



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.

PREAMBLE

This document marks the first Annual Report of the Botswana Communications Regulatory Authority (BOCRA).

BOCRA was established through the Communications Regulatory Authority Act, 2012 (CRA Act) on the 1st of April 2013 to regulate the communications sector in Botswana, comprising telecommunications, Internet and Information and Communications Technologies (ICTs), radio communications, broadcasting, postal services and related matters.

The CRA Act replaced the Broadcasting Act [Cap 72:04], the Telecommunications Act [Cap 72:03], and caused the amendment of the Postal Services Act to create a converged or an integrated regulatory authority for the communications industry.



Download the
BOCRA 2014 Annual Report:
www.bta.org.bw



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VISION
To have a connected and informed society.

MISSION
To regulate the Communications Sector for the promotion of Competition, Innovation, Consumer Protection and Universal access.

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COMMENTARY

Introduction

The members of the Board of Botswana Communications Regulatory Authority have pleasure in announcing the results of the Authority for the year ended 31 March 2014, in the interest of Good Corporate Governance and Public responsibility.

Highlights

- Revenue was P119.34 million, 4.1% up compared to last year
- Surplus for the year was P48.11 million, 18.6% more compared to last year's surplus of P40.58 million
- Expenditure increased by 15.78% from P83.16 million to P96.28 million
- Total cash movement for the year was (P10.44 million) compared to P48.99 million last year.
- Total assets grew by 9.5% from P342.60 million to P375.20 million.

Results

BOCRA's revenue increased to P119.34 million from P114.64 million reported last year. This was attributed to the increase in turnover related fees and increased radio licence fees from Public Telecommunications Operators (PTOs). Significant growth was registered in System license fees as a result of licensing new players such as Botswana Fibre Networks (BoFiNet) and Botswana Post. Additional revenue was also derived from type approval of communications equipment entering the Botswana market. Interest income increased from P7.41 million to P8.56 million.

Operating expenses increased by 15.78% to P96.28 million as compared to P83.16 million in the previous year. This increase was mainly attributed to the implementation of the new pay structure by the Authority representing an increase of 13.51% in employee costs from P41.96 million in 2013 to P47.63 million in

2014. Major categories of operating expenses which also increased were; repairs and maintenance; consulting and professional fees; travel and conference expenses; Board costs and advertising.

Corporate Governance

The Board of the Botswana Communications Regulatory Authority is committed to uphold the spirit of corporate governance by subscribing to the highest standards of integrity, accountability and transparency in accordance with recommended current best practice. The Board is comprised of both Executive and Independent Non-Executive Directors who are assisted by various Board committees, namely; Human Resource, Regulatory, External Tender and Finance and Audit.

Social Responsibility

BOCRA recognises its position as a corporate social being. To this end, the Authority continues to make donations to deserving institutions, organisations and individuals in the community in line with its Corporate Social Investment (CSI) programme. Through its CSI BOCRA aims to, among others, increase its involvement in communities and make a measurable, positive impact on the disadvantaged communities throughout Botswana.

Post - Balance Sheet Events

The BOCRA Board had approved to transfer the excess of the income over expenditure of the Authority to the Universal Service Fund.

Market Development

During the period under review, mobile subscriptions increased from 3,095,894 in March 2013 to 3,204,869 in March 2014 representing a growth of approximately 4% compared to 5% recorded between 2012 and 2013. Fixed Telephony subscriptions

Net Surplus for the Year

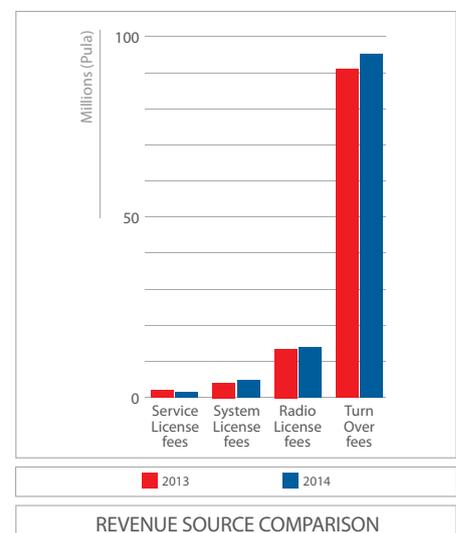
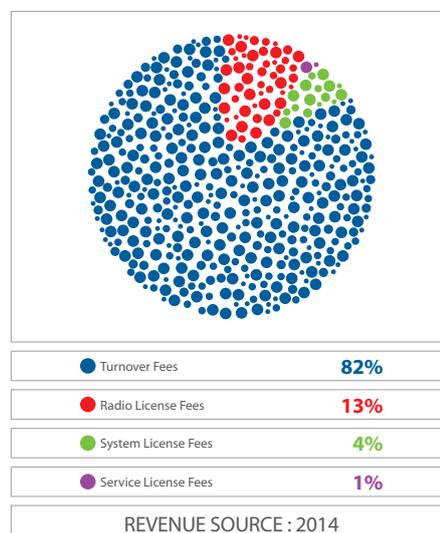
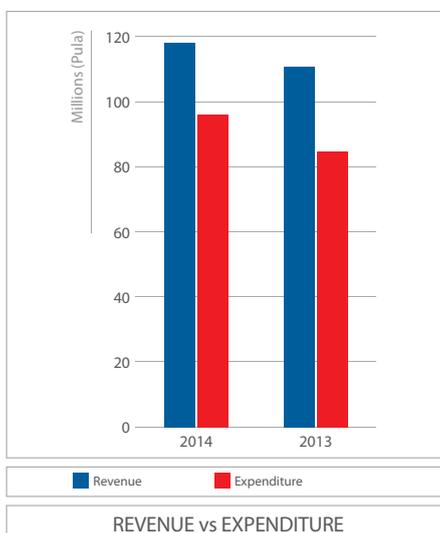
+18.6%

2014 BWP 48,113,070

2013 BWP 40,575,526

have increased from 162,718 in March 2013 to 174,992 in March 2014, a growth rate of approximately 8% which was the same between 2012 and 2013. The ADSL subscriptions increased from 16,930 in April 2013 to 20,164 in March 2014, a growth rate of 19% compared to 43% recorded in the previous period.

Owing to the electronic substitution, the demand for traditional mail is evidently reducing which calls for the postal operators to continuously think of new ways of doing business in order to remain relevant and effectively address the needs of the consumers. The Authority is therefore committed to put in place a regulatory framework that will promote innovation and place postal operators as vehicles for bridging digital divide and promoting financial inclusion.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FIGURES IN PULA	2014	2013
Revenue	119,341,157	114,638,901
Other income	16,500,475	1,185,105
Operating expenses	(96,284,098)	(83,157,764)
Surplus for the year before finance income	39,557,534	32,666,242
Finance income	8,555,536	7,409,284
Fair value adjustment	-	500,000
Total comprehensive income for the year	48,113,070	40,575,526

STATEMENT OF FINANCIAL POSITION

FIGURES IN PULA	2014	2013
ASSETS		
Non-current assets		
Investment Property	8,000,000	8,000,000
Property, plant and equipment	116,097,242	75,950,998
	124,097,424	83,950,998
Current assets		
Trade and other receivables	37,102,290	34,209,380
Cash and cash equivalents	213,998,438	224,441,192
	251,100,728	258,650,572
TOTAL ASSETS	375,198,152	342,601,570
EQUITY AND LIABILITIES		
Funds		
Accumulated surplus	263,743,821	263,743,821
Development Fund Reserve	20 000 000	-
Proposed dividends	-	10,387,991
Universal Service Fund	16 084 802	-
	312,101,001	274,131,812
LIABILITIES		
Current Liabilities		
Trade and other payables	25,744,417	33,237,747
Government of Botswana Universal Service Fund	37,352,734	35,232,011
	63,097,151	68,469,758
Total Equity and Liabilities	375,198,152	342,601,570

STATEMENT OF CASHFLOWS

FIGURES IN PULA	2014	2013
Cashflow from Operating Activities		
Cash generated from operations	28,500,481	53,223,922
Finance income	8,555,536	7,409,284
Net Cash from Operating Activities	37,056,017	60,633,206
Cashflow from Investing Activities		
Purchase of property, plant & equipment	(54,974,255)	(5,240,871)
Sale of property, plant & equipment	15,498,642	977,252
Net Cash from Investing Activities	(39,475,613)	(4,263,619)
Cashflow from Financing Activities		
Movement in Universal Service Fund	2,120,723	536,516
Dividends paid to Government	(10,143,881)	(7,916,294)
Net Cash from Financing Activities	(8,023,158)	(7,379,778)
Total cash movement for the year	(10,442,754)	48,989,809
Cash at beginning of the year	224,441,192	175,451,383
Total Cash at the end of the year	213,998,438	224,441,192

1995



Development of the Telecommunications Policy of 1995
Executive Chairman:
Mr. Cuthbert Moshe Lekaukau

1996

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

1997



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

1998

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

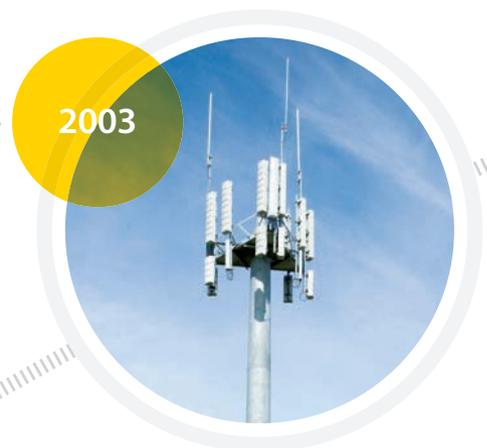
1999

Parliament passes the Broadcasting Act CAP 74:03. Licensing of the first two commercial FM Broadcasting Radio Stations; Yarona FM and Gabz FM. BTA awarded the first Internet Service Providers' licences.

2000

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

2003



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

Board Chairman:
Dr John Mothibi
Chief Executive:
Mr Cuthbert Moshe Lekaukau

2002

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

2001



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



2007

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

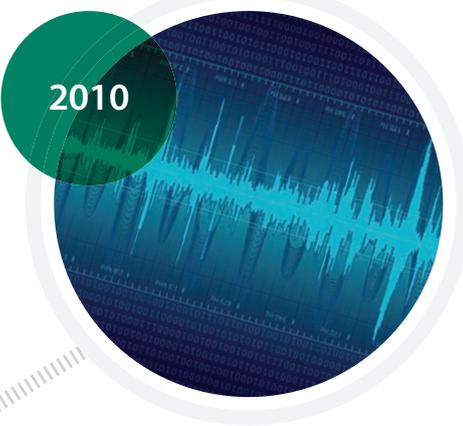
2008
Development of the Telecommunications Technical Specifications and Type Approval Procedures. Development of the Telephone Numbering Policy and the Spectrum Management Strategy.

2009
Official opening of the spectrum monitoring facility - The Spectrum House. Market study of the telecommunications sector in Botswana and the beginning of the Mobile Phone Sim-cards Registration requirement.

Board Chairman:
Dr. Botswiri Oupa Tsheko
Chief Executive:
Mr Thari G. Pheko

2006
Development of the Telephone Numbering Plan and Draft Universal Service and Access Policy.

Board Chairman:
Dr. John Mothibi
Chief Executive:
Mr Thari G. Pheko



2010

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

2005
Installation of the Automated Frequency Management System (AFMS) which simplifies many of the responsibilities of radio Frequency Spectrum administration such as licensing, engineering analysis, frequency assignment and monitoring. Study on Cost Model and Pricing Framework for the Telecommunications Market in Botswana.

2004
Study on Further Liberalisation of the Telecommunications Market in Botswana that led to the August 2006 Minister's pronouncement on the lifting of the restriction on the provision of VoIP by Value Added Network Service Providers and permission for mobile operators to self-provide transmission links.

2011
Directive on the implementation of the Recommendations of the Cost Model and Pricing Framework for Communications Services in Botswana leading to the reduction of wholesale and retail tariffs.



2012

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

Board Chairman:
Dr. Masego Ayo Mpotokwane
Chief Executive:
Mr. Thari G. Pheko

2013
Establishment of the Communications Regulatory Authority (BOCRA). Implementation of structural separation of the Botswana Telecommunications Corporation (BTC) to create Botswana Telecommunications Corporation Limited (BTCL) as a retail business and the Botswana Fibre Networks (BoFiNet) as a wholesale business.

Dr M. A. Mpotokwane

PhD (Environmental Science)
University of Sterling, Scotland

MSc (Rural Surveys)
International Institute for Aerial Survey
and Earth Sciences, Netherlands

BA (Geography and Sociology)
University of Botswana



Chairman's Statement

As the BOCRA Board of Directors we were appointed on 1 April 2013, but only assumed duty six months into the current reporting period. Therefore, the Board had to move as swiftly as it could to familiarise itself with the requirements of both the new legislation and establishing a new organisation. Being the founding Board of a newly established regulatory board is as challenging as it is exciting.

The CRA Act envisages a number of actions for the Board to take to enable regulation to progress in accordance with the letter and the spirit of the law. Upon assumption of duty in October 2013, the Board had to ratify some of the decisions that management made in the interim period from April to September 2013 following the establishment of BOCRA. Notable among such decisions were the creation of additional positions and subsequent appointment to such positions to address additional mandate imposed by the CRA Act. The Board also ratified expenses for renovation of the BOCRA building that needed to be prepared to accommodate the new and increased mandate. The Board then approved the budget for the 2014/15

financial year for submission to the Ministry.

To familiarise itself with the demands of its mandate, the Board undertook benchmarking visits to appreciate how other regulators were dealing with the task of regulation. The Board visited Rwanda, South Africa, Thailand, South Korea, and Japan to benchmark on various regulatory and development issues key among which were universalising Broadband provision and the preparation for migration to digital television broadcasting platform.

The Board also needed to define the path and direction for BOCRA to follow. To this end, the Board needed to develop a forward looking and dynamic strategic plan to guide BOCRA over a five year period. The strategic plan would cater for the converged mandate and more importantly would be flexible to anticipate and better prepare for the ever changing technological developments. Key considerations in developing the strategic plan were tariff reduction with a view to encouraging uptake and ubiquity of services. The Strategic Plan has been drafted and will be launched during the next reporting period.

Going forward the Board is committed to ensuring that all regulated sectors receive necessary attention. In particular, broadcasting and postal regulation will require increased attention to bring their regulation on par with the regulation of telecommunications sub sector that has progressed to a satisfactory level. The June 2015 analogue terrestrial television broadcasting switch off is certainly a priority that the Board will work towards achieving in the next financial year

The Board will avail the necessary resources to facilitate delivery on the mandate of BOCRA and allow the communications sector to contribute to the growth of the economy as expected.

Dr M. A. Mpotokwane
Board Chairperson

Board of Directors



Members of the Board of BOCRA appointed by the Minister of Transport and Communications (MT&C) Hon. Nonofu Molefhi M.P. in terms of the Communications Regulatory Act, 2012.

1 Dr Masego A. Mpotokwane

Board Chairperson

An Environmental Scientist by training, Dr Mpotokwane was a lecturer at the University of Botswana for 27 years before he retired. He has served as Chairman of Board of Directors of the former National Broadcasting Board (NBB) for 12 years, and was also the Deputy Chairman of the BTA Board for 7 years.

3 Mrs Cecilia Mamelodi-Onyadile

Member

Cecilia Mamelodi-Onyadile is Senior Programme Officer (SPO) Communications and ICT at the SADC Secretariat providing strategic oversight and coordinating implementation of telecommunications, postal and ICT programmes priority action areas and strategies within the SADC member states. She has served on the Board of the Local Enterprises Authority (LEA) from 2005 - 2009, where she was also Chairperson of the HR Committee of the Board.

5 Dr Ditshupo E. Maje

Member

Ditshupo Ecco Maje is a lecturer at the University Botswana. Dr Maje holds a PhD in Electrical Engineering from the Missouri University of Science and Technology, USA. He also holds Msc in Radio Engineering from the Vinnitsa State Technical University in the Union of Soviet Socialist Republics. Dr Maje has served as a Board Member in the then Botswana Telecommunications Authority.

7 Mr Roy Davies

Member

Roy Davies is the Head of Financial Advisory Services with AON Botswana. He manages teams of financial planners, consultants and life agents. He specialises in offshore investments, retirement planning and life insurance. Prior to joining AON he spent 17 years with PG Industries Botswana, 13 of which he was Managing Director. Roy Davies is a member of Botswana Institute of Chartered Accountants and former chairman of the Association of Botswana Financial Advisers.

2 Ms Esther Norris

Deputy Board Chairperson

Esther Norris is a Communications and PR specialist with over 15 years' experience and also Executive Director for Brand Management with the Botswana Investment and Trade Centre (BITC). She has previously held positions of Director, Communication Services at the Office of the President; Head of Corporate Affairs, Barclays Bank of Botswana and Public Relations Manager & PA to Managing Director, Debswana Diamond Company Head Office.

4 Mr Mabalaankwe K. Rabashwa

Member

Mr Rabashwa is a private sector lawyer and has been partner with Motihala Rabashwa Ketsabile Attorneys since 2004. As Counsel, he has advised varied clientele. His areas of focus are commercial law, corporate law, labour law, divorce and drafting commercial agreements. Rabashwa's legal skills complement skills possessed by other members of the BOCRA Board of Directors.

6 Mr Andrew O. Sesinyi

Member

Andrew Onalenna Sesinyi is the Head of Communications at the Bank of Botswana. His career spans the broadcasting and print industries within the country and regionally, as well as Foreign Service in various diplomatic functions. Mr Sesinyi has also served as Deputy Permanent Secretary (Media Relations) in the then Ministry of Communications, Science and Technology in 2005.

8 Mr Thari G. Pheko

BOCRA Chief Executive & Ex-Officio Member of BOCRA Board of Directors

Thari G. Pheko is the BOCRA Chief Executive and Ex-Officio Member of the Board. He has held key positions in local, regional and international companies BMC, BHC, Builders Merchants Botswana, PPC in South Africa and Marks and Spencer in the UK. Pheko was also involved in the formulation of the National ICT Policy (Maitlamo) and was the consultant on the Information Society and ICT Development Strategy for BTA.



Ms Pako Ralehika-Phiri

Board Secretary

A lawyer by training, Ms Pako-Ralehika-Phiri acquired LLM Degree from the University Westminster (2010) and LLB Degree from the University of Botswana (2006). She worked for Armstrong Attorneys and later the Administration of Justice as a Magistrate. She joined BOCRA in 2010 and was later appointed Board Secretary in 2013.





Mr 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

Chief Executive Statement

This report covers activities of the first financial year of the Botswana Communications Regulatory Authority following the implementation of the Communications Regulatory Authority Act, 2012 in April 2013. The CRA Act introduced a converged regulatory environment for the Botswana ICT landscape that brings the regulation of telecommunications, Internet and Information and Communications Technologies (ICTs), radio communications, broadcasting, postal services and related matters under one roof.

The year under review has therefore not only seen a successful transition from a single entity regulatory environment to a

converged environment but has also seen the establishment of a new entity namely BOCRA. This new entity inevitably brought with it requirements for a new brand and additional manpower resources to cater for new regulatory mandate dealing particularly with broadcasting and postal services. Working within the limits of available resources the BOCRA brand was introduced and additional positions were created to address new areas of regulation.

The CRA Act places emphasis on rolling out services to unserved and underserved areas. The Act thus provides for a Universal Service Fund (USF/The Fund) to be used to meet universal service obligations. The

Fund is expected to be established and operationalised during the next financial year.

Implementation of BOCRA coincided with new and exciting developments in the regulation of the sector. BOCRA took over the management of Country Code Top Level Domain name (.bw). A launch to signal assumption of that mandate has been done. Migration to a digital television broadcasting standard also begun in earnest following the adoption of the Japanese Integrated Services Digital Broadcasting - Terrestrial (ISDBT) television broadcasting standard by the Government of Botswana. BOCRA facilitated a visit to Japan to appreciate the operation of the standard and begun

frequency coordination consultations with neighbouring states.

