



ANNUAL REPORT

2016



**OUR VISION** IS TO HAVE A  
CONNECTED AND INFORMED  
SOCIETY.

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

#### **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.



# Chairman's Statement

**The current Board was appointed with effect from July 2015. Although we started three months into the period under review, we were able catch up with the work plan for the period. Our work was made relatively easy by our predecessors, who had crafted the BOCRA 2014-2019 Strategic Plan and signed a Shareholder Compact Agreement with the Minister of Transport and Communications. Our journey so far in dealing with communications issues has been educative, engaging and challenging.**

In setting a performance target for BOCRA, the Strategic Plan adopted the International Telecommunication Union (ITU) Measuring Information Society Index for Access and Usage of ICTs. It seeks to grow Botswana's ICT Access to 6 points and ICT Usage to 3 points by the year 2019. When the strategy was developed in 2014, Botswana was ranked 3 in terms of Access and 1 in terms of Usage. At the time, a ratio of 6:3 for Access and Usage, respectively, was considered a stretch target or in strategy development nomenclature, a Big Hairy Audacious Goal (BHAG).

The 2015/16 reporting period marks the second year of the implementation of the strategy and a good time to check if BOCRA is on track towards achieving the BHAG by 2019. The implementation of the strategy over the reporting period turned up mixed results. A good number of the objectives set were achieved reflecting a good performance in the execution of the strategy.

What is encouraging is that later in the year 2014, the very year that the strategy was developed, ITU ranked Botswana 4.06 for Access and 3.03

for Usage, suggesting that Botswana had already surpassed 3 - the target set for Usage. The 2015 statistics placed Botswana at 4.22 for Access and 2.37 for Usage, suggesting what appears to be a decline in terms of Usage. However, the 2015 Global ICT Development Index (IDI) rankings by the same ITU moved Botswana six places up from position 117 in 2010 to 111.

It is worth clarifying the apparent up and down movement in ITU rankings that seem to suggest that, as a country, our ICT performance is inconsistent. Firstly, the ICT Usage decline noticeable in 2015 followed BOCRA's intensified efforts on Type Approval of communications equipment, specifically mobile phones and two-way radio handsets, to flush out grey products from the Botswana market. Secondly, the ITU revised the measurements for broadband services such that they included parameters that were left out in the 2014 calculations for Usage. Through studies and input from the membership, the ITU periodically rethinks the way it collects and interprets data that is used to access global ICT development and rank countries so that it is as accurate as possible. Therefore, measurements

for Access and Usage are and may continue to be a moving target. Notwithstanding this fact, they remain a good measure for any country to gauge its ICT development. In the case of Botswana, the rankings indicate that the country's ICT development is showing positive growth. However, it is not growing fast enough compared to other countries globally. It is therefore a

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challenge to BOCRA, together with all other ICT stakeholders, to put more effort into the development of the



**Mr. Peter van Riet-Lowe**



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

Investment Management Certificate (IMC), (UK)

Certified Management Accountant (CMA) and FCPA



# Chairmans Statement

(continued)

ICT sector for Botswana to stake her claim on the globe.

My Board has noted that some of the objectives set for the period under review could not be implemented due to delays in the approval of enabling legislation and policies. Our immediate action going forward is to advocate for approval of outstanding legislation. These include the Communications Regulatory Authority Act, 2012 Regulations, the Electronic Records (Evidence) Regulations, the Electronic Communications and Transactions Regulations. These pieces of regulatory instruments will be instrumental in aiding the regulatory function in the era of over reliance on the Internet for transactions. In particular, they will be critical to the development of online services including e-government and electronic banking.

Looking ahead, we have also taken note of a few issues that will require the Board, Management and Staff to focus on for the benefit of the market. Issues of Quality of Service for mobile telephony and the Internet are not at desirable level. Performance of

the postal sector, though reflective of what is happening across the world, is one area that needs special attention given the strategic communications role to Botswana, particularly the far flung citizens. The development of commercial broadcasting is equally critical for purposes ensuring plurality, diversity and choice to enhance Botswana's democracy. Challenges experienced by our commercial broadcasters in terms of not playing enough local content have been noted with keen interest. Above all, the Board is alive to the trends in technological developments that are challenging conventional communications in ways never before imagined. Developments such as the advent of Over-the-Top services have arrived and have been embraced by the market. However, these have brought with them challenges for regulatory entities across the world. It is my fervent hope that a solution to all the challenges noted here-in lies with all stakeholders, including the Regulator, policy maker and market licensees. It is our commitment as BOCRA to find the solutions now to meet consumer expectations in keeping with our 'People Centred' value.

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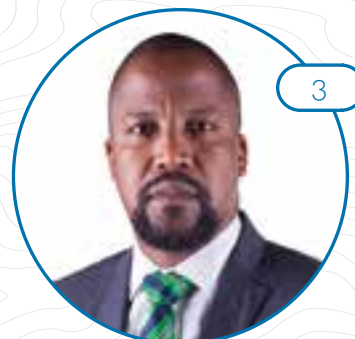
**Mr. Peter van Riet-Lowe**  
Board Chairperson







# Board of Directors



#### 1. PETER McCLEAN VAN RIET-LOWE (Chairperson)

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

#### 2. WILHEMINA T. MAKWINJA (Vice Chairperson)

Wilhemina T Makwinja is a human resources professional currently holding the position of Director of Human Resources at Air Botswana. She has worked for several organisations including Debswana, Botswana Power Corporation, Gem Diamonds and Bokamoso Hospital. She has also carried out Human Resources consultancy work on issues of Restructuring; Talent/Career Management; Performance Management and HR Outsourcing. She holds a Masters Degree in Sociology and Social Policy from University of Liverpool, UK; an Honours Degree in Sociology and Social Policy from University of Essex, UK.

#### 3. THAPELO KALAKE (Member)

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

#### 4. JOSEPH MALOPE-MATOME (Member)

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

#### 5. MONAMETSI KALAYAMOTHO (Member)

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

#### 6. ONKAGETSE PUSOENTSI (Member)

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

#### 7. MAJOR GENERAL (Retd.) BAKWENA OITSILE (Member)

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

#### 8. THARI G. PHEKO (Chief Executive and ex-Officio Member)

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

#### 9. PAKO RALEHIKA-PHIRI (Board Secretary)

A lawyer by training, Pako Ralehika-Phiri acquired an LL.M Degree from the University Westminster (2010) and LL.B 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



# CEO's Review

**The 2015/16 financial year will hold a special place in the annals of BOCRA, Botswana. The year marked the twentieth anniversary of the introduction of communication regulation and the establishment of an autonomous communications regulator. At a national level, the year marked Botswana's Golden Jubilee of Independence and the maturity of the National Vision - Vision 2016. Therefore, this report celebrates an important landmark in the evolution of communications regulation and the history of the nation.**

In the development of its 2014-2019 Strategic Plan, BOCRA had noted that consumer patterns had shifted from consumption of voice services to data services, which lends credence to the concept of Internet of Things (IoT). Under IoT environment, a huge amount of data will be exchanged on the Internet which brings with it issues of credibility, authenticity and security. Already, we are noticing phenomenal growth in both fixed and mobile broadband penetration which point to the Internet as the next growth area.

Following the enactment of the Electronic Records (Evidence) Act and the Electronic Communications and Transactions Act in the previous reporting period, BOCRA facilitated the development of enabling regulations to the two pieces of legislation during the year under review. The two pieces of legislation that are expected to come into effect during the 2016/17 financial year will see BOCRA establish an approved process for the production of electronic documents and also certify electronic records systems for purposes of integrity. They will also see BOCRA assume the role of accreditation of the secure digital signature service providers and administration of the take down notices. In addition, BOCRA facilitated the development of the Communications Regulatory Authority Act, 2012 Regulations and developed Enforcement

Guidelines that will enhance BOCRA's supervisory role.

In September 2015, BOCRA began implementation of the new and converged ICT licensing framework designed to create a more conducive environment for ICT development. The framework was also developed to meet demand for real-time high quality and affordable services, accommodate emerging players for increased competitiveness, and enhance value proposition for consumers. BOCRA has allowed licensees a grace period of two years up to February 2017 to migrate to the new licensing framework that has two major categories as Network Facilities Provider Licence (NFP) and the Services and Applications Provider Licence (SAP).

During the year under review, BOCRA also commissioned a market study to develop a licensing framework for the postal sector. The main objective of the study was to gather information on the state of the postal market on the basis of which BOCRA would develop a comprehensive licensing framework for the sector. In addition, BOCRA developed a licensing framework for Digital Terrestrial Television (DTT). BOCRA further refined application assessment procedures for licensing of Satellite Free to Air, Subscription Satellite Television, and Subscription Management Service.

In a bid to make communications

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# CEO's Review

(continued)

services more affordable, BOCRA facilitated reduction of regional retail roaming tariffs in line with the 2014 SADC ICT Ministers policy directive for reduction of regional tariffs. Botswana, Zambia, Namibia and Zimbabwe commenced the reduction of tariffs in November 2015 and will continue to reduce them over a period of five years following agreed glide path. The four countries mandated all Mobile Network Operators to send SMS notifications on entry by customers to a visited country. The exercise reduced roaming tariffs by up to 30%. The rest of the SADC countries are expected to implement reductions by the first quarter of the 2016/17 financial year. On the local front BOCRA continuously published Internet retail prices from various suppliers as public information meant for consumers to make informed choices.

June 2015 had been identified by the ITU as the deadline for Analogue Switch Off (ASO), an exercise intended to migrate countries from analogue to digital broadcasting platforms with the aim of freeing some of the spectrum currently used under analogue environment for other uses. Botswana had set itself an ASO date of July 2015. In facilitating transition from analogue to digital broadcasting, BOCRA developed and published minimum specifications for Integrated Digital TVs, Mobile/ Portable devices and Set-Top-Boxes (STBs). Notwithstanding the number of suppliers who type approved STBs, no one has made them commercially available.

In line with the migration process, Botswana and South Africa signed of a Joint Communiqué for "Cooperation and Coordination of Cross Border Interference for Terrestrial Services and Other Related Matters."

Following the Communiqué, both Governments are to enter into a memorandum of cooperation to effect the implementation of the communiqué.

In an effort to increase broadband penetration and usage, BOCRA, through the Universal Access and Service Fund (UASF) facilitated the provision of wholesale Broadband Wi-Fi hotspots in strategic public areas in thirty-one (31) sites across the country. The project targeted community access centres such as hospitals, malls, airports and bus ranks. The Wi-Fi hotspots enabled Value Added Network Service (VANS) providers to expand their footprint across Botswana. The hotspots also provide the public with initial thirty minutes (30) free Internet access daily and free access to Government of Botswana website.

Worthy of mention in the reporting period is the historic listing of the Botswana Telecommunications Corporation Limited (BTCL) on the Botswana Stock Exchange, (BSE). The BTCL IPO and subsequent listing on the BSE was a historic milestone in Botswana's narrative, and the most momentous project of its kind to date in Botswana. Reserved for Botswana citizens, the unique opportunity broke records at every turn, with the shares oversubscribed 1.68 times. BOCRA will be closely monitoring the impact of the privatised BTCL on the market.

One of the major events of the period under review that will have far reaching implications for the development and use of communications was the World Radiocommunication Conference (WRC-15). The quadrennial conference addressed agenda items related to frequency allocation and frequency sharing for the efficient use of spectrum





and orbital resources to ensure high quality radio communication services for mobile and satellite communications; maritime and aeronautical transport as well as for scientific purposes related to the environment, meteorology and climatology, disaster prediction, mitigation and relief. Among its many impactful resolutions, the WRC-15 agreed to avail additional spectrum for International Mobile Communication (IMT) Systems in order to address future spectrum demands for mobile broadband.

The 2015/16 reporting period had its fair share of challenges that BOCRA dealt with. Unsatisfactory levels of Quality of Service (QoS) for mobile telephony were encountered on the backdrop of increased demand and consumption of bandwidth intensive data services that are delivered through networks whose architecture was predominately designed for voice services. This challenge requires additional resources for PTOs to migrate to Third and Fourth Generation networks.

The underperformance of the postal sector was another concern that BOCRA, in collaboration with the Government, dealt with over the reporting period. Modern communications services require postal communication to reinvent itself in order to keep up with consumer demand. This concern is expected to be at the centre of the Universal Postal Union (UPU)

Plenipotentiary conference to be held in the next financial year to set the agenda of global postal development for the next four years.

Commercial broadcasting was also not spared of performance challenges. Failure to meet local content quotas as provided for under respective broadcasters licences prompted BOCRA to meet with other stakeholders. This included the Ministry of Youth, Sport and Culture (MYSC), Copyright Society of Botswana (COSBOTS) and broadcasters to find a workable solution to the challenge.

Notwithstanding the challenges experienced during the reporting period, the performance of the sector was noted by the Bank of Botswana as positive compared to other sectors of the economy. The performance is expected to improve during the next reporting period, spurred by additional licensees to be realised out of the implementation of new licensing frameworks. A Consumer Satisfaction Survey by Botswana Institute of Development Policy Analysis (BIDPA) also reported satisfaction of consumers with communications services.

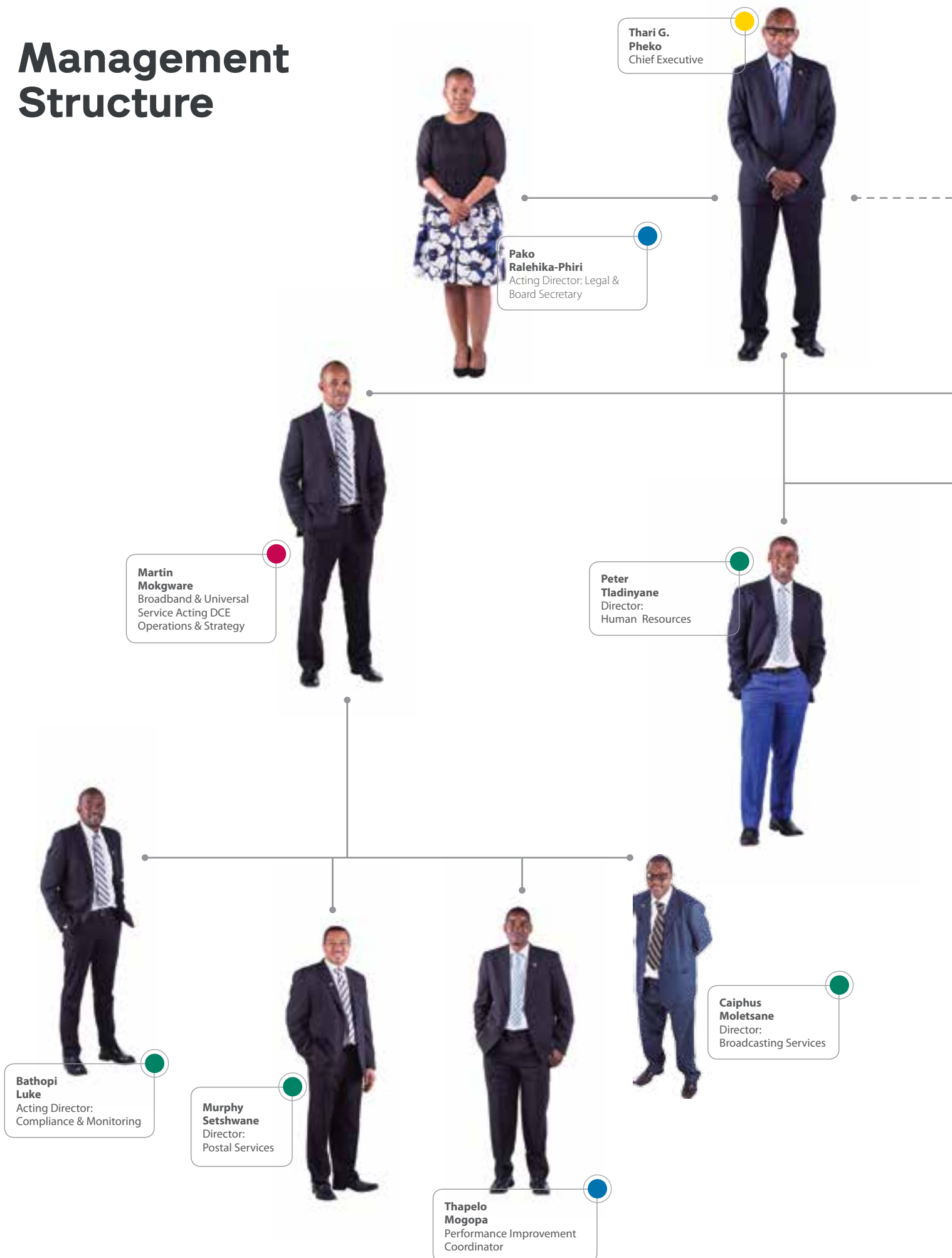
I am grateful to the Government, Board, and to BOCRA staff for the 2015/16 financial year performance that saw operating revenues for all the PTOs register 4% growth to reach around P4.2 Billion.

**“Worthy of mention in the reporting period is the historic listing of the Botswana Telecommunications Corporation Limited (BTCL) on the Botswana Stock Exchange, (BSE). The BTCL IPO and subsequent listing on the BSE was a historic milestone in Botswana’s narrative, and the most momentous project of its kind to date in Botswana.”**



**Mr. Thari G. Pheko**  
Chief Executive

# Management Structure



## Legend

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



**Tebogo  
Mmoshe**  
Internal Auditor



**Tshoganetso  
Kapaletswe**  
Deputy Chief Executive  
Regulatory Affairs



**Bonny  
Mine**  
Director:  
Corporate Support



**Cynthia  
Phase**  
Acting Director:  
Technical Services



**Noble  
Katse**  
Director:  
Business Development



**Aaron  
Nyelesi**  
Deputy Director:  
Corporate Communications  
& Relations





# INTRODUCTION

THIS REPORT COVERS THE ACTIVITIES UNDERTAKEN BY THE **BOTSWANA COMMUNICATIONS REGULATORY AUTHORITY (BOCRA)** DURING THE 2015/16 FINANCIAL YEAR. THE ACTIVITIES REPORTED ARE THOSE THAT FORM PART OF THE BOCRA CORE MANDATE AS WELL AS OPERATIONAL PLANS. IT ALSO INCLUDES ISSUES PERTAINING TO STRATEGIC PLAN AND THE SHAREHOLDER COMPACT AGREEMENT ENTERED INTO BY THE BOARD AND THE MINISTER OF TRANSPORT AND COMMUNICATION.



The report consolidates data on market share of telecommunications operators measured in terms of number of subscriptions for fixed and mobile telephony services, mobile money and broadband subscriptions. **It analyses trends, key drivers, challenges, opportunities and best practices in the Botswana ICT market,** across the different market offerings. It also gives details of some of the activities taking

place in the regulation of postal and broadcastings services.

