Summit (AIS-16), and the 14th ITU World Telecom/ICT Indicators Symposium 2016. The two events put Botswana at the centre of the global ICT transformation agenda regarding Internet and emerging issues on ICT data and statistics. The Telecom/ICT Indicators Symposium, which I was privileged to chair, served to provide strategic guidance to the international community on information society trends and future monitoring.

Finally, the reporting period marked the end of my ten-year tenure as a regulator. I look back with satisfaction at the growth the sector registered during my involvement with the regulatory function. Going forward there will be a need for continued attention to issues of data affordability and quality of service. Botswana have embraced data consumption at a rate that demands quick turnaround times in provision of land for erection of transceiver base stations, broadband internet at affordable prices, and high-speed, secure and ubiquitous high-speed data networks.

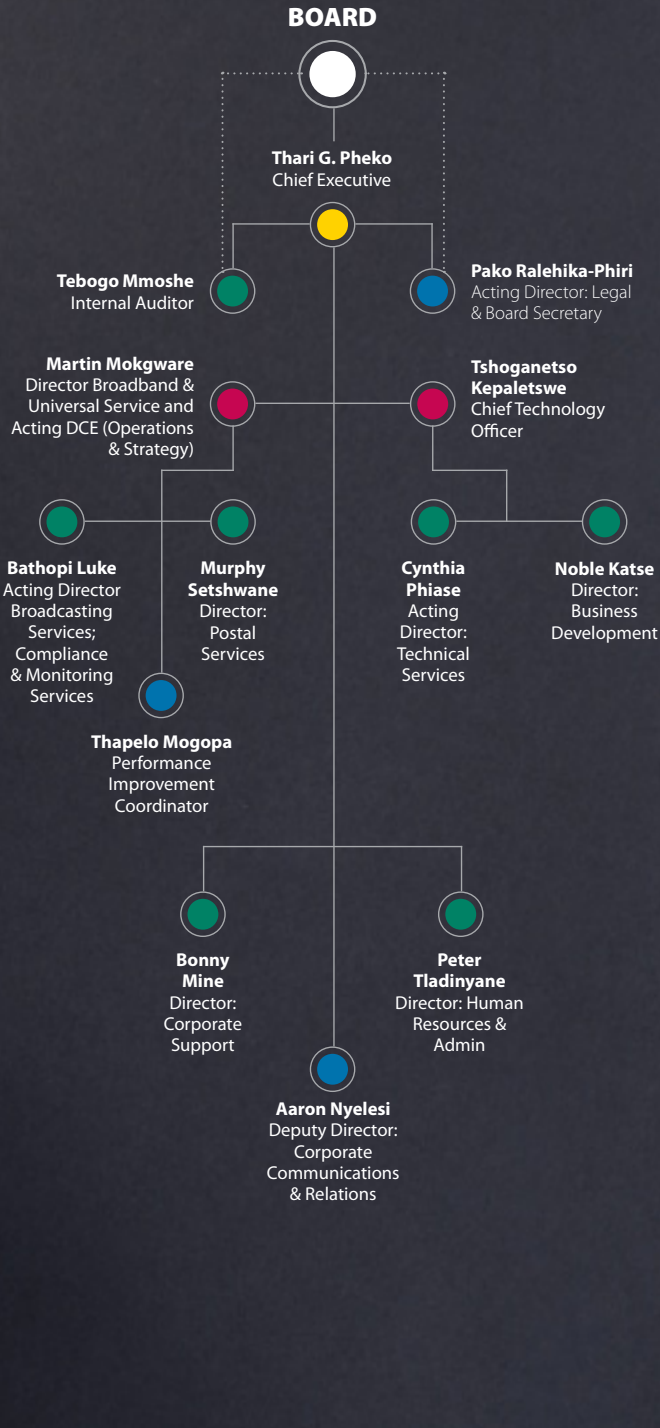
In the end, I am grateful for the opportunity to have been part of a vibrant sector development, and the support I received from the Ministry, Board, the industry and the staff of BOCRA. I can only wish BOCRA and the sector many more years of positive developments.



Thari G. Pheko
Chief Executive

MANAGEMENT & STRUCTURE

Thari G. Pheko Chief Executive 	
Tshoganetso Kapaletswe Chief Technology Officer 	Martin Mokgware Director Broadband & Universal Service and Acting DCE (Operations & Strategy) 
Pako Ralehika-Phiri Acting Director: Legal & Board Secretary 	Bonny Mine Director: Corporate Support 
Bathopi Luke Acting Director Broadcasting Services; Compliance & Monitoring Services 	Tebogo Mmoshe Internal Auditor 
Murphy Setshwane Director: Postal Services 	Thapelo Mogopa Performance Improvement Coordinator 
Peter Tladinyane Director: Human Resources 	Cynthia Phiasé Acting Director: Technical Services 
Noble Katse Director: Business Development 	Aaron Nyelesi Deputy Director: Corporate Communications & Relations 



LEGEND

-  Chief Executive
-  Deputy Chief Executive
-  Director
-  Deputy Director

CORPORATE GOVERNANCE

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The Board of Directors of the Botswana Communications Regulatory Authority (BOCRA) is a seven (7) member team, 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 7 non-executive members of the Board were appointed in July 2015 and consists of:

- Mr Peter van Riet-Lowe (**Board Chairperson**)
- Mrs Wilhemina T. Makwinja (**Board Vice-Chairperson**)
- Mr Joseph M. Matome
- Mr Thapelo Kalake
- Mr Monametsi Kalayamotho
- Mr Onkagetse Pusoentsi
- Major General (Rtd.) Bakwena Oitsile

The BOCRA Chief Executive, Mr Thari G. Pheko, is an ex-officio member of the Board, in accordance with Section 21(5) of the Act.

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Role of the Board

The Board ensures 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 planning, business planning for efficient operation, appropriate budgeting, policy development, and 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.

Board Committees

There are four (4) Board Committees, whose respective Terms of References detail the Committees' responsibilities and powers:

The **Finance and Audit Committee** - chaired by Mr. Joseph Matome, with Mrs. Wilhemina Makwinja, and

Mrs Ontlametse Sebonego (co-opted) as members. This Committee ensures that management creates and maintains effective financial controls, as well as managing all associated risk exposure for BOCRA.

The **External Tender Committee** - chaired by Mr. Monametsi Kalayamotho, with Major General (Rtd) Bakwena Oitsile, and Mr. Onkagetse Pusoentsi as members. The Committee is responsible mainly for adjudication and approval of procurement of goods and services valued between P2 million and P5 million.

The **Human Resources Committee** - chaired by Mrs. Wilhemina Makwinja with Mr Onkagetse Pusoentsi and Mr. Thapelo Kalake as members. The Committee ensures adherence to good corporate practice on all issues bearing on employer-employee relationship but without assuming the functions of management.

The **Regulatory Committee** - chaired by Major General (Rtd) Bakwena Oitsile, with Mr. Monametsi Kalayamotho and Mr. Thapelo Kalake as members. The Regulatory Committee advises the Board on, and ensures adherence to, the Act in so far as the Board's regulatory functions are concerned.

Table 1: Board Meetings Attendance & Sitting Allowance as at March 2017

Member	Ordinary Board Meeting	Special & Consultative Board Meeting	Finance & Audit Comm.	External Tender Comm.	Regulatory Comm.	Human Resource Comm.	Sitting Allowance
Mr. P. van Riet-Lowe	3/4	6/9	-	-	-	-	P735x 9 = P6 615
Mrs. W. Makwinja	2/4	6/9	5/5	-	-	6/6	P588 x19 = P11 172
Mr. J. Matome	4/4	7/9	5/5	-	-	-	P588 x16 = P9 408
Mr. T. Kalake	3/4	7/8	-	-	4/4	5/6	P588 x19 = P11 172
Mr. M. Kalayamotho	4/4	8/9	-	0/1	2/4	-	P588 x14 = P8 232
Mr. O. Pusoentsi	4/4	4/8	-	1/1	-	6/6	P588 x15 = P8 820
Maj. Gen. Bakwena Oitsile	4/4	9/9	-	1/1	4/4	-	P588x18 = P10 584
Mrs. O. Sebonego	-	-	5/5	-	-	-	P588 x 5 = P2 940
Mr. T.G. Pheko	4/4	7/8	3/5	0/1	4/4	5/5	

BOARD PARTICIPATION

Board Training

To ensure effective leadership and guidance, the Board is regularly trained. During this period, the members of the Board enhanced their understanding and knowledge of corporate governance by attending Being a Director training, which is a holistic training on effective directorship run by the Institute of Directors of Southern Africa. The members also attended the Regulatory Master Class in the United Kingdom, a training course on regulation of the communications sector, providing an in-depth knowledge of the principles of regulation and regulatory models, as well as key subjects such as universal services and licensing regimes.

Resources permitting, the Authority exposes the Board to various regulatory forums dealing with communications regulation in order to benchmark and engage in international discussions about the sector. This is due to the fact that the communications sector is a global resource, and the medium used is shared by the international community.

POLICY AND LEGAL REVIEW

Communications Regulatory Authority Act, 2012 Regulations

The CRA Regulations are intended to complement and elaborate the CRA Act on regulation of the communications sector. BOCRA played a role in the drafting of the Regulations, which are yet to be adopted and passed by the Ministry of Transport and Communications.

Electronic Records (Evidence) Regulations

The Regulations to the Electronic Records (Evidence) Act were gazetted by the responsible Ministry of Justice, Defence and Security, and came into effect on 1st May 2016. The Regulations mandate BOCRA to establish an approved process for the production of electronic documents, and certify electronic records systems for purposes of integrity.

Electronic Communications and Transactions Regulations

The Electronic Communications and Transactions Regulations were gazetted by the responsible Ministry of Trade and Industry on 8th April 2016. The Regulations give the Ministry of Trade and Industry a supervisory role of e-commerce, while BOCRA is responsible for the accreditation of the secure digital signature service providers and administration of take-down notices.

BOCRA Enforcement Guidelines

The BOCRA Enforcement Guidelines took effect on 1st July 2016. The Guidelines are meant to communicate the applicable procedures and processes in cases of non-compliance by the regulated sectors with the governing legislation, and their respective licences.

Proceedings Brought Before the Board

Pursuant to the Enforcement Guidelines, BOCRA instituted an investigation against GABZ FM in relation to the pre-recorded broadcast and live interview of one Pastor Stephen Anderson. The investigation was meant to assess possible contraventions by GABZ FM of Section 37 of the Act, Regulation 11 of the Broadcasting Regulations, as well as Clause 14, under Part 4 of the GABZ FM licence.

Having considered all the information before it, the Board found that in relation to the live broadcast, GABZ FM breached Section 37 of the Act and certain Parts of Clause 14 of its Radio Broadcasting Licence as read with Regulation 11 of the Broadcasting Regulations. In relation to the pre-recorded broadcast, GABZ FM was found not have breached Section 37 of the Act or Broadcasting Licence as read with the Broadcasting Regulations. For the contraventions found, the Board issued a warning letter to GABZ FM, and ordered the radio station to put in place a time-delay mechanism, which will ensure that any potentially non-compliant material is edited or stopped before it is broadcast, within 4 months of the order.

Legal Proceedings Brought by or Against The Authority

During the period under review, BOCRA was cited in an interlocutory application by a member of the public (Plaintiff) who, in the main action against her employer, claimed damages for unfair dismissal. In order to prove her claim in the main action, the Plaintiff requested court to order BOCRA, as the certifying authority of electronic records, to examine the records and thereafter produce a certificate of authenticity. The matter was dismissed with costs in favour of BOCRA, due to the Plaintiff’s attorney’s failure to attend court.

INTERNAL AUDIT

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and provide an unbiased view on the operations of the Authority. The function evaluates all auditable areas, reporting findings to the highest level – the Audit Committee of the Board and administratively to the Chief Executive

and Management. During the year under review, the main focus was the new mandate that the Authority was assigned through the ‘Electronic Communications and Transactions Act’, and ‘Electronic Records (Evidence) Act’, which took effect in the same period. Preparing for the new mandate, the Internal Audit function engaged in a range of activities around these two Acts, including:

- Assessing the implementation risk
- Assisting management in the improvement of internal controls
- Evaluating emerging risks and making recommendations

**BOCRA
strives to
minimise risk
at all times by
ensuring that
it has robust
internal
controls in
place.**



RISK MANAGEMENT

BOCRA strives to minimise risk at all times by ensuring that it has robust internal controls in place. Corporate risk is assessed every quarter, with mitigating factors also reviewed for their effectiveness. The first quarter of the 2016/17 financial year, BOCRA had fifteen (15) identified corporate risks. During the financial year, BOCRA Management committed itself to working tirelessly to mitigate the identified risks, and by the end of the fourth quarter, five (5) of the previously identified risks had been eliminated, while ten (10) were maintained and brought forward to the next year - mostly at reduced ratings. At the end of the 2016/17 financial year, there were twelve (12) identified risks, with ten (10) recurring from the previous year, and two (2) being emerging risks. Figure 1 illustrates BOCRA’s risk profile over the 2015/16 and 2016/17 financial years;

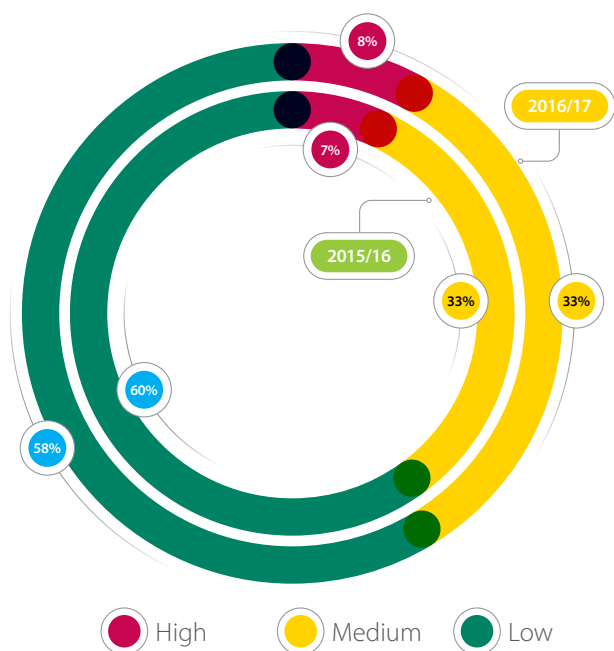


Figure 1: Risk Profile for 2015/16 and 2016/17 financial years

As illustrated in figure 1, even though the number of high risks remained the same in the reporting period compared to the previous year, in percentage terms,

they were slightly higher. Low risks on the other end, constituted 58% of all risks in the reporting period compared to the previous reporting period’s 60%. This slight decline was due to the elimination or falling away of some risks in the reporting period due to stringent risk mitigation strategies.

The risks ranged from R1 to R12, and are analysed in the risk heat map according to the impact that the risk would have on delivery of BOCRA Strategic Plan objectives, and the likelihood of the risk occurring. Of the risks identified in the reporting period, one (1) was rated as a HIGH risk and colour coded red, four (4) were rated MEDIUM risks and coded yellow, and lastly seven (7) were rated LOW risk and coded green. Figure 2 illustrates the spread of the risks in terms of their likelihood to occur, and potential impact.

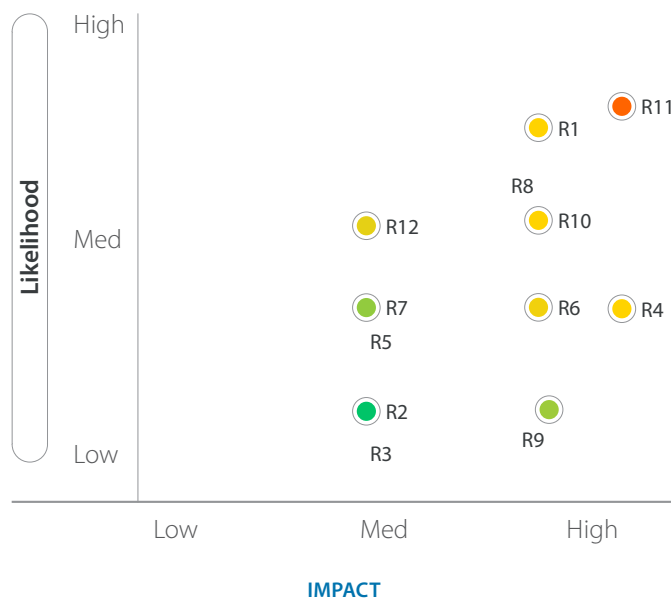


Figure 2: Risk Assessment Map

BUSINESS CONTINUITY

As with the preceding years, BOCRA continued to enhance its systems to ensure business continuity in the advent of any disaster. Following the recommendations of the report of the Disaster and Business Continuity Simulation Drill, carried out in February 2015, there was a system-overhaul of the Human Resource Management software in the reporting period, seeing migration to a system that is not only accessible online, but also on mobile devices and offers HR self-service to all employees. The system is web-based, enabling a secure access to BOCRA payroll data anywhere outside the Authority's premises at any time, with guaranteed data security and uptime. The intention is to have the system in the "cloud" for enhanced recovery turnaround times, should disaster strike.

MARKET REVIEW

• ICT MARKET PERFORMANCE REVIEW

Telecommunications Market Structure

The Botswana telecommunications market comprises three Mobile Network Operators (MNOs): Botswana Telecommunications Corporation Limited (BTCL), Mascom Wireless Botswana (Pty) Ltd (Mascom), and Orange Botswana (Pty) Ltd (Orange). In addition, the Botswana Fibre Networks (BoFiNet) was licensed in 2013 to provide wholesale services. Lastly, there are smaller players, commonly called Internet Service Providers (ISPs), which provide value added services and internet at a smaller scale than MNOs. Private Telecommunications Network Service (PTNS) providers, though they exist in the market, do not play a significant role, since they were only licensed to build private networks for internal business use.

The Botswana telecommunications market comprises three Mobile Network Operators (MNOs): Botswana Telecommunications Corporation Limited (BTCL), Mascom Wireless Botswana (Pty) Ltd (Mascom), and Orange Botswana (Pty) Ltd (Orange).



All the MNOs hold licences that allow them to offer mobile and fixed telephony services and products. Mascom and Orange currently offer mobile telephony services only, while BTCL provides fixed and mobile telephony services.

In this review period, all MNOs, BoFiNet, PTNLs, and a few of the ISPs held licences under the old licensing framework. Since September 2015, BOCRA began implementation of a new, converged framework, intended to create a more conducive environment for ICT development, under two major categories: Network Facilities Provider (NFP) Licence; and the Services Applications Provider (SAP) Licence. Evolution of the licensing framework was motivated by the need to meet demand for real-time high-quality and affordable services, and to accommodate emerging players for increased competitiveness in the telecommunications market. Licensees existing prior to September 2015 were given the opportunity to apply for migration to the new framework. MNOs and BoFiNet have started the process of migration, which was not completed in the reported period. ISPs were also at various stages of

the migration process. 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 due to slow uptake by licensees. Therefore, in this reviewed period, the market still consisted of licensees under the old framework and the new – a situation summarised in Table 2.

Table 2: Market Structure by Categories of Licences

LICENCES UNDER THE OLD FRAMEWORK	
Licence Category	Number of Licences issued
PTO	3
Wholesale provider	1
VANS	72
PTNL	32
LICENCES UNDER THE NEW FRAMEWORK	
Licence Category	Number of Licences issued
SAP	15
NFP	9

Source: BOCRA



Mobile Telephony Market

Botswana has experienced a remarkable growth of more than 100% in mobile telephony subscriptions since 2009. 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 encouraged 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.

Mobile subscriptions decreased from 3,460,331 in March 2016, to 3,226,389 in March 2017, representing a decline

of about 6.8% compared to 2% growth recorded between 2015 and 2016. Mobile Teledensity declined from 171% in March 2016 to 159% by March 2017. Over the past 5-years, mobile telephony subscriptions have been steadily increasing at an average of 4.5%. The sudden decrease in mobile telephony in the reviewed period was attributed mainly to a high churn rate experienced over the festive season of 2016 by the three operators, which had not been fully recovered until March 2017.

The market share as measured by the number of mobile subscriptions was as follows; Mascom Wireless was the leader at 53%, followed by Orange at 32% and BTCL (beMOBILE) at 15%. Market share of the three mobile operators for March 2016 and March 2017 is represented in Figure 3 and 4 respectively.

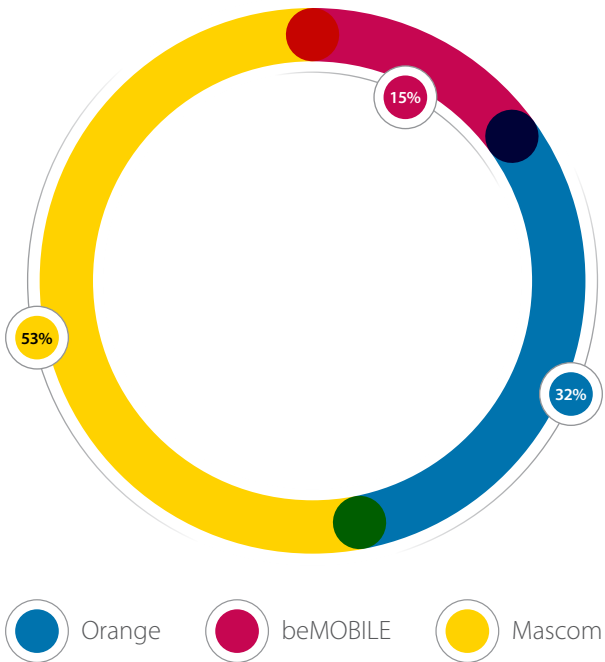


Fig 3: Mobile Telephony Market share as at March 2016
Source: BOCRA

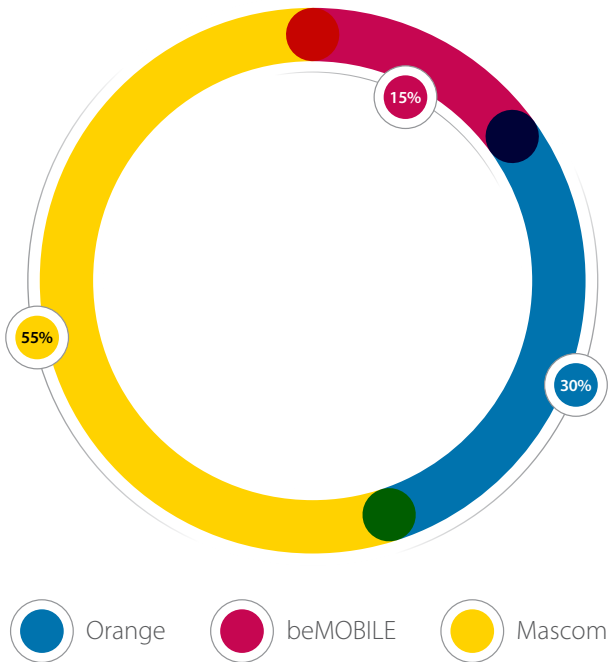


Fig 4: Mobile Telephony Market share as at March 2017
Source: BOCRA

In the current review, Mascom increased market share from 53% to 55%, and Orange experienced decreased market share from 32% to 30%, while beMobile remained at 15%.

The market share between pre-paid and post-paid mobile telephony subscriptions has remained the same for the past ten years at 98% and 2% respectively. The status quo affirms consumer preferences of prepaid services to post-paid services. Although post-paid offers lower calling rates per minute, it has recurring charges that are not consumption related, while prepaid allows for budget spending through pre-payment and paying for consumption. Refer to Figure 6 for comparison of prepaid against postpaid market shares.

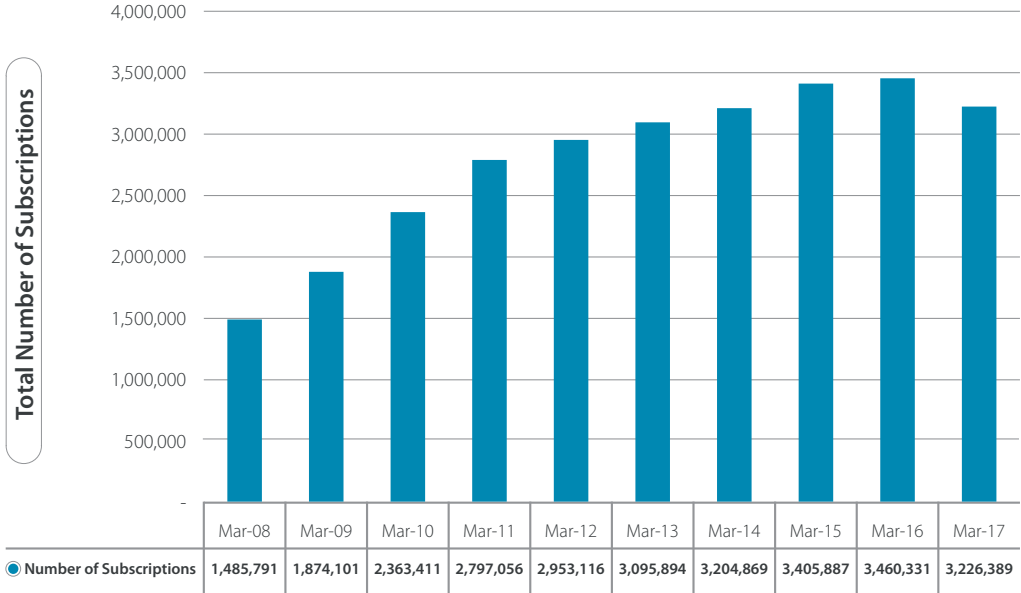


Figure 5: Mobile Telephony Subscriptions for the Past 10 Years

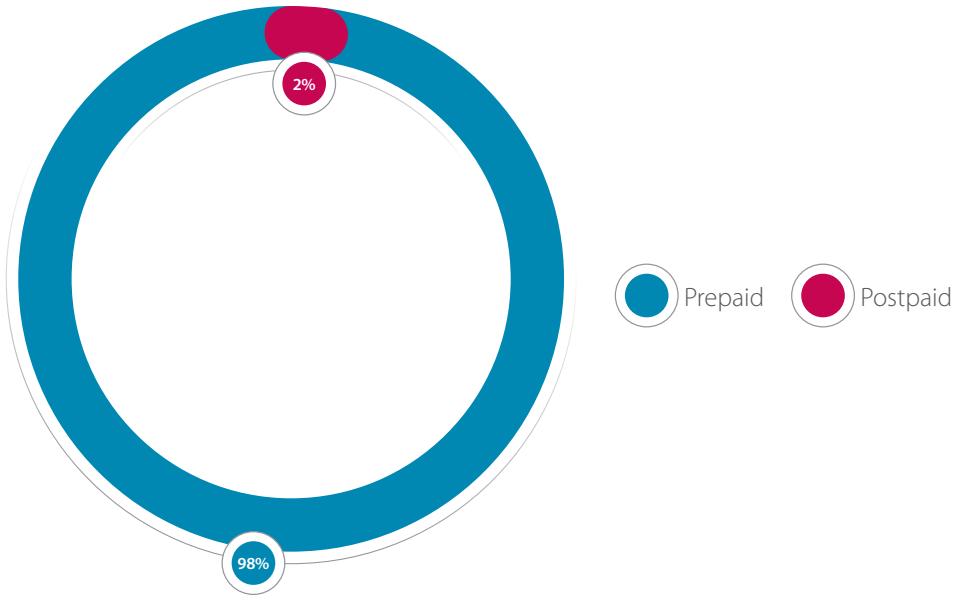


Figure 6: Prepaid and Post-paid Mobile Telephony Market for 2017
Source: BOCRA

6.8% mobile subscriptions decrease from 3,460,331 to

3,226,389

• **FIXED MARKET SEGMENT**

Fixed telephony subscriptions have been growing at very low rates over the past ten years. However, however decreased by a significant 13%, between March 2016 and March 2017, due to disconnections of some customers for non-payment of bills and migration of other customers to mobile telephony. Teledensity for fixed telephony has decreased from 8% in to approximately 7% in the same period. Figure 3 shows a trend of total fixed telephony subscriptions over a period of ten-years.

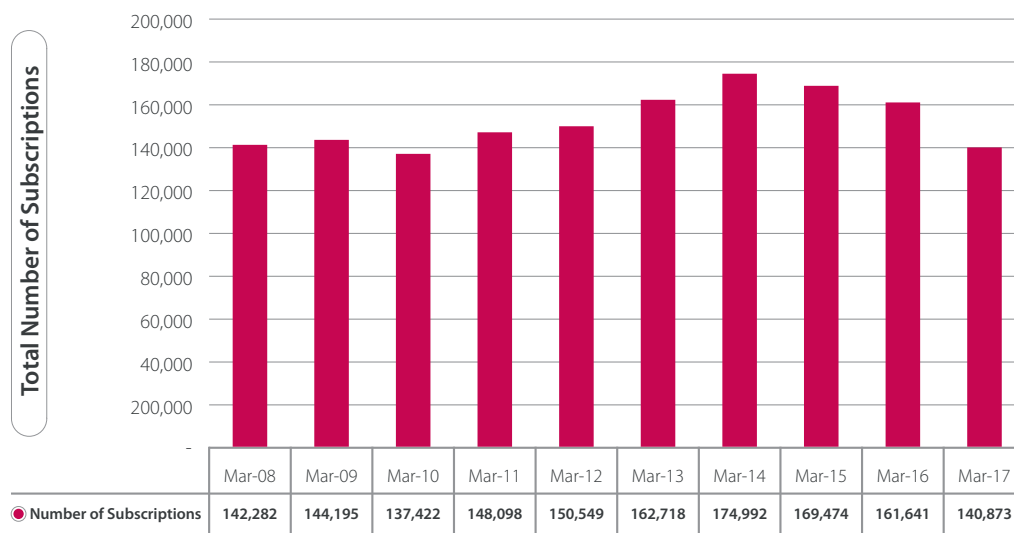


Figure 7: Fixed Telephony Subscriptions for the Past 10 Years

Source: BOCRA

The expected long-term market trend in fixed telephony services is a high possibility of further decline in demand, as consumers prefer the use of mobile telephony. The superiority of mobile telephony over fixed telephony is associated with convenience of mobility, capability to text, download music, graphics and motion pictures, as well as e-commerce on-the-go. The offerings by mobile telephony service providers are popular among the youth, who constitute at least 63 % of the population of Botswana. However, a new innovation is emerging, with fixed telephony offered over mobile cellular networks. The effect of this innovation is yet to be felt by the market.

• **INTERNET UPTAKE**

Fixed Broadband

Market trends show a growth in access and increased usage of fixed broadband into the future, as this service presents high-speed, high-capacity internet services that are more reliable and less costly than mobile internet. In the fixed broadband category, BTCL offers Asymmetric Digital Subscriber Line (ADSL), while Orange Botswana offers a fixed wireless broadband service named Konnecta. ADSL subscriptions between March 2016 and March 2017 increased by 68.4% from 35,394 subscriptions to 59,590 subscriptions. The number of subscriptions for the Orange fixed wireless internet increased by 183%,

from 3,180 to 8,997, and is anticipated to continue to increase steadily. Figure 8 shows the uptake of fixed broadband over the last 5 years.

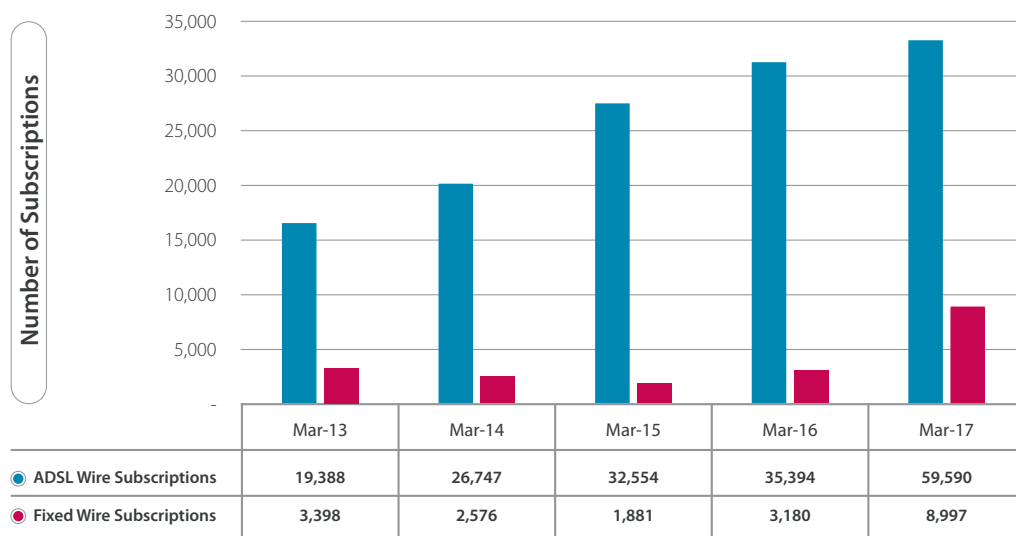


Figure 8: Fixed Broadband Subscriptions for the Past 5 Years

Source: BOCRA

Publication of Market Information

During the period under review, BOCRA continued to publish information on pricing of broadband services by VANS providers. The factsheets, which were published in the print media and on BOCRA website covered retail prices for services subsidised through the Universal Access and Service Fund (UASF) Wi-Fi hotspots project and other Internet service offerings. Publication of Internet pricing was necessary to raise consumer awareness and knowledge of available products/services, enabling informed choice. The publication reflected that the Internet retail services market was highly competitive, with several providers offering various packages. BOCRA continued to monitor Internet service provision with the intention to reduce prices further.

Mobile Broadband Market

A large number of the population has access to, and is using internet services through, smartphones, USB Modems and other wireless technologies as MNOs continue to increase coverage of mobile broadband and offer consumer driven packages. Mobile broadband penetration increased from 1,360,236 in March 2016 to 1,404,065 in March 2017 - an increase of 3%. The use of mobile technology surpassed fixed technology

Mobile broadband penetration

1,404,065

due to its convenience, although it is comparatively more expensive in relation to fixed technology. Coverage for mobile broadband technologies, such as 3G and Long-Term Evolution (LTE), are mostly prevalent in urban areas. Other internet access technologies, such as GPRS and EDGE are widely deployed throughout the country, giving mobile Internet access to most mobile subscribers. Figure 9 shows the uptake of mobile broadband over the last three years.

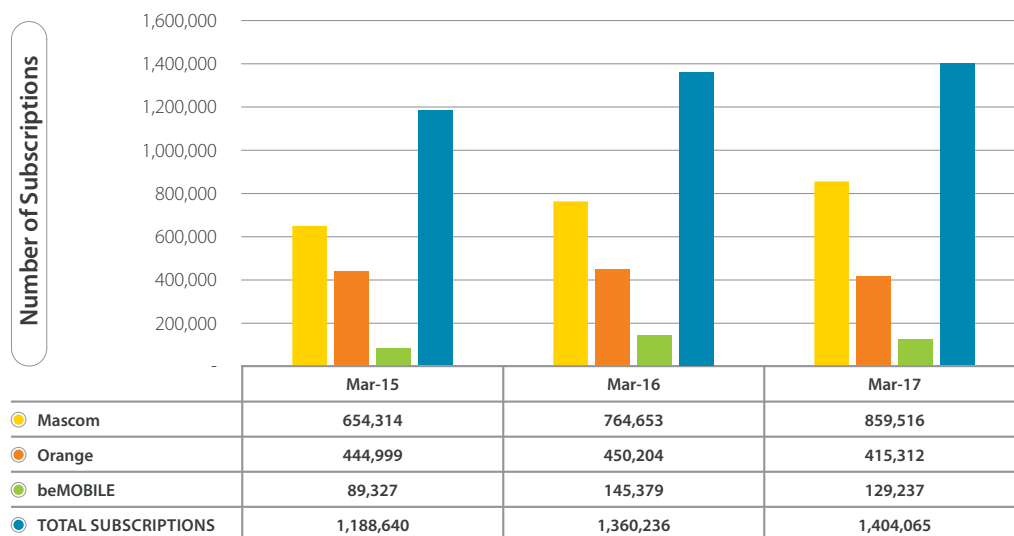


Figure 9: Mobile Broadband Subscriptions for the past 3 years

Source: BOCRA

NEW PRODUCTS AND SERVICES

Orange Botswana

Mobile Network Operators have been innovating, introducing numerous products and services to cater for the growing needs of their customers. Orange Botswana launched a low-cost data bundle called TsenKaCoin, which caters for non-committal prepaid customers who are on the high-end of data consumption for a short period. The TsenKaCoin bundle lasts for a day and is offered at P2.00 for 10MB translating to P0.20 per MB.

Another bundle that was launched is an offering of 50MB at P10.00 with a validity period of 30 days. This bundle is specifically offered as “top-up” for postpaid customers who deplete their monthly bundles during the month.

Orange Botswana also launched Mzansi4Less package, which is valid for one-day and offers calls to South African networks at a rate of P1.00 per minute.

Orange Botswana further introduced Prepaid Konnecta, which is a fixed broadband service meant to provide high bandwidth to customers without having to commit to a contract, or to customers not eligible for postpaid services.

In addition, Orange Botswana made changes to the existing All My Friends data service package. The changes included reduction in price for the 1-day bundle from P10 to P5, addition of the 1-week and 1-month bundles, and the increase of daily cap from 200MB to 500MB.

Mascom Wireless

Mascom reduced its prepaid voice and data packages. Voice calls reduced to P1.20 per minute from P1.35 per minute for on-net calls, and calls to fixed lines at peak rate. Calls to other mobile networks reduced to P1.50 from P1.70 at peak rate. Data tariff reduced from P1.05 to P0.95 per MB.

Mascom also revised the usage terms for My Social data plans, and introduced a daily cap of 500MB.

Mascom increased international tariffs for prepaid and postpaid voice calls to Zambia, Malawi, Lesotho and Mozambique mobile networks. This increase in tariffs was prompted by increased international termination rates, and the significant depreciation of the Pula against the USD. The approved prices are shown on the Mascom website.

Mascom also increased call tariffs to Zimbabwe due to increased termination rates, and depreciation of Pula against US Dollar. Prepaid calls increased from P3.40 to P6.00 per minute, while Post-paid tariffs increased from P2.91 to P4.50 per minute.

Botswana Telecommunications Corporation Limited (BTCL)

BTCL launched the Global Ethernet Service to enable the BTCL metro ethernet product to be offered for connectivity into South Africa. The solution provides dedicated seamless cross-border broadband to those corporates who currently utilise local Ethernet. BTCL also launched their 4G network and 4G based broadband packages.

BTCL discontinued Blackberry services due to escalating operating costs for the service. However, consumers who are in possession of Blackberry devices are able to use them for standard prepaid service. BTCL also increased its bandwidth prices for VSAT, due to increased supplier costs. In addition, BTCL reduced its retail metro ethernet tariffs in order to keep up with competition.

Fixed wireless
Internet subscriptions

8,997

ADSL
subscriptions

59,590

MOBILE MONEY SERVICES

All three mobile operators offer mobile money services, though beMOBILE put registration of new subscribers on hold in Q1 of 2016, pending a revamp of the service. Orange Botswana is the market leader at 68% market share, followed by Mascom Wireless at 31% market share and beMOBILE at 1%. The subscriber base for mobile money services grew significantly over the past 3 years.

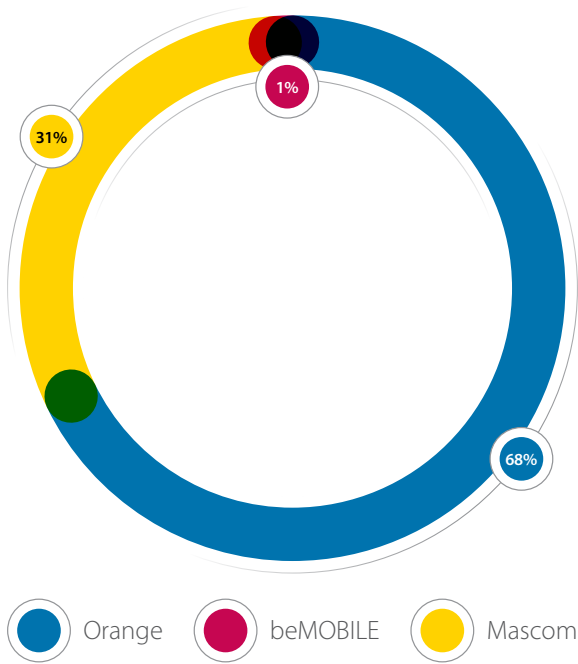


Figure 10: Market Share of Mobile Money Subscriptions as at March 2017

Source: BOCRA

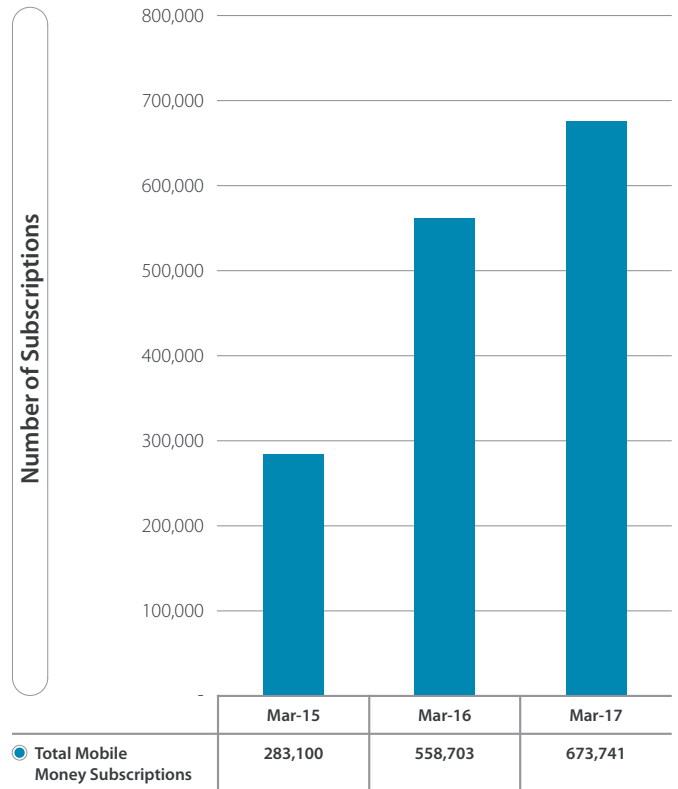


Figure 11: Mobile Money subscriptions for the past 3 years

Source: BOCRA

ROAMING SERVICES

Phase I of the price reductions for roaming services was implemented in October 2015 by four (4) SADC member states - Botswana, Zambia, Zimbabwe and Namibia. Phase II of the price reductions was due to be implemented in October 2016, but was suspended pending development of a cost model and pricing framework for regional roaming tariffs. The cost model and pricing framework will determine the impact of further tariff reductions, moving forward.

BOCRA Directive No. 1 of 2017

BOCRA issued Directive No. 1 of 2017 on 24 March 2017. The purpose of the Directive was to implement recommendations from the Cost Model and Pricing Framework that was developed in 2016/17. The major components of the Directive included, new Mobile Termination Rates; Fixed Termination Rates, removal of Off Net premium on prices for Off Net retail calls; facilitation of market entry of Mobile Virtual Network Operators (MVNOs); and a new requirement that all wholesale services must be offered on the basis of publicly available Wholesale Reference Offers. The Directive was due for implementation with effect from 1 June 2017.

FINANCIAL PERFORMANCE FOR THE TELECOMMUNICATIONS/ ICT SECTOR

There has been business and market growth during the year as shown in Table 3. Total revenues grew by 5% and licensees' asset base also grew by 5%. Total profits grew significantly from P290 million in 2015/16 to P890 Million in 2016/17. In 2015/16, one of the large operators incurred significant asset impairments which affected their profitability and total industry profitability while in the current year, there has not been any significant asset impairments hence the realised substantial profitability as a result of business operations. There was a slight reduction in investment in the current year as operators had spent significant capital in the previous year deploying 3G and 4G networks. There was 5% growth in revenues over the year. The growth in revenue is partly driven by data and bandwidth markets where consumers have become data hungry as they embrace the digital economy. It is expected that there will be sustained growth in the medium to long term owing to emerging consumer trends that broadband internet becomes a commodity that facilitates social communication as well business and commerce.

Table 3: Financial Indicators for Large Operators (Mascom, BTCL, Orange and BOFINET)

	2015/16	2016/17
Total Revenues	P 4,197,965,217	P 4,415,979,676
Total assets	P 6,693,227,455	P 7,041,094,496
Total Investments	P 1,079,415,583	P 721,765,374
Total Profits	P 298,215,844	P 890,293,612

Source: BOCRA

Total ICT sector revenue grew by 5% despite economic challenges. The growth was largely driven by data and bandwidth markets, as consumers have become data-hungry as they embrace the digital economy.

Total ICT Revenue

5%

POSTAL SECTOR REVIEW

Postal Licensing Framework

During the year under review, BOCRA introduced a new licensing framework for the postal sector in Botswana, with effect from August 2016. The framework comprises two licence categories being Commercial Postal Operator licence valid for ten-years, and the Public Postal Operator licence valid for fifteen-years. The new licensing framework is expected to facilitate the transformation and development of the postal sector in accordance with the provisions of the CRA Act, 2012. It is further expected to ensure fair competition and protection of consumer rights, as well as provision of universal postal services to the entire populace.

Licensing of Postal Operators

Following the implementation of the new postal licensing framework, the Authority issued Botswana Postal Services with two licences, one for the provision of universal postal services, and the other for the provision of express or commercial postal services. Sixteen (16) courier service licences were converted from the two year interim licences to the new commercial postal operator licence. These included; Sprint Couriers (Pty) Ltd; FedEx Express Botswana (Pty) Ltd; Botswana Couriers and Logistics (Pty) Ltd; Fast and Furious International (Pty) Ltd; First Connections Couriers (Pty) Ltd; KTU Express (Pty) Ltd; DHL International Botswana (Pty) Ltd; Aramex Botswana (Pty) Ltd; Pinnacle Express (Pty) Ltd; S. Couriers (Pty) Ltd; Ram Transport Botswana (Pty) Ltd; Skynet Worldwide Express (Pty) Ltd; Triton Express (Pty) Ltd; Enlink Freight Services (Pty) Ltd; Tri Optimum Logistics Close Company; and Bollore Africa Logistics Botswana (Pty) Ltd.