BOCRA developed a draft five year strategic plan guided by the Communications Regulatory Authority Act. The draft Strategic Plan focuses on improving customer satisfaction motivating the increase in the access and usage of services of broadcasting, postal, telecommunications and Information and Communication Technologies (ICTs). The plan proposes to leverage on ICTs as an enabler to drive the growth in access and usage in the aforementioned regulated sectors. It will thus focus BOCRA's processes and efforts towards ensuring that there is improved quality of service, enhanced consumer protection and satisfaction, affordable prices in a competitive market that fosters and ensures increased access and

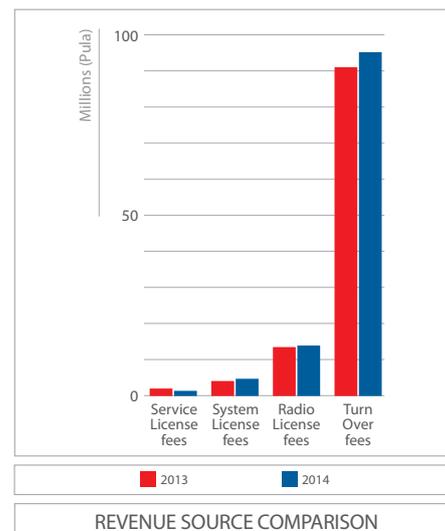
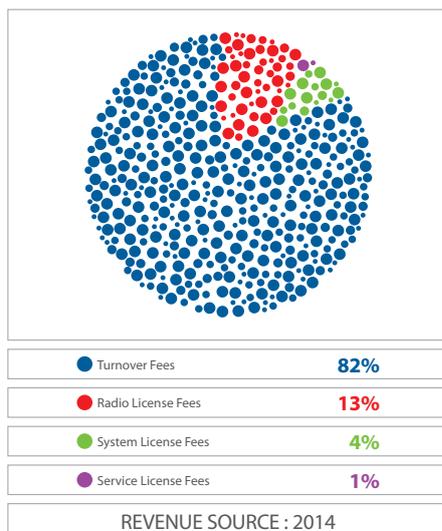
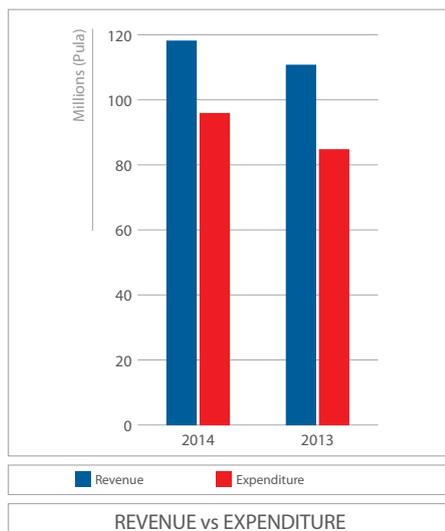
usage within the regulated sectors. The draft Strategic Plan is expected to be approved during the next reporting period. The future of communication regulation in Botswana is positive. In general, regulating a converged sector should not present problems in terms of the development of services and the market. However, as would be expected the current reporting period experienced human resources, policy and legal challenges that had to be overcome for the Authority to operate effectively. That, notwithstanding, the year has produced positive results.

BOCRA's financial performance continues to grow, indicating a healthy performance of the sector. During the year under review the BOCRA recorded growth in surplus and comprehensive income compared to

the previous reporting period. Revenue increased by 4.1 % compared to the previous reporting period.

The success of the year under review is attributable to the dedication and commitment of management and staff of the Authority and the able guidance of the Board not to mention the unwavering support of the Ministry of Transport and Communications.

Mr Thari G. Pheko
Chief Executive



Martin Mokgware
Director:
Broadband &
Universal
Service



Noble Katse
Director:
Business
Development



Bathopi Luke
Director:
Technical
Services



Aaron Nyelesi
Deputy Director:
Corporate
Communications
& Relations



Bonny Mine
Director:
Corporate
Support



Kebareileng Seane
Ag. Director:
Human
Resources



Tshoganetso Kapaletswe
Deputy
Chief Executive
Regulatory Affairs

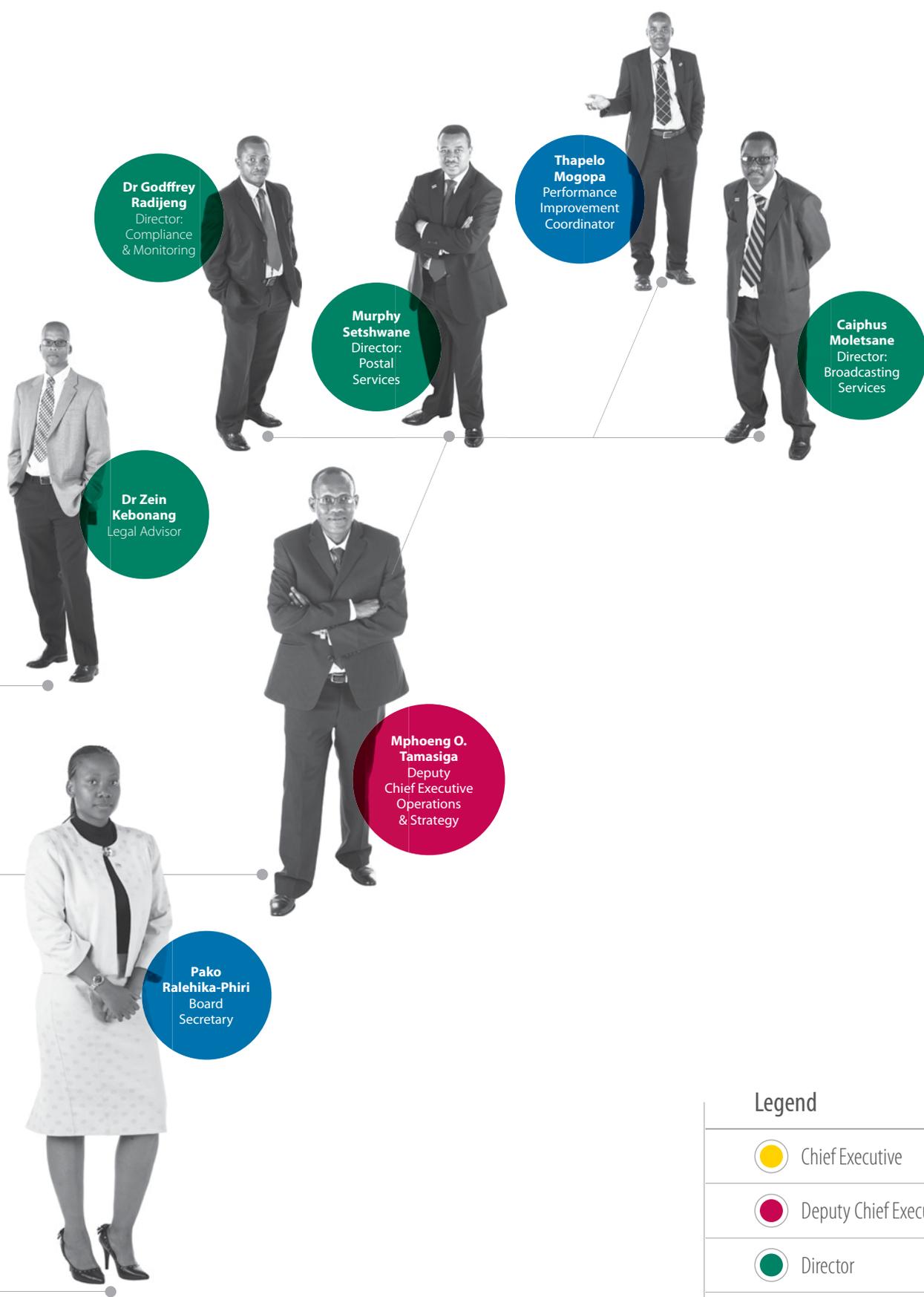


Tebogo Monare
Internal
Auditor



Thari G. Pheko
Chief
Executive

Executive Management



Legend

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



CORPORATE GOVERNANCE

Composition of the Board

The Board of directors was appointed on 1 April 2013, but only assumed duty six months into the current reporting period by the Minister of Transport and Communications in accordance with Section 4(1) of the Communications Regulatory Authority Act. The Board consists of the following:

Dr Masego Ayo Mpotokwane
(Chairperson)

Ms Esther Norris
(Vice-Chairperson)

Mrs Cecilia Mamelodi-Onyadile
(Member)

Dr Ditshupo Ecco Maje
(Member)

Mr Roy Davies
(Member)

Mr Andrew Onalenna Sesinyi
(Member)

Mr Mabalaankwe Rabashwa
(Member)

Mr Thari G. Pheko
(ex-officio Member and Chief Executive)

Duties and Role of the Board

The Board is responsible for providing leadership while setting the strategic direction and delivering value to shareholder and other stakeholders. In pursuance of its primary responsibility of leadership, the Board has an obligation to adhere to good corporate governance principles.

Most importantly, the Board members have an obligation to act in good faith in the best interest of the Authority and shall not serve their personal interests in the discharge of their responsibilities as members. Board members are also required at all times, in the discharge of their responsibilities to, exercise the degree of skill and care which shall be reasonably expected from a person of their standing, knowledge and experience.

BOARD COMMITTEES

Finance and Audit Committee

The committee assists the Board with oversight of financial reporting and audits, including internal controls and risk management. The Committee consists of two members namely: Mr Roy Davies (Chairperson) and Dr Ditshupo Ecco Maje.

Regulatory Committee

The Committee addresses all regulatory functions as provided for in the Act and to recommend to the Board the appropriate regulatory decisions. The Committee consists of three members namely: Dr Ditshupo Ecco Maje (Chairperson), Mrs Cecilia Mamelodi-Onyadile and Mr Mabalaankwe Rabashwa

Human Resource Committee

The Committee is responsible for the following:

The organisation structure of the Authority and annual Human Resources budgets; Broad HR policies and terms and conditions of employment for the Authority; Appointments and termination of appointments of Senior Officers for the Authority; Strategic plans and HR Strategy framework for the Authority, including setting corporate objectives, key result areas and key performance indicators.

The Committee consists of three members namely: Mr Mabalaankwe Rabashwa (Chairperson), Mr Andrew Onalenna Sesinyi and Mrs Cecilia Mamelodi-Onyadile

External Tender Committee

The Committee recommends to the Board approval of contracts awards to successful tenderers for values beyond P1 million.

The Committee consists of three members namely: Mr Andrew Onalenna Sesinyi (Chairperson), Mr Roy Davies and Ms Esther Norris.

Board Attendance

(See Table 1 & Table 2)

All Board Members save for the Chief Executive, are paid a sitting allowance in line with Category C as prescribed by the Minister responsible for Communications when they attend the Board and Committee meetings. The Chairman is entitled to P735 and other Members are entitled to P588 per sitting.

Source: BOCRA 2014 Table 1: Schedule of BOCRA Board Members Attendance for the Period April 2013 - March 2014

MEMBER	BOARD MEETINGS	FINANCE AND AUDIT COMMITTEE	EXTERNAL TENDER COMMITTEE	HUMAN RESOURCE COMMITTEE	REGULATORY COMMITTEE
Dr M.A Mpotokwane	4/5				
Ms E. Norris	4/5		1/1		
Mrs C. Mamelodi-Onyadile	5/5			2/3	1/1
Mr R.Davies	5/5	2/2	1/1		
Dr D. Maje	5/5	2/2			1/1
Mr A.Sesinyi	4/5		1/1	2/3	
Mr M. Rabashwa	5/5			3/3	1/1
Mr Thari G. Pheko	5/5	2/2	1/1	3/3	1/1
Total	5/5	2/2	1/1	2/2	1/1

Source: BOCRA 2014 Table 2: Schedule of Board Sitting Allowances

MEMBER	POSITION	MEETINGS ATTENDED	AMOUNT
Dr M.A Mpotokwane	Chairman	Board Meetings Only	P2 940.00
Ms E. Norris	Vice Chairman	Board and Committee meetings	P2940.00
Mrs C. Mamelodi-Onyadile	Member	Board and Committee meetings	P4704.00
Mr R. Davies	Member	Board and Committee meetings	P4704.00
Dr D. Maje	Member	Board and Committee meetings	P4704.00
Mr A. Sesinyi	Member	Board and Committee meetings	P4116.00
Mr M. Rabashwa	Member	Board and Committee meetings	P5292.00
Mr. Thari G. Pheko	Ex-Officio Member		N /A



BOARD PARTICIPATION

ITU Telecom World

For the reporting period, Board Members have attended the ITU Telecom World 2013 held in Bangkok, Thailand from the 19th – 22nd November 2013. ITU Telecom World is a platform for high-level debate, knowledge-sharing and networking that is essential to drive the success of the global ICT community and address critical world socio-economic challenges. The ITU Telecom World 2013 was held under the theme of “Embracing change in a digital world” and focused on five major areas of change namely:

- i. New ways of communication;
- ii. New industry dynamics and value chain;
- iii. New technological developments;
- iv. New standardisation and regulatory approaches; and
- v. New business models.

Benchmarking visit to South Korea

The Board of Directors accompanied by senior officials of BOCRA visited South Korea from 11 to 14 March 2014 on a mission to benchmark on the strategies used in the deployment and use of Broadband. Korea is ranked the world’s number 1 broadband user for e-Government. The country has invested heavily on deployment of Broadband Internet, which is regarded as a new engine of growth in the world. Use of broadband however brings with it challenges of cyber threats and attacks.

The Board visited a number of Korean Agencies including, The National Computing

& Information Agency (NCIA), Korea Information Society Development Institute (KISDI), Korea Internet Security Agency (KISA) and Korea Telecom company’s Data and Internet Monitoring Centres.

According to Korean Government, the National Computing & Information Agency (NCIA) is the world-first Government Integrated Data Centre model that has integrated information systems of all central government agencies in Korea. NCIA, is the heart of Korean e-Government, which enabled Korea to establish one of the world’s most advanced e-government systems. NCIA has contributed not only to enhancing efficiency and reliability of e-Government services but also saving costs.

Another visit was to KISDI, which mainly deals with research on Broadcasting and Communication Policy. KISDI presented research on Technology Trends in Korea and indicated their role as advisors to Ministry of Communications and Korea Communications Commission.

The Board visited KISA, the agency responsible for monitoring Internet traffic so as to manage undesired activities in the cyberspace and protect the Korean ICT networks.

BOCRA delegation also visited Korea Telecom Data and Internet Monitoring Centres. Korea Telecom is the former incumbent operator and is now a private Telecomm Operator and it is Korea’s top fixed line and 2nd largest mobile carrier. KT shared on how and why they invested heavily on Infrastructure

Security & Security Services to curb Internet malware, spam, cyber-attacks and unlawful eavesdropping which are an ever-increasing problem for many enterprises, consumers and network operators in Korea.

Benchmarking visit to Rwanda

BOCRA Board of Directors also visited Rwanda Utilities Regulatory Authority (RURA) which is responsible for regulating amongst other utilities; Telecommunications information technology, broadcasting and Postal services. Rwanda has been named one of the leading East Africa’s countries in the area of ICT and this is particularly so because the country has recognised that the Internet is a needed public utility as much as water and electricity.

INTERNAL AUDIT

The Internal Audit function provides assurance on governance, risk and internal controls. The portfolio reports directly to the Finance and Audit Committee to enhance its independence.

During the year under review audits were performed and reports issued on various operational areas. Recommendations for improvement were made in the areas of; Information Technology, Records Management, Consumer Protection, Market development, Financial and Human resources.

As part of its internal consultancy role, Internal Audit has coordinated the documentation of work processes for BOCRA. The next phase of the project, which will

happen in the next financial year, will involve validation of the work processes.

Risk Management

The inception of BOCRA as a regulator, demanded reflection and scanning of the new environment considering the extended mandate of regulating Postal and Broadcasting sectors. Internal Audit continues to coordinate the regular identification, analysis, assessment, mitigation, communication and monitoring of risks. BOCRA maintains a Risk Register aligned to the Strategic Plan, which is assessed quarterly to determine progress made in mitigating the risks. The Authority continues to train staff on the risk management processes.

Business Continuity and Disaster Recovery

BOCRA maintains a fully resourced disaster recovery site to ensure that critical business services provided will be available to the customers during disaster recovery period as an initiative to ensure business continuity. All BOCRA staff received training on Business Continuity during the period under review.

POLICY AND LEGAL REVIEW

There were no policy and legal reviews during the reporting period. BOCRA was established through the Communications Regulatory Authority Act, 2012 on the 1 April 2013. The CRA Act replaced the Broadcasting Act [Cap 72:04], the Telecommunications Act [Cap 72:03], and caused the amendment of the Postal Services Act to create a converged or an integrated regulatory authority for the communications industry. BOCRA assumed responsibility for the regulation of the communications sector in Botswana, comprising telecommunications, Internet and Information and Communications Technologies (ICTs), radio communications, broadcasting, postal services and related matters.

In contrast with the Telecommunications Act of 1996, the CRA Act provides for administrative sanctions that incentivise the regulated entities to respond to regulatory requirements imposed by the regulator, without the involvement of the judiciary. This is a significant feature of the new law that had been lacking in the previous legislation.

The implementation of the CRA Act has ushered in a more participatory regulatory regime. The Act requires establishment of Advisory Panels to advise on consumer issues. The CRA Act also provides for the establishment of

Content Committees to deal with consumer issues and broadcasting content issues. Similarly, the Act places a lot of emphasis on universal access and universal service. To this end, the CRA Act provides for the establishment of the Universal Service Fund (USF) and the collection of the Universal Service Levy.

TELECOMMUNICATIONS REGULATION

Telecommunications Market Structure

The telecommunications market is still dominated by three operators which have been issued with Public Telecommunications Operator (PTO) licence namely Botswana Telecommunications Corporation Limited (BTCL), Mascom Wireless Botswana (Pty) Ltd (Mascom) and Orange Botswana (Pty) Ltd (Orange). Botswana Fibre Networks (BoFiNet) a new player in the ICT space providing wholesale services in the telecommunications market, was issued with an interim wholesale licence on 1 April 2013 for a period of one year. BoFiNet started offering services in October 2013. Other market players are the Value Added Network Services (VANS) providers. In addition, Private Telecommunications Network Licence (PTNL) is issued to entities to provide connectivity to their offices on non-commercial basis.

Although the PTO licence allows the operators to offer both mobile and fixed telephony services and products, Mascom and Orange offer mobile telephony services only including mobile internet and value add services while BTCL provides all forms

of communications being fixed and mobile telephony services including data network services, providing access and connectivity.

UPTAKE OF TELEPHONY SERVICES

Mobile Telephony Subscriptions

Access to telecommunications network particularly mobile network has become an essential element in the lives of every individual. It is no longer a luxury commodity but a necessity. It allows people far apart to keep in touch; businesses to operate more efficiently leading to enhanced delivery of services in all other sectors of the economy. BOCRA as a regulator continues to play its role of ensuring that the environment is conducive and that the services are accessible and affordable. Botswana has seen a phenomenal growth of subscriptions of more than 100% to the mobile telephone subscriptions since 2009. Previous studies have concluded that Botswana has a unique form of competition where individuals have SIM cards of all operators in order to take advantage of offers available across all the networks and also ensure that they have access to mobile services in any part of the country.

During the period under review, mobile subscriptions increased from 3,095,894 in March 2013 to 3,204,869 in March 2014 representing a growth of approximately 4% compared to 5% recorded between 2012 and 2013. Over the past 10 years the mobile telephony subscriptions increased from 563,782 in March 2005 to 3,204,869 in March

Source: BOCRA 2014 Table 3: Mobile Network subscriptions from March 2005 to March 2014

TREND ANALYSIS FOR TOTAL MOBILE NETWORK SUBSCRIPTION FOR THE PAST 10 YEARS									
Mar-05	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14
563,782	823,070	1,151,761	1,485,791	1,874,101	2,363,411	2,797,056	2,953,116	3,095,894	3,204,869

Source: BOCRA 2014 Table 4: Post-paid and prepaid mobile telephony as at March 2013 and March 2014

POST-PAID AND PREPAID MOBILE TELEPHONY		
	Prepaid	Post-paid
Mar-13	3,026,439	69,455
Mar-14	3,126,346	78,523

Source: BOCRA 2014 Table 5: Total Fixed Network Subscribers from March 2005 to March 2014

TREND ANALYSIS FOR FIXED NETWORK SUBSCRIPTION FOR THE PAST 10 YEARS									
Mar-05	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14
136,463	132,034	136,946	142,282	144,195	137,422	148,098	150,549	162,718	174,992

Source: BOCRA 2014 Table 6: ADSL Subscriptions from April 2013 to March 2014

ADSL subscriptions											
Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
16,930	17,159	17,369	17,597	16,581	16,831	17,059	17,480	17,718	18,516	19,448	20,164

2014 representing a 468% growth over the period.

Mobile teledensity stood at 158% during the period under review from 153% in March 2013. (Refer to Table 3 & Figure 1)

Mobile Market Segment

In the current review, the share between prepaid and post-paid mobile telephony subscriptions remained at 98% and 2% respectively. The situation has remained unchanged for the past 10 years.

Table 4 shows prepaid and post-paid subscription types for mobile telephony as at March 2013 and March 2014.