The report further highlights the extent of compliance to the licensing requirements by the regulated entities. It touches on stakeholder engagement and concludes by dealing with internal business of BOCRA, that is, the human resources management.





# CORPORATE GOVERNANCE

## ROLE OF THE BOARD

The Board of Directors of the Botswana Communications Regulatory Authority (BOCRA), who are vested with the powers and functions of the Authority, are appointed by the Minister of Transport and Communications in terms of Section 4 (1) of the CRA Act, 2012.

The role of the Board is to provide leadership by defining both the purpose of the organisation and the values by which the organisation will perform its daily duties. Thus, the Board ensures the organisation's prosperity by collectively directing its affairs through policy guidance and appropriate corporate governance principles. In doing so, the Board executes a number of core responsibilities which include the following:

- Approval of the organisational Strategic Plan;
- Approval of the annual Business Plan necessary for the efficient operation of the organisation;
- Determining and approving of the annual budget necessary for the efficient operation of the organisation;
- and
- Appointment of senior officers on recommendation of the Chief Executive.

In executing its mandate, the Board is guided by the CRA Act and the Board Charter, which states their duties and obligations to act in good faith and in the best interest of BOCRA to ensure that appropriate accountability and control systems are in place as well as adherence to CRA Act, the laws of Botswana and

internationally accepted standards of good corporate governance.

## COMPOSITION OF THE BOARD

The current Board consists of seven (7) non-executive members who were appointed with effect from July 2015. They are Mr. Peter van Riet Lowe (Board Chairperson), Mrs. Wilhelmina T. Makwinja (Board Vice-Chairperson), Mr. Joseph M. Matome, Major General (Rtd.) Bakwena Oitsile, Mr. Monametsi Kalayamotho, Mr. Thapelo Kalake and Mr. Onkagetse Pusoentsi. BOCRA Chief Executive, Mr. Thari G. Pheko, is an ex-officio member of the Board in accordance with Section 21 (5) of the CRA Act.

Between April and June, the Board consisted of Dr. Masego A. Mpotokwane (Board Chairperson), Ms. Esther Norris (Vice Chairperson), Dr. Ditshupo E. Maje, Mr. Mabalaankwe K. Rabashwa, Mrs. Cecilia Mamelodi-Onyadile, Mr. Roy Davies and Mr. Andrew O. Sesinyi, who retired and have since been replaced by the current Board.

The Board members are selected based upon their academic qualifications, experience and expertise in various disciplines. This is in order for BOCRA to maintain and draw from the diverse skills.

## BOARD COMMITTEES

The Board has the following Committees:

**Finance and Audit Committee;** which assist the Board with oversights of financial reporting and audits, inclusive of the internal controls and risk management. The Committee consists of Mr. Joseph Matome (Chairperson), Mrs. Wilhelmina

Makwinja and Mrs. Ontlametse Sebonego (co-opted member).

**External Tender Committee;** which adjudicates and approves tenders for the procurement of BOCRA's requirements for goods and services above Management's prescribed threshold of P2 million. The Committee consists of Mr Monametsi Kalayamotho (Chairperson), Major General (Rtd) Bakwena Oitsile and Mr. Onkagetse Pusoentsi.

**Human Resources Committee;** which is responsible for advising the Board on human resource affairs, including the BOCRA organisational structure and human resource budgets, policies, terms and conditions of employment for employees. The Committee consists of Mrs. Wilhemina Makwinja (Chairperson), Mr. Onkagetse Pusoentsi and Mr. Thapelo Kalake.

**Regulatory Committee;** which addresses all regulatory functions of the Board as provided for in the CRA Act and recommends the appropriate regulatory decisions. The Committee consists of Major. General (Rtd) Bakwena Oitsile (Chairperson), Mr. Monametsi Kalayamotho and Mr. Thapelo Kalake.

**All Committees have written Terms of Reference, approved by the Board. These detail their responsibilities and the extent to which they have been assigned such responsibilities.**



## BOARD MEETINGS ATTENDANCE & SITTING ALLOWANCE

Table 1a – Schedule of former Board Members' Attendance for the period April 2015 to June 2016

Member	Ordinary Board Meeting	Special Board Meeting	FAC	ETC	RegCom	HRCOM	Sitting Allowance Entitlement
Dr. Masego Mpotokwane	1/1	-	N/A	N/A	N/A	N/A	P735 x 1 = P735.00
Ms. Esther Norris	1/1	-	N/A	0/1	N/A	N/A	P588 x 1 = P588.00
Mr. Andrew Sesinyi	1/1	-	N/A	1/1	N/A	0/1	P588 x 2 = P1 176.00
Mr. Roy Davies	1/1	-	2/2	1/1	N/A	N/A	P588 x 4 = P2 352.00
Dr. Ditshupo Maje	0/1	-	1/2	N/A	-	N/A	P588 x 1 = P588.00
Mr. Mabalaankwe Rabashwa	1/1	-	N/A	N/A	-	1/1	P588 x 2 = P1 176.00
Mrs. Cecilia-Mamelodi Onyadile	1/1	-	N/A	N/A	-	1/1	P588 x 2 = P1 176.00
Mr. Thari Pheko (ex- officio)	1/1	-	2/2	Recusal	-	1/1	N/A
Mr. Bennett Maifala (co-opted HRCOM member)	N/A	N/A	N/A	N/A	N/A	1/1	P588 x 1 = P588.00
Ms. K. Mokobi (co-opted FAC member)	N/A	N/A	2/2	N/A	N/A	N/A	P588 x 2 = P588.00

Table 1b – Schedule of current Board Members' Attendance for the period July 2015 to March 2016

Member	Ordinary Board Meeting	Special Board Meeting	FAC	ETC	RegCom	HRCOM	Sitting Allowance Entitlement
Mr. Peter van Riet Lowe	3/3	1/2	N/A	N/A	N/A	N/A	P735 x 4= P2 940.00
Mrs. Wilhemina Makwinja	3/3	2/2	2/2	N/A	N/A	2/2	P588 x 9= P 5 292.00
MAJ. GEN. Bakwena Oitsile	3/3	2/2	N/A	2/2	1/1	N/A	P588 x 8 = P4 704.00
Mr. Joseph Matome	2/3	2/2	2/2		N/A	N/A	P588 x 6 = P 3 528.00
Mr. Monametsi Kalayamotho	2/3	1/2	N/A	2/2	1/1	N/A	P588 x 6 = P3 528.00
Mr. Onkagetse Pusoentsi	3/3	2/2	N/A	2/2	N/A	2/2	P588 x 9 = P5 292.00
Mr. Thapelo Kalake	3/3	2/2	N/A	N/A	1/1	1/2	P588 x 7 = P4 116.00
Mr. Thari Pheko (ex- officio)	3/3	2/2	1/2	2/2	1/1	2/2	N/A

# BOARD PARTICIPATION

THE BOARD IS COMMITTED TO DEVELOPMENT ON CORPORATE GOVERNANCE MATTERS AND HAS, DURING THE PERIOD UNDER REVIEW, ATTENDED A WORKSHOP ON CORPORATE GOVERNANCE. THE OBJECTIVES OF THIS WERE TO PROVIDE THE MEMBERS WITH GREATER UNDERSTANDING ON THE OVERSIGHT ROLE OF THE BOARD AND THE DUTIES DELEGATED TO MANAGEMENT AS WELL AS UNDERSTANDING THE PRINCIPLES SURROUNDING GOVERNANCE OF RISK AND IT AND THEIR IMPORTANCE TO BOCRA.

## INTERNAL AUDIT

Internal Audit has a professional duty to provide an unbiased and objective view on the operations of BOCRA. The Audit function is independent from the operations, and it evaluates all auditable areas and report its findings to the highest level, Audit Committee of the Board and Chief Executive. The independence of the Audit function is achieved through functional reporting line to the Chair of the Audit Committee and an administrative reporting line to the Chief Executive, as the most senior executive. During the reporting period, Audit looked beyond the financial risks and statements and considered wider issues affecting the industry. The audits covered issues of spectrum management and compliance & monitoring, to name a few.

BOCRA strives to balance its Governance, Risk, and Compliance (GRC) strategies to seize competitive opportunities and meet stakeholder expectations. Audit is an integral part of this balancing act.

## RISK MANAGEMENT

It is Management's job to identify the risks facing the authority and to understand how they will impact the delivery of objectives if they are not managed effectively. Routine processes were carried out to prevent/mitigate the risks as follows:

- Structured departmental training to increase awareness to staff;
- Disaster Recovery and Business Continuity plans;
- Compliance and Assurance audits; and
- Internal audit and External reviews.

Audit function continuously embarked on quarterly reviews of the corporate risk register and assessment of the new emerging risks. Consultation with individual departments was done to assess risks both at operational and strategic level. As at end of the year, BOCRA had fifteen (15) identified risks which Management was working tirelessly to mitigate. The risks ranged from R1 to R15 and are analysed in the risk map according to the impact that the risk would have on delivery of BOCRA strategic plan objectives and the likelihood of the risk occurring. Out of the fifteen (15) risks, one (1) was rated HIGH risk and colour coded red, eleven (11) were rated MEDIUM risks and coded yellow while only one (1) was rated LOW risk and coded green. The spread of the risks both in terms of impact and likelihood is detailed in Figure 1.



Figure 1: Risk map

## BUSINESS CONTINUITY

BOCRA continued to enhance its systems to ensure business continuity in the advent of a disaster. One highlight of these efforts was the upgrade from the Microsoft Exchange (Outlook) platform that BOCRA used for years. This followed a simulation drill for Disaster and Business Continuity which was carried out in February 2015. The simulation exercise revealed a

number of things that needed attention paramount of which was that the system operating on BOCRA main office premises such as Microsoft Exchange server could not meet the demands for BOCRA during a disaster, hence the need for a cloud based solution. BOCRA email was migrated to Microsoft Office 365 - a secure, reliable and ISO compliant platform. It enables secure access to BOCRA's data from any device,

anytime, anywhere and guarantees data security and uptime of 99.9%.

Mimecast, a cloud based security service was also installed. The solution works well with Microsoft Office 365 to combat downtime and improve email archiving. It provides continuity to BOCRA employees who work both on-site and off-site.





# POLICY AND LEGAL REVIEW

## COMMUNICATIONS REGULATORY AUTHORITY ACT, 2012 REGULATIONS

The CRA Act requires BOCRA to advise the Minister on matters relating to the regulated sectors hence BOCRA's participation in the drafting of the Regulations of the CRA Act. The draft Regulations were submitted to the Ministry of Transport and Communications and are expected to be finalised in the 2016/17 financial year.

## ELECTRONIC RECORDS (EVIDENCE) REGULATIONS

Parliament passed the Electronic Records (Evidence) Act No 13 of 2014, which deals with the admissibility of electronic evidence in court. A stakeholder workshop was held in June 2015 to discuss secondary legislation to the Act. Subsequently, a working committee (made up of BOCRA; Office of the President; Ministry of Trade and Industry; Attorney General and Ministry of Defence, Justice and Security) consolidated comments received from stakeholders. The draft regulations were finalised and submitted to the Ministry of Defence, Justice and Security for adoption.

In terms of the draft Regulations, BOCRA is required to establish an approved process for the production of electronic documents and also certify electronic records systems for purposes of integrity.

## ELECTRONIC COMMUNICATIONS AND TRANSACTIONS REGULATIONS

BOCRA also took part in the development of the Draft Regulations to the Electronic Communications and Transactions Act. The said Act is meant to facilitate e-commerce and give electronic signature the legal equivalence of handwritten signatures. In accordance with the said Act, BOCRA will be responsible for the accreditation of the secure digital signature service providers and administration of the take down notices.

## BOCRA ENFORCEMENT GUIDELINES

During the year under review, BOCRA developed Enforcement Guidelines that are intended to provide clarity and consistency of enforcement procedures in instances of non-compliance by BOCRA regulated entities with the CRA Act, Regulations issued thereunder or the licence issued by BOCRA. The guidelines are expected to take effect from 1st July 2016.

## LEGAL PROCEEDINGS BROUGHT AGAINST THE AUTHORITY

No legal proceedings were commenced by or against BOCRA during the period under review, including members of the Board in the Appeals Committee or any Court.



# PERFORMANCE REVIEW

BOCRA UNDERTAKES QUARTERLY PERFORMANCE REVIEWS TO TRACK THE PROGRESS MADE AGAINST THE SET TARGETS AS CONTAINED IN THE ORGANISATIONAL ANNUAL PLAN. THE REVIEWS OFFER BOCRA THE OPPORTUNITY TO IDENTIFY ANY CHALLENGES FACING THE IMPLEMENTATION OF ITS PLANS, INDICATE PROPOSED REMEDIES TO ADDRESS THE CHALLENGES AND WHERE NECESSARILY SEEK SUPPORT FROM THE BOARD AND/OR POLICY MAKER. OVERALL, THIS REPORT ESTABLISHES THAT BOCRA ACHIEVED MOST OF ITS TARGETS SET FOR THE FINANCIAL YEAR 2015/2016.

## TELECOMMUNICATIONS MARKET STRUCTURE

The telecommunications market is dominated by the three operators which operate under Public Telecommunications Operator (PTO) licence; namely: Botswana Telecommunications Corporation Limited (BTCL), Mascom Wireless Botswana (Pty) Ltd (Mascom) and Orange Botswana (Pty) Ltd (Orange). The other major player in the market is Botswana Fibre Networks (BoFiNet), which was issued with an interim licence to provide wholesale services beginning 1 April 2013. BoFiNet started offering services in October 2013. Other market players are the Value Added Network Services (VANS) providers. In addition, Private Telecommunications Network Licences (PTNL) have been issued to entities to build private networks for internal business use.

Although the PTO licence allows the operators to offer both mobile and fixed telephony services and products, as at 31 March 2016, Mascom and Orange offered mobile telephony services only including mobile Internet and value add services, while BTCL provided both the fixed and mobile telephony services. This includes data network services, providing access and

connectivity.

PTO, VANS, and PTNL licence categories are provided for under the old licensing framework. BOCRA reviewed the old ICT licensing framework that has been in operation since 2007 and began implementation of the new and converged framework in September 2015. The new ICT licensing framework was meant to create a more conducive environment for ICT development. Its development was motivated by the need to meet demand for real-time high quality and affordable services, and to accommodate emerging players for increased competitiveness. It is intended to deliver enhanced value proposition for consumers and the entire Botswana market.

The revised licensing framework has two major categories which are Network Facilities Provider Licence (NFP) and the Services and Applications Provider Licence (SAP) compared to the previous one which had three licence categories being PTO, VANS and PTNL. As at the end of the reporting period, the market comprised of licensees on both the old and new framework. Licensees were given a grace period, that will end in February 2017, to migrate to the

new framework. Beyond February 2017, the market will operate entirely under the new framework. During this reporting period, there were three (3) NFP licences and three (3) SAP licences issued in addition to the existing licence categories. As at 31 March 2016, the market was as summarised in the table below.

**Table 2: Market Structure by Categories of Licences**

License Category	Number of Licences Issued
PTO	3
Wholesale provider	1
VANS	81
PTNL	32
NFP	5
SAP	5

## MOBILE TELEPHONY MARKET SEGMENT

Access to telecommunications networks, particularly mobile networks has become an essential element in the life of every individual. It is no longer a luxury commodity, but a necessity that allows people separated by distance to keep in touch. It equally allows businesses to operate more efficiently, leading to enhanced service delivery across all other sectors of the economy. BOCRA plays its role of ensuring that the environment is conducive and that the services are accessible and affordable.

Botswana has experienced a phenomenal growth of more than 100% in mobile telephony

subscriptions since 2009. Previous studies have concluded that the Botswana market was experiencing a unique form of competition where consumers own multiple sim-cards belonging to different service providers. This practice is encouraged by the need to take advantage of product and price offerings availed by the various service providers. The practice also ensures that the consumers have access to other networks by swapping sim-cards in areas of the country where their network of choice is not available or limited.

Mobile subscriptions increased from 3,405,887 in March 2015 to 3,460,331 in March 2016, representing a growth of approximately 2% compared to 5%

growth recorded between 2014 and 2015. Teledensity grew from 168% in the previous year to 171% as at March 2016. Over the past 10 years, mobile telephony subscriptions increased from 1,151,761 in March 2007 to 3,460,331 in March 2016, representing a 200% increase, compared to 314% increase attained in the previous decade.

In terms of the market share as measured by the mobile subscriptions, Mascom Wireless remained the leader at 53% followed by Orange at 32% and BTCL (beMOBILE) at 15%. Figure 2 shows the market share for the three (3) mobile operators between March 2015 and March 2016.

Mobile telephony subscriptions  
as at March 2015

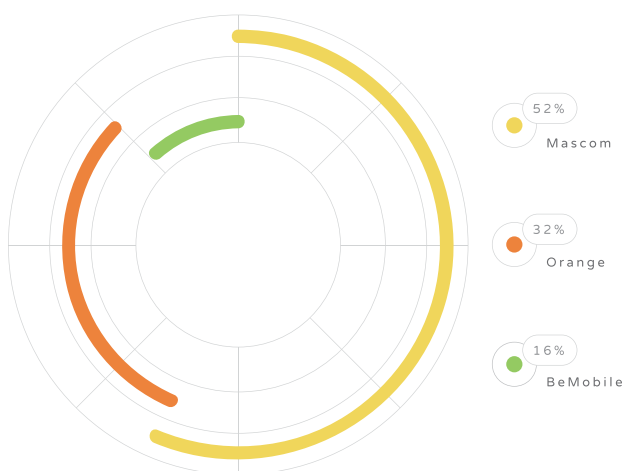


Figure 2: Market share as at March 2015

Mobile telephony subscriptions  
as at March 2016



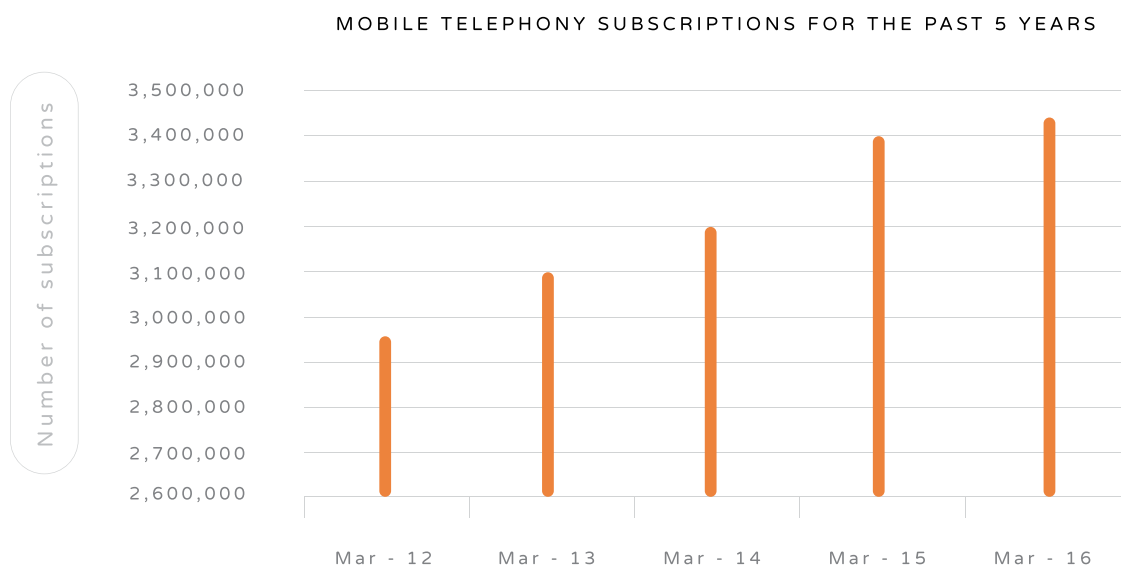
Figure 3: Market share as at March 2016

It is evident from the two periods under comparison that there has not been much change in terms of the market share. BTCL dropped by 1 percentage point while Mascom gained 1 percentage point. Orange's share remained the same.