However, four courier service licences were not converted due to non-compliance. These were Parrot Worldwide Express (Pty) Ltd, Sivertron529 (Pty) Ltd; HMN Couriers Services (Pty) Ltd; and Swift City Couriers (Pty) Ltd. Moreover, three new market entrants were issued with commercial postal operator licence namely, TMS Logistics (Pty) Ltd; Zebra Hub of Excellence (Pty) Ltd;

Courier Solutions (Pty) Ltd. Under the new licensing regime, the total number of licensed postal operators stood at twenty (20) commercial postal operators, and one (1) public postal operator. Table 4 lists all licensed postal operators and their market focus.

Table 4: Market focus of Licensed Postal Operators as of March 2017

Domestic and International Courier, Express and Parcels Services	International Courier, Express and Parcels Services Only	Domestic Courier, Express and Parcels Services Only
Aramex Botswana	Bollore Africa Logistics Botswana (TNT)	Fast and Furious International
Botswana Couriers and Logistics	Enlink Freight Services	First Connections Couriers
Botswana Postal Services	Pinnacle Express	
Courier Solutions	S Couriers	
DHL International Botswana	Tri Optimum Logistics (UPS)	
FedEx Express Botswana	Triton Express	
KTU Express		
Ram Transport Botswana		
Skynet Worldwide Express		
Sprint Couriers		
TMS Logistics		
Zebra Hub of Excellence		

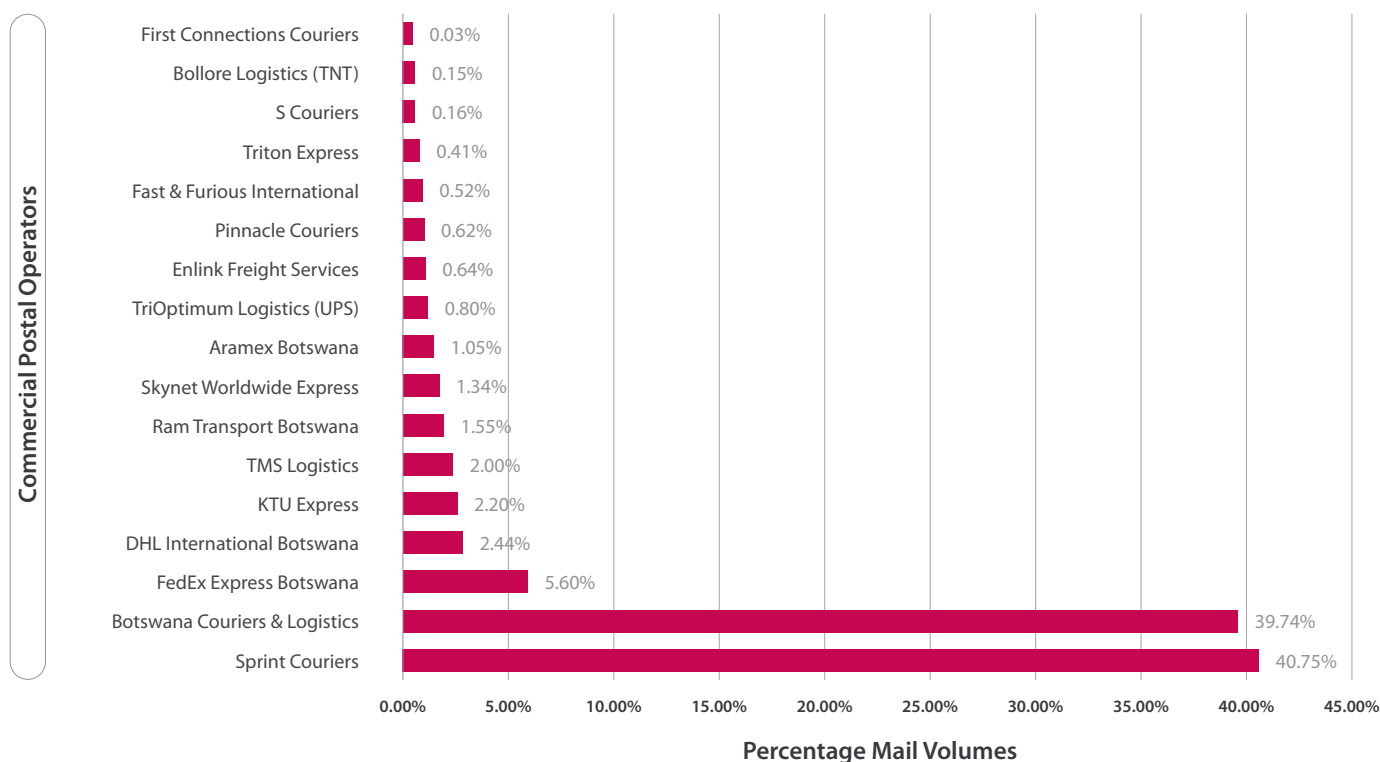
1 Number of licensed public postal operators

20 Number of licensed commercial postal operators

Commercial Postal Operators Market Share

Due to increased demand for better quality of services by consumers, value added postal services provided by commercial postal operators have become an essential element in the postal sector in Botswana. Commercial Postal Operators have therefore, positioned themselves to be the most preferred partners in doing business, by offering services which are quality-based, such as time definite service standards, track and trace of consignments, insurance and delivery guarantees. Commercial Postal Operators in Botswana offer domestic and international (inbound and outbound) mail services. The market share for Commercial Postal Operators, as measured by their mail volumes for domestic and international mail, is presented in Figure 12.

Figure 12. Commercial Postal Operators' Market Share as March 2017



As of March 2017, the postal market was dominated by two companies being, Sprint Couriers and Botswana Couriers and Logistics. These two companies accounted for almost 80% of the postal market share. Sprint Couriers and Botswana Couriers and Logistics' mainly focused on provision of courier services, compared to other operators who were mainly focused on logistics and/or freight services with less focus on courier services. Sprint Couriers was the market leader with 40.75%, followed by Botswana Couriers and Logistics standing at 39.74% of the market share and FedEx Express, DHL International Botswana and KTU Express with 5.60%, 2.44% and 2.20% respectively to close the top five companies. Conversely, eight companies had a market share of less than 1% each. First Connections Couriers and Bollore Africa Logistics had the least market share, accounting for 0.03% and 0.15% respectively.

ACCESS TO UNIVERSAL POSTAL SERVICES

Section 68 of the CRA Act, 2012 mandates BotswanaPost as the Designated Public Postal Operator, to provide Universal Postal Services. Universal Postal Services include, but are not limited to the following services: the conveyance of domestic and cross-border items of correspondence of a weight up to 100 grams, and postal packages to be delivered through a P.O. Box; the issuing of stamps bearing the word “Botswana” or imprinted with an effigy of Head of State of Botswana; and the placing of street letter boxes for mail collection. BotswanaPost is further mandated by Section 71(c) of the CRA Act, 2012 to provide P.O. Boxes in communities with at least 5000 inhabitants. Pursuant to the latter, BotswanaPost developed a network of service points throughout the country, comprising 124 post offices and 86 postal agencies. Table 5 shows the geographical coverage of BotswanaPost network as well as the number of inhabitants per postal service point. As at March 2017, the average number of inhabitants per postal service point in Botswana stood at 9,642. The network coverage of BotswanaPost showed a positive effort at ensuring access of universal postal services by all inhabitants of Botswana.

Table 5: Inhabitants Per Postal Service Point as of March 2017

Districts	Postal Service Points (Post offices and Postal Agencies)	Population (Population Census 2011)	Inhabitants Per Postal Service Point
Central	67	638,604	9,531
Ghanzi	14	43,355	3,097
Kgalagadi	8	50,492	6,312
Kgatleng	13	91,660	7,051
Kweneng	18	304,549	16,919
North East	16	159,225	9,952
North West	21	175,631	8,363
South East	30	345,613	11,520
Southern	23	215,775	9,382
Total	210	2,024,904	9,642
Average Inhabitants per Post Office			9,642

9,642

Average number of inhabitants per postal service point

Postal Quality of Service

BOCRA introduced a quality of service monitoring framework for ordinary mail carried through the BotswanaPost network. The main objective of the exercise is to monitor quality of service for ordinary mail, as it constitutes about 95% of the total mail volumes in Botswana. Under this arrangement BOCRA appointed a number of independent postal panellists in various parts of the country who receive test mail and report delivery standards back to the Authority. The data is then recorded, analysed and shared with the Public Postal Operator to help improve its quality of service. Full implementation and measurement will commence during the 2017/18 financial year.

BROADCASTING SECTOR REVIEW

Broadcasting Licensing

BOCRA invited applications for different classes of television broadcasting services being Subscription Management Service (SMS), and Content Service Providers (CSP) for Satellite and Digital Terrestrial Television, as either Free to Air (FTA) or Subscription based service.

The SMS licence is issued to a service provider whose sole responsibility is to enable consumers to access broadcasting content that is packaged by another party and is not necessarily being broadcast from Botswana.

The CSP licence would enable the service provider to either provide broadcasting content as a single channel or aggregate several channels into a bouquet over different platforms. The content could be produced by the licensee or commissioned from third parties, and could be in the form of a full channel or specific programmes. The licensee could also offer data-casting services, such as weather, education or entertainment information.

Four (4) applications met the requirements for Subscription Management Service provider licences. The licenses will be issued in the first quarter of 2017-2018. The objective issuing licences under these categories is to promote diversity and plurality of the offerings in the broadcasting market.

Similarly, the Authority issued an Invitation to Apply (ITA) for Network Facilities Provider (NFP) licence for Digital Terrestrial Television (DTT) in Botswana. The NFP will be awarded for service providers to own, operate, or provide any form of physical signal distribution infrastructure, including fixed links, broadcast transmitters and Multiplexors, used primarily for carrying and distributing content from DTT Content Service Providers (CSP). A CSP will be responsible for aggregating content and provide service into a channel or consumer-oriented packages (bouquets). Since the digital technology allows for more television channels within the same frequency resource, traditionally used by analogue technology, this approach was chosen to ensure that the transmission infrastructure is shared by CSPs to ease market entry.

BOCRA authorised Hub TV and Vodcast to implement Internet Broadcasting. The companies were given Online Broadcasting Guidelines to guide their operations. The objective of the authorisation was to explore the viability of the Internet broadcasting in Botswana.

Broadcasting Trials

During the year under review, BOCRA awarded Khuduga HD and Access TV three (3) months trial licences for CSP for DTT. The two entities broadcast on ISDB-T together with Btv channel and Btv2 channel of the State Broadcaster multiplexor. The objective of the trial licences was to test the viability of broadcasting market in Botswana, specifically on the DTT platform. The trial period was extended following requests from the two entities, which are required to share the results of the trials on completion.

LOCAL CONTENT INITIATIVE

Local Content Strategy

BOCRA has been facilitating development of the Local Content Strategy, in line with its mandate of ensuring domestic sector development. The Strategy was implemented in collaboration, with the Local Content Committee (LOCOC), Companies and Intellectual Property Authority (CIPA), Ministry of Youth Empowerment, 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.

MONITORING OF BROADCASTING SERVICES

Service Availability Rate

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.

Table 6: Service Availability Rate for the Past 4 Quarters

Stations	April- June 2016	July – September 2016	October – December 2016	January – March 2017	Change within review period	Average	Short-fall (Target – Average)
GABZ FM	92.00%	94.00%	95.75%	93.20%	1.20%	93.74%	5.26%
Yarona FM	98.89%	99.40%	96.73%	98.13%	-0.76%	98.29%	0.71%
Duma FM	92.00%	92.00%	95.00%	94.00%	2.00%	93.25%	5.75%
eBotswana	94.00%	94.00%	99.00%	99.90%	5.90%	96.73%	2.27%

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 quarters reaching the lowest in the fourth quarter. The drop in SAR was attributed to problems with technical configurations of antennae systems. Duma FM's SAR dropped from 95% to 94% in quarter 4. 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.

Local Content Quota

The broadcast stations were monitored for compliance with local content quota requirement among other licence conditions. Table 7 shows performance on local content.

Table 7: Local Content Quota 2016/17

Stations	April - June 2016	July - September 2016	October - December 2016	January - March 2017	Average
GABZ FM	21.70%	40.00%	23.80%	42.00%	32.00%
Yarona FM	36.00%	53.00%	40.00%	40.00%	42.00%
Duma FM	42.00%	42.00%	42.00%	42.00%	42.00%
eBotswana	7.10%	8.90%	11.10%	11.10%	10.00%

During the period under review, Gabz FM registered improvement in broadcasting local content, recording 42% in the fourth quarter. However, it was discovered that Gabz FM had been under-reporting its aired local content quota because the broadcaster was using a shorter period than the time set for active monitoring. Duma FM remained constant at 42% throughout the year under review, while Yarona FM achieved the 40% content quota. Notably there was a significant increase in the second quarter due to the stations heeding to Government calls to promote local content in commemoration of 50th anniversary of independence celebrations.



Commercial Broadcasting Population Coverage

Television and radio broadcast coverage has been expanding at a slow pace; attributed by Broadcasters to financial constraints. BOCRA, through Universal Access and Service Fund (UASF), encouraged commercial radio stations to collaborate and request combined funding to expand their FM broadcasting signal to unprofitable areas. The initiative will be considered in financial year 2017/18, in line with the UASF strategy.

Broadcasting Population Coverage 2016/2017

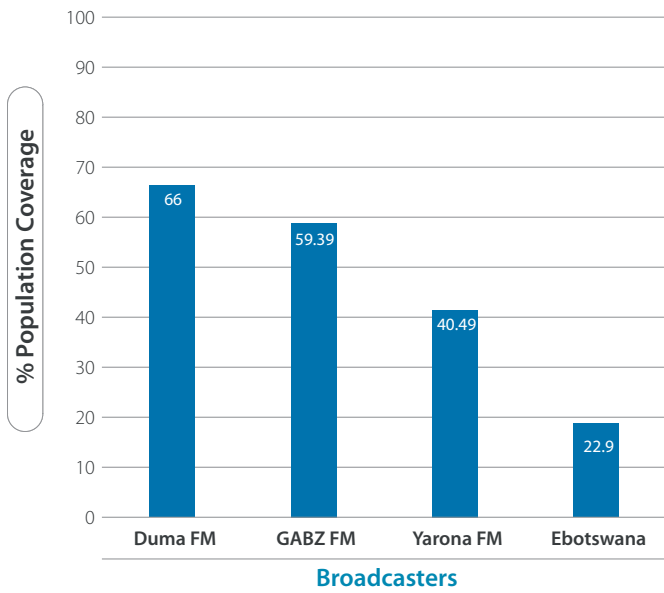


Figure 13: Broadcasting Population Coverage

Figure 13 presents commercial broadcasting population coverage in Botswana for the year 2016/2017. For commercial Terrestrial FM Radio, GABZ FM had the highest population coverage recorded at 59.39% of the population of Botswana. Yarona FM 40.49% and Duma FM covered 66% of the population of Botswana. eBotswana, a commercial terrestrial television provider covered 22.9% of the population (Gaborone only, consistent with its licence).



SPECTRUM MANAGEMENT AND MONITORING REVIEW

Country Code Top Level Domain (.bw)

The Dot.bw(.bw) top-level domain name space continued to grow slowly despite BOCRA not charging registration fees to local registrars. The slow growth was attributable to a couple of factors:

- Even though BOCRA did not charge local registrars for registering domain names, Registrars in turn charged registrants fees which were not competitive with what the market offered for Generic Top-Level Domains (gTLDs); thus, many people still preferred to register gTLDs.
- When BOCRA assumed responsibility for management of the .bw domain from BTC, it discovered that BTCL had permanently closed registration for second level domains. Most companies prefer registering at second level, and as a result, registrants had gone elsewhere for registration of shorter names, such as .com. Aware of this gap BOCRA, in consultation with stakeholders, facilitated development of policies and related fee structures for administration of .bw. However, the industry but could not agree on the fees for registering second level domains. The second round of consultations with stakeholders will be conducted during the financial year 2017/18, to decide on re-opening for second level domains.
- While the domain name registration system is automated on BOCRA side, Registrars still used a manual system to register their customers. As a result, it took longer to register a .bw domain name compared to registering a gTLD domain name such as .com.
- The manual process also resulted in a low rate of renewals as customers chose quicker services in other international registries. The low rate of renewals led to a sizeable number of names deleted and purged from the registry.

BOCRA continued to encourage registry operators to automate their registration processes.

KEY STATISTICS

Figure 14 shows the status of the existing number of registered domain names.

Status of Domain Names

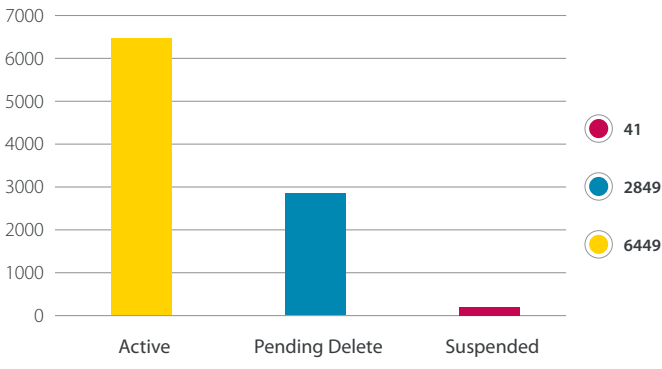


Figure 14: Status of Domain Names

Figure 15 shows the status of different types of domain names. The status excludes Gov domain names as they are by Government. The figure depicts that companies dominate in the registration of domain names compared to Government and academic institutions.

Number of Domain Names by TLD.

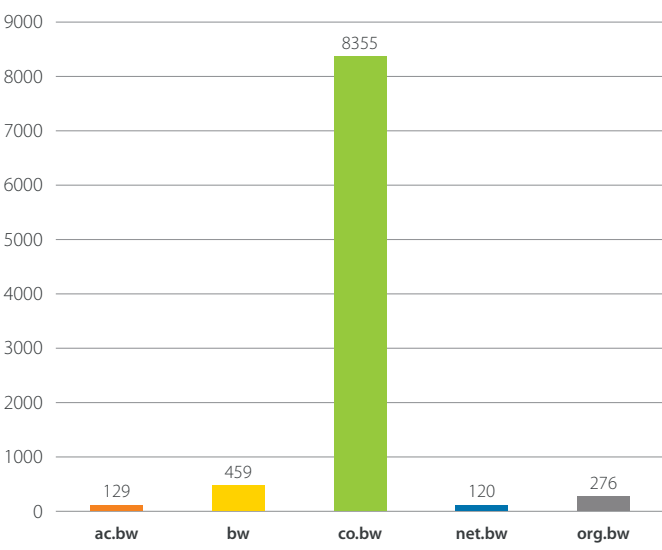


Figure 15: Number of Domain Names by TLD

Fixed Wireless Access Spectrum

BOCRA released Fixed Wireless Access (FWA) spectrum in frequency bands 2300-2400 MHz and 3400-3600 MHz to compliment ADSL service and facilitate increase of broadband penetration in line with the objectives of the National Broadband Strategy and compliment ADSL service. The 2300-2400 MHz spectrum had a cap of 40MHz, while 3400-3600 MHz spectrum had a cap of 30MHz.

World Radiocommunication Conference (WRC-19) Preparations

Botswana is Chair of the 2019 World Radiocommunication Conference (WRC-19) preparatory process for the Southern African Development Community (SADC) Region. The Chairmanship role entails providing rapporteur services for four agenda items for the region, and one agenda item for the entire African continent.

BOCRA, on behalf of Botswana, commenced the first preparatory meeting in August 2016 to appraise stakeholders of the outcomes of the WRC-15, and inform them of WRC-19 agenda items. In December 2016, Botswana hosted the first SADC preparatory meeting, which set the structure for the preparations for 2019. The next meeting will be held in Livingstone, Zambia during the next financial year to consolidate preliminary SADC position in preparation for the Africa meeting to be held later in the year.

The following are some of Botswana’s high priority agenda items for WRC-19;

• RAILWAY RADIOCOMMUNICATION SYSTEMS

Agenda item 1.11 seeks to facilitate global or regional harmonised frequency bands to support railway radiocommunication systems, between train and trackside within existing mobile service allocations, in accordance with Resolution 236 (WRC-15). The envisaged Railway Radiocommunication Systems between Train and Trackside (RSTT) are intended to improve railway traffic control, passenger safety and security for trains. The current railway radiocommunication systems between Train and Trackside are narrowband, hence the need for broadband railway radiocommunication technologies to facilitate various functions to meet the needs of high-speed railway environments. In order to facilitate harmonisation, the following frequency bands are under consideration;

Table 8: Frequency bands under consideration for Railway Radiocommunication Systems

Band No.	Frequency Band (MHz)	Name of Band
1	137-138	
2	272-273	200 MHz
3	336-346	300MHz
4	356-366	
5	452.500-457.475	450 MHz
6	462.500-467.475	
7	703-713	700MHz
8	758-768	
9	791-801	800MHz
10	832-842	
11	873-876	900 (E-GSM-R)
12	918-921	
13	876 - 880	900 (GSM-R)
14	921 - 925	
15	1350 - 1360	1.4GHz (L-Band)
16	1375 - 1385	
17	1427-1437	
18	1492- 1502	

Some of the frequency bands are already allocated/assigned to land mobile, mobile or broadcasting services. At the end of the reporting period, consultation with key stakeholders for this agenda item, such as Botswana Railways, was ongoing, ensuring that Botswana's interests were taken into consideration for the SADC and Africa Telecommunication Union (ATU) preparatory meetings for WRC-19.

The envisaged Railway Radiocommunication Systems between Train and Trackside (RSTT) are intended to improve railway traffic control, passenger safety and security for trains.

- **HARMONISED FREQUENCY BANDS FOR INTELLIGENT TRANSPORT SYSTEMS (ITS)**

Agenda item 1.12 deals with possible global or regional harmonised frequency bands for the implementation of evolving Intelligent Transport Systems (ITS) under existing mobile-service allocations, in accordance with Resolution 237 (WRC-15).

The agenda item seeks to address methods for integrating ICTs into vehicle systems, to provide Intelligent Transport Systems (ITS) communication applications for the purpose of improving traffic management and assisting safe driving. In this regard, a need was identified to integrate various technologies, including radiocommunications, into land transportation systems. Hence, the need for consideration of regional and global spectrum harmonisation for ITS applications. The frequency bands under consideration are as follows; 2.4 GHz (2400-2500 MHz), 5.8 GHz (5725-5875 MHz), 24 GHz (24-24.25 GHz), 61 GHz (61-61.5GHz).

During the reporting period, studies continued on this agenda item. Most of the proposed bands targeted ISM applications. Botswana, like most developing countries with challenges of traffic congestion and safe driving, support this agenda item as it will lead to improvement of traffic management.

- **HIGH-ALTITUDE PLATFORMS**

Agenda item 1.14 considers appropriate regulatory actions for high-altitude platform stations (HAPS), within existing fixed-service allocations, on the basis of ITU-R studies and in accordance with Resolution 160 (WRC-15).

The agenda item recognises the need for greater broadband connectivity and telecommunication services in underserved communities and in rural and remote areas and that current technologies could be used for broadband applications delivered by base stations operating at high altitudes. High-Altitude Platform Stations (HAPS) have been identified as one possible means for providing fixed broadband connectivity that would enable wireless broadband deployment in remote areas, including mountainous, coastal and sandy desert areas.

The frequency bands under consideration for High-Altitude Platforms are 6 GHz, 21.4 - 22 GHz, 24.25 – 27.5GHz, 27.9 -28.2GHz/31-31.1GHz, 38 – 39.5 GHz and 47.2 – 47.5GHz/47.9 -48.2GHz.

High-Altitude Platform Stations (HAPS) have been identified as possible means for providing fixed broadband connectivity that would enable wireless broadband deployment in remote areas.

- **ADDITIONAL SPECTRUM ALLOCATION FOR MOBILE COMMUNICATION (INTERNATIONAL MOBILE TELECOMMUNICATION- IMT) SYSTEMS**

WRC-15 adopted Agenda Item 1.13, which seeks to identify additional frequency bands for the future development of International Mobile Telecommunications (IMT), including possible additional allocations to the mobile service on a primary basis, in accordance with Resolution 238 (WRC 15). Eleven (11) frequency bands have been identified for consideration under this agenda item, some of which have already been allocated for mobile services on a primary basis.

Resolution 238 called for studies on frequency-related matters for IMT identification including possible additional allocations to the mobile services on a primary basis in portion(s) of the frequency range between 24.25 and 86 GHz for the future development of IMT for 2020 and beyond: The resolution invite ITU-R to conduct and complete in time for WRC-19 the appropriate sharing and compatibility studies, taking into account the protection of services, to which the band is allocated on a primary basis, for the following frequency bands:

- 24.25-27.5 GHz, 37-40.5 GHz, 42.5-43.5 GHz, 45.5-47 GHz, 47.2-50.2 GHz, 50.4-52.6 GHz, 66-76 GHz and 81-86 GHz, which have allocations to the mobile service on a primary basis; and
- 31.8-33.4 GHz, 40.5-42.5 GHz and 47-47.2 GHz, which may require additional allocations to the mobile service on a primary basis.

For Botswana, the above frequency bands have been reserved for future allocation to the fixed service. However, there is a strong interest in the 24.25-27.5 GHz and 66-76 GHz frequency bands.

WRC-15 adopted Agenda Item 1.13, which seeks to identify additional frequency bands for the future development of International Mobile Telecommunications (IMT).

- **ADDITIONAL SPECTRUM AND SHARING CONDITIONS FOR WIRELESS ACCESS SYSTEMS INCLUDING RLANS IN THE BAND 5150 – 5925 MHZ**

Agenda Item 1.16 considers studies in the band 5150 – 5925 MHz in order to inform WRC-19 on the decision as to whether or not to accommodate Wireless Access Systems (WAS)/RLANs in the band. In the event of a positive outcome, the studies should establish the conditions of operation of the incoming systems. Among other things, Resolution 239 instruct the ITU-R to conduct studies with a view to identifying potential WAS/RLAN mitigation techniques to facilitate sharing with incumbent systems in the frequency bands 5 150-5 350 MHz, 5 350-5 470 MHz, 5 725-5 850 MHz and 5 850-5 925 MHz, while ensuring the protection of incumbent services including their current and planned use.

In Botswana, the frequency bands 5150 – 5250 MHz, 5250 – 5350 MHz and 5470 – 5725 MHz are heavily used for RLAN, while the frequency band 5725–5875 MHz are designated for ISM applications but also used for RLAN. Due to high usage of RLAN bands and the potential for frequency interference, additional frequency bands are required as proposed in agenda item 1.16, which will play an important role in the development of broadband services in Botswana. The proposed bands are suited or offering high-speed Internet applications and other services such as e-learning and e-government.

- **REGULATORY FRAMEWORK FOR NON-GSO FSS SYSTEMS**

Agenda item 1.6 considers the development of a regulatory framework for non-Geo Stationary Orbit (GSO) Fixed Satellite Stations (FSS) satellite systems that may operate in the frequency 37.5-42.5 GHz (space to earth) and 47.2-50.2 GHz (earth to space) and 50.4-51.4 GHz (earth to space), in with Resolution 159(WRC-15).



Three studies are available on the agenda item:

- i) GSO FSS/non-GSO FSS sharing studies;
- ii) Non-GSO FSS and EESS (passive) compatibility studies; and
- iii) ITU-R Recommendation outlining the sharing conditions between GSO FSS and non-GSO FSS systems.

ITU-R studies have shown that in the 50/40 GHz bands, propagation impairments, such as rain, cloud and gaseous absorption, exist that can substantially affect FSS satellite links. To account for the differences in propagation in these higher frequency bands, a new Recommendation on sharing criteria for FSS systems in the 50/40 GHz frequency bands is being developed in parallel with the studies associated with this agenda item. The proposed new Recommendation aims to establish appropriate protection criteria and maximum permissible levels of interference for emissions between FSS networks (GSO/FSS; non GSO/FSS; GSO and non-GSO/MSS feeder links) operating co-frequency in the 50/40 GHz frequency bands.

Non-GSO FSS systems in the 50/40 GHz band can be utilised to unlock a new and promising source of global broadband communications. The benefits of such non-GSO satellite systems include providing worldwide connectivity, and high-quality communication services to users in all geographic settings such as urban, rural or remote, and offer tools for definitively addressing the longstanding broadband gap. Developing a regulatory framework in the 50/40 GHz band will provide regulatory certainty to allow non-GSO satellite systems to efficiently operate in the existing FSS frequency bands, while protecting GSO and other existing services. Botswana, therefore is in support of the development of regulatory framework for non-GSO satellite systems.



Non-GSO FSS systems in the 50/40 GHz band can be utilised to unlock a new and promising source of global broadband communications.

Radio Licensing

BOCRA continued to receive an increasing number of applications for radio licences, with applications increasing by 5 % during this financial year. Applications for the land mobile category formed a significant proportion of this increase, which corresponds with an increase in the number of security and cab companies entering the market in the previous year.

Spectrum Monitoring

BOCRA continued to monitor the frequency spectrum through the use of mobile monitoring vehicles and the sixteen fixed monitoring sites installed across the country.

BOCRA conducted a spectrum monitoring exercise to ensure that the frequency bands to be allocated for FWA spectrum were free from interference before operators could be licensed. All the proposed frequencies were determined to be without harmful interference.

Figures 16, 17 and 18 depict 2G, 3G and LTE national network coverages.

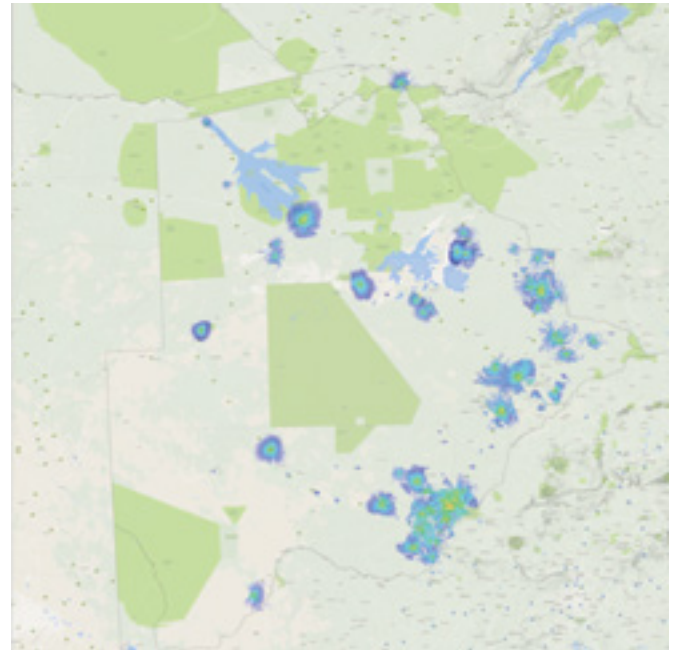


Fig 17: National 3G Network Coverage

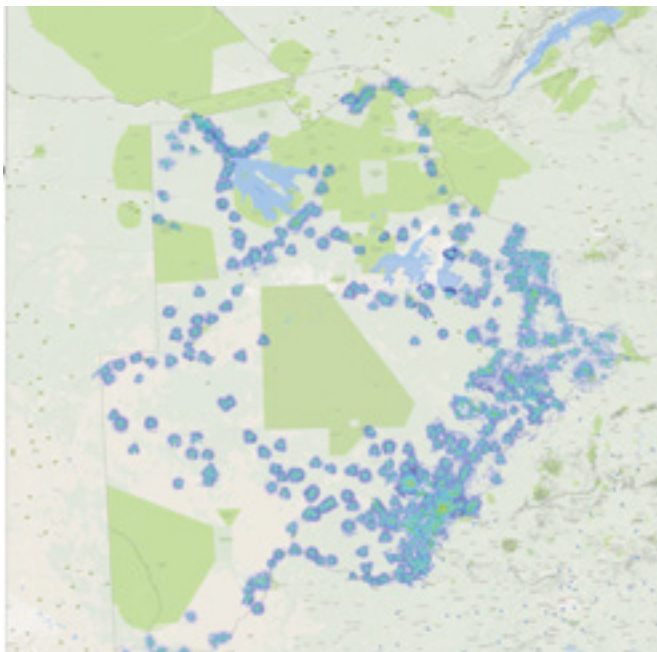


Fig 16: National 2G Network Coverage

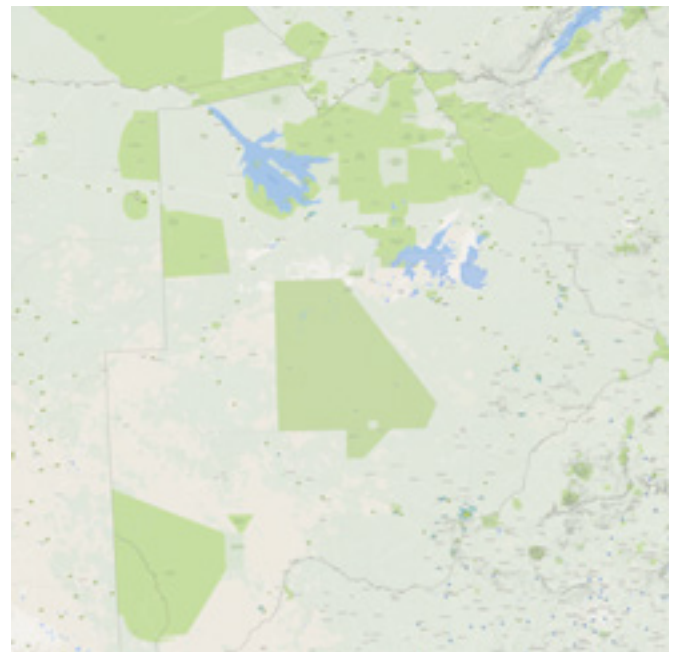


Fig 18: National 4G / LTE Network Coverage

Type Approval

BOCRA has been collaborating with various stakeholders to sensitise suppliers and consumers about the importance of Type Approval of communications equipment. The collaborative effort led to a marked increase in number of the enquires on the subject matter.

In the financial year 2015/6, BOCRA undertook a study to review the Type Approval Technical Standards and Procedures, including review of the Type Approval Guidelines as well as alignment of the procedures with the current market international trends and best practices.

Several recommendations from the study were implemented during the review period as follows:

- **Labelling** - where ICT products will be labelled to enable customers to verify whether the product had been approved by BOCRA at the points of sale, as well as to show quality assurance and compliance with BOCRA regulations;
- **New fees structures** - were implemented where the Type Approval certificate issued carry validity period of the assumed lifetime of the product until the product changed;

- **Type Approval Equipment Register** - Interactive Type Approval Register was uploaded on the BOCRA website for public convenience;
- **Ad hoc market surveillance activities** - Continuous market surveillance, coupled with public education to ensure compliance with new Reviewed Type Approved Procedures, was undertaken; and
- **Registered devices** - The total number of the registered devices for the year 2016/7 was seven hundred and forty seven (747), out of which 415 were cellular phones and tablets. Table 9 depicts approved devices for the year 2016/17.

Table 9: Prepaid and Postpaid Mobile Telephony Subscriptions for March 2016

Type of Device	Number of registered devices
Mobile and Tablets	415
Others (modems, smart watches, switches, routers PABX ect.)	332
Total	747

Source: TCI ASMS Generated Report

747

Number of registered Type approved devices for the year 2016/7

BROADBAND AND UNIVERSAL SERVICE

Access to ICT services is essential to modern human needs. It is important that ICT services reach the whole population, irrespective of geographical area and economical status. BOCRA promotes universal service and access through the Universal Access and Service Fund (UASF). As the Secretariat to the Fund, BOCRA, also has a responsibility to ensure visibility of the Fund to the public. During the reporting period, BOCRA undertook the following projects:

Schools Computerisation and Internet Connectivity

BOCRA facilitated issuance of a tender for computerisation and provision of broadband internet connectivity to government schools in the Mabutsane sub-district, and Ghanzi and Kgalagadi districts. As at the end of the financial year, tender submissions were being evaluated, and award is anticipated at the beginning of the 2017/18 financial year.

The project is intended to bridge the digital gap that exists between rural and urban areas. Primary Schools in the regions tendered for will be connected to a dedicated 5 Mbps of broadband internet for a period of three years, and receive educational tablets, laptops and multi-purpose printers. Each school will have a dedicated IT officer, and, junior secondary schools will receive 30 laptops per school.

PTOs will be contracted to provide broadband internet connectivity in the earmarked schools, and the communities where the schools exist. At the end of the reporting period, consultations with the PTOs was ongoing, and award of contracts will be undertaken during the 2017/18 financial year.

Communication Gap Analysis Exercise

BOCRA carried out a communication needs assessment in the Tuli Block and Bobirwa areas to determine the level of accessibility, Internet, broadcasting and postal services, as well as availability of community access points



(kitsong centres). Tuli Block and Bobirwa areas provide substantial tourism and commercial farming activities. The aim of the exercise was therefore, to gauge the level of communication services in the areas to enable the Authority to make relevant interventions.

The needs assessment exercise identified lack of service and poor reception as key challenges for local mobile operators, commercial broadcasters and VANS. The lack of services resulted in proliferation of South African service providers in the area. Other challenges involved shortage of community access points for ICTs. Furthermore, most hospitality establishments, including hotels and lodges, lacked knowledge of BOCRA guidelines on provision of broadband Internet in hospitality facilities.

Audit of Kitsong Centres

BOCRA also carried out auditing of Kitsong Centres in the Southern, Kweneng and Central districts, pursuant to the recommendations of the National Broadband Strategy (NBS), and in line with BOCRA's strategic objective of

promoting increased access to, and usage of ICTs across the country.

Some of the challenges encountered by the Kitsong Centres included lack of ICT skills by personnel; use of obsolete computers and other equipment; vandalism and theft; lack of Internet services; low profit margins, or lack of profit; and delays in maintenance of non-functional equipment. The audit report proposed measures for addressing such challenges, calling for training of Kitsong Centres personnel; timely maintenance of equipment and replacement of absolute items; and the use of Wi-Fi Internet technologies in place of the 2G/3G modem based options that connected one user at a time and was often down during network outages.



COMPLIANCE AND MONITORING

Investigations

BOCRA is mandated to ensure that licensed operators are compliant with regulatory requirements. Pursuant to its enforcement mandate, BOCRA undertook planned investigations during the reporting period in Kweneng District, Central Kalahari Game Reserve (CKGR) area, Kgalagadi District and Ngwaketsi District. The overall objectives of the investigations were as follows:

- Investigate any infractions of the CRA Act, and related statutory instruments and administer appropriate regulatory sanctions;
- Encourage compliance and improve the quality of communication services in Botswana;
- Investigate the status of licensed communications operators, equipment and the services; and
- Sensitise consumers and operators on emerging regulatory requirements.

Table 10 shows outcomes of the various investigations undertaken during the year under review:

Table 10: Investigations carried out in the year 2016/17

Area	Date	# of shops / lodges visited	Compliant	Non-compliant
Kweneng District	June 2016	60	35	25
CKGR	August 2016	6	2	4
Kgalagadi District	November / December 2016	23	17	6
Ngwaketse District	February 2016	26	13	13

Table 10 indicates that most of the commercial outlets visited had type-approved their equipment. Where non-compliance was discovered, BOCRA confiscated the equipment and gave the licensee 14 days to normalise, failing which the matter would be transferred to Botswana Police Service for prosecution in terms of Section 84 of the CRA Act. All cases of non-compliant licensees that were referred to the police during the period under review resulted in an Admission of Guilt (AoG), and the non-compliant equipment being forfeited to the State. Most of the non-type approved equipment comprised cell phones.

NETWORK PERFORMANCE

BOCRA requires PTOs to submit monthly, quarterly and annual performance reports for purposes of monitoring for compliance with agreed quality of service targets. Where PTOs failed to meet the prescribed quality of service standards, they were required to give a reasonable explanation to that effect and outline mitigation measures to improve QoS. In this reporting period, the PTOs reported that challenges that affected network performance included hardware faults, battery theft, mains faults due to bad weather and land acquisition.

The parameters that PTOs reported on as key performance indicators were as follows:

Dropped Call Rate (DCR) - 2 %: refers to a percentage of the calls that were cut due to network faults before any of the speaking parties actively disconnected;

Call Set-up Success Rate (CSSR) - 98%: refers to the percentage of calls attempted by the caller that resulted in a successful call connection.

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 availability for use by customers.

Handover success rate (HSR) - 95%: refers to the percentage of on-going calls that were transferred from one cellular coverage area to another cellular coverage area while the caller is in motion.

Tables 11 to 15 depict the average network performance of the three mobile operators for the year under review. The values were calculated by adding performance of all the base stations sectors and dividing by the total.

NETWORK PERFORMANCE OF THE THREE PTOs

Table 11: Mobile Operators Congestion Rate (%) 2016/17

Month	Mascom	Orange	BTCL	Targeted Congestion (%)
April 16	0.42	0.12	0.3	2
May 16	0.26	0.12	0.2	2
June 16	0.39	0.09	0.3	2
July 16	0.43	0.09	0.32	2
August 16	0.3	0.08	0.3	2
September 16	0.55	0.17	0.4	2
October 16	0.44	0.24	0.37	2
November 16	0.57	0.18	0.33	2
December 16	0.67	0.90	0.35	2
January 17	0.40	0.19	0.29	2
February 17	0.48	0.27	0.39	2
March 17	0.29	0.09	0.28	2

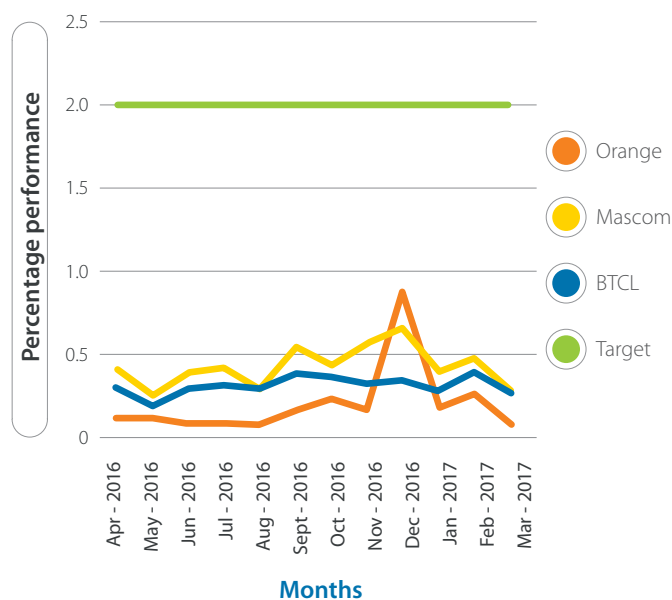


Fig 19: PTOs Congestion Rate

INTERPRETATION FOR CONGESTION

All the three PTOs performed within the set target of 2%.

INTERPRETATION FOR DROP CALL RATE

Mascom and Orange performed within a set target, while BTCL failed to perform within set target during the month of February 2017, which was attributed to transmission problems experienced.

Table 12: Mobile Operators Drop Call Rate (DCR) (%) 2016/17

Month	Mascom	Orange	BTCL	Targeted DCR (%)
April 16	1.41	0.86	1.5	2
May 16	1.15	0.99	1.4	2
June 16	1.21	1.00	1.4	2
July 16	1.37	0.62	1.48	2
August 16	1.13	0.68	1.45	2
September 16	1.14	0.62	1.51	2
October 16	1.28	0.66	1.68	2
November 16	1.42	0.73	1.80	2
December 16	1.45	0.75	1.73	2
January 17	1.40	0.75	1.84	2
February 17	1.42	0.82	2.03	2
March 17	1.4	0.82	1.87	2

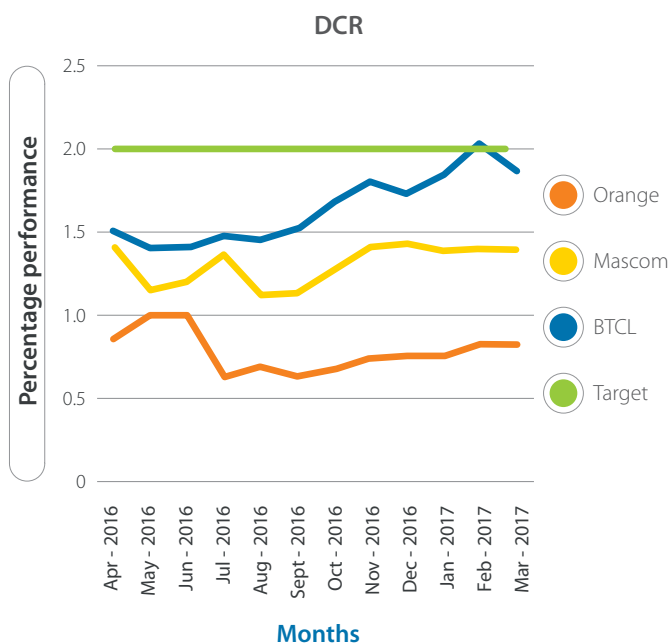


Fig 20: PTOs Drop Call Rate

INTERPRETATION FOR CSSR

Mascom performed within set targets for all the months under review, but Orange failed to achieve 98% target during the months of October and December 2016, and February 2017. This was attributed to network upgrades, and high-traffic experienced during the festive season. BTCL failed to perform within set target during the months of October 2016, December 2016, January 2017 and February 2017. This was due to transmission problems and upgrades on some sites. BOCRA continues to discuss network performance issues with operators, with a view the addressing challenges that hinders good network performance.