Prepaid Vs Postpaid

(Refer to Table 4 & Figure 2)

Fixed Telephony Subscriptions

Fixed telephony subscriptions have shown a constant growth over the years. The subscriptions increased from 162,718 in March 2013 to 174,992 in March 2014, a growth rate of approximately 8% which was the same between 2012 and 2013. Over a 10 year period fixed line subscriptions increased from 136,463 recorded in March 2005 to 174,992 recorded in March 2014, a growth rate of 28%. Teledensity for fixed telephony has remained stagnant at around 8.6%. Teledensity increased from 8.0% to 8.6% over the ten year period and this is attributable to natural growth in uptake of services as well as some level of stimulation arising from demand for Asymmetric Digital Subscriber Line (ADSL) which is dependent on availability of ordinary telephone lines. (Refer to Table 5 & Figure 3)

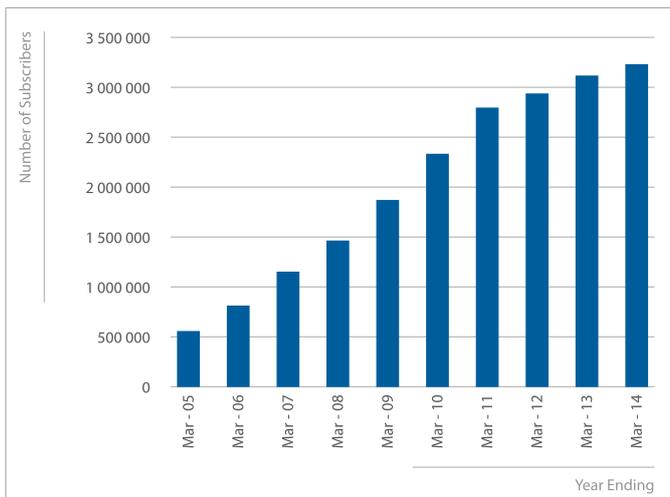
INTERNET UPTAKE

Asymmetric Digital Subscriber Line (ADSL)

The number of subscriptions to ADSL between April 2013 and March 2014 has shown a marginal increase of 3234 subscriptions. The ADSL subscriptions increased from 16,930 in April 2013 to 20,164 in March 2014, a growth rate of 19% compared to 43% recorded in the previous period. Uptake of ADSL remains low due to low uptake of fixed telephone lines. (Refer to Table 6 & Figure 4)

Mobile Internet

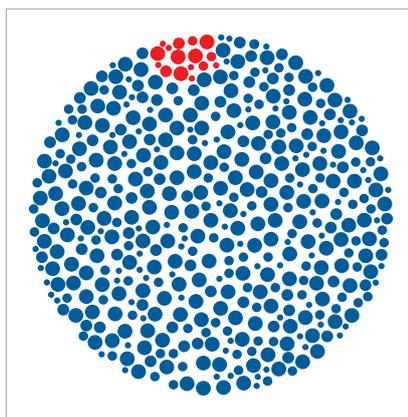
The use of smartphones has led to increased number of people with access to the internet especially among the youth. Mobile internet penetration increased from 43% in March 2013 to 49% in March 2014.



Source: BOCRA 2014

Figure 1: Mobile network subscriptions for the past 10 years

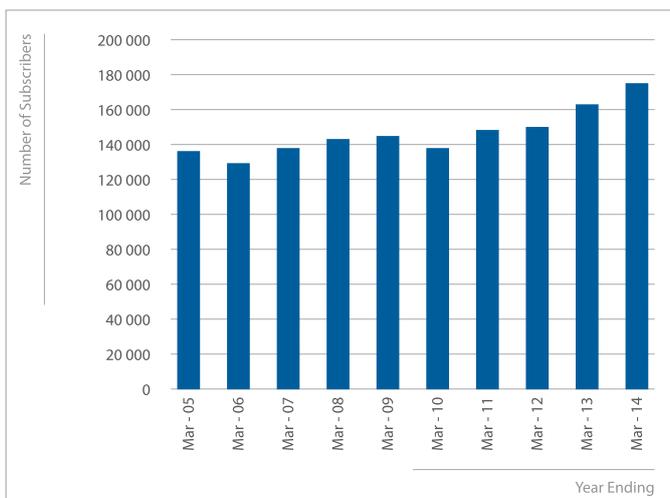
Total Mobile



● Pre-Paid **98%**
● Post-Paid **2%**

Figure 2: Share Between Prepaid and Post-paid Mobile subscriptions

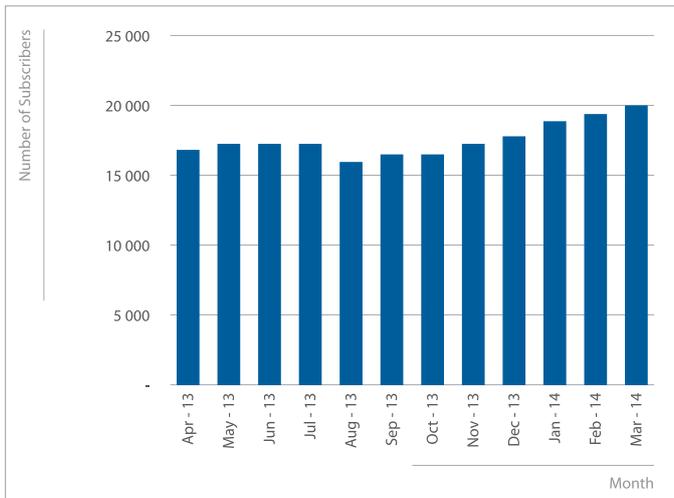
Source: BOCRA 2014



Source: BOCRA 2014

Figure 3: Total Fixed telephony subscriptions for the past 10 years

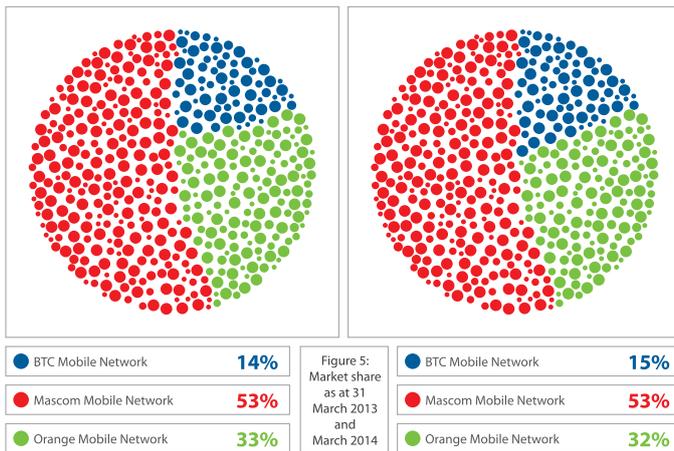
Total Fixed



Source: BOCRA 2014

Figure 4: ADSL Subscriptions from April 2013 to March 2014

Total



Source: BOCRA 2014

Internet Service in Hospitality Facilities

During the reporting period, BOCRA carried out investigations on the availability and quality of Internet services in the Hospitality Facilities in Botswana. The investigations emanated from various complaints regarding poor or lack of internet connectivity in hospitality facilities. The exercise covered more than sixty facilities across the country including hotels, lodges, and guest houses. It revealed that Hospitality Facilities do not subscribe to sufficient bandwidth hence the poor quality of service. It also revealed the use of inappropriate Internet technologies in hospitality facilities and lack of last mile connectivity in some areas, as some of the key causes for poor quality of service in the hospitality facilities.

BOCRA started developing guidelines on minimum requirements for Internet connectivity in hospitality facilities, which would among others, set minimum standards for Internet connectivity in the industry. The guidelines are expected to provide guidance for the quality of Internet services and minimum bandwidth requirements to be adopted by both the Hospitality Facilities and Service Providers. The guidelines are expected to take effect in the next financial year.

Market Share in Terms of Subscriptions

Mascom continues to dominate the mobile market in terms of number of active subscriptions, followed by Orange and lastly beMobile (BTCL Mobile Network). There has been a one percentage point increase in the

market share of beMOBILE (BTCL) which has been showing significant growth over the past years. The market share of Mascom has not changed from 53% in April 2013 and March 2014. (Refer to Figure 5)

PRICES OF COMMUNICATION SERVICES

In line with its mandate of ensuring affordability of communications services, BOCRA continued to engage the four major public operators, being, Botswana Fibre Networks (BoFiNet), Botswana Telecommunications Corporation Limited (BTCL), Mascom Wireless Botswana and Orange Botswana to facilitate the reduction tariffs of telecommunication and Internet services at both wholesale and retail levels to reflect the underlying cost of providing the services. To this end, this section details tariffs reductions that BOCRA approved during the year under review.

Wholesale Internet Bandwidth Prices

Wholesale Internet bandwidth prices/tariffs have been declining. The introduction of BoFiNet wholesale services is expected to accelerate this trend. Table 7 (a) is an extract depicting how BTCL wholesale Internet bandwidth prices for various capacities have been declining over the years from 2011 until March 2014. Table 7 (b) is an extract of BoFiNet wholesale Internet bandwidth tariffs for comparable capacities. The decline in wholesale Internet bandwidth prices is influenced by acquisition of Internet bandwidth capacity through the East Africa Sub Marine System (EASSy) and West Africa Cable System (WACS) undersea cables systems. It is also in keeping with international trends. (Refer to Tables 7(a) & 7(b))

Wholesale Leased Line Prices (BWP)

Wholesale Leased Line Prices have also been experiencing slight decline from 2012. Table 8 and Table 9 are extracts of BTCL and BoFiNet Wholesale Leased Line Prices respectively calculated based on distance. (Refer to Tables 8 & 9)

International Private Leased Circuits (IPLC)

The arrival of WACS and EASSy capacity has also had a positive impact on the pricing of International Private Leased Circuits. BoFiNet prices of IPLCs had reduced significantly as at March 2014 compared to the year 2013 as depicted in Table 10. Although BTCL prices of IPLCs had not changed as at March 2014 compared to March 2013, they had dropped significantly from what they were in 2012 as shown in Table 11. (Refer to Tables 10 & 11)

Source: BOCRA 2014 Table 7(a): BTCL Wholesale Internet Bandwidth Prices in BWP/Month

CAPACITY (MBPS)	2011	2012	2013	MARCH, 2014
1	14,925.32	8,220.89	5,640.28	3,020.76
2	29,716.22	16,279.01	11,168.87	6,030.02
5	73,180.78	39,500.61	27,100.99	14,988.86
8	113,608.51	61,342.31	42,086.33	23,844.26
10	138,479.43	75,166.96	51,571.33	29,690.39
20	248,707.23	136,605.05	93,723.39	58,231.47
30	351,556.82	201,763.88	138,428.22	86,485.23
40	445,771.18	264,791.90	181,671.13	114,164.34
50	540,604.22	328,881.23	225,642.18	142,130.77
60	629,395.20	386,881.17	265,435.36	169,867.34
70	712,413.87	442,467.73	303,572.78	197,374.05
80	789,922.16	495,713.65	340,104.22	224,650.90
90	862,182.90	546,689.38	375,078.18	251,697.88
100	929,429.34	595,463.76	408,541.84	278,515.01
155	1,150,773.30	869,478.44	596,540.58	426,353.99
200	1,477,445.38	1,067,456.68	732,371.48	536,725.62
300	2,216,162.09	1,523,472.57	1,045,239.50	764,862.74
500	3,693,607.47	2,220,695.45	1,523,597.26	1,133,981.33
600	4,432,330.16	2,586,652.94	1,774,677.10	1,280,326.22
620	4,580,076.30	2,633,374.12	1,806,732.02	1,306,377.14

Source: BOCRA 2014 Table 7 (b): BOFINET Wholesale Internet Bandwidth Prices in BWP

CAPACITY (MBPS)	END MARCH 2014
10	36,693.00
20	73,387.00
30	110,080.00
40	146,774.00
50	183,467.00
60	211,960.00
70	247,286.00
80	282,613.00
90	317,940.00
100	343,376.00
150	515,064.00
200	670,751.00
300	1,006,126.00
500	1,656,874.00
600	1,952,911.00

Source: BOCRA 2014 Table 8: BTCL Wholesale Leased Lines Prices Per Month

CAPACITY	DISTANCE (KM)	SAMPLED DISTANCE	2011	2012	2013	END MARCH 2014
2Mbps	0-50	50	9,040	9,040	8,090	8,090
	51-200	51	9,143	9,143	8,193	8,193
	201-400	201	16,091	16,091	15,141	15,141
	more than 400	401	20,157	20,157	19,207	19,207
45Mbps	0-50	50	28,223	28,223	24,670	24,670
	51-200	51	28,692	28,692	25,139	25,139
	201-400	201	55,883	55,883	52,330	52,330
	more than 400	401	70,293	70,293	66,739	66,739
155Mbps	0-50	50	48,071	48,071	42,015	42,015
	51-200	51	48,901	48,901	42,845	42,845
	201-400	201	95,417	95,417	89,361	89,361
	more than 400	401	119,976	119,976	113,920	113,920
310Mbps	0-50	50	57,665	57,665	50,398	50,398
	51-200	51	58,701	58,701	51,434	51,434
	201-400	201	114,540	114,540	107,273	107,273
	more than 400	401	143,810	143,810	136,543	136,543
465Mbps	0-50	50	72,132	72,132	63,048	63,048
	51-200	51	73,352	73,352	64,268	64,268
	201-400	201	143,126	143,126	134,042	134,042
	more than 400	401	179,964	179,964	170,880	170,880
622Mbps	0-50	50	87,285	87,285	76,293	76,293
	51-200	51	88,721	88,721	77,729	77,729
	201-400	201	173,111	173,111	162,119	162,119
	more than 400	401	217,889	217,889	206,897	206,897

Source: BOCRA 2014 Table 9: BoFiNet Prices (BWP) for Leased Lines per month

CAPACITY	LESS THAN 250KM		MORE THAN 250KM	
	2013	2014	2013	END MARCH 2014
2Mbps	239	239	596	596
10Mbps	1,167	1,167	2,914	2,914
45Mbps	5,146	5,146	12,865	12,865
100Mbps	11,212	11,212	28,031	28,031
155Mbps	17,040	17,040	42,600	42,600
310Mbps	20,448	20,448	51,120	51,120
465Mbps	30,672	30,672	63,900	63,900
622Mbps	34,191	34,191	76,927	76,927

Source: BOCRA 2014

Table 10: Prices for BoFINet Unprotected IPLC (1 Year Contract in BWP)

CAPACITY	2013		END MARCH 2014
	WACS	EAS5y	
2Mbps	6,646	13,632	3,120
45Mbps	139,941	306,720	69,429
155Mbps	449,004	1,056,480	228,395
622Mbps	1,722,318	4,239,552	862,614

Source: BOCRA 2014

Table 11: BTCL IPLCS Prices (1 Year Contract in BWP)

Capacity	Distance (km)	2012	2013	March, 2014
2Mbps	0-50	26,875	8,214	8,214
	51-200	27,483	8,832	8,832
	201-400	34,431	15,780	15,780
	more than 400	38,497	24,092	24,092
45Mbps	0-50	99,770	27,816	27,816
	51-200	102,139	30,185	30,185
	201-400	129,330	57,376	57,376
	more than 400	143,739	87,997	87,997
155Mbps	0-50	159,670	47,380	47,380
	51-200	163,735	51,445	51,445
	201-400	210,251	97,961	97,961
	more than 400	262,602	150,312	150,312
310Mbps	0-50	283,462	56,838	56,838
	51-200	288,378	61,754	61,754
	201-400	344,217	117,593	117,593
	more than 400	406,683	180,059	180,059
465Mbps	0-50	406,501	71,093	71,093
	51-200	412,576	77,168	77,168
	201-400	482,350	146,942	146,942
	more than 400	560,876	225,468	225,468
622Mbps	0-50	450,074	86,028	86,028
	51-200	457,385	93,339	93,339
	201-400	541,775	177,729	177,729
	more than 400	637,119	273,073	273,073

Source: BOCRA 2014

Table 12: Mobile Termination Rates

YEAR	2011	2012	2013	MARCH,2014
Termination rate	P0.453	P0.401	P0.348	P0.295
% reduction	--	-11.5%	-13.2%	-15.2%

Source: BOCRA 2014

Table 13: BTCL Retail Corporate Internet Bandwidth Prices in BWP (1 Year Contract)

CAPACITY (MBPS)	2011	2012	2013	END MARCH 2014
1	19,751.25	10,590.19	10,590.19	6,599.89
2	35,115.68	19,744.12	19,744.12	13,069.10
5	82,369.01	45,225.12	45,225.12	31,711.84
8	127,077.77	70,263.24	70,263.24	49,246.72
10	156,943.36	86,124.00	86,124.00	60,345.45
20	281,868.16	156,759.81	156,759.81	109,669.09
30	398,431.04	231,592.97	231,592.97	161,979.81
40	505,207.36	304,022.13	304,022.13	212,579.88
50	612,684.80	377,648.69	377,648.69	299,236.24
60	713,314.56	444,405.15	444,405.15	352,008.13
70	807,402.40	508,438.82	508,438.82	402,584.20
80	895,245.12	569,831.74	569,831.74	451,030.52
90	977,140.64	628,663.45	628,663.45	497,411.37
100	1,053,353.28	685,011.55	685,011.55	541,789.33
155	1,304,209.76	1,001,419.69	1,001,419.69	791,104.59
200	1,674,438.08	1,230,722.46	1,230,722.46	971,237.25
300	n/a	1,758,407.98	1,758,407.98	1,386,148.38
500	n/a	2,571,430.10	2,571,430.10	2,020,524.36
600	n/a	2,997,511.11	2,997,511.11	2,353,494.86
620	n/a	3,052,863.31	3,052,863.31	2,396,004.61

Source: BOCRA 2014

Table 14: Retail ADSL Prices BTCL (BWP)

SPEED (KBPS)	2011	2012	2013	MARCH, 2014
Bronze – up to 512	606.93	562.13	547.23	372.59
Silver – up to 1024	746.42	690.98	671.78	489.19
Gold – up to 2048	939.13	844.10	843.93	624.19
Platinum – up to 4096	n/a	n/a	943.00	943.00

Mobile Termination Rates

Table 12 shows the fall in mobile termination rates. Termination rates are prices that one telecommunications operator charges another for terminating calls on its network. The termination rates affect the pricing of mobile voice calls. (Refer to Table 12)

RETAIL PRICES

As BOCRA approved reductions of wholesale tariffs, the Authority instructed operators to ensure that the reductions were similarly reflected in retail tariffs charged to consumers. Table 13 shows BTCL retail tariffs for Corporate Internet Bandwidth had reduced by March 2014 compared to 2013. A similar reduction had been experienced between 2011 and 2012. (Refer to Table 13)

Asymmetric Digital Subscriber Line (ADSL) Prices

As Internet is mainly provided through ADSL, the pricing of this service has also been reducing over time. Table 14 depicts a trend in BTCL ADSL retail prices between 2011 and March 2014. (Refer to Table 14)

MOBILE INTERNET PREPAID BUNDLES

Unpackaged Internet Offers

Unpackaged Internet Offers are charged at Standard Rates shown in Table 15 (a). Tables 15 (b), 15 (c) and 15 (d) depict prices for various Internet packages offered by Orange Botswana, BTCL and Mascom Wireless Botswana respectively. (Refer to Tables 15(a), 15(b), 15(c) & 15(d))

Mobile Voice Calls

Mobile Voice calls for pre-paid services for the three Public Telecommunications Operators are depicted in Table 16. All the three operators offer packages for on-net calls during peak periods, off-net calls during peak periods as well as on-net calls during off-peak periods and off-net calls during off-peak periods. Cheaper tariffs are experienced during off peak periods. (Refer to Table 16)

Financial Performance

The selected financial performance indicators of the three PTOs are shown as per Table 17.

An assessment of the financial performance of Mascom Wireless, Orange Botswana and BTCL shows an increase in aggregated gross

Source: BOCRA 2014 Table 15 (a): Mobile Internet pre-paid prices (Outside Bundle)

OPERATOR	2011	MARCH, 2014
Mascom Wireless	P1.50	P1.50
Orange Botswana	P0.99	P0.95
BTCL - BeMobile	--	P0.99

Source: BOCRA 2014 Table 15 (b): End of March 2014 Orange Internet Prices (All my Internet Package)

DURATION	BUNDLE CAPACITY	BUNDLE PRICE	IN BUNDLE RATE/MB
1 day	150 MB	P20.00	P0.13
1 week	400 MB	P79.00	P0.20
1 month	800 MB	P149.00	P0.19

Source: BOCRA 2014 Table 15 (c): March, 2014 BTCL Mobile Internet

PACKAGE	BUNDLE PRICE	IN-BUNDLE RATE/MB
14MB	P10.00	P0.71
30MB	P20.00	P0.67
75MB	P50.00	P0.67
160MB	P100.00	P0.63
350MB	P250.00	P0.71

Source: BOCRA 2014 Table 15 (d): March, 2014 Mascom Mobile Internet

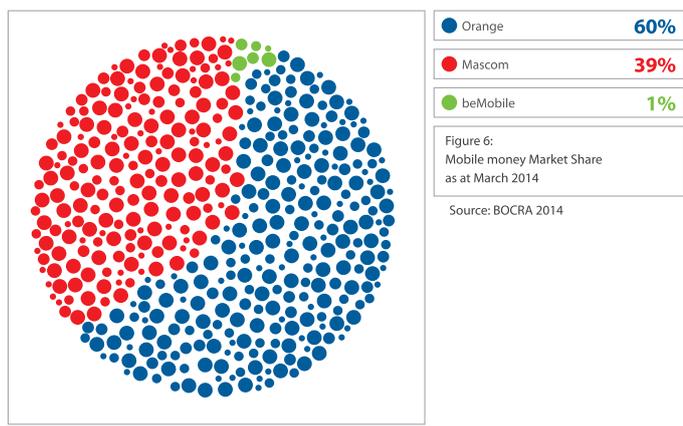
DURATION	BUNDLE CAPACITY	BUNDLE PRICE	IN BUNDLE RATE/MB
14 days	14MB	P9.50	P0.68
14 days	30MB	P19.50	P0.65
30 days	70MB	P45.00	P0.64
30 days	130MB	P80.00	P0.62
90 days	250MB	P150.00	P0.60
90 days	500MB	P300.00	P0.60
90 days	1200MB	P600.00	P0.60

Source: BOCRA 2014 Table 16: 2014 Mobile Voice Call Rates (BWP) – Prepaid services

TYPE OF CALL	END MARCH 2014		
	ORANGE	MASCOM	beMOBILE
On-net calls (Peak)	1.35	1.35	1.32
Off-net calls (Peak)	1.65	1.70	1.32
On-net calls (Off- Peak)	0.875	0.85	1.32
Off-net calls (Off-Peak)	0.875	0.85	1.32
On-net SMS	0.25	0.20	0.32
Off-Net SMS	0.25	0.40	0.32
SADC SMS	0.50	0.50	0.75
SMS Rest of the World	1.00	0.50	0.75

Source: BOCRA 2014 Table 17: Combined Financial indicators of the PTOs

	2012	2013
Revenue	3,471,472,950.00	3,762,357,324.00
Total Assets	4,552,378,703.00	5,212,047,162.00
Profit	882,623,360.00	946,886,450.00



revenue from P3.471 billion in 2012 to P3.762 billion in 2013, representing 8% increase. Similarly, the asset base of the three operators grew substantially by 14% during the year, reaching P5.212 billion at the end of 2013. (Refer to Table 17)

Aggregate net profit increased by 7% from P882.6 million to P946.9 million

Employment

The total formal employment within the three Public Telecommunications Operators was 1,609 staff in March 2013 and 1,573 staff in March 2014. The slight decrease in staff count is attributable to a number of factors key among them being natural loss of staff and rationalisation and right-sizing that one of the service providers has embarked on.