Table 3: Mobile Telephony subscriptions from March 2012 to March 2016

	Number of Mobile Telephony Subscriptions for past 5 years 2012 to 2016				
Year Ending	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16
Number of Mobile Telephony Subscriptions	2,953,116	2,953,116	3,204,869	3,405,887	3,460,331





**Figure 4: Mobile Telephony Subscriptions for the Past 5 Years**

Year Ending

The market share between prepaid and post-paid mobile telephony subscriptions remained at 98% and 2% respectively. The situation remained unchanged for the past

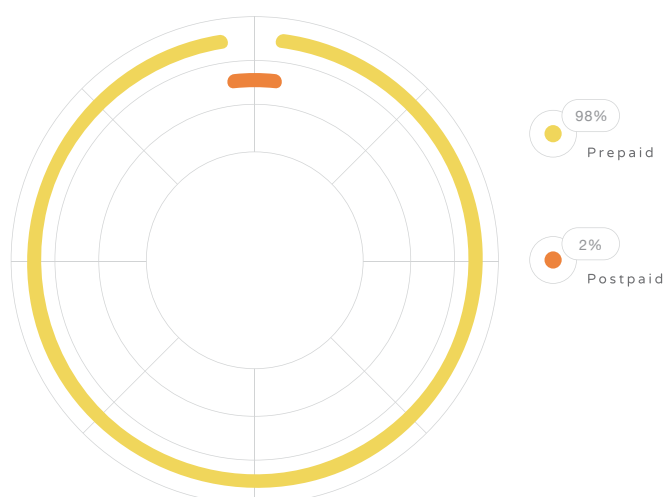
5 years. Although prepaid calls are more expensive than postpaid calls, prepaid is a service of choice as it allows consumers to control their spending through pre-payment of

small airtime units. The table below depicts postpaid and prepaid mobile telephony as at March 2015 and March 2016.

Postpaid and Prepaid Mobile Telephony		
	Prepaid	Post-paid
Mar-15	3,324,654	81,233
Mar-16	3,379,127	81,204

**Table 4: Post-paid and prepaid mobile telephony as at March 2015 and March 2016**

**Prepaid and Postpaid Mobile Telephony Subscriptions for March 2016**



**Figure 5: Share between Prepaid and Postpaid Mobile Subscriptions as at March 2016**

# FIXED MARKET SEGMENT

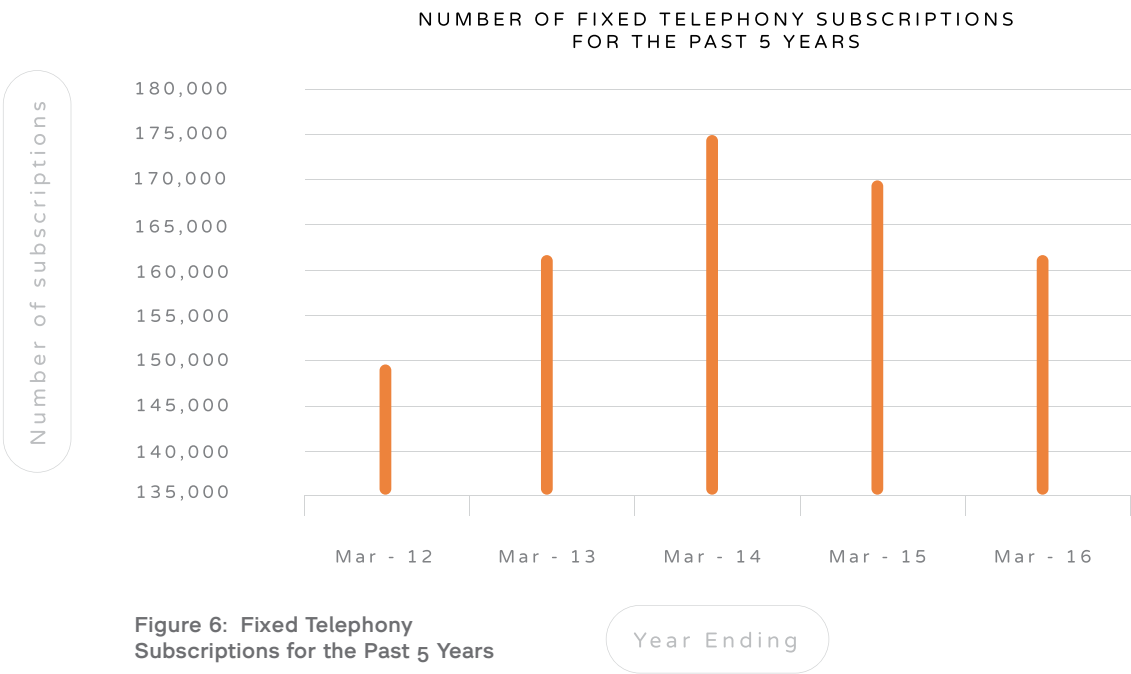
Fixed telephony subscriptions, which are solely offered by BTCL, have shown a slight but constant growth over the years. However, between March 2015 and March 2016, subscriptions decreased from 169,474 to 161,641, implying a decline in growth rate by approximately 5%

owing to disconnections primarily for non-payment as well as migration to mobile networks. In the previous year between March 2014 and March 2015, the decline was approximately 3%. Over a 5-year period, fixed line subscriptions increased from 150,549 recorded in March 2012 to

161,641 recorded in March 2016, a growth rate of approximately 7.3%. Teledensity for fixed telephony has slightly decreased from 8.4% in March 2015 to approximately 8.0% in March 2016. Table 5 below shows total fixed telephony subscriptions over a 5-year period.

**Table 5: Total fixed telephony subscribers for five years from March 2012 to 2016**

	Number of Fixed Telephony Subscriptions over the past 5 years 2012 to 2016				
Year Ending	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16
Number of Fixed Telephony Subscriptions	150,549	162,718	174,992	169,484	161,641



The market trend shows that, in future, the rate for demand of fixed telephony may decline, as consumers prefer the use of mobile telephony. This offers convenience of mobility, capability to text, music, downloads, graphics and motion pictures as

well as e-commerce on the fly. The offerings by mobile telephony service providers are popular among the so called “digital natives” market which is dominated by the youth, who constitute at least 63% of the population of Botswana.

The International Telecommunications Union (ITU) refers to digital natives as youth population who have at least 5 years’ experience in use of the Internet.

# INTERNET UPTAKE

## FIXED BROADBAND

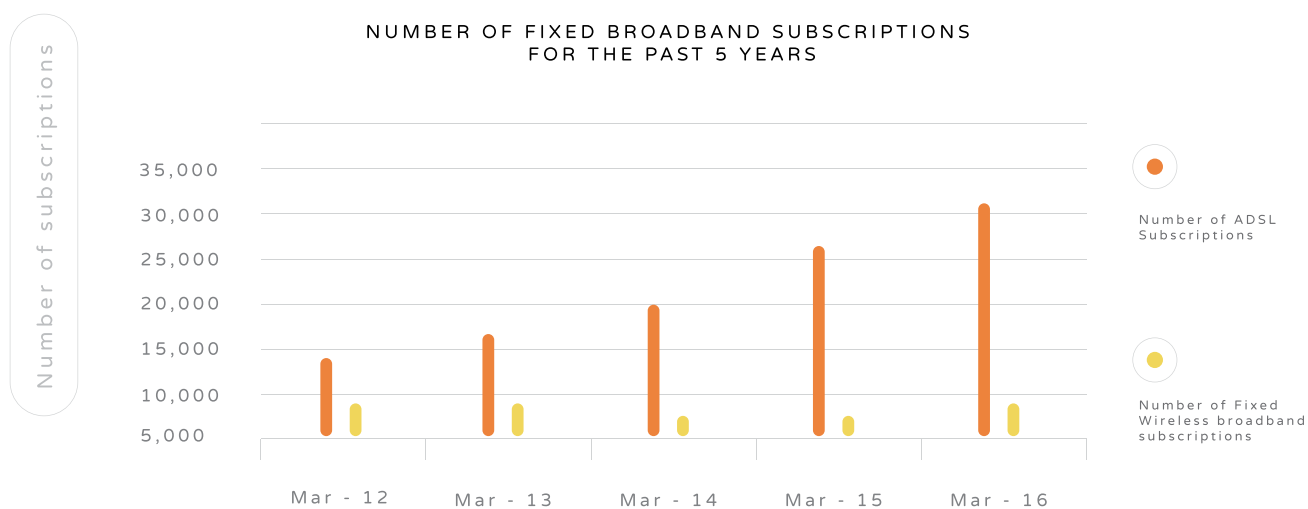
Access to fixed broadband is essential for high speed and high capacity Internet access. It is reliable and less costly, offering unlimited Internet usage at all download speeds. The number of Asymmetric Digital Subscriber Line or ADSL subscriptions between March 2011 and March 2016 increased by 20,006 from 11,295 subscriptions to 31,301 subscriptions. This implies that, in the last 6 years, there has been a growth rate of about 177% in the ADSL fixed broadband market.

Apart from BTCL's ADSL, Orange Botswana offered fixed wireless Internet known as WiMax which was phased out in the current reporting period and replaced by another fixed wireless internet service called Orange Konnecta. Nonetheless, there were some consumers of WiMax service who had not been disconnected, therefore the report includes WiMax subscriptions and Konnecta subscriptions as fixed wireless internet.

Over the years, the number of subscriptions for the WiMax service has been gradually decreasing as the technology was surpassed by new technologies and becoming obsolete. As at March 2015, the number of subscriptions fell to 1,881, which was a 51% decline. Since the introduction of Orange Konnecta, the number of subscriptions to fixed wireless internet increased by 69% to 3,180 and was anticipated to increase steadily. Table 6 shows the uptake of fixed broadband in the last 5 years.

**Table 6: Fixed Broadband Subscriptions from March 2012 to March 2016**

Month Ending	Fixed Broadband Subscriptions				
	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16
Number of ADSL Subscriptions	13,551	16,643	20,164	27,479	31,301
Number of Fixed Wireless broadband subscriptions	3,645	3,398	2,576	1,881	3,180



**Figure 7: Fixed Broadband subscriptions for the past 5 years.**



# MOBILE BROADBAND MARKET

Internet access through the use of smartphones and other wireless technologies such as USB modems has led to an increased number of people with access to the Internet especially among the youth or digital native population. In addition, PTOs continue to increase coverage of mobile broadband, leading to increased access to mobile

broadband services. During the period under review, mobile Internet penetration increased from 1,188,640 in March 2015 to 1,360,236 in March 2016. This implies that there was a 14.4% increase. The use of mobile technology surpassed the fixed technology due to its convenience, although its more expensive compared to fixed technology.

Coverage for mobile broadband technologies such as 3G and LTE are mostly prevalent in urban areas. Other Internet access technologies such as GPRS, EDGE are widely deployed throughout the country, giving access to mobile internet to most mobile subscribers. Figure 8 shows the take up of mobile broadband over the last 5 years.

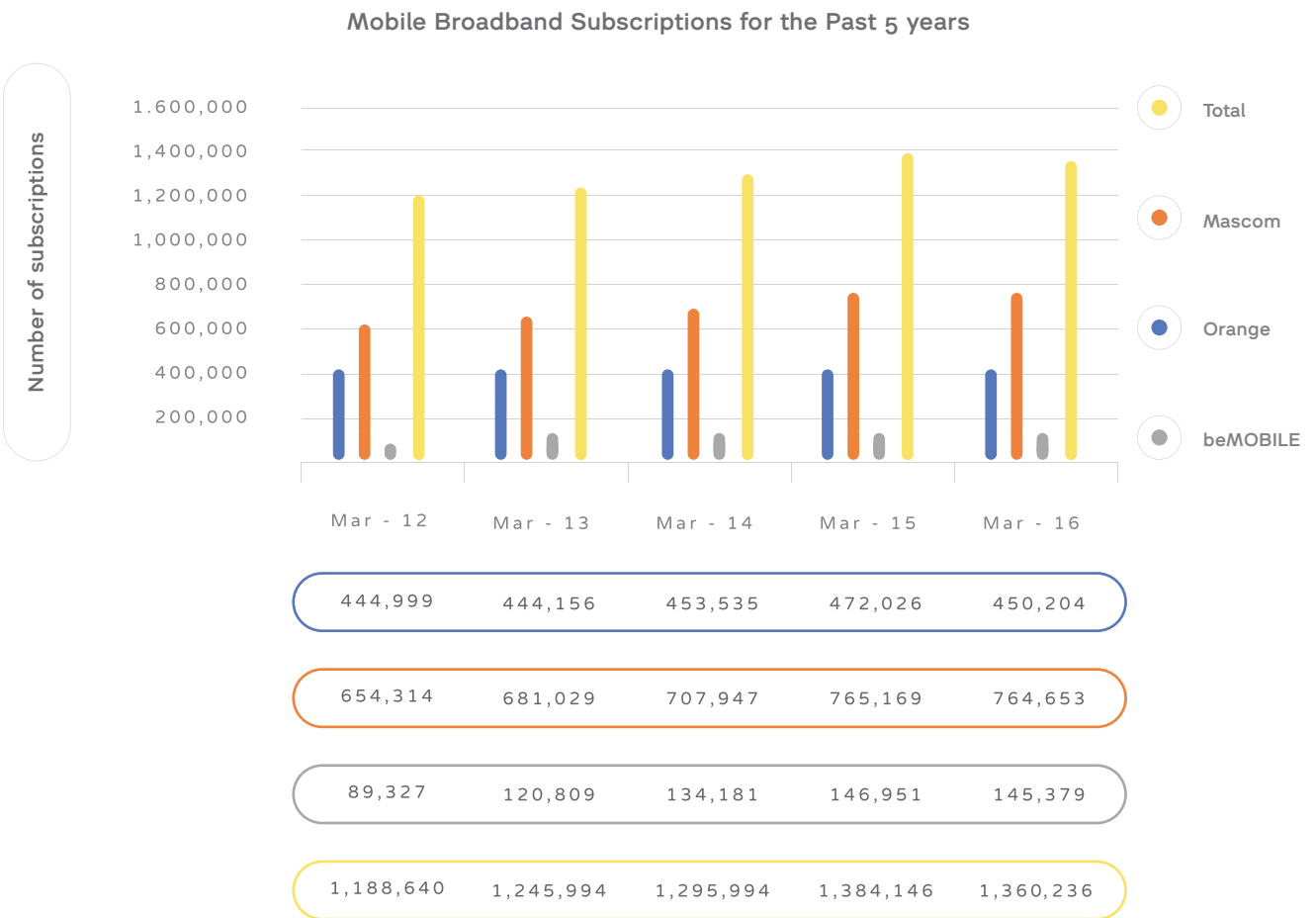


Figure 8: Mobile Broadband Subscriptions for the past 5 years

# NEW MARKET PRODUCTS AND SERVICES

WITH THE EVER-EVOLVING TELECOMMUNICATIONS MARKET AND COMPETITION, OPERATORS ARE CONSTANTLY FORCED TO HAVE A COMPELLING PRODUCT AND CUSTOMER VALUE PROPOSITION. THEY HAVE TO UPGRADE THEIR VALUE ADDED SERVICES TO SATISFY SHIFTING CUSTOMER PREFERENCES AND DEMANDS AS WELL AS BOOST THEIR MARGINS AND AVERAGE REVENUE PER USER. OPERATORS HAVE OFFERINGS LIKE MOBILE BANKING, NEWS ALERTS, MUSIC ON DEMAND, MOBILE MONEY AND SMS BASED SERVICES FOR PROMOTIONS AND COMPETITIONS.

During the year under review, BOCRA approved the following services:

## FIBRE TO THE BUSINESS PREMISES

In this reporting period BoFiNet also launched wholesale Fibre to the X (FTTx), a product sold to PTOs and VANS providers who in turn

offer it to corporates, businesses, institutions and households at retail. The product was launched in two phases, with Fibre Pro launched by end of December 2015 and targeting corporates and businesses, while

Fibre Lite was launched by end of March 2016 targeting households. The approved prices for the wholesale FTTx are shown in Table 7.

Table 7: Wholesale prices for the FTTx (BWP)

FIBRE LITE	BoFiNet wholesale price (BWP)
2Mbps	378.00
4Mbps	523.00
5Mbps	1,229.00
10Mbps	2,990.00
FIBRE PRO	BoFiNet wholesale price (BWP)
2Mbps	1,902.00
5Mbps	4,755.00
10Mbps	19,510.00
20Mbps	19,020.00
50Mbps	47,550.00



### BTCL eFAX

BTCL introduced eFax services new tariff. BTCL re-filed the eFax tariff which overrides the initial tariff which comprised a monthly subscription charge and a tariff fee per minute for sending faxes around Botswana. The re-filed tariff stands as P1.50 per minute dependent on duration of the fax transmission. The previous subscription fee of P60.00 has been removed from the tariff structure and customers are now billed on demand for service.

### BTCL BUSINESS IN A BOX

BOCRA also approved BTCL tariffs for Business in Box, a fixed-mobile multi-product solution that comes in the form of a box and offers among others services, data, switchboard (IP PBX), Wi-Fi, Private Network and Least Cost Routing. The solution therefore consolidates most of BTCL products into a single manageable platform and it is targeted at Small Micro and Medium Enterprises (SMMEs).