Table 13: Mobile Operators
Call Setup Success Rate (CSSR) (%) 2016/17

Month	Mascom	Orange	BTCL	Targeted CSSR (%)
April 16	99.1	98.6	98.5	98
May 16	99.15	98.51	98.9	98
June 16	99.02	98.47	98.8	98
July 16	99.15	98.67	98.93	98
August 16	99.02	98.6	98.9	98
September 16	99.10	98.7	98.59	98
October 16	98.99	96.76	97.99	98
November 16	99.06	98.28	98.44	98
December 16	99.03	97.11	97.37	98
January 17	98.93	98.2	97.81	98
February 17	99.0	97.81	97.86	98
March 17	99.05	98.37	98.38	98

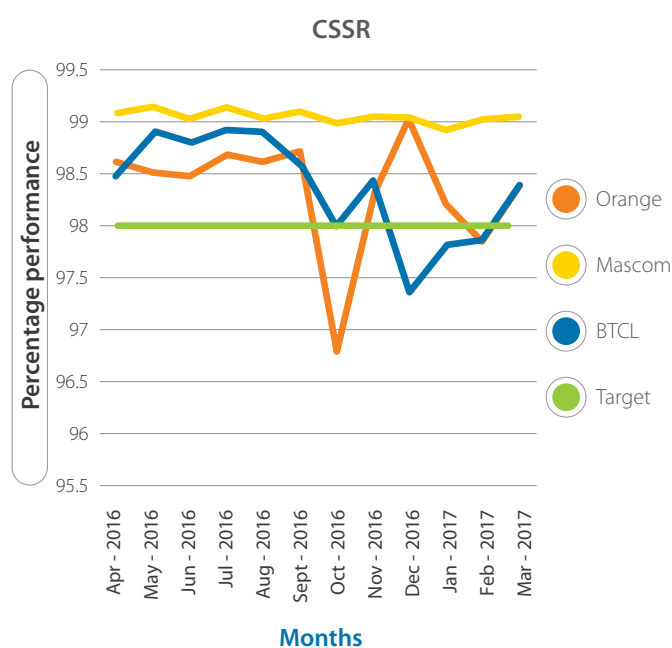


Fig 21: PTOs Call Setup Success Rate (CSSR)

INTERPRETATION FOR NA

Mascom failed to reach target during the month of April, November and December 2016, due to hardware problems and challenges of low signal strength along the A1 road during the festive season, thus affecting network availability. Orange failed to reach target during the third and fourth quarter due to increased traffic during the festive season and various technical problems that led to cell outages. BTCL only met the NA target during the month of April and September 2016, and March 2017. Failure to meet target during the other months was attributed to hardware and transmission faults. Most sites were due for upgrades to rectify this problem.

Table 14: Mobile Operators Network Availability (NA) (%) 2016/17

Month	Mascom	Orange	BTCL	Targeted DCR (%)
April 16	98.6	99.2	99.4	99
May 16	99.56	99.47	98.23	99
June 16	99.89	99.26	98.41	99
July 16	99.57	99.48	98.89	99
August 16	99.65	99.47	95.52	99
September 16	99.61	99.51	99.20	99
October 16	99.42	98.04	97.99	99
November 16	98.81	97.00	98.44	99
December 16	97.04	98.49	97.37	99
January 17	99.20	98.23	92.34	99
February 17	99.29	98.44	93.00	99
March 17	99.32	98.55	96.42	99

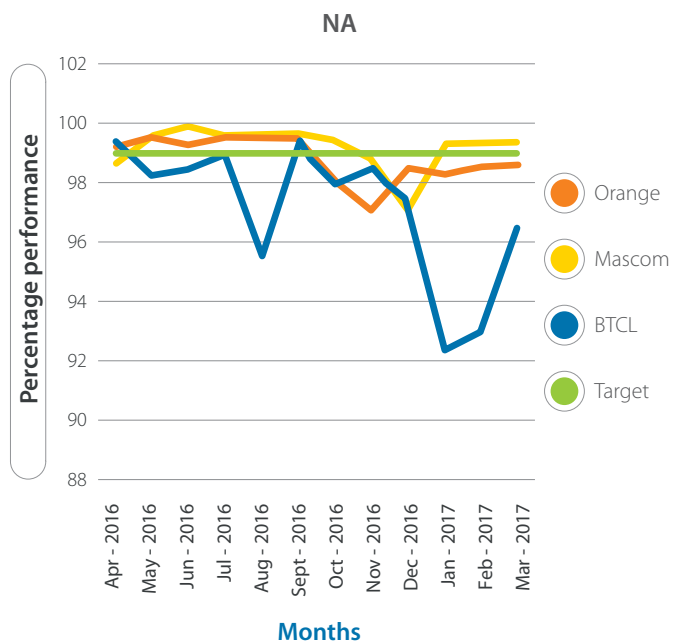


Fig 22: PTOs Network Availability

INTERPRETATION FOR HSR

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

Table 15: Mobile Operators Handover Success Rate (HSR) (%) 2016/17

Month	Mascom	Orange	BTCL	Targeted DCR (%)
April 16	97.12	96.8	96.8	95
May 16	97.32	98.23	98.23	95
June 16	97.33	97.4	97.4	95
July 16	97.07	97.64	97.64	95
August 16	97.33	97.92	97.92	95
September 16	97.26	97.88	97.88	95
October 16	97.08	98.31	98.31	95
November 16	96.97	97.64	97.64	95
December 16	98.99	97.64	97.64	95
January 17	97.08	97.74	97.64	95
February 17	96.86	97.43	97.43	95
March 17	97.12	97.60	97.60	95

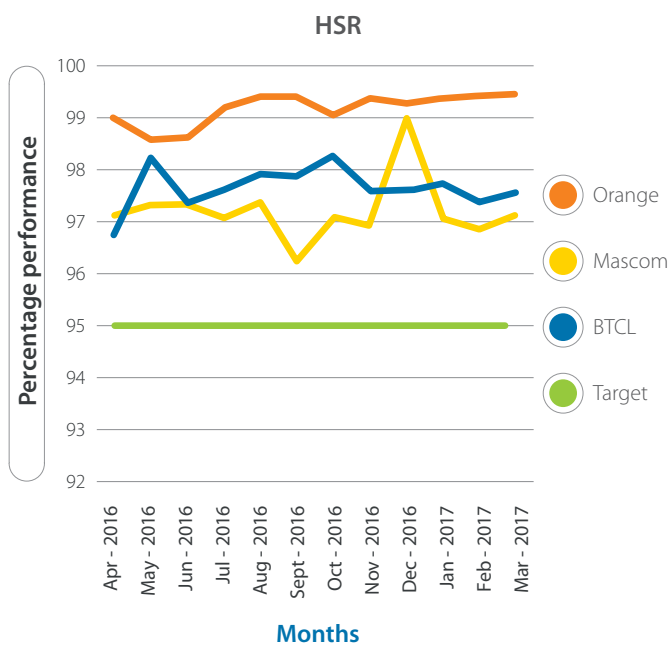


Fig 23: PTOs Handover Success Rate (HSR)

INTERNET QOS ENFORCEMENT

In 2010, BOCRA adopted Quality of Service Guidelines for the provision of communication services. The Guidelines sought to establish a common framework for the measurement, improvement and, where applicable, guarantee levels of service that could apply to all types of services including internet. However, these guidelines were not actively enforced on the provisioning of internet since the Internet service market was still at infancy. Due to the growth of the Internet market, BOCRA implemented a framework that sets out minimum QoS parameters for the provisioning of fixed internet services considering the existing regulatory tools, the current landscape in the industry and the consumer demands. Service providers are due to make the first submission by June 2017. Following this BOCRA will receive quarterly reports.

BOCRA consumer protection mandate invariably requires the Authority to ensure that consumers are informed about their rights to quality communications services, affordable pricing, secure services.

CONSUMER EDUCATION

BOCRA consumer protection mandate invariably requires the Authority to ensure that consumers are informed about their rights to quality communications services, affordable pricing, secure services. The mandate further requires that consumers are made aware of the regulatory issues affecting them as well as the latest developments affecting the communications sector.

Pursuant to its consumer protection mandate, BOCRA undertook public education activities during the period under review. The activities included presentations to secondary and tertiary schools, the law enforcement agencies, as well as exhibitions at trade fairs, agricultural shows and forums such as Hospitality and Tourism Association of Botswana (HATAB), Business Botswana etc.

In addition, BOCRA conducted a roadshow to sensitise consumers about their rights vis-a-vis the services they receive from licensees. The roadshow served as a platform for BOCRA to share its consumer protection initiatives with consumers. More importantly, it allowed BOCRA to receive feedback from consumers of common issues of concern and remedies they sought.

The roadshow covered Gaborone, Tlokweng, Pilane, Ramotswa, Lobatse, Kanye and Jwaneng, and addressed some of the recommendations of the Consumer Satisfaction Survey Report of 2015. It concentrated on the recommendation that called for improving customer understanding of the relationship between technical matters, service quality and pricing of internet bandwidth. BOCRA used the roadshow platform to share information with consumers on safe use of the Internet, responsible use of social media, particularly Facebook, which is widely used in Botswana. The roadshow was complimented by seven radio interviews.

Education Campaigns

BOCRA managed to accomplish thirty-three (33) out of thirty-eight planned education campaigns for the 2016/2017 financial year.

Table 16 Places reached during the Education Campaigns 2016/2017

No	Place	Category	Coverage	Date
1	Maun	HATAB Annual Conference	Public & Hospitality Industry stakeholders	21-22 Apr 2016
2	Francistown	BOCCIM Northern Fair	General Public	25 - 29 May 2016
3	Thamaga	Sekgele JSS	School Community	06 June 2016
4	Thamaga	Letlole Mosielele JSS	School Community	07 June 2016
5	Thamaga	Thamaga JSS	School Community	08 June 2016
6	Mmankgodi	Thobega JSS	School Community	09 June 2016
7	Thamaga	WTISD	Public & ICT Stakeholders	17 June 2016
8	Gaborone (Nationwide)	Masa A Sele Radio Programme	General Public/ Consumers	June
9	Gantsi	Gantsi Agricultural show	General Public & Farmers	7-13 July
10	Maun	Ngamiland East Trade and Agric Expo	General Public and Farmers	25 - 30 July 2016 (didn't materialise)
11	Orapa	Orapa Junior Sec	School Community	8 Aug 2016
12	Mosu	Makgadikgadi Junior Sec	School Community	9 Aug 2016
13	Sowa	Nxakato Junior Sec	School Community	11 Aug 2016
14	Nata	Sua Pan	School Community	12 Aug 2016
15	Gaborone	Botho University	Career Fair	18 Aug 2016
16	Gaborone	Botswana Consumer Fair	General Public/Consumers	22 - 28 Aug 2016
17	Kanye	Seepapitso Senior Sec	School Community	12 Sep 2016
18	Jwaneng	Kgosimpe JSS	School Community	13 Sep 2016
19	Jwaneng	Jwaneng Technical	School Community	14 Sep 2016
20	Jwaneng	Morama JSS	School Community	15 Sep 2016
21	Jwaneng	Jwaneng Mall	Public/Consumers	16 Sep 2016
22	Kanye	Bathoeng JSS	School Community	10 Oct 2016
23	Kanye	Ngwaketsi JSS	School Community	11 Oct 2016
24	Kanye	Mathiba JSS	School Community	12 Oct 2016
25	Kanye	Tlhomo JSS	School Community	13 Oct 2016
26	Kanye	Ntebogang JSS	School Community	14 Oct 2016
27	Mahalapye	Mahalapye Prisons	Public Officers	30 Oct 2016
28	Gaborone	Gaborone Technical College	School Community & External Stakeholders	6 Dec 2016
29	Molepolole	Molepolole Prison	Public Officers	22 Feb 2017
30	Kumakwane	Kumakwane JSS	School Community	22 Feb 2017
31	Sikwane	Boiteko JSS	School Community	02 Mar 2017
32	Ranaka	Madikwe JSS	School Community	28 Feb 2017
33	Btv	Molemo wa Kgang (Consumer Rights day)	Public /consumers	08 Mar 2017

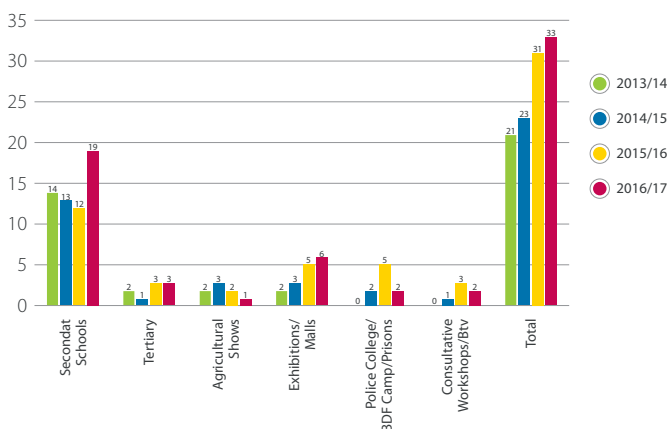


Figure 24: Number of education campaigns undertaken since 2013 excluding roadshow

CONSUMER PROTECTION

Over the years, Botswana has experienced rapid and extensive communications infrastructure development. Broadcasting, postal as well as telecommunications infrastructure cover extensive parts of the territory, and the majority of the population, as shown in the earlier sections of this report. Extensive rollout of infrastructure is accompanied by a variety of services. Owing to this development, consumer issues around quality of service, affordable pricing, Internet bandwidth and speed give rise to heightened need for consumer protection.

Consumer Complaints

BOCRA received fifty (50) complaints escalated to it during the year under review compared to thirty-five (35) complaints in the previous year. Fifty marked the highest number that BOCRA has ever received in a

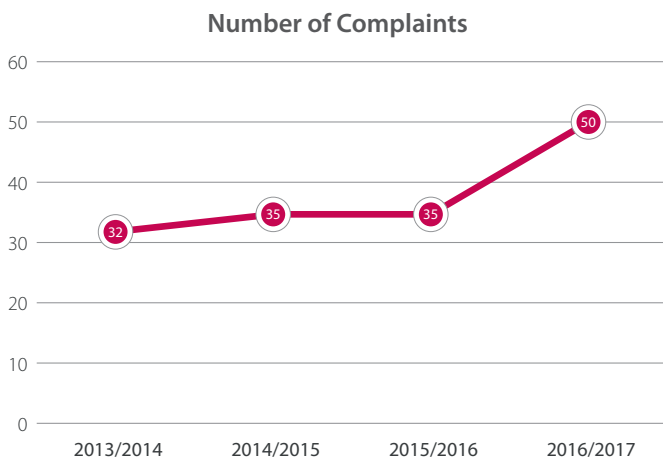


Figure 25: Complaints escalated to BOCRA over past reporting periods

financial year. This increase was attributed to the rapid growth in consumption of data services that gave rise to different set of challenges compared to voice services. Most complaints centred around data charges and ‘disappearing’ airtime. BOCRA instructed operators to intensify consumer education around data services, and to be transparent and accountable to their customers by availing information on their products and services. Consumers were equally implored to take responsibility for their use of communications services and reminded that their rights to services went hand-in-hand with obligations.

Overview of the Complaints

Botswana Telecommunication Corporation (BTC) had nineteen (19) complaints reported against it, followed by Orange Botswana with eighteen (18). A similar trend was observed over the previous reporting period as the two operators still recorded the most complaints. Majority of the BTC complaints were mainly about poor ADSL service, characterised by slow internet speed, intermittent service or delays in restoring service.

Regarding Orange Botswana (Pty) Ltd, most of the complaints were in relation to the OrangeMoney service. Common complaints were about failure of OrangeMoney service to dispense cash through bank Automatic Teller Machines (ATMs). Typically, ATMs would issue receipts showing that money had been paid, while no cash was dispensed. Orange required customers who reported such cases to wait 45 days for the refund prompting consumers to escalate the matter to BOCRA.

BOCRA also received two complaints against Mascom. The one complaint related to provision of call data records and the other was on privacy of information. In both cases BOCRA could not intervene as they were still with the Police and before the courts. However, BOCRA continued to urge the operators to treat customer information with confidentiality in terms of Section 54 of the CRA Act and the PTO licence condition 23.4.2.

BOCRA managed to address most issues in a timely fashion that were reported, except for a few that warranted technical investigation from the operators. BOCRA continued to educate the public on responsible use and of the communications services and encouraged them to gather all relevant information on products they wished to purchase to enable them to make informed choices.

Table 17 Complaints escalated to BOCRA during 2016/17 Financial year

Billing	1							1	1	
Contracts	2	1	3					6	6	
Mobile money		1	9					10	10	
Refunds	3	1						4	3	1
Airtime promotion & validity/missing			1					1	1	
Disconnection	2			1				3	3	
Bill shock	1	1						2	2	
Unsolicited calls			2				1	3	3	
Poor service	2	1	2					5	5	
Unfair Internet package		1	1					2	2	
Poor internet speed/ not available/ADSL	7			1				8	8	
Invasion of Privacy		1						1	1	
Call data		1						1	1	
VSAT Billing	1							1	1	
Defect Phone						1		1	1	
Warranty						1		1	1	
Total	19	8	18	2	2	1	1	50	49	1

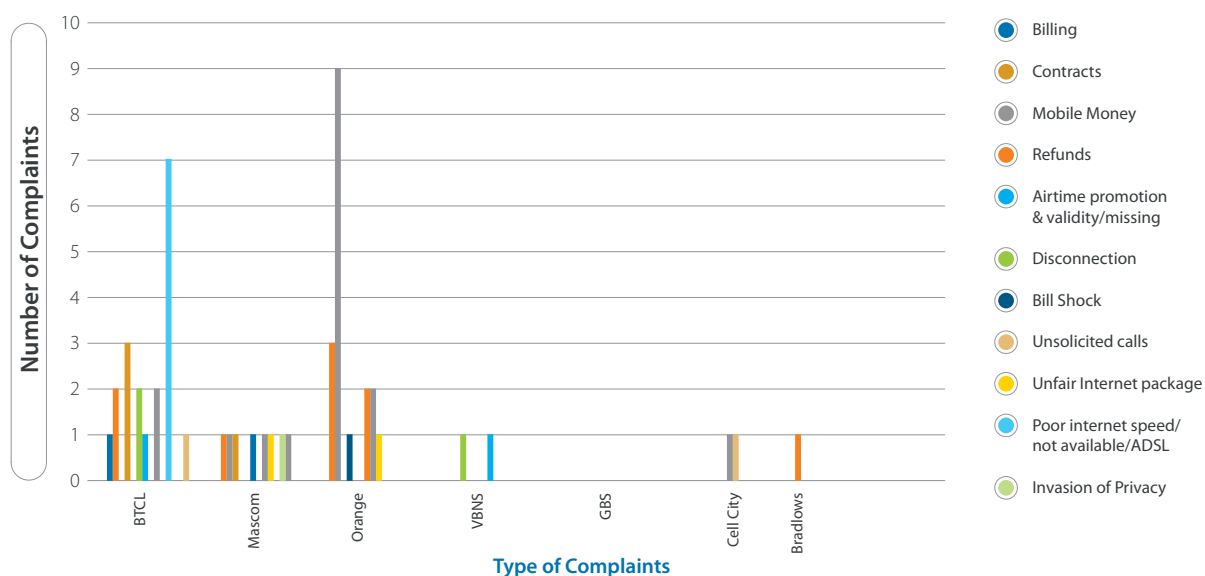


Figure 26: Complaints escalated to BOCRA during 2016/17 Financial year

STAKEHOLDER ENGAGEMENT

LOCAL ENGAGEMENTS

Business Botswana Northern Fair

In its continuous effort to reach out to stakeholders and members of the public, BOCRA took part in the annual Northern Trade Fair, held in Francistown in May 2016, under the banner of Business Botswana. The 2017 Fair carried the theme - "Connecting Ideas, Creating Opportunities" and created a platform for industry professionals to meet and share business ideas. BOCRA used the opportunity to educate the public about its mandate and on specific issues including: Consumer protection; Botswana Wi-Fi Hotspots; Licensing procedures; Cybersecurity and Type Approval.

Some of the issues raised by members of the public centred around community radio stations and complaints handling procedures, particularly for mobile operators. The consumers complained that when they lodged complaints they would be attended to by call centre agents who were not very helpful. They appealed

to BOCRA to ensure that operators availed, through their websites, clear complaints handling procedures and contact details of all the relevant persons who handle complaints. BOCRA has since instructed operators to enhance accessibility of their complaints handling processes and contact persons on their websites.

Local Content in Broadcasting

BOCRA in collaboration with the Ministry of Youth Development, Sports and Culture (MYSC) hosted a workshop on Local Content in Broadcasting in June 2016, at Travel Lodge Conference Centre in Gaborone. The workshop provided a common platform for key stakeholders to identify challenges facing the development, availability and promotion of broadcasting local content and allowed participants to share ideas on how those challenges could be addressed.

Broadcasters contended that there was still not enough quality locally produced content to fill the available radio and television play time. They argued that it was difficult to obtain content that met their respective music genres, as they targeted specific niche markets, in line with their licence conditions. Artists disputed this position

BOCRA consumer protection mandate invariably requires the Authority to ensure that consumers are informed about their rights to quality communications services, affordable pricing, secure services.



and argued that there was enough local content, and that the issue of quality was subjective. In the end, the workshop generated a list of recommendations for key stakeholders such as BOCRA, MYSC, Copyright Society of Botswana (COSBOTS), Broadcasters and the Department of Broadcasting services to address.

The workshop concluded that in order for the sector to develop, all the stakeholders needed to work together with the aim to grow the local content sector. The workshop adopted recommendations which guided every entity with necessary plans to promote local content. A committee consisting representatives of all broadcasting stakeholders was elected with a mandate to ensure that each stakeholder carried out its action item.

Botswana International Music Conference

The Authority participated in the Botswana International Music Conference, which was organised by Events Lab and MYSC and attended by members of the creative arts industry. The Conference aimed at building capacity of players in the music industry, as well as developing and equipping upcoming practitioners with skills and

latest industry trends and strategies. BOCRA utilised the platform to present initiatives that the Authority has in place to promote the development of broadcast local content such as introducing new platforms in the market, and proposals for new local content quotas for multi-channel platforms.

The Seed Gospel Music Workshop

The Authority also participated in the Seed Gospel Music workshop, the purpose of which was to share ideas on measures that could be implemented to grow the Gospel music industry in Botswana. Participants shared challenges they faced in the broadcasting industry, such as being allocated limited time on Sundays only to air their content. The Authority also cautioned artists against the practice of bribing someone in return for the unofficial promotion of a product in the media, known as payola, and encouraged those who were aware of the practice in the regulated stations to report it to BOCRA. Gospel artists were also encouraged to attend the annual Local Content Workshop, and give input to and attend to tasks that were developed from the same platform.



BOCRA contributed among others, 20 computers, 10 Printers, 1 Heavy duty copier, plus 10 reams of printing paper towards a pool of ICT donations that went to various institutions in Thamaga and the nearby villages.



Youth Presentation

BOCRA participated in the Youth Business Expo, hosted by MYSC in Gaborone, and presented on the existing opportunities for entrepreneurs in the broadcasting sector. BOCRA took the opportunity to explain in detail the broadcasting licences assessment procedures and gave details on available opportunities in Digital Terrestrial Broadcasting supply chain. The audience expressed interest in making use of the opportunities availed by Digital Terrestrial Television broadcasting.

World Telecommunication and Information Society Day (WTISD)

BOCRA coordinated the commemoration of the Girls in ICT Day and the World Telecommunication and Information Society Day (WTISD), both of which were held in Thamaga in May and June respectively.

The Girls in ICT Day is held on the fourth Thursday of April annually, as a build up towards the commemoration of the WTISD. The event is targeted at encouraging the girl child to exploit information and communications technologies (ICTs) to improve her livelihood. The WTISD commemorates the establishment of ITU and highlights the benefits of ICTs in bridging the digital divide.

BOCRA contributed among others, 20 computers, 10 Printers, 1 Heavy duty copier, plus 10 reams of printing paper towards a pool of ICT donations that went to various institutions in Thamaga and the nearby villages.

Gantsi Agricultural Show

BOCRA exhibited at the Gantsi Agricultural Show as part of continued efforts to address consumer issues, and educate the public about its mandate as the regulator of communications sector. The Gantsi show was a platform through which BOCRA appreciated communications challenges faced by the commercial farmers across the country, particularly in the west of Botswana. Farmers decried the lack of communications services in their respective farming areas. BOCRA also used the opportunity to educate farmers that use two-way radio

communication and the importance of licensing their equipment, and ensuring proper disposal when they no longer had use for it. Two-way radio communication equipment utilises frequencies allocated for particular areas. It is therefore important that they are not moved from one area to the other without the knowledge of BOCRA. At the time of their disposal, it is important that they are cleaned of their frequencies before they are disposed of.

UASF Branding

BOCRA embarked on several initiatives to increase UASF brand visibility and reach. Billboards were placed at vantage locations across the country including Gaborone, Tsabong, Bokspits, Hukunsi, Kasane, Maun, Trans-Kalahari Highway (TKR) Gabane and Phakalane (along A1), to educate the public about the mandate of the Fund, as well as indicate completed projects.

To further increase reach and impart knowledge about the UASF, BOCRA developed a website for the Fund meant to spread the brand and impart digital literacy. The first Annual Report of the UASF (for the Financial year 2015/2016) was also completed.

Community Service Day

As a corporate citizen, BOCRA took time of its regulatory mandate and dedicated 5 August 2016 to hosting a Community Service Day for Solomon Dihutso, a primary school in Mogoditshane village. The school had a complement of 830 pupils, 74 of whom were people living with disabilities, the highest number of people living with disabilities in any school in Gaborone and its immediate surrounding areas.

BOCRA constructed a dedicated garden for the special education stream of the school. Gardening activities make an essential part of the pupils' physical education requirements. The project entailed installation of shade-netting, digging and making of plots and donation of garden tools that included two wheelbarrows, ten hand



Hon. Tshenolo Mabeo MP, Minister of Transport and Communications signing Shareholder Compact Agreement with **Wilhelmina T. Makwinja**, BOCRA Board Vice Chairman.



forks, five garden forks, five spades, five rakes, five picks, 20 bags of garden soil. BOCRA also treated the soil for termites and weeds and later helped with planting of seedlings.

World Post Day 2016 commemoration

BOCRA took part in the World Post Day commemoration, which was held in Mookane Village. World Post Day is celebrated annually on 9 October to mark the anniversary of the establishment of the Universal Postal Union (UPU) in 1874. The purpose of World Post Day is to bring awareness to the role of the Post in the everyday lives of people and businesses, as well as its contribution to global social and economic development.

As a sector regulator, BOCRA participated in the commemoration of World Post Day to appreciate the role of the post, the impact it had in the lives of Batswana and the challenges it faced with a view to understanding how best to facilitate the postal sector.

BOCRA sponsored the event to the tune of P12,000 as part of its contribution towards the commemoration. The contribution went towards entertainment and assistance to Mookane Village Crèche.

Month of Cyber Security Awareness

Internationally, the month of October is dedicated to promoting awareness on issues relating to Cyber Security. BOCRA shared with members of the public information on cyber security relating to Child Online Protection through its social media pages. BOCRA also shared cyber security material with Ikageng, a non-governmental organisation that addressed Lentsweletau Community Junior Secondary School during the United Nations International Children’s Emergency Fund (UNICEF) 50 Minutes for Children initiative. Through interaction with Ikageng, BOCRA appreciated the extent of Cyber Security issues prevalent within society, particularly with respect to the youth.

Aviation Pitso 2016

BOCRA attended the Aviation Pitso 2016 hosted by the Ministry of Transport and Communications in October 2016 in Maun. The Aviation Pitso was a platform that brought together aviation industry practitioners, policy makers and regulators to discuss issues of concern, highlighting milestones with a view to devising strategies that could be employed to develop the aviation industry.

BOCRA, as a regulator of the Radio Frequency Spectrum utilised by the aviation industry in the management of airwaves, took part in the Pitso to share with the industry the resolutions of the World Radiocommunication Conference (WRC19), and how they affected aeronautical industry.



REGIONAL ENGAGEMENTS

Africa Internet Summit

BOCRA hosted the Africa Internet Summit (AIS) in June 2016 in Gaborone under the theme "Beyond Connectivity: Internetworking for African Development". AIS is the pinnacle multi-stakeholder event in Africa, combining, workshops, conferences and networking for the internet Industry. The 2016 Summit that attracted, among others, members of the Board and internationally renowned instructors, experts and speakers, shared the latest innovations and best practices in the Internet industry. The event was also a place where the African Technical Institutions such as African Network Operators Group (AfNOG), African Network Information Centre (AFRINIC), Africa Research and Education Networking (AfREN), AfricaCERT, African Top-Level Domains (AfTLD) - AROC, Internet Society (ISOC) Africa, AfrICANN, AFRINIC Government Working Group (AfGWG) etc met and reflected on the future on the Internet in Africa.

The Summit provided the opportunity for local Internet stakeholders to meet with experts from around the world and discuss issues and find solutions to local problems. It also served as a platform to build local capacity through workshops and tutorials facilitated by experts from the continent and beyond. The highlight of the Summit was the installation of a copy of the root DNS servers (D). The server has reduced the DNS resolution latency and thus giving local internet users an improved Internet experience.

WRC19 Preparation

BOCRA hosted the first SADC World Radiocommunication Conference (WRC-19) preparatory meeting in December 2016 in Gaborone. The Meeting was organised by the SADC Secretariat, and hosted jointly by the MTC and BOCRA. The overarching objective of the meeting was to formulate the SADC regional position for the various WRC19 agenda Items.

The Meeting was attended by SADC Member States, as well as ICT stakeholders including Facebook, GH Communications, GSMA, Huawei and INMARSAT. The meeting concluded with a draft preliminary position paper for the WRC19 Agenda Items.

Member States were urged to develop capacity in satellite regulatory issues to ensure that the interests of the region were protected for future use of satellite technologies, following the various ITU Study Group activities dealing with the WRC19 Agenda Items.



World Telecommunication Standardisation Assembly (WTSA -16)

BOCRA participated in the World Telecommunication Standardisation Assembly (WTSA) held in Yasmine Hammamet, Tunisia, from 25 October to 3 November 2016.

WTSA-16 is a non-treaty level conference, which is held every four years to define the next study period for the ITU-Telecommunication Standardisation Sector. The Assembly makes recommendations and resolutions that shape the future of telecommunications standards. The WTSA 16 considered the following items:

1. Study group reports in order to approve, change or reject draft recommendations;
2. Whether the current study groups and questions are still relevant and/or retain, modify, or dissolve them;
3. Whether to add new study groups and questions that reflect new issues or priorities;
4. Whether to add, retain or dissolve other groups;
5. Agree on the scope and terms of reference for Study Group work programs;
6. Review ITU-T Resolutions (WTSA & Plenipotentiary) for modification or deletion; and elect Chairs and Vice-Chairs of the Study Groups; and
7. Consider other policy matters.

As a follow-up on the WTSA and in preparation for the coming WTSA, the African region met in Kenya to discuss further, prepare and make recommendations as follows:

- The African Union should ensure wide circulation of Agenda 2020, highlighting matters related to digital development;
- On the issue of OTT services, regulators in the African region are recommended to hold consultations with telecommunications operators, the Ministry in charge of the digital economy and OTT service providers, to design a regulatory framework that can foster innovation and the overall equilibrium of the market;
- Member States that have not yet done so, should consider issues related to personal data protection and electronic signature, with a view to building trust amongst their people in the use of e-commerce related services; and
- To create an enabling environment for innovation in areas, such as the Internet of Things, protection of usage and users of these services. In this regard, it is recommended that an object-based regulation should be combined with a data-based regulation (privacy by design, by using and by default).

WTSA-16 is a non-treaty level conference, which is held every four years to define the next study period for the ITU-Telecommunication Standardisation Sector.

CRASA Exco and AGM

BOCRA took part in the Communications Regulators Association of Southern Africa (CRASA) Executive Committee (Exco) and Annual General Meeting (AGM) held in Durban, South Africa in March 2017. Held alongside these important meeting was the Evolutionary Path to 5G and Internet of Things (IoT) Symposium, Workshop on Postal Markets Regulation and the Universal Service Obligation (USO) in the Evolving Postal Sector, as well as a Workshop on Cost Modelling of International Roaming Charges.

As the Treasurer of CRASA, BOCRA attended Exco and AGM to apprise CRASA Membership of the financial health status of the Association and guide membership of the important administrative considerations. BOCRA also shared its regulatory experience and reported back on various regional initiatives including reduction of Regional Roaming Tariffs and harmonization of regulations.

As the Treasurer of CRASA, BOCRA attended Exco and AGMs to apprise CRASA Membership of the financial health status of the Association and guide membership of the important administrative considerations.



L-R: Mr. Andrew Rugege (Regional Director, ITU Regional Office for Africa), **Eng. Rufino Ovono Ondo Engonga** (Secretario de Estado encargado de Telecomunicaciones y Nuevas Tecnologías, Guinea Ecuatorial), **H.E. Mr. Vincent F. Byron** (Attorney General, Minister of Justice, Legal Affairs and Communications, St Kitts & Nevis), **Mr. Brahim Sanou** (Director of the Development Sector (ITU-), ITU), **Mr. Thari G. Pheko** (Chief Executive, BOCRA), **Dr. Win Mlambo** (Deputy Minister, ICT, Postal & Courier Services, Zimbabwe), **Dr. Cosmas Zavazava** (Chief of Dept., Projects & Knowledge Management, ITU)

INTERNATIONAL ENGAGEMENTS

ITU Telecom World 2016

BOCRA, including Board members attended the ITU Telecom World 2016, which took place in Bangkok, Thailand in November 2016. ITU Telecom World brought together key policymakers, regulators, ICT leaders and industry stakeholders from emerging and developed markets around the world, in a global platform under the theme “Collaborating the digital economy”. ITU Telecom World discussions explored critical topics such as Artificial Intelligence (AI), how ICTs can meet the Sustainable Development Goals (SDGs), the connected car, digital financial inclusion and fiscal incentives and taxation in the industry.

GSMA Mobile World Congress

BOCRA took part in the GSMA Mobile World Congress held in Barcelona, Spain in February/March 2017, with representation from the Board and Management. The Botswana delegation to the Congress was led by Hon. Onkokame K. Mokaila M.P., Minister of Transport and Communications, who was accompanied by senior officials from the Ministry.

The 2017 Congress featured the largest exhibition for the mobile industry alongside a conference featuring the who’s who mobile operators, equipment and device manufacturers, technology providers, vendors and content owners from across the globe.

The Congress offered unparalleled networking opportunities, previews of upcoming technologies and latest trends in the development of ICTs driven by mobile technology. For regulatory bodies like BOCRA it highlighted opportunities brought about by new innovations, as well as regulatory challenges that need foresighted regulatory interventions.

Commonwealth Telecommunications Organisation (CTO) Award

The Commonwealth Telecommunications Organisation (CTO) based in London honoured Botswana, through BOCRA, with an award for the Best Universal Access initiative during the first Commonwealth ICT & Industry Awards that took place in London in June 2016.

BOCRA established the UASF in 2014 as a special purpose vehicle designed to ensure that all Botswana had access to a set of basic yet essential communications services throughout the country, at affordable prices.

Pursuant to its objective of facilitating the reach of communications services to unserved and underserved areas, the Fund commissioned a project to provide wholesale Wi-Fi hotspots in public areas in major population centres including cities, towns and major tourism destinations. During the reporting period, Wi-Fi hot spots were operational in 31 sites across the country and provided public access to broadband internet at affordable rates in bus station/ranks, public hospitals, shopping malls, airports and open public spaces. They provided users with 30 Minutes free internet browsing per day at a minimum speed of 2 Mbps per user. In addition, the Wi-Fi hot spots offered users unlimited access to the Government of Botswana domains in order to stimulate local content consumption and the use of e-government services.

CTO also presented the late Mr. Cuthbert Moshe Lekaukau, founding Chief Executive and Chairman of BTA, with a posthumous Lifetime Achievement award for his contribution as former Chairman of the CTO Council. As Chairman, he presided over the committee that drafted the existing constitution of the CTO. CTO had previously bestowed Mr Lekaukau an honour as Chairman Emeritus or Chairman for Life.

14th ITU World Telecom/ICT Indicators Symposium (WTIS) 2016

The Board members attended the WTIS 2016, which was held in Gaborone, Botswana in November 2016. The Symposium was organised by the ITU and hosted by the Ministry of Transport and Communications (MTC), in partnership with BOCRA. WTIS serves as the main international forum to discuss international policy on ICT measurements creating a platform where statistical measurements of ICT are harmonised at global level.

WTIS 2016 brought together delegates from all over the world, ranging from government ministers and business leaders to regulators, national statisticians, lead academics and ICT data producers and analysts. It included a leader's dialogue during which ICT policy matters and impact of ICT on economic growth were discussed. The symposium recognised, among other things, the importance of exploring the use of big data for official statistics and welcomed the ITU project on 'Big Data for Measuring the Information Society'.

The Symposium launched the 2016 Measuring Information Society Report, and the ICT Development Index (IDI) a composite measurement that ranks 175 countries according to their level of ICT access, use and skills. The index ranked Botswana 5th in Africa and 108 in the World.

CORPORATE SOCIAL INVESTMENT

In keeping with the ideals of Vision 2016 and in line with its social investment drive BOCRA continued to contribute to the community subject to availability of resources. The BOCRA social investment initiatives largely aimed at facilitating the use of ICTs. 53% of Corporate Social Investment expenditure for the reporting period was spent on ICTs including computers, printers, photocopiers, internet connection, audio equipment, website development for people with disabilities etc. The remaining 47% of the expenditure benefited other deserving courses by way of sponsorships for People with Disabilities, Non-Governmental Organisations; sporting activities as well as conferences held by government and public institutions. During the reporting period, BOCRA spent a total of P 1,307,208.76 on Corporate Social Investment as depicted in figure 25.

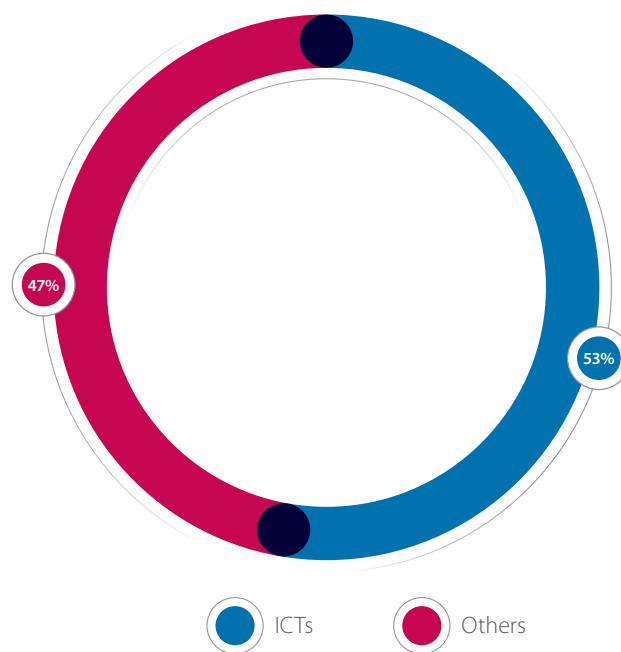


Figure 25: CSI Expenditure for the 2016/17



BOCRA Human Capital management is driven by three (3) key strategic objectives namely; Attraction and Retention of Talent, Improvement of Employee Engagement and High-Performance Culture.

HUMAN CAPITAL MANAGEMENT

BOCRA human capital management is driven by three (3) key strategic objectives namely; Attraction and Retention of Talent, Improvement of Employee Engagement and High-Performance Culture. As depicted in tables 18-22, BOCRA did very well across the three objectives during the reporting period.

In pursuit of the strategic objectives of retention and attraction the organisation experienced 100% attraction of talent and two (2) employees retired, one on ill-health and the other one had reached retirement age. The organisation’s engagement level stood at 67% in line with the regional and global benchmark but above the national benchmark.

Staff Complement

In March 2017, the BOCRA staff complement stood at 88, which was a decrease from March 2016 figure of 89 employees. Two (2) employees retired, while one (1) employee was recruited. The above figures amount to staff turnover of 3.37%, against a target of 5%.

Employee Statistics

Table 18: Staff by Gender

Male	49	56%
Female	39	44%
TOTAL	88	100%

The staff gender comparison is slightly skewed in favour of male employees in comparison to females but generally BOCRA is a fairly gender balanced organisation.



Table 19: Staff by Age

25-29	16	18.18%
30-34	13	14.77%
35-39	7	7.95%
40-49	35	39.77%
50-59	17	19.32%
TOTAL	88	100%

About 40% of employees are below the age of 40 years while about 19% have reached early retirement age of 50. Overall BOCRA has a fairly young workforce.

Table 20: Staff Qualifications by Gender

Gender	Qualification		
	Post Graduate	Graduate	Other
Female	11 (12.5%)	19 (21.59%)	10 (11.36%)
Male	21 (23.86%)	15 (17.04%)	12 (13.64%)
TOTAL	32 (36.36%)	34 (38.64%)	22 (25%)

BOCRA has a highly educated and trained workforce. At least 75% of the employees have obtained first degree qualifications. More than 36% of employees possess Masters Degree qualification.

Table 21: Staff by Category

Gender	Staff Category			
	Executive	Middle Management / Supervisors	Professionals / Admin	Ancillary
Female	4 (4.55%)	12 (13.64%)	16 (18.18%)	7 (7.95%)
Male	11(12.5%)	17 (19.32%)	10 (11.36%)	11 (12.5%)
TOTAL	15 (17.05%)	29 (32.96%)	26(29.54%)	18(20.45%)

Table 21 depicts that BOCRA has majority of its employees in the middle management / professional / specialist areas in keeping with its profile as a knowledge based institution.

Table 22: Staff by Length of Service

Years of Service	Number of Staff	Percentage
1-4 Years	26	29.55%
5-9 Years	16	18.18%
10-14 Years	11	12.50%
15-20 Years	35	39.77%
TOTAL	88	100%

BOCRA has a very high staff retention rate. Almost 40% of the employees have served the organisation for at least 15 years. Some of staff members have served the organisation since its inception in 1997.

INITIATIVES DURING THE PERIOD UNDER REVIEW

In our pursuit to improve human capital processes the following projects were undertaken.

Automation of Payroll and Human Resources Processes

The objective of this project was to upgrade to a more efficient Human Resources Information System (HRIS) for payroll management, employee database and employee interactive portal. The System comprises People (Talent Management, PMS, Training and Development) Payroll (Payroll and Leave) and Portal (Interactive Employee Self Service). The system will bring Human Resources services closer to employees, enabling them to focus on their core activities. The payroll module has been implemented and the next phase of Human Resources would be implemented in the period 2017/2018.

In line with its Training and Development Policy, BOCRA continued to invest in the development of its employees.

Training and Development

In line with its Training and Development Policy, BOCRA continued to invest in the development of its employees. Training and Development is based on 70% of training being done on the job, 20% on coaching and mentorship and learning from others and 10% on classroom learning. The policy provides a robust framework for well-rounded learning and development Strategy. The Authority also encourages staff to take responsibility of their training and this is promoted through Self Development where, upon completion, employees are refunded.

During the reporting period, three employees were sponsored for full-time master's degree programmes. Two employees completed their studies through self-sponsorship initiative, one completed a Diploma program, while the other completed a Degree program.

The soft skills training that took place during the year included Negotiation Skills, emotional intelligence, Prince2 and technical and regulatory courses as well as leadership and supervisory skills. In addition, six employees attended the Diploma in Telecommunication Management Studies.



STAFF WELLNESS

BOCRA has adopted a holistic approach to employee wellness that addresses the physical, emotional and psychological dimensions. The programme is based on the understanding that improved staff wellness minimises absenteeism due to ill-health and workplace and lifestyle related stress. Employee wellness is also a critical lever in the creation of high performance organization. Wellness week is held annually with various activities conducted with a theme for the year.

During this reporting period, BOCRA held wellness week under the theme *My health, My culture*. The purpose of Wellness Week was to call employees to 'act now' and adopt a health centred lifestyle at the same time working as a team work. The health assessments conducted indicated that many employees were at risk of life style diseases due to excess weight and lack of exercise. Recognising the risks identified, BOCRA continued to provide its employees with access to recreational facilities. The Authority also assists staff through counselling services contracts with different organisations.


During the reporting period, three employees were sponsored for full-time Master's degree programmes. Two employees completed their studies through self-sponsorship initiative, one completed a Diploma programme, while the other completed a Degree programme.





FINANCIAL STATEMENTS

FINANCIAL STATEMENTS



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The following supplementary information does not form part of the Annual Financial Statements and is unaudited:

Detailed Income Statement	114 - 115
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General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	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.
Members of the Board	<p>Mr. Peter McClean Van Riet-Lowe (Chairperson) - retired 1st September 2017</p> <p>Mr. Thapelo Kalake - retired 1st September 2017</p> <p>Mr. Monametsi Kalayamotho - retired 1st September 2017</p> <p>Major General Bakwena Oitsile - retired 30th June 2017 and reappointed 1st September 2017</p> <p>Mr. Joseph M. Matome - retired 30th June 2017</p> <p>Mr. Onkagetse Pusoentsi</p> <p>Mrs. Wilhemina T. Makwinja - retired 30th June 2017 and reappointed 1st September 2017</p> <p>Mr. Thari G. Pheko - Chief Executive (ex-officio) - retired 30th April 2017</p> <p>Mr. Galeboe Mmelesi - appointed 1st September 2017</p> <p>Dr. Gape Kaboyakgosi - appointed 1st September 2017</p> <p>Prof. Joseph Chuma - appointed 1st September 2017</p> <p>Mr. Tshoganetso Kapaletswe - Acting Chief Executive (ex-officio) - appointed 1st May 2017</p>
Registered office	<p>Lot 50671</p> <p>Independence Avenue</p> <p>Extension 5</p> <p>Gaborone</p> <p>Botswana</p>
Postal address	<p>Private Bag 00495</p> <p>Gaborone</p> <p>Botswana</p>
Bankers	<p>First National Bank of Botswana Limited</p> <p>Barclays Bank of Botswana Limited</p> <p>Standard Chartered Bank Botswana Limited</p> <p>Bank of Baroda (Botswana) Limited</p> <p>Stanbic Bank of Botswana Limited</p>
Auditors	PricewaterhouseCoopers
Secretary	<p>Ms. Pako Ralehika-Phiri (resigned 30th June 2017)</p> <p>Ms. Keamogetswe Sefakwe - Acting Secretary (appointed 1st July 2017)</p>
Chief Executive	<p>Mr. Thari G Pheko (retired 30th April 2017)</p> <p>Mr. Tshoganetso Kapaletswe (appointed 1st May 2017)</p>
Functional Currency	Botswana Pula ('P') and is rounded to the nearest Pula

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 P 50,811,356 (2016: P 43,586,282) and for Authority was P 12,368,021 (2016: P 11,398,260).