New Services and Market Competition

During the period under review, the new wholesale provider BoFiNet, began its operations and introduced new services, being Internet bandwidth, leased lines and international Private Leased Lines Circuit. The introduction of BoFiNet to the market is expected to enhance competition and lead to price reductions for various services and products at wholesale level. Meanwhile existing PTOs continue to improve their service offerings. Orange Botswana introduced new internet packages for the retail customers.

Value-Added Services

Mobile operators continue to offer value added services in order to stimulate network usage. They continue to roll out SMS based services for promotions, competitions, subscriptions, utility payments and mobile banking services. The service providers compete in package offers in order to attract and retain subscribers.

Mobile Money Services

All the three PTOs offer mobile money services. The number of subscriptions increased from 176 934 in March 2013 to 283 044 in March 2014. The Figure 6 shows the share of mobile money market as at March 2014. Orange holds the largest share of the mobile money market in terms of subscriptions at 60%, followed by Mascom at 39% and be Mobile at only 1%. (Refer to Figure 6)

* In bundle / Outside bundle
A bundle is a pre-paid service offering that contain a certain number of minutes and amount of data at a particular price. PTOs charge lower tariffs for the use of minutes and data in a bundle. Once those have been exhausted customers are charged normal rate. In bundle tariff refers to prices customers pay when they use minutes and data bought in a package/bundle. Outside bundle tariffs refers prices customers pay once they have exhausted minutes and data that was bought in a package/bundle.

Source: BOCRA 2014

Table 18: Total Value (P) of Mobile Money Transactions

CALENDAR QUARTERS	2011	2012	2013
Q1	0	13,244,527	36,674,630
Q2	621,452	19,491,665	48,526,882
Q3	10,137,733	25,108,135	69,627,887
Q4	12,407,295	30,346,813	79,675,580
TOTAL	23,166,480	88,191,140	234,504,979

Mobile Money services have proved to be highly used since its introduction. The Table 18 shows the total value of Mobile Money transacted over the years. It has increased from P88 million to P234 million in 2013 which is an increase of 166% over a year. (Refer to Table 18)

Wi-Fi Hotspots

Value Added Network Service providers continue to make impact in the internet market by increasing availability of wireless internet hotspots. During the year, wireless internet hotspots were launched in some of the major airports including Sir Seretse Khama International Airport, Maun Airport and Kasane Airport. The service is meant to provide internet experience for tourists and business travellers using the said airports.

LICENSING

The ICT licensing framework implemented in 2006 is being reviewed in light of the advent of new technologies that have resulted in convergence of electronic communication networks as well as in increased innovation of new services. Once reviewed, the framework will facilitate market entry by players whose area of operations were not catered for in

the current framework, ultimately leading to increased competition in the market and a wider choice of innovative services for consumers. The World Bank Group is assisting in the review and this is done under the auspices of Reimbursable Advisory Services project in the Botswana Economic Diversification and Competitiveness programme instituted by the Government of Botswana in 2012/13.

The World Bank Group presented a Draft Final Report on Review of the Licensing Framework in February 2014 following which there will be an extensive stakeholder consultation exercise. The review of the framework will be finalised in the next financial year.

In terms of other licensing categories of Value Added Network Services (VANS) and Private Telecommunications Network Licenses (PTNL), a number of licensees were issued as exhibited in Figure 7. (Refer to Figure 7)

The PTO market remains in the hands of three network service providers being Mascom, Orange and BTCL. BoFiNet was granted a one year interim licence to provide wholesale services to PTOs and VANS pending the review of the licensing framework. The

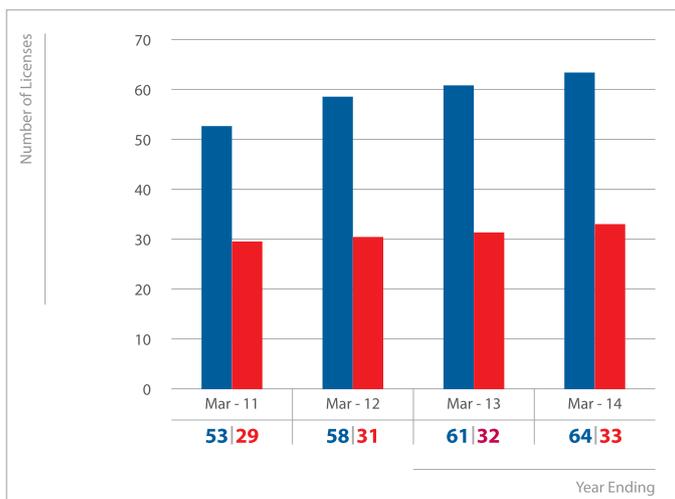
licence issued to BoFiNet expired 31 March 2014 and a six months extension was granted. (Refer to Figure 8)

The number of Value Added Network Service licensees increased from 61 recorded in March 2013 to 64 registered in March 2014. The number of Private Telecommunications Network Licensees increased from 32 to 33 licensees during the year.

REGULATORY INITIATIVES

ICT Needs Assessments

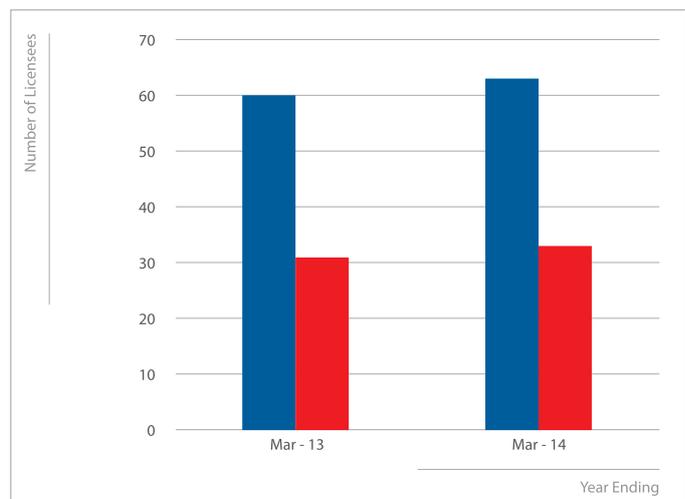
In 2013/14, BOCRA started a needs assessment exercise targeting the 'unserved' and 'underserved' communities in Botswana as a way of promoting access to ICT services. The Authority has identified the education sector as one of the critical sectors requiring access to ICTs and has since undertaken a mini survey to assess the level of need. The survey revealed among others that Internet speed in schools is slow; that some schools used obsolete computers; that the ratio of student to computer in schools is high, and that often computer laboratories were 'unserved'. BOCRA has engaged the Ministry of Education and Skills Development to support their 'schools ICT connectivity' initiative as stipulated in the National ICT Policy, 'Maitlamo' under the 'ThutoNet' initiative. BOCRA will conduct more needs assessments in other community access centres such as libraries during the next financial year to assist in bridging the ICT gap in Botswana.



Source: BOCRA 2014

Figure 7: Number of VANS and PTNL Licenses issued as at March 2014

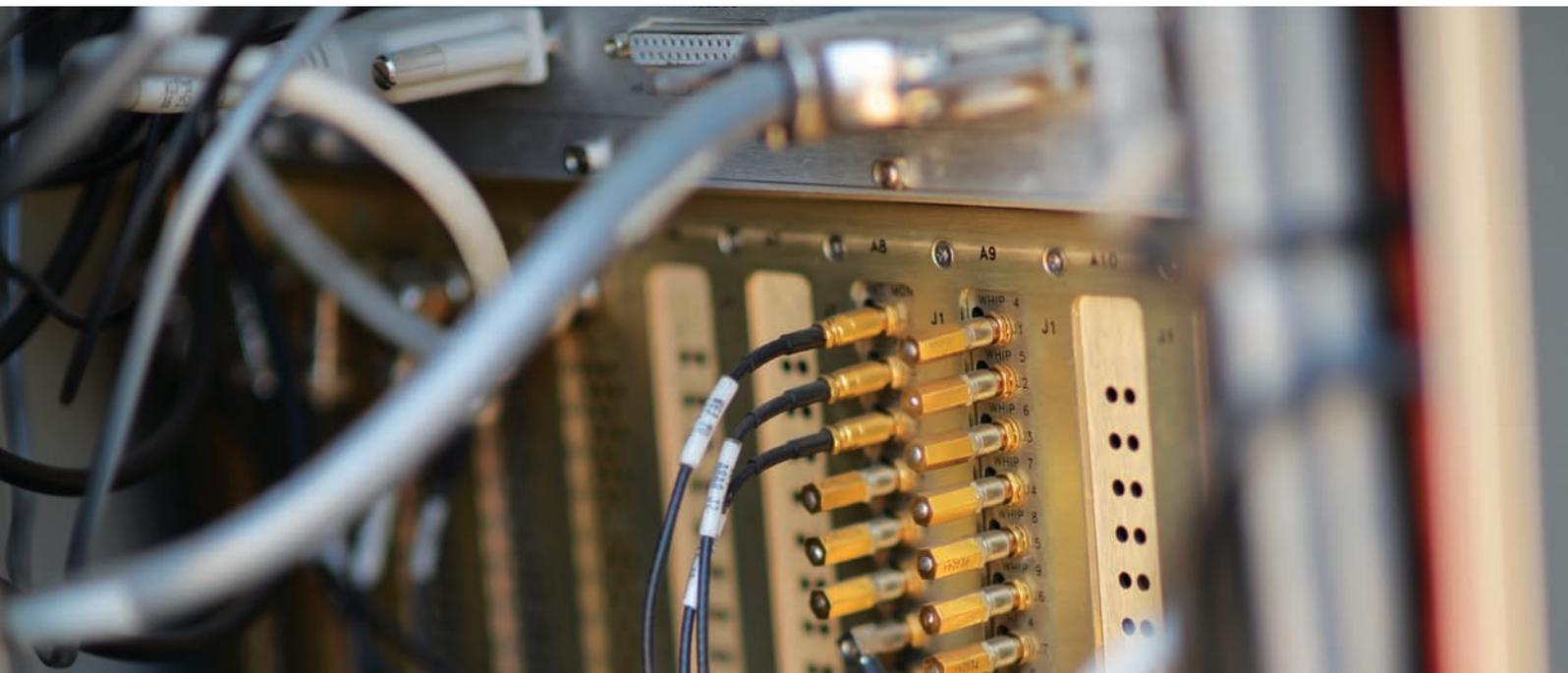
■ VANS ■ PTNL



Source: BOCRA 2014

Figure 8: Number of VANS and PTNL Licenses issued from March 2011 to March 2014

■ VANS ■ PTNL



Spectrum Management

Frequency spectrum is a finite resource. As the demand for new services grows the amount of available spectrum does not grow, necessitating new and innovative methods of allocation and usage of spectrum. BOCRA embarked on several initiatives to meet demand for spectrum including Spectrum Licensing Review; Television White Space; and Automated Spectrum Management System Upgrades.

Spectrum Licensing Review

Following the demand for more spectrum to support broadband access, BOCRA carried out a spectrum review to address Long Term Evolution (LTE) licensing and the need to release Fixed Wireless Access (FWA) Spectrum. LTE commonly known as 4G, is a standard for wireless communication providing high-speed data for mobile phones and data terminals. The LTE standard evolves from the GSM and 3G network technologies currently utilised in Botswana.

The review covered all the frequency bands internationally harmonised for LTE and FWA. The review further covered Licensing Process, Spectrum Refarming issues, Spectrum Pricing and Roll Out Obligations of these technologies. Following the consultation process, BOCRA is releasing the 1800 MHz band for the licensing of LTE and will open up the 3400 MHz band for FWA licensing through a competitive process. The service will be rolled out during the next financial year.

Television White Space (TVWS)

During the year under review, BOCRA granted a pilot licence for fixed broadband using the Television White Space technology (TVWS). TVWS, also referred to as interleaved spectrum are portions of spectrum left unused by broadcasting. Television broadcasts occupy designated channels in the Very High Frequency (VHF) and Ultra High Frequency (UHF) bands, with the assignment of channels to broadcasts varying by location. Not all the assigned channels are utilised for broadcasting in any region, giving rise to "White Spaces" in which a channel that is not used for broadcasting may be available for other purposes.

The technology would offer wireless broadband communications similar to Wi-Fi (believed to stand for Wireless High Fidelity) and Worldwide Interoperability for Microwave Access (WiMax) capabilities, but requiring lower power and lower-cost deployment, to reach longer distances. The pilot will cover delivery of broadband to selected health facilities. The outcomes of this trial will inform BOCRA's position in the development of the guidelines and regulatory requirements for the operation of White Space Devices.

Automated Spectrum Management System (ASMS) Upgrades

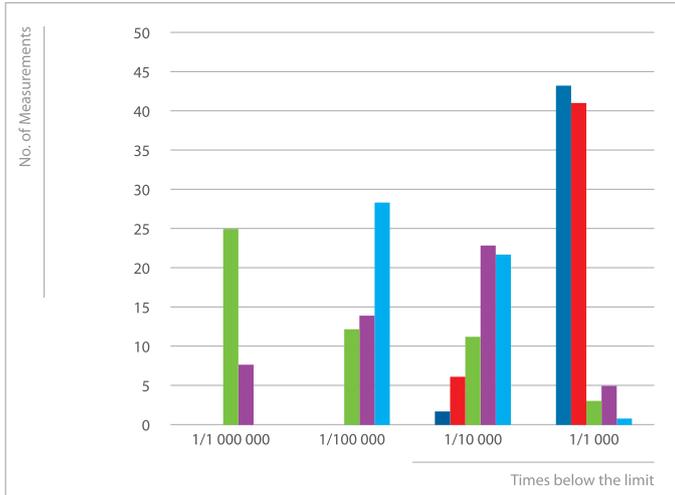
BOCRA maintains an Automated Spectrum Management System which has been developed in line with international standards and complies with ITU recommendations (ITU-R SM.1537 and ITU-R SM.1370). The management system has been upgraded to include a web-enabled module to allow

online application of licenses and inclusion of new licensing categories following the BOCRA new and increased mandate. The spectrum monitoring system (SMS) consisting of 16 fixed and 2 mobile monitoring stations located around the country has been upgraded to improve measurement accuracy and to enable monitoring of new technologies. The upgrade has also included Time Difference of Arrival (TDOA) sensors that operate in conjunction with the fixed sites in Gaborone. TDOA sensors have the advantages of low cost and nomadic deployment that allows for coverage of different areas compared to a fixed monitoring site.

BOCRA has successfully submitted this system to be included in ITU Handbook on Spectrum Management. This handbook is an international reference manual to administrations of both developing and developed countries and it describes key elements of spectrum management including spectrum monitoring and automation of spectrum management activities.

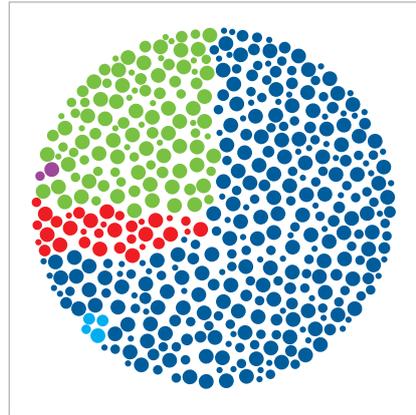
Electromagnetic Radiation (EMR) Monitoring

BOCRA continued to monitor Electromagnetic Radiation in telecommunications installations to ensure consumer safety and protection. The Authority responded to two measurement requests from residents who were concerned with installations near their premises. The results of the two measurements fell within the International Commission on Non-ionizing Radiation Protection (ICNIRP) limits



Source: BOCRA 2014

Figure 9: Electromagnetic Radiation (EMR) Analysis



Land Mobile	65.0%
Amateur	8.4%
Fixed Links	24.5%
Aircraft	0.7%
Satellite	1.4%

Figure 10: % of Each Type of License issued during the year

Source: BOCRA 2014

for public safety adopted by BOCRA. BOCRA advised accordingly. More sites have been monitored in Gaborone and surrounding areas including, Lobatse, Otse, Phakalane, Ramotswa and Selibi Phikwe. It was observed that all of the 25 sites measured were compliant as they recorded readings below 0.1% of the ICNIRP limit.

An analysis of a sample of 8 monitored sites is given in Figure 9. The chart shows the amount of the EMR (relative to the ICNIRP limits) vs number of measurements within that range. "Others" is a combination of technologies such as broadcasting and fixed wireless. "Total" denotes the combined radiation of all the technologies at every measurement. (Refer to Figure 9)

Radio Licences

BOCRA issued a total of 143 radio licences, which is a decline from the previous year total of 149. These include amateur licences, civil radio licences, land mobile, satellite services, fixed links, radio transmitter for alarm and aircraft licences. (Refer to Table 19 & Figure 10)

Broadcasting Spectrum

BOCRA continued to allocate broadcasting spectrum to broadcasters including the state broadcaster. The state Broadcaster transmitter network has expanded to 48 transmitters on analogue frequencies. This year, BOCRA authorized the State Broadcaster to use two frequencies in Gaborone and Francistown for Digital Terrestrial Television trials which has since been switched on air. BOCRA further

allocated the State Broadcaster 14 digital frequencies for sites that are currently using VHF frequencies, in order to allow them to implement Dual Illumination (DI). DI is a period when the broadcaster transmits both analogue and digital signal in order to allow the consumers to switch on to the digital service while they have an analogue service as a back up. In the event that problems are encountered in receiving the digital service, the consumer can temporarily switch to the analogue service.

GE06 Replanning

Botswana is a signatory to the Geneva 2006 (GE06) Agreement. This agreement amongst other things specifies the frequencies reserved for Botswana to be used for digital terrestrial broadcasting. BOCRA has been participating in the modification and co-ordination of the GE06 plan both at Southern African Development Community (SADC) and African Telecommunication Union (ATU) levels and have made significant progress. The purpose of this exercise is to clear broadcasting frequencies from band 694 – 790 MHz in order to avail this band for mobile broadband. Coordination agreements have been reached with all neighbouring countries. All the digital broadcasting frequencies that BOCRA allocated were in line with the re-planned GE06.

Country Code Top Level Domain (ccTLD)

Following the completion of the transfer of the management of the Botswana Country Code Top Level Domain (ccTLD) from the then Botswana Telecommunications Corporation (BTC), BOCRA launched the

campaign to market the ccTLD or the dot bw (.bw) Registry, in October 2013. The ccTLD is a two letter extension that corresponds to a country and is used to identify the country on the internet.

The launch of the ccTLD facility was in line with the Government's initiative of facilitating Internet connectivity and encouraging its growth. These initiatives include investment in undersea cables, implementation of e-Government strategy, which emphasises the use of Internet and other ICTs to access public services; the passing of the CRA Act that provides for the regulation of the internet, the establishment of the Botswana Fibre Networks (BoFiNet) to facilitate connectivity.

The .bw is intended to complement the above Government initiatives towards creating an enabling environment for internet growth. The .bw brand will contribute to increased internet communication, including online exchange of information and creation of new business opportunities thereby bringing significant benefits to Botswana's economy. It will help provide a platform for innovation and creativity, and provide branding opportunities for local companies.

BOCRA completed the .bw redelegation process with the International Corporation for Assigned Names and Numbers (ICANN), transferring the management of the top level domain name system from BTC to the Authority. ICANN is the international organisation responsible for managing country code Top Level Domains. The domain name was publicly launched and

the website for the .bw was also established at www.nic.net.bw. The Authority in collaboration with a multi-stakeholder Technical Advisory Committee (TAC), developed secondary policies to guide the operations of the domain name system. These include Registrar Accreditation Policy, WHOIS Policy and Dispute Resolution Policy.