### ORANGE MOBILE

#### BROADBAND TARIFFS

BOCRA approved, in July 2015, a proposal by Orange to modify both prepaid and postpaid Internet plans to cause a significant price reduction of about 68%. A 10 GB prepaid offer for a month costs P1,399 compared to the old price of P4,850 for the same amount of data, implying a price reduction of about 71%. The changes in Orange mobile broadband tariffs are detailed in Table 8.

**Table 8: Approved Prepaid Data Mega Bundle Offers**

Mega Bundles	Price (Pula)	Validity
15	9.50	15 Days
30	18.00	15 Days
75	45.00	15 Days
150	85.00	15 Days
300	170.00	15 Days
550	299.00	30 Days
1024/2GB	399.00	60 Days
5GB	799.00	60 Days
10GB	1,399.00	60 Days

Orange took into consideration low data users by introducing 60MB offer. They have also increased validity periods for 150MB and 400MB from 1 day and 7 days to 2 days and 14 days, respectively. The changes are shown in Table 9.





Table 9: Approved All My Internet Packages

Mega Bundles	Price (Pula)	Price/MB (Pula)	Validity
60MB	10	0.17	1 day
150MB	20	0.13	2 days
400MB	79	0.20	14 days
800MB	149	0.19	30 days

Orange also reviewed and modified Postpaid offers where data benefits have increased up to sixfold without any additional charges. The volume of minutes and SMS has not changed. The approved tariffs are shown in Table 10.

Table 10: Approved Postpaid Data Packages

OFFER NAME	OLD OFFER	OLD OFFER	OFFER NAME
Diamond Generic Plan	575 cross-net minutes + 150 SMS + 150 MB	575 cross-net minutes + 150 SMS + 150 MB	Diamond Generic Plan
Diamond iPhone Plan	575 cross-net minutes + 250 SMS + 200 MB	575 cross-net minutes + 250 SMS + 200 MB	Diamond iPhone Plan
Diamond Smartphone Plan	575 cross-net minutes + 200 SMS + 200 MB	575 cross-net minutes + 200 SMS + 200 MB	Diamond Smartphone Plan
Ruby Generic Plan	300 cross-net minutes + 100 SMS + 100 MB	300 cross-net minutes + 100 SMS + 100 MB	Ruby Generic Plan
Ruby iPhone Plan	300 cross-net minutes + 200 SMS + 150 MB	300 cross-net minutes + 200 SMS + 150 MB	Ruby iPhone Plan
Ruby Smartphone Plan	300 cross-net minutes + 150 SMS + 150 MB	300 cross-net minutes + 150 SMS + 150 MB	Ruby Smartphone Plan
Sapphire Generic Plan	160 cross-net minutes + 50 SMS + 50 MB	160 cross-net minutes + 50 SMS + 50 MB	Sapphire Generic Plan
Sapphire iPhone Plan	160 cross-net minutes + 150 SMS + 100 MB	160 cross-net minutes + 150 SMS + 100 MB	Sapphire iPhone Plan
Sapphire Smartphone Plan	160 cross-net minutes + 100 SMS + 100 MB	160 cross-net minutes + 100 SMS + 100 MB	Sapphire Smartphone Plan
Emerald Generic Plan	60 cross-net minutes + 30SMS + 30 MB	60 cross-net minutes + 30SMS + 30 MB	Emerald Generic Plan
Jade Generic Plan	15 cross-net minutes + 15 SMS +15 MB	15 cross-net minutes + 15 SMS + 50 MB	P 80



## LAUNCH OF ALL MY INTERNET PLUS

Orange launched All My Internet Plus data bundle for prepaid customers. The new All My Internet Plus prepaid data bundles allow customers to select specific data bundles that match their needs in terms

of affordability and volume. The customers buy prepaid data bundles of their choice which are to be used for 1 day, 2 days, 2 weeks or 1 month distinguishable by price. It has been noted that All My Internet Plus bundles exist alongside the offering that has been in place called All My Internet.

The distinguishing factor between the two offerings is that on purchase of All My Internet Plus bundles, the customer is automatically credited with a bonus bundle that is usable at night from 23h00 to 05h59, while All My Internet bundle does not offer bonus bundles.

**Table 11: All My Internet Plus Pricing (VAT inclusive)**

	<b>1 DAY</b>	<b>2 DAYS</b>	<b>2 WEEKS</b>	<b>1 MONTH</b>
Price of bundle and volume of data bundle offered (the bundle is usable anytime)	P12 for 60MB	P24 for 150MB	P95 for 400MB	P179 for 800MB
Additional Bonus Bundle offered automatically and usable only between 2300hours and 0559hours.	60MB	150MB	400MB	800MB

**Table 12: The Existing All My Internet Current Pricing (VAT inclusive)**

	<b>1 DAY</b>	<b>2 DAYS</b>	<b>2 WEEKS</b>	<b>1 MONTH</b>
Price of bundle and volume of data bundle offered (the bundle is usable anytime)	P10 for 60MB	P20 for 150MB	P79 for 400MB	P149 for 800MB



# TARIFF REGULATION

## MASCOM: REDUCTION OF EXISTING PREPAID TARIFFS

In March 2016, Mascom reduced prepaid voice and data tariffs as reflected in Table 13.

Table 13: Approved FlexiCall Prepaid Voice Tariffs (Per minute, including VAT)

	PEAK		OFF-PEAK		OFF-OFF-PEAK	
Voice	New (BWP)	Old (BWP)	New (BWP)	Old (BWP)	New (BWP)	Old (BWP)
Mascom to Mascom	1.20	1.35	0.60	0.85	0.45	0.45
Mascom to fixed networks	1.20	1.70	0.60	0.85	0.45	0.45
Mascom to other mobile networks	1.50	1.70	0.75	0.85	0.60	0.65

Table 14: Approved Prepaid National Data-Pay As You Surf (Per MB, including VAT)

Pay As You Surf/per MB		
	Approved	Old
PAYS	BWP 0.95	BWP 1.05





# MOBILE MONEY SERVICES

All the three mobile operators are players in the mobile money services market which was led by Orange

Botswana at 68% market share, followed by Mascom Wireless at 31% market share and beMOBILE at 1% in

the reporting period. The subscriber base for mobile money services was as depicted in Table 15.



Table 15: Mobile Money Subscriptions

PTO	14 - Mar	15 - Mar	16 - Mar
Orange	169,026	266,785	381,471
Mascom	111,643	142,910	174,733
beMOBILE	2,375	2,431	2,499

Market Share by Mobile Money Subscription as at March 2016

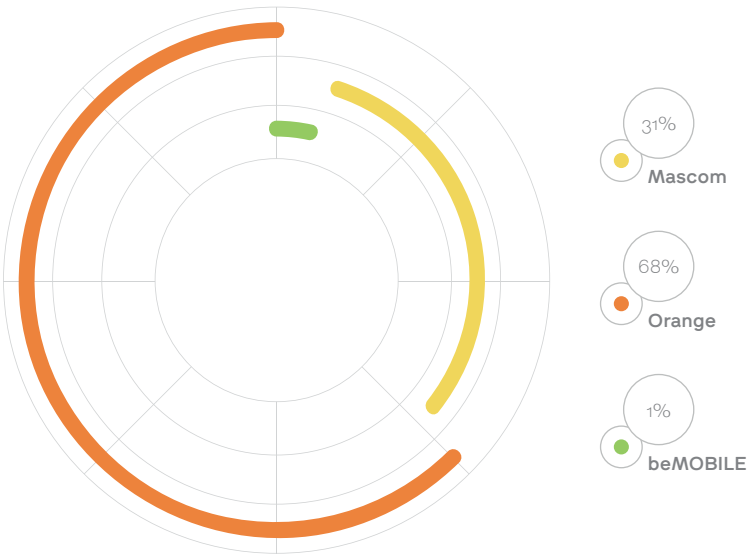


Figure 9: Mobile Money Subscriptions Market Share as at March 2016

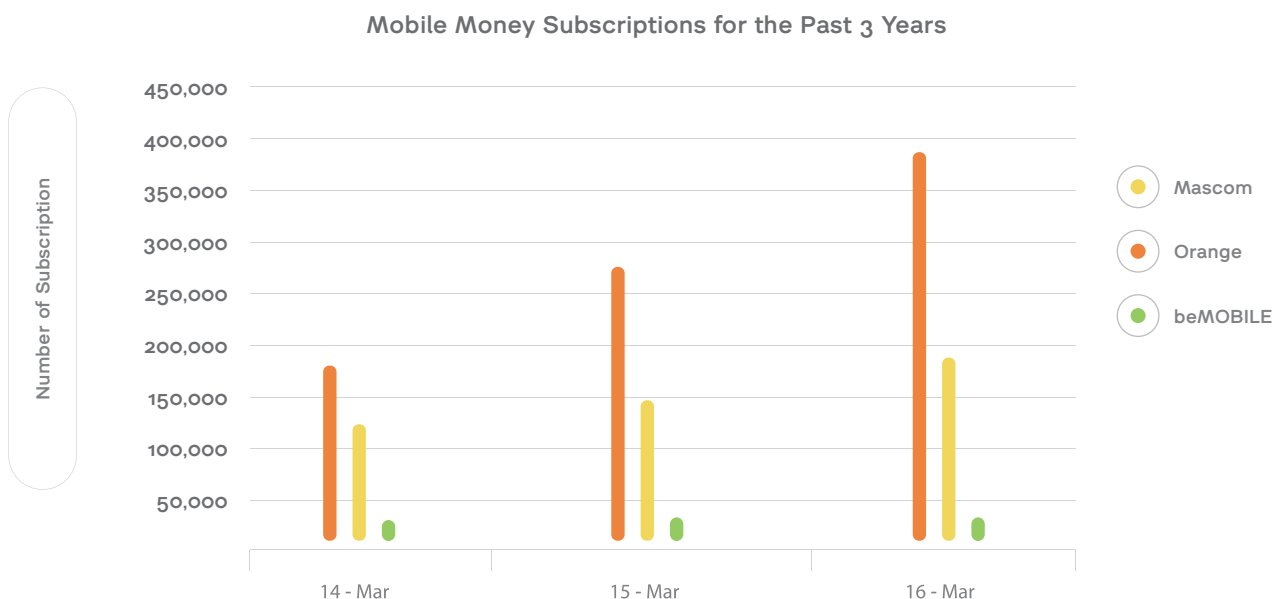


Figure 10: Mobile money subscriptions for the past 3 years

# ROAMING SERVICES

The SADC Ministers of ICTs agreed on an initiative to reduce retail roaming tariffs in the SADC region. During the 2014 SADC ICT Ministers meeting it was agreed that SADC National Regulatory Authorities should intervene to regulate both wholesale and retail roaming tariffs using a glide path which was to reduce tariffs over a period of 5 years. The first phase of this initiative was to implement the transparency guidelines which

mandated all MNOs to send SMS notifications on entry by customer to a visited country.

A pilot was carried out in four countries, Botswana, Zambia, Namibia and Zimbabwe, to reduce both their wholesale and retail tariffs. All countries had reduced their rates by November 2015 and the rest of the SADC countries will implement by April 2016. The first phase of the

glide path has been implemented in the reporting period, and has seen a decline in tariffs by almost 30%. The second phase of reductions will be implemented by October 2016. Botswana's MNOs negotiated with the rest of the operators in the region implementation modalities. As at 31 March 2016 most negotiations were partially completed.



# FINANCIAL PERFORMANCE FOR THE TELECOMMUNICATIONS/ ICT SECTOR

The financial performance of Botswana's telecommunications sector continues to develop significantly. All licensees contribute to the overall performance of the ICT market and to the whole economy with their varied products and services. Nonetheless, most of the market players have limited resources to have audited and reliable accounts and so this report covers only the major operators with ability to produce audited accounts.

The report covers financial reports on aggregated revenues, assets, investment and profits for the year under review. Operating revenues for all the operators reached P4, 197,965,217 for year 2015 achieving a growth of 3.4% from a total of P4, 061,670,348 in the previous fiscal year. This is an indication of the strength of the market despite the

economic hurdles. The operators also maintain a solid position in terms of their asset base. Total assets for all operators stood at P 6,693,227,455 in comparison to the P 6,030,746,566 recorded in 2014 being a 11% increase. This industry is expected to continue growing in asset base as BoFiNet continues to rollout infrastructure. Actual annual investment also increased by about 49% between 2014 and 2015 from P726, 579,687 to P1, 079,415,583. BTCL experienced, in this reporting period over P370 million loss as a result of an impairment exercise performed during the beginning of the year. The total profits for all the operators hence decreased by 9.8% from P330, 555,430 in 2014 to P298, 215,844. Table 16 shows how the industry has fared financially for the past two years.

**Table 16: Financial Indicators for All Operators**

Financial Indicator	2014/15	2015/16
Total Revenues	4,061,670,348	4,197,965,217
Total assets	6,030,746,566	6,693,227,455
Total Investments	726,579,687	1,079,415,583
Total Profits	330,555,430	298,215,844





# POSTAL SECTOR REVIEW

THE CRA ACT, 2012 MANDATES BOCRA TO REGULATE THE PROVISION OF POSTAL SERVICES IN BOTSWANA BY ENSURING THE PROVISION OF SAFE, RELIABLE, EFFICIENT AND AFFORDABLE POSTAL SERVICES THROUGHOUT BOTSWANA. IT IS IN THIS LIGHT THAT BOCRA REGULATES THE DESIGNATED PUBLIC POSTAL OPERATOR, BOTSWANAPOST AND COMMERCIAL POSTAL OPERATORS PROVIDING COURIER SERVICES IN BOTSWANA.

## MARKET STUDY AND LICENSING FRAMEWORK FOR THE POSTAL SECTOR

During the year under review, BOCRA undertook a project for the market study and the development of a licensing framework for the postal sector in Botswana. The main objective of the project was to gather data on the state of the postal market on the basis of which BOCRA would develop a comprehensive licensing framework for the postal sector. During the project, BOCRA hosted consultative meetings with relevant stakeholders in order to solicit their views and exchange ideas on how best to take the sector forward.

These views were taken on board when developing the licensing framework. The project has been completed and a fully-fledged licensing framework for the postal sector in Botswana has been developed and will be implemented during the 2016/17 financial year.

## LICENSING OF COURIER COMPANIES

BOCRA continues to promote the development of the private sector through licensing of commercial postal operators. During the period under review, BOCRA granted courier services licences to nine (9) companies; namely: S Couriers (Pty) Ltd, Ram Transport Botswana (Pty)

Ltd, Triton Express (Pty) Ltd, Enlink Freight Services Botswana (Pty) Ltd, Tri Optimum Logistics Close Company, Bollore Africa Logistics Botswana (Pty) Ltd, Pinnacle Express (Pty) Ltd, Skynet Botswana (Pty) Ltd and Swift City Couriers (Pty) Ltd. These courier companies have been granted two-year interim licences pending the finalisation of a comprehensive licensing framework for the postal sector which is expected to be implemented during the 2016/17 financial year. Licensing of these companies brings the total number of licensed courier companies to twenty (20) compared to the eleven (11) recorded the year before.

One company, First Connections (Pty) Ltd changed its name from First Connections (Pty) Ltd to First Connections Couriers (Pty) Ltd. Four courier companies which were granted the two-year interim licences in 2014 applied for renewal of their courier services licences which expired during the period under review. BOCRA has extended those licences for a period of one year, pending the finalisation and implementation of a fully-fledged licensing framework for the postal sector in Botswana. Table 17 shows the licensed courier companies as at 31 March 2016.

**Table 17: Licensed Postal Operators as of March 2016**

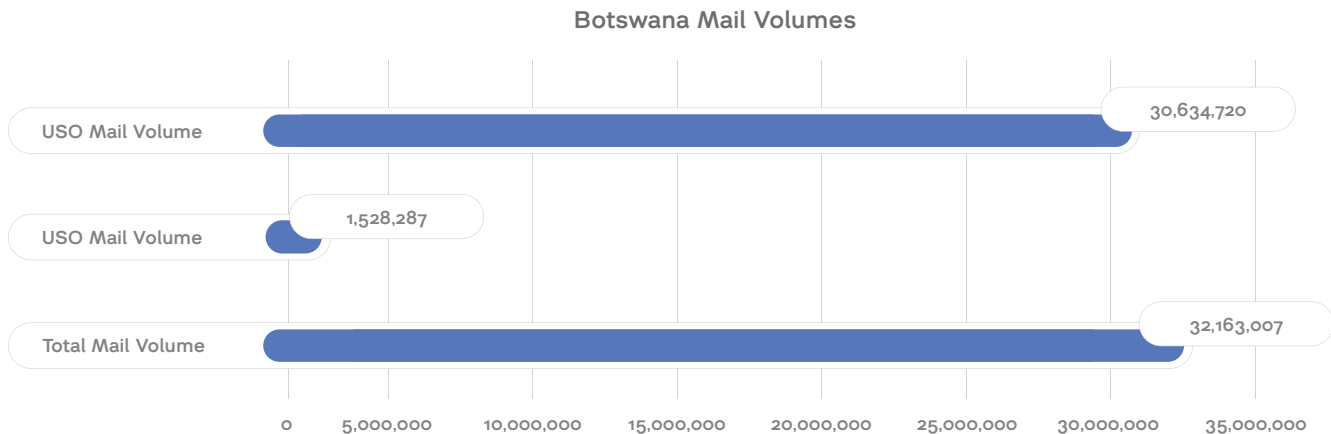
Commercial Postal Operators in Botswana
1. Aramex Botswana
2. Bollore Africa Logistics Botswana (TNT)
3. Botswana Couriers and Logistics
4. DHL International Botswana
5. Enlink Freight Services
6. Fast and Furious International
7. FedEx Express Botswana
8. First Connections Couriers
9. HMN Couriers Services
10. KTU Express
11. S Couriers
12. Parrot Worldwide Express
13. Pinnacle Express
14. Ram Transport Botswana
15. Silvertron529
16. Skynet Botswana
17. Sprint Couriers
18. Swift City Couriers
19. Tri Optimum Logistics (UPS)
20. Triton Express

## POSTAL MAIL VOLUMES

According to the market study that BOCRA conducted during the year under review, the Botswana postal market registered total mail volumes of approximately 32 million items per

annum. In the study, a comparison was made between Universal Postal Service (US) mail volumes or basic mail volumes and Value Added Services (VAS) mail volumes. Universal postal service mail volumes

are dominant, representing 95% of the total mail volumes. Value-added services account for only 5% of total market volumes. This trend is partly attributable to the relatively low prices charged by BotswanaPost.