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:

Mr. Peter McClean Van Riet-Lowe (Chairperson) - retired 1st September 2017
 Mr. Thapelo Kalake - retired 1st September 2017
 Mr. Monametsi Kalayamotho - retired 1st September 2017
 Major General Bakwena Oitsile - retired 30th June 2017 and reappointed 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
 Prof. Joseph Chuma - appointed 1st September 2017
 Mr. Tshoganetso Kapaletswe - Acting Chief Executive (ex-officio) - appointed 1st May 2017

5. Secretary

Ms. Pako Ralehika-Phiri (resigned 30th June 2017)
 Ms. Keamogetswe Sefakwe - Acting Secretary (appointed 1st July 2017)

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 2018 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 80 to 113 and the supplementary information disclosed on pages 114 and 115 which have been prepared on the going concern basis, were approved by the board on 15 September 2017 and were signed on its behalf by:



Board Chairman



Chief Executive

Gaborone

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 Communication Regulatory Authority (the "Authority") and its subsidiary (together "Group") as at 31 March 2017, 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 and the requirements of the Communication Regulatory Authority Act, 2012.

What we have audited

Botswana Communication Regulatory Authority's consolidated and separate financial statements set out on pages 80 to 113 comprise:

- the consolidated and separate statement of financial position as at 31 March 2017;
- 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 consolidated and separate 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).

Other information

The Board members are responsible for the other information. The other information comprises the General Information, the Board Members' Report, the Board Members Responsibilities and Approval Statement and the Detailed Income Statement, which we obtained prior to the date of this auditor's report, and other sections of the BOCRA 2017 Annual Report, which are 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.

Independent Auditor's Report (continued)

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.

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 Communication 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 skepticism 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 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 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.
- 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.

Independent Auditor's Report (continued)

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.

Report on Other Legal and Regulatory Requirements

In accordance with Section 26(3) of the Botswana 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.
- The financial statements prepared by the Authority were prepared consistent with that of previous year.

The logo for PricewaterhouseCoopers, featuring the company name in a stylized, handwritten-style font.

Individual practicing member: Sheyan Edirisinghe

Registration number: 20030048

Gaborone

28 September 2017

Statements of Financial Position

As at 31 March 2017

		Group		Authority	
	Note	2017 P	2016 P	2017 P	2016 P
Assets					
Non-Current Assets					
Investment property	3	9,490,000	9,000,000	9,490,000	9,000,000
Property, plant and equipment	4	124,605,359	138,869,828	123,848,247	137,833,824
		134,095,359	147,869,828	133,338,247	146,833,824
Current Assets					
Trade and other receivables	6	31,300,290	54,955,294	24,239,547	37,316,195
Cash and cash equivalents	7	345,555,206	265,201,802	176,277,131	153,773,005
		376,855,496	320,157,096	200,516,678	191,089,200
Total Assets		510,950,855	468,026,924	333,854,925	337,923,024
Equity and Liabilities					
Equity					
Accumulated surplus		481,081,957	414,091,827	303,986,027	283,987,927
Universal Access and Service Fund	9	12,368,021	28,548,695	—	—
		493,449,978	442,640,522	303,986,027	283,987,927
Liabilities					
Current Liabilities					
Trade and other payables	10	17,323,679	22,536,837	17,323,679	22,536,837
Tax payable		177,198	—	177,198	—
Dividend payable	8	—	2,849,565	—	2,849,565
Universal Access and Service Fund Trust	9	—	—	12,368,021	28,548,695
		17,500,877	25,386,402	29,868,898	53,935,097
Total Equity and Liabilities		510,950,855	468,026,924	333,854,925	337,923,024

Statements of Comprehensive Income

For the year ended 31 March 2017

	Note	Group		Authority	
		2017 P	2016 P	2017 P	2016 P
Revenue	12	159,061,952	164,397,856	117,761,920	123,365,634
Other income		1,645,681	640,361	1,604,241	624,681
Operating expenses	13	(115,200,717)	(133,430,250)	(109,436,505)	(120,681,839)
Surplus for the year before finance income	14	45,506,916	31,607,967	9,929,656	3,308,476
Finance income	15	7,488,801	11,978,315	4,622,726	8,089,784
Fair value adjustments	3	490,000	—	490,000	—
Surplus for the year before tax		53,485,717	43,586,282	15,042,382	11,398,260
Taxation	16	(2,674,361)	—	(2,674,361)	—
Other comprehensive income		—	—	—	—
Total comprehensive income for the year		50,811,356	43,586,282	12,368,021	11,398,260

Statements of Cash Flows

For the year ended 31 March 2017

	Note	Group		Authority	
		2017 P	2016 P	2017 P	2016 P
Cash flows from operating activities					
Cash generated from operations	18	79,501,567	43,333,204	33,060,474	22,440,157
Tax paid		(2,497,163)	—	(2,497,163)	—
Net cash generated from operating activities		77,004,404	43,333,204	30,563,311	22,440,157
Cash flows from investing activities					
Finance income	15	7,488,801	11,978,315	4,622,726	8,089,784
Purchase of property, plant and equipment	4	(1,577,543)	(9,554,508)	(1,570,958)	(8,485,040)
Proceeds from sale of plant and equipment	4	287,307	148,305	287,307	148,305
Net cash generated from / (used in) investing activities		6,198,565	2,572,112	3,339,075	(246,951)
Cash flows from financing activities					
Amount paid to Universal Access and Service Fund Trust		—	—	(8,548,695)	(3,742,229)
Dividends paid to Botswana Government		(2,849,565)	(7,914,076)	(2,849,565)	(7,914,076)
Net cash used in financing activities		(2,849,565)	(7,914,076)	(11,398,260)	(11,656,305)
Total cash and cash equivalents movement for the year		80,353,404	37,991,240	22,504,126	10,536,901
Cash and cash equivalents at beginning of the year		265,201,802	227,210,562	153,773,005	143,236,104
Total cash and cash equivalents at end of year	7	345,555,206	265,201,802	176,277,131	153,773,005

Statements of Changes in Equity

For the year ended 31 March 2017

	Accumulated Surplus P	Total Equity P
Authority		
Balance as at 01 April 2015	283,987,927	283,987,927
Surplus for the year	11,398,260	11,398,260
Other comprehensive income for the year	—	—
Total comprehensive income for the year	11,398,260	11,398,260
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	(8,548,695)	(8,548,695)
Dividend payable to Botswana Government	(2,849,565)	(2,849,565)
Total transactions with owners	(11,398,260)	(11,398,260)
Balance as at 31 March 2016	283,987,927	283,987,927
Note(s)		
Authority		
Balance as at 01 April 2016	283,987,927	283,987,927
Surplus for the year	12,368,021	12,368,021
Other comprehensive income for the year	—	—
Total comprehensive income for the year	12,368,021	12,368,021
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
Total transactions with owners	7,630,079	7,630,079
Balance as at 31 March 2017	303,986,027	303,986,027

Statements of Changes in Equity (continued)

For the year ended 31 March 2017

	Surplus allocated towards Universal Access and Service Fund P	Total Reserves P	Accumulated Surplus P	Total Equity P
Group				
Balance as at 01 April 2015	23,742,229	23,742,229	378,161,576	401,903,805
Surplus for the year	—	—	43,586,282	43,586,282
Other comprehensive income for the year	—	—	—	—
Total comprehensive income for the year	—	—	43,586,282	43,586,282
Excess of income over expenditure paid to the Universal Access and Service Fund Trust	(3,742,229)	(3,742,229)	3,742,229	—
Transferred from accumulated surplus	8,548,695	8,548,695	(8,548,695)	—
Dividend payable to Botswana Government	—	—	(2,849,565)	(2,849,565)
Total transactions with owners	4,806,466	4,806,466	(7,656,031)	(2,849,565)
Balance as at 31 March 2016	28,548,695	28,548,695	414,091,827	442,640,522
Note(s)	9			
Group				
Balance as at 01 April 2016	28,548,695	28,548,695	414,091,827	442,640,522
Surplus for the year	—	—	50,811,356	50,811,356
Other comprehensive income for the year	—	—	—	—
Total comprehensive income for the year	28,548,695	28,548,695	50,811,356	50,811,356
Excess of income over expenditure paid to the Universal Access and Service Fund Trust	(8,548,695)	(8,548,695)	8,548,695	—
Transfer 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)
Total transactions with owners	(16,180,674)	(16,180,674)	16,178,774	(1,900)
Balance as at 31 March 2017	12,368,021	12,368,021	481,081,957	493,449,978
Note(s)	9			

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017

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 80 to 113 have been approved by the Board on 15 September 2017

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:

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 uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between loss estimates and actual 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.

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.

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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

1.1 Significant judgements and sources of estimation uncertainty (continued)

Contingent liabilities

Management applies its judgement to facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Useful life and residual values of property, plant and equipment

The estimates of useful lives as translated into depreciation rates are detailed in property, plant and equipment policy on the annual financial statements. These rates and residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the Country.

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.

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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

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.

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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

1.4 Property, plant and equipment (continued)

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.

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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

1.5 Financial instruments (continued)

Impairment of financial assets (continued)

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. 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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

1.6 Tax (continued)

Tax expenses (continued)

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 current 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 has been calculated based on the income for the full year financial year (although a possible interpretation of the Income Tax Act may indicate that this should be portion of the financial year)
- capital allowances on property, plant and equipment existing at the beginning of the 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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

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.

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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

1.10 Provisions and contingencies (continued)

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.

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

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

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 their annual reporting period commencing 1 April 2016:

- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38.
- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to IAS 1.

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 2017, 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.

Notes to the Financial Statements

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
3. Investment property				
Valuation	9,490,000	9,000,000	9,490,000	9,000,000
Carrying value	9,490,000	9,000,000	9,490,000	9,000,000
Reconciliation of investment property				
Investment property				
Opening balance	9,000,000	9,000,000	9,000,000	9,000,000
Fair value adjustment	490,000	—	490,000	—
Closing balance	9,490,000	9,000,000	9,490,000	9,000,000

Details of valuation

The effective date of the revaluation was 5th June 2017. Revaluation was performed by an independent valuer, Mr. Lloyd Mulambya Bsc. (Real Estate) MR EIB, MREAC, of Stocker Fleetwood Bird. Stocker Fleetwood Bird is independent to the Authority and have experience in location and category of the investment property being valued.

The investment property was valued at P 9,490,000 by Stocker Fleetwood Bird, professional property valuers on 5th June 2017. 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.

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
Amounts recognised in surplus or deficit for the year				
Rental income from investment property	437,687	495,495	437,687	495,495
Repairs and maintenance of the investment property	(157,806)	(93,263)	(157,806)	(93,263)

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

4. Property, Plant and Equipment

	2017			2016		
	Cost P	Accumulated Depreciation and Impairment P	Carrying Value P	Cost P	Accumulated Depreciation and impairment P	Carrying Value P
Group						
Buildings	50,300,036	(8,559,065)	41,740,971	49,000,379	(7,634,887)	41,365,492
Furniture and fixtures	12,492,094	(7,287,628)	5,204,466	12,338,166	(5,744,495)	6,593,671
IT equipment	11,316,154	(10,656,535)	659,619	11,309,202	(9,291,467)	2,017,735
Land	2,135,700	—	2,135,700	2,135,700	—	2,135,700
Motor vehicles	4,410,539	(2,819,376)	1,591,163	5,082,467	(2,628,760)	2,453,707
Office equipment	13,294,207	(8,848,154)	4,446,053	13,280,657	(6,870,898)	6,409,759
Technical equipment (ASMS)	139,839,186	(71,013,869)	68,825,317	139,799,126	(62,019,934)	77,779,192
Capital work-in-progress	2,070	—	2,070	114,572	—	114,572
Total	233,789,986	(109,184,627)	124,605,359	233,060,269	(94,190,441)	138,869,828

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

4. Property, Plant and Equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening Balance P	Additions P	Transfers P	Disposals/ Write-off P	Depreciation P	Impairment P	Total P
Group							
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	164,664	—	(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
Total	138,869,828	1,690,045	(112,502)	(12,319)	(15,829,692)	—	124,605,359

Reconciliation of property, plant and equipment - 2016

	Opening Balance P	Additions P	Transfers P	Disposals/ Write-off P	Depreciation P	Impairment P	Total P
Group							
Buildings	42,311,359	33,691	—	—	(979,558)	—	41,365,492
Furniture and fixtures	7,054,281	929,228	(23,850)	(3,618)	(1,362,370)	—	6,593,671
IT equipment	2,568,436	1,583,183	—	(107,897)	(2,025,987)	—	2,017,735
Land	2,135,700	—	—	—	—	—	2,135,700
Motor vehicles	1,559,061	1,452,298	—	—	(557,652)	—	2,453,707
Office equipment	1,928,846	5,556,108	82,990	(24,760)	(1,133,425)	—	6,409,759
Technical equipment (ASMS)	90,460,769	—	—	—	(11,318,716)	(1,362,861)	77,779,192
Capital work- in-progress	173,712	—	(59,140)	—	—	—	114,572
Total	148,192,164	9,554,508	—	(136,275)	(17,377,708)	(1,362,861)	138,869,828

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

4. Property, Plant and Equipment (continued)

	2017			2016		
	Cost P	Accumulated Depreciation and Impairment P	Carrying Value P	Cost P	Accumulated Depreciation and impairment P	Carrying Value P
Authority						
Buildings	50,300,036	(8,559,065)	41,740,971	49,000,379	(7,634,887)	41,365,492
Furniture and fixtures	12,492,094	(7,287,628)	5,204,466	12,338,166	(5,744,495)	6,593,671
IT equipment	11,272,290	(10,613,433)	658,857	11,265,338	(9,269,219)	1,996,119
Land	2,135,700	—	2,135,700	2,135,700	—	2,135,700
Motor vehicles	3,345,462	(2,510,649)	834,813	4,023,975	(2,584,656)	1,439,319
Office equipment	13,294,207	(8,848,154)	4,446,053	13,280,657	(6,870,898)	6,409,759
Technical equipment (ASMS)	139,839,186	(71,013,869)	68,825,317	139,799,126	(62,019,934)	77,779,192
Capital work-in-progress	2,070	—	2,070	114,572	—	114,572
Total	232,681,045	(108,832,798)	123,848,247	231,957,913	(94,124,089)	137,833,824

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

4. Property, Plant and Equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening Balance P	Additions P	Transfers P	Disposals/ Write-off P	Depreciation P	Impairment P	Total P
Authority							
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
Total	137,833,824	1,683,459	(112,502)	(12,319)	(15,544,215)	—	123,848,247

Reconciliation of property, plant and equipment - 2016

	Opening Balance P	Additions P	Transfers P	Disposals/ Write-off P	Depreciation P	Impairment P	Total P
Authority							
Buildings	42,311,359	33,691	—	—	(979,558)	—	41,365,492
Furniture and fixtures	7,054,281	929,228	(23,850)	(3,618)	(1,362,370)	—	6,593,671
IT equipment	2,536,918	1,572,207	—	(107,897)	(2,005,109)	—	1,996,119
Land	2,135,700	—	—	—	—	—	2,135,700
Motor vehicles	1,559,061	393,806	—	—	(513,548)	—	1,439,319
Office equipment	1,928,846	5,556,108	82,990	(24,760)	(1,133,425)	—	6,409,759
Technical equipment (ASMS)	90,460,769	—	—	—	(11,318,716)	(1,362,861)	77,779,192
Capital work- in-progress	173,712	—	(59,140)	—	—	—	114,572
Total	148,160,646	8,485,040	—	(136,275)	(17,312,726)	(1,362,861)	137,833,824

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
5. Financial assets by category				
Loans and receivables				
Trade and other receivables	30,063,314	53,316,901	23,002,571	35,677,802
Cash and cash equivalents	345,555,206	265,201,802	176,277,131	153,773,005
	375,618,520	318,518,703	199,279,702	189,450,807

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.

		Group		Authority	
		2017 P	2016 P	2017 P	2016 P
	Ratings				
Trade receivables	Group 1	—	24,267,373	—	895,080
	Group 2	26,203,545	30,296,982	19,409,517	30,296,982
Receivable from CRASA	Not rated	816,478	354,004	816,478	354,004
Staff debtors	Not rated	32,171	171,556	32,171	171,556
Cash at bank and Short-term deposits	Not rated	345,553,206	265,199,802	176,275,131	153,771,005

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 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
6. Trade and other receivables				
Trade receivables	30,369,460	54,045,173	22,682,960	34,429,228
Less: Impairment	(1,833,803)	(2,172,590)	(1,833,803)	(2,172,590)
Trade receivables (net)	28,535,657	51,872,583	20,849,157	32,256,638
Other receivables	679,008	918,758	1,304,765	2,895,604
Deposits	53,559	153,926	53,559	153,926
Staff debtors	32,171	171,556	32,171	171,556
Receivable from CRASA	816,478	354,004	816,478	354,004
Prepayments	1,183,417	1,484,467	1,183,417	1,484,467
	31,300,290	54,955,294	24,239,547	37,316,195
Trade debtors are unsecured and do not attract interest.				
Trade receivables which are fully performing	26,203,545	54,564,355	19,409,517	31,192,062

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
6. Trade and other receivables (continued)				
Trade and other receivables past due but not impaired (continued)				
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	1,542,123	4,554,407	1,439,639	910,127
more than 3 months	789,989	823,164	—	154,449
	2,332,112	5,377,571	1,439,639	1,064,576
Trade receivables impaired				
As of 31 March 2017, trade and other receivables of P1,833,803 (2016: P2,172,590) were impaired and provided for.				
The ageing of these receivables is as follows:				
0-3 months	238,885	439,998	238,885	439,998
more than 3 months	1,594,918	1,732,592	1,594,918	1,732,592
	1,833,803	2,172,590	1,833,803	2,172,590
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	2,172,590	1,476,624	2,172,590	1,476,624
Provision for impairment	506,909	750,345	506,909	750,345
Amounts recovered	(845,696)	(54,379)	(845,696)	(54,379)
	1,833,803	2,172,590	1,833,803	2,172,590

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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
7. Cash and cash equivalents				
Cash on hand	2,000	2,000	2,000	2,000
Bank balances	57,821,565	42,302,168	21,991,635	14,047,620
Short-term deposits	287,731,641	222,897,634	154,283,496	139,723,385
	345,555,206	265,201,802	176,277,131	153,773,005
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	57,821,565	42,302,168	21,991,635	14,047,620
Short-term deposits	287,731,641	222,897,634	154,283,496	139,723,385
	345,555,206	265,201,802	176,277,131	153,773,005
8. Dividends payable				
The saving gram notification by the Government of Botswana approves the distribution of 25% of the Authority's annual surplus for the year as dividend to the Government of Botswana.				
Accordingly, the Authority has apportioned from its Accumulated Surplus as dividend payable.	—	2,849,565	—	2,849,565
9. Universal Access and Service Fund				
Opening balance	28,548,695	23,742,229	28,548,695	23,742,229
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	12,368,021	8,548,695	—	—
Amount paid during the year to Universal Access and Service Fund Trust	(8,548,695)	(3,742,229)	(8,548,695)	(3,742,229)
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	—	—	12,368,021	8,548,695
Closing balance	12,368,021	28,548,695	12,368,021	28,548,695

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 less dividend payable to Botswana Government 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 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
10. Trade and other payables				
Trade payables	—	2,148,711	—	2,148,711
VAT payable	410,941	595,545	410,941	595,545
Employee cost accruals	6,332,989	6,269,015	6,332,989	6,269,015
Other accrued expenses	3,013,353	11,526,750	3,013,353	11,526,750
Deposits received	82,244	59,667	82,244	59,667
Other payables	7,484,152	1,937,149	7,484,152	1,937,149
	17,323,679	22,536,837	17,323,679	22,536,837
11. Financial liabilities by category				
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	—	—	12,368,021	28,548,695
Trade and other payables	10,579,749	15,672,277	10,579,749	15,672,277
Dividend payable	—	2,849,565	—	2,849,565
	10,579,749	18,521,842	22,947,770	47,070,537
12. Revenue				
Turnover fees - Telecommunications	91,411,318	95,545,590	91,411,318	95,545,590
Turnover fees - Postal	(837,681)	1,064,264	(837,681)	1,064,264
Turnover fees -Broadcasting	278,359	314,191	278,359	314,191
Radio license fees	17,984,928	18,081,093	17,984,928	18,081,093
System license fees	6,363,901	6,182,391	6,363,901	6,182,391
Service license fees	1,537,167	1,477,298	1,537,167	1,477,298
UASF Levy	41,300,032	41,032,222	—	—
Others	1,023,928	700,807	1,023,928	700,807
	159,061,952	164,397,856	117,761,920	123,365,634

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Note	Group		Authority	
		2017 P	2016 P	2017 P	2016 P
13. Operating expenses					
Major categories of operating expenses:					
Employee costs	14(a)	51,142,124	52,840,130	51,142,124	52,840,130
Depreciation	4	15,829,692	17,377,708	15,544,215	17,312,726
Impairments on receivables		506,909	750,345	506,909	750,345
Impairments on plant and equipment	4	—	1,362,861	—	1,362,861
Consulting and professional fees		5,000,743	13,755,140	5,000,743	12,343,584
Project expenses		3,506,946	9,433,155	—	—
Conference expenses		9,658,710	5,040,172	9,589,355	4,097,346
Travel expenses		3,588,552	3,255,158	3,588,552	3,255,158
Repairs and maintenance		4,279,122	5,286,853	4,279,122	5,284,220
Security charges		1,194,067	2,239,603	1,194,067	2,239,603
Training		2,731,254	2,694,878	2,361,792	2,694,878
Internet charges		2,636,772	2,192,278	2,636,772	2,192,278
Advertising		3,290,541	2,141,517	2,317,284	2,124,005
Donations		1,882,943	2,885,536	1,882,943	2,885,536
Board expenses		1,668,793	1,560,075	1,236,187	791,169
Legal expenses		28,860	—	15,000	—
Other expenses		8,254,690	10,614,841	8,141,441	10,508,000
		115,200,717	133,430,250	109,436,505	120,681,839
14. Surplus for the year before finance income for the year is stated after accounting for the following:					
Profit on sale of property, plant and equipment		276,887	12,030	276,887	12,030
Impairment on plant and equipment		—	1,362,861	—	1,362,861
Depreciation on property, plant and equipment		15,829,692	17,377,708	15,544,215	17,312,726
Employee costs (refer note (a) below)		51,142,124	52,840,130	51,142,124	52,840,130
(a) Employee costs:					
Salary and wages		37,983,660	39,470,340	37,983,660	39,470,340
Pension - defined contribution plan		5,382,310	3,879,845	5,382,310	3,879,845
Other employee benefits		7,776,154	9,489,945	7,776,154	9,489,945
		51,142,124	52,840,130	51,142,124	52,840,130
Average number of employees		88	89	88	89

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
15. Finance income				
Bank	247,599	202,363	58,092	91,848
Income from short-term investments	7,241,202	11,775,952	4,564,634	7,997,936
	7,488,801	11,978,315	4,622,726	8,089,784
16. Taxation				
Income tax expense				
Current tax:	2,674,361	—	2,674,361	—
Income tax expense	2,674,361	—	2,674,361	—
The tax on Authority's profit before tax differs from theoretical amount that would arise using the basic tax rate as follows:				
Surplus before income tax	53,485,717	43,586,282	15,042,382	11,398,260
Tax calculated at applicable tax rates of 22% (2016: No tax)	11,766,858	9,588,982	3,309,324	2,507,617
Tax effects of:				
- Expenses not deductible for tax purposes	414,247	—	414,247	—
Income not chargeable for tax purposes	(9,506,744)	(9,588,982)	(1,049,210)	(2,507,617)
Income tax expense	2,674,361	—	2,674,361	—
17. Auditors' remuneration				
Fees	183,262	178,464	132,862	127,000

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
18. Cash generated from operations				
Surplus for the year before tax	53,485,717	43,586,282	15,042,382	11,398,260
Adjustments for:				
Depreciation	15,829,692	17,377,708	15,544,215	17,312,726
Profit on sale of assets	(276,887)	(12,030)	(276,887)	(12,030)
Impairment on plant and equipment	—	1,362,861	—	1,362,861
Interest received	(7,488,801)	(11,978,315)	(4,622,726)	(8,089,784)
Fair value adjustments	(490,000)	—	(490,000)	—
Changes in working capital:				
Trade and other receivables	23,655,004	(15,770,237)	13,076,648	(8,298,811)
Trade and other payables	(5,213,158)	8,766,935	(5,213,158)	8,766,935
	79,501,567	43,333,204	33,060,474	22,440,157
19. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for:				
- Property, plant and equipment	—	1,711,948	—	1,711,948
- ASMS Technical equipment	—	—	—	—
	—	1,711,948	—	1,711,948
This committed expenditure relates to property, plant and equipment and will be financed by available bank resources.				
Approved but not yet contracted for:				
- Property, plant and equipment	—	5,528,024	—	5,528,024
Operating leases – as lessor (income) lease payments due				
- within one year	437,687	495,495	437,687	495,495

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 2017

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 19,571,262 (2016: P 22,603,030).

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 3,768,926 (2016: P 3,508,982).

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 50% of the outstanding balance. The balance outstanding at the reporting date under this guarantee amounts to P2,100,285 (2016: P 1,973,915).

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 P 4,592,946 (2016: P6,059,232).

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.

The revenue from the related parties has been quantified based on the information available.

Members of the Board - Refer to Page 74

Members of key management

T G Pheko (Chief Executive) - retired 30th April 2017

T Kapaletswe (Acting Chief Executive) - appointed 1st May 2017

B Mine

N Katse

M Mokgware

B Luke

M Setshwane

T Monare

P Tladinyane

C Phiase

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
21. Related parties (continued)				
Related party balances				
Amounts included in Trade and other receivables/ (Trade and other Payables) regarding related parties as;				
Botswana Telecommunications Corporation Limited	(5,954,086)	10,225,776	(5,904,282)	7,314,503
Botswana Post	503,099	2,694,952	203,272	686,218
Botswana Fibre Network	4,877,469	3,102,200	3,992,691	2,731,216
Communications Regulators' Association of Southern Africa	816,478	354,004	816,478	354,004
Other balances owing (to)/ from related parties at year-end were:				
Universal Access and Service Fund Trust	—	—	(12,368,021)	(8,548,695)
Dividend payable to Botswana Government	—	(2,849,565)	—	(2,849,565)
Related party transactions				
i) Board expenses				
Sitting allowances	87,465	77,178	70,707	36,015
Travelling allowances	1,315,744	1,177,502	994,961	482,159
Cell phone allowances	60,750	66,600	39,150	34,200
Conferences expenses	204,834	238,795	131,369	238,795
	1,668,793	1,560,075	1,236,187	791,169
ii) Sale of services rendered				
Botswana Telecommunications Corporation Limited	42,774,475	48,616,033	30,492,239	35,794,045
Botswana Post	1,967,478	2,194,375	769,524	1,129,264
Botswana Fibre Network	10,696,588	5,536,081	7,500,237	3,393,029
iii) Project costs (subsidies) paid to related parties				
Botswana Fibre Network	3,506,946	9,309,665	—	—
iv) Compensation to key management				
Remuneration paid	11,466,293	14,934,599	11,466,293	14,934,599
Other long-term employee benefits	1,479,134	1,728,718	1,479,134	1,728,718
	12,945,427	16,663,317	12,945,427	16,663,317

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Less than 1 year P	Between 1 and 2 years P
22. Risk management (continued)		
Liquidity risk (continued)		
Group		
As at 31 March 2017		
Trade and other payables	10,579,749	—
Dividend payable	—	—
As at 31 March 2016		
Trade and other payables	15,672,277	—
Dividend payable	2,849,565	—
Authority		
As at 31 March 2017		
Trade and other payables	10,579,749	—
Universal Access and Service Fund Trust	12,368,021	—
Dividend payable	—	—
As at 31 March 2016		
Trade and other payables	15,672,277	—
Universal Access and Service Fund Trust	28,548,695	—
Dividend payable	2,849,565	—

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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

22. Risk management (continued)

Interest rate risk (continued)

Further, these deposits are due on demand. The fixed deposits for the Group amounts to P 287 million (2016: P 222.89 million) and for Authority amounts to P 154.23 million (2016: P 139.72 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 - 2017

Financial Instrument	Current Interest Rate	Group Due in less than one year (maturity values) P	Authority Due in less than one year (maturity values) P
3 months fixed deposits	2.50%	37,157,178	37,157,178
3 months fixed deposits	2.75%	43,944,559	43,944,559
3 months fixed deposits	3.50%	10,153,047	10,153,047
3 months fixed deposits	3.00%	49,323,769	49,323,769
3 months fixed deposits	3.80%	42,434,402	—
Stanlib money market fund	2.00%	90,740,467	—
Stanlib money market fund	3.70%	14,220,381	14,220,381
		287,973,803	154,798,934

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 P 22.27 million for Group (2016: P40.87 million) and P16.77 million (2016: P 25.27 million) for the Authority .

The maximum credit exposure on trade receivables and other receivables at year-end is limited to P 29.88 million (2016: P53.32 million) for Group and P 22.82 million (2016: P 35.67 million) for Authority.

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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
22. Risk management (continued)				
Financial assets exposed to credit risk at year end were as follows:				
Trade and other receivables	30,063,314	53,316,901	23,002,571	35,677,802
Barclays Bank Botswana Limited	11,168,829	9,864,775	11,168,829	9,864,775
Stanbic Bank Botswana Limited	33,323,996	108,929,245	—	—
Bank of Baroda Botswana Limited	49,033,004	47,387,584	49,033,004	47,387,584
First National Bank of Botswana Limited	10,003,157	3,835,247	10,003,157	3,835,247
Standard Chartered Bank of Botswana Limited	136,864,502	81,474,797	91,849,760	78,975,245
Investment in Stanlib Money Market Fund	105,112,238	13,708,154	14,220,381	13,708,154

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.

23. Fair value measurement

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
Investment property				
Level 2				
Plot 4965, Extension 15, Village, Gaborone	9,490,000	9,000,000	9,490,000	9,000,000

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 2017.

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

The independent valuation was carried out on 5th June 2017. 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 9 490 000.

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

23. Fair value measurement (continued)

Investment property (continued)

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

The reconciliation of the carrying amounts of non financial assets classified within Level 2 is as follows:

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
Investment property				
Opening balance	9,000,000	9,000,000	9,000,000	9,000,000
- increase in fair value of investment property	490,000	—	490,000	—
Balance at 31 March	9,490,000	9,000,000	9,490,000	9,000,000

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 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
Revenue				
Turnover fees - Telecommunications	91,411,318	95,545,590	91,411,318	95,545,590
Turnover fees - Postal	(837,681)	1,064,264	(837,681)	1,064,264
Turnover fees - Broadcasting	278,359	314,191	278,359	314,191
Radio license fees	17,984,928	18,081,093	17,984,928	18,081,093
System licence fees	6,363,901	6,182,391	6,363,901	6,182,391
Service license fees	1,537,167	1,477,298	1,537,167	1,477,298
UASF Levy	41,300,032	41,032,222	—	—
Others	1,023,928	700,807	1,023,928	700,807
	159,061,952	164,397,856	117,761,920	123,365,634
Other income				
Gains on disposal of assets	276,887	12,030	276,887	12,030
Other income	85,411	78,457	43,971	62,777
Bad debts recovered	845,696	54,379	845,696	54,379
Rental income	437,687	495,495	437,687	495,495
	1,645,681	640,361	1,604,241	624,681
Interest received	7,488,801	11,978,315	4,622,726	8,089,784
Fair value adjustments	490,000	—	490,000	—
	7,978,801	11,978,315	5,112,726	8,089,784
Total income	168,686,434	177,016,532	124,478,887	132,080,099
Expenses (refer to page 115)	(115,200,717)	(133,430,250)	(109,436,505)	(120,681,839)
Surplus for the year before tax	53,485,717	43,586,282	15,042,382	11,398,260

The detailed income statement does not form part of the audit opinion expressed on pages 77 to 79.

Detailed Income Statement (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
Operating expenses				
Advertising	(3,290,541)	(2,141,517)	(2,317,284)	(2,124,005)
Assessment rates and municipal charges	(150,274)	(8,631)	(150,274)	(8,631)
Auditors remuneration	(183,262)	(178,464)	(132,862)	(127,000)
Impairments on receivables	(506,909)	(750,345)	(506,909)	(750,345)
Impairments on plant and equipment	—	(1,362,861)	—	(1,362,861)
Bank charges	(132,484)	(129,904)	(129,597)	(128,162)
Board expenses	(1,668,793)	(1,560,075)	(1,236,187)	(791,169)
Cleaning	(327,476)	(325,669)	(327,476)	(325,669)
Computer expenses	(1,357,788)	(1,864,325)	(1,357,788)	(1,864,325)
Conference expenses	(9,658,710)	(5,040,172)	(9,589,355)	(4,097,346)
Consulting and professional fees	(5,000,743)	(13,755,140)	(5,000,743)	(12,343,584)
Consumables	(55,486)	(571,320)	(55,486)	(571,320)
Depreciation, amortisation and impairments	(15,829,692)	(17,377,708)	(15,544,215)	(17,312,726)
Donations	(1,882,943)	(2,885,536)	(1,882,943)	(2,885,536)
Employee costs	(51,142,124)	(52,840,130)	(51,142,124)	(52,840,130)
Entertainment	(39,116)	(79,843)	(37,846)	(70,252)
Functions hosted by Authority	(924,665)	(1,227,529)	(924,665)	(1,227,529)
Insurance	(568,097)	(423,289)	(525,456)	(379,245)
Internet expenses	(2,636,772)	(2,192,278)	(2,636,772)	(2,192,278)
Legal expenses	(28,860)	—	(15,000)	—
Magazines, books and periodicals	(195,049)	(198,251)	(195,049)	(198,251)
Motor vehicle expenses	(180,308)	(173,388)	(168,961)	(173,388)
Postage	(17,277)	(242,543)	(17,277)	(242,543)
Printing and stationery	(826,120)	(1,096,642)	(821,416)	(1,096,642)
Project expenses	(3,506,946)	(9,433,155)	—	—
Protective clothing	(45,450)	(5,782)	(45,450)	(5,782)
Repairs and maintenance	(4,279,122)	(5,286,853)	(4,279,122)	(5,284,220)
Security	(1,194,067)	(2,239,603)	(1,194,067)	(2,239,603)
Staff recruitment expenses	(1,276)	(43,824)	(1,276)	(43,824)
Staff welfare	(1,115,833)	(1,143,539)	(1,115,833)	(1,143,539)
Subscriptions	(805,546)	(1,213,916)	(805,546)	(1,213,916)
Telephone and fax	(500,105)	(817,377)	(500,105)	(817,377)
Training	(2,731,254)	(2,694,878)	(2,361,792)	(2,694,878)
Training levy	(10,068)	2,427	(10,068)	2,427
Travel	(3,588,552)	(3,255,158)	(3,588,552)	(3,255,158)
Utilities	(819,010)	(873,032)	(819,010)	(873,032)
	(115,200,717)	(133,430,250)	(109,436,505)	(120,681,839)

The detailed income statement does not form part of the audit opinion expressed on pages 77 to 79.

LIST OF ABBREVIATIONS

ADSL	- Asymmetric Digital Subscriber Line	NFP	- Network Facilities Provider
AIS	- Africa Internet Summit	PTOs	- Private Telecommunications Network Service
ATU	- Africa Telecommunication Union	PPO	- Public Postal Operator
BOCCIM	- Botswana Confederation of Commerce Industry and Manpower	QoS	- Quality of Service
BHAG	- Big Hairy Audacious Goal	RLAN	- Radio Local Area Network
BoFiNet	- Botswana Fibre Networks	RSTT	- Railway Radiocommunication Systems between Train and Trackside
BTCL	- Botswana Telecommunications Corporation Limited	SADC	- Southern African Development Community
DTT	- Digital Terrestrial Television	SAR	- Service Availability Rate
CR	- Congestion Rate	SAP	- Services and Applications Provider
CSP	- Content Service Providers	SMS	- Subscription Management Service
CSSR	- Call set-up Success Rate	UASF	- Universal Service and Access Fund
CPO	- Commercial Postal Operators	UPU	- Universal Postal Union
CRA	- Communications Regulatory Authority Act	VANS	- Value-Added Network Service
CTO	- Commonwealth Telecommunications Organisation	VSAT	- Very Small Aperture Terminal
DBS	- Department of Broadcasting Services	WAS	- Wireless Access Systems
DCR	- Dropped Call Rate	WRC	- World Radiocommunication Conference
DPO	- Designated Postal Operator		
EDGE	- Enhanced Data rates for GSM Evolution		
FSS	- Fixed Satellite Stations		
FWA	- Fixed Wireless Access		
FTA	- Free to Air		
GSO	- Geo Stationary Orbit		
GPRS	- General Packet Radio Service		
gTLDs	- Generic Top-Level Domains		
HAPS	- High - Altitude Platform Stations		
HATAB	- Hospitality and Tourism Association of Botswana		
HSR	- Handover success rate		
IDI	- ICT Development Index		
ITS	- Intelligent Transport Systems		
IMT	- International Mobile Telecommunications		
ISDB-T	- Integrated Services Digital Broadcasting - Terrestrial		
ISPs	- Internet Service Providers		
LTE	- Long-Term Evolution or 4G		
MNOs	- Mobile Network Operators		
MTC	- Ministry of Transport and Communications		
MYSC	- Ministry of Youth Empowerment, Sports and Culture Development		
NA	- Network Availability		
NBS	- National Broadband Strategy		





OUR VALUES

TRANSPARENCY

Our decision making will be open and informed by consultation with various stakeholders. We will embrace the diverse interests of our different stakeholders.

CONSISTENCY

We will ensure that our decisions are fair, predictable and dependable. We will be objective in our decision making and apply remedies that are proportionate.

PEOPLE CENTERED

We believe that our people are indispensable assets who drive our success through their commitment to excellence. We shall therefore harness individual skill and strengths and work as one.

INNOVATION

We will continuously explore new ways in designing proactive regulatory interventions that will respond timeously and effectively to market demands and the latest technology trends.

ACCOUNTABILITY

We are responsible for our actions and decisions, we take due care in the use of public resources and adhere to internationally acceptable governance principles.

INTROD



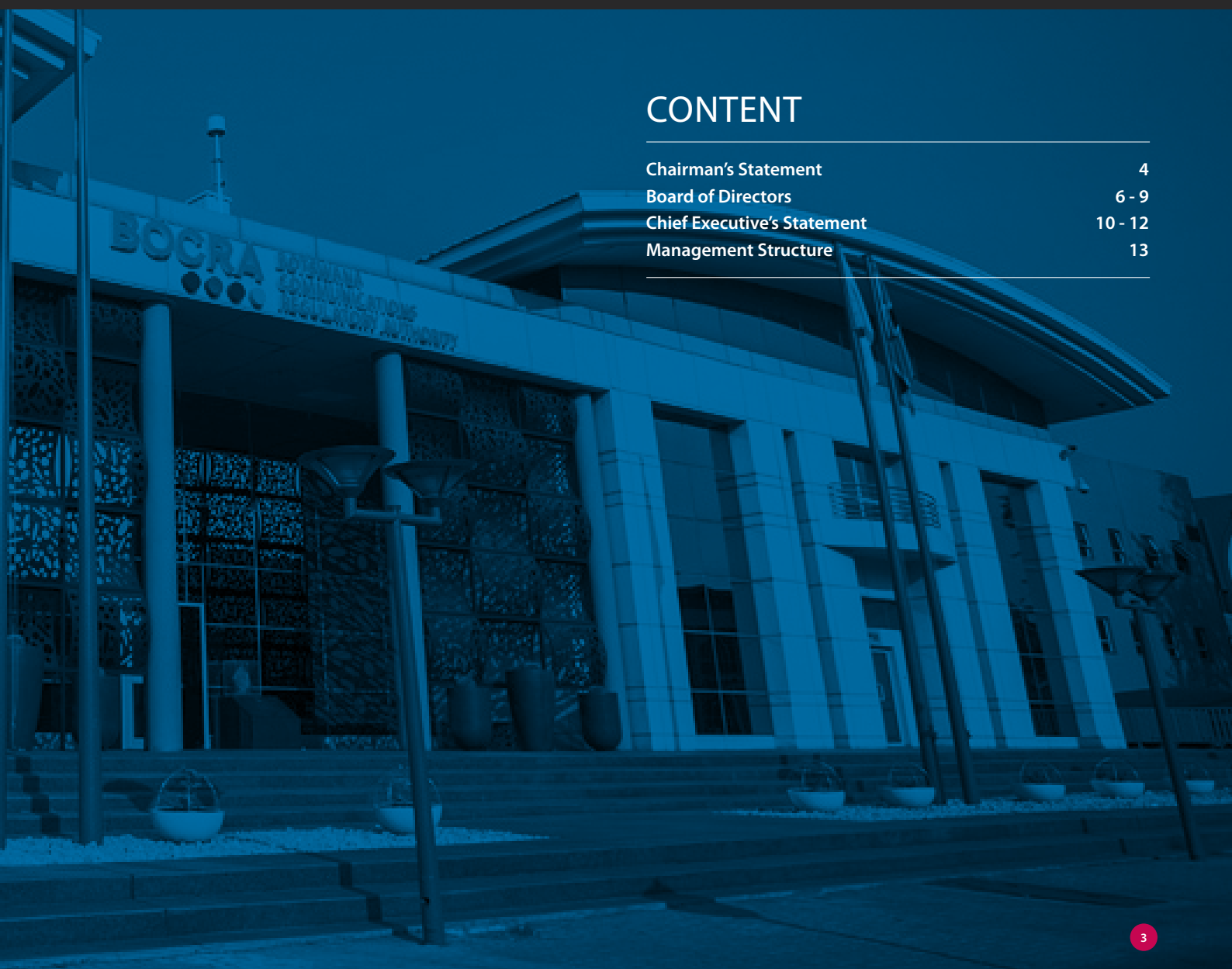
UCTION

OUR VISION IS TO HAVE
A CONNECTED AND INFORMED
SOCIETY.

OUR PURPOSE IS TO REGULATE THE
COMMUNICATIONS SECTOR FOR THE
PROMOTION OF COMPETITION, INNOVATION,
CONSUMER PROTECTION AND UNIVERSAL
ACCESS.

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CHAIRMAN'S STATEMENT



● Peter van Riet-Lowe

- BComm. (Hons) in Economics and Bachelor Comptable in Accounts and Finance (Hons), University of Johannesburg
- Investment Management Certificate (IMC), (UK)
- Certified Management Accountant (CMA) and FCPA

The Board and the Ministry of Transport and Communications entered into a Shareholder Compact Agreement that aligned the Ministry's strategic intent and performance expectations with BOCRA's Corporate Scorecard for 2016/17. The Agreement identified among other imperatives: Consumer Protection, affordability, quality of services, cyber security, content development, infrastructure development as well as universal access and service. All these areas of performance were addressed to various levels of achievement as demonstrated under the sector reviews in the report.

The 2016/17 reporting period coincided with the Mid-Term Review of the BOCRA Strategic Plan, for the period 2014-2019, during which the Board revised the organisation's performance target - called the Big Hairy Audacious Goal (BHAG). The revision of the Strategic Plan performance target was intended to facilitate ICT sector development for Botswana to attain a score of 7 in terms of Access to ICTs and 5 in terms of Usage of ICTs. Initially BOCRA had set its performance target at 6 for Access to ICTs and 3 for Usage of ICTs. However, at the time of signing the 2016 Shareholder Compact Agreement in July 2016, Botswana had a score of 4.22 for Access and 2.37 for Usage based on the year 2015 data. When the 2016 ICT Development Index figures were released in November 2016, they placed Botswana at 4.33 for Access and 3.26 for Usage.

The movement was reassuring that reaching a target of 7:5 by 2019 was achievable.

The performance target is based on the ICT Development Index established by the International Telecommunication Union (ITU) to track the level of ICT development among member states. The parameters are measured out of a maximum score of 10.

The Board noted that a lot of work was still required, particularly to grow the usage side of the target. During the reporting period, quality of service issues, operator billing and/or tariffs issues presented themselves as areas that required increased attention. While some issues were operational in nature, there were also policy considerations that required the Board to engage more with key stakeholders, a calling that the Board embraced and pursued.

During this reporting period BOCRA assumed additional mandate under the Electronic Communications and Transactions Act and the Electronic Records (Evidence) Act that called for additional resources. This challenge remains under the Board's consideration. Increased shift towards data consumption by consumers compared to voice point to the importance of security of electronic commerce. This new mandate therefore, calls on BOCRA to move swiftly to assure consumers of the necessary online protection.

The 2016/17 performance, as with previous years' performances, was attributable to the dedication of the Chief Executive, Mr Thari G. Pheko, and his BOCRA team; underpinned by the Chief Executive completing his ten-year tenure at BOCRA during the reporting period. The Board thanked Mr Pheko for his leadership of the organisation, and contribution to the growth of communications sector in Botswana. The Board remains confident that Mr Pheko left behind a legacy of robust administrative and regulatory systems, as well as a team of dedicated professional staff to ensure uninterrupted continuity of the regulatory environment.



Peter van Riet-Lowe
Board Chairman



BOARD OF DIRECTORS



● **Peter van Riet-Lowe**
(Chairperson)

- BComm. (Hons) in Economics and Bachelor Comptable in Accounts and Finance (Hons), University of Johannesburg
- Investment Management Certificate (IMC), (UK)
- Certified Management Accountant (CMA) and FCPA

Peter Van Riet-Lowe is an Investment Manager with over twenty years of experience and pension fund expertise. He is a Director of the Botswana listed company, Chobe Holdings Limited. Peter is the Founder of Fleming Asset Management Botswana. He previously held the position of CFO at the Windorf and Manica Groups. In addition, Peter holds directorships in various Botswana based private companies and serves on the Board of certain non-governmental organisations. Peter holds a Bachelor of Commerce (Hons) in Economics and Bachelor Comptable in Accounts and Finance (Hons) from the University of Johannesburg, an Investment Management Certificate (IMC) (UK), Certified Management Accountant (CMA) and FCPA.