BOCRA was also engaged in clean-up of the inherited WHOIS database in order to ensure its accuracy and integrity.

.bw Registry

BOCRA continued to register new domains. By the end of March 2014 the registry had 6218 names distributed as per the Table 20 and Figure 11.

(Refer to Table 20 & Figure 11)

The registrations show a slight increase. Following the launch of ccTLD more campaigns and incentives for registering on .bw are necessary to encourage uptake. Campaigns will be carried out during 2014/15 Financial year the 6218 names represent a very good number compared to other registries in countries comparable to Botswana.

Internet Protocol Version 6 Addresses (IPv6)

With the eminent exhaustion of IPv4 addresses, migration to IPv6 has become inevitable. BOCRA has undertaken some campaigns to sensitize stakeholders on the importance of migrating to IPv6 to ensure interoperability. Under the Technical Advisory Committee (TAC) of the ccTLD, an IPv6 subcommittee has been established to spearhead the campaign process. The committee continued to engage the stakeholders in order to check the deployment of the IPv6 addresses in Botswana.

Type Approval

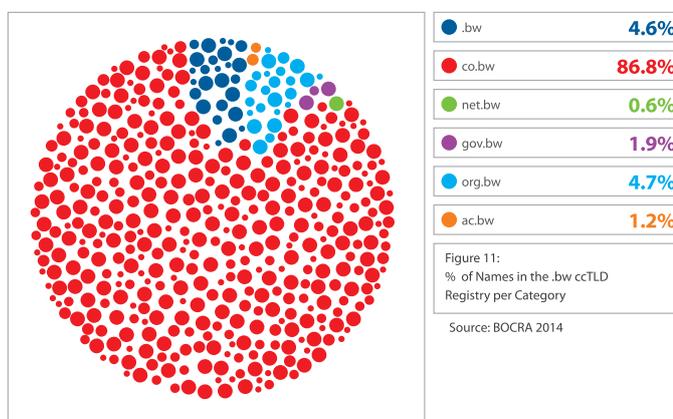
BOCRA continued to sensitise the public on the need to type approve communication equipment. More emphasis was placed on mobile phones. In order to ensure quick verification by consumers, BOCRA has availed the register of all the Type Approved Equipment on the BOCRA website. In an effort to curb the importation of the non Type Approved equipment, BOCRA has drawn guidelines to allow the Botswana Unified Revenue Services (BURS) to check whether the equipment is Type Approved before being allowed into the country. A Memorandum of Agreement will be signed during the next financial year following the orientation process.

Source: BOCRA 2014 Table 19: Number of Radio Licences Issued by Class

SERVICE CLASS	NUMBER OF RADIO LICENCES ISSUED	
	2012/13	2013/14
Land Mobile	85	93
Amateur	8	12
Fixed Links	49	35
Aircraft	4	1
Satellite	0	2

Source: BOCRA 2014 Table 20: Number of Names in the .bw ccTLD Registry

ZONE	NUMBER OF NAMES
.bw	289
co.bw	5400
net.bw	39
gov.bw	121
org.bw	293
ac.bw	76
TOTAL	6218



Universal Access and Service Fund

During the year under review, BOCRA initiated the process of establishing a Universal Access and Service Fund. The Fund is expected to finance the development of the communications sector in terms of infrastructure rollout and overall provision of universal ICT services in the Botswana.

BOCRA informed operators about the impending collection of a Universal Access and Service Levy. The operators will contribute 1% of their annual gross turnover fees to the Universal Access and Service Fund. The levy will come into effect during the 2014/15 financial year. The Authority commenced the development of an Operating Manual that will guide the functioning and management of the Fund.

Development of the National Broadband Strategy

BOCRA, on behalf of the Ministry of Transport and Communications (MTC), completed the development of the National Broadband

Strategy (NBS) during the second quarter of the year under review. The Strategy aims at achieving a significant growth in broadband penetration into households, private business and public enterprises by the year 2018. BOCRA has since developed and submitted the NBS implementation roadmap to MTC. The Strategy is due to be presented to Cabinet during the 2014/15 financial year.

BROADCASTING REGULATION

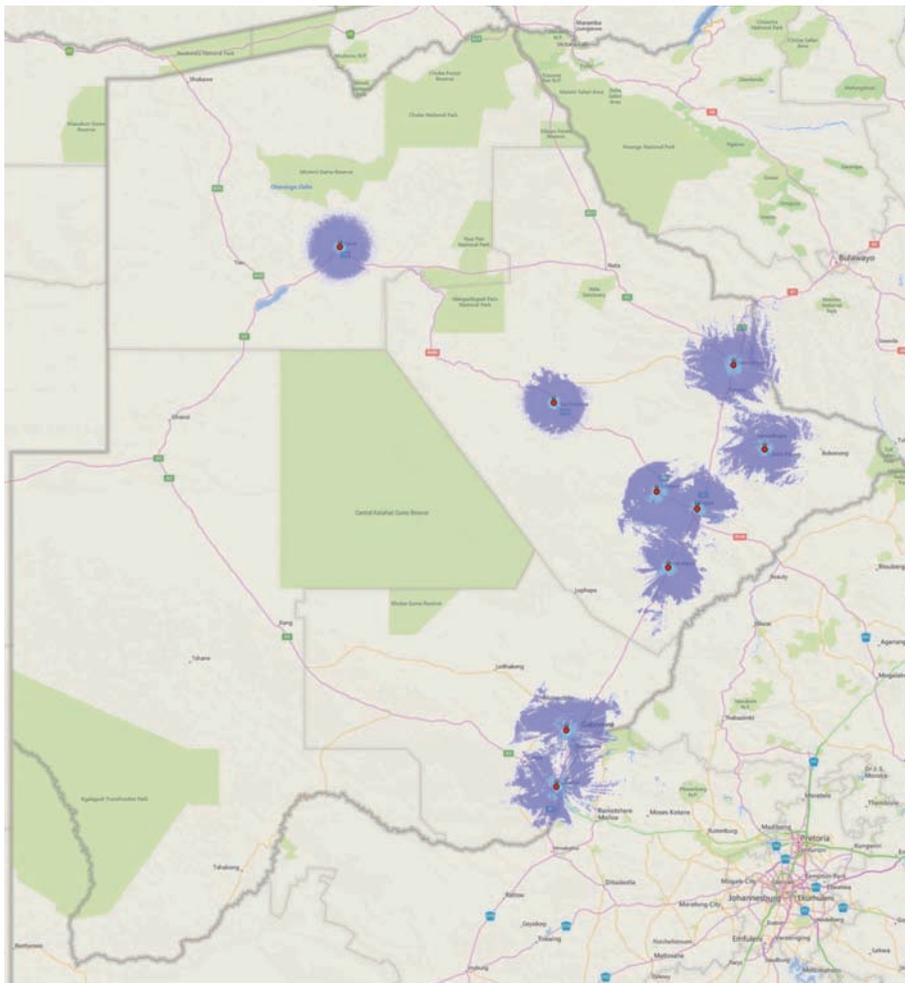
The CRA Act mandates BOCRA to regulate all broadcasting; subscription management services and re-broadcasting activities save for the state broadcasting. It is in this light that BOCRA regulates Yarona FM, Duma FM, Gabz FM and eBotswana. During the reporting period, BOCRA started the development of a licensing framework which will be used to regularise regulated services through licensing. The framework is expected to be ready for use in the next financial year.

Table 21: Commercial Radio Stations Service Availability Report April-March 2014

SITE NAME	OPERATING FM FREQUENCY (MHZ)	SERVICE AVAILABILITY (%)
Gaborone (Gabane Hill)	Yarona FM 106.6	99%
	Duma FM 93.0	
	Gabz FM 96.2	
Lobatse Highsite	Yarona FM 102.1	60% Yarona FM
	Duma FM 100.9	100% Duma FM
	Gabz FM 94.1	90% Gabz FM
Mahalapye	Yarona FM 99.9	97%
	Duma FM 90.0	
	Gabz FM 93.4	
Maun	Yarona FM 97.5	60%
	Duma FM 87.9	
	Gabz FM 91.0	
Palapye	Yarona FM 105.1	98%
	Duma FM 98.0	
	Gabz FM 94.7	
Serowe	Yarona FM 102.9	95%
	Duma FM 89.9	
	Gabz FM 96.1	
Selebi Phikwe	Yarona FM 99.9	70%
	Duma FM 90.0	60%
	Gabz FM 93.4	90%
Orapa	Yarona FM 105.7	58%
	Duma FM 92.1	
	Gabz FM 95.3	
Francistown Nyangagwe Hill	Yarona FM 100.1	90%
	Duma FM 93.6	
	Gabz FM 98.8	

Commercial radio stations namely Yarona FM, Duma FM and Gabz FM are all available in most of major towns and villages in Botswana with an access population network coverage of 1,021,140.00 based on the 2011 Botswana Population Census. The stations have extended access to their services through online broadcasting transmission where at least two commercial radio stations are available for access anywhere in the world.

The three commercial broadcasters registered high service availability rates of 95%-99% in Gaborone, Mahalapye, Palapye, Serowe, Francistown and surrounding villages during the year under review. However, low service availability rates of 0-60 % were recorded Lobatse, Maun, Selibe-Phikwe, Orapa and surrounding villages. Low service availability rates were attributed to power cuts. It must be noted that this is a regression from last year's network performance which ranged mostly from 95%-99%.



[Map by Google maps (August 2014)]

eBotswana television station is currently available in Gaborone and surrounding villages within a 60km radius of Gaborone through terrestrial broadcasting. BOCRA has authorised eBotswana to broadcast via satellite through a variation of the licence conditions. The satellite broadcast service will commence in the next financial year. This initiative is expected to improve universal service of the station by making it accessible nationally. eBotswana has achieved 98% service availability rate.

Radio Broadcasting Coverage

The commercial radio broadcasters are currently co-located in almost all their transmission sites. They have 9 transmitter sites as indicated in Table 21. The combined coverage map is indicated in Figure 12. The purple colour indicates the areas where a usable signal is received. (Refer to Table 21 & Figure 12)

Broadcasting Local Content

BOCRA continued through indirect means to monitor broadcasters to ensure that they comply with the licensing requirements for local content broadcasting quota. Radio broadcasting stations are required to promote music tracks by local artists. The evidence indicates that all the broadcasters failed to meet the quota requirements. Duma FM and Yarona FM reported 39% and 36% respectively while Gabz FM reported 9.2% of local content broadcasts instead of the minimum 40% threshold. All radio stations cited unavailability of suitable local content.

eBotswana reported 4% against the minimum 20% threshold for local television programmes. eBotswana cited that it is expensive to source local content.

BOCRA plans to engage with the licensees and other stakeholders such as Copyright Society of Botswana (COSBOTS), Botswana Music Union (BOMU) to develop a strategy to resolve local content production and universal access challenges. (Refer to Table 22 & Figure 13)

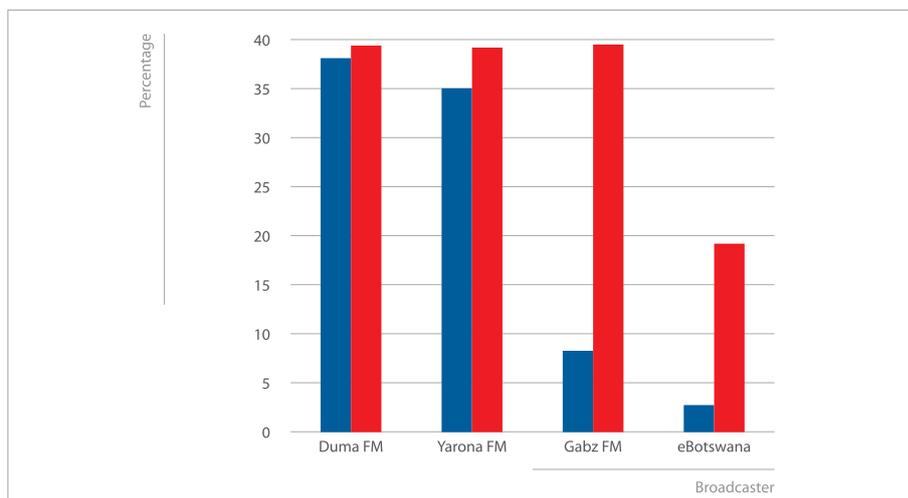
Broadcasters Compliance

During the year under review BOCRA received several reports of complaints relating to issues of broadcasters service delivery. Out of a total of 429 complaints recorded 402 were successfully resolved by the stations in line with their respective complaints handling procedures with only 27 remaining outstanding. Only one complaint was escalated to BOCRA which the Authority has subsequently resolved. The nature of complaints included station outages due to power failure, transmission interference and lack of coverage.

Source: BOCRA 2014

Table 22: Broadcasters Performance on Local Content

	LOCAL CONTENT	LOCAL CONTENT QUOTA
Duma FM	39%	40%
Yarona FM	36%	40%
Gabz FM	9.2%	40%
eBotswana	4%	20%



Source: BOCRA 2014

Figure 13: Broadcasters Performance on Local Content Against Set Quotas

Local Content Local Content Quota

POSTAL REGULATION

The CRA Act, 2012 ushered in a new dawn of regulation for the postal sector as BOCRA assumed the mandate of supervising the provision of postal services in Botswana. The CRA Act prohibits any person to provide postal services without a valid licence issued by BOCRA. The Authority is also mandated to ensure that there is provision of safe, reliable, efficient and affordable postal services throughout Botswana.

Current Market Structure

The postal market comprises BotswanaPost as the main player with 124 post offices spread across the country, 82 postal agencies. Other players include commercial operators who, to a large extent, lease facilities from BotswanaPost as well as a number of courier companies offering express services. Commercial operators and courier companies are largely concentrated in urban areas and focus on some niche markets while BotswanaPost covers a wider populace.

Licensing of Courier Companies

During the period under review, BOCRA granted Courier Services Licences to six companies namely, Botswana Couriers and Logistics, Supaswift Botswana, Parrot Worldwide Express, Silvertron529, Sprint Couriers and Fast and Furious International. The courier companies were granted two

year interim licences pending the formulation of a comprehensive licensing framework for the postal sector which will be undertaken during the 2014/15 financial year in full consultation with the industry stakeholders.

The licensed courier companies were in existence prior to the implementation of the CRA Act and had therefore filed their applications in order to regularise their operations. The Authority is engaging outstanding operators with a view to regularising their operations.

Designation of a Public Postal Operator

Pursuant to section 67 of the CRA Act, BOCRA made a recommendation to the Minister for Transport and Communications to designate BotswanaPost as a Public Postal Operator. The recommendation was based on the outcome of a process through which postal operators were invited to express interest on being designated as a Public Postal Operator. The process of designating a public postal operator is expected to be completed in the next financial year.

A Public Postal Operator carries a number of universal service obligations aimed at ensuring that, so far as it is practicable, postal

services reach all inhabitants of Botswana. Invariably, this mandate includes provision of universal postal services in areas that are not commercially viable and hence the need to continuously explore new ways of funding this mandate as it cannot be sustained through Government funding alone.

Stakeholder Identification

During the period under review BOCRA embarked on an exercise to identify the key stakeholders in the postal sector as well as to make them aware of the requirements of the law as it pertains to regulation of the postal sector. The exercise involved running public notices in the media as well as public education during kgotla meetings and other stakeholder consultative fora. In addition to the stakeholder consultation, BOCRA prepared the ground for regulation by putting in place regulatory instruments and tools such as licensing requirements for courier companies and interim licences and authorisations for postal operators.



CONSUMER AWARENESS AND EDUCATION

BOCRA is mandated to protect and promote the interests of consumers, purchasers and other users of the services in the regulated sectors. BOCRA undertook general public awareness campaigns to educate and empower the users of communications services and enforced consumer protection mechanisms

In particular BOCRA has, in the reporting period, designed and implemented a consumer awareness and education programme to inform consumers about key skills, concepts and challenges encountered by users of communications services. The objective was to ensure that consumers improve their understanding of goods and services offered by service providers. The consumer awareness and education programme addressed various emerging market issues including consumer rights and obligations; type approval of communications equipment used in Botswana; quality of service concerns and measures being undertaken to resolve challenges; licensing and monitoring of service provision and BOCRA's converged mandate. The primary mediums of engaging and reaching consumers was via addresses to secondary schools in various parts of the country, addressing District Councils, participation at business and agricultural fairs (e.g. Botswana Confederation of Commerce Industry and Manpower (BOCCIM), Hospitality and Tourism Association of Botswana (HATAB), National and regional Agricultural shows). In total nineteen (19) education and awareness

outreach campaigns were undertaken this financial year.

A summary of places visited to conduct consumer awareness can be seen in Table 23. (Refer to Table 23)

Consumer Complaints

BOCRA received escalated complaints from consumers where they are not satisfied with the response to their queries by their respective service providers. Consumers are required to exhaust the complaints resolution procedures of their service providers before escalating concerns to BOCRA. BOCRA received thirty-two (32) complaints from consumers of communications services compared to forty (40) received in the previous financial year.

A distribution of complaints received by thematic area and operator is set out in Table 24. (Refer to Table 24)

In attending to complaints it continued to be evident that some operators delayed in responding to matters brought to their attention. In some instances the delay in resolving complaints were on account of consumers not following or exhausting operator complaint handling procedures.

Monitoring and Investigations

BOCRA undertook investigations as a modus operandi to ensure compliance with licence conditions. Planned and adhoc investigations were undertaken during the year in Ghanzi, Kgalagadi and Gaborone areas. The overall

objectives of the investigations were;

- To investigate any infractions of the CRA Act and related statutory instruments.
- To encourage compliance and improve the quality of communication services in Botswana.
- To investigate the status of licensed communications operators' equipment and the services.
- To make consumers and operators aware of the emerging regulatory requirements.
- To follow up on the investigations done in the previous year to ensure that operators have normalised and complied with the requirements.

A total of fifty six (56) companies or entities were visited in the Gantsi, Kgalagadi and Gaborone areas. The investigation team consulted different stakeholders and licencees of telecommunications equipment. Some operators did not display radio licence on vehicles as required by the CRA Act. Warning letters were issued to them to comply. The team further conducted inspection and education on the Type approval procedures, Disposal of telecommunications equipment procedures, licensing of telecommunications equipment and escalation of complaints.

Investigation of the Fixed Broadband Internet Market (ADSL)

During the year 2013/14, BOCRA embarked on study on the Asymmetric Digital Subscriber Line (ADSL) market in Botswana. This product is offered by Botswana Telecommunications Corporation Limited

and resold by Value Added Network Service Providers at retail level. The study was carried out to appreciate the new ADSL Connect in comparison to Wholesale ADSL initially offered by BTCL in relation to product pricing, and quality of service. The findings include among others, the potential for ADSL market growth; the reduction of wholesale prices which is expected to lead to a reduction in retail prices has not yet had the desired effect; high retail internet prices; the need for customer 'point of sale' education on factors that affect broadband quality of service; and the need for other operators in the market to offer innovative services also came to the fore. BOCRA will put in place interventions to address the findings of the investigations and carry out further investigations in future to monitor market developments and ensure efficient and affordable broadband services.

Type Approval Enforcement

Type Approval is a regulatory requirement in terms of section 84 of the CRA Act. Pursuant to this regulatory mandate, inspections of retail shops were done in Gaborone, Mogoditshane, Tlokweng, Francistown and Orapa, Lobatse, Kanye, Jwaneng, Mahalapye, Palapye, Serowe, Selebi Phikwe, Bobonong, Maun and Ghanzi. The objective of this exercise was to assess the extent of compliance with the statutory requirement following a national type approval implementation campaign carried by BOCRA in August 2012.

All wholesalers and distributors of telecommunications equipment are mandated to ensure that they have type approved the equipment they supply to consumers. Evidence of type approval should be made by producing the BOCRA type approval certificate. Inspection of the retail shops sought to assess the level of compliance with this requirement. A total of 294 retail shops in the above noted places were inspected for compliance with type approval. Only 87 shops were compliant compared to 207 which were non-compliant.

Non-compliant communications equipment was seized in terms of Section 8 (11) of the Act and the matter handed over to the Botswana Police Service to process as the infringement thereof that carries a criminal sanction. BOCRA has identified the need to compel wholesalers and distributors who are the primary suppliers to retail shops to ensure that they provide their respective retail shop vendors with copies of the type approval certificates. It was observed that the high level of non-compliance was caused by the failure by wholesalers to provide their retailers with the copies of certificates.