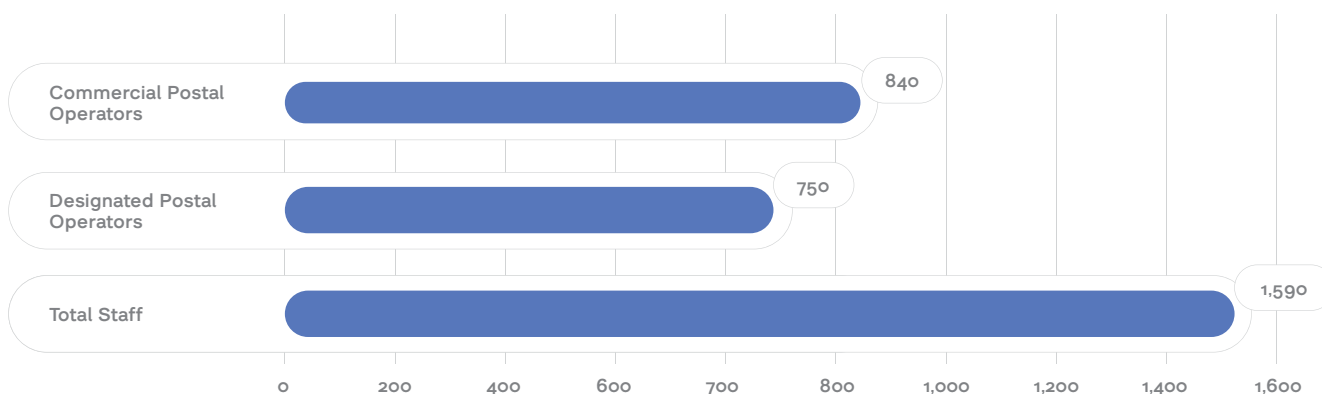
## INVESTMENT IN THE POSTAL SECTOR

Table 18: Investment in the Postal Sector

Macro-economic data	BWP
GDP	142 466 100 0000
Turnover postal sector	224 000 000
Turnover postal sector as % of GDP	0.2
Employment	400 000
Employment postal sector	1590

The postal sector contributes about 0.2% to the Gross Domestic Product (GDP) and about 0.4% to total employment in Botswana. The total formal employment within the Postal Sector was 1,590 staff in November 2015. Value Added Mail services provided by commercial postal operators account for 840 staff which translate to 53% of total employment within the postal sector while the designated postal operator account for 750 staff which translate

to 47% of total employment in the postal sector. Commercial postal operators, although processing less volumes, offer more employment than the designated postal operator. Figure 12 provides a summary of the employment situation within the Postal Sector. This shows the significance of private sector involvement and benefits of more diversification for the postal sector in Botswana.



### DESIGNATION OF A PUBLIC POSTAL OPERATOR

During the reporting period, the Minister of Transport and Communications by the power vested in him by Section 67 of the Communications Regulatory Authority Act, 2012, retrospectively

appointed Botswana Postal Services (BotswanaPost) as the Public Postal Operator for five (5) years with effect from 1 April 2014. As a designated public postal operator, BotswanaPost is mandated to provide universal postal services. BotswanaPost is obligated to develop a network

of service points throughout Botswana and ensure that, so far as it is practicable, all inhabitants of Botswana have access to basic postal services including even those residing in localities that are not commercially viable.



# BROADCASTING SECTOR REVIEW

Broadcasting promotes freedom of expression, which is important in enhancing Botswana's democratic principles and human rights. It plays a critical role in building and supporting the country's identity through local content that reflects the needs, interest and cultural practices of the locals. Broadcasting also improves the standard of living of people, i.e. development through information dissemination and the number of people employed by the sector.

BOCRA continues to make efforts to grow the broadcasting sector as evidenced by a number of activities that have been undertaken this financial year. A significant amount of reporting is focused on Analogue terrestrial broadcasting which covers television and FM radio. These are the services currently regulated and

licensed by BOCRA. Television has not shown much growth as the only commercial licensee is still confined to the Gaborone area. FM radio has seen significant growth through new transmitter roll outs in which new areas such as Gantsi, Kang and Tsabong are now receiving the regulated FM broadcasters.

A new licensing framework has been completed and this is expected to usher in new terrestrial television players in the broadcasting space. New opportunities have been created in the Subscription Management Service and Commercial Satellite segment and more players are expected to respond to this opportunity. BOCRA has continued to do a light touch regulation through Authorisations for service providers interested in the online platform or Over-the-top

Services (OTTs), e.g Internet Protocol Television (IPTV). Recognising the low broadband rollout which restricts user experience in IPTV, BOCRA will continue the light touch regulation of the service.

## MONITORING OF BROADCASTING SERVICES

During the year under review, BOCRA continued to ensure compliance of broadcasting service providers with the provisions of the CRA Act. The licensed broadcasters were monitored for Service Availability Rate (SAR). The SAR defines a percentage of time where the broadcast signal carrying the correct content at the right level is available for reception by the audience. The target SAR is set at 99% and is calculated as an average in all transmission areas. The licensed broadcaster's performance was as per Table 19.

**Table 19: Service Availability Rate for 2015/16**

Stations	Q1 April – June 2015	Q2 July – Sep 2015	Q3 Oct – Dec 2015	Q4 Jan –March 2016
<b>Radio Station</b>				
Gabz FM	88.05%	88.90%	85.20%	89.10%
Yarona FM	88.74%	88.70%	88.70%	88.00%
Duma FM	97.00%	97.00%	97.00%	92.00%
<b>TV Station</b>				
eBotswana	99.00%	95.70%	99.00%	99.00%

**Broadcasters are still challenged to meet the required SAR, mostly due to power cuts in some sites. They have installed power backup in some sites but prolonged power cuts eventually disrupt services.**



## LOCAL CONTENT QUOTA

The broadcasting stations were also monitored for local content quota compliance, among other licence conditions. The quota set for radio is 40% while television is 20%. For

radio, the quota is calculated as a percentage of local music played over overall music played while for television the quota is calculated as a percentage of local programmes aired over the overall programmes

aired excluding news. The quotas were set at initial licensing in 2003/7 and the broadcasters should attain the minimum quota during the licensing period. Table 20 shows performance on local content.

**Table 20: Compliance to Local Content Quota (Performance)**

Radio Station	Local Content Quota	Q1 %	Q2 %	Q3 %	Q4 %	Average
Gabz FM	40	10.6	11.73	15.12	21.1	15
Yarona FM	40	36	36	36	36	36
Duma FM	40	39	43	40	42	41
TV Station						
eBotswana	20	4	9	6.58	8.33	7

Duma FM exceeded the set quota by reporting 41% local content while Yarona FM reported 36% and Gabz FM 15%. eBotswana attributed its failure to meeting the set quota for local content to lack of funds as the station had prioritised transmission expansion over content. The broadcasters attributed their failure to meet the set quotas to unavailability of local content that meet their respective programming standards. Radio stations broadcast content that is dictated by their target audience. Yarona FM reported that it had introduced Yarona FM Music Awards (YAMAs) to recognise and award musicians who produce music genres that address its (Yarona FM) market. In terms of the licence conditions, local content for radio stations is defined purely in terms of music. eBotswana attributed its failure to meeting the set quota for local content to lack of funds as the station had prioritised transmission expansion over content.

## INITIATIVES TO PROMOTE LOCAL CONTENT

In its effort to promote the development of Local Content,

BOCRA engaged Copyright Society of Botswana (COSBOTS) and Ministry of Youth Sports and Culture (MYSC) to appreciate their roles in promoting local content development and explore areas of possible collaboration in trying to find a workable solution to the challenge. Cognisant that local content producers fall under the umbrella of MYSC, BOCRA made an undertaking to work with MYSC to establish a forum that will lead dialogue between broadcasters and producers to address the current challenges. COSBOTS revealed that most of its collections for music royalties were paid to international content creators. BOCRA agreed to work with COSBOTS to ensure the development and promotion of local content for both television and radio to reduce international pay-outs and increase local pay-outs. Development of Licensing Framework & Assessment Review

Following consultation process with stakeholders, BOCRA developed a licensing framework for Commercial Digital Terrestrial Television (DTT) which is based on differentiation between content and transmission.

The framework provides for two licence categories, namely the Content Service Provider (CSP) and the Network Facilities Provider (NFP). The CSP provides for content production and aggregation while the NFP provides for multiplexing different channels and signal distribution. This framework is expected to ease market entry, provide wider consumer choice and promote innovation amongst other things. Based on the framework, BOCRA developed licensing templates of television broadcasters.

In light of the converged regulatory environment brought about by the implementation of the CRA Act, as well as the transition from Analogue to Digital broadcasting platform, BOCRA revised the Applications and Assessment Procedures for broadcasting services with particular focus on satellite broadcasting and subscription management service. New templates were developed for Satellite Free to Air, Subscription Satellite Television and Subscription Management Service. Licensing will be implemented in the 2016/17 financial year.

## BROADCASTING TRIALS

BOCRA authorised two service providers to do commercial trials for Satellite Television. The trials are scheduled to be completed in the next financial year. The results of the trials will inform the process of licensing satellite television.

## OVER THE TOP (OTT) CONTENT- (RADIO)

BOCRA applies a light touch approach on the regulation of Over The Top (OTT) service providers to broadcast online while assessing

ways to regulate such services. A total of nine (9) OTT radio applicants were given guidelines for online radio broadcasting. Of the nine (9) applicants that received the guidelines, none are operational. Three (3) operated for less than a year and ceased operations, citing challenges with generating revenue.

## APPLICATIONS FOR PROVISION OF BROADCASTING SERVICES IN BOTSWANA

During the reporting period, BOCRA undertook an exercise to take

stock of the licence applications received since 2008. The exercise was intended to assess and inform BOCRA of the demand for provision of broadcasting services and the type of licences desired. Overall, the data indicates high demand for Online Radio, Commercial Television (Satellite and Digital Terrestrial Television) and Community broadcasting.

**Table 21: Applications for provision of Broadcasting Services received since 2008**

1	Special Event	Satellite Television	Granted	2
2	Community Stations	Online & Terrestrial Radio	Not Granted	5
3	Over The Top	Online Radio	Granted	11
4	Commercial Television	Satellite & DTT	Not Granted	7
5	Subscriptions	DTT	Not Granted	2
6	Mobile Broadcasting	Online	Granted	1

**Table 22: Licence Applications Received since 2008 to date**

	Broadcasting Mode	Status	Number of Applications
	Temporary Satellite tv	Granted	2
1	Satellite Television	Not Granted	9
2	Online Radio	Granted	16
3	IPTV	Granted	1
4	Satellite & DTT	Not Granted	7
5	DTT	Not Granted	3
6	SMS	Not Granted	2

# SPECTRUM MANAGEMENT & MONITORING

## NEW FREQUENCY ASSIGNMENTS

BOCRA continued to monitor the frequency spectrum through the use of mobile monitoring vehicles and the sixteen (16) fixed monitoring sites installed across the country. In line with this mandate, BOCRA allocated new FM broadcasting frequencies to commercial radio stations Duma FM, Gabz FM and Yarona FM to expand their national coverages.

BOCRA conducted a spectrum monitoring exercise throughout the country to ensure that the frequencies allocated to the

operators were free from interference before the operators could install the transmitters. All the assigned frequencies were determined to be without harmful interference. The exercise also turned up additional information regarding broadcasting stations that spilled over into Botswana along border areas. BOCRA continues to use the data to engage with the neighbouring countries on cross border coordination.

## SPECTRUM ALLOCATION

Increased demand for Fixed Wireless Spectrum Access (FWA) or (last mile

access) spectrum was experienced especially in the frequency bands 700 MHz, 800 MHz, 2.3 GHz, 3.5 GHz, 10 GHz and 28 GHz. As a result of the high demand, BOCRA authorised technical trials in the 2.3 GHz and 10 GHz bands. Considerable interest in the use of TV white space technology to provide broadband services was also received from VANS. BOCRA authorised the Botswana Innovation Hub (BIH) and the Botswana Institute of Technology, Research and Innovation (BITRI) to conduct TV white space technology trials.

**Table 23: High demand spectrum and associated reasons**

Frequency band (MHz)	characteristic
700 - 800	These frequencies are for digital dividend to be allocated to mobile after digital switch over. This is suitable for rural coverage. So far, there is no allocation on these bands.
2300	This band will give extra spectrum for LTE and for broadband systems. Currently, there is no allocation on this band.
3500	This gives improvement in the mobile broadband coverage in rural areas as well as better indoor coverage for densely populated areas. There is a cost reduction as there are fewer base stations required.
10000	This frequency has high capacity and is suitable for urban coverage.
28000	These are good for short distances, as there is less interference on this frequency band. This will be utilised for broadband communication.

### MOBILE COVERAGE

IT IS ESTIMATED THAT THE MOBILE TELEPHONY NETWORKS COVER AT LEAST 95% OF THE POPULATION WITH VARYING NETWORK CAPABILITIES OF 2G, 3G AND 4G.

Figure 12: beMOBILE Coverage

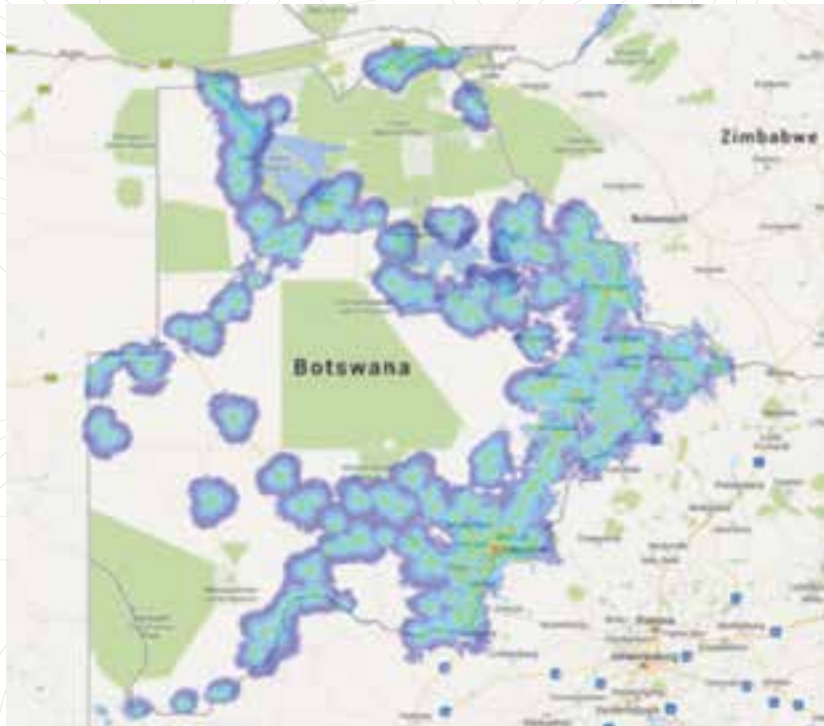




Figure 14: Mascom Mobile Coverage

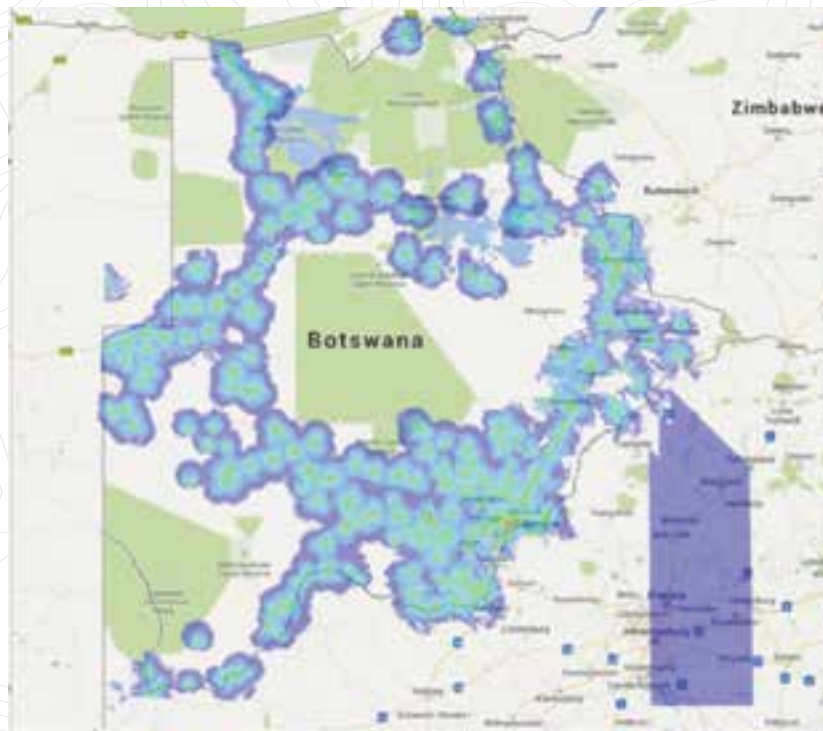
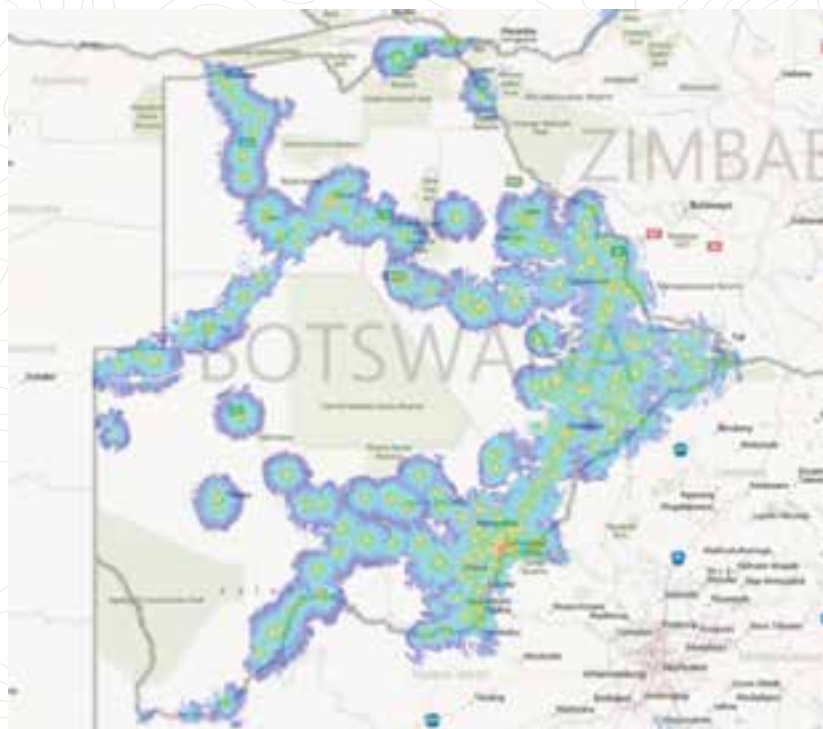


Figure 13: Orange Mobile Coverage



## LICENSING

BOCRA received a total of 580 applications relating to the six (6) licence types. Most of these applications were renewals and

modifications of the existing licenses. Applications for the land mobile category formed a significant proportion and this can be partly attributed to an increase in the number

of security and cab companies. The number of new licenses for the year is 187 as compared to the 217 from previous year, which was a decline in the number of licenses.