● **Wilhemina T. Makwinja**
(Vice Chairperson)

- Postgraduate in Energy, Oil and Gas, University Liverpool, UK
- B A Hons in Sociology and Social Policy, University of Essex, UK

Nnaniki Wilhemina T Makwinja is a seasoned Organisational Development and Human Resources Practitioner with over 30 years of experience. She has held senior Human Resources positions in various organisations including but not limited to Debswana Diamond Company where she spent over eighteen years, Botswana Power Corporation, Ghagoo Diamond Mining, Bokamoso Private Hospital, Air Botswana where she head Human Resources departments. She is currently Operations Director with new Sidilega Private Hospital. She possesses B A (Hons) in Sociology and Social Policy with University of Essex (UK), post graduate qualification in International management specialising in Energy, Oils and Gas with Liverpool University (UK) and Industrial Relation Executive Development Programme from Stellenbosch University Business School (RSA).



3



● **Major General Bakwena Oitsile (retired)**
(Member)

- Diploma for Basic Officers Engineer, Fort-Belvios, Virginia, USA

Major General Bakwena Oitsile (Retired) is the Managing Director of Bakwena & Associates, a wholly owned Botswana citizens company that provides, amongst others, Project Management and Training, and Dispute Arbitration Resolution. He is the founding Human Resource Manager of Can Manufacturers Botswana, the first canning manufacturing company to be established in Botswana. He had an illustrious career spanning thirty seven (37) years with the disciplined forces in Botswana starting with the Botswana Police Service and ending with the Botswana Defence Force where he retired in 2004 holding the position of Major General. He holds a Diploma for Basic Officers Engineer Course from Fort-Belvios, Virginia, USA.



4



● **Joseph M. Matome**
(Member)

- CIMA Finalist
- ICAEW, Chartered Accountants, UK
- BSc (Hons) Business Administration, University of Bath, UK
- International Baccalaureate Diploma, United World College of Atlantic, Wales

Joseph Malope Matome is the Founder and Corporate Director of mining consultancy, Six Plus One. Matome spent twenty six years of his career in the mining industry working for Debswana Mining Company with a short stint at Anglo American Services. An Accountant by profession, Matome practiced accounting for a large part of his career. His qualifications include CIMA Finalist (Passed part III); Finalist ICAEW (Chartered Accountants UK) (Passed PE1); BSc (Hons) Business Administration - University of Bath, UK; International Baccalaureate Diploma - United World College of the Atlantic, Wales.



BOARD OF DIRECTORS (continued)



● **Monametsi Kalayamotho**
(Member)

- BSc (Hons) Information Systems, University of Greenwich, London, UK
- Master's Degree in Strategic Management, University of Derby, UK
- Doctorate of Business Administration, Netherlands Business School, Netherlands – Ongoing

Monametsi Kalayamotho is an entrepreneur, innovator and business executive. He is the founder and Chief Executive Officer of Moro Group, a diversified Group with interests in Information Technology, Telecommunications, Manufacturing, Property Development, Hospitality & Leisure and Financial Services. Monametsi also sits on numerous Boards of group and associate companies. Monametsi studied for BSc (Hons) Degree in Information Systems from the University of Greenwich London, Graduated Master's Degree in Strategic Management from University of Derby and is currently pursuing a Doctorate of Business Administration at the Netherlands Business School.



● **Thapelo Kalake**
(Member)

- Masters of Business Administration, Finance, University of Botswana
- BSc Engineering, Industrial Engineering, Western Michigan University, Kalamazoo, MI, USA
- BSc, Part I, University of Botswana

Thapelo Kalake is the Director of Shared Services at Water Utilities Corporation (WUC) where he is responsible and accountable for corporate assets and all core business supporting infrastructure and services including Information Services, Property and Administration, Security, and Fleet Services. He is Chairman of Board of Trustees of the Universal Access and Services Fund (UASF). He holds a Master of Business Administration degree with emphasis on Finance. He also holds a Bachelor of Science Engineering, Industrial Engineering with minors in Economics and Mathematics from Western Michigan University, Kalamazoo, MI, USA. He also acquired Bachelor of Science, Part 1 with the University of Botswana.



7



● **Onkagetse Pusoentsi**
(Member)

- Bachelor of Laws Degree, University of Botswana

Onkagetse Pusoentsi is a Senior Partner with Modimo and Associates law firm. A lawyer by profession, Pusoentsi specialises on industrial relations and corporate governance. As Senior Partner he deals with issues of Civil Litigation, Commercial Agreements and General Legal Advice to clients in different disciplines of the Law including Conveyancing, Notarial Practice, Labour Law and Employment, Land Law, Contract Law, Delict, Construction, Estates, Debt Collection, Arbitration as well as Corporate and Commercial. He is a member of the Audit and Risk Committee of the International Working Group on Women and Sport. He is also a legal advisor of the Botswana Football Association. Mr. Pusoentsi holds a Bachelor of Laws Degree from the University of Botswana.

8



● **Thari G. Pheko**
(Chief Executive & Ex-officio Member)

- M.Sc (Management Information Systems)
University of East Anglia, UK
- B.Sc (Hons) Business Finance and Economics,
University of East Anglia, Norwich, UK

Thari G. Pheko is the founding Chief Executive and ex-Officio Member of the BOCRA Board, having been the Chief Executive of the Botswana Telecommunications Authority for six years prior to its dissolution in 2013. He successfully managed the transition from the then sector specific regulator called the Botswana Telecommunications Authority (BTA) to the Botswana Communications Regulatory Authority (BOCRA) that has a wider integrated ICT regulatory mandate. He holds a B.Sc (Hons) in Business Finance and Economics from University of East Anglia and an M.Sc in Management Information Systems obtained in the same university.



CHIEF EXECUTIVE'S STATEMENT



● **Thari G. Pheko**

● M.Sc (Management Information Systems) University of East Anglia, UK

● B.Sc (Hons) Business Finance and Economics, University of East Anglia, UK

As the year 2016 marked the Silver Jubilee of the independence of Botswana, the 2016/17 Financial Year marked the 20th anniversary of communications regulation in Botswana. The entire twenty years of regulation were characterised by impressive ICT development, paired with the advent of mobile telephony. The reporting period saw mobile telephony reaching 3,226,389 subscriptions, or 159% teledensity, and mobile broadband reaching 1,404,065 subscriptions. Sector revenues topped P4.3 billion, and total assets exceeded P7.1 billion, with sector investments exceeding P950 million. Sector performance has, by all accounts, been doing very well. The International Telecommunication Union's (ITU) 2016 Measuring the Information Society Report and the ICT Development Index (IDI) summed up the performance of the reporting period by ranking Botswana 5th in Africa, and 108th in the world out of 175 countries. The ranking that assessed the level of ICT access, use, and skills had, during the previous reporting period, placed Botswana at 6th in Africa and 111th in the world.

During the year, market players began to transition in earnest to the converged licensing framework, introduced in September 2015. The framework comprises two major categories: Network Facilities Provider (NFP) Licence and the Services and Applications Provider (SAP) Licence, and was introduced to stimulate market growth by unbundling some services to accommodate new players, particularly smaller operators. Many of the smaller players, such as Value-Added Network Service (VANS) providers that required SAP licence, had completed the migration process. Migration of the major players that required both licence categories, was in process.

The Commonwealth Telecommunications Organisation (CTO) awarded BOCRA for the Best Universal Access Initiative. The award, which was made during the first Commonwealth ICT & Industry Awards, held in London, recognised the Universal Service and Access Fund (UASF)

through BOCRA, for the provision of Wi-Fi hotspots in public places in major population centres around the country. The platforms allow subscribers increased access to internet, further the objectives of the National Broadband Strategy.

Following completion of market study on Costing and Pricing of Communications Services, BOCRA issued a Regulatory Directive mandating operators to reduce tariffs, including fixed and mobile termination rates, off-net mobile voice call prices, wholesale fixed broadband services, and international voice transit calls. The initiative was intended to enhance affordability and further increase the uptake of services.

At regional and international level, implementation of the Directive by the SADC Ministers responsible for Information and Communications Technologies (ICTs), that mandate SADC countries to reduce regional roaming tariffs started slowly. Only four member states - Botswana, Namibia, Zambia and Zimbabwe - implemented the Ministers' Directive. At the end of the reporting period, the exercise to determine actual cost of providing roaming services was still ongoing, with the ultimate goal of developing appropriate pricing framework.

3,226,389

• Mobile Telephony Subscriptions

+ P4.4 bil

• Sector Revenues

+ P7 bil

• Total Assets

+ P721 mil

• Total Sector Investments

The International Telecommunication Union's (ITU) 2016 Measuring the Information Society Report and the ICT Development Index (IDI) summed up the performance of the reporting period by ranking Botswana 5th in Africa, and 108th in the world out of 175 countries.

The reporting period also saw the Electronic Records (Evidence) Regulations, and the Electronic Communications and Transactions Regulations coming into effect, essentially charging BOCRA with the responsibility to facilitate electronic commerce by accrediting providers of electronic signatures. The process of establishing the necessary structures for accreditation was ongoing at the end of the reporting period.

Botswana welcomed Africa and the world by hosting two landmark ICT forums; Africa Internet Summit (AIS-16), and the 14th ITU World Telecom/ICT Indicators Symposium 2016. The two events put Botswana at the centre of the global ICT transformation agenda regarding Internet and emerging issues on ICT data and statistics. The Telecom/ICT Indicators Symposium, which I was privileged to chair, served to provide strategic guidance to the international community on information society trends and future monitoring.

Finally, the reporting period marked the end of my ten-year tenure as a regulator. I look back with satisfaction at the growth the sector registered during my involvement with the regulatory function. Going forward there will be a need for continued attention to issues of data affordability and quality of service. Botswana have embraced data consumption at a rate that demands quick turnaround times in provision of land for erection of transceiver base stations, broadband internet at affordable prices, and high-speed, secure and ubiquitous high-speed data networks.

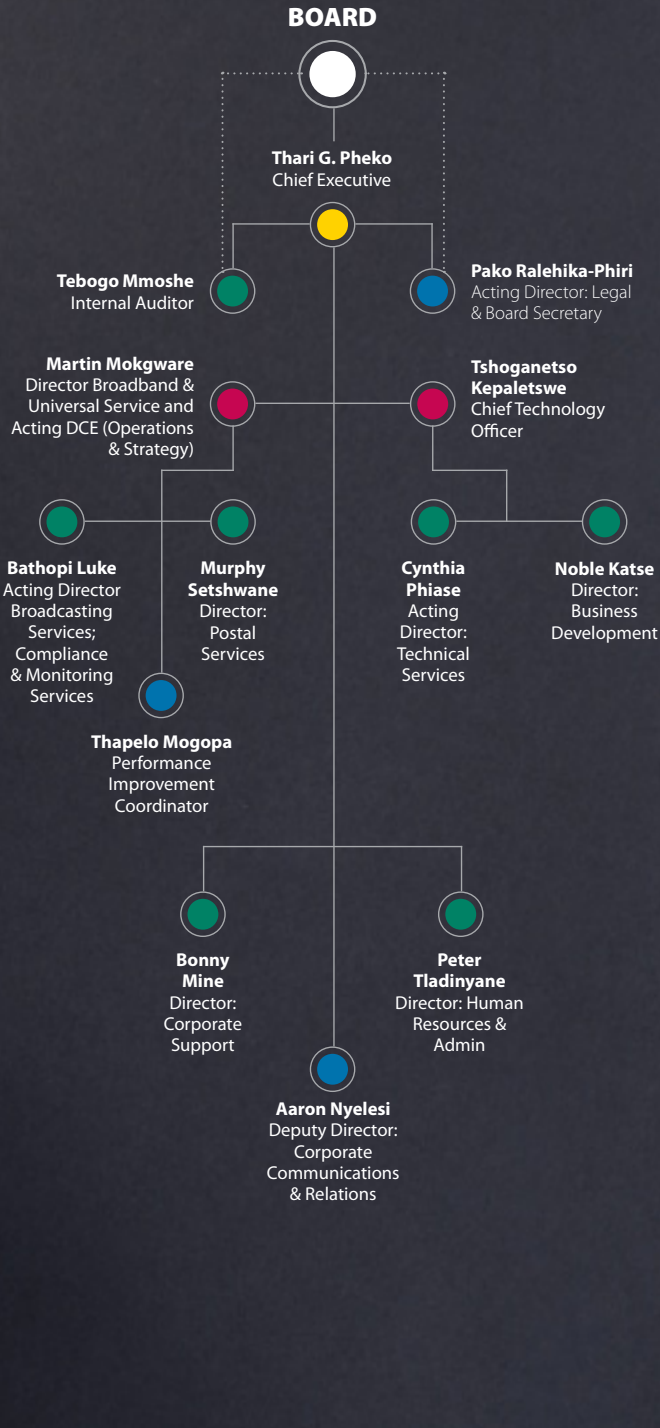
In the end, I am grateful for the opportunity to have been part of a vibrant sector development, and the support I received from the Ministry, Board, the industry and the staff of BOCRA. I can only wish BOCRA and the sector many more years of positive developments.



Thari G. Pheko
Chief Executive

MANAGEMENT & STRUCTURE

Thari G. Pheko Chief Executive 	
Tshoganetso Kapaletswe Chief Technology Officer 	Martin Mokgware Director Broadband & Universal Service and Acting DCE (Operations & Strategy) 
Pako Ralehika-Phiri Acting Director: Legal & Board Secretary 	Bonny Mine Director: Corporate Support 
Bathopi Luke Acting Director Broadcasting Services; Compliance & Monitoring Services 	Tebogo Mmoshe Internal Auditor 
Murphy Setshwane Director: Postal Services 	Thapelo Mogopa Performance Improvement Coordinator 
Peter Tladinyane Director: Human Resources 	Cynthia Phiasé Acting Director: Technical Services 
Noble Katse Director: Business Development 	Aaron Nyelesi Deputy Director: Corporate Communications & Relations 



LEGEND

-  Chief Executive
-  Deputy Chief Executive
-  Director
-  Deputy Director

CORPORATE GOVERNANCE

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The Board of Directors of the Botswana Communications Regulatory Authority (BOCRA) is a seven (7) member team, 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 7 non-executive members of the Board were appointed in July 2015 and consists of:

- Mr Peter van Riet-Lowe (**Board Chairperson**)
- Mrs Wilhemina T. Makwinja (**Board Vice-Chairperson**)
- Mr Joseph M. Matome
- Mr Thapelo Kalake
- Mr Monametsi Kalayamotho
- Mr Onkagetse Pusoentsi
- Major General (Rtd.) Bakwena Oitsile

The BOCRA Chief Executive, Mr Thari G. Pheko, is an ex-officio member of the Board, in accordance with Section 21(5) of the Act.

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Role of the Board

The Board ensures 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 planning, business planning for efficient operation, appropriate budgeting, policy development, and 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.

Board Committees

There are four (4) Board Committees, whose respective Terms of References detail the Committees' responsibilities and powers:

The **Finance and Audit Committee** - chaired by Mr. Joseph Matome, with Mrs. Wilhemina Makwinja, and

Mrs Ontlametse Sebonego (co-opted) as members. This Committee ensures that management creates and maintains effective financial controls, as well as managing all associated risk exposure for BOCRA.

The **External Tender Committee** - chaired by Mr. Monametsi Kalayamotho, with Major General (Rtd) Bakwena Oitsile, and Mr. Onkagetse Pusoentsi as members. The Committee is responsible mainly for adjudication and approval of procurement of goods and services valued between P2 million and P5 million.

The **Human Resources Committee** - chaired by Mrs. Wilhemina Makwinja with Mr Onkagetse Pusoentsi and Mr. Thapelo Kalake as members. The Committee ensures adherence to good corporate practice on all issues bearing on employer-employee relationship but without assuming the functions of management.

The **Regulatory Committee** - chaired by Major General (Rtd) Bakwena Oitsile, with Mr. Monametsi Kalayamotho and Mr. Thapelo Kalake as members. The Regulatory Committee advises the Board on, and ensures adherence to, the Act in so far as the Board's regulatory functions are concerned.

Table 1: Board Meetings Attendance & Sitting Allowance as at March 2017

Member	Ordinary Board Meeting	Special & Consultative Board Meeting	Finance & Audit Comm.	External Tender Comm.	Regulatory Comm.	Human Resource Comm.	Sitting Allowance
Mr. P. van Riet-Lowe	3/4	6/9	-	-	-	-	P735x 9 = P6 615
Mrs. W. Makwinja	2/4	6/9	5/5	-	-	6/6	P588 x19 = P11 172
Mr. J. Matome	4/4	7/9	5/5	-	-	-	P588 x16 = P9 408
Mr. T. Kalake	3/4	7/8	-	-	4/4	5/6	P588 x19 = P11 172
Mr. M. Kalayamotho	4/4	8/9	-	0/1	2/4	-	P588 x14 = P8 232
Mr. O. Pusoentsi	4/4	4/8	-	1/1	-	6/6	P588 x15 = P8 820
Maj. Gen. Bakwena Oitsile	4/4	9/9	-	1/1	4/4	-	P588x18 = P10 584
Mrs. O. Sebonego	-	-	5/5	-	-	-	P588 x 5 = P2 940
Mr. T.G. Pheko	4/4	7/8	3/5	0/1	4/4	5/5	

BOARD PARTICIPATION

Board Training

To ensure effective leadership and guidance, the Board is regularly trained. During this period, the members of the Board enhanced their understanding and knowledge of corporate governance by attending Being a Director training, which is a holistic training on effective directorship run by the Institute of Directors of Southern Africa. The members also attended the Regulatory Master Class in the United Kingdom, a training course on regulation of the communications sector, providing an in-depth knowledge of the principles of regulation and regulatory models, as well as key subjects such as universal services and licensing regimes.

Resources permitting, the Authority exposes the Board to various regulatory forums dealing with communications regulation in order to benchmark and engage in international discussions about the sector. This is due to the fact that the communications sector is a global resource, and the medium used is shared by the international community.

POLICY AND LEGAL REVIEW

Communications Regulatory Authority Act, 2012 Regulations

The CRA Regulations are intended to complement and elaborate the CRA Act on regulation of the communications sector. BOCRA played a role in the drafting of the Regulations, which are yet to be adopted and passed by the Ministry of Transport and Communications.

Electronic Records (Evidence) Regulations

The Regulations to the Electronic Records (Evidence) Act were gazetted by the responsible Ministry of Justice, Defence and Security, and came into effect on 1st May 2016. The Regulations mandate BOCRA to establish an approved process for the production of electronic documents, and certify electronic records systems for purposes of integrity.

Electronic Communications and Transactions Regulations

The Electronic Communications and Transactions Regulations were gazetted by the responsible Ministry of Trade and Industry on 8th April 2016. The Regulations give the Ministry of Trade and Industry a supervisory role of e-commerce, while BOCRA is responsible for the accreditation of the secure digital signature service providers and administration of take-down notices.

BOCRA Enforcement Guidelines

The BOCRA Enforcement Guidelines took effect on 1st July 2016. The Guidelines are meant to communicate the applicable procedures and processes in cases of non-compliance by the regulated sectors with the governing legislation, and their respective licences.

Proceedings Brought Before the Board

Pursuant to the Enforcement Guidelines, BOCRA instituted an investigation against GABZ FM in relation to the pre-recorded broadcast and live interview of one Pastor Stephen Anderson. The investigation was meant to assess possible contraventions by GABZ FM of Section 37 of the Act, Regulation 11 of the Broadcasting Regulations, as well as Clause 14, under Part 4 of the GABZ FM licence.

Having considered all the information before it, the Board found that in relation to the live broadcast, GABZ FM breached Section 37 of the Act and certain Parts of Clause 14 of its Radio Broadcasting Licence as read with Regulation 11 of the Broadcasting Regulations. In relation to the pre-recorded broadcast, GABZ FM was found not have breached Section 37 of the Act or Broadcasting Licence as read with the Broadcasting Regulations. For the contraventions found, the Board issued a warning letter to GABZ FM, and ordered the radio station to put in place a time-delay mechanism, which will ensure that any potentially non-compliant material is edited or stopped before it is broadcast, within 4 months of the order.

Legal Proceedings Brought by or Against The Authority

During the period under review, BOCRA was cited in an interlocutory application by a member of the public (Plaintiff) who, in the main action against her employer, claimed damages for unfair dismissal. In order to prove her claim in the main action, the Plaintiff requested court to order BOCRA, as the certifying authority of electronic records, to examine the records and thereafter produce a certificate of authenticity. The matter was dismissed with costs in favour of BOCRA, due to the Plaintiff's attorney's failure to attend court.

INTERNAL AUDIT

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and provide an unbiased view on the operations of the Authority. The function evaluates all auditable areas, reporting findings to the highest level – the Audit Committee of the Board and administratively to the Chief Executive

and Management. During the year under review, the main focus was the new mandate that the Authority was assigned through the 'Electronic Communications and Transactions Act', and 'Electronic Records (Evidence) Act', which took effect in the same period. Preparing for the new mandate, the Internal Audit function engaged in a range of activities around these two Acts, including:

- Assessing the implementation risk
- Assisting management in the improvement of internal controls
- Evaluating emerging risks and making recommendations

**BOCRA
strives to
minimise risk
at all times by
ensuring that
it has robust
internal
controls in
place.**



RISK MANAGEMENT

BOCRA strives to minimise risk at all times by ensuring that it has robust internal controls in place. Corporate risk is assessed every quarter, with mitigating factors also reviewed for their effectiveness. The first quarter of the 2016/17 financial year, BOCRA had fifteen (15) identified corporate risks. During the financial year, BOCRA Management committed itself to working tirelessly to mitigate the identified risks, and by the end of the fourth quarter, five (5) of the previously identified risks had been eliminated, while ten (10) were maintained and brought forward to the next year - mostly at reduced ratings. At the end of the 2016/17 financial year, there were twelve (12) identified risks, with ten (10) recurring from the previous year, and two (2) being emerging risks. Figure 1 illustrates BOCRA’s risk profile over the 2015/16 and 2016/17 financial years;

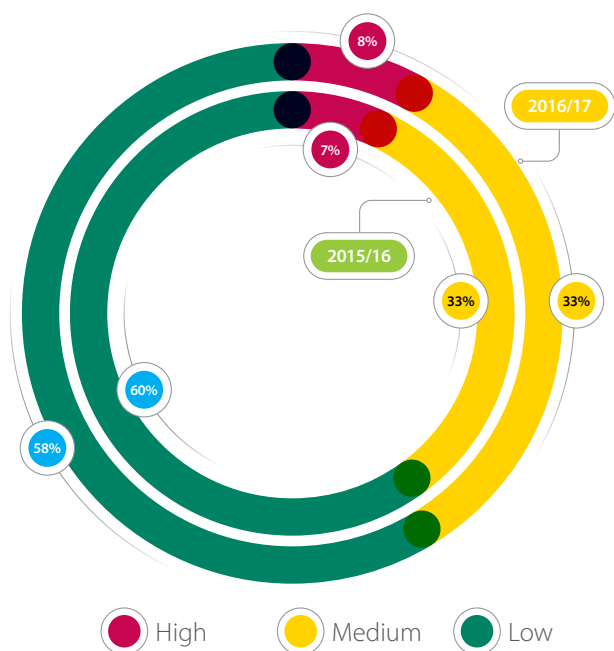


Figure 1: Risk Profile for 2015/16 and 2016/17 financial years

As illustrated in figure 1, even though the number of high risks remained the same in the reporting period compared to the previous year, in percentage terms,

they were slightly higher. Low risks on the other end, constituted 58% of all risks in the reporting period compared to the previous reporting period’s 60%. This slight decline was due to the elimination or falling away of some risks in the reporting period due to stringent risk mitigation strategies.

The risks ranged from R1 to R12, and are analysed in the risk heat map according to the impact that the risk would have on delivery of BOCRA Strategic Plan objectives, and the likelihood of the risk occurring. Of the risks identified in the reporting period, one (1) was rated as a HIGH risk and colour coded red, four (4) were rated MEDIUM risks and coded yellow, and lastly seven (7) were rated LOW risk and coded green. Figure 2 illustrates the spread of the risks in terms of their likelihood to occur, and potential impact.

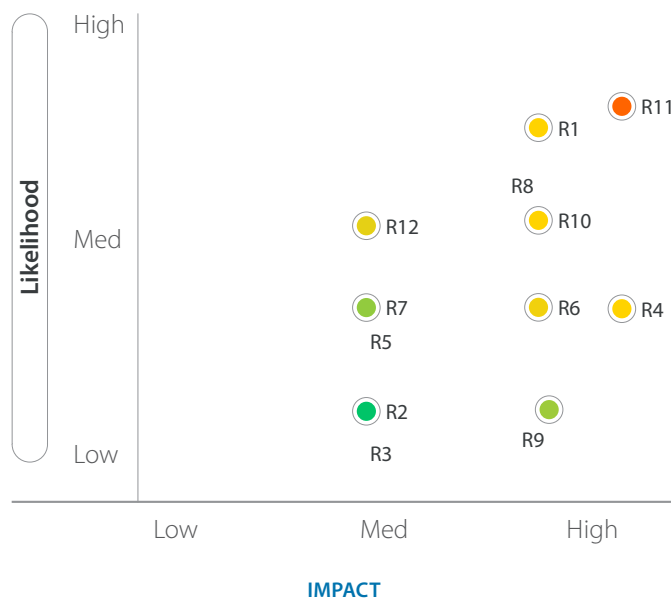


Figure 2: Risk Assessment Map

BUSINESS CONTINUITY

As with the preceding years, BOCRA continued to enhance its systems to ensure business continuity in the advent of any disaster. Following the recommendations of the report of the Disaster and Business Continuity Simulation Drill, carried out in February 2015, there was a system-overhaul of the Human Resource Management software in the reporting period, seeing migration to a system that is not only accessible online, but also on mobile devices and offers HR self-service to all employees. The system is web-based, enabling a secure access to BOCRA payroll data anywhere outside the Authority's premises at any time, with guaranteed data security and uptime. The intention is to have the system in the "cloud" for enhanced recovery turnaround times, should disaster strike.

MARKET REVIEW

• ICT MARKET PERFORMANCE REVIEW

Telecommunications Market Structure

The Botswana telecommunications market comprises three Mobile Network Operators (MNOs): Botswana Telecommunications Corporation Limited (BTCL), Mascom Wireless Botswana (Pty) Ltd (Mascom), and Orange Botswana (Pty) Ltd (Orange). In addition, the Botswana Fibre Networks (BoFiNet) was licensed in 2013 to provide wholesale services. Lastly, there are smaller players, commonly called Internet Service Providers (ISPs), which provide value added services and internet at a smaller scale than MNOs. Private Telecommunications Network Service (PTNS) providers, though they exist in the market, do not play a significant role, since they were only licensed to build private networks for internal business use.

The Botswana telecommunications market comprises three Mobile Network Operators (MNOs): Botswana Telecommunications Corporation Limited (BTCL), Mascom Wireless Botswana (Pty) Ltd (Mascom), and Orange Botswana (Pty) Ltd (Orange).



All the MNOs hold licences that allow them to offer mobile and fixed telephony services and products. Mascom and Orange currently offer mobile telephony services only, while BTCL provides fixed and mobile telephony services.

In this review period, all MNOs, BoFiNet, PTNLs, and a few of the ISPs held licences under the old licensing framework. Since September 2015, BOCRA began implementation of a new, converged framework, intended to create a more conducive environment for ICT development, under two major categories: Network Facilities Provider (NFP) Licence; and the Services Applications Provider (SAP) Licence. Evolution of the licensing framework was motivated by the need to meet demand for real-time high-quality and affordable services, and to accommodate emerging players for increased competitiveness in the telecommunications market. Licensees existing prior to September 2015 were given the opportunity to apply for migration to the new framework. MNOs and BoFiNet have started the process of migration, which was not completed in the reported period. ISPs were also at various stages of

the migration process. 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 due to slow uptake by licensees. Therefore, in this reviewed period, the market still consisted of licensees under the old framework and the new – a situation summarised in Table 2.

Table 2: Market Structure by Categories of Licences

LICENCES UNDER THE OLD FRAMEWORK	
Licence Category	Number of Licences issued
PTO	3
Wholesale provider	1
VANS	72
PTNL	32
LICENCES UNDER THE NEW FRAMEWORK	
Licence Category	Number of Licences issued
SAP	15
NFP	9

Source: BOCRA



Mobile Telephony Market

Botswana has experienced a remarkable growth of more than 100% in mobile telephony subscriptions since 2009. 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 encouraged 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.

Mobile subscriptions decreased from 3,460,331 in March 2016, to 3,226,389 in March 2017, representing a decline

of about 6.8% compared to 2% growth recorded between 2015 and 2016. Mobile Teledensity declined from 171% in March 2016 to 159% by March 2017. Over the past 5-years, mobile telephony subscriptions have been steadily increasing at an average of 4.5%. The sudden decrease in mobile telephony in the reviewed period was attributed mainly to a high churn rate experienced over the festive season of 2016 by the three operators, which had not been fully recovered until March 2017.

The market share as measured by the number of mobile subscriptions was as follows; Mascom Wireless was the leader at 53%, followed by Orange at 32% and BTCL (beMOBILE) at 15%. Market share of the three mobile operators for March 2016 and March 2017 is represented in Figure 3 and 4 respectively.

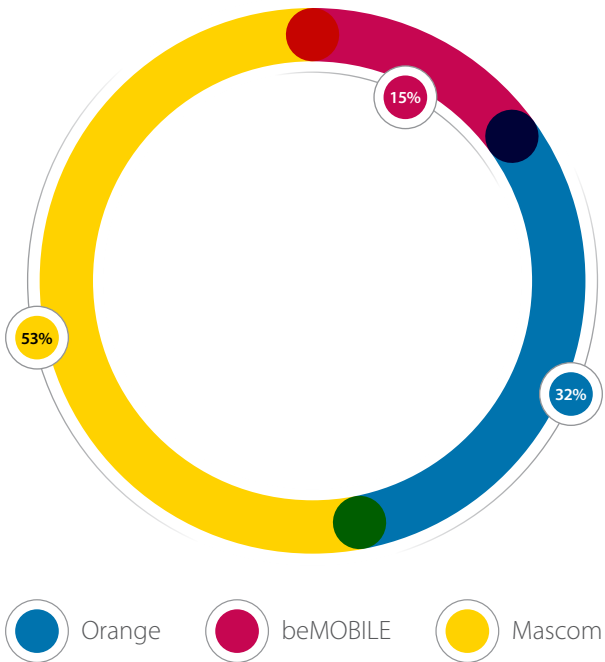


Fig 3: Mobile Telephony Market share as at March 2016
Source: BOCRA

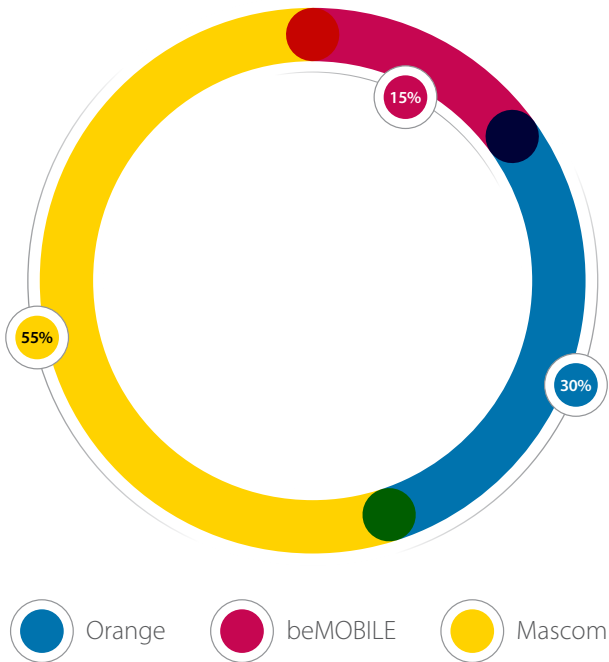


Fig 4: Mobile Telephony Market share as at March 2017
Source: BOCRA

In the current review, Mascom increased market share from 53% to 55%, and Orange experienced decreased market share from 32% to 30%, while beMobile remained at 15%.

The market share between pre-paid and post-paid mobile telephony subscriptions has remained the same for the past ten years at 98% and 2% respectively. The status quo affirms consumer preferences of prepaid services to post-paid services. Although post-paid offers lower calling rates per minute, it has recurring charges that are not consumption related, while prepaid allows for budget spending through pre-payment and paying for consumption. Refer to Figure 6 for comparison of prepaid against postpaid market shares.

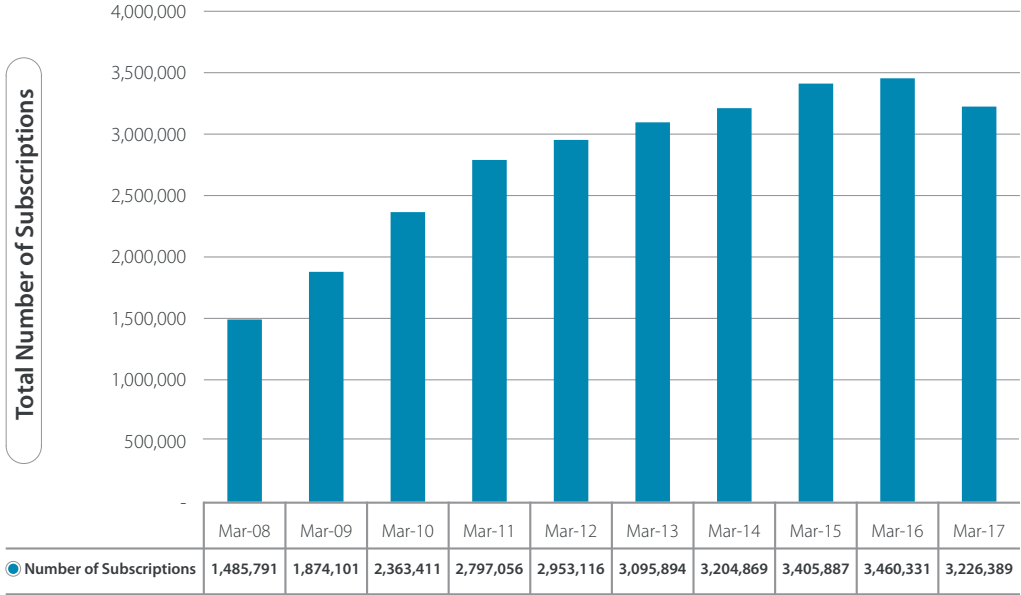


Figure 5: Mobile Telephony Subscriptions for the Past 10 Years

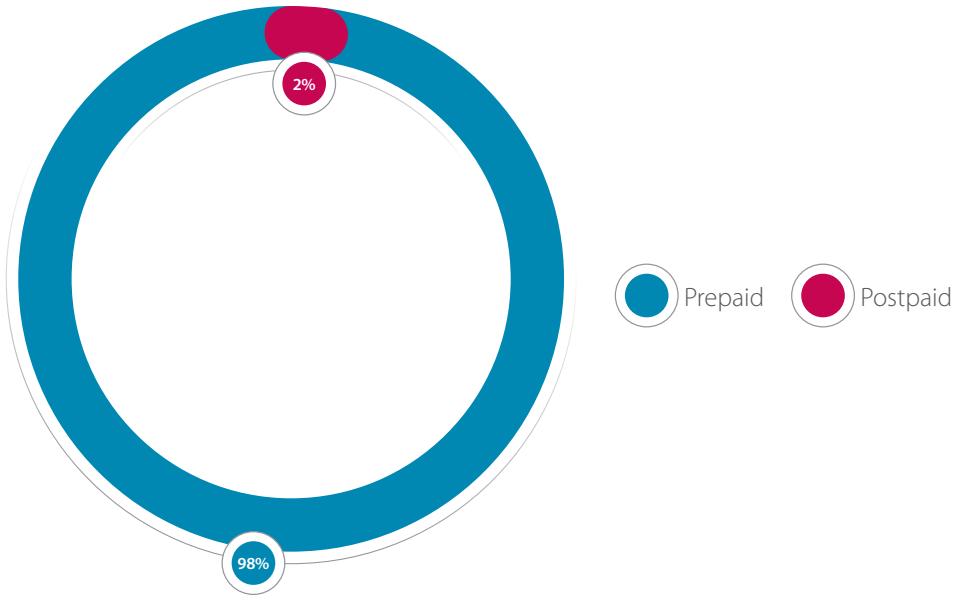


Figure 6: Prepaid and Post-paid Mobile Telephony Market for 2017
Source: BOCRA

6.8% mobile subscriptions decrease from 3,460,331 to

3,226,389

• **FIXED MARKET SEGMENT**

Fixed telephony subscriptions have been growing at very low rates over the past ten years. However, however decreased by a significant 13%, between March 2016 and March 2017, due to disconnections of some customers for non-payment of bills and migration of other customers to mobile telephony. Teledensity for fixed telephony has decreased from 8% in to approximately 7% in the same period. Figure 3 shows a trend of total fixed telephony subscriptions over a period of ten-years.

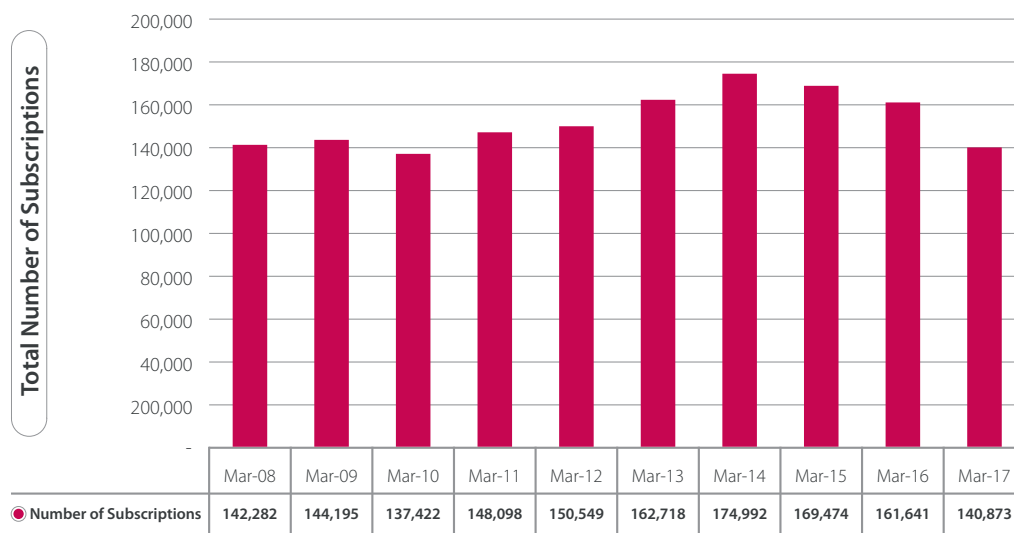


Figure 7: Fixed Telephony Subscriptions for the Past 10 Years

Source: BOCRA

The expected long-term market trend in fixed telephony services is a high possibility of further decline in demand, as consumers prefer the use of mobile telephony. The superiority of mobile telephony over fixed telephony is associated with convenience of mobility, capability to text, download music, graphics and motion pictures, as well as e-commerce on-the-go. The offerings by mobile telephony service providers are popular among the youth, who constitute at least 63 % of the population of Botswana. However, a new innovation is emerging, with fixed telephony offered over mobile cellular networks. The effect of this innovation is yet to be felt by the market.

• **INTERNET UPTAKE**

Fixed Broadband

Market trends show a growth in access and increased usage of fixed broadband into the future, as this service presents high-speed, high-capacity internet services that are more reliable and less costly than mobile internet. In the fixed broadband category, BTCL offers Asymmetric Digital Subscriber Line (ADSL), while Orange Botswana offers a fixed wireless broadband service named Konnecta. ADSL subscriptions between March 2016 and March 2017 increased by 68.4% from 35,394 subscriptions to 59,590 subscriptions. The number of subscriptions for the Orange fixed wireless internet increased by 183%,

from 3,180 to 8,997, and is anticipated to continue to increase steadily. Figure 8 shows the uptake of fixed broadband over the last 5 years.

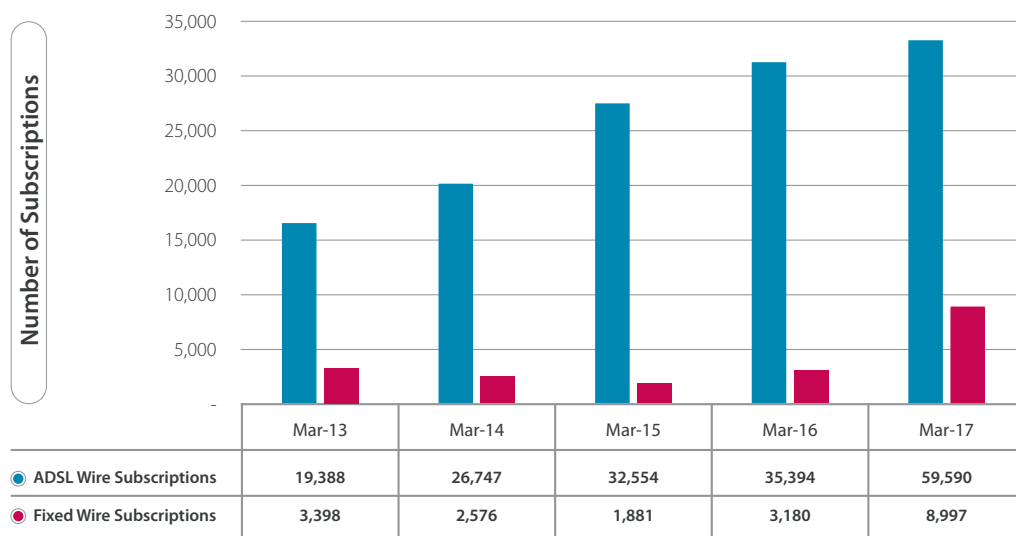


Figure 8: Fixed Broadband Subscriptions for the Past 5 Years

Source: BOCRA

Publication of Market Information

During the period under review, BOCRA continued to publish information on pricing of broadband services by VANS providers. The factsheets, which were published in the print media and on BOCRA website covered retail prices for services subsidised through the Universal Access and Service Fund (UASF) Wi-Fi hotspots project and other Internet service offerings. Publication of Internet pricing was necessary to raise consumer awareness and knowledge of available products/services, enabling informed choice. The publication reflected that the Internet retail services market was highly competitive, with several providers offering various packages. BOCRA continued to monitor Internet service provision with the intention to reduce prices further.

Mobile Broadband Market

A large number of the population has access to, and is using internet services through, smartphones, USB Modems and other wireless technologies as MNOs continue to increase coverage of mobile broadband and offer consumer driven packages. Mobile broadband penetration increased from 1,360,236 in March 2016 to 1,404,065 in March 2017 - an increase of 3%. The use of mobile technology surpassed fixed technology

Mobile broadband penetration

1,404,065

due to its convenience, although it is comparatively more expensive in relation to fixed technology. Coverage for mobile broadband technologies, such as 3G and Long-Term Evolution (LTE), are mostly prevalent in urban areas. Other internet access technologies, such as GPRS and EDGE are widely deployed throughout the country, giving mobile Internet access to most mobile subscribers. Figure 9 shows the uptake of mobile broadband over the last three years.

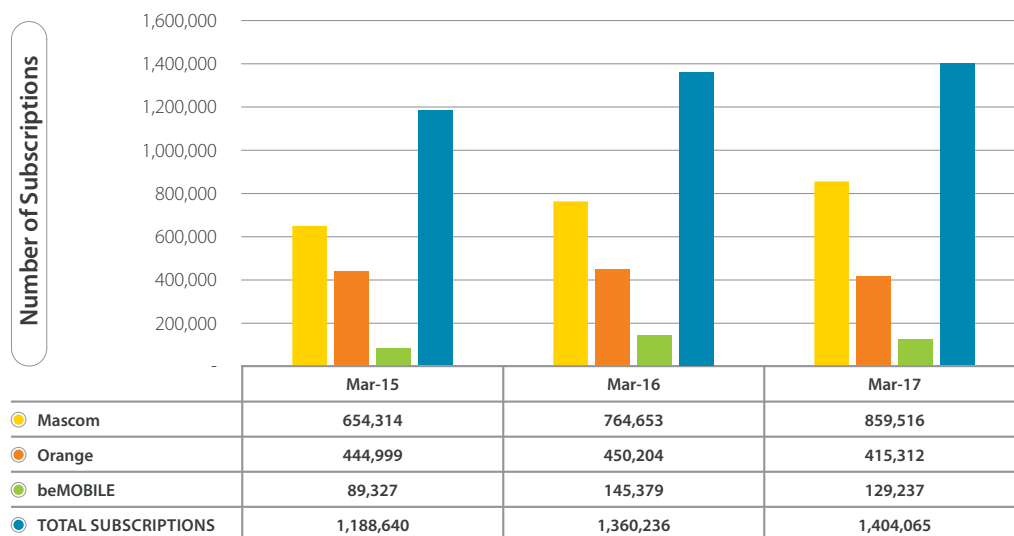


Figure 9: Mobile Broadband Subscriptions for the past 3 years

Source: BOCRA

NEW PRODUCTS AND SERVICES

Orange Botswana

Mobile Network Operators have been innovating, introducing numerous products and services to cater for the growing needs of their customers. Orange Botswana launched a low-cost data bundle called TsenKaCoin, which caters for non-committal prepaid customers who are on the high-end of data consumption for a short period. The TsenKaCoin bundle lasts for a day and is offered at P2.00 for 10MB translating to P0.20 per MB.

Another bundle that was launched is an offering of 50MB at P10.00 with a validity period of 30 days. This bundle is specifically offered as “top-up” for postpaid customers who deplete their monthly bundles during the month.

Orange Botswana also launched Mzansi4Less package, which is valid for one-day and offers calls to South African networks at a rate of P1.00 per minute.

Orange Botswana further introduced Prepaid Konnecta, which is a fixed broadband service meant to provide high bandwidth to customers without having to commit to a contract, or to customers not eligible for postpaid services.

In addition, Orange Botswana made changes to the existing All My Friends data service package. The changes included reduction in price for the 1-day bundle from P10 to P5, addition of the 1-week and 1-month bundles, and the increase of daily cap from 200MB to 500MB.