Source: BOCRA 2014 Table 23: Summary of places visited for consumer education awareness

NO.	PLACE	CATEGORY	ESTIMATED ATTENDANCE
1	HATAB-Kasane	Tourism Annual Conference	240
2	Meremetsi (Mmadinare)	Junior Secondary Schools	180
3	Makome Hill (Mmadinare)		550
4	Sedimo Hill (Sefhophe)		300
5	Sefhophe		530
6	Motlhasedi (Tobane)		326
7	BOCCIM Northern Fair (Francistown)	Northern Trade Fair	+20 everyday
8	Lethakeng	Regional Agricultural show	
9	Gaborone	National Agricultural Show	+400 guests
10	Gobojango	Junior Secondary Schools	495 students
11	Mathathane(Badale)		50 staff
			225 students
12	Tsetsebjwe		22 staff
			635 students
13	Molalatau		72 staff
			486 students
14	Tsabong	Council briefing	69 staff
			+40 counsellors and other employees
15	Dithejwane	Junior Secondary Schools	700 students
16	Lempu (Salajwe)		800 students
17	Mahupu (Takatokwane)		800 students
18	Macheng (Sojwe)		641 students
19	Boitshoko (Molepolole)		710 Students and employees

Source: BOCRA 2014 Table 24: Distribution of Escalated Complaints by Thematic Area

NATURE OF COMPLAINT	MASCOM WIRELESS PTY LTD	ORANGE BOTSWANA PTY LTD	beMOBILE	BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED	VALUE ADDED SERVICE PROVIDERS	COMPLAINT STATUS
Roaming bill charges	2	3				4 resolved while 1 referred back to operator to finalise before escalation
Misleading advertising	1	3	1			All resolved
Unfair disconnection of service	2					One complaint resolved whilst contact has been lost with the other complainant.
Refusal to release domain name					1	resolved
Invasion of privacy	1	1				resolved
Transmission failure				1		resolved
Poor internet speed and charges		1		1		resolved
Refusal to terminate contract					1	resolved
Unfair business competition			1			resolved
Voicemail charges	2					Complaint Pending
Approved tariffs		1				resolved
Uncredited Airtime			1			resolved
Poor battery lifespan	1					Matter closed: the phone was stolen before matter was resolved
High charges	2					Matter closed: operator approached the courts for resolution
Unsolicited SMS	2					Fully resolved
SIM card replacement	1					Fully resolved
Internet failure		1				Matter closed: complainant reported matter to the police. He suspects hacking.
Contract dispute		1				resolved
Totals	14	11	3	2	2	



Annual Network Performance for the PTOs

The three Mobile operators' Mascom Wireless, Orange Botswana and beMOBILE network performance for the period April 2013 to March 2014 is depicted in Tables 26 - 30 which presents the average results per month for the key performance indicators of Dropped Call Rate, Congestion, Call Setup Success Rate, Network Availability Rate and Handover Success Rate. The target threshold to be achieved is also indicated.

Dropped Call Rate

All the PTOs operated within the set target as depicted by Table 26 and Figure 14 for dropped call rate.

Congestion Rate

Table 27 and Figure 15 show congestion rate. The best performance in Figure 15 is less than 2%, with the worst being above 2%. Orange Botswana performed within the set target. Mascom Wireless fluctuated between the set target and did not meet the target for some months. beMOBILE failed to meet the set target for congestion (less than 2%).

Call Set Up Success Rate (CSSR)

Table 28 and Figure 16 depict Call Set Up Success Rates. Both Mascom and beMOBILE did not meet the set target for CSSR, while Orange met the set target except in February and March 2014.

Network Availability Rate

Table 29 and Figure 17 depict Network Availability Rate. Operators performed within set target generally with a dip below the target for both Orange and Mascom in March 2014.

Handover Success Rate

Table 30 and Figure 18 depict Call Handover Success Rate. Mascom performed below the set target while Orange and beMOBILE were within the set target.

Source: BOCRA 2014 Table 26: Mobile Operators Dropped Call Rate (%) 2013/14

MONTH	MASCOM	ORANGE	beMOBILE	TARGETED DCR
2014 MAR	1.08	0.74	0.92	2
2014 FEB	1.24	0.85	0.90	2
2014 JAN	1.13	0.59	0.84	2
2013 DEC	1.70	0.58	0.83	2
2013 NOV	0.96	0.63	0.78	2
2013 OCT	1.01	0.70	0.73	2
2013 SEP	0.83	0.65	0.72	2
2013 AUG	0.94	0.67	0.78	2
2013 JUL	0.97	0.67	0.76	2
2013 JUN	1.04	0.84	0.83	2
2013 MAY	1.10	0.86	0.79	2
2013 APR	1.09	0.90	0.99	2

Source: BOCRA 2014 Table 27: Mobile Congestion Rate (%) 2013/14

MONTH	MASCOM	ORANGE	beMOBILE	TARGETED CONGESTION
2013 APR	1.79	0.11	8.37	2
2013 MAY	2.19	0.11	7.05	2
2013 JUN	1.11	0.24	7.36	2
2013 JUL	1.10	0.14	7.18	2
2013 AUG	1.59	0.12	7.12	2
2013 SEP	1.23	0.09	7.26	2
2013 OCT	1.40	0.10	7.26	2
2013 NOV	2.45	0.13	7.92	2
2013 DEC	3.36	0.26	8.60	2
2014 JAN	2.09	0.36	6.59	2
2014 FEB	3.09	0.38	7.24	2
2014 MAR	1.52	0.58	8.16	2

Source: BOCRA 2014 Table 28: Mobile Operators Call Set Up Success Rate (CSSR) (%) 2013/14

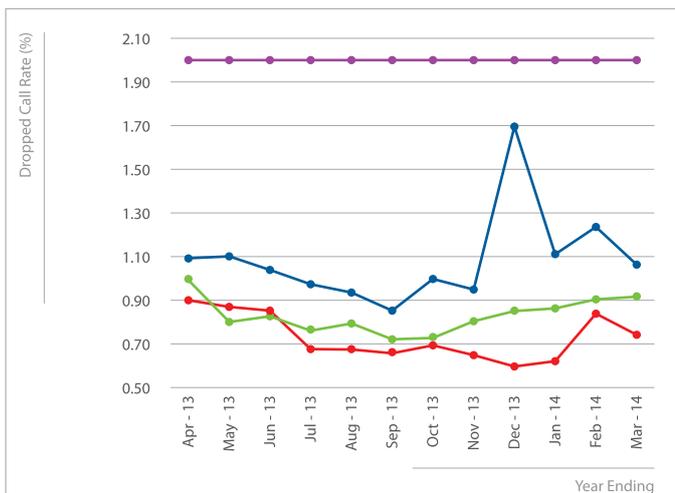
MONTH	MASCOM	ORANGE	beMOBILE	TARGETED CSSR
2013 APR	95.00	98.20	91.60	98
2013 MAY	96.00	98.35	91.86	98
2013 JUN	97.00	98.23	91.79	98
2013 JUL	96.00	98.69	92.61	98
2013 AUG	95.00	98.62	92.72	98
2013 SEP	97.00	98.76	93.16	98
2013 OCT	98.00	98.74	93.11	98
2013 NOV	98.00	98.40	92.55	98
2013 DEC	97.00	97.86	91.07	98
2014 JAN	97.00	98.16	94.11	98
2014 FEB	96.00	98.02	93.66	98
2014 MAR	97.00	97.36	93.14	98

Source: BOCRA 2014 Table 29: Mobile Operators Network Availability Rate (%) 2013/14

MONTH	MASCOM	ORANGE	beMOBILE	TARGETED AVAILABILITY
2013 APR	99.46	99.14	99.76	99
2013 MAY	99.53	99.18	99.90	99
2013 JUN	99.56	98.94	99.90	99
2013 JUL	99.36	99.46	99.90	99
2013 AUG	99.32	99.62	99.90	99
2013 SEP	99.34	99.48	99.89	99
2013 OCT	99.38	99.45	99.93	99
2013 NOV	99.44	99.11	99.50	99
2013 DEC	99.33	99.35	99.78	99
2014 JAN	99.30	99.28	99.76	99
2014 FEB	99.09	98.84	99.34	99
2014 MAR	98.48	96.78	99.28	99

Source: BOCRA 2014 Table 30: Mobile Operators Handover Success Rate (%) 2013/14

MONTH	MASCOM	ORANGE	beMOBILE	TARGETED HSR
2013 APR	93.00	98.65	96.37	95
2013 MAY	94.00	98.75	96.34	95
2013 JUN	94.00	98.83	96.43	95
2013 JUL	94.00	99.01	96.88	95
2013 AUG	95.00	98.60	96.88	95
2013 SEP	95.00	98.35	97.02	95
2013 OCT	94.00	98.21	96.98	95
2013 NOV	94.00	98.02	96.90	95
2013 DEC	94.00	97.87	96.76	95
2014 JAN	95.00	97.73	96.67	95
2014 FEB	93.00	97.69	96.62	95
2014 MAR	96.00	97.61	96.40	95



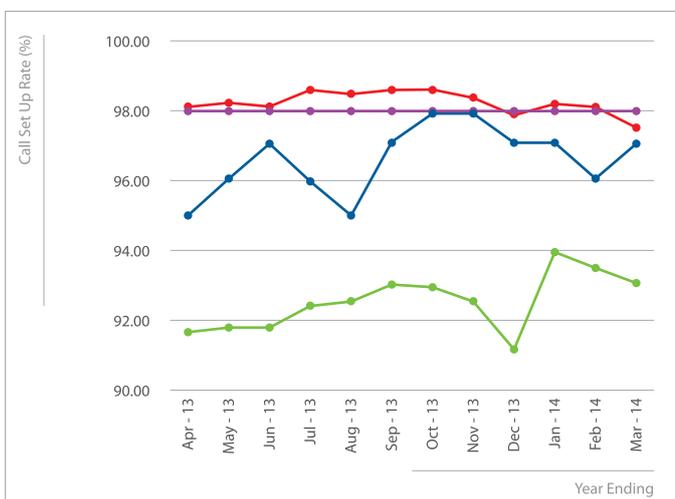
Source: BOCRA 2014

Figure 14: Mobile Operators Dropped Call Rate 2013 / 14



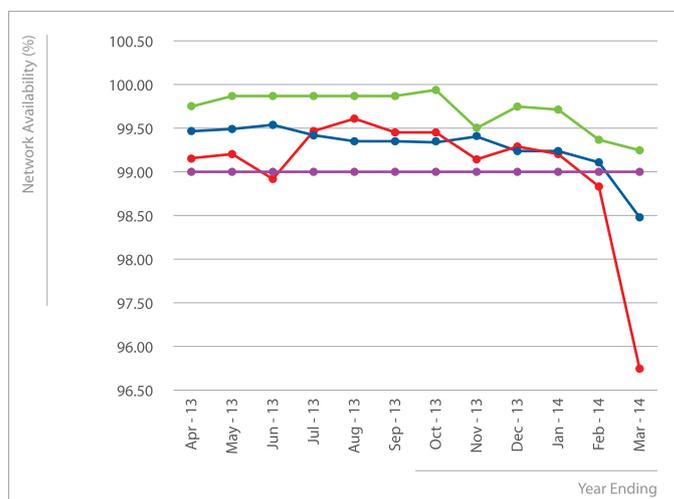
Source: BOCRA 2014

Figure 15: Mobile Operators Congestion Rate 2013



Source: BOCRA 2014

Figure 16: Mobile Operators Call Set Up Success Rate (CSSR) 2013 / 14



Source: BOCRA 2014

Figure 17: Mobile Operators Network Availability Rate 2013 / 14



Source: BOCRA 2014

Figure 18: Mobile Operators Handover Success Rate 2013 / 14

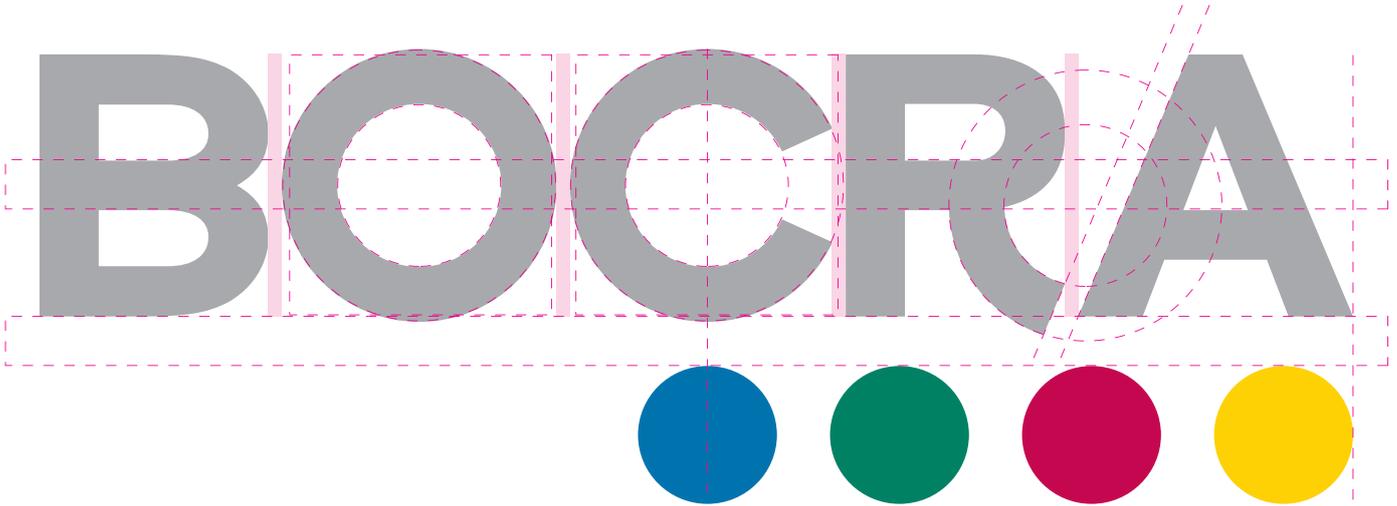


BOCRA BRAND

Following the establishment of BOCRA, a new corporate identity brand was developed and implemented. The BOCRA brand comprises a bold charcoal or rich platinum typeface of the acronym BOCRA. The typeface is lined with four colour dots or circles at the

bottom representing the four regulated sectors in the BOCRA mandate. The four circles are inspired by the Cyan Magenta Yellow Key (Black) (CMYK) colour schemes used in colour printing and the Red Green Blue (RGB) primary colours commonly used for representation and display of images in electronic systems, such as televisions,

mobile phones, video projectors computers etc. The use of circles and lines in the design of the Brand borrows from the concept of connectivity and meeting points as usually depicted in ICTs drawings. They illustrate connectivity that is at the core of communications. The BOCRA brand is depicted at Figure 19.





NATIONAL PARTICIPATION

Stakeholder Engagement

BOCRA sponsored the regulated broadcasters to attend the Commonwealth Telecommunications Organisation (CTO) Digital Broadcasting Switchover Forum (DBSF) themed 'Achieving Africa's Digital Migration' which was held from 11-14 February 2014 in Arusha, Tanzania. The initiative aimed at empowering the broadcasters to be informed on Digital Migration issues in order for the stations to improve their operations and be better positioned to inform the public on the subject matter.

This DBSF provided an informative annual interaction platform for policymakers and regulators to interact with broadcasters and content developers. The Forum discussed challenges, solutions and opportunities in the ever more fragmented, competitive and innovative broadcasting industry with a particular interest on digital migration. The meeting further discussed syncing infrastructure with regulatory goals and markets, reaping and re-farming the digital dividend as well as the future of broadcasting during the convergence era.

World Telecommunication and Information Society Day (WTISD)

BOCRA coordinated the commemoration of the World Telecommunication and Information Society Day (WTISD) on 17 May 2013 in Shorobe Village in the North West District under the theme ICTs and Improving Road Safety. The WTISD is an international annual event that is commemorated to

mark the anniversary of the signing of the first International Telegraph Convention, and the creation of the International Telecommunication Union (ITU). The WTISD help to raise awareness of the possibilities that the use of Internet and other Information Communications Technologies (ICTs) can bring to societies, as well as finding ways to bridge the digital divide.

In keeping with its efforts to facilitate the uptake of ICTs, BOCRA donated 20 Desktop Computers; 10 Printers; 1 Heavy Duty Copier towards a wish list of ICT equipment identified for public institutions in the host village of Shorobe and its neighbouring villages. BOCRA also donated iPad Tablets to the Minister of Transport and Communications, Permanent Secretary Transport and Communications, Member of Parliament for Maun East and the Regent of the Batawana.

Girls in ICT Day

In addition to the commemoration of the WTISD, BOCRA together with other ICT stakeholders commemorated the Girls in ICT on 25 April 2013. The event was launched by the ITU in 2010 to raise the level of the benefits of ICTs among women and girls and encourage the girl child to pursue careers in the ICT field. ICT stakeholders collaborated to sponsor a total of twenty Out-of-School girls from Shorobe and the surrounding villages to pursue an International Computer Driving Licence (ICDL) course run by Botho College. IC DL course is a Microsoft training programme intended to equip learners with basic computer operation skills. BOCRA

sponsored ten out of the twenty girls to the tune of P100 000.00

REGIONAL PARTICIPATION

SADC Postal Strategy Stakeholder Consultative Conference

BOCRA in collaboration with BotswanaPost sponsored the SADC Postal Strategy Stakeholder Consultative Conference held on 28 and 29 August 2013 in Gaborone. The Conference discussed a Postal Strategy for the region in response to a decision by SADC ICT Ministers and as part of a process of the UPU world postal strategy to which SAPOA and CRASA contributed through the African Postal Union.

The Conference identified the following strategic areas for a framework for the SADC Postal Strategy

- Business and customers: the Postal Sector needs to reconsider how it contributes to social and economic development. The Sector needs to engage in research to determine tangible benefits for Government. The Sector needs to raise awareness of products and services that are relevant to the needs of modern day consumers.
- Regional Skills pool of expertise: Adequate budget is required to train people to be ready to contribute effectively in the postal sector, including in service training to up skill people already in the sector.

- **Centres of excellence:** the postal sector needs to focus on capacity development through research training, knowledge sharing, benchmarking, share expertise, partnering with higher education institutions. It needs to explore the possibility of virtual access to learning material and skills together with physical centres.
- **Leverage:** SADC need to leverage the human resource skills of individual postal organisations and exploit key competencies of various countries such as Zambia for financial services and South Africa for addressing.
- **Inter-operability:** the conference also identified the need for inter-operability of networks and compatibility of platforms for such services as track and trace, money transfer, mail networks, customs/security, addressing for e-commerce for regional synergy.
- **Legal and Policy:** the need for creation of the legal and policy framework that allows postal operators to diversify with new products and services and innovation through investment in technology and leveraging from existing assets.
- **Framework for improving corporate governance and reform;** the importance of postal operators in the region operating as standalone corporatised entities was also emphasised.

Regional Postal Sector Reforms

BOCRA participated in the Reference

Committee that oversees the consultancy on Postal Sector Reforms in the SADC region. The overall objective of this consultancy is to develop a draft model framework aimed at achieving harmonised, structured, systematic and comprehensive postal reforms in the SADC region, including drafts of the recommended policy, legislation and regulations needed to implement the reform process. The consultancy is scheduled for completion in the next financial year.

AU-SADC Regional Internet Exchange Point (RIXP) and Regional Internet Carrier (RIC) Workshop

BOCRA, on behalf of the Ministry of Transport and Communications together with the African Union (AU) sponsored the Southern African Development Community (SADC) workshop on Best Practices and Benefits of Setting up Regional Internet Exchange Point (RIXPs) and Regional Internet Carriers (RICs) from 3 to 7 February 2014 in Gaborone.

The workshop aimed to support the establishment of national internet exchange points and regional internet exchange points in SADC in order to support intra-Africa internet traffic. Its objectives were among others: to foster stakeholder discussions on developing national IXPs to become Regional IXPs; to understand Regional IXP and Regional Internet Carrier business models and to foster stakeholder discussions on implementing policies that support the emergence and growth of Regional Internet Carriers.

The Workshop adopted policy recommendations that promote local

hosting, peering and creation of local content to support growing the critical mass of an Internet Exchange Point (IXP) and agreed on the kind of support that National IXPs in Southern Africa require to grow into Regional IXPs. The workshop agreed to adopt a practical policy framework to reduce dominance by incumbents and discrimination against new entrants to create a more competitive environment. The policy also aims to increase access to passive infrastructure and reduce difficulties of obtaining rights of way and permits, especially for crossing borders.

Following this workshop Botswana initiated a process to set up a national internet exchange point to curb the cost of sending internet traffic locally and regionally. A committee comprising of all stakeholders was set up and it did preliminary analysis on the As IS situation. The committee has recommended the modalities of setting up an internet exchange point, preferably run by the facility provider with capability to facilitate the exchange of national, regional and international internet traffic. It should be able to extend the functionality provided by the existing exchange point to offer transit as well as peering and other services. The plan is to draw a tender in the next financial year to invite the interested entities to set up the National IXP.

CRASA Annual General Meeting

As a Member State and Treasurer of the Communications Regulators Association of Southern Africa (CRASA), BOCRA took part in the Executive Committee as well as the 3rd Annual General Meeting (AGM) of the



Association held in Maseru, Lesotho from 27-28 March 2014 under the theme: “Embracing Technology for Digital Inclusion in Southern Africa.

The Executive Committee considered proposals from the Executive Secretary that were meant to improve the operations of CRASA. The Committee also made several recommendations for the AGM to consider and approve.

As the highest decision making body of the Association, the AGM considered, reviewed and approved documents from the Executive Committee that included member country reports, reviewed reports on CRASA activities for the year 2013/14 and approved the CRASA operational plan for the 2014/15 and the CRASA Strategic Plan for the year 2014 to 2018.