**Table 25: Number of names in the .bw ccTLD registry for the periods 2014/15 and 2015/16**

MONTH (2015/16)	LAND MOBILE	FIXED LINK	AIRCRAFT	SATELILITE	AMATEUR	TOTAL
APR	19	0	0	1	1	21
MAY	13	0	0	0	0	13
JUN	21	0	0	1	0	22
JUL	11	0	0	0	0	11
AUG	10	0	0	0	0	10
SEP	7	0	0	0	0	7
OCT	14	1	0	1	0	16
NOV	17	0	2	0	1	20
DEC	14	0	0	0	1	15
JAN	13	0	1	0	2	16
FEB	18	1	1	0	0	20
MAR	14	0	1	1	0	16
	<b>171</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>187</b>

## TYPE APPROVAL

As part of the preparations for migration from Analogue television to Digital Terrestrial Television (DTT) broadcasting, BOCRA published minimum specifications for Set Top Boxes (STBs) and invited interested suppliers to provide STBs to Botswana market in accordance with the published specifications. BOCRA Type Approved two STBs

for reception of Terrestrial Television broadcasting from a local company. As at end of March, the company had not managed to provide the STBs on a commercial basis.

## COUNTRY CODE TOP LEVEL DOMAIN NAMES (CCTLD) .BW

BOCRA continues to register new domains on second level. As at March 2016, the registry database had 9,259

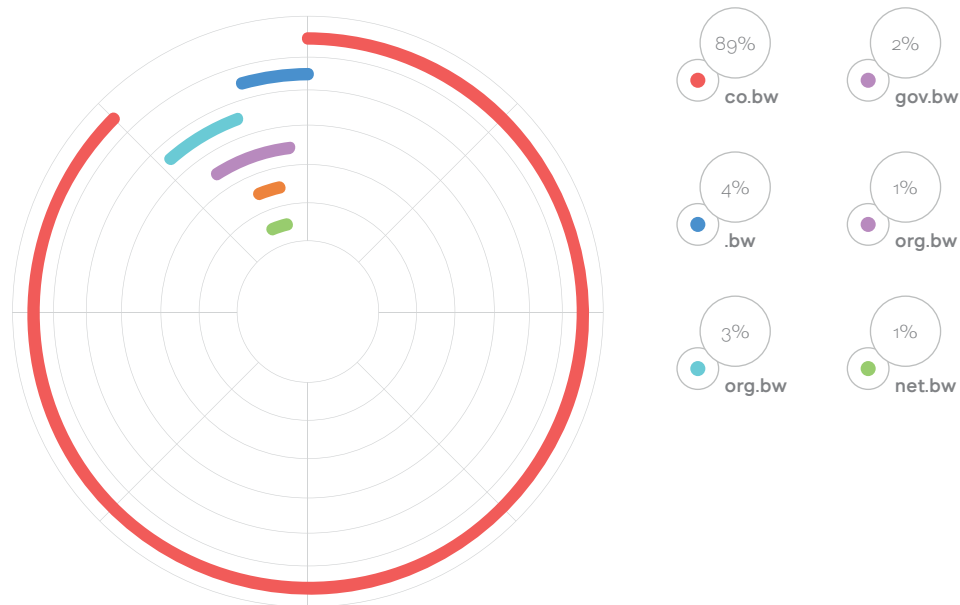
names compared to 7,495 recorded in the previous reporting period. The registry showed a slight growth of 1,764 names following campaigns that were undertaken to market the facility.

Table 25 compares distribution of domain names per category for the periods 2014/15 and 2015/16.

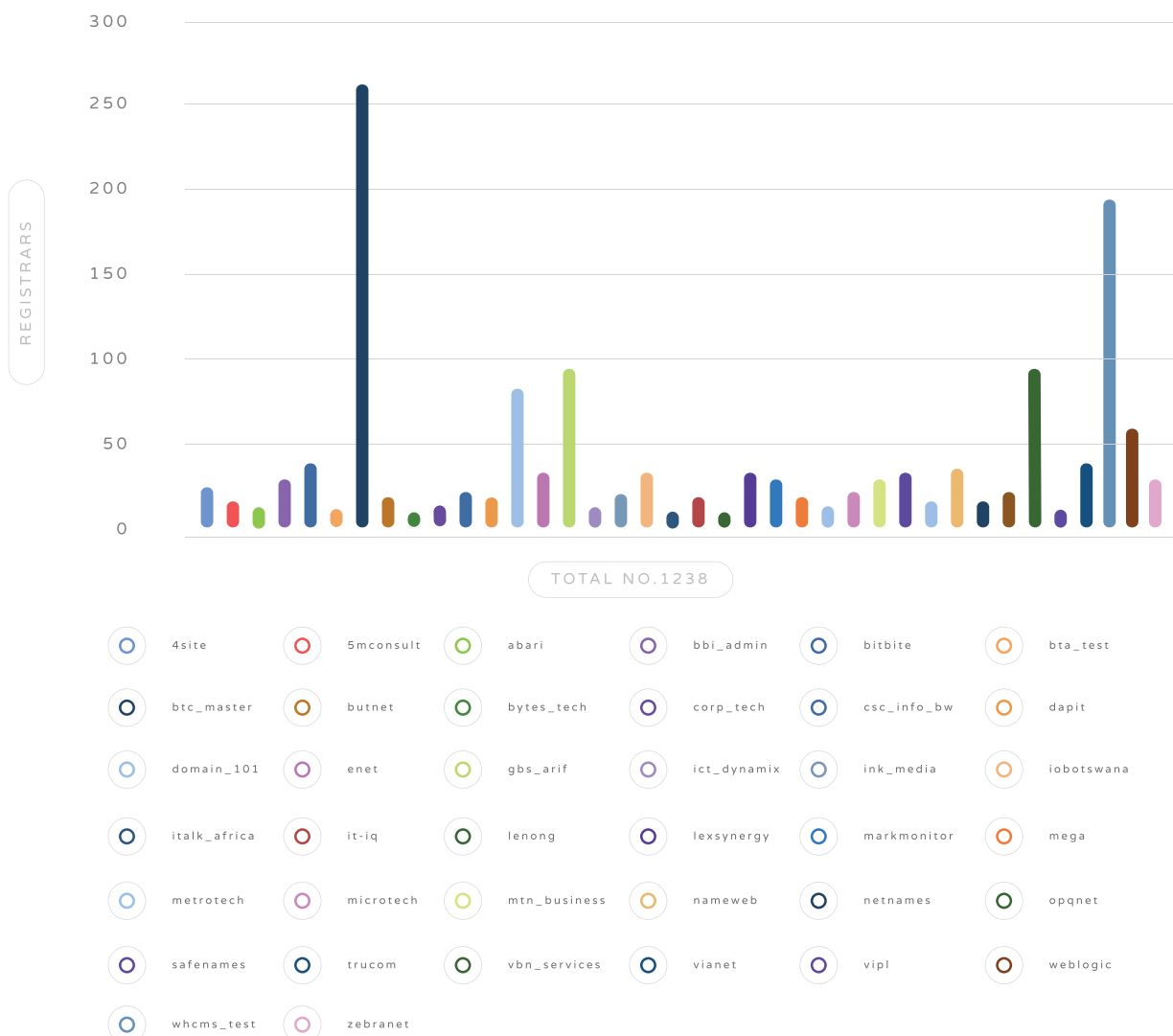
**Table 25: Number of names in the .bw ccTLD registry for the periods 2014/15 and 2015/16**

Zones	Number of names registered in 2014/15	Number of names registered in 2015/16
.bw	289	289
co.bw	6560	8235
net.bw	84	103
gov.bw	121	121
org.bw	345	392
ac.bw	96	119
<b>TOTAL</b>	<b>7495</b>	<b>9259</b>

## Prepaid and Postpaid Mobile Telephony Subscriptions for March 2016



## Number of Fixed Telephony Subscriptions for the Past 5 Years





# BROADBAND AND UNIVERSAL SERVICES

## UNIVERSAL ACCESS AND SERVICE FUND (UASF) STRATEGY

BOCRA developed a three (3) year (2016/17-2018/19) Strategic Plan for the Universal Access and Service Fund. The UASF strategy, which was launched in October 2015, carries the following high-level objectives:

- i) To promote digital literacy and increased usage of broadband Internet through connecting schools and communities in underserved areas;
- ii) To close existing gaps in voice communication through connecting remaining populations and coverage of transport corridors and economic sectors such as farming and tourism; and
- iii) To increase radio coverage of private broadcasters to widen access to information and local content throughout the country.

The UASF Strategic Plan is envisaged to benefit the country through enabling increased access to communication services by all. During the period under review, the UASF had commenced the preliminary stages of the flagship programme of connecting schools and communities with broadband Internet. About 90 Government schools in Gantsi, Kgalagadi and Mabutsane areas had been identified to benefit from a computerisation project which is intended to pave the way for broadband Internet connection. Subsequent phases of the project are to expand computerisation and broadband connectivity to other regions across the country during the next reporting period.

## WI-FI BROADBAND INTERNET ACCESS

In a bid to increase broadband

penetration and usage, BOCRA, through the Universal Access and Service Fund (UASF) facilitated the provision of wholesale Broadband Wi-Fi hotspots in strategic public areas in thirty-one (31) sites across the country. The project targeted populated areas such as hospitals, malls, airports, bus ranks and the Government Enclave.

The Wi-Fi hotspots are provided on an open access principle by the wholesale service provider, where all VANS are allowed access to the use of the network infrastructure on equal terms. The hotspots offer free access to the Government of Botswana website and a complementary thirty (30) minutes per gadget Internet access daily.

During the period under review, BOCRA approved resale tariffs for 12 resellers whose prices range from





Po.06/Mb to Po.12/Mb, exclusive of VAT. Since the Wi-Fi solution was delivered to the market through support of Universal Access and Service Fund, BOCRA has an obligation to ensure that resellers remain profitable, while the public benefit from affordable pricing. Hence, the resale price of Wi-Fi offered to the public has been subjected to a regulatory cap of Po.12/Mb

#### **IMPLEMENTATION OF BROADBAND INTERNET CONNECTIVITY GUIDELINES IN HOSPITALITY FACILITIES**

BOCRA published guidelines on minimum requirements for Internet connectivity for hospitality facilities in Botswana to increase accessibility and usage of the internet in 2014. The hospitality facilities were given a period of one (1) year from the date of coming into effect to comply with the guidelines. During the reporting

period, BOCRA conducted a study to assess the implementation of the guidelines on the hospitality facilities. The study revealed that some hospitality establishments are yet to comply with the guidelines. Many of those yet to comply feel that costs of upgrading the Internet connectivity was still high particularly that Internet was not their core business.

BOCRA continued to engage the relevant stakeholders such as service providers, Hospitality and Tourism Association of Botswana (HATAB), Botswana Tourism Organisation (BTO) and the Department of Tourism to facilitate the implementation of the guidelines.

In the light of the guidelines, BOCRA undertook a communications needs assessment and gap analysis in rural communities and major highways including the Trans-Kalahari Highway and some routes leading to some of

Botswana's tourism areas like Maun and Kasane. The results of the needs assessments formed the basis for UASF projects to be implemented over the next financial year.

#### **CONNECT AN EMPLOYEE INITIATIVE**

BOCRA continued to evaluate progress made by various parastatals and Government institutions on the initiative to facilitate connectivity of their employees with residential broadband Internet connection. A number of organisations approached continue to connect their employees with residential Internet. The initiative aimed at increasing Broadband penetration in Botswana in line with the objectives on the National Broadband Strategy and other enabling ICT policies. A number of organisations approached continue to connect their employees with residential Internet.



# COMPLIANCE AND MONITORING

BOCRA is mandated to ensure compliance of operators with regulatory requirements and is empowered to impose regulatory sanctions in cases of non-compliance. Pursuant to its enforcement mandate, BOCRA undertook planned investigations during the reporting period in Tuli Block, North East District, Barolong Farms, Okavango Delta, Chobe and Gantsi area. Ad hoc investigations were conducted in Gaborone and Pandamatenga.

**The overall objectives of the investigations were:**

- To investigate any infractions of the CRA Act and related statutory instruments and administer appropriate regulatory sanctions;
- To encourage compliance and improve the quality of communication services in Botswana;
- To investigate the status of licensed communications operators, equipment and the services;
- To sensitise consumers and operators on emerging regulatory requirements; and
- To access status of the findings of investigations done in the previous years to ensure that operators have normalised and complied with the requirements.

The various outcomes of the investigations undertaken during the year under review are captured in Table 26.

**Table 26: Investigations carried out in the year 2015/16**

Area	Date	# of shops /lodges visited	Compliant	Non-compliant	Action taken
Tuli Block	8-13 June 2015	8	5	3	Satellite terminals (VSAT) not licensed with BOCRA. Given a grace period to comply and cautioned about consequences of non-compliance.
North East	17 -21 August 2015	9	2	7	Phones were not type approved. Given a grace period to comply and cautioned about consequences of non-compliance and some cases were referred to the police.
Barolong Farms area	19-23 November 2015	14	8	6	Phones were not type approved. Given a grace period to comply and cautioned about consequences of non-compliance and some cases were referred to the police.
Okavango Delta	27 Nov -9 Dec 2015	34	10	24	VSATs not licensed. Cautioned about consequences of non-compliance. Advised to follow licensing procedures.
Chobe area	31 Jan -05 Feb 2016	24	17	7	Phones not type approved. Given a grace period to comply and cautioned about consequences of non-compliance and some cases were referred to the police.
Ghanzi area	22 Feb- 26 Feb 2016	15	7	9	Phones not type approved. Given a grace period to comply and cautioned about consequences of non-compliance and severe cases were referred to the police.

Most of the commercial outlets visited had more non type approved equipment compared to type approved ones. BOCRA confiscated the non type approved equipment, comprising mostly cell phones. Some cases were referred to the Botswana Police for prosecution in terms of Section 84 of the Act.

The investigation findings further revealed that mostly two-way radio licensees had not renewed their licenses. In addition, some licensees sold phones that were not type approved. BOCRA cautioned non-compliant licensees and also involved the police where appropriate.

BOCRA investigated an outlet in Gaborone that was alleged to be

selling equipment that was not type approved. Upon verification of the allegations, the non-compliant equipment was confiscated. Similarly, BOCRA investigations revealed an unlicensed service provider of Internet in and around Pandamatenga village and directed the provider to cease the illegal operation.

# NETWORK PERFORMANCE

BOCRA requires Public Telecommunications Operators (PTOs) to submit regular reports to monitor compliance with quality of service standards. The reports that are submitted quarterly and are based on the following performance indicators:

**Dropped Call Rate (DCR) - 2%:** refers to a percentage of the calls that were cut before the speaking parties had finished their conversation;

**Call set-up Success Rate (CSSR) - 98%:** refers to the percentage of originating calls that were successfully established by the customer;

**Congestion Rate (CR) - 2%:** refers to the percentage of failure to access a traffic channel during call set up;

**Network Availability (NA) - 99%:** percentage of time when the network is accessible to the customers; and

**Handover success rate (HSR) - 95%:** refers to the percentage of transferred on-going calls from one channel to another.

Where PTOs fail to meet the prescribed quality of service standards, they are expected to give a reasonable explanation for the failure and accompanying mitigation measures to improve Quality of Service (QoS).

Over the reporting period, the PTOs reported that they experienced challenges that sometimes prevented them from meeting set network performance standards. The challenges ranged from battery theft to radio capacity, and hardware faults to green land field acquisition.

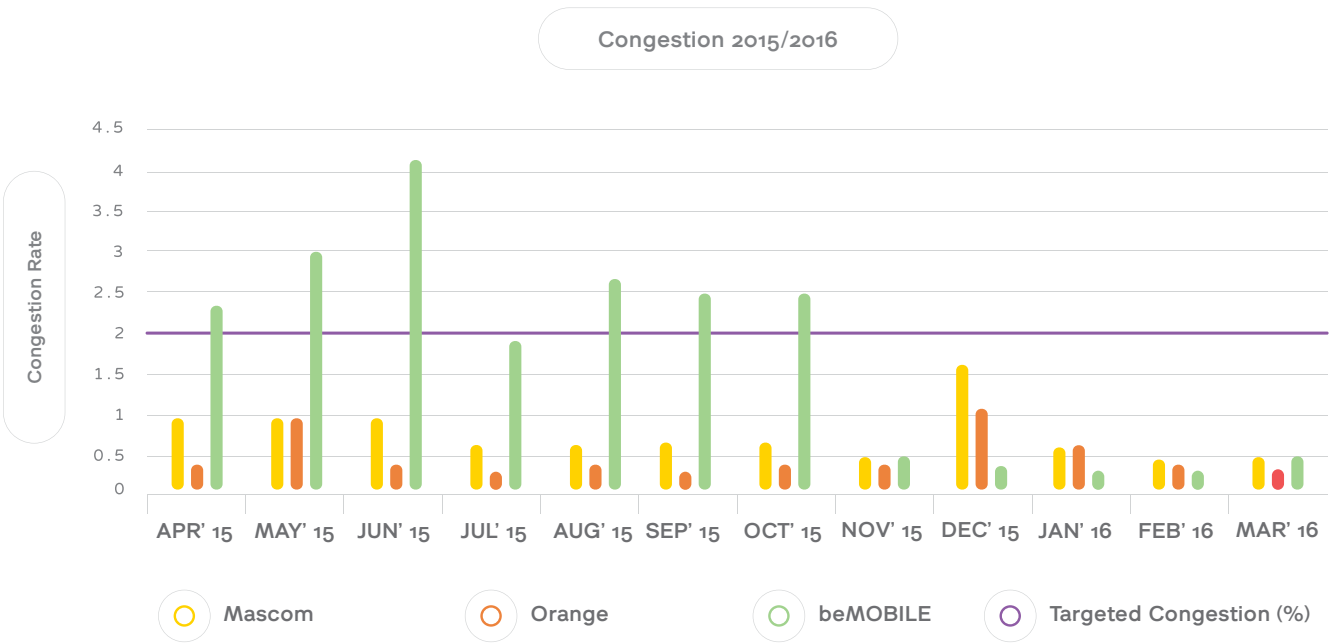
# PERFORMANCE OF THE THREE PTOs

ACTUAL NETWORK PERFORMANCE OF THE THREE PTOs FOR THE YEAR UNDER REVIEW IS CAPTURED IN TABLES 27 THROUGH TO 31.