Mascom Wireless

Mascom reduced its prepaid voice and data packages. Voice calls reduced to P1.20 per minute from P1.35 per minute for on-net calls, and calls to fixed lines at peak rate. Calls to other mobile networks reduced to P1.50 from P1.70 at peak rate. Data tariff reduced from P1.05 to P0.95 per MB.

Mascom also revised the usage terms for My Social data plans, and introduced a daily cap of 500MB.

Mascom increased international tariffs for prepaid and postpaid voice calls to Zambia, Malawi, Lesotho and Mozambique mobile networks. This increase in tariffs was prompted by increased international termination rates, and the significant depreciation of the Pula against the USD. The approved prices are shown on the Mascom website.

Mascom also increased call tariffs to Zimbabwe due to increased termination rates, and depreciation of Pula against US Dollar. Prepaid calls increased from P3.40 to P6.00 per minute, while Post-paid tariffs increased from P2.91 to P4.50 per minute.

Botswana Telecommunications Corporation Limited (BTCL)

BTCL launched the Global Ethernet Service to enable the BTCL metro ethernet product to be offered for connectivity into South Africa. The solution provides dedicated seamless cross-border broadband to those corporates who currently utilise local Ethernet. BTCL also launched their 4G network and 4G based broadband packages.

BTCL discontinued Blackberry services due to escalating operating costs for the service. However, consumers who are in possession of Blackberry devices are able to use them for standard prepaid service. BTCL also increased its bandwidth prices for VSAT, due to increased supplier costs. In addition, BTCL reduced its retail metro ethernet tariffs in order to keep up with competition.

Fixed wireless
Internet subscriptions

8,997

ADSL
subscriptions

59,590

MOBILE MONEY SERVICES

All three mobile operators offer mobile money services, though beMOBILE put registration of new subscribers on hold in Q1 of 2016, pending a revamp of the service. Orange Botswana is the market leader at 68% market share, followed by Mascom Wireless at 31% market share and beMOBILE at 1%. The subscriber base for mobile money services grew significantly over the past 3 years.

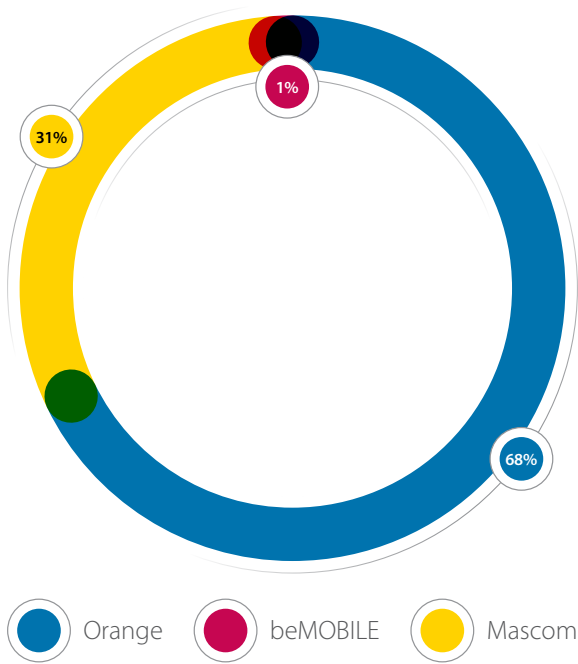


Figure 10: Market Share of Mobile Money Subscriptions as at March 2017

Source: BOCRA

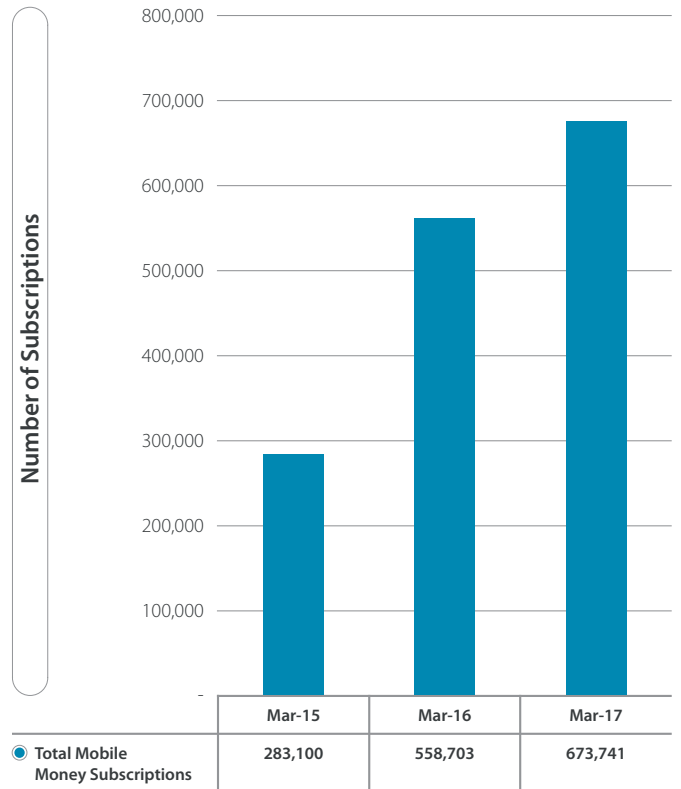


Figure 11: Mobile Money subscriptions for the past 3 years

Source: BOCRA

ROAMING SERVICES

Phase I of the price reductions for roaming services was implemented in October 2015 by four (4) SADC member states - Botswana, Zambia, Zimbabwe and Namibia. Phase II of the price reductions was due to be implemented in October 2016, but was suspended pending development of a cost model and pricing framework for regional roaming tariffs. The cost model and pricing framework will determine the impact of further tariff reductions, moving forward.

BOCRA Directive No. 1 of 2017

BOCRA issued Directive No. 1 of 2017 on 24 March 2017. The purpose of the Directive was to implement recommendations from the Cost Model and Pricing Framework that was developed in 2016/17. The major components of the Directive included, new Mobile Termination Rates; Fixed Termination Rates, removal of Off Net premium on prices for Off Net retail calls; facilitation of market entry of Mobile Virtual Network Operators (MVNOs); and a new requirement that all wholesale services must be offered on the basis of publicly available Wholesale Reference Offers. The Directive was due for implementation with effect from 1 June 2017.

FINANCIAL PERFORMANCE FOR THE TELECOMMUNICATIONS/ ICT SECTOR

There has been business and market growth during the year as shown in Table 3. Total revenues grew by 5% and licensees' asset base also grew by 5%. Total profits grew significantly from P290 million in 2015/16 to P890 Million in 2016/17. In 2015/16, one of the large operators incurred significant asset impairments which affected their profitability and total industry profitability while in the current year, there has not been any significant asset impairments hence the realised substantial profitability as a result of business operations. There was a slight reduction in investment in the current year as operators had spent significant capital in the previous year deploying 3G and 4G networks. There was 5% growth in revenues over the year. The growth in revenue is partly driven by data and bandwidth markets where consumers have become data hungry as they embrace the digital economy. It is expected that there will be sustained growth in the medium to long term owing to emerging consumer trends that broadband internet becomes a commodity that facilitates social communication as well business and commerce.

Table 3: Financial Indicators for Large Operators (Mascom, BTCL, Orange and BOFINET)

	2015/16	2016/17
Total Revenues	P 4,197,965,217	P 4,415,979,676
Total assets	P 6,693,227,455	P 7,041,094,496
Total Investments	P 1,079,415,583	P 721,765,374
Total Profits	P 298,215,844	P 890,293,612

Source: BOCRA

Total ICT sector revenue grew by 5% despite economic challenges. The growth was largely driven by data and bandwidth markets, as consumers have become data-hungry as they embrace the digital economy.

Total ICT Revenue

5%

POSTAL SECTOR REVIEW

Postal Licensing Framework

During the year under review, BOCRA introduced a new licensing framework for the postal sector in Botswana, with effect from August 2016. The framework comprises two licence categories being Commercial Postal Operator licence valid for ten-years, and the Public Postal Operator licence valid for fifteen-years. The new licensing framework is expected to facilitate the transformation and development of the postal sector in accordance with the provisions of the CRA Act, 2012. It is further expected to ensure fair competition and protection of consumer rights, as well as provision of universal postal services to the entire populace.

Licensing of Postal Operators

Following the implementation of the new postal licensing framework, the Authority issued Botswana Postal Services with two licences, one for the provision of universal postal services, and the other for the provision of express or commercial postal services. Sixteen (16) courier service licences were converted from the two year interim licences to the new commercial postal operator licence. These included; Sprint Couriers (Pty) Ltd; FedEx Express Botswana (Pty) Ltd; Botswana Couriers and Logistics (Pty) Ltd; Fast and Furious International (Pty) Ltd; First Connections Couriers (Pty) Ltd; KTU Express (Pty) Ltd; DHL International Botswana (Pty) Ltd; Aramex Botswana (Pty) Ltd; Pinnacle Express (Pty) Ltd; S. Couriers (Pty) Ltd; Ram Transport Botswana (Pty) Ltd; Skynet Worldwide Express (Pty) Ltd; Triton Express (Pty) Ltd; Enlink Freight Services (Pty) Ltd; Tri Optimum Logistics Close Company; and Bollore Africa Logistics Botswana (Pty) Ltd.

However, four courier service licences were not converted due to non-compliance. These were Parrot Worldwide Express (Pty) Ltd, Sivertron529 (Pty) Ltd; HMN Couriers Services (Pty) Ltd; and Swift City Couriers (Pty) Ltd. Moreover, three new market entrants were issued with commercial postal operator licence namely, TMS Logistics (Pty) Ltd; Zebra Hub of Excellence (Pty) Ltd;

Courier Solutions (Pty) Ltd. Under the new licensing regime, the total number of licensed postal operators stood at twenty (20) commercial postal operators, and one (1) public postal operator. Table 4 lists all licensed postal operators and their market focus.

Table 4: Market focus of Licensed Postal Operators as of March 2017

Domestic and International Courier, Express and Parcels Services	International Courier, Express and Parcels Services Only	Domestic Courier, Express and Parcels Services Only
Aramex Botswana	Bollore Africa Logistics Botswana (TNT)	Fast and Furious International
Botswana Couriers and Logistics	Enlink Freight Services	First Connections Couriers
Botswana Postal Services	Pinnacle Express	
Courier Solutions	S Couriers	
DHL International Botswana	Tri Optimum Logistics (UPS)	
FedEx Express Botswana	Triton Express	
KTU Express		
Ram Transport Botswana		
Skynet Worldwide Express		
Sprint Couriers		
TMS Logistics		
Zebra Hub of Excellence		

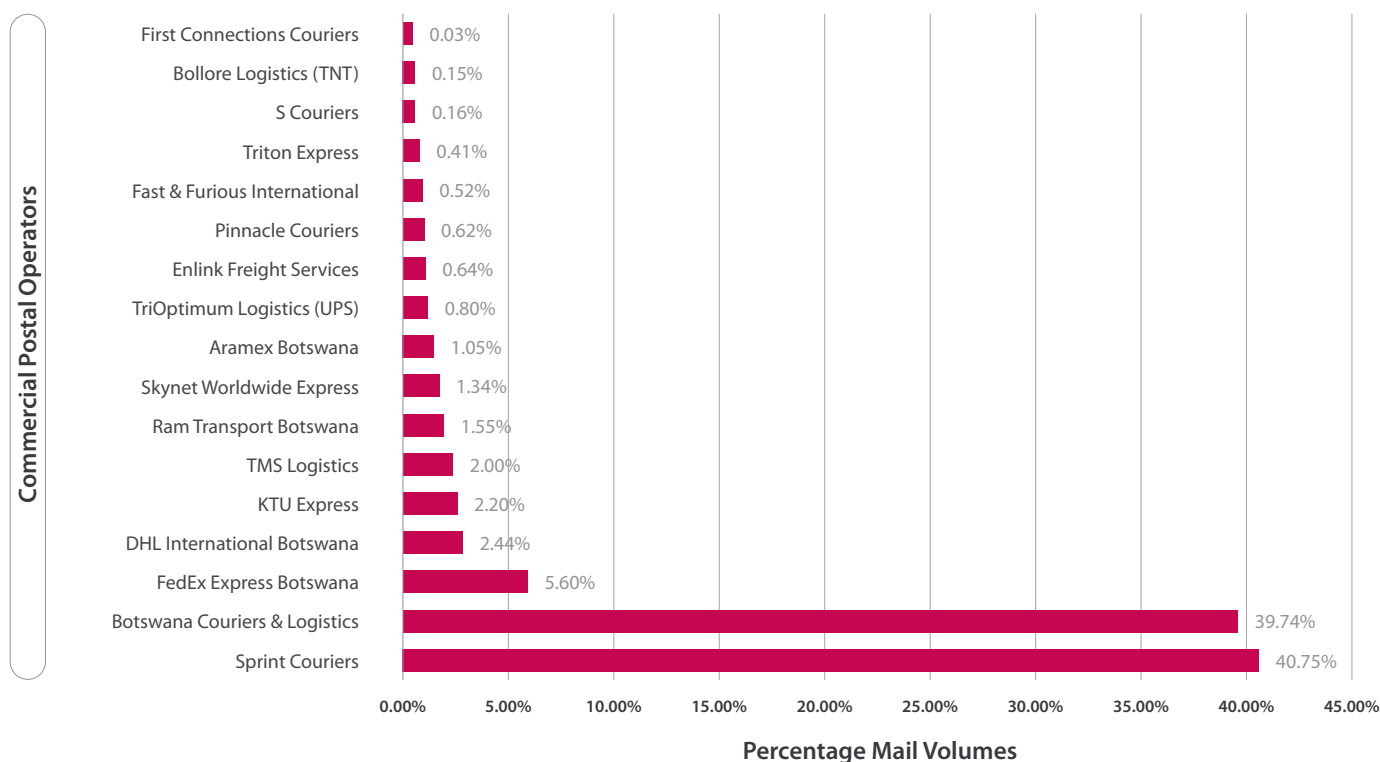
1 Number of licensed public postal operators

20 Number of licensed commercial postal operators

Commercial Postal Operators Market Share

Due to increased demand for better quality of services by consumers, value added postal services provided by commercial postal operators have become an essential element in the postal sector in Botswana. Commercial Postal Operators have therefore, positioned themselves to be the most preferred partners in doing business, by offering services which are quality-based, such as time definite service standards, track and trace of consignments, insurance and delivery guarantees. Commercial Postal Operators in Botswana offer domestic and international (inbound and outbound) mail services. The market share for Commercial Postal Operators, as measured by their mail volumes for domestic and international mail, is presented in Figure 12.

Figure 12. Commercial Postal Operators' Market Share as March 2017



As of March 2017, the postal market was dominated by two companies being, Sprint Couriers and Botswana Couriers and Logistics. These two companies accounted for almost 80% of the postal market share. Sprint Couriers and Botswana Couriers and Logistics' mainly focused on provision of courier services, compared to other operators who were mainly focused on logistics and/or freight services with less focus on courier services. Sprint Couriers was the market leader with 40.75%, followed by Botswana Couriers and Logistics standing at 39.74% of the market share and FedEx Express, DHL International Botswana and KTU Express with 5.60%, 2.44% and 2.20% respectively to close the top five companies. Conversely, eight companies had a market share of less than 1% each. First Connections Couriers and Bollore Africa Logistics had the least market share, accounting for 0.03% and 0.15% respectively.

ACCESS TO UNIVERSAL POSTAL SERVICES

Section 68 of the CRA Act, 2012 mandates BotswanaPost as the Designated Public Postal Operator, to provide Universal Postal Services. Universal Postal Services include, but are not limited to the following services: the conveyance of domestic and cross-border items of correspondence of a weight up to 100 grams, and postal packages to be delivered through a P.O. Box; the issuing of stamps bearing the word “Botswana” or imprinted with an effigy of Head of State of Botswana; and the placing of street letter boxes for mail collection. BotswanaPost is further mandated by Section 71(c) of the CRA Act, 2012 to provide P.O. Boxes in communities with at least 5000 inhabitants. Pursuant to the latter, BotswanaPost developed a network of service points throughout the country, comprising 124 post offices and 86 postal agencies. Table 5 shows the geographical coverage of BotswanaPost network as well as the number of inhabitants per postal service point. As at March 2017, the average number of inhabitants per postal service point in Botswana stood at 9,642. The network coverage of BotswanaPost showed a positive effort at ensuring access of universal postal services by all inhabitants of Botswana.

Table 5: Inhabitants Per Postal Service Point as of March 2017

Districts	Postal Service Points (Post offices and Postal Agencies)	Population (Population Census 2011)	Inhabitants Per Postal Service Point
Central	67	638,604	9,531
Ghanzi	14	43,355	3,097
Kgalagadi	8	50,492	6,312
Kgatleng	13	91,660	7,051
Kweneng	18	304,549	16,919
North East	16	159,225	9,952
North West	21	175,631	8,363
South East	30	345,613	11,520
Southern	23	215,775	9,382
Total	210	2,024,904	9,642
Average Inhabitants per Post Office			9,642

9,642

Average number of inhabitants per postal service point

Postal Quality of Service

BOCRA introduced a quality of service monitoring framework for ordinary mail carried through the BotswanaPost network. The main objective of the exercise is to monitor quality of service for ordinary mail, as it constitutes about 95% of the total mail volumes in Botswana. Under this arrangement BOCRA appointed a number of independent postal panellists in various parts of the country who receive test mail and report delivery standards back to the Authority. The data is then recorded, analysed and shared with the Public Postal Operator to help improve its quality of service. Full implementation and measurement will commence during the 2017/18 financial year.

BROADCASTING SECTOR REVIEW

Broadcasting Licensing

BOCRA invited applications for different classes of television broadcasting services being Subscription Management Service (SMS), and Content Service Providers (CSP) for Satellite and Digital Terrestrial Television, as either Free to Air (FTA) or Subscription based service.

The SMS licence is issued to a service provider whose sole responsibility is to enable consumers to access broadcasting content that is packaged by another party and is not necessarily being broadcast from Botswana.

The CSP licence would enable the service provider to either provide broadcasting content as a single channel or aggregate several channels into a bouquet over different platforms. The content could be produced by the licensee or commissioned from third parties, and could be in the form of a full channel or specific programmes. The licensee could also offer data-casting services, such as weather, education or entertainment information.

Four (4) applications met the requirements for Subscription Management Service provider licences. The licenses will be issued in the first quarter of 2017-2018. The objective issuing licences under these categories is to promote diversity and plurality of the offerings in the broadcasting market.

Similarly, the Authority issued an Invitation to Apply (ITA) for Network Facilities Provider (NFP) licence for Digital Terrestrial Television (DTT) in Botswana. The NFP will be awarded for service providers to own, operate, or provide any form of physical signal distribution infrastructure, including fixed links, broadcast transmitters and Multiplexors, used primarily for carrying and distributing content from DTT Content Service Providers (CSP). A CSP will be responsible for aggregating content and provide service into a channel or consumer-oriented packages (bouquets). Since the digital technology allows for more television channels within the same frequency resource, traditionally used by analogue technology, this approach was chosen to ensure that the transmission infrastructure is shared by CSPs to ease market entry.

BOCRA authorised Hub TV and Vodcast to implement Internet Broadcasting. The companies were given Online Broadcasting Guidelines to guide their operations. The objective of the authorisation was to explore the viability of the Internet broadcasting in Botswana.

Broadcasting Trials

During the year under review, BOCRA awarded Khuduga HD and Access TV three (3) months trial licences for CSP for DTT. The two entities broadcast on ISDB-T together with Btv channel and Btv2 channel of the State Broadcaster multiplexor. The objective of the trial licences was to test the viability of broadcasting market in Botswana, specifically on the DTT platform. The trial period was extended following requests from the two entities, which are required to share the results of the trials on completion.

LOCAL CONTENT INITIATIVE

Local Content Strategy

BOCRA has been facilitating development of the Local Content Strategy, in line with its mandate of ensuring domestic sector development. The Strategy was implemented in collaboration, with the Local Content Committee (LOCOC), Companies and Intellectual Property Authority (CIPA), Ministry of Youth Empowerment, 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.

MONITORING OF BROADCASTING SERVICES

Service Availability Rate

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.

Table 6: Service Availability Rate for the Past 4 Quarters

Stations	April- June 2016	July – September 2016	October – December 2016	January – March 2017	Change within review period	Average	Short-fall (Target – Average)
GABZ FM	92.00%	94.00%	95.75%	93.20%	1.20%	93.74%	5.26%
Yarona FM	98.89%	99.40%	96.73%	98.13%	-0.76%	98.29%	0.71%
Duma FM	92.00%	92.00%	95.00%	94.00%	2.00%	93.25%	5.75%
eBotswana	94.00%	94.00%	99.00%	99.90%	5.90%	96.73%	2.27%

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 quarters reaching the lowest in the fourth quarter. The drop in SAR was attributed to problems with technical configurations of antennae systems. Duma FM's SAR dropped from 95% to 94% in quarter 4. 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.

Local Content Quota

The broadcast stations were monitored for compliance with local content quota requirement among other licence conditions. Table 7 shows performance on local content.

Table 7: Local Content Quota 2016/17

Stations	April - June 2016	July - September 2016	October - December 2016	January - March 2017	Average
GABZ FM	21.70%	40.00%	23.80%	42.00%	32.00%
Yarona FM	36.00%	53.00%	40.00%	40.00%	42.00%
Duma FM	42.00%	42.00%	42.00%	42.00%	42.00%
eBotswana	7.10%	8.90%	11.10%	11.10%	10.00%

During the period under review, Gabz FM registered improvement in broadcasting local content, recording 42% in the fourth quarter. However, it was discovered that Gabz FM had been under-reporting its aired local content quota because the broadcaster was using a shorter period than the time set for active monitoring. Duma FM remained constant at 42% throughout the year under review, while Yarona FM achieved the 40% content quota. Notably there was a significant increase in the second quarter due to the stations heeding to Government calls to promote local content in commemoration of 50th anniversary of independence celebrations.



Commercial Broadcasting Population Coverage

Television and radio broadcast coverage has been expanding at a slow pace; attributed by Broadcasters to financial constraints. BOCRA, through Universal Access and Service Fund (UASF), encouraged commercial radio stations to collaborate and request combined funding to expand their FM broadcasting signal to unprofitable areas. The initiative will be considered in financial year 2017/18, in line with the UASF strategy.

Broadcasting Population Coverage 2016/2017

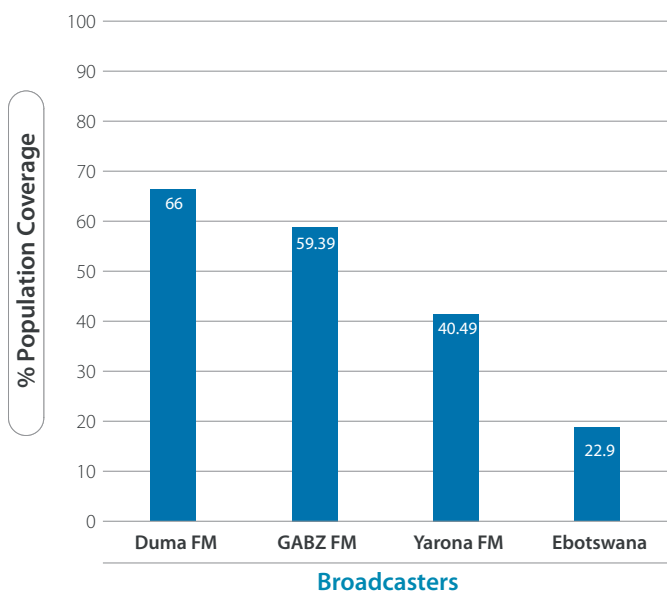


Figure 13: Broadcasting Population Coverage

Figure 13 presents commercial broadcasting population coverage in Botswana for the year 2016/2017. For commercial Terrestrial FM Radio, GABZ FM had the highest population coverage recorded at 59.39% of the population of Botswana. Yarona FM 40.49% and Duma FM covered 66% of the population of Botswana. eBotswana, a commercial terrestrial television provider covered 22.9% of the population (Gaborone only, consistent with its licence).



SPECTRUM MANAGEMENT AND MONITORING REVIEW

Country Code Top Level Domain (.bw)

The Dot.bw(.bw) top-level domain name space continued to grow slowly despite BOCRA not charging registration fees to local registrars. The slow growth was attributable to a couple of factors:

- Even though BOCRA did not charge local registrars for registering domain names, Registrars in turn charged registrants fees which were not competitive with what the market offered for Generic Top-Level Domains (gTLDs); thus, many people still preferred to register gTLDs.
- When BOCRA assumed responsibility for management of the .bw domain from BTC, it discovered that BTCL had permanently closed registration for second level domains. Most companies prefer registering at second level, and as a result, registrants had gone elsewhere for registration of shorter names, such as .com. Aware of this gap BOCRA, in consultation with stakeholders, facilitated development of policies and related fee structures for administration of .bw. However, the industry but could not agree on the fees for registering second level domains. The second round of consultations with stakeholders will be conducted during the financial year 2017/18, to decide on re-opening for second level domains.
- While the domain name registration system is automated on BOCRA side, Registrars still used a manual system to register their customers. As a result, it took longer to register a .bw domain name compared to registering a gTLD domain name such as .com.
- The manual process also resulted in a low rate of renewals as customers chose quicker services in other international registries. The low rate of renewals led to a sizeable number of names deleted and purged from the registry.

BOCRA continued to encourage registry operators to automate their registration processes.

KEY STATISTICS

Figure 14 shows the status of the existing number of registered domain names.

Status of Domain Names

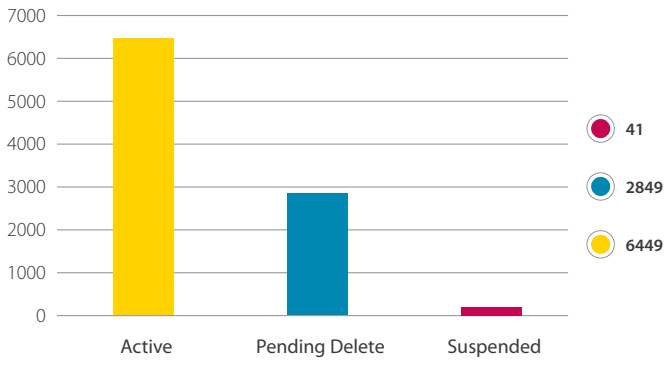


Figure 14: Status of Domain Names

Figure 15 shows the status of different types of domain names. The status excludes Gov domain names as they are by Government. The figure depicts that companies dominate in the registration of domain names compared to Government and academic institutions.

Number of Domain Names by TLD.

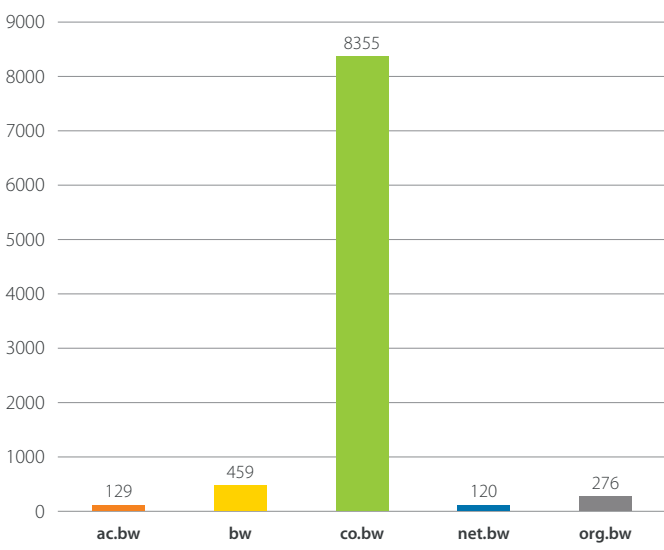


Figure 15: Number of Domain Names by TLD

Fixed Wireless Access Spectrum

BOCRA released Fixed Wireless Access (FWA) spectrum in frequency bands 2300-2400 MHz and 3400-3600 MHz to compliment ADSL service and facilitate increase of broadband penetration in line with the objectives of the National Broadband Strategy and compliment ADSL service. The 2300-2400 MHz spectrum had a cap of 40MHz, while 3400-3600 MHz spectrum had a cap of 30MHz.

World Radiocommunication Conference (WRC-19) Preparations

Botswana is Chair of the 2019 World Radiocommunication Conference (WRC-19) preparatory process for the Southern African Development Community (SADC) Region. The Chairmanship role entails providing rapporteur services for four agenda items for the region, and one agenda item for the entire African continent.

BOCRA, on behalf of Botswana, commenced the first preparatory meeting in August 2016 to appraise stakeholders of the outcomes of the WRC-15, and inform them of WRC-19 agenda items. In December 2016, Botswana hosted the first SADC preparatory meeting, which set the structure for the preparations for 2019. The next meeting will be held in Livingstone, Zambia during the next financial year to consolidate preliminary SADC position in preparation for the Africa meeting to be held later in the year.

The following are some of Botswana’s high priority agenda items for WRC-19;

• RAILWAY RADIOCOMMUNICATION SYSTEMS

Agenda item 1.11 seeks to facilitate global or regional harmonised frequency bands to support railway radiocommunication systems, between train and trackside within existing mobile service allocations, in accordance with Resolution 236 (WRC-15). The envisaged Railway Radiocommunication Systems between Train and Trackside (RSTT) are intended to improve railway traffic control, passenger safety and security for trains. The current railway radiocommunication systems between Train and Trackside are narrowband, hence the need for broadband railway radiocommunication technologies to facilitate various functions to meet the needs of high-speed railway environments. In order to facilitate harmonisation, the following frequency bands are under consideration;

Table 8: Frequency bands under consideration for Railway Radiocommunication Systems

Band No.	Frequency Band (MHz)	Name of Band
1	137-138	
2	272-273	200 MHz
3	336-346	300MHz
4	356-366	
5	452.500-457.475	450 MHz
6	462.500-467.475	
7	703-713	700MHz
8	758-768	
9	791-801	800MHz
10	832-842	
11	873-876	900 (E-GSM-R)
12	918-921	
13	876 - 880	900 (GSM-R)
14	921 - 925	
15	1350 - 1360	1.4GHz (L-Band)
16	1375 - 1385	
17	1427-1437	
18	1492- 1502	

Some of the frequency bands are already allocated/assigned to land mobile, mobile or broadcasting services. At the end of the reporting period, consultation with key stakeholders for this agenda item, such as Botswana Railways, was ongoing, ensuring that Botswana's interests were taken into consideration for the SADC and Africa Telecommunication Union (ATU) preparatory meetings for WRC-19.

The envisaged Railway Radiocommunication Systems between Train and Trackside (RSTT) are intended to improve railway traffic control, passenger safety and security for trains.

- **HARMONISED FREQUENCY BANDS FOR INTELLIGENT TRANSPORT SYSTEMS (ITS)**

Agenda item 1.12 deals with possible global or regional harmonised frequency bands for the implementation of evolving Intelligent Transport Systems (ITS) under existing mobile-service allocations, in accordance with Resolution 237 (WRC-15).

The agenda item seeks to address methods for integrating ICTs into vehicle systems, to provide Intelligent Transport Systems (ITS) communication applications for the purpose of improving traffic management and assisting safe driving. In this regard, a need was identified to integrate various technologies, including radiocommunications, into land transportation systems. Hence, the need for consideration of regional and global spectrum harmonisation for ITS applications. The frequency bands under consideration are as follows; 2.4 GHz (2400-2500 MHz), 5.8 GHz (5725-5875 MHz), 24 GHz (24-24.25 GHz), 61 GHz (61-61.5GHz).

During the reporting period, studies continued on this agenda item. Most of the proposed bands targeted ISM applications. Botswana, like most developing countries with challenges of traffic congestion and safe driving, support this agenda item as it will lead to improvement of traffic management.

- **HIGH-ALTITUDE PLATFORMS**

Agenda item 1.14 considers appropriate regulatory actions for high-altitude platform stations (HAPS), within existing fixed-service allocations, on the basis of ITU-R studies and in accordance with Resolution 160 (WRC-15).

The agenda item recognises the need for greater broadband connectivity and telecommunication services in underserved communities and in rural and remote areas and that current technologies could be used for broadband applications delivered by base stations operating at high altitudes. High-Altitude Platform Stations (HAPS) have been identified as one possible means for providing fixed broadband connectivity that would enable wireless broadband deployment in remote areas, including mountainous, coastal and sandy desert areas.

The frequency bands under consideration for High-Altitude Platforms are 6 GHz, 21.4 - 22 GHz, 24.25 – 27.5GHz, 27.9 -28.2GHz/31-31.1GHz, 38 – 39.5 GHz and 47.2 – 47.5GHz/47.9 -48.2GHz.

High-Altitude Platform Stations (HAPS) have been identified as possible means for providing fixed broadband connectivity that would enable wireless broadband deployment in remote areas.

- **ADDITIONAL SPECTRUM ALLOCATION FOR MOBILE COMMUNICATION (INTERNATIONAL MOBILE TELECOMMUNICATION- IMT) SYSTEMS**

WRC-15 adopted Agenda Item 1.13, which seeks to identify additional frequency bands for the future development of International Mobile Telecommunications (IMT), including possible additional allocations to the mobile service on a primary basis, in accordance with Resolution 238 (WRC 15). Eleven (11) frequency bands have been identified for consideration under this agenda item, some of which have already been allocated for mobile services on a primary basis.

Resolution 238 called for studies on frequency-related matters for IMT identification including possible additional allocations to the mobile services on a primary basis in portion(s) of the frequency range between 24.25 and 86 GHz for the future development of IMT for 2020 and beyond: The resolution invite ITU-R to conduct and complete in time for WRC-19 the appropriate sharing and compatibility studies, taking into account the protection of services, to which the band is allocated on a primary basis, for the following frequency bands:

- 24.25-27.5 GHz, 37-40.5 GHz, 42.5-43.5 GHz, 45.5-47 GHz, 47.2-50.2 GHz, 50.4-52.6 GHz, 66-76 GHz and 81-86 GHz, which have allocations to the mobile service on a primary basis; and
- 31.8-33.4 GHz, 40.5-42.5 GHz and 47-47.2 GHz, which may require additional allocations to the mobile service on a primary basis.

For Botswana, the above frequency bands have been reserved for future allocation to the fixed service. However, there is a strong interest in the 24.25-27.5 GHz and 66-76 GHz frequency bands.

WRC-15 adopted Agenda Item 1.13, which seeks to identify additional frequency bands for the future development of International Mobile Telecommunications (IMT).

- **ADDITIONAL SPECTRUM AND SHARING CONDITIONS FOR WIRELESS ACCESS SYSTEMS INCLUDING RLANS IN THE BAND 5150 – 5925 MHZ**

Agenda Item 1.16 considers studies in the band 5150 – 5925 MHz in order to inform WRC-19 on the decision as to whether or not to accommodate Wireless Access Systems (WAS)/RLANs in the band. In the event of a positive outcome, the studies should establish the conditions of operation of the incoming systems. Among other things, Resolution 239 instruct the ITU-R to conduct studies with a view to identifying potential WAS/RLAN mitigation techniques to facilitate sharing with incumbent systems in the frequency bands 5 150-5 350 MHz, 5 350-5 470 MHz, 5 725-5 850 MHz and 5 850-5 925 MHz, while ensuring the protection of incumbent services including their current and planned use.

In Botswana, the frequency bands 5150 – 5250 MHz, 5250 – 5350 MHz and 5470 – 5725 MHz are heavily used for RLAN, while the frequency band 5725–5875 MHz are designated for ISM applications but also used for RLAN. Due to high usage of RLAN bands and the potential for frequency interference, additional frequency bands are required as proposed in agenda item 1.16, which will play an important role in the development of broadband services in Botswana. The proposed bands are suited or offering high-speed Internet applications and other services such as e-learning and e-government.

- **REGULATORY FRAMEWORK FOR NON-GSO FSS SYSTEMS**

Agenda item 1.6 considers the development of a regulatory framework for non-Geo Stationary Orbit (GSO) Fixed Satellite Stations (FSS) satellite systems that may operate in the frequency 37.5-42.5 GHz (space to earth) and 47.2-50.2 GHz (earth to space) and 50.4-51.4 GHz (earth to space), in with Resolution 159(WRC-15).



Three studies are available on the agenda item:

- i) GSO FSS/non-GSO FSS sharing studies;
- ii) Non-GSO FSS and EESS (passive) compatibility studies; and
- iii) ITU-R Recommendation outlining the sharing conditions between GSO FSS and non-GSO FSS systems.

ITU-R studies have shown that in the 50/40 GHz bands, propagation impairments, such as rain, cloud and gaseous absorption, exist that can substantially affect FSS satellite links. To account for the differences in propagation in these higher frequency bands, a new Recommendation on sharing criteria for FSS systems in the 50/40 GHz frequency bands is being developed in parallel with the studies associated with this agenda item. The proposed new Recommendation aims to establish appropriate protection criteria and maximum permissible levels of interference for emissions between FSS networks (GSO/FSS; non GSO/FSS; GSO and non-GSO/MSS feeder links) operating co-frequency in the 50/40 GHz frequency bands.

Non-GSO FSS systems in the 50/40 GHz band can be utilised to unlock a new and promising source of global broadband communications. The benefits of such non-GSO satellite systems include providing worldwide connectivity, and high-quality communication services to users in all geographic settings such as urban, rural or remote, and offer tools for definitively addressing the longstanding broadband gap. Developing a regulatory framework in the 50/40 GHz band will provide regulatory certainty to allow non-GSO satellite systems to efficiently operate in the existing FSS frequency bands, while protecting GSO and other existing services. Botswana, therefore is in support of the development of regulatory framework for non-GSO satellite systems.



Non-GSO FSS systems in the 50/40 GHz band can be utilised to unlock a new and promising source of global broadband communications.

Radio Licensing

BOCRA continued to receive an increasing number of applications for radio licences, with applications increasing by 5 % during this financial year. Applications for the land mobile category formed a significant proportion of this increase, which corresponds with an increase in the number of security and cab companies entering the market in the previous year.

Spectrum Monitoring

BOCRA continued to monitor the frequency spectrum through the use of mobile monitoring vehicles and the sixteen fixed monitoring sites installed across the country.

BOCRA conducted a spectrum monitoring exercise to ensure that the frequency bands to be allocated for FWA spectrum were free from interference before operators could be licensed. All the proposed frequencies were determined to be without harmful interference.

Figures 16, 17 and 18 depict 2G, 3G and LTE national network coverages.

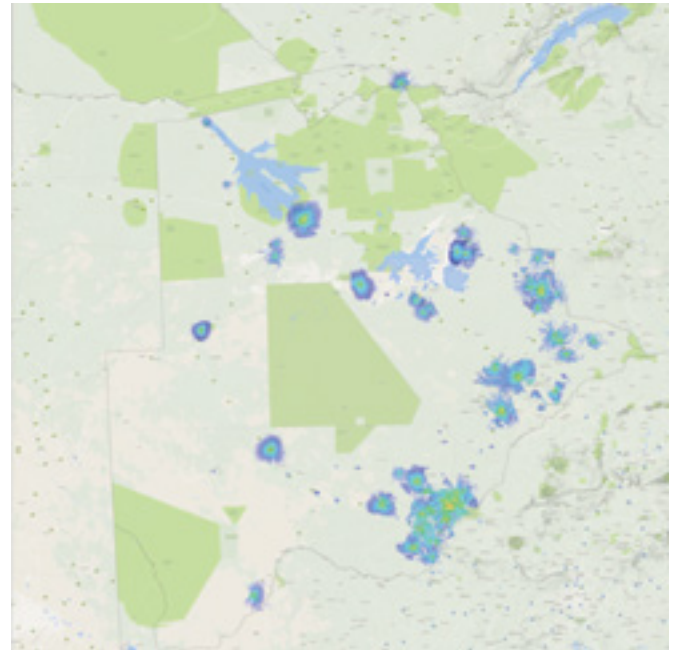


Fig 17: National 3G Network Coverage

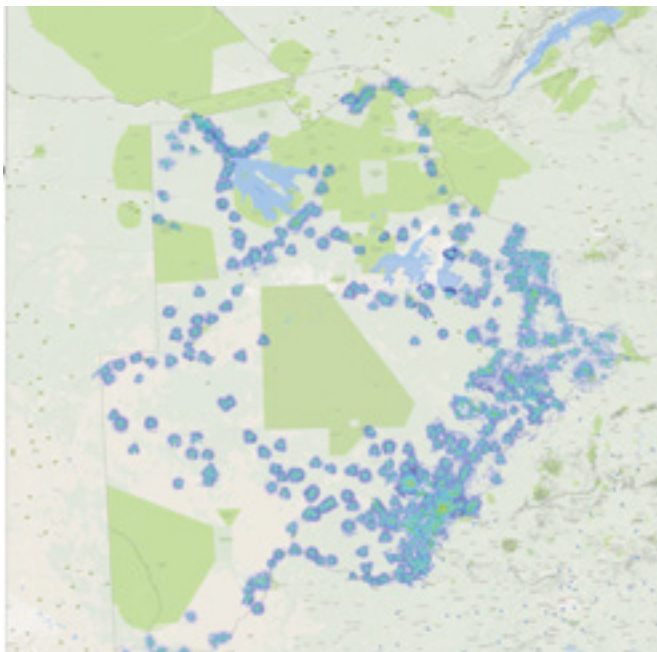


Fig 16: National 2G Network Coverage

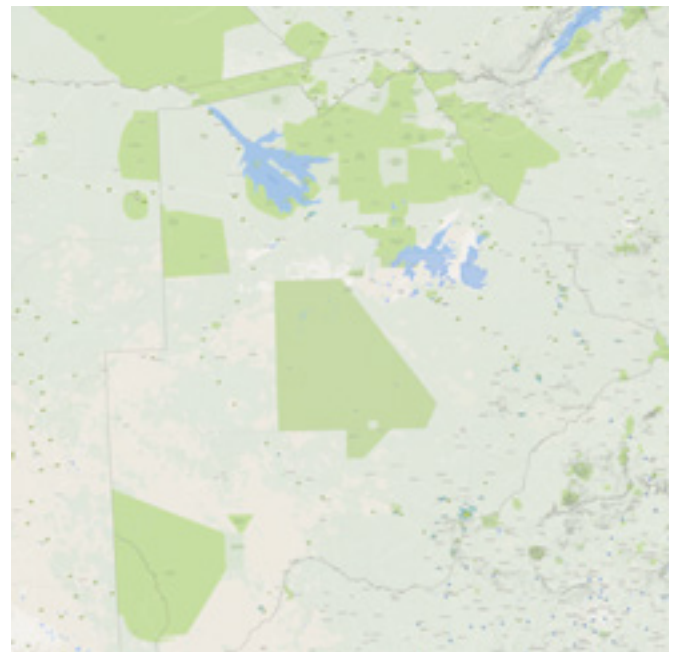


Fig 18: National 4G / LTE Network Coverage

Type Approval

BOCRA has been collaborating with various stakeholders to sensitise suppliers and consumers about the importance of Type Approval of communications equipment. The collaborative effort led to a marked increase in number of the enquires on the subject matter.

In the financial year 2015/6, BOCRA undertook a study to review the Type Approval Technical Standards and Procedures, including review of the Type Approval Guidelines as well as alignment of the procedures with the current market international trends and best practices.

Several recommendations from the study were implemented during the review period as follows:

- **Labelling** - where ICT products will be labelled to enable customers to verify whether the product had been approved by BOCRA at the points of sale, as well as to show quality assurance and compliance with BOCRA regulations;
- **New fees structures** - were implemented where the Type Approval certificate issued carry validity period of the assumed lifetime of the product until the product changed;

- **Type Approval Equipment Register** - Interactive Type Approval Register was uploaded on the BOCRA website for public convenience;
- **Ad hoc market surveillance activities** - Continuous market surveillance, coupled with public education to ensure compliance with new Reviewed Type Approved Procedures, was undertaken; and
- **Registered devices** - The total number of the registered devices for the year 2016/7 was seven hundred and forty seven (747), out of which 415 were cellular phones and tablets. Table 9 depicts approved devices for the year 2016/17.

Table 9: Prepaid and Postpaid Mobile Telephony Subscriptions for March 2016

Type of Device	Number of registered devices
Mobile and Tablets	415
Others (modems, smart watches, switches, routers PABX ect.)	332
Total	747

Source: TCI ASMS Generated Report

747

Number of registered Type approved devices for the year 2016/7

BROADBAND AND UNIVERSAL SERVICE

Access to ICT services is essential to modern human needs. It is important that ICT services reach the whole population, irrespective of geographical area and economical status. BOCRA promotes universal service and access through the Universal Access and Service Fund (UASF). As the Secretariat to the Fund, BOCRA, also has a responsibility to ensure visibility of the Fund to the public. During the reporting period, BOCRA undertook the following projects:

Schools Computerisation and Internet Connectivity

BOCRA facilitated issuance of a tender for computerisation and provision of broadband internet connectivity to government schools in the Mabutsane sub-district, and Ghanzi and Kgalagadi districts. As at the end of the financial year, tender submissions were being evaluated, and award is anticipated at the beginning of the 2017/18 financial year.

The project is intended to bridge the digital gap that exists between rural and urban areas. Primary Schools in the regions tendered for will be connected to a dedicated 5 Mbps of broadband internet for a period of three years, and receive educational tablets, laptops and multi-purpose printers. Each school will have a dedicated IT officer, and, junior secondary schools will receive 30 laptops per school.

PTOs will be contracted to provide broadband internet connectivity in the earmarked schools, and the communities where the schools exist. At the end of the reporting period, consultations with the PTOs was ongoing, and award of contracts will be undertaken during the 2017/18 financial year.

Communication Gap Analysis Exercise

BOCRA carried out a communication needs assessment in the Tuli Block and Bobirwa areas to determine the level of accessibility, Internet, broadcasting and postal services, as well as availability of community access points



(kitsong centres). Tuli Block and Bobirwa areas provide substantial tourism and commercial farming activities. The aim of the exercise was therefore, to gauge the level of communication services in the areas to enable the Authority to make relevant interventions.