It also considered the report of the Finance and Audit Committee covering audited financial statements, external auditor’s management letter, internal auditor’s report, management accounts as well as Budget for the year 2014/15.

Some of the notable decisions that the AGM approved, were the following:

- Membership subscription fee to remain US\$ 46 000.00 for the Financial Year 2014/15. However, the Committee resolved to assign the Finance and Audit Committee to review the fees for the 2015/16 Financial Year;
- The Draft Guidelines on Consumer Protection and Awareness on Digital Broadcasting Migration. The Guidelines are to be submitted to the SADC Steering Committee; and
- Encouragement for all members to adopt Short Code 116 in order to harmonise numbering for Child Helpline in the region.

INTERNATIONAL PARTICIPATION

Postal Operators’ Council

During the year under review, BOCRA attended the Postal Operators Council (POC) meeting in Berne, Switzerland. The POC is the technical and operational organ of the Universal Postal Union (UPU) and consists of 40 member countries, elected during Congress. The body elects its own Chairperson and meets annually at the UPU’s headquarters in Berne.



The POC’s mandate is geared towards assisting postal operators to modernise and upgrade their postal products and services. It deals with the operational, economic, commercial, policy and regulatory aspects of the postal business. The body also makes recommendations to member countries on standards for technological, operational or other processes within its competence where uniform practices are necessary

The POC meeting discussed a number of issues which are of critical importance in the development of the sector. BOCRA started regulating the postal sector at a time when the sector confronted insurmountable challenges in the face of declining mail volumes as a result of alternative and more efficient means of communication. BOCRA therefore has to put in place measures that will not only mitigate these challenges but will also turnaround the postal sector to make it a vibrant and viable engine of economic growth. BotswanaPost has already made some major strides to ensure sustainability of the institution. Other players in the market are equally important and BOCRA needs to bring them on board.

Symposium for Regulators (GSR)

BOCRA took part in the Global Regulators Symposium held in Warsaw, Poland from 3 to 5 July 2013 under the overarching theme of 4th Generation regulation: driving digital communications ahead.

The GSR is a platform for the international communications industry regulatory authorities, industry leaders, government policy analysts and other key ICT stakeholders that aim to stimulate debate, knowledge sharing and exchange of best practices. The 2013 edition of the GSR saw debates by over

650 high-level international delegates on the challenges of fostering new business opportunities in infrastructure and service provision in an increasingly interdependent, interconnected, trans-border environment.

The GSR looked at a compelling range of topics, including cross-border regulatory harmonisation; the challenge of finding additional radio-frequency spectrum to support ongoing explosive growth in wireless services and applications; migration from IPv4 to IPv6 internet addressing to ensure sufficient growth capacity for billions of new Internet-enabled devices; the complex regulatory aspects of evolving digital financial transaction models; and strategies to finance investment in new network infrastructure for fixed and mobile broadband; universal access and funding; financing strategies for fixed and mobile broadband rollout; digital transactions; spectrum policy and ‘white spaces’.

The Symposium shared best practice on the management of Universal Service Fund (USF) designed to support the achievement of the universal service objectives of availability, accessibility and affordability. It was noted that in many instances the USF is not used for the purpose for which they were established.

A number of strategic recommendations were made which will assist in setting up well coordinated USF with supporting legal and regulatory mechanisms. Some of the recommendations that were identified as critical for the success of a USF include:

- An appropriate and well-defined legal and regulatory framework permitting maximum flexibility to allow for quick modifications to accommodate any need for new USF vision and respond to rapidly

- changing and evolving priorities;
- A well-articulated policy with respect to how Universal Service (US) will be achieved and organised;
- Establishment of the USF as separate, independent (autonomous) entity with clear definition and delineation of fund responsibilities;
- A clear definition of measurable overall Fund objectives which can subsequently be tracked and monitored;
- High level of transparency, visibility and accountability to all stakeholders;
- Active participation in and input from all concerned stakeholders regarding fund objectives and administration.

The GSR13 concluded by adopting a set of Best Practice Guidelines which seek to promote innovative and smart regulatory approaches.

BOCRA is in the process of establishing a USF for Botswana.

ITU Council

BOCRA took part in the ITU Council session in Geneva, Switzerland from 11 to 21 June 2013 operating under the slogan, "Cooperation is the Key to Success". The Council met to examine, among other things, the strategic and financial plans for the Union for the period 2016-2019, the budget for 2014-2015, cybersecurity, international public policy related to the Internet, climate change, ICT accessibility for persons with disabilities, gender mainstreaming, and preparations for upcoming conferences.

The Council made decisions ranging from Accessibility Policy for Persons with Disabilities, the Gender Mainstreaming Policy, free online access to ITU-R Handbooks on radio-frequency spectrum management to

the general public, to choosing Broadband for Sustainable Development as the theme for next year's World Telecommunication and Information Society Day.

In addition the Council extended free online access to Council Resolutions and Decisions to ITU membership on a permanent basis which hitherto were accessible on subscription. Similarly, the Council extended online access to ITU-R Handbooks on radio-frequency spectrum management to the general public on a permanent basis.

The decision to make ITU documents accessible online will allow member states, particularly developing countries such as Botswana to make use of available regulatory material.

ITU Telecom 2013

BOCRA took part in the ITU Telecom event held in Bangkok, Thailand from 19 to 22 November 2013.

The ITU Telecom World 2013 event brought together high level audience from the public, private sector, policy makers, regulators, service providers, equipment vendors, content developers, academics and other stakeholders to debate radical transformation of the ICT industry. The international exhibition of the CIT Sector, featured exhibition of National pavilions, industry stands and thematic pavilions showcasing products, technologies, investment and partnership opportunities from around the world.

At the event the BOCRA Chief Executive was on different dates interviewed by Huawei and CNN where he shared Botswana's experience in the development of the National Broadband Strategy and indicate

how he views its implementation plan. He highlighted the main issues of last mile connectivity, connect schools and communities initiatives, digital literacy programmes, empowering the youth through ICT innovation, content creation and application use, network modernisation by the fixed line operator, upgrading and enhancing all base stations to 3G technology and offering LTE/4G technology by main operators.

CTO Council and Forum

BOCRA attended the 53rd Council and Forum held on the 9th October 2013 Abuja, Nigeria. The Forum was attended by Commonwealth Governments and ICT industry stakeholders. The objective was to share knowledge, lessons learnt and key information about technological advances across the industry in a bid to find ways to accelerate universal access to affordable broadband Internet connectivity for all.

The Forum was held under the theme 'Innovation through broadband', the event provided the opportunity for both public and private sectors to discover how suitable partnerships can hasten ICT development for the benefit of all, including the marginalised across the world.

The Forum assisted BOCRA to align its Broadband initiatives to the global ICT best practices.



CORPORATE SOCIAL INVESTMENT

In keeping with its role of facilitating the use of ICTs and in recognition of its status as a responsible corporate social being, BOCRA through its social investment initiative continued to reach out to various sectors of the economy, particularly the less privileged. (Refer to Table 31)

Source: BOCRA 2014 Table 31: Highlights CSI Expenditure for the Reporting Period

BENEFICIARY	AMOUNT
National Commemorations	223 402.00
Support to Government (Sponsorships)	143 836.00
Non-Governmental Organizations (NGOs)	120 915.00
Organisations for People with Disabilities	259 660.00
Schools	126 210.00
Conference Sponsorships	125 000.00
TOTAL	999,023.00



HUMAN CAPITAL MANAGEMENT

BOCRA is committed to ensuring that all employees are treated fairly. The Authority keeps its HR policies and processes under continuous review to ensure that they are up-to-date. During the period under review General Conditions of Service were reviewed. The travel policy has been reviewed and approved.

The quality and commitment of our people are central to our ability to fulfill our duties. During the year under review, training and development focused primarily on core skills development as well as sessions covering the specific industry BOCRA regulates whilst assisting the Government Internship policy with absorbing interns to create a recruitment pool for the Authority.

Staff Complement

At the end of March 2014, the staff

complement stood at 76, an increase of 5 from the March 2013 figure as per the following movements.
(Refer to Table 32)

Staff Distribution by Qualifications

BOCRA recruited additional staff in the reporting period to cope with the additional responsibilities espoused by the Communications Regulatory Act, 2012. This trend would continue to further deal with anticipated demands in relation to evolving regulatory frameworks.
(Refer to Table 33)

Staff Categories by Gender and Position

Efforts are being made by the regulator to strike a balance on gender based staff development and talent management without compromising on the quality of service provided by the Authority. The Authority has an almost equal distribution of gender and an even balance would be

monitored and improved with time.
(Refer to Table 34)

Staff Training and Development

The Authority strives at all times to put staff development and training at the fore front. In the period under review the Authority has engaged seven graduate interns through the Government Internship programme.
(Refer to Table 35)

Staff Wellness, Health and Safety

BOCRA has a workplace wellness programme which seeks to foster healthy minds and healthy bodies. A wellness week amongst other various interventions was held from the 17th to 21st February 2014. The wellness week incorporated a wellness day. Health and Safety training was also held throughout the period to sensitise staff on health and safety issues.

Source: BOCRA 2014 Table 32: Staff Compliment as at March 2014

STAFF COMPLIMENT	NUMBER
Staff In Post as at April 2013	71
Staff Recruited	6
Staff Leaving	1 (Deceased)
Total as at March 2014	76

Source: BOCRA 2014 Table 33: Staff Distribution as at March 2014

GENDER	QUALIFICATION			TOTAL
	POST GRADUATE	GRADUATE	OTHER	
Female	11	16	8	35
Male	19	10	12	41
Total	30	26	20	76

Source: BOCRA 2014 Table 34: Staff Categories by Gender and Position as at March 2014

GENDER	STAFF CATEGORY			ANCILLARY
	EXECUTIVE	MANAGEMENT / SUPERVISORY	SNR/PROFESSIONAL	
Female	4	8	14	9
Male	12	8	11	10
Total	16	16	25	19

Source: BOCRA 2014 Table 35: Staff Training and Development

STAFF TRAINING	NUMBER
Technical Skills	3
Soft Skills	14
Management Training	14
On the Job Training (OJT) and Internships	7
Total	38







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

+18.6%

2014 BWP 48,113,070

2013 BWP 40,575,526

The authority is a body corporate, established under the Communications Regulatory Authority 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.

The operating results and state of affairs of the Authority are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

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 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	Dr. Masego Mpotokwane (Chairman) (Appointed on 01 April 2013) Ms. Esther Norris (Vice Chairman) (Appointed on 01 April 2013) Dr. Ditshupo Maje (Appointed on 01 April 2013) Mr. Andrew Sesinyi (Appointed on 01 April 2013) Mr. Mabalaankwe Rabashwa (Appointed on 01 April 2013) Mr. Roy Davies (Appointed on 01 April 2013) Mrs. Cecilia Mamelodi - Onyadile (Appointed on 01 April 2013) Mr. Thari G. Pheko (Ex-Officio Member)
Registered Office	Plot 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 Botswana Limited
Auditors	Grant Thornton Chartered Accountants
Secretary	Ms. Pako Ralehika - Phiri
Chief Executive	Mr. Thari G. Pheko
Functional Currency	Botswana Pula ('P') and is rounded to the nearest Pula

Members of the Board Report

The Members of the Board have pleasure in submitting their report, which form part of the financial statements for the Authority for the year ended 31 March 2014.

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 telecommunications, internet and information and communications technologies, radio communications, broadcasting, postal services and related matters.

The operating results and state of affairs of the 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 Authority was
P 48 113 070 (2013: P 40 575 526 surplus)

2. Accounting Policies

The accounting policies of the 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:

Dr. Masego Mpotokwane (Chairman)

Ms. Esther Norris (Vice Chairman)

Dr. Ditshupo Maje

Mr. Andrew Sesinyi

Mr. Mabalaankwe Rabashwa

Mr. Roy Davies

Mrs. Cecilia Mamelodi - Onyadile

Mr. Thari G. Pheko (Ex-Officio Member)

5. Secretary

The secretary of the Authority is Ms. Pako Ralehika - Phiri.

Board Members Responsibilities and Approval

The members are required in terms of the Communications Regulatory 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 fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period 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 Authority 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 Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Authority is on identifying, assessing, managing and monitoring all known forms of risk across the Authority. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour 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 Authority's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the Authority has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 40 to 69, which have been prepared on the going concern basis, were approved by the board on 15 / 09 / 2014 and were signed on its behalf by:



Chairman



Chief Executive

Gaborone

Independent Auditor's Report

To the members of Botswana Communications Regulatory Authority

Report on the Financial Statements

We have audited the accompanying annual financial statements of Botswana Communications Regulatory Authority, which comprise the statement of financial position as at 31 March 2014, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 69.

Members' Responsibility for the Financial Statements

The Members of the Board are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and for such internal control as the members determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

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

Opinion

In our opinion, the annual financial statements give a true and fair view of, the financial position of Botswana Communications Regulatory Authority as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Communications Regulatory Act, 2012.

Report on Other Legal and Regulatory Requirements

In accordance with Section 26(3) of the Communications Regulatory 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, except for the adoption of new standards under note 2.1.

Grant Thornton

Chartered Accountants Certified Auditor:
Mr. Madhavan Venkatachary (Membership No: 20030049)

15 / 09 / 2014

Gaborone

Statement of Financial Position as at 31 March 2014

FIGURES IN PULA	Note(s)	2014	2013
Assets			
Non-Current Assets			
Investment property	3	8 000 000	8 000 000
Property, plant and equipment	4	116 097 424	75 950 998
		124 097 424	83 950 998
Current Assets			
Trade and other receivables	6	37 102 290	34 209 380
Cash and cash equivalents	7	213 998 438	224 441 192
		251 100 728	258 650 572
Total Assets		375 198 152	342 601 570
Equity and Liabilities			
Equity			
Accumulated surplus		263 987 931	263 987 931
Development Fund Reserve	9	20 000 000	-
Proposed dividends	8	12 028 268	10 143 881
Universal Service Fund	10	16 084 802	-
		312 101 001	274 131 812
Liabilities			
Current Liabilities			
Trade and other payables	11	25 744 417	33 237 747
Government of Botswana Universal Service Fund	10	37 352 734	35 232 011
		63 097 151	68 469 758
Total Equity and Liabilities		375 198 152	342 601 570

Statement of Profit or loss and other comprehensive Income for the year ended 31 March 2014

FIGURES IN PULA	Note(s)	2014	2013
Revenue	13	119 341 157	114 638 901
Other income		16 500 475	1 185 105
Operating expenses	14	(96 284 098)	(83 157 764)
Surplus for the year before finance income	15	39 557 534	32 666 242
Finance income	16	8 555 536	7 409 284
Fair value adjustments	17	-	500 000
Total comprehensive income for the year		48 113 070	40 575 526

Statement of Changes in Funds for the year ended 31 March 2014

	Development Fund Reserve	Surplus allocated towards Universal Service Fund	Proposed Dividends	Total Reserves	Accumulated Surplus	Total Equity
FIGURES IN PULA						
Balance at 01 April 2012	-	-	7 916 294	7 916 294	233 556 286	241 472 580
Total comprehensive income for the year	-	-	-	-	40 575 526	40 575 526
Dividend paid	-	-	(7 916 294)	(7 916 294)	-	(7 916 294)
Dividend proposed to the Government transferred to proposed dividend	-	-	10 143 881	10 143 881	(10 143 881)	-
Net movement	-	-	2 227 587	2 227 587	(10 143 881)	(7 916 294)
Balance at 01 April 2013	-	-	10 143 881	10 143 881	263 987 931	274 131 812
Total comprehensive income for the year	-	-	-	-	48 113 070	48 113 070
Dividend paid	-	-	(10 143 881)	(10 143 881)	-	(10 143 881)
Excess of income over expenditure allocated to the Universal Service Fund - Pending Transfer	-	16 084 802	-	16 084 802	(16 084 802)	-
Surplus for the year allocated towards development expenses for the subsequent period	20 000 000	-	-	20 000 000	(20 000 000)	-
Dividend proposed to the Government transferred to proposed dividend	-	-	12 028 268	12 028 268	(12 028 268)	-
Net movement	20 000 000	16 084 802	1 884 387	37 969 189	(48 113 070)	(10 143 881)
Balance at 31 March 2014	20 000 000	16 084 802	12 028 268	48 113 070	263 987 931	312 101 001
Note(s)	9	10	8			

Statement of Cash Flows for the year ended 31 March 2014

FIGURES IN PULA	Note(s)	2014	2013
Cash flows from operating activities			
Cash generated from operations	19	28 500 481	53 223 922
Finance income		8 555 536	7 409 284
Net cash from operating activities		37 056 017	60 633 206
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(54 974 255)	(5 240 871)
Sale of property, plant and equipment	4	15 498 642	977 252
Net cash from investing activities		(39 475 613)	(4 263 619)
Cash flows from financing activities			
Movement in Government of Botswana Universal Service Fund		2 120 723	536 516
Dividends paid		(10 143 881)	(7 916 294)
Net cash from financing activities		(8 023 158)	(7 379 778)
Total cash movement for the year		(10 442 754)	48 989 809
Cash at the beginning of the year		224 441 192	175 451 383
Total cash at end of the year	7	213 998 438	224 441 192

Accounting Policies

1. Presentation of Annual Financial Statements

The 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. They are presented in Botswana Pula.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 New standards and interpretations

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 is 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 Authority assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Authority makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Authority for similar financial instruments.

Fair values of investment properties are determined by professional external valuers 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. Where external valuers are not involved, management estimates fair value based on similar workings.

Fair values of assets held for sale are determined using market conditions.

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 Authority 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.

Provisions

Provisions were raised and management determined an estimate based on the information available.

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 value 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 cognizance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the Country.

1.2 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 Authority, 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.

Fair value

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 profit or loss for the period in which it arises.

1.3 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 Authority; 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	Indefinite
Buildings	50 years
Furniture and fixtures	6 - 7 years
Motor vehicles	4 years
Office equipment	4 years
IT equipment	2 years
Technical support	2 - 25 years

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

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

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

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

Accounting Policies (cont'd)

1.4 Financial instruments

Classification

The Authority 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 Authority becomes a party to the contractual provisions of the instruments.

The Authority 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 the statement of comprehensive income, 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 Authority has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the Authority 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 to the Authority, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in the statement of comprehensive income.

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

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in 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.

1.5 Tax

Tax expenses

No provision for taxation is required as the Authority is exempt from taxation in terms of the Second Schedule, Part 1 of the Income Tax Act (Cap 52:01)

1.6 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 revenue in the statement of comprehensive income.

Operating leases - lessee

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

1.7 Impairment of assets

The Authority assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Authority 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 profit or loss.

The Authority 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 profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Accounting Policies (cont'd)

1.8 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.

Defined contribution plans

The Authority 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.

1.9 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 19.

1.10 Revenue

Revenue includes amounts charged to the telecom, 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 licence fees, service licence fees and radio licence 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 Authority;
- 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.

1.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

1.13 Contribution to the Universal Service Fund

Contributions to the Universal Service Fund set up by the Government of Botswana and managed by the Authority are recognised as expense in the period when the Members of the Board resolve to make contributions to it. The amount of contribution is at the discretion of the Board.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published.

Management anticipates that all relevant pronouncements will be adopted in the Authority's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the entity's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's financial statements.

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Authority has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 13 Fair Value Measurement

New standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRS's.

The effective date of the standard is for years beginning on or after 01 January 2013.

The Authority has adopted the standard for the first time in the 2014 annual financial statements.

The adoption of this standard has not had a material impact on the results of the Authority, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

IAS 1 Presentation of Financial Statements

The amendment now requires items of other comprehensive income to be presented as:

- Those which will be reclassified to profit or loss
- Those which will not be reclassified to profit or loss.

The related tax disclosures are also required to follow the presentation allocation.

In addition, the amendment changed the name of the statement of comprehensive income to the statement of profit or loss and other comprehensive income.

The effective date of the amendment is for years beginning on or after 01 July 2012.

The Authority has adopted the amendment for the first time in the 2014 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the Authority, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2.2 Standards and interpretations not yet effective

The Authority has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Authority's accounting periods beginning on or after 01 April 2014 or later periods:

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.

IFRS 9 Financial Instruments (cont'd)

- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Financial liabilities shall not be reclassified.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 01 January 2015.

The Authority expects to adopt the standard for the first time in the 2016 annual financial statements.

The adoption of this standard is not expected to impact on the results of the Authority, but may result in more disclosure than is currently provided in the annual financial statements.

FIGURES IN PULA

2014 **2013**

3. Investment Property

	2014			2013		
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
Investment property	8 000 000	-	8 000 000	8 000 000	-	8 000 000

Reconciliation of investment property - 2014

	Opening balance	Total
Investment property	8 000 000	8 000 000

Reconciliation of investment property - 2013

	Opening balance	Fair value adjustments	Total
Investment property	7 500 000	500 000	8 000 000

Details of valuation

The effective date of the revaluations was 27 May 2014. Revaluations were performed by an independent valuer, Mr Francis Muiruri [BA (Land Economics) Nons, MISK,MREAC,MREIB], of Stocker Fleetwood Bird. Stocker Fleetwood Bird are not connected to the Authority and have experience in location and category of the investment property being valued.