## CONGESTION

Table 27: Mobile Operators Congestion Rate (%) 2015/16

Month	Mascom	Orange	beMOBILE	Targeted HSR (95%)
April 15	0.93	0.29	2.30	2
May 15	0.86	0.85	3.03	2
June 15	0.85	0.34	4.14	2
July 15	0.65	0.17	1.91	2
August 15	0.63	0.31	2.70	2
September 15	0.66	0.19	2.50	2
October 15	0.70	0.25	2.50	2
November 15	0.50	0.40	0.50	2
December 15	1.57	1.12	0.34	2
January 16	0.55	0.56	0.24	2
February 16	0.40	0.36	0.25	2
March 16	0.40	0.26	0.40	2



## INTERPRETATION FOR CONGESTION

Mascom and Orange performed within the 2% set target. beMOBILE

experienced a higher congestion from April - June and August - October. The problem was attributed to power and transmission failures on some

sites, leading to traffic concentration in other sites. beMOBILE did some major network upgrades which led to improved performance.

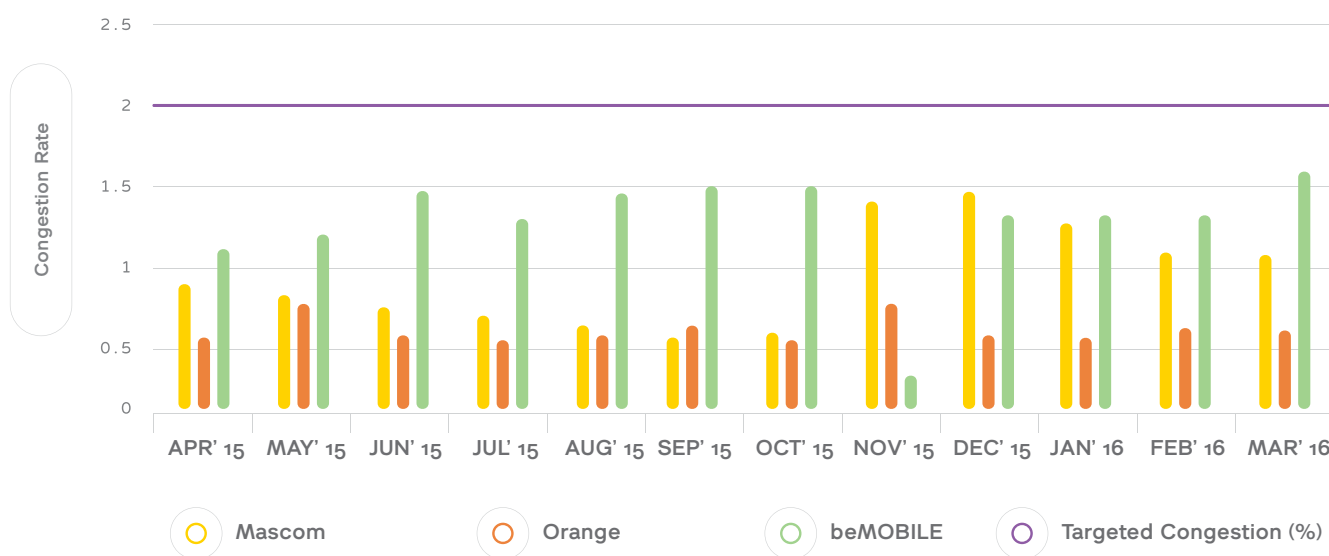


## DROPPED CALL RATE (DCR)

Table 28: Mobile Operators Drop Call Rate (DCR) (%) 2015/16

Month	Mascom	Orange	beMOBILE	Targeted HSR (2%)
April 15	0.81	0.61	1.08	2
May 15	0.77	0.70	1.12	2
June 15	0.73	0.60	1.42	2
July 15	0.69	0.53	1.18	2
August 15	0.65	0.57	1.40	2
September 15	0.60	0.64	1.5	2
October 15	0.65	0.60	1.5	2
November 15	1.40	0.70	1.3	2
December 15	1.44	0.58	1.4	2
January 16	1.31	0.57	1.4	2
February 16	1.20	0.63	1.4	2
March 16	1.20	0.64	1.6	2

### DCR



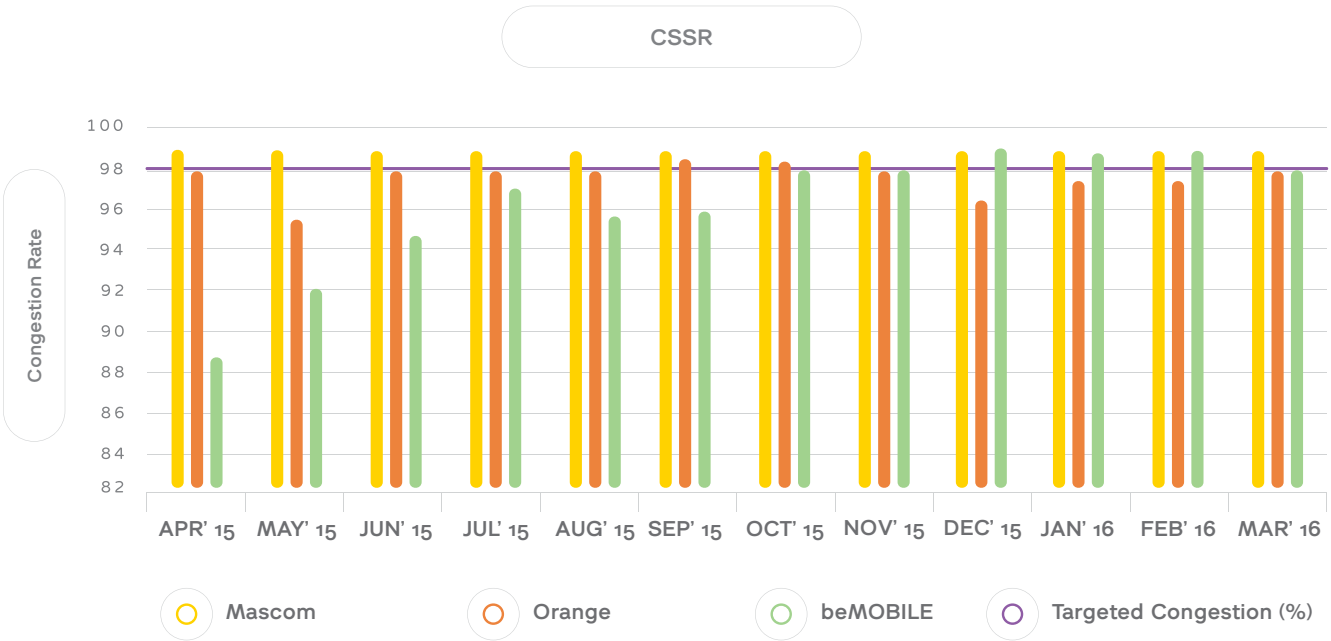
## INTERPRETATION FOR DROP CALL RATE

All the three PTOs performed within a set target.

### CALL SET SUCCESS RATE (CSSR)

Table 29: Mobile Operators Call Setup Success Rate (CSSR) (%) 2015/16

Month	Mascom	Orange	beMOBILE	Targeted HSR (95%)
April 15	99.00	97.80	88.70	98
May 15	99.00	95.70	92.00	98
June 15	99.00	98.10	94.50	98
July 15	99.00	98.00	97.00	98
August 15	99.00	98.01	95.50	98
September 15	99.00	98.28	96.00	98
October 15	99.00	98.20	97.00	98
November 15	98.80	98.00	98.00	98
December 15	98.70	96.50	99.00	98
January 16	99.01	97.50	99.00	98
February 16	99.00	98.00	99.00	98
March 16	99.00	98.00	98.00	98



### INTERPRETATION FOR CSSR

Mascom performed within the set target. Orange failed to meet the target in the months of April, May, December and January. The poor performance was attributed to

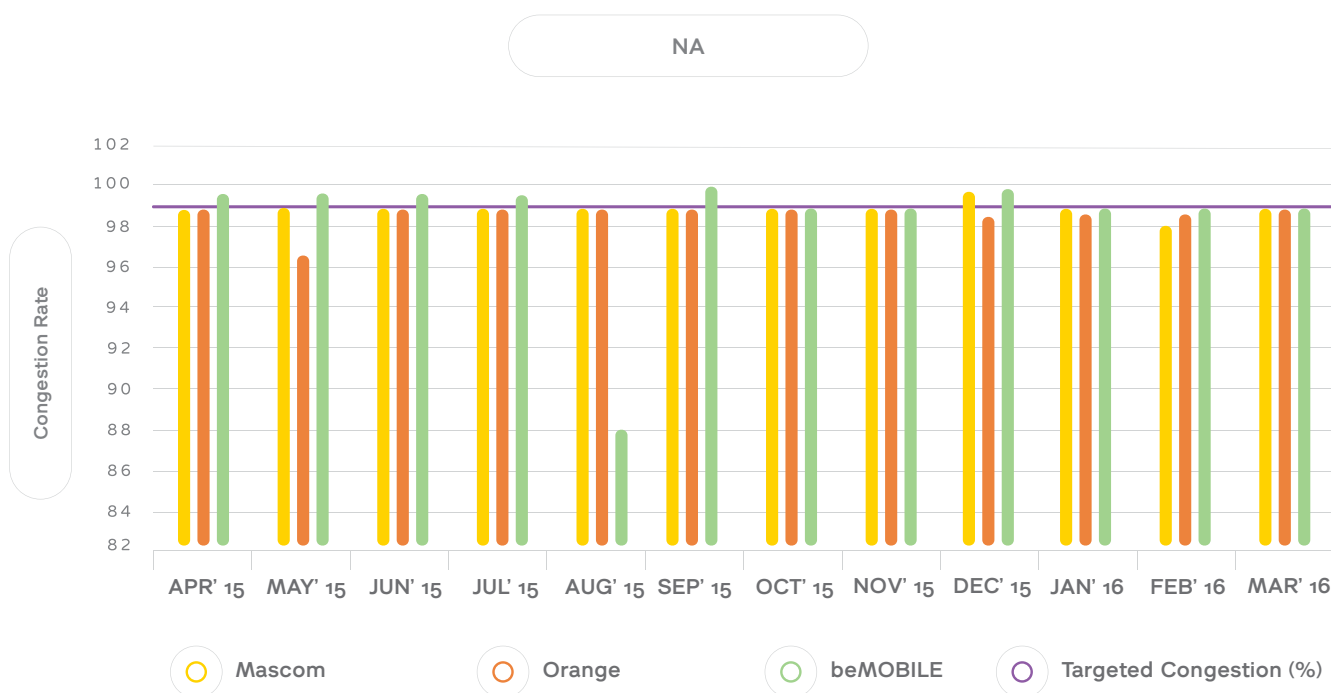
power outages, and transmission failures in some sites which resulted in congestion in neighbouring sites. Further, some sites experienced higher traffic during festive season leading to congestion which affected

the call set up. beMOBILE failed to meet the target from April – October, but improved for the rest of the reporting period. beMOBILE did some major network upgrades which led to improved performance.

## NETWORK AVAILABLE (NA)

Table 30: Mobile Operators Network Availability (NA) (%) 2015/16

Month	Mascom	Orange	beMOBILE	Targeted HSR (99%)
April 15	99.00	99.00	99.50	99
May 15	99.00	96.20	99.50	99
June 15	99.00	99.00	99.80	99
July 15	99.00	99.00	99.80	99
August 15	99.00	99.00	88.00	99
September 15	99.00	99.00	99.80	99
October 15	99.00	99.00	99.00	99
November 15	99.00	99.00	99.00	99
December 15	99.60	98.30	99.70	99
January 16	98.81	98.40	99.00	99
February 16	98.00	98.30	99.00	99
March 16	99.00	99.00	99.00	99



## INTERPRETATION FOR NA

Mascom failed to meet the target in January and February. There were some hardware problems experienced for these months.

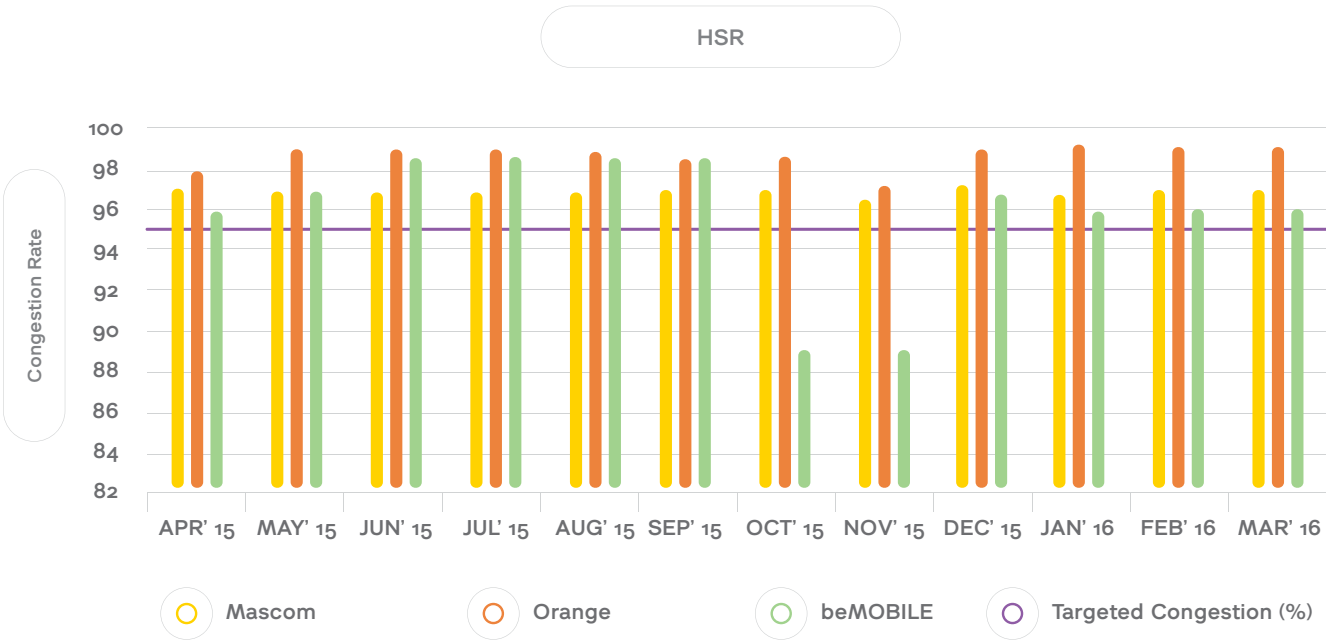
Orange failed to perform within set target in May, December, January and February. The severe performance in May was due to a prolonged power failure in some sites. beMOBILE failed

to perform well only in August due to transmission link failure and depleted battery power after commercial power loss.

### HAND OVER SUCCESS RATE

Table 31: Mobile Operators Handover Success Rate (HSR) (%) 2015/16

Month	Mascom	Orange	beMOBILE	Targeted HSR (95%)
April 15	97.00	98.00	96.00	95
May 15	97.00	99.00	97.00	95
June 15	97.00	99.00	98.60	95
July 15	97.00	99.00	98.80	95
August 15	97.00	98.90	98.60	95
September 15	97.00	99.00	99.00	95
October 15	97.00	99.00	89.00	95
November 15	96.40	97.00	89.00	95
December 15	97.50	99.00	97.00	95
January 16	96.97	99.00	96.00	95
February 16	97.00	99.00	96.00	95
March 16	97.00	98.90	96.00	95



### INTERPRETATION FOR HSR

Mascom and Orange performed within a set target and beMOBILE failed to meet the target only in October and November. There were transmission failures and power outages experienced during this time.

In summary, the PTOs have recorded an improved network performance despite the challenges they face in their efforts to provide good network services. BOCRA continues to hold operational and Quality of Service (QoS) meetings to discuss and share ideas on how to overcome challenges experienced. BOCRA

has also developed a new reporting format which was already in use during the reporting period. The new reporting format requires the PTOs to give the performance of each base station and this helped the Authority to identify the bad performing sites and deal with them appropriately.



# QUALITY OF SERVICE (QoS)

## FIXED INTERNET QoS MONITORING

BOCRA acquired a QoS monitoring tool to monitor mobile voice and mobile Internet. The fixed and mobile QoS System was installed in selected strategic locations in Gaborone, Molepolole, Palapye, Selebi Phikwe, Maun, Kasane, Francistown and Lobatse.

## CONSUMER SATISFACTION SURVEY

BOCRA commissioned the Botswana Institute for Development Policy Analysis (BIDPA) to carry out the first customer satisfaction survey. The survey was carried out in line with Section 8o (1) (a) and (b) of the CRA Act that implores the Regulator to carry out research on state of public opinion and consumer experiences and publish the results of the research. Similarly, Section 6 of the same Act enjoins BOCRA to protect and promote the interests of consumers, purchasers and other users of the services in the regulated sector. This is particularly in respect of prices charged for and the availability, quality and variety of services and products offered throughout Botswana, such as will satisfy all reasonable demands for those services and products.

The survey covered broadcasting, Internet, postal and telecommunications services. The main objectives were to:

- i. Probe consumers' experience of the services provided by the operators; i.e. quality of service by regulated sectors, variety of services, access to call centers, general services usage, operator coverage and tariffs;

- ii. Probe consumers' experience on contract terms and conditions.
- iii. Identify negative experiences during the survey and identify pointers for future developments to address them; and
- iv. Assess the extent of consumer participation in regulation and policy development.

The survey concluded that, overall, the respondents were satisfied with the services they received from communications sector in Botswana as over 50% of the survey sample responded with either satisfied or very satisfied for all the parameters measured. The measured parameters included: quality of service, pricing, turnaround times, signal quality, quality of programmes etc depending of the service surveyed.

The survey also pointed out areas where consumers were not happy, including the need to regulate the state broadcasters.

The survey report is available on the BOCRA website at [www.bocra.org.bw](http://www.bocra.org.bw)

## CONSUMER COMPLAINTS

Consumer Protection is a fundamental function of BOCRA as espoused by, Section 6 (2) (a) of the CRA Act. 6 (2) (m) provides for hearing of such complaints and disputes from consumers and regulated suppliers and resolving or facilitating their resolution.

BOCRA received, investigated and resolved consumer complaints concerning among others, the apparent discrepancy between advertised or purchased data rates; the actual download/upload rates experienced by customers who

subscribed for broadband services; lack of understanding of the internet contracts; slow internet speed, and internet bundles.