The needs assessment exercise identified lack of service and poor reception as key challenges for local mobile operators, commercial broadcasters and VANS. The lack of services resulted in proliferation of South African service providers in the area. Other challenges involved shortage of community access points for ICTs. Furthermore, most hospitality establishments, including hotels and lodges, lacked knowledge of BOCRA guidelines on provision of broadband Internet in hospitality facilities.

Audit of Kitsong Centres

BOCRA also carried out auditing of Kitsong Centres in the Southern, Kweneng and Central districts, pursuant to the recommendations of the National Broadband Strategy (NBS), and in line with BOCRA's strategic objective of

promoting increased access to, and usage of ICTs across the country.

Some of the challenges encountered by the Kitsong Centres included lack of ICT skills by personnel; use of obsolete computers and other equipment; vandalism and theft; lack of Internet services; low profit margins, or lack of profit; and delays in maintenance of non-functional equipment. The audit report proposed measures for addressing such challenges, calling for training of Kitsong Centres personnel; timely maintenance of equipment and replacement of absolute items; and the use of Wi-Fi Internet technologies in place of the 2G/3G modem based options that connected one user at a time and was often down during network outages.



COMPLIANCE AND MONITORING

Investigations

BOCRA is mandated to ensure that licensed operators are compliant with regulatory requirements. Pursuant to its enforcement mandate, BOCRA undertook planned investigations during the reporting period in Kweneng District, Central Kalahari Game Reserve (CKGR) area, Kgalagadi District and Ngwaketsi District. The overall objectives of the investigations were as follows:

- Investigate any infractions of the CRA Act, and related statutory instruments and administer appropriate regulatory sanctions;
- Encourage compliance and improve the quality of communication services in Botswana;
- Investigate the status of licensed communications operators, equipment and the services; and
- Sensitise consumers and operators on emerging regulatory requirements.

Table 10 shows outcomes of the various investigations undertaken during the year under review:

Table 10: Investigations carried out in the year 2016/17

Area	Date	# of shops / lodges visited	Compliant	Non-compliant
Kweneng District	June 2016	60	35	25
CKGR	August 2016	6	2	4
Kgalagadi District	November / December 2016	23	17	6
Ngwaketse District	February 2016	26	13	13

Table 10 indicates that most of the commercial outlets visited had type-approved their equipment. Where non-compliance was discovered, BOCRA confiscated the equipment and gave the licensee 14 days to normalise, failing which the matter would be transferred to Botswana Police Service for prosecution in terms of Section 84 of the CRA Act. All cases of non-compliant licensees that were referred to the police during the period under review resulted in an Admission of Guilt (AoG), and the non-compliant equipment being forfeited to the State. Most of the non-type approved equipment comprised cell phones.

NETWORK PERFORMANCE

BOCRA requires PTOs to submit monthly, quarterly and annual performance reports for purposes of monitoring for compliance with agreed quality of service targets. Where PTOs failed to meet the prescribed quality of service standards, they were required to give a reasonable explanation to that effect and outline mitigation measures to improve QoS. In this reporting period, the PTOs reported that challenges that affected network performance included hardware faults, battery theft, mains faults due to bad weather and land acquisition.

The parameters that PTOs reported on as key performance indicators were as follows:

Dropped Call Rate (DCR) - 2 %: refers to a percentage of the calls that were cut due to network faults before any of the speaking parties actively disconnected;

Call Set-up Success Rate (CSSR) - 98%: refers to the percentage of calls attempted by the caller that resulted in a successful call connection.

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 availability for use by customers.

Handover success rate (HSR) - 95%: refers to the percentage of on-going calls that were transferred from one cellular coverage area to another cellular coverage area while the caller is in motion.

Tables 11 to 15 depict the average network performance of the three mobile operators for the year under review. The values were calculated by adding performance of all the base stations sectors and dividing by the total.

NETWORK PERFORMANCE OF THE THREE PTOs

Table 11: Mobile Operators Congestion Rate (%) 2016/17

Month	Mascom	Orange	BTCL	Targeted Congestion (%)
April 16	0.42	0.12	0.3	2
May 16	0.26	0.12	0.2	2
June 16	0.39	0.09	0.3	2
July 16	0.43	0.09	0.32	2
August 16	0.3	0.08	0.3	2
September 16	0.55	0.17	0.4	2
October 16	0.44	0.24	0.37	2
November 16	0.57	0.18	0.33	2
December 16	0.67	0.90	0.35	2
January 17	0.40	0.19	0.29	2
February 17	0.48	0.27	0.39	2
March 17	0.29	0.09	0.28	2

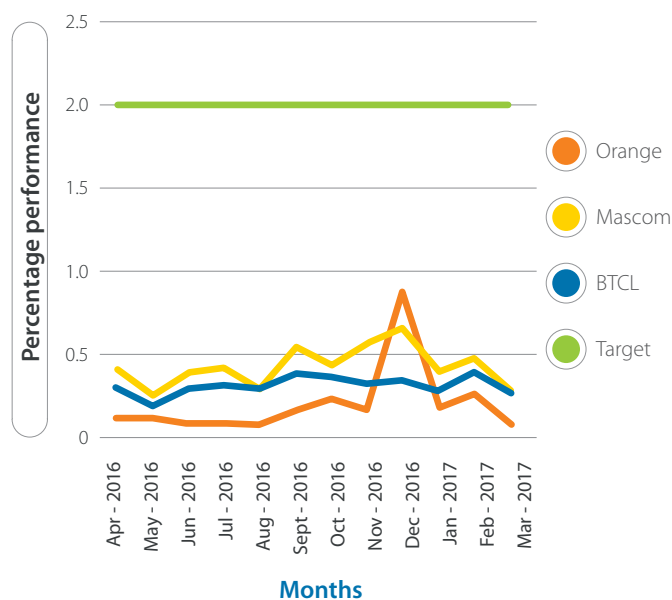


Fig 19: PTOs Congestion Rate

INTERPRETATION FOR CONGESTION

All the three PTOs performed within the set target of 2%.

INTERPRETATION FOR DROP CALL RATE

Mascom and Orange performed within a set target, while BTCL failed to perform within set target during the month of February 2017, which was attributed to transmission problems experienced.

Table 12: Mobile Operators Drop Call Rate (DCR) (%) 2016/17

Month	Mascom	Orange	BTCL	Targeted DCR (%)
April 16	1.41	0.86	1.5	2
May 16	1.15	0.99	1.4	2
June 16	1.21	1.00	1.4	2
July 16	1.37	0.62	1.48	2
August 16	1.13	0.68	1.45	2
September 16	1.14	0.62	1.51	2
October 16	1.28	0.66	1.68	2
November 16	1.42	0.73	1.80	2
December 16	1.45	0.75	1.73	2
January 17	1.40	0.75	1.84	2
February 17	1.42	0.82	2.03	2
March 17	1.4	0.82	1.87	2

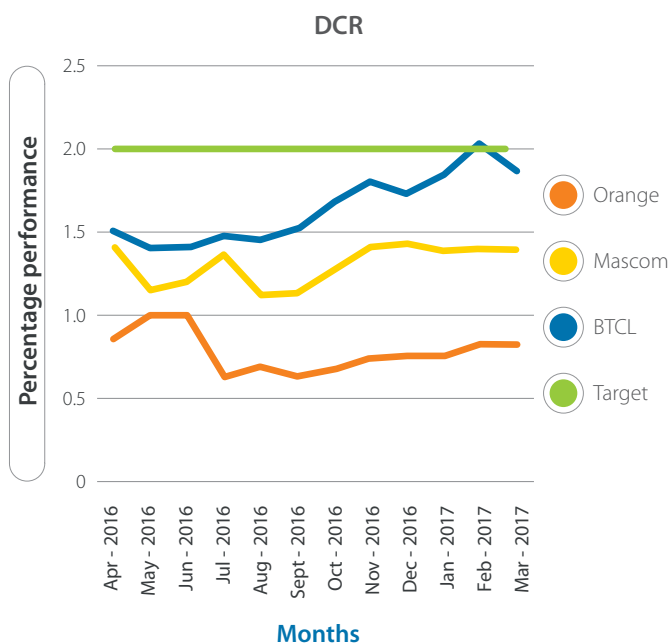


Fig 20: PTOs Drop Call Rate

INTERPRETATION FOR CSSR

Mascom performed within set targets for all the months under review, but Orange failed to achieve 98% target during the months of October and December 2016, and February 2017. This was attributed to network upgrades, and high-traffic experienced during the festive season. BTCL failed to perform within set target during the months of October 2016, December 2016, January 2017 and February 2017. This was due to transmission problems and upgrades on some sites. BOCRA continues to discuss network performance issues with operators, with a view the addressing challenges that hinders good network performance.

Table 13: Mobile Operators
Call Setup Success Rate (CSSR) (%) 2016/17

Month	Mascom	Orange	BTCL	Targeted CSSR (%)
April 16	99.1	98.6	98.5	98
May 16	99.15	98.51	98.9	98
June 16	99.02	98.47	98.8	98
July 16	99.15	98.67	98.93	98
August 16	99.02	98.6	98.9	98
September 16	99.10	98.7	98.59	98
October 16	98.99	96.76	97.99	98
November 16	99.06	98.28	98.44	98
December 16	99.03	97.11	97.37	98
January 17	98.93	98.2	97.81	98
February 17	99.0	97.81	97.86	98
March 17	99.05	98.37	98.38	98

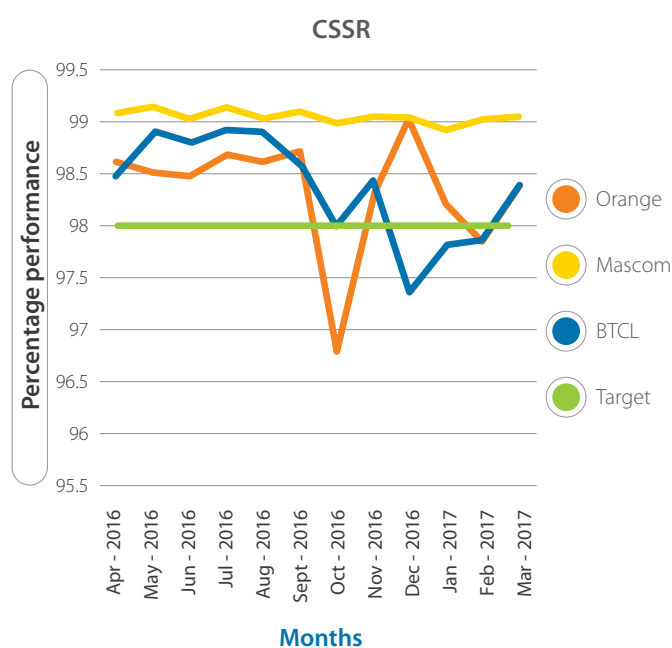


Fig 21: PTOs Call Setup Success Rate (CSSR)

INTERPRETATION FOR NA

Mascom failed to reach target during the month of April, November and December 2016, due to hardware problems and challenges of low signal strength along the A1 road during the festive season, thus affecting network availability. Orange failed to reach target during the third and fourth quarter due to increased traffic during the festive season and various technical problems that led to cell outages. BTCL only met the NA target during the month of April and September 2016, and March 2017. Failure to meet target during the other months was attributed to hardware and transmission faults. Most sites were due for upgrades to rectify this problem.

Table 14: Mobile Operators Network Availability (NA) (%) 2016/17

Month	Mascom	Orange	BTCL	Targeted DCR (%)
April 16	98.6	99.2	99.4	99
May 16	99.56	99.47	98.23	99
June 16	99.89	99.26	98.41	99
July 16	99.57	99.48	98.89	99
August 16	99.65	99.47	95.52	99
September 16	99.61	99.51	99.20	99
October 16	99.42	98.04	97.99	99
November 16	98.81	97.00	98.44	99
December 16	97.04	98.49	97.37	99
January 17	99.20	98.23	92.34	99
February 17	99.29	98.44	93.00	99
March 17	99.32	98.55	96.42	99

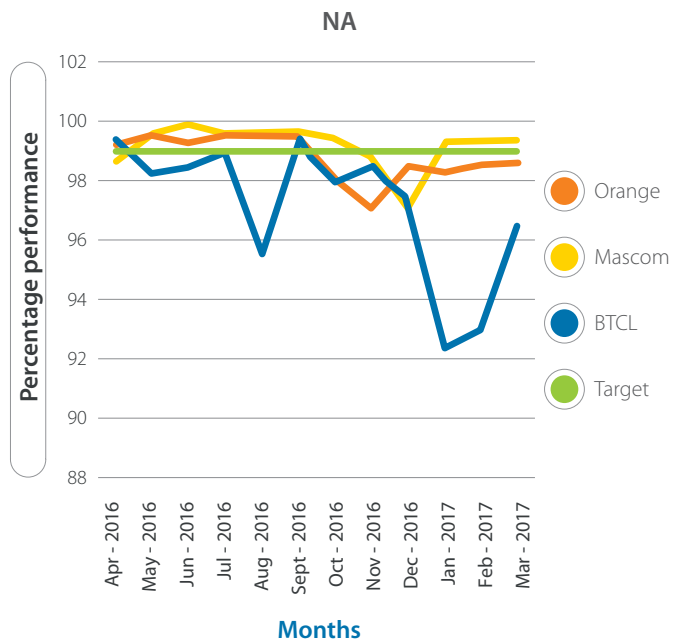


Fig 22: PTOs Network Availability

INTERPRETATION FOR HSR

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

Table 15: Mobile Operators Handover Success Rate (HSR) (%) 2016/17

Month	Mascom	Orange	BTCL	Targeted DCR (%)
April 16	97.12	96.8	96.8	95
May 16	97.32	98.23	98.23	95
June 16	97.33	97.4	97.4	95
July 16	97.07	97.64	97.64	95
August 16	97.33	97.92	97.92	95
September 16	97.26	97.88	97.88	95
October 16	97.08	98.31	98.31	95
November 16	96.97	97.64	97.64	95
December 16	98.99	97.64	97.64	95
January 17	97.08	97.74	97.64	95
February 17	96.86	97.43	97.43	95
March 17	97.12	97.60	97.60	95

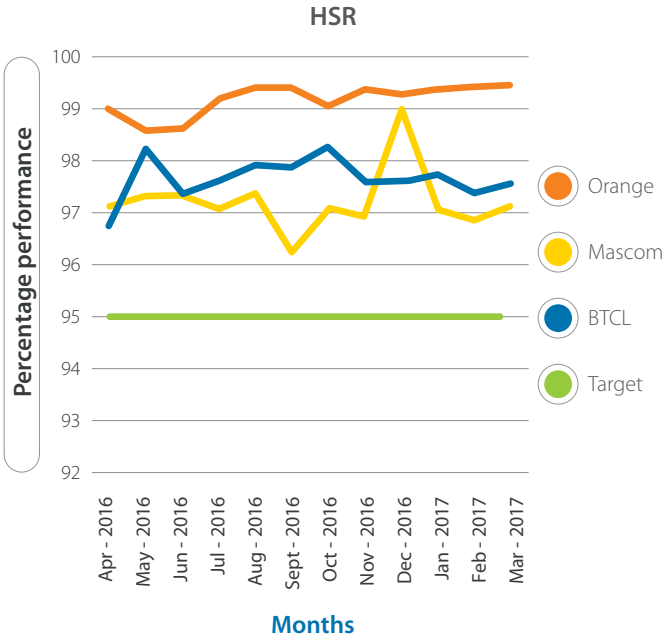


Fig 23: PTOs Handover Success Rate (HSR)

INTERNET QOS ENFORCEMENT

In 2010, BOCRA adopted Quality of Service Guidelines for the provision of communication services. The Guidelines sought to establish a common framework for the measurement, improvement and, where applicable, guarantee levels of service that could apply to all types of services including internet. However, these guidelines were not actively enforced on the provisioning of internet since the Internet service market was still at infancy. Due to the growth of the Internet market, BOCRA implemented a framework that sets out minimum QoS parameters for the provisioning of fixed internet services considering the existing regulatory tools, the current landscape in the industry and the consumer demands. Service providers are due to make the first submission by June 2017. Following this BOCRA will receive quarterly reports.

BOCRA consumer protection mandate invariably requires the Authority to ensure that consumers are informed about their rights to quality communications services, affordable pricing, secure services.

CONSUMER EDUCATION

BOCRA consumer protection mandate invariably requires the Authority to ensure that consumers are informed about their rights to quality communications services, affordable pricing, secure services. The mandate further requires that consumers are made aware of the regulatory issues affecting them as well as the latest developments affecting the communications sector.

Pursuant to its consumer protection mandate, BOCRA undertook public education activities during the period under review. The activities included presentations to secondary and tertiary schools, the law enforcement agencies, as well as exhibitions at trade fairs, agricultural shows and forums such as Hospitality and Tourism Association of Botswana (HATAB), Business Botswana etc.

In addition, BOCRA conducted a roadshow to sensitise consumers about their rights vis-a-vis the services they receive from licensees. The roadshow served as a platform for BOCRA to share its consumer protection initiatives with consumers. More importantly, it allowed BOCRA to receive feedback from consumers of common issues of concern and remedies they sought.

The roadshow covered Gaborone, Tlokweng, Pilane, Ramotswa, Lobatse, Kanye and Jwaneng, and addressed some of the recommendations of the Consumer Satisfaction Survey Report of 2015. It concentrated on the recommendation that called for improving customer understanding of the relationship between technical matters, service quality and pricing of internet bandwidth. BOCRA used the roadshow platform to share information with consumers on safe use of the Internet, responsible use of social media, particularly Facebook, which is widely used in Botswana. The roadshow was complimented by seven radio interviews.

Education Campaigns

BOCRA managed to accomplish thirty-three (33) out of thirty-eight planned education campaigns for the 2016/2017 financial year.

Table 16 Places reached during the Education Campaigns 2016/2017

No	Place	Category	Coverage	Date
1	Maun	HATAB Annual Conference	Public & Hospitality Industry stakeholders	21-22 Apr 2016
2	Francistown	BOCCIM Northern Fair	General Public	25 - 29 May 2016
3	Thamaga	Sekgele JSS	School Community	06 June 2016
4	Thamaga	Letlole Mosielele JSS	School Community	07 June 2016
5	Thamaga	Thamaga JSS	School Community	08 June 2016
6	Mmankgodi	Thobega JSS	School Community	09 June 2016
7	Thamaga	WTISD	Public & ICT Stakeholders	17 June 2016
8	Gaborone (Nationwide)	Masa A Sele Radio Programme	General Public/ Consumers	June
9	Gantsi	Gantsi Agricultural show	General Public & Farmers	7-13 July
10	Maun	Ngamiland East Trade and Agric Expo	General Public and Farmers	25 - 30 July 2016 (didn't materialise)
11	Orapa	Orapa Junior Sec	School Community	8 Aug 2016
12	Mosu	Makgadikgadi Junior Sec	School Community	9 Aug 2016
13	Sowa	Nxakato Junior Sec	School Community	11 Aug 2016
14	Nata	Sua Pan	School Community	12 Aug 2016
15	Gaborone	Botho University	Career Fair	18 Aug 2016
16	Gaborone	Botswana Consumer Fair	General Public/Consumers	22 - 28 Aug 2016
17	Kanye	Seepapitso Senior Sec	School Community	12 Sep 2016
18	Jwaneng	Kgosimpe JSS	School Community	13 Sep 2016
19	Jwaneng	Jwaneng Technical	School Community	14 Sep 2016
20	Jwaneng	Morama JSS	School Community	15 Sep 2016
21	Jwaneng	Jwaneng Mall	Public/Consumers	16 Sep 2016
22	Kanye	Bathoeng JSS	School Community	10 Oct 2016
23	Kanye	Ngwaketsi JSS	School Community	11 Oct 2016
24	Kanye	Mathiba JSS	School Community	12 Oct 2016
25	Kanye	Tlhomo JSS	School Community	13 Oct 2016
26	Kanye	Ntebogang JSS	School Community	14 Oct 2016
27	Mahalapye	Mahalapye Prisons	Public Officers	30 Oct 2016
28	Gaborone	Gaborone Technical College	School Community & External Stakeholders	6 Dec 2016
29	Molepolole	Molepolole Prison	Public Officers	22 Feb 2017
30	Kumakwane	Kumakwane JSS	School Community	22 Feb 2017
31	Sikwane	Boiteko JSS	School Community	02 Mar 2017
32	Ranaka	Madikwe JSS	School Community	28 Feb 2017
33	Btv	Molemo wa Kgang (Consumer Rights day)	Public /consumers	08 Mar 2017

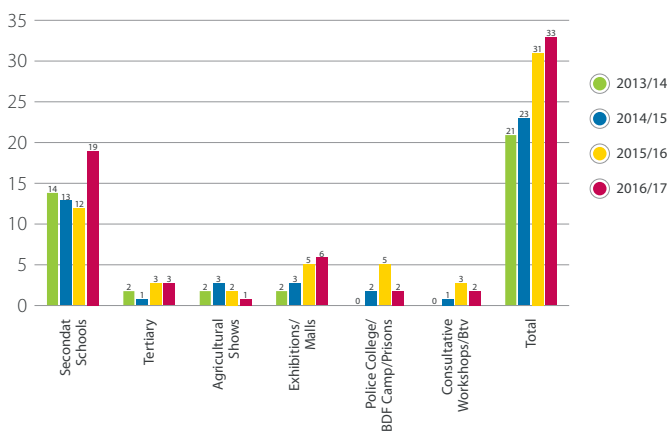


Figure 24: Number of education campaigns undertaken since 2013 excluding roadshow

CONSUMER PROTECTION

Over the years, Botswana has experienced rapid and extensive communications infrastructure development. Broadcasting, postal as well as telecommunications infrastructure cover extensive parts of the territory, and the majority of the population, as shown in the earlier sections of this report. Extensive rollout of infrastructure is accompanied by a variety of services. Owing to this development, consumer issues around quality of service, affordable pricing, Internet bandwidth and speed give rise to heightened need for consumer protection.

Consumer Complaints

BOCRA received fifty (50) complaints escalated to it during the year under review compared to thirty-five (35) complaints in the previous year. Fifty marked the highest number that BOCRA has ever received in a

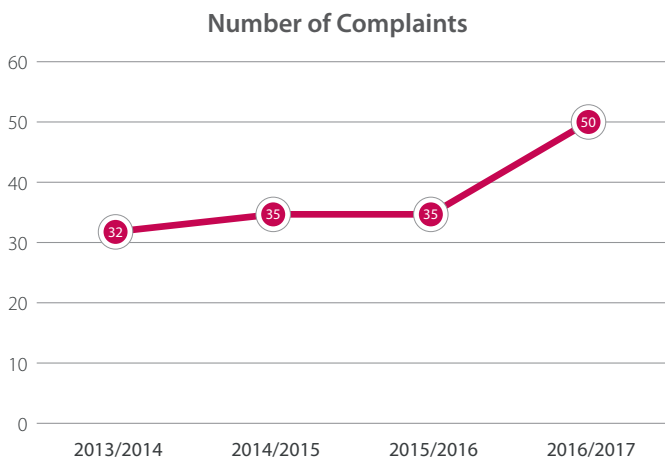


Figure 25: Complaints escalated to BOCRA over past reporting periods

financial year. This increase was attributed to the rapid growth in consumption of data services that gave rise to different set of challenges compared to voice services. Most complaints centred around data charges and ‘disappearing’ airtime. BOCRA instructed operators to intensify consumer education around data services, and to be transparent and accountable to their customers by availing information on their products and services. Consumers were equally implored to take responsibility for their use of communications services and reminded that their rights to services went hand-in-hand with obligations.

Overview of the Complaints

Botswana Telecommunication Corporation (BTC) had nineteen (19) complaints reported against it, followed by Orange Botswana with eighteen (18). A similar trend was observed over the previous reporting period as the two operators still recorded the most complaints. Majority of the BTC complaints were mainly about poor ADSL service, characterised by slow internet speed, intermittent service or delays in restoring service.

Regarding Orange Botswana (Pty) Ltd, most of the complaints were in relation to the OrangeMoney service. Common complaints were about failure of OrangeMoney service to dispense cash through bank Automatic Teller Machines (ATMs). Typically, ATMs would issue receipts showing that money had been paid, while no cash was dispensed. Orange required customers who reported such cases to wait 45 days for the refund prompting consumers to escalate the matter to BOCRA.

BOCRA also received two complaints against Mascom. The one complaint related to provision of call data records and the other was on privacy of information. In both cases BOCRA could not intervene as they were still with the Police and before the courts. However, BOCRA continued to urge the operators to treat customer information with confidentiality in terms of Section 54 of the CRA Act and the PTO licence condition 23.4.2.

BOCRA managed to address most issues in a timely fashion that were reported, except for a few that warranted technical investigation from the operators. BOCRA continued to educate the public on responsible use and of the communications services and encouraged them to gather all relevant information on products they wished to purchase to enable them to make informed choices.

Table 17 Complaints escalated to BOCRA during 2016/17 Financial year

Billing	1							1	1	
Contracts	2	1	3					6	6	
Mobile money		1	9					10	10	
Refunds	3	1						4	3	1
Airtime promotion & validity/missing			1					1	1	
Disconnection	2			1				3	3	
Bill shock	1	1						2	2	
Unsolicited calls			2				1	3	3	
Poor service	2	1	2					5	5	
Unfair Internet package		1	1					2	2	
Poor internet speed/ not available/ADSL	7			1				8	8	
Invasion of Privacy		1						1	1	
Call data		1						1	1	
VSAT Billing	1							1	1	
Defect Phone						1		1	1	
Warranty						1		1	1	
Total	19	8	18	2	2	1	1	50	49	1

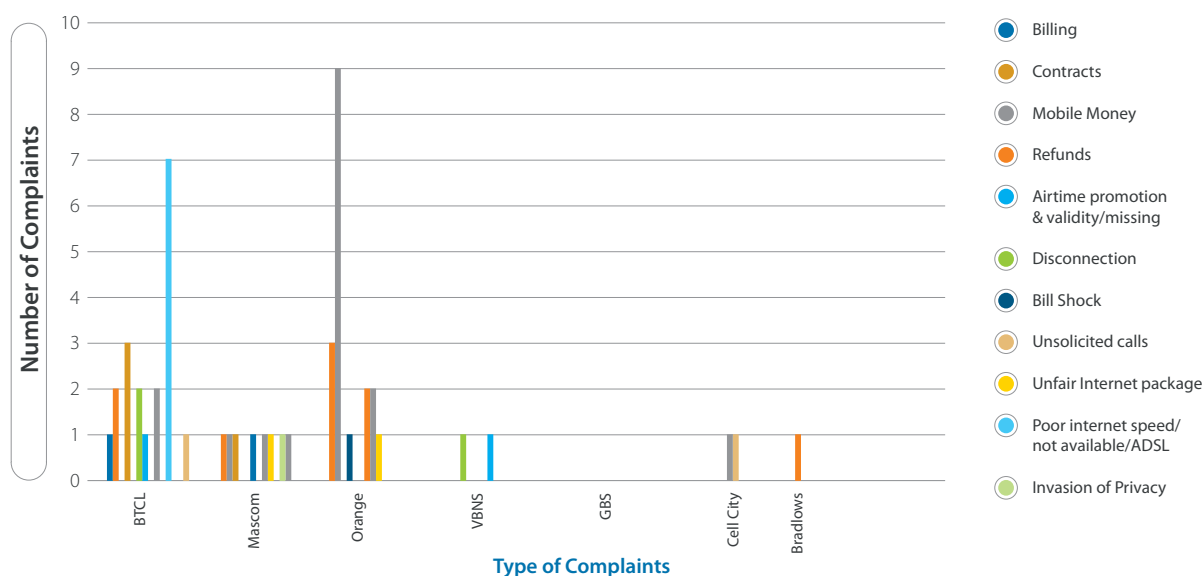


Figure 26: Complaints escalated to BOCRA during 2016/17 Financial year

STAKEHOLDER ENGAGEMENT

LOCAL ENGAGEMENTS

Business Botswana Northern Fair

In its continuous effort to reach out to stakeholders and members of the public, BOCRA took part in the annual Northern Trade Fair, held in Francistown in May 2016, under the banner of Business Botswana. The 2017 Fair carried the theme - "Connecting Ideas, Creating Opportunities" and created a platform for industry professionals to meet and share business ideas. BOCRA used the opportunity to educate the public about its mandate and on specific issues including: Consumer protection; Botswana Wi-Fi Hotspots; Licensing procedures; Cybersecurity and Type Approval.

Some of the issues raised by members of the public centred around community radio stations and complaints handling procedures, particularly for mobile operators. The consumers complained that when they lodged complaints they would be attended to by call centre agents who were not very helpful. They appealed

to BOCRA to ensure that operators availed, through their websites, clear complaints handling procedures and contact details of all the relevant persons who handle complaints. BOCRA has since instructed operators to enhance accessibility of their complaints handling processes and contact persons on their websites.

Local Content in Broadcasting

BOCRA in collaboration with the Ministry of Youth Development, Sports and Culture (MYSC) hosted a workshop on Local Content in Broadcasting in June 2016, at Travel Lodge Conference Centre in Gaborone. The workshop provided a common platform for key stakeholders to identify challenges facing the development, availability and promotion of broadcasting local content and allowed participants to share ideas on how those challenges could be addressed.

Broadcasters contended that there was still not enough quality locally produced content to fill the available radio and television play time. They argued that it was difficult to obtain content that met their respective music genres, as they targeted specific niche markets, in line with their licence conditions. Artists disputed this position

BOCRA consumer protection mandate invariably requires the Authority to ensure that consumers are informed about their rights to quality communications services, affordable pricing, secure services.



and argued that there was enough local content, and that the issue of quality was subjective. In the end, the workshop generated a list of recommendations for key stakeholders such as BOCRA, MYSC, Copyright Society of Botswana (COSBOTS), Broadcasters and the Department of Broadcasting services to address.

The workshop concluded that in order for the sector to develop, all the stakeholders needed to work together with the aim to grow the local content sector. The workshop adopted recommendations which guided every entity with necessary plans to promote local content. A committee consisting representatives of all broadcasting stakeholders was elected with a mandate to ensure that each stakeholder carried out its action item.

Botswana International Music Conference

The Authority participated in the Botswana International Music Conference, which was organised by Events Lab and MYSC and attended by members of the creative arts industry. The Conference aimed at building capacity of players in the music industry, as well as developing and equipping upcoming practitioners with skills and

latest industry trends and strategies. BOCRA utilised the platform to present initiatives that the Authority has in place to promote the development of broadcast local content such as introducing new platforms in the market, and proposals for new local content quotas for multi-channel platforms.

The Seed Gospel Music Workshop

The Authority also participated in the Seed Gospel Music workshop, the purpose of which was to share ideas on measures that could be implemented to grow the Gospel music industry in Botswana. Participants shared challenges they faced in the broadcasting industry, such as being allocated limited time on Sundays only to air their content. The Authority also cautioned artists against the practice of bribing someone in return for the unofficial promotion of a product in the media, known as payola, and encouraged those who were aware of the practice in the regulated stations to report it to BOCRA. Gospel artists were also encouraged to attend the annual Local Content Workshop, and give input to and attend to tasks that were developed from the same platform.



BOCRA contributed among others, 20 computers, 10 Printers, 1 Heavy duty copier, plus 10 reams of printing paper towards a pool of ICT donations that went to various institutions in Thamaga and the nearby villages.



Youth Presentation

BOCRA participated in the Youth Business Expo, hosted by MYSC in Gaborone, and presented on the existing opportunities for entrepreneurs in the broadcasting sector. BOCRA took the opportunity to explain in detail the broadcasting licences assessment procedures and gave details on available opportunities in Digital Terrestrial Broadcasting supply chain. The audience expressed interest in making use of the opportunities availed by Digital Terrestrial Television broadcasting.

World Telecommunication and Information Society Day (WTISD)

BOCRA coordinated the commemoration of the Girls in ICT Day and the World Telecommunication and Information Society Day (WTISD), both of which were held in Thamaga in May and June respectively.

The Girls in ICT Day is held on the fourth Thursday of April annually, as a build up towards the commemoration of the WTISD. The event is targeted at encouraging the girl child to exploit information and communications technologies (ICTs) to improve her livelihood. The WTISD commemorates the establishment of ITU and highlights the benefits of ICTs in bridging the digital divide.

BOCRA contributed among others, 20 computers, 10 Printers, 1 Heavy duty copier, plus 10 reams of printing paper towards a pool of ICT donations that went to various institutions in Thamaga and the nearby villages.

Gantsi Agricultural Show

BOCRA exhibited at the Gantsi Agricultural Show as part of continued efforts to address consumer issues, and educate the public about its mandate as the regulator of communications sector. The Gantsi show was a platform through which BOCRA appreciated communications challenges faced by the commercial farmers across the country, particularly in the west of Botswana. Farmers decried the lack of communications services in their respective farming areas. BOCRA also used the opportunity to educate farmers that use two-way radio

communication and the importance of licensing their equipment, and ensuring proper disposal when they no longer had use for it. Two-way radio communication equipment utilises frequencies allocated for particular areas. It is therefore important that they are not moved from one area to the other without the knowledge of BOCRA. At the time of their disposal, it is important that they are cleaned of their frequencies before they are disposed of.

UASF Branding

BOCRA embarked on several initiatives to increase UASF brand visibility and reach. Billboards were placed at vantage locations across the country including Gaborone, Tsabong, Bokspits, Hukuntsi, Kasane, Maun, Trans-Kalahari Highway (TKR) Gabane and Phakalane (along A1), to educate the public about the mandate of the Fund, as well as indicate completed projects.

To further increase reach and impart knowledge about the UASF, BOCRA developed a website for the Fund meant to spread the brand and impart digital literacy. The first Annual Report of the UASF (for the Financial year 2015/2016) was also completed.

Community Service Day

As a corporate citizen, BOCRA took time of its regulatory mandate and dedicated 5 August 2016 to hosting a Community Service Day for Solomon Dihutso, a primary school in Mogoditshane village. The school had a complement of 830 pupils, 74 of whom were people living with disabilities, the highest number of people living with disabilities in any school in Gaborone and its immediate surrounding areas.

BOCRA constructed a dedicated garden for the special education stream of the school. Gardening activities make an essential part of the pupils' physical education requirements. The project entailed installation of shade-netting, digging and making of plots and donation of garden tools that included two wheelbarrows, ten hand



Hon. Tshenolo Mabeo MP, Minister of Transport and Communications signing Shareholder Compact Agreement with **Wilhelmina T. Makwinja**, BOCRA Board Vice Chairman.



forks, five garden forks, five spades, five rakes, five picks, 20 bags of garden soil. BOCRA also treated the soil for termites and weeds and later helped with planting of seedlings.

World Post Day 2016 commemoration

BOCRA took part in the World Post Day commemoration, which was held in Mookane Village. World Post Day is celebrated annually on 9 October to mark the anniversary of the establishment of the Universal Postal Union (UPU) in 1874. The purpose of World Post Day is to bring awareness to the role of the Post in the everyday lives of people and businesses, as well as its contribution to global social and economic development.

As a sector regulator, BOCRA participated in the commemoration of World Post Day to appreciate the role of the post, the impact it had in the lives of Batswana and the challenges it faced with a view to understanding how best to facilitate the postal sector.

BOCRA sponsored the event to the tune of P12,000 as part of its contribution towards the commemoration. The contribution went towards entertainment and assistance to Mookane Village Crèche.

Month of Cyber Security Awareness

Internationally, the month of October is dedicated to promoting awareness on issues relating to Cyber Security. BOCRA shared with members of the public information on cyber security relating to Child Online Protection through its social media pages. BOCRA also shared cyber security material with Ikageng, a non-governmental organisation that addressed Lentsweletau Community Junior Secondary School during the United Nations International Children’s Emergency Fund (UNICEF) 50 Minutes for Children initiative. Through interaction with Ikageng, BOCRA appreciated the extent of Cyber Security issues prevalent within society, particularly with respect to the youth.

Aviation Pitso 2016

BOCRA attended the Aviation Pitso 2016 hosted by the Ministry of Transport and Communications in October 2016 in Maun. The Aviation Pitso was a platform that brought together aviation industry practitioners, policy makers and regulators to discuss issues of concern, highlighting milestones with a view to devising strategies that could be employed to develop the aviation industry.

BOCRA, as a regulator of the Radio Frequency Spectrum utilised by the aviation industry in the management of airwaves, took part in the Pitso to share with the industry the resolutions of the World Radiocommunication Conference (WRC19), and how they affected aeronautical industry.



REGIONAL ENGAGEMENTS

Africa Internet Summit

BOCRA hosted the Africa Internet Summit (AIS) in June 2016 in Gaborone under the theme "Beyond Connectivity: Internetworking for African Development". AIS is the pinnacle multi-stakeholder event in Africa, combining, workshops, conferences and networking for the internet Industry. The 2016 Summit that attracted, among others, members of the Board and internationally renowned instructors, experts and speakers, shared the latest innovations and best practices in the Internet industry. The event was also a place where the African Technical Institutions such as African Network Operators Group (AfNOG), African Network Information Centre (AFRINIC), Africa Research and Education Networking (AfREN), AfricaCERT, African Top-Level Domains (AfTLD) - AROC, Internet Society (ISOC) Africa, AfrICANN, AFRINIC Government Working Group (AfGWG) etc met and reflected on the future on the Internet in Africa.

The Summit provided the opportunity for local Internet stakeholders to meet with experts from around the world and discuss issues and find solutions to local problems. It also served as a platform to build local capacity through workshops and tutorials facilitated by experts from the continent and beyond. The highlight of the Summit was the installation of a copy of the root DNS servers (D). The server has reduced the DNS resolution latency and thus giving local internet users an improved Internet experience.

WRC19 Preparation

BOCRA hosted the first SADC World Radiocommunication Conference (WRC-19) preparatory meeting in December 2016 in Gaborone. The Meeting was organised by the SADC Secretariat, and hosted jointly by the MTC and BOCRA. The overarching objective of the meeting was to formulate the SADC regional position for the various WRC19 agenda Items.

The Meeting was attended by SADC Member States, as well as ICT stakeholders including Facebook, GH Communications, GSMA, Huawei and INMARSAT. The meeting concluded with a draft preliminary position paper for the WRC19 Agenda Items.

Member States were urged to develop capacity in satellite regulatory issues to ensure that the interests of the region were protected for future use of satellite technologies, following the various ITU Study Group activities dealing with the WRC19 Agenda Items.



World Telecommunication Standardisation Assembly (WTSA -16)

BOCRA participated in the World Telecommunication Standardisation Assembly (WTSA) held in Yasmine Hammamet, Tunisia, from 25 October to 3 November 2016.

WTSA-16 is a non-treaty level conference, which is held every four years to define the next study period for the ITU-Telecommunication Standardisation Sector. The Assembly makes recommendations and resolutions that shape the future of telecommunications standards. The WTSA 16 considered the following items:

1. Study group reports in order to approve, change or reject draft recommendations;
2. Whether the current study groups and questions are still relevant and/or retain, modify, or dissolve them;
3. Whether to add new study groups and questions that reflect new issues or priorities;
4. Whether to add, retain or dissolve other groups;
5. Agree on the scope and terms of reference for Study Group work programs;
6. Review ITU-T Resolutions (WTSA & Plenipotentiary) for modification or deletion; and elect Chairs and Vice-Chairs of the Study Groups; and
7. Consider other policy matters.

As a follow-up on the WTSA and in preparation for the coming WTSA, the African region met in Kenya to discuss further, prepare and make recommendations as follows:

- The African Union should ensure wide circulation of Agenda 2020, highlighting matters related to digital development;
- On the issue of OTT services, regulators in the African region are recommended to hold consultations with telecommunications operators, the Ministry in charge of the digital economy and OTT service providers, to design a regulatory framework that can foster innovation and the overall equilibrium of the market;
- Member States that have not yet done so, should consider issues related to personal data protection and electronic signature, with a view to building trust amongst their people in the use of e-commerce related services; and
- To create an enabling environment for innovation in areas, such as the Internet of Things, protection of usage and users of these services. In this regard, it is recommended that an object-based regulation should be combined with a data-based regulation (privacy by design, by using and by default).

WTSA-16 is a non-treaty level conference, which is held every four years to define the next study period for the ITU-Telecommunication Standardisation Sector.

CRASA Exco and AGM

BOCRA took part in the Communications Regulators Association of Southern Africa (CRASA) Executive Committee (Exco) and Annual General Meeting (AGM) held in Durban, South Africa in March 2017. Held alongside these important meeting was the Evolutionary Path to 5G and Internet of Things (IoT) Symposium, Workshop on Postal Markets Regulation and the Universal Service Obligation (USO) in the Evolving Postal Sector, as well as a Workshop on Cost Modelling of International Roaming Charges.

As the Treasurer of CRASA, BOCRA attended Exco and AGM to apprise CRASA Membership of the financial health status of the Association and guide membership of the important administrative considerations. BOCRA also shared its regulatory experience and reported back on various regional initiatives including reduction of Regional Roaming Tariffs and harmonization of regulations.

As the Treasurer of CRASA, BOCRA attended Exco and AGMs to apprise CRASA Membership of the financial health status of the Association and guide membership of the important administrative considerations.



L-R: Mr. Andrew Rugege (Regional Director, ITU Regional Office for Africa), **Eng. Rufino Ovono Ondo Engonga** (Secretario de Estado encargado de Telecomunicaciones y Nuevas Tecnologías, Guinea Ecuatorial), **H.E. Mr. Vincent F. Byron** (Attorney General, Minister of Justice, Legal Affairs and Communications, St Kitts & Nevis), **Mr. Brahim Sanou** (Director of the Development Sector (ITU-), ITU), **Mr. Thari G. Pheko** (Chief Executive, BOCRA), **Dr. Win Mlambo** (Deputy Minister, ICT, Postal & Courier Services, Zimbabwe), **Dr. Cosmas Zavazava** (Chief of Dept., Projects & Knowledge Management, ITU)

INTERNATIONAL ENGAGEMENTS

ITU Telecom World 2016

BOCRA, including Board members attended the ITU Telecom World 2016, which took place in Bangkok, Thailand in November 2016. ITU Telecom World brought together key policymakers, regulators, ICT leaders and industry stakeholders from emerging and developed markets around the world, in a global platform under the theme “Collaborating the digital economy”. ITU Telecom World discussions explored critical topics such as Artificial Intelligence (AI), how ICTs can meet the Sustainable Development Goals (SDGs), the connected car, digital financial inclusion and fiscal incentives and taxation in the industry.

GSMA Mobile World Congress

BOCRA took part in the GSMA Mobile World Congress held in Barcelona, Spain in February/March 2017, with representation from the Board and Management. The Botswana delegation to the Congress was led by Hon. Onkokame K. Mokaila M.P., Minister of Transport and Communications, who was accompanied by senior officials from the Ministry.

The 2017 Congress featured the largest exhibition for the mobile industry alongside a conference featuring the who’s who mobile operators, equipment and device manufacturers, technology providers, vendors and content owners from across the globe.

The Congress offered unparalleled networking opportunities, previews of upcoming technologies and latest trends in the development of ICTs driven by mobile technology. For regulatory bodies like BOCRA it highlighted opportunities brought about by new innovations, as well as regulatory challenges that need foresighted regulatory interventions.

Commonwealth Telecommunications Organisation (CTO) Award

The Commonwealth Telecommunications Organisation (CTO) based in London honoured Botswana, through BOCRA, with an award for the Best Universal Access initiative during the first Commonwealth ICT & Industry Awards that took place in London in June 2016.

BOCRA established the UASF in 2014 as a special purpose vehicle designed to ensure that all Botswana had access to a set of basic yet essential communications services throughout the country, at affordable prices.

Pursuant to its objective of facilitating the reach of communications services to unserved and underserved areas, the Fund commissioned a project to provide wholesale Wi-Fi hotspots in public areas in major population centres including cities, towns and major tourism destinations. During the reporting period, Wi-Fi hot spots were operational in 31 sites across the country and provided public access to broadband internet at affordable rates in bus station/ranks, public hospitals, shopping malls, airports and open public spaces. They provided users with 30 Minutes free internet browsing per day at a minimum speed of 2 Mbps per user. In addition, the Wi-Fi hot spots offered users unlimited access to the Government of Botswana domains in order to stimulate local content consumption and the use of e-government services.

CTO also presented the late Mr. Cuthbert Moshe Lekaukau, founding Chief Executive and Chairman of BTA, with a posthumous Lifetime Achievement award for his contribution as former Chairman of the CTO Council. As Chairman, he presided over the committee that drafted the existing constitution of the CTO. CTO had previously bestowed Mr Lekaukau an honour as Chairman Emeritus or Chairman for Life.

14th ITU World Telecom/ICT Indicators Symposium (WTIS) 2016

The Board members attended the WTIS 2016, which was held in Gaborone, Botswana in November 2016. The Symposium was organised by the ITU and hosted by the Ministry of Transport and Communications (MTC), in partnership with BOCRA. WTIS serves as the main international forum to discuss international policy on ICT measurements creating a platform where statistical measurements of ICT are harmonised at global level.

WTIS 2016 brought together delegates from all over the world, ranging from government ministers and business leaders to regulators, national statisticians, lead academics and ICT data producers and analysts. It included a leader's dialogue during which ICT policy matters and impact of ICT on economic growth were discussed. The symposium recognised, among other things, the importance of exploring the use of big data for official statistics and welcomed the ITU project on 'Big Data for Measuring the Information Society'.

The Symposium launched the 2016 Measuring Information Society Report, and the ICT Development Index (IDI) a composite measurement that ranks 175 countries according to their level of ICT access, use and skills. The index ranked Botswana 5th in Africa and 108 in the World.

CORPORATE SOCIAL INVESTMENT

In keeping with the ideals of Vision 2016 and in line with its social investment drive BOCRA continued to contribute to the community subject to availability of resources. The BOCRA social investment initiatives largely aimed at facilitating the use of ICTs. 53% of Corporate Social Investment expenditure for the reporting period was spent on ICTs including computers, printers, photocopiers, internet connection, audio equipment, website development for people with disabilities etc. The remaining 47% of the expenditure benefited other deserving courses by way of sponsorships for People with Disabilities, Non-Governmental Organisations; sporting activities as well as conferences held by government and public institutions. During the reporting period, BOCRA spent a total of P 1,307,208.76 on Corporate Social Investment as depicted in figure 25.