The investment property was valued at P 8 000 000 by Stocker Fleetwood Bird, professional property valuers on 27 May 2014. The valuation was based on open market value for existing use. The management have adopted this open market value of the investment property based on this valuation in the financial statements as they are of the opinion that there has been no material change in the economic scenario in the country between 27 May 2014 and 31 March 2014. The valuation was based on open market value for existing use.

Amounts recognised in profit and loss for the year

Rental income from investment property	409 910	417 417
Repairs and maintenance of the investment property	(20 102)	(111 384)
	389 808	306 033

Notes to the Annual Financial Statements (cont'd)

FIGURES IN PULA

2014

2013

4. Property, plant and equipment

	2014			2013		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	32 503 605	(5 572 582)	26 931 023	32 503 605	(4 922 509)	27 581 096
Furniture and fixtures	6 054 166	(4 768 924)	1 285 242	6 060 112	(4 165 240)	1 894 872
IT equipment	8 573 781	(6 955 218)	1 618 563	8 172 874	(6 407 150)	1 765 724
Land	2 135 700	-	2 135 700	2 135 700	-	2 135 700
Motor vehicles	2 782 189	(1 214 445)	1 567 744	4 348 294	(1 882 193)	2 466 101
Office equipment	6 248 651	(5 646 834)	601 817	5 892 059	(5 313 484)	578 575
Technical equipment (ASMS)	117 797 146	(52 400 593)	65 396 553	91 148 540	(52 996 012)	38 152 528
Capital work in progress	16 560 782	-	16 560 782	1 376 402	-	1 376 402
Total	192 656 020	(76 558 596)	116 097 424	151 637 586	(75 686 588)	75 950 998

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	27 581 096	-	-	(650 073)	26 931 023
Furniture and fixtures	1 894 872	23 222	(21 872)	(610 980)	1 285 242
IT equipment	1 765 724	1 339 085	(1 547)	(1 484 699)	1 618 563
Land	2 135 700	-	-	-	2 135 700
Motor vehicles	2 466 101	1 094 888	(1 347 708)	(645 537)	1 567 744
Office equipment	578 575	375 373	-	(352 131)	601 817
Technical equipment (ASMS)	38 152 528	36 957 307	(2 011 577)	(7 701 705)	65 396 553
Capital work in progress	1 376 402	15 184 380	-	-	16 560 782
	75 950 998	54 974 255	(3 382 704)	(11 445 125)	116 097 424

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	28 240 487	-	-	(659 391)	27 581 096
Furniture and fixtures	2 493 819	24 081	(484)	(622 544)	1 894 872
IT equipment	1 210 321	2 139 703	(321 842)	(1 262 458)	1 765 724
Land	2 135 700	-	-	-	2 135 700
Motor vehicles	1 515 408	1 766 932	(61 256)	(754 983)	2 466 101
Office equipment	1 677 779	-	(3 437)	(1 095 767)	578 575
Technical equipment (ASMS)	44 523 078	-	-	(6 370 550)	38 152 528
Capital work in progress	66 247	1 310 155	-	-	1 376 402
	81 862 839	5 240 871	(387 019)	(10 765 693)	75 950 998

Other information

Fully depreciated property, plant and equipment still in use

24 950 943

26 592 866

5. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial assets in each category are as follows:

Loan and receivables

Trade and other receivables
Cash and cash equivalents

36 223 808

23 031 823

213 998 438

224 441 192

250 222 246

247 473 015

FIGURES IN PULA**2014****2013****6. Trade and other receivables**

Trade receivables	28 800 113	20 385 680
Advance towards purchase of capital assets	-	10 721 528
Other receivables	6 093 530	1 877 224
Deposits	38 359	54 273
Staff debtors	189 985	196 346
Receivable from CRASA	1 140 180	193 302
Receivable from National Broadcasting Board	-	379 271
Prepayments	840 123	401 756
	37 102 290	34 209 380

Credit quality of trade and other receivables

The major debtors constitute the public telecom operators. The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about major customers default rates.

Fair value of trade and other receivables

Trade and other receivables	37 102 290	34 209 380
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The carrying amounts of trade and other receivables approximates its fair value.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2014, P 467 387 (2013: P 930 900) were past due but not impaired. Past due is when an invoice remains outstanding beyond 60 days.

The ageing of amounts past due but not impaired is as follows:

1 month past due	466 718	7 442
2 months past due	669	-
3 months past due	-	923 458
	467 387	930 900

Trade and other receivables impaired

As of 31 March 2014, trade and other receivables of P 1 540 186 (2013: P 1 179 913) were impaired and provided for.

The amount of the provision was P (1 540 186) as of 31 March 2014 (2013: P (1 179 913)).

The ageing of these loans is as follows:

Over 6 months	1 540 186	1 179 913
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Reconciliation of provision for impairment of trade and other receivables

Opening balance	1 179 913	416 070
Provision for impairment	469 038	763 843
Amounts recovered	(108 765)	-
	1 540 186	1 179 913

The creation and release of provision for impaired receivables have been included in operating expenses in profit or loss (note 15). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Notes to the Annual Financial Statements (cont'd)

FIGURES IN PULA	2014	2013
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	500	500
Bank balances	50 871 508	59 507 856
Short-term deposits	163 126 430	164 932 836
	213 998 438	224 441 192

Short term deposit includes Authority's investment in Stanbic money market fund which has an average rate of return of 6% (2013: 6%). This amount of P 64 665 569 (2013: P 61 295 880) can be withdrawn in 24 hours notice.

Cash and cash equivalents at the end of the year include a deposit with Stanbic Bank Botswana Limited of P 37 150 144 (2013: P 35 232 011) held by the Authority on behalf of the Government of Botswana pending establishment of the Universal Service Fund. The balance includes interest earned on the deposit up to the balance sheet date.

The Authority has availed banking facility with Standard Chartered Bank Botswana Limited as follows:

1. Outer Import Letter of Credit for P 400 000 at commission rate of 1% per annum
2. Import Loan of P 400 000 at the interest rate of prime plus 2% per annum

The above facilities are secured by general agreement of set-off by the Authority of funds placed in the Margin Account available for set off. At the year end the Authority has P 627 894 which is restricted balance and not available for operations of the Authority.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired has been assessed as good by the management, as the amounts are placed with reputable financial institutions who are registered in Botswana and who have past performance history with no defaults in their commitments.

8. Proposed Dividends

In compliance with the saving gram notification by the Government of Botswana, the Authority proposes to distribute 25% of its surplus for the year as dividend to the Government of Botswana. Accordingly, the Authority has apportioned P 12 028 268 (2013: P 10 143 881) from its Accumulated Surplus as Proposed Dividend.

9. Development Fund Reserve

Movement in the reserve

Allocated during the year towards development expenses	20 000 000	-
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This reserve is maintained in accordance with the requirements of Section 29(4) of the Communications Regulatory Act, 2012 and is to be used for developmental activities. This reserve is not distributable and can be used to meet the operational expenses of the Authority. The Board decides on the amount of transfer in and out of this reserve on a periodic basis.

10. Government of Botswana - Universal Service Fund

The Authority in compliance with section 29 (3) of the Communication Regulatory Act, 2012, deposits any excess of income received by the Authority over the expenditure properly incurred in the Universal Service and Access Fund which is to be established by Botswana Government for the development of the communications sector in Botswana comprising telecommunications, internet and information and communications technologies, radio communications, broadcasting, postal services and related matters. During the year the Authority has apportioned from the surplus an amount of P 16 084 802 towards Universal Service and Access Fund.

Opening balance	27 500 000	27 500 000
Interest earned on deposit - Universal Service Fund	9 852 734	7 732 011
	37 352 734	35 232 011

FIGURES IN PULA**2014****2013****11. Trade and other payables**

Trade payables	2 283 353	122 053
Value added tax	1 449 864	1 620 385
Amount held on behalf of National Broadcasting Board	-	2 928 325
Employee cost accruals	19 043 847	15 321 144
Other accrued expenses	1 236 822	12 113 137
Deposits received	35 679	27 814
Other payables	1 694 852	1 104 889
	25 744 417	33 237 747

The carrying amounts of trade and other payables approximates their fair value.

12. 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

Government of Botswana - Universal Service Fund	37 352 734	35 232 011
Trade and other payables	25 708 738	21 881 731
	63 061 472	57 113 742

13. Revenue

Turnover fees - Telecommunications	93 703 609	93 076 294
Turnover fees - Postal	3 352 876	-
Turnover fees - Broadcasting	315 616	-
Radio license fees	15 487 967	14 955 625
System license fees	5 430 279	5 072 314
Service license fees	1 050 810	1 534 668
	119 341 157	114 638 901

14. Operating expenses**Major categories of operating expenses :**

Employee costs	47 632 056	41 962 542
Depreciation, amortisation and impairments	11 445 125	10 765 693
Impairments	469 038	763 843
Consulting and professional fees	9 146 740	6 767 926
Conference expenses	4 700 332	3 926 355
Travel expenses	4 458 824	3 425 423
Repairs and maintenance	3 557 110	2 388 339
Security charges	1 456 492	1 230 222
Training	875 769	584 882
Internet charges	1 334 034	1 434 798
Advertising	1 693 571	902 188
Donations	720 830	989 521
Board expenses	1 788 710	1 132 222
Other expenses	7 005 467	6 883 810
	96 284 098	83 157 764

Notes to the Annual Financial Statements (cont'd)

FIGURES IN PULA	2014	2013
15. Surplus for the year before finance income		
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	12 115 938	590 233
Profit on exchange differences	-	(412)
Depreciation on property, plant and equipment	11 445 125	10 765 693
Employee costs	47 632 056	41 962 542
Net gains (losses) on financial instruments:		
Loans and receivables	8 555 536	7 409 284
Impairment of financial assets per class		
Loans and receivables	469 038	763 843
16. Finance income		
Interest revenue		
Bank	285 230	361 383
Income from short term investments	8 270 306	7 047 901
	8 555 536	7 409 284
17. Fair value adjustments		
Investment property (Fair value model)	-	500 000
18. Auditors' remuneration		
Fee	172 162	226 920
19. Cash generated from operations		
Profit before taxation	48 113 070	40 575 526
Adjustments for:		
Depreciation and amortisation	11 445 125	10 765 693
Profit on sale of assets	(12 115 938)	(590 233)
Interest received	(8 555 536)	(7 409 284)
Fair value adjustments	-	(500 000)
Changes in working capital:		
Trade and other receivables	(2 892 910)	(8 035 363)
Trade and other payables	(7 493 330)	18 417 583
	28 500 481	53 223 922

FIGURES IN PULA**2014****2013****20. Commitments****Authorised capital expenditure****Already contracted for but not provided for**

- Property, plant and equipment
- ASMS Technical equipment

4 091 812	14 230 457
3 143 211	22 723 475
7 235 023	36 953 932

This committed expenditure relates to property, plant and equipment and will be financed by available bank resources.

Operating leases – as lessor (income)**Minimum lease payments due**

- within one year

460 000	459 000
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Lease agreements are non cancelable 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.

21. Contingencies

Guarantee issued by the Authority in favour of First National Bank of Botswana Limited towards the employees' housing loan, wherein Authority has guaranteed upto 100% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P 19 474 208 (2013: P 2 119 854).

Guarantee issued by the Authority in favour of Barclays Bank of Botswana Limited towards guarantee for employees' car loan, with a maximum facility of P 5 000 000, wherein the Authority has guaranteed upto 100% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P 146 402 (2013: P 215 727).

Guarantee issued by the Authority in favour of Bank of Baroda (Botswana) Limited towards the employees' personal loans, wherein Authority has guaranteed up to 50% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P 2 039 379 (2013: P 2 350 311).

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 Authority has guaranteed up to 50% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P 3 205 725 (2013: P 1 394 383).

There is also a claim of P2.2 m plus interest at 10% per annum from 25th September 2011 from an ex-employee for alleged unfair dismissal and the claim has been contested by the Authority. The judge has passed verdict in favour of the Authority, however the plaintiff employee has contested the judgement and appealed in the Court of Appeal.

Notes to the Annual Financial Statements (cont'd)

FIGURES IN PULA	2014	2013
22. Related parties		
Relationships		
Members of the Board	Refer to Page 43	
Related parties	The Authority had transactions with Government and other Government interested organisations. These transactions and these parties were not considered to be related party transactions and related parties.	
Members of key management	T G Pheko (Chief Executive) M O Tamasiga (Deputy Chief Executive) T Kapaletswe (Deputy Chief Executive) B Mine N Katse G O Radijeng M Mokgware B Luke Z Kebonang C Moletsane M Setshwane T Monare	
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
National Broadcasting Board - net of receivable	-	(2 549 054)
Communications Regulators' Association of Southern Africa	1 140 180	193 302
	1 140 180	(2 355 752)
Related party transactions		
Board expenses		
Sitting allowances	33 075	51 313
Travelling allowances	1 225 082	853 170
Cellphone allowances	280 749	188 556
Conferences expenses	249 804	39 183
	1 788 710	1 132 222
Compensation to key management		
Remuneration paid	10 871 274	7 933 850
Other long-term employee benefits	3 242 517	2 532 875
	14 113 791	10 466 725

FIGURES IN PULA

2014

2013

23. Risk management

Capital risk management

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

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

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position 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.

At 31 March 2014	Less than 1 year	Between 1 and 2 years
Trade and other payables	25 744 417	-
Government of Botswana - Universal Service Fund	-	37 352 734
At 31 March 2013	Less than 1 year	Between 1 and 2 years
Trade and other payables	33 237 747	-
Government of Botswana - Universal Service Fund	-	35 232 011

Notes to the Annual Financial Statements (cont'd)

FIGURES IN PULA

2014

2013

23. Risk management (cont'd)

Interest rate risk

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

Further, these deposits are due on demand. The fixed deposits amounting to P 164 million (2013: P 165 million) 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

Financial instrument	Current interest rate	Due in less than a year
3 months fixed deposits	4.50 %	19 782 563
3 months fixed deposits	4.00 %	46 772 661
3 months fixed deposits	6.00 %	31 905 638
Stanbic money market fund	6.00 %	64 665 568

Credit risk

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

Trade receivables comprise mainly of three major operators from telecommunication sector, amounting to P 26.42 million (2013: P 23 million) at the year end.

The maximum credit exposure on trade receivables and other receivables is limited to P 37.10 million (2013: P 23.58 million). Management evaluated credit risk relating to customers on an ongoing basis especially on major customers by obtaining their latest financial statements, budgets, etc, and where appropriate, makes adequate provisions for bad and doubtful debts.

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

Financial instrument	2014	2013
Trade receivables	35 962 110	23 597 901
Receivable from CRASA and NBB	1 140 180	572 573
Barclays Bank of Botswana Limited	2 552 842	-
Stanbic Bank Botswana Limited	37 352 413	35 232 011
Bank of Baroda (Botswana) Limited	47 647 776	45 395 200
First National Bank of Botswana Limited	28 691 002	29 523 332
Standard Chartered Bank of Botswana Limited	32 533 532	30 259 077
Investment in Stanbic money market fund	64 665 564	61 295 880

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 19 for additional details.

Foreign exchange risk

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

FIGURES IN PULA**2014****2013****24. Fair value measurement****Investment property****Level 3**

Plot 4965, Extension 15, Village, Gaborone

8 000 000

8 000 000

Fair value measurement of non-financial assets

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 2014. The freehold property fair value information disclosed above is based on the independent valuers report. The independent valuation was carried out on 27 May 2014. 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 8 000 000. The fair value of this property is estimated using an income approach which capitalises the estimated rental income stream, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per unit used by the valuer in the projected cash flows are within the range of future contractual rent that the Authority has entered into 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 for the year ended were:

Assumptions	Investment Property
Average discount rate	6.5%
Average occupancy level	90%
Each unit is measured at	190 sqm
Market rental per Month per unit	P 8 500

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

Investment property

Opening balance

8 000 000

7 500 000

- increase in fair value of investment property

-

500 000

Balance at 31 March**8 000 000****8 000 000**

Detailed Statement of Comprehensive Income

FIGURES IN PULA	Note(s)	2014	2013
Revenue			
Turnover fees - Telecommunications		93 703 609	93 076 294
Turnover fees - Postal		3 352 876	-
Turnover fees - Broadcasting		315 616	-
Radio license fees		15 487 967	14 955 625
System licence fees		5 430 279	5 072 314
Service license fees		1 050 810	1 534 668
	13	119 341 157	114 638 901
Other income			
Fair value adjustments	17	-	500 000
Gains on disposal of assets		12 115 938	590 233
Interest received	16	8 555 536	7 409 284
Other income		3 865 862	177 043
Profit on exchange differences		-	412
Bad debts recovered		108 765	-
Rental income		409 910	417 417
		25 056 011	9 094 389
Expenses (Refer to Page 47)		(96 284 098)	(83 157 764)
Total comprehensive income for the year		48 113 070	40 575 526

FIGURES IN PULA	Note(s)	2014	2013
Operating expenses			
Advertising		(1 693 571)	(902 188)
Assessment rates & municipal charges		(12 565)	(9 997)
Auditors remuneration	18	(172 162)	(226 920)
Bad debts		(469 038)	(763 843)
Bank charges		(590 194)	(109 902)
Cleaning		(143 572)	(104 391)
Computer expenses		(173 869)	(200 374)
Consulting and professional fees		(9 146 740)	(6 767 926)
Consumables		(37 573)	(26 404)
Depreciation, amortisation and impairments		(11 445 125)	(10 765 693)
Donations		(720 830)	(989 521)
Employee costs		(47 632 056)	(41 962 542)
Entertainment		(27 363)	(50 387)
Board expenses		(1 788 710)	(1 132 222)
Conference expenses		(4 700 332)	(3 926 355)
Functions hosted by Authority		(772 359)	(1 122 624)
Internet expenses		(1 334 034)	(1 434 798)
Training levy		(249 218)	(251 672)
Staff Recruitment expenses		(7 062)	(2 750)
Fines and penalties		(8 469)	-
Insurance		(408 411)	(630 410)
Legal expenses		(112 220)	(556 575)
Magazines, books and periodicals		(129 389)	(40 057)
Motor vehicle expenses		(244 635)	(400 482)
Postage		(120 529)	(60 543)
Printing and stationery		(1 266 589)	(915 186)
Protective clothing		(18 467)	(120 557)
Repairs and maintenance		(3 557 110)	(2 388 339)
Security		(1 456 492)	(1 230 222)
Staff welfare		(1 029 219)	(596 779)
Subscriptions		(516 952)	(397 891)
Telephone and fax		(444 199)	(273 089)
Training		(875 769)	(584 882)
Travel - local		(4 458 824)	(3 425 423)
Utilities		(520 451)	(786 820)
		(96 284 098)	(83 157 764)

List of Abbreviations

ADSL	– Asymmetric Digital Subscriber Line	IPv6	– Internet Protocol Version Six
ASMS	– Automated Spectrum Monitoring System	ICDL	– International Computer Driving Licence
ATU	– African Telecommunication Union	ISBDT	– Integrated Services Digital Broadcasting- Terrestrial
BOCCIM	– Botswana Confederation of Commerce Industry and Manpower	ITU	– International Telecommunication Union
BOMU	– Botswana Musicians Union	FWA	– Fixed Wireless Access
BURS	– Botswana Unified Revenue Services	HSR	– Hand Over Success Rate
ccTLD	– Country Code Top Level Domain Name	LTE	– Long Term Evolution
CRA Act	– Communications Regulatory Authority Act, 2012	NAR	– Network Availability Rate
CRASA	– Communications Regulators Association of Southern Africa	NBS	– National Broadband Strategy
COSBOTS	– Copyright Society of Botswana	PPO	– Public Postal Operator
CSSR	– Call Set Up Success Rate	PTO	– Public Telecommunication Operator
CTO	– Commonwealth Telecommunications Organisation	PTNL	– Private Telecommunication Network Licence
BDSF	– Digital Broadcasting Switchover Forum	SADC	– Southern African Development Community
DCR	– Dropped Call Rate	SAPOA	– Southern African Postal Operators Association
DI	– Dual Illumination	SMS	– Short Messaging Service
EASSy	– East Africa Sub Marine System	TAC	– Technical Advisory Committee
EMR/EMF	– Electromagnetic Radiation/Electromagnetic Fields	TDOA	– Time Difference of Arrival
HATAB	– Hospitality and Tourism Association of Botswana	TVWS	– Television White Space
ICANN	– International Corporation for Assigned Names and Numbers	UPU	– Universal Postal Union
ICTs	– Information and Communications Technologies	UHF	– Ultra High Frequency
ICNIRP	– International Commission of Non-Ionizing Radiation Protection	USF	– Universal Service Fund
IPLC	– International Private Leased Circuits	VANS	– Value Added Network Service
		VHS	– Very High Frequency
		WACS	– West Africa Cable System
		WIFI	– Wireless Fidelity
		WiMAX	– Worldwide Interoperability for Microwave Access
		WTISD	– World Telecommunication and Information Society Day



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