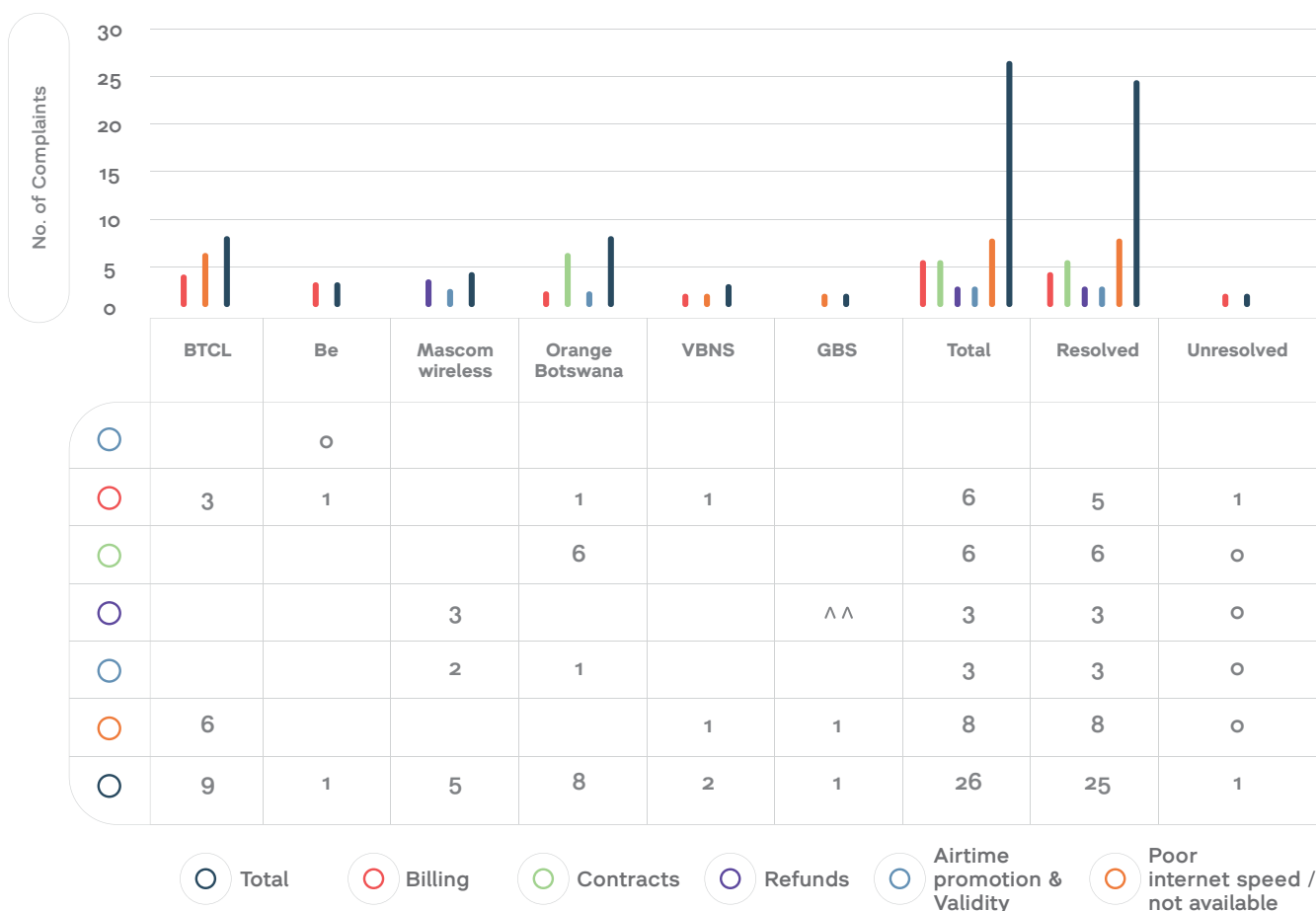
A total of thirty five (35) new complaints were received during the year under review, the same number as those received the previous year. All complaints were resolved before the end of the financial year end.

**Table 32: Number of complaints escalated to BOCRA for the past three years**

Year (Apr – Mar)	No. of New Complaints
2013/2014	32
2014/2015	35
2015/2016	35

**Of the 35 complaints escalated to BOCRA, 26 of them were on billing, contracts, refunds, airtime promotion and internet issues. These are summarised in Figure 32.**

Common Complaints in 2015 / 16 per operator



## CONSUMER PROTECTION

BOCRA undertook initiatives aimed at empowering the consumer to exercise informed choice when purchasing services or entering into a service agreement with the operators.

BOCRA published in the print media a summary of complaints data for the second quarter of 2015/16 to give consumers helpful information to aid comparison of operator performances. The quarterly reports also served as an incentive

to operators to improve their performance.

BOCRA ensured strict adherence to Complaints Handling Procedures. The procedures require consumers to first seek redress with service providers before escalating their complaints to BOCRA. Enforcing strict adherence to the procedures was successful and it increased operators' awareness of consumer needs and rights vis-vis their responsibilities.

## CONTRAVENTIONS

The monitoring process revealed some illegal operators. One television station for Christian content was broadcasting from Botswana without a broadcasting licence. The service was broadcast as Free to Air (FTA) through the IS7 satellite transponder which covers most parts of Southern Africa. After a detailed check into the technical operations by BOCRA, the concerned television station was ordered to cease operations with immediate effect and the station complied.

# STAKEHOLDER ENGAGEMENT

## CONSUMER EDUCATION

Public education is an integral part of the regulatory mandate through which BOCRA endeavours to ensure that consumers are conversant with its regulatory mandate, the latest developments in the communications industry and their rights as users of communications services. In line with its strategic objective of improving consumer protection, BOCRA develops an annual education and awareness creation plan that maps out activities to be undertaken during the course of the year. These activities include educational briefings to educational establishments, and strategic stakeholders such as the Botswana Police, Botswana Unified Revenue Services (BURS), Department of

Immigration and Citizenship, the Botswana Defence Force (BDF), Department of Consumer Affairs, Hospitality and Tourism Association of Botswana (HATAB), Business Botswana (formerly BOCCIM) as well as participation at exhibitions such as trade fairs, agricultural shows.

During the reporting period, BOCRA continued with its endeavour to create awareness on communications regulatory issues by addressing staff and students at Botswana International University of Science and Technology (BUIST), Botswana Defence Force, Botswana Police College, Chobe and North West District Councils. In addition, BOCRA participated BOCCIM Conference and exhibited at the

Northern BOCCIM Fair.

The various institutions and stakeholders appreciated BOCRA's efforts towards enlightening them on the regulatory and communication issues and implored BOCRA to continue with the efforts.

Other avenues were pursued to disseminate information, including a stakeholder workshop to discuss the outcome of the Customer Satisfaction Survey that was carried out during the financial year. BOCRA participated in two radio interviews that followed up and discussed issues raised in the survey report. All activities are outlined overleaf in Table 33.



Tebogo Ketshabile, Senior Engineer, addressing Mr. Paul Taylor, BTCL Managing Director and Guest Speaker, accompanied by Dr. Racious Moatshe, CEO of Busines Botswana, and other dignitaries.

Table 33: Educational activities undertaken from 1 April 2015 to 31 March 2016.

Month	Agricultural Shows/Fairs/ Exhibitions	Schools	Workshops/ radio/ television	Tertiary/Public Institutions
Apr 15	HATAB Annual Conference			
May 15	World Telecommunication & Information Society Day (WTISD) Gantsi BOCCIM Northern Trade Fair			
Jun 15		4 Maun Schools: Moeti Junior Sec. School Tshwaragano Junior Sec. School Tsodilo Junior Sec School Sedie Junior Sec School		Police College Otse
July 15	Gantsi Agric. show Masunga Agric. show		RB1 (Morning Show)	
Aug 15	Gaborone Consumer Fair	4 Kgalagadi Schools Tapologo Junior Sec. School Kgolagano Junior Sec. School Tsabong Junior Sec. School Kgalagadi South Brigade		
Sept 15		4 Shakawe Schools Shakawe Senior School Gowa Junior Sec. School Okavango Brigade Ngambao Junior Sec. School		Limkokwing University
Oct 15				Botswana Defence Force (SSKB) Botswana International University of Science & Technology (BIUST)
Nov 15	Game City Riverwalk			Kanye Police College Botswana Defence Force Thebephatshwa
Feb 16	GICC stakeholder workshop on Customer Satisfaction Survey	University of Botswana	Duma FM Morning Show on Customer Satisfaction Survey  PrimeTime Life TV Show	Police College (Otse)  Botswana Defence Force (Glen valley)
Mar 16				Chobe District Council



## MEDIA RELATIONS

Alongside public addresses and exhibitions, BOCRA utilised public media to reach out to consumers. A media workshop was held where BOCRA shared with journalists from various media houses its mandate and addressed questions on the technical issues of the subject of communications regulation. The workshop was intended to educate journalists with a view to empowering them to report regulatory issues as accurately as possible.

BOCRA also ran two television advertisements. One advertisement explained the concept of Country

Code Top Level Domain (ccTLD) and appealed to locally registered companies to switch to the .bw domain. The other advertisement explained the concept of Type Approval of communications equipment and advised consumers to ensure that they bought BOCRA type approved ICT gadgets. The two advertisements commenced airing in August and continued until the end of the financial year.

In addition, BOCRA published several notices in the Daily News on Minimum Specifications for Digital Terrestrial Television Set Top Box; Consultancy Services for the

Development of the Cost Model and Pricing Framework for ICT Services; as well as Tender for the Provision of Security and Guarding Services for BOCRA properties. Similarly, BOCRA produced three (3) consumer fact sheets on cybercrime and published them in the Daily News.

BOCRA also published on a quarterly basis prices for various Internet service products in the newspapers and the BOCRA website. The information included the footprint of services offered by Value Added Network Service (VANS) based on the various technologies they use to deliver Internet services.

**Table 34: No. of Education activities undertaken since 2013**

	Secondary/ Schools	Tertiary	Agricultural Shows	Exhibitions/ Malls	Councils	Police College/ BDF Camp	Consultative Workshops/ Btv/Radio	Total
<b>2013/14</b>	14	2	2	2	1	-	-	21
<b>2014/15</b>	13	1	3	3	0	2	1	23
<b>2015/16</b>	12	3	2	5	1	5	3	31



# LOCAL ENGAGEMENTS

## ADOPT A SCHOOL INITIATIVE

BOCRA officially adopted Struizendam Primary School in April 2015 in line with Government's Adopt a School initiative and pursuant to the Vision 2016 Pillar of an Educated and Informed Nation. In adopting the school, BOCRA donated a heavy duty photocopier, thirty (30) boxes of printing paper as well as ink cartridges and toners for existing printers. In the long term, BOCRA pledged to establish a computer laboratory for the school, subject to completion of the electricity installation project by the Kgalagadi District Council.

## WORLD TELECOMMUNICATION AND INFORMATION SOCIETY DAY (WTISD)

BOCRA coordinated the World Telecommunication and Information Society Day (WTISD) commemoration held at the Gantsi Show Grounds in May 2016 under the theme "ICTs: Drivers of Innovation."

WTISD is an international annual event that is commemorated on 17 May to mark the anniversary of the signing of the first International Telegraph Convention and the creation of the

International Telecommunication Union (ITU). The purpose of the WTISD is to help raise awareness of the possibilities that the use of the Internet and other information and communication technologies (ICT) can bring to societies and economies, as well as finding ways to bridge the digital divide. This year's commemoration coincided with the 150th Anniversary of the ITU.

In response to the theme, ICT stakeholders lead by BOCRA on behalf of the Ministry of Transport and Communications donated a total of fifty-eight (58) computers, sixty (60) tablets, five (5) printers, and three (3) heavy duty photocopiers to various public institutions within Gantsi Township. Gantsi Senior Secondary School, Gantsi Brigade and Itsekeng Community Junior Secondary School each received 10 Mbps internet connectivity with Wi-Fi access.

## CONSULTATION WITH BROADCASTERS

BOCRA had a breakfast meeting with broadcasters to discuss issues of mutual interest. The meeting formed part of BOCRA's strategy

to continuously engage with its regulated entities. The main issues discussed included: nation building, local content, responsible and ethical reporting, increased terrestrial coverage and the licensing of new entrants into the market. Promotion of local content was highlighted as an issue of importance and the broadcasters were advised to develop initiatives that will encourage the production and broadcasts of local content. The broadcasters were also informed of BOCRA's intention to introduce more players in the market to promote local content and diversity in the market.

## E-WASTE MANAGEMENT WORKSHOP

BOCRA hosted a half day workshop for its stakeholders and the general public in Gaborone in March 2015. This was a sensitisation workshop to appreciate the factual management practices and policies of regulated sectors and Government's approach to e-waste management in Botswana.

The outcome of the workshop was a consensus around a need for a holistic e-waste management strategy or approach for Botswana to anchor first in policy and legal framework. The Department of Waste Management confirmed that it had begun a process to address the e-waste challenge. Other stakeholders affirmed their commitment to reassess their e-waste management practices and procedures to ensure that they took advantage of prevailing and possible alternatives in the absence of a holistic law and policy to deal with e-waste specifically. Such practices included arrangements to repatriate e-waste and equipment



Guest Spoeaker, His Honour Mokgweetsi E.K. Masis, Vice-President of The Republic of Botswana, delivering keynote address. Seated on his right is Hon. Tshenolo Mabeo, Minister of Transport & Comms.

that had reached its end of life to manufacturers, distributors and sellers for a proper management of end of life equipment.

### COMMUNITY SERVICE DAY

BOCRA hosted a Community Service Day for Mokgenene Primary School in May 2015. Mokgenene Primary School is a Government boarding school which accommodates students from various settlements in the Shoshong/Lephehe catchment area. The school lies 33 kilometres from Otse Village along the Molepolole-Shoshong Road and admits a lot of pupils from settlements with low economic backgrounds.

In response to the school's many needs, BOCRA donated 70 mattresses for the boarding pupils, as well as track suits and shoes for Standards 1 and 2 day scholars at a total cost of P14, 038.50.

### VISION 2016 FORUM WORKSHOP

BOCRA addressed the Vision 2016 Forum Workshop held at Boipuso Annex Hall in March 2015 under the theme Transformation Towards Prosperity for All. BOCRA's presentation addressed the topic: An Informed Nation which sustains prosperity for all and highlighted progress made in the communications sector thus far. The presentation highlighted that the communications sector has made tremendous progress in line with the Vision aspirations but highlighted that a lot remained to be done to achieve the desired state of an Informed Nation through Information and Communications Technologies (ICTs).

### BOTSWANA POLICE SERVICE SENIOR OFFICERS ANNUAL CONFERENCE

BOCRA Addressed the 43rd Annual Conference of the Botswana Police Service Senior Officers held from February 2015. BOCRA's presentation highlighted areas of possible collaboration with the Police Service.



In doing so BOCRA identified and highlighted in its presentation the provisions of the CRA Act in relation to issues of Confidentiality of transmitted messages; Improper use of public telecommunications system; Wilful interference with erection of telecommunications and broadcasting equipment; Type approval; SIM card registration and Internet regulation among other possible areas of collaboration.

### DIGITAL TERRESTRIAL TELEVISION FORUM

BOCRA supported the Department of Broadcasting Services' (DBS) Digital Terrestrial Television (DTT) broadcasting migration public education campaign held in Maun in September 2015. The purpose of the forum was to sensitise stakeholders in Maun on the progress that the process of DTT migration has made in relation to the regional and international timelines. The Forum also offered the opportunity for stakeholders to raise issues of concern and get responses to them. In particular, BOCRA was asked whether it would consider applications for implementation of any other television standard other than ISDBT. BOCRA's response was that the regulator was technology neutral and therefore would consider

any applications that met the minimum technical specifications.

### AFRICA SMS USER GROUP FORUM

BOCRA and TCI International hosted a workshop named "Africa SMS User Group Forum, 2016" in February 2016 in Gaborone. The objective of the Forum was for TCI International for who supplied BOCRA with Automated Spectrum Management and Monitoring System (ASMMMS) to offer training to all countries that use the system including Namibia, Rwanda, Malawi, Ghana, Swaziland and Mozambique. The Forum also created a platform for the countries that use the system to share their experiences and highlight problems, if any, for the system to be improved.

The Forum was a first of its kind in Africa and gave TCI International a platform to share their knowledge on topics such as: effective techniques for spectrum monitoring, new ASMS features, benefits and implementation of hybrid systems and new TCI hybrid geolocation technology. Valuable lessons were learnt from knowledgeable specialists on spectrum monitoring and management.



# REGIONAL ENGAGEMENTS

## CRASA EXECUTIVE COMMITTEE MEETING

BOCRA hosted the Communications Regulators' Association of Southern Africa (CRASA) 14th Meeting of Executive Committee (2nd for 2015/16) at the Phakalane Golf Estates, Gaborone, Botswana in March 2016. The purpose of the Executive Committee Meeting was to make preparations for the 5th Annual General Meeting of the Association.

Audited Financial Statements for year ended 31 March 2015 and the Budget Proposals 2016/17.

## THE MEETING OF SADC MINISTERS RESPONSIBLE FOR COMMUNICATIONS, ICT AND POSTAL SERVICES

BOCRA took part in the Meeting of SADC Ministers responsible for Communications, ICT and Postal Services in 26 June 2015 to review

Other initiatives discussed by the Meeting included ICT Policy; standards and regulation; ICT Infrastructure development; Regional Postal services development; with specific discussions on implementation of the SADC Roadmap on Digital Television Broadcasting Migration; SADC TV Bouquet; Harmonized Frequency Allocation and Planning; Postal Financial Inclusion Guidelines for SADC; and implementation status of the SADC Postal Strategy, to mention but a few.



## WORLD RADIO CONFERENCE 2015 (WRC 15)

BOCRA spearheaded preparations and subsequent participation of Botswana in the World Radio Communication Conference (WRC 15) held in November 2015. The Botswana position that came out of the preparations fed into the harmonised SADC positions that later formed part of the collective Africa position to the Conference.

The Committee considered reports of specialised committees viz the Electronic Communications Committee; the Postal Committee; Universal Access and Service Committee; Consumer Affairs Committee; Legal and Policy Committee; CRASA Roaming Task Team; Finance and Audit Committee and the Human Resources Development Committee and recommended the reports to the AGM for approval. The Committee also considered the proposed CRASA Operational Plan 2015/16; Executive Secretary's Report;

implementation of the decisions of the Ministers and facilitate fruitful policy dialogue to ensure that the implementation of regional Communications, ICT and Postal Services Programmes contributed meaningfully to regional integration and socio-economic development. The Meeting deliberated over a number of issues and made decisions ranging from endorsing the formation of the CRASA Roaming Task Team (CRTT) and the Roadmap for the CRTT