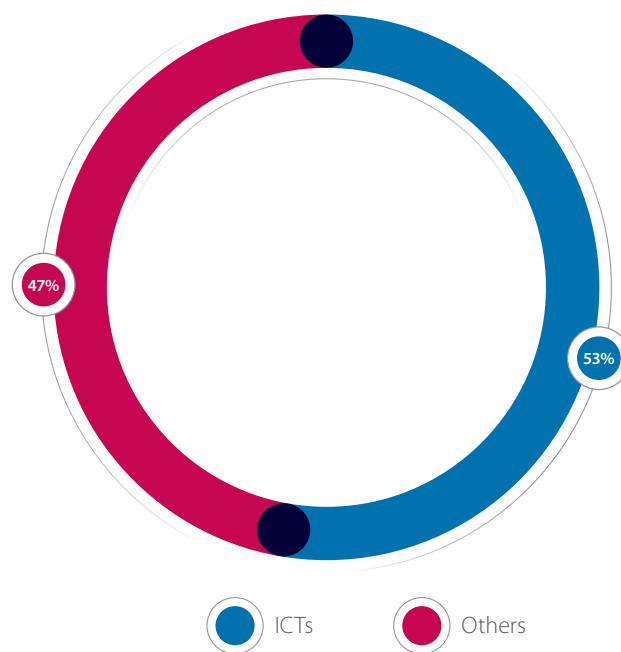


Figure 25: CSI Expenditure for the 2016/17



BOCRA Human Capital management is driven by three (3) key strategic objectives namely; Attraction and Retention of Talent, Improvement of Employee Engagement and High-Performance Culture.

HUMAN CAPITAL MANAGEMENT

BOCRA human capital management is driven by three (3) key strategic objectives namely; Attraction and Retention of Talent, Improvement of Employee Engagement and High-Performance Culture. As depicted in tables 18-22, BOCRA did very well across the three objectives during the reporting period.

In pursuit of the strategic objectives of retention and attraction the organisation experienced 100% attraction of talent and two (2) employees retired, one on ill-health and the other one had reached retirement age. The organisation’s engagement level stood at 67% in line with the regional and global benchmark but above the national benchmark.

Staff Complement

In March 2017, the BOCRA staff complement stood at 88, which was a decrease from March 2016 figure of 89 employees. Two (2) employees retired, while one (1) employee was recruited. The above figures amount to staff turnover of 3.37%, against a target of 5%.

Employee Statistics

Table 18: Staff by Gender

Male	49	56%
Female	39	44%
TOTAL	88	100%

The staff gender comparison is slightly skewed in favour of male employees in comparison to females but generally BOCRA is a fairly gender balanced organisation.



Table 19: Staff by Age

25-29	16	18.18%
30-34	13	14.77%
35-39	7	7.95%
40-49	35	39.77%
50-59	17	19.32%
TOTAL	88	100%

About 40% of employees are below the age of 40 years while about 19% have reached early retirement age of 50. Overall BOCRA has a fairly young workforce.

Table 20: Staff Qualifications by Gender

Gender	Qualification		
	Post Graduate	Graduate	Other
Female	11 (12.5%)	19 (21.59%)	10 (11.36%)
Male	21 (23.86%)	15 (17.04%)	12 (13.64%)
TOTAL	32 (36.36%)	34 (38.64%)	22 (25%)

BOCRA has a highly educated and trained workforce. At least 75% of the employees have obtained first degree qualifications. More than 36% of employees possess Masters Degree qualification.

Table 21: Staff by Category

Gender	Staff Category			
	Executive	Middle Management / Supervisors	Professionals / Admin	Ancillary
Female	4 (4.55%)	12 (13.64%)	16 (18.18%)	7 (7.95%)
Male	11 (12.5%)	17 (19.32%)	10 (11.36%)	11 (12.5%)
TOTAL	15 (17.05%)	29 (32.96%)	26 (29.54%)	18 (20.45%)

Table 21 depicts that BOCRA has majority of its employees in the middle management / professional / specialist areas in keeping with its profile as a knowledge based institution.

Table 22: Staff by Length of Service

Years of Service	Number of Staff	Percentage
1-4 Years	26	29.55%
5-9 Years	16	18.18%
10-14 Years	11	12.50%
15-20 Years	35	39.77%
TOTAL	88	100%

BOCRA has a very high staff retention rate. Almost 40% of the employees have served the organisation for at least 15 years. Some of staff members have served the organisation since its inception in 1997.

INITIATIVES DURING THE PERIOD UNDER REVIEW

In our pursuit to improve human capital processes the following projects were undertaken.

Automation of Payroll and Human Resources Processes

The objective of this project was to upgrade to a more efficient Human Resources Information System (HRIS) for payroll management, employee database and employee interactive portal. The System comprises People (Talent Management, PMS, Training and Development) Payroll (Payroll and Leave) and Portal (Interactive Employee Self Service). The system will bring Human Resources services closer to employees, enabling them to focus on their core activities. The payroll module has been implemented and the next phase of Human Resources would be implemented in the period 2017/2018.

In line with its Training and Development Policy, BOCRA continued to invest in the development of its employees.

Training and Development

In line with its Training and Development Policy, BOCRA continued to invest in the development of its employees. Training and Development is based on 70% of training being done on the job, 20% on coaching and mentorship and learning from others and 10% on classroom learning. The policy provides a robust framework for well-rounded learning and development Strategy. The Authority also encourages staff to take responsibility of their training and this is promoted through Self Development where, upon completion, employees are refunded.

During the reporting period, three employees were sponsored for full-time master's degree programmes. Two employees completed their studies through self-sponsorship initiative, one completed a Diploma program, while the other completed a Degree program.

The soft skills training that took place during the year included Negotiation Skills, emotional intelligence, Prince2 and technical and regulatory courses as well as leadership and supervisory skills. In addition, six employees attended the Diploma in Telecommunication Management Studies.



STAFF WELLNESS

BOCRA has adopted a holistic approach to employee wellness that addresses the physical, emotional and psychological dimensions. The programme is based on the understanding that improved staff wellness minimises absenteeism due to ill-health and workplace and lifestyle related stress. Employee wellness is also a critical lever in the creation of high performance organization. Wellness week is held annually with various activities conducted with a theme for the year.

During this reporting period, BOCRA held wellness week under the theme *My health, My culture*. The purpose of Wellness Week was to call employees to 'act now' and adopt a health centred lifestyle at the same time working as a team work. The health assessments conducted indicated that many employees were at risk of life style diseases due to excess weight and lack of exercise. Recognising the risks identified, BOCRA continued to provide its employees with access to recreational facilities. The Authority also assists staff through counselling services contracts with different organisations.


During the reporting period, three employees were sponsored for full-time Master's degree programmes. Two employees completed their studies through self- sponsorship initiative, one completed a Diploma programme, while the other completed a Degree programme.





FINANCIAL STATEMENTS

FINANCIAL STATEMENTS



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The following supplementary information does not form part of the Annual Financial Statements and is unaudited:

Detailed Income Statement	114 - 115
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General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	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.
Members of the Board	Mr. Peter McClean Van Riet-Lowe (Chairperson) - retired 1 st September 2017 Mr. Thapelo Kalake - retired 1 st September 2017 Mr. Monametsi Kalayamotho - retired 1 st September 2017 Major General Bakwena Oitsile - retired 30 th June 2017 and reappointed 1 st September 2017 Mr. Joseph M. Matome - retired 30 th June 2017 Mr. Onkagetse Pusoentsi Mrs. Wilhemina T. Makwinja - retired 30 th June 2017 and reappointed 1 st September 2017 Mr. Thari G. Pheko - Chief Executive (ex-officio) - retired 30 th April 2017 Mr. Galeboe Mmelesi - appointed 1 st September 2017 Dr. Gape Kaboyakgosi - appointed 1 st September 2017 Prof. Joseph Chuma - appointed 1 st September 2017 Mr. Tshoganetso Kapaletswe - Acting Chief Executive (ex-officio) - appointed 1 st May 2017
Registered office	Lot 50671 Independence Avenue Extension 5 Gaborone Botswana
Postal address	Private Bag 00495 Gaborone Botswana
Bankers	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
Auditors	PricewaterhouseCoopers
Secretary	Ms. Pako Ralehika-Phiri (resigned 30 th June 2017) Ms. Keamogetswe Sefakwe - Acting Secretary (appointed 1 st July 2017)
Chief Executive	Mr. Thari G Pheko (retired 30 th April 2017) Mr. Tshoganetso Kapaletswe (appointed 1 st May 2017)
Functional Currency	Botswana Pula ('P') and is rounded to the nearest Pula

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 P 50,811,356 (2016: P 43,586,282) and for Authority was P 12,368,021 (2016: P 11,398,260).

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:

Mr. Peter McClean Van Riet-Lowe (Chairperson) - retired 1st September 2017
 Mr. Thapelo Kalake - retired 1st September 2017
 Mr. Monametsi Kalayamotho - retired 1st September 2017
 Major General Bakwena Oitsile - retired 30th June 2017 and reappointed 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
 Prof. Joseph Chuma - appointed 1st September 2017
 Mr. Tshoganetso Kapaletswe - Acting Chief Executive (ex-officio) - appointed 1st May 2017

5. Secretary

Ms. Pako Ralehika-Phiri (resigned 30th June 2017)
 Ms. Keamogetswe Sefakwe - Acting Secretary (appointed 1st July 2017)

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 2018 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 80 to 113 and the supplementary information disclosed on pages 114 and 115 which have been prepared on the going concern basis, were approved by the board on 15 September 2017 and were signed on its behalf by:



Board Chairman



Chief Executive

Gaborone

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 Communication Regulatory Authority (the "Authority") and its subsidiary (together "Group") as at 31 March 2017, 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 and the requirements of the Communication Regulatory Authority Act, 2012.

What we have audited

Botswana Communication Regulatory Authority's consolidated and separate financial statements set out on pages 80 to 113 comprise:

- the consolidated and separate statement of financial position as at 31 March 2017;
- 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 consolidated and separate 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).

Other information

The Board members are responsible for the other information. The other information comprises the General Information, the Board Members' Report, the Board Members Responsibilities and Approval Statement and the Detailed Income Statement, which we obtained prior to the date of this auditor's report, and other sections of the BOCRA 2017 Annual Report, which are 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.

Independent Auditor's Report (continued)

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.

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 Communication 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 skepticism 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 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 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.
- 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.

Independent Auditor's Report (continued)

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.

Report on Other Legal and Regulatory Requirements

In accordance with Section 26(3) of the Botswana 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.
- The financial statements prepared by the Authority were prepared consistent with that of previous year.

The logo for PricewaterhouseCoopers, featuring the company name in a stylized, handwritten-style font.

Individual practicing member: Sheyan Edirisinghe

Registration number: 20030048

Gaborone

28 September 2017

Statements of Financial Position

As at 31 March 2017

		Group		Authority	
	Note	2017 P	2016 P	2017 P	2016 P
Assets					
Non-Current Assets					
Investment property	3	9,490,000	9,000,000	9,490,000	9,000,000
Property, plant and equipment	4	124,605,359	138,869,828	123,848,247	137,833,824
		134,095,359	147,869,828	133,338,247	146,833,824
Current Assets					
Trade and other receivables	6	31,300,290	54,955,294	24,239,547	37,316,195
Cash and cash equivalents	7	345,555,206	265,201,802	176,277,131	153,773,005
		376,855,496	320,157,096	200,516,678	191,089,200
Total Assets		510,950,855	468,026,924	333,854,925	337,923,024
Equity and Liabilities					
Equity					
Accumulated surplus		481,081,957	414,091,827	303,986,027	283,987,927
Universal Access and Service Fund	9	12,368,021	28,548,695	—	—
		493,449,978	442,640,522	303,986,027	283,987,927
Liabilities					
Current Liabilities					
Trade and other payables	10	17,323,679	22,536,837	17,323,679	22,536,837
Tax payable		177,198	—	177,198	—
Dividend payable	8	—	2,849,565	—	2,849,565
Universal Access and Service Fund Trust	9	—	—	12,368,021	28,548,695
		17,500,877	25,386,402	29,868,898	53,935,097
Total Equity and Liabilities		510,950,855	468,026,924	333,854,925	337,923,024

Statements of Comprehensive Income

For the year ended 31 March 2017

	Note	Group		Authority	
		2017 P	2016 P	2017 P	2016 P
Revenue	12	159,061,952	164,397,856	117,761,920	123,365,634
Other income		1,645,681	640,361	1,604,241	624,681
Operating expenses	13	(115,200,717)	(133,430,250)	(109,436,505)	(120,681,839)
Surplus for the year before finance income	14	45,506,916	31,607,967	9,929,656	3,308,476
Finance income	15	7,488,801	11,978,315	4,622,726	8,089,784
Fair value adjustments	3	490,000	—	490,000	—
Surplus for the year before tax		53,485,717	43,586,282	15,042,382	11,398,260
Taxation	16	(2,674,361)	—	(2,674,361)	—
Other comprehensive income		—	—	—	—
Total comprehensive income for the year		50,811,356	43,586,282	12,368,021	11,398,260

Statements of Cash Flows

For the year ended 31 March 2017

	Note	Group		Authority	
		2017 P	2016 P	2017 P	2016 P
Cash flows from operating activities					
Cash generated from operations	18	79,501,567	43,333,204	33,060,474	22,440,157
Tax paid		(2,497,163)	—	(2,497,163)	—
Net cash generated from operating activities		77,004,404	43,333,204	30,563,311	22,440,157
Cash flows from investing activities					
Finance income	15	7,488,801	11,978,315	4,622,726	8,089,784
Purchase of property, plant and equipment	4	(1,577,543)	(9,554,508)	(1,570,958)	(8,485,040)
Proceeds from sale of plant and equipment	4	287,307	148,305	287,307	148,305
Net cash generated from / (used in) investing activities		6,198,565	2,572,112	3,339,075	(246,951)
Cash flows from financing activities					
Amount paid to Universal Access and Service Fund Trust		—	—	(8,548,695)	(3,742,229)
Dividends paid to Botswana Government		(2,849,565)	(7,914,076)	(2,849,565)	(7,914,076)
Net cash used in financing activities		(2,849,565)	(7,914,076)	(11,398,260)	(11,656,305)
Total cash and cash equivalents movement for the year		80,353,404	37,991,240	22,504,126	10,536,901
Cash and cash equivalents at beginning of the year		265,201,802	227,210,562	153,773,005	143,236,104
Total cash and cash equivalents at end of year	7	345,555,206	265,201,802	176,277,131	153,773,005

Statements of Changes in Equity

For the year ended 31 March 2017

	Accumulated Surplus P	Total Equity P
Authority		
Balance as at 01 April 2015	283,987,927	283,987,927
Surplus for the year	11,398,260	11,398,260
Other comprehensive income for the year	—	—
Total comprehensive income for the year	11,398,260	11,398,260
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	(8,548,695)	(8,548,695)
Dividend payable to Botswana Government	(2,849,565)	(2,849,565)
Total transactions with owners	(11,398,260)	(11,398,260)
Balance as at 31 March 2016	283,987,927	283,987,927
Note(s)		
Authority		
Balance as at 01 April 2016	283,987,927	283,987,927
Surplus for the year	12,368,021	12,368,021
Other comprehensive income for the year	—	—
Total comprehensive income for the year	12,368,021	12,368,021
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
Total transactions with owners	7,630,079	7,630,079
Balance as at 31 March 2017	303,986,027	303,986,027

Statements of Changes in Equity (continued)

For the year ended 31 March 2017

	Surplus allocated towards Universal Access and Service Fund P	Total Reserves P	Accumulated Surplus P	Total Equity P
Group				
Balance as at 01 April 2015	23,742,229	23,742,229	378,161,576	401,903,805
Surplus for the year	—	—	43,586,282	43,586,282
Other comprehensive income for the year	—	—	—	—
Total comprehensive income for the year	—	—	43,586,282	43,586,282
Excess of income over expenditure paid to the Universal Access and Service Fund Trust	(3,742,229)	(3,742,229)	3,742,229	—
Transferred from accumulated surplus	8,548,695	8,548,695	(8,548,695)	—
Dividend payable to Botswana Government	—	—	(2,849,565)	(2,849,565)
Total transactions with owners	4,806,466	4,806,466	(7,656,031)	(2,849,565)
Balance as at 31 March 2016	28,548,695	28,548,695	414,091,827	442,640,522
Note(s)	9			
Group				
Balance as at 01 April 2016	28,548,695	28,548,695	414,091,827	442,640,522
Surplus for the year	—	—	50,811,356	50,811,356
Other comprehensive income for the year	—	—	—	—
Total comprehensive income for the year	28,548,695	28,548,695	50,811,356	50,811,356
Excess of income over expenditure paid to the Universal Access and Service Fund Trust	(8,548,695)	(8,548,695)	8,548,695	—
Transfer 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)
Total transactions with owners	(16,180,674)	(16,180,674)	16,178,774	(1,900)
Balance as at 31 March 2017	12,368,021	12,368,021	481,081,957	493,449,978
Note(s)	9			

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017

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 80 to 113 have been approved by the Board on 15 September 2017

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:

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 uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between loss estimates and actual 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.

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.

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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

1.1 Significant judgements and sources of estimation uncertainty (continued)

Contingent liabilities

Management applies its judgement to facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Useful life and residual values of property, plant and equipment

The estimates of useful lives as translated into depreciation rates are detailed in property, plant and equipment policy on the annual financial statements. These rates and residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the Country.

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.

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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

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.

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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

1.4 Property, plant and equipment (continued)

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.

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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

1.5 Financial instruments (continued)

Impairment of financial assets (continued)

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. 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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

1.6 Tax (continued)

Tax expenses (continued)

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 current 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 has been calculated based on the income for the full year financial year (although a possible interpretation of the Income Tax Act may indicate that this should be portion of the financial year)
- capital allowances on property, plant and equipment existing at the beginning of the 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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

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.

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.

Accounting Policies

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

1.10 Provisions and contingencies (continued)

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.

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

Consolidated Annual Financial Statements
for the year ended 31 March 2017 (continued)

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 their annual reporting period commencing 1 April 2016:

- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38.
- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to IAS 1.

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 2017, 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.

Notes to the Financial Statements

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
3. Investment property				
Valuation	9,490,000	9,000,000	9,490,000	9,000,000
Carrying value	9,490,000	9,000,000	9,490,000	9,000,000
Reconciliation of investment property				
Investment property				
Opening balance	9,000,000	9,000,000	9,000,000	9,000,000
Fair value adjustment	490,000	—	490,000	—
Closing balance	9,490,000	9,000,000	9,490,000	9,000,000

Details of valuation

The effective date of the revaluation was 5th June 2017. Revaluation was performed by an independent valuer, Mr. Lloyd Mulambya Bsc. (Real Estate) MR EIB, MREAC, of Stocker Fleetwood Bird. Stocker Fleetwood Bird is independent to the Authority and have experience in location and category of the investment property being valued.

The investment property was valued at P 9,490,000 by Stocker Fleetwood Bird, professional property valuers on 5th June 2017. 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.

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
Amounts recognised in surplus or deficit for the year				
Rental income from investment property	437,687	495,495	437,687	495,495
Repairs and maintenance of the investment property	(157,806)	(93,263)	(157,806)	(93,263)

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

4. Property, Plant and Equipment

	2017			2016		
	Cost P	Accumulated Depreciation and Impairment P	Carrying Value P	Cost P	Accumulated Depreciation and impairment P	Carrying Value P
Group						
Buildings	50,300,036	(8,559,065)	41,740,971	49,000,379	(7,634,887)	41,365,492
Furniture and fixtures	12,492,094	(7,287,628)	5,204,466	12,338,166	(5,744,495)	6,593,671
IT equipment	11,316,154	(10,656,535)	659,619	11,309,202	(9,291,467)	2,017,735
Land	2,135,700	—	2,135,700	2,135,700	—	2,135,700
Motor vehicles	4,410,539	(2,819,376)	1,591,163	5,082,467	(2,628,760)	2,453,707
Office equipment	13,294,207	(8,848,154)	4,446,053	13,280,657	(6,870,898)	6,409,759
Technical equipment (ASMS)	139,839,186	(71,013,869)	68,825,317	139,799,126	(62,019,934)	77,779,192
Capital work-in-progress	2,070	—	2,070	114,572	—	114,572
Total	233,789,986	(109,184,627)	124,605,359	233,060,269	(94,190,441)	138,869,828

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

4. Property, Plant and Equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening Balance P	Additions P	Transfers P	Disposals/ Write-off P	Depreciation P	Impairment P	Total P
Group							
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	164,664	—	(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
Total	138,869,828	1,690,045	(112,502)	(12,319)	(15,829,692)	—	124,605,359

Reconciliation of property, plant and equipment - 2016

	Opening Balance P	Additions P	Transfers P	Disposals/ Write-off P	Depreciation P	Impairment P	Total P
Group							
Buildings	42,311,359	33,691	—	—	(979,558)	—	41,365,492
Furniture and fixtures	7,054,281	929,228	(23,850)	(3,618)	(1,362,370)	—	6,593,671
IT equipment	2,568,436	1,583,183	—	(107,897)	(2,025,987)	—	2,017,735
Land	2,135,700	—	—	—	—	—	2,135,700
Motor vehicles	1,559,061	1,452,298	—	—	(557,652)	—	2,453,707
Office equipment	1,928,846	5,556,108	82,990	(24,760)	(1,133,425)	—	6,409,759
Technical equipment (ASMS)	90,460,769	—	—	—	(11,318,716)	(1,362,861)	77,779,192
Capital work- in-progress	173,712	—	(59,140)	—	—	—	114,572
Total	148,192,164	9,554,508	—	(136,275)	(17,377,708)	(1,362,861)	138,869,828

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

4. Property, Plant and Equipment (continued)

	2017			2016		
	Cost P	Accumulated Depreciation and Impairment P	Carrying Value P	Cost P	Accumulated Depreciation and impairment P	Carrying Value P
Authority						
Buildings	50,300,036	(8,559,065)	41,740,971	49,000,379	(7,634,887)	41,365,492
Furniture and fixtures	12,492,094	(7,287,628)	5,204,466	12,338,166	(5,744,495)	6,593,671
IT equipment	11,272,290	(10,613,433)	658,857	11,265,338	(9,269,219)	1,996,119
Land	2,135,700	—	2,135,700	2,135,700	—	2,135,700
Motor vehicles	3,345,462	(2,510,649)	834,813	4,023,975	(2,584,656)	1,439,319
Office equipment	13,294,207	(8,848,154)	4,446,053	13,280,657	(6,870,898)	6,409,759
Technical equipment (ASMS)	139,839,186	(71,013,869)	68,825,317	139,799,126	(62,019,934)	77,779,192
Capital work-in-progress	2,070	—	2,070	114,572	—	114,572
Total	232,681,045	(108,832,798)	123,848,247	231,957,913	(94,124,089)	137,833,824

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

4. Property, Plant and Equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening Balance P	Additions P	Transfers P	Disposals/ Write-off P	Depreciation P	Impairment P	Total P
Authority							
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
Total	137,833,824	1,683,459	(112,502)	(12,319)	(15,544,215)	—	123,848,247

Reconciliation of property, plant and equipment - 2016

	Opening Balance P	Additions P	Transfers P	Disposals/ Write-off P	Depreciation P	Impairment P	Total P
Authority							
Buildings	42,311,359	33,691	—	—	(979,558)	—	41,365,492
Furniture and fixtures	7,054,281	929,228	(23,850)	(3,618)	(1,362,370)	—	6,593,671
IT equipment	2,536,918	1,572,207	—	(107,897)	(2,005,109)	—	1,996,119
Land	2,135,700	—	—	—	—	—	2,135,700
Motor vehicles	1,559,061	393,806	—	—	(513,548)	—	1,439,319
Office equipment	1,928,846	5,556,108	82,990	(24,760)	(1,133,425)	—	6,409,759
Technical equipment (ASMS)	90,460,769	—	—	—	(11,318,716)	(1,362,861)	77,779,192
Capital work- in-progress	173,712	—	(59,140)	—	—	—	114,572
Total	148,160,646	8,485,040	—	(136,275)	(17,312,726)	(1,362,861)	137,833,824

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
5. Financial assets by category				
Loans and receivables				
Trade and other receivables	30,063,314	53,316,901	23,002,571	35,677,802
Cash and cash equivalents	345,555,206	265,201,802	176,277,131	153,773,005
	375,618,520	318,518,703	199,279,702	189,450,807

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.

		Group		Authority	
		2017 P	2016 P	2017 P	2016 P
	Ratings				
Trade receivables	Group 1	—	24,267,373	—	895,080
	Group 2	26,203,545	30,296,982	19,409,517	30,296,982
Receivable from CRASA	Not rated	816,478	354,004	816,478	354,004
Staff debtors	Not rated	32,171	171,556	32,171	171,556
Cash at bank and Short-term deposits	Not rated	345,553,206	265,199,802	176,275,131	153,771,005

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 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
6. Trade and other receivables				
Trade receivables	30,369,460	54,045,173	22,682,960	34,429,228
Less: Impairment	(1,833,803)	(2,172,590)	(1,833,803)	(2,172,590)
Trade receivables (net)	28,535,657	51,872,583	20,849,157	32,256,638
Other receivables	679,008	918,758	1,304,765	2,895,604
Deposits	53,559	153,926	53,559	153,926
Staff debtors	32,171	171,556	32,171	171,556
Receivable from CRASA	816,478	354,004	816,478	354,004
Prepayments	1,183,417	1,484,467	1,183,417	1,484,467
	31,300,290	54,955,294	24,239,547	37,316,195
Trade debtors are unsecured and do not attract interest.				
Trade receivables which are fully performing	26,203,545	54,564,355	19,409,517	31,192,062

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
6. Trade and other receivables (continued)				
Trade and other receivables past due but not impaired (continued)				
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	1,542,123	4,554,407	1,439,639	910,127
more than 3 months	789,989	823,164	—	154,449
	2,332,112	5,377,571	1,439,639	1,064,576
Trade receivables impaired				
As of 31 March 2017, trade and other receivables of P1,833,803 (2016: P2,172,590) were impaired and provided for.				
The ageing of these receivables is as follows:				
0-3 months	238,885	439,998	238,885	439,998
more than 3 months	1,594,918	1,732,592	1,594,918	1,732,592
	1,833,803	2,172,590	1,833,803	2,172,590
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	2,172,590	1,476,624	2,172,590	1,476,624
Provision for impairment	506,909	750,345	506,909	750,345
Amounts recovered	(845,696)	(54,379)	(845,696)	(54,379)
	1,833,803	2,172,590	1,833,803	2,172,590

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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
7. Cash and cash equivalents				
Cash on hand	2,000	2,000	2,000	2,000
Bank balances	57,821,565	42,302,168	21,991,635	14,047,620
Short-term deposits	287,731,641	222,897,634	154,283,496	139,723,385
	345,555,206	265,201,802	176,277,131	153,773,005
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	57,821,565	42,302,168	21,991,635	14,047,620
Short-term deposits	287,731,641	222,897,634	154,283,496	139,723,385
	345,555,206	265,201,802	176,277,131	153,773,005
8. Dividends payable				
The saving gram notification by the Government of Botswana approves the distribution of 25% of the Authority's annual surplus for the year as dividend to the Government of Botswana.				
Accordingly, the Authority has apportioned from its Accumulated Surplus as dividend payable.	—	2,849,565	—	2,849,565
9. Universal Access and Service Fund				
Opening balance	28,548,695	23,742,229	28,548,695	23,742,229
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	12,368,021	8,548,695	—	—
Amount paid during the year to Universal Access and Service Fund Trust	(8,548,695)	(3,742,229)	(8,548,695)	(3,742,229)
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	—	—	12,368,021	8,548,695
Closing balance	12,368,021	28,548,695	12,368,021	28,548,695

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 less dividend payable to Botswana Government 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 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
10. Trade and other payables				
Trade payables	—	2,148,711	—	2,148,711
VAT payable	410,941	595,545	410,941	595,545
Employee cost accruals	6,332,989	6,269,015	6,332,989	6,269,015
Other accrued expenses	3,013,353	11,526,750	3,013,353	11,526,750
Deposits received	82,244	59,667	82,244	59,667
Other payables	7,484,152	1,937,149	7,484,152	1,937,149
	17,323,679	22,536,837	17,323,679	22,536,837
11. Financial liabilities by category				
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	—	—	12,368,021	28,548,695
Trade and other payables	10,579,749	15,672,277	10,579,749	15,672,277
Dividend payable	—	2,849,565	—	2,849,565
	10,579,749	18,521,842	22,947,770	47,070,537
12. Revenue				
Turnover fees - Telecommunications	91,411,318	95,545,590	91,411,318	95,545,590
Turnover fees - Postal	(837,681)	1,064,264	(837,681)	1,064,264
Turnover fees -Broadcasting	278,359	314,191	278,359	314,191
Radio license fees	17,984,928	18,081,093	17,984,928	18,081,093
System license fees	6,363,901	6,182,391	6,363,901	6,182,391
Service license fees	1,537,167	1,477,298	1,537,167	1,477,298
UASF Levy	41,300,032	41,032,222	—	—
Others	1,023,928	700,807	1,023,928	700,807
	159,061,952	164,397,856	117,761,920	123,365,634

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Note	Group		Authority	
		2017 P	2016 P	2017 P	2016 P
13. Operating expenses					
Major categories of operating expenses:					
Employee costs	14(a)	51,142,124	52,840,130	51,142,124	52,840,130
Depreciation	4	15,829,692	17,377,708	15,544,215	17,312,726
Impairments on receivables		506,909	750,345	506,909	750,345
Impairments on plant and equipment	4	—	1,362,861	—	1,362,861
Consulting and professional fees		5,000,743	13,755,140	5,000,743	12,343,584
Project expenses		3,506,946	9,433,155	—	—
Conference expenses		9,658,710	5,040,172	9,589,355	4,097,346
Travel expenses		3,588,552	3,255,158	3,588,552	3,255,158
Repairs and maintenance		4,279,122	5,286,853	4,279,122	5,284,220
Security charges		1,194,067	2,239,603	1,194,067	2,239,603
Training		2,731,254	2,694,878	2,361,792	2,694,878
Internet charges		2,636,772	2,192,278	2,636,772	2,192,278
Advertising		3,290,541	2,141,517	2,317,284	2,124,005
Donations		1,882,943	2,885,536	1,882,943	2,885,536
Board expenses		1,668,793	1,560,075	1,236,187	791,169
Legal expenses		28,860	—	15,000	—
Other expenses		8,254,690	10,614,841	8,141,441	10,508,000
		115,200,717	133,430,250	109,436,505	120,681,839
14. Surplus for the year before finance income for the year is stated after accounting for the following:					
Profit on sale of property, plant and equipment		276,887	12,030	276,887	12,030
Impairment on plant and equipment		—	1,362,861	—	1,362,861
Depreciation on property, plant and equipment		15,829,692	17,377,708	15,544,215	17,312,726
Employee costs (refer note (a) below)		51,142,124	52,840,130	51,142,124	52,840,130
(a) Employee costs:					
Salary and wages		37,983,660	39,470,340	37,983,660	39,470,340
Pension - defined contribution plan		5,382,310	3,879,845	5,382,310	3,879,845
Other employee benefits		7,776,154	9,489,945	7,776,154	9,489,945
		51,142,124	52,840,130	51,142,124	52,840,130
Average number of employees		88	89	88	89

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
15. Finance income				
Bank	247,599	202,363	58,092	91,848
Income from short-term investments	7,241,202	11,775,952	4,564,634	7,997,936
	7,488,801	11,978,315	4,622,726	8,089,784
16. Taxation				
Income tax expense				
Current tax:	2,674,361	—	2,674,361	—
Income tax expense	2,674,361	—	2,674,361	—
The tax on Authority's profit before tax differs from theoretical amount that would arise using the basic tax rate as follows:				
Surplus before income tax	53,485,717	43,586,282	15,042,382	11,398,260
Tax calculated at applicable tax rates of 22% (2016: No tax)	11,766,858	9,588,982	3,309,324	2,507,617
Tax effects of:				
- Expenses not deductible for tax purposes	414,247	—	414,247	—
Income not chargeable for tax purposes	(9,506,744)	(9,588,982)	(1,049,210)	(2,507,617)
Income tax expense	2,674,361	—	2,674,361	—
17. Auditors' remuneration				
Fees	183,262	178,464	132,862	127,000

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
18. Cash generated from operations				
Surplus for the year before tax	53,485,717	43,586,282	15,042,382	11,398,260
Adjustments for:				
Depreciation	15,829,692	17,377,708	15,544,215	17,312,726
Profit on sale of assets	(276,887)	(12,030)	(276,887)	(12,030)
Impairment on plant and equipment	—	1,362,861	—	1,362,861
Interest received	(7,488,801)	(11,978,315)	(4,622,726)	(8,089,784)
Fair value adjustments	(490,000)	—	(490,000)	—
Changes in working capital:				
Trade and other receivables	23,655,004	(15,770,237)	13,076,648	(8,298,811)
Trade and other payables	(5,213,158)	8,766,935	(5,213,158)	8,766,935
	79,501,567	43,333,204	33,060,474	22,440,157
19. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for:				
- Property, plant and equipment	—	1,711,948	—	1,711,948
- ASMS Technical equipment	—	—	—	—
	—	1,711,948	—	1,711,948
This committed expenditure relates to property, plant and equipment and will be financed by available bank resources.				
Approved but not yet contracted for:				
- Property, plant and equipment	—	5,528,024	—	5,528,024
Operating leases – as lessor (income) lease payments due				
- within one year	437,687	495,495	437,687	495,495

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 2017

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 19,571,262 (2016: P 22,603,030).

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 3,768,926 (2016: P 3,508,982).

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 50% of the outstanding balance. The balance outstanding at the reporting date under this guarantee amounts to P2,100,285 (2016: P 1,973,915).

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 P 4,592,946 (2016: P6,059,232).

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.

The revenue from the related parties has been quantified based on the information available.

Members of the Board - Refer to Page 74

Members of key management

T G Pheko (Chief Executive) - retired 30th April 2017

T Kapaletswe (Acting Chief Executive) - appointed 1st May 2017

B Mine

N Katse

M Mokgware

B Luke

M Setshwane

T Monare

P Tladinyane

C Phiase

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
21. Related parties (continued)				
Related party balances				
Amounts included in Trade and other receivables/ (Trade and other Payables) regarding related parties as;				
Botswana Telecommunications Corporation Limited	(5,954,086)	10,225,776	(5,904,282)	7,314,503
Botswana Post	503,099	2,694,952	203,272	686,218
Botswana Fibre Network	4,877,469	3,102,200	3,992,691	2,731,216
Communications Regulators' Association of Southern Africa	816,478	354,004	816,478	354,004
Other balances owing (to)/ from related parties at year-end were:				
Universal Access and Service Fund Trust	—	—	(12,368,021)	(8,548,695)
Dividend payable to Botswana Government	—	(2,849,565)	—	(2,849,565)
Related party transactions				
i) Board expenses				
Sitting allowances	87,465	77,178	70,707	36,015
Travelling allowances	1,315,744	1,177,502	994,961	482,159
Cell phone allowances	60,750	66,600	39,150	34,200
Conferences expenses	204,834	238,795	131,369	238,795
	1,668,793	1,560,075	1,236,187	791,169
ii) Sale of services rendered				
Botswana Telecommunications Corporation Limited	42,774,475	48,616,033	30,492,239	35,794,045
Botswana Post	1,967,478	2,194,375	769,524	1,129,264
Botswana Fibre Network	10,696,588	5,536,081	7,500,237	3,393,029
iii) Project costs (subsidies) paid to related parties				
Botswana Fibre Network	3,506,946	9,309,665	—	—
iv) Compensation to key management				
Remuneration paid	11,466,293	14,934,599	11,466,293	14,934,599
Other long-term employee benefits	1,479,134	1,728,718	1,479,134	1,728,718
	12,945,427	16,663,317	12,945,427	16,663,317

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Less than 1 year P	Between 1 and 2 years P
22. Risk management (continued)		
Liquidity risk (continued)		
Group		
As at 31 March 2017		
Trade and other payables	10,579,749	—
Dividend payable	—	—
As at 31 March 2016		
Trade and other payables	15,672,277	—
Dividend payable	2,849,565	—
Authority		
As at 31 March 2017		
Trade and other payables	10,579,749	—
Universal Access and Service Fund Trust	12,368,021	—
Dividend payable	—	—
As at 31 March 2016		
Trade and other payables	15,672,277	—
Universal Access and Service Fund Trust	28,548,695	—
Dividend payable	2,849,565	—

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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

22. Risk management (continued)

Interest rate risk (continued)

Further, these deposits are due on demand. The fixed deposits for the Group amounts to P 287 million (2016: P 222.89 million) and for Authority amounts to P 154.23 million (2016: P 139.72 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 - 2017

Financial Instrument	Current Interest Rate	Group Due in less than one year (maturity values) P	Authority Due in less than one year (maturity values) P
3 months fixed deposits	2.50%	37,157,178	37,157,178
3 months fixed deposits	2.75%	43,944,559	43,944,559
3 months fixed deposits	3.50%	10,153,047	10,153,047
3 months fixed deposits	3.00%	49,323,769	49,323,769
3 months fixed deposits	3.80%	42,434,402	—
Stanlib money market fund	2.00%	90,740,467	—
Stanlib money market fund	3.70%	14,220,381	14,220,381
		287,973,803	154,798,934

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 P 22.27 million for Group (2016: P40.87 million) and P16.77 million (2016: P 25.27 million) for the Authority .

The maximum credit exposure on trade receivables and other receivables at year-end is limited to P 29.88 million (2016: P53.32 million) for Group and P 22.82 million (2016: P 35.67 million) for Authority.

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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
22. Risk management (continued)				
Financial assets exposed to credit risk at year end were as follows:				
Trade and other receivables	30,063,314	53,316,901	23,002,571	35,677,802
Barclays Bank Botswana Limited	11,168,829	9,864,775	11,168,829	9,864,775
Stanbic Bank Botswana Limited	33,323,996	108,929,245	—	—
Bank of Baroda Botswana Limited	49,033,004	47,387,584	49,033,004	47,387,584
First National Bank of Botswana Limited	10,003,157	3,835,247	10,003,157	3,835,247
Standard Chartered Bank of Botswana Limited	136,864,502	81,474,797	91,849,760	78,975,245
Investment in Stanlib Money Market Fund	105,112,238	13,708,154	14,220,381	13,708,154

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.

23. Fair value measurement

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
Investment property				
Level 2				
Plot 4965, Extension 15, Village, Gaborone	9,490,000	9,000,000	9,490,000	9,000,000

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 2017.

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

The independent valuation was carried out on 5th June 2017. 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 9 490 000.

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

23. Fair value measurement (continued)

Investment property (continued)

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

The reconciliation of the carrying amounts of non financial assets classified within Level 2 is as follows:

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
Investment property				
Opening balance	9,000,000	9,000,000	9,000,000	9,000,000
- increase in fair value of investment property	490,000	—	490,000	—
Balance at 31 March	9,490,000	9,000,000	9,490,000	9,000,000

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 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
Revenue				
Turnover fees - Telecommunications	91,411,318	95,545,590	91,411,318	95,545,590
Turnover fees - Postal	(837,681)	1,064,264	(837,681)	1,064,264
Turnover fees - Broadcasting	278,359	314,191	278,359	314,191
Radio license fees	17,984,928	18,081,093	17,984,928	18,081,093
System licence fees	6,363,901	6,182,391	6,363,901	6,182,391
Service license fees	1,537,167	1,477,298	1,537,167	1,477,298
UASF Levy	41,300,032	41,032,222	—	—
Others	1,023,928	700,807	1,023,928	700,807
	159,061,952	164,397,856	117,761,920	123,365,634
Other income				
Gains on disposal of assets	276,887	12,030	276,887	12,030
Other income	85,411	78,457	43,971	62,777
Bad debts recovered	845,696	54,379	845,696	54,379
Rental income	437,687	495,495	437,687	495,495
	1,645,681	640,361	1,604,241	624,681
Interest received	7,488,801	11,978,315	4,622,726	8,089,784
Fair value adjustments	490,000	—	490,000	—
	7,978,801	11,978,315	5,112,726	8,089,784
Total income	168,686,434	177,016,532	124,478,887	132,080,099
Expenses (refer to page 115)	(115,200,717)	(133,430,250)	(109,436,505)	(120,681,839)
Surplus for the year before tax	53,485,717	43,586,282	15,042,382	11,398,260

The detailed income statement does not form part of the audit opinion expressed on pages 77 to 79.

Detailed Income Statement (continued)

For the year ended 31 March 2017

	Group		Authority	
	2017 P	2016 P	2017 P	2016 P
Operating expenses				
Advertising	(3,290,541)	(2,141,517)	(2,317,284)	(2,124,005)
Assessment rates and municipal charges	(150,274)	(8,631)	(150,274)	(8,631)
Auditors remuneration	(183,262)	(178,464)	(132,862)	(127,000)
Impairments on receivables	(506,909)	(750,345)	(506,909)	(750,345)
Impairments on plant and equipment	—	(1,362,861)	—	(1,362,861)
Bank charges	(132,484)	(129,904)	(129,597)	(128,162)
Board expenses	(1,668,793)	(1,560,075)	(1,236,187)	(791,169)
Cleaning	(327,476)	(325,669)	(327,476)	(325,669)
Computer expenses	(1,357,788)	(1,864,325)	(1,357,788)	(1,864,325)
Conference expenses	(9,658,710)	(5,040,172)	(9,589,355)	(4,097,346)
Consulting and professional fees	(5,000,743)	(13,755,140)	(5,000,743)	(12,343,584)
Consumables	(55,486)	(571,320)	(55,486)	(571,320)
Depreciation, amortisation and impairments	(15,829,692)	(17,377,708)	(15,544,215)	(17,312,726)
Donations	(1,882,943)	(2,885,536)	(1,882,943)	(2,885,536)
Employee costs	(51,142,124)	(52,840,130)	(51,142,124)	(52,840,130)
Entertainment	(39,116)	(79,843)	(37,846)	(70,252)
Functions hosted by Authority	(924,665)	(1,227,529)	(924,665)	(1,227,529)
Insurance	(568,097)	(423,289)	(525,456)	(379,245)
Internet expenses	(2,636,772)	(2,192,278)	(2,636,772)	(2,192,278)
Legal expenses	(28,860)	—	(15,000)	—
Magazines, books and periodicals	(195,049)	(198,251)	(195,049)	(198,251)
Motor vehicle expenses	(180,308)	(173,388)	(168,961)	(173,388)
Postage	(17,277)	(242,543)	(17,277)	(242,543)
Printing and stationery	(826,120)	(1,096,642)	(821,416)	(1,096,642)
Project expenses	(3,506,946)	(9,433,155)	—	—
Protective clothing	(45,450)	(5,782)	(45,450)	(5,782)
Repairs and maintenance	(4,279,122)	(5,286,853)	(4,279,122)	(5,284,220)
Security	(1,194,067)	(2,239,603)	(1,194,067)	(2,239,603)
Staff recruitment expenses	(1,276)	(43,824)	(1,276)	(43,824)
Staff welfare	(1,115,833)	(1,143,539)	(1,115,833)	(1,143,539)
Subscriptions	(805,546)	(1,213,916)	(805,546)	(1,213,916)
Telephone and fax	(500,105)	(817,377)	(500,105)	(817,377)
Training	(2,731,254)	(2,694,878)	(2,361,792)	(2,694,878)
Training levy	(10,068)	2,427	(10,068)	2,427
Travel	(3,588,552)	(3,255,158)	(3,588,552)	(3,255,158)
Utilities	(819,010)	(873,032)	(819,010)	(873,032)
	(115,200,717)	(133,430,250)	(109,436,505)	(120,681,839)

The detailed income statement does not form part of the audit opinion expressed on pages 77 to 79.

LIST OF ABBREVIATIONS

ADSL	- Asymmetric Digital Subscriber Line	NFP	- Network Facilities Provider
AIS	- Africa Internet Summit	PTOs	- Private Telecommunications Network Service
ATU	- Africa Telecommunication Union	PPO	- Public Postal Operator
BOCCIM	- Botswana Confederation of Commerce Industry and Manpower	QoS	- Quality of Service
BHAG	- Big Hairy Audacious Goal	RLAN	- Radio Local Area Network
BoFiNet	- Botswana Fibre Networks	RSTT	- Railway Radiocommunication Systems between Train and Tracksides
BTCL	- Botswana Telecommunications Corporation Limited	SADC	- Southern African Development Community
DTT	- Digital Terrestrial Television	SAR	- Service Availability Rate
CR	- Congestion Rate	SAP	- Services and Applications Provider
CSP	- Content Service Providers	SMS	- Subscription Management Service
CSSR	- Call set-up Success Rate	UASF	- Universal Service and Access Fund
CPO	- Commercial Postal Operators	UPU	- Universal Postal Union
CRA	- Communications Regulatory Authority Act	VANS	- Value-Added Network Service
CTO	- Commonwealth Telecommunications Organisation	VSAT	- Very Small Aperture Terminal
DBS	- Department of Broadcasting Services	WAS	- Wireless Access Systems
DCR	- Dropped Call Rate	WRC	- World Radiocommunication Conference
DPO	- Designated Postal Operator		
EDGE	- Enhanced Data rates for GSM Evolution		
FSS	- Fixed Satellite Stations		
FWA	- Fixed Wireless Access		
FTA	- Free to Air		
GSO	- Geo Stationary Orbit		
GPRS	- General Packet Radio Service		
gTLDs	- Generic Top-Level Domains		
HAPS	- High - Altitude Platform Stations		
HATAB	- Hospitality and Tourism Association of Botswana		
HSR	- Handover success rate		
IDI	- ICT Development Index		
ITS	- Intelligent Transport Systems		
IMT	- International Mobile Telecommunications		
ISDB-T	- Integrated Services Digital Broadcasting - Terrestrial		
ISPs	- Internet Service Providers		
LTE	- Long-Term Evolution or 4G		
MNOs	- Mobile Network Operators		
MTC	- Ministry of Transport and Communications		
MYSC	- Ministry of Youth Empowerment, Sports and Culture Development		
NA	- Network Availability		
NBS	- National Broadband Strategy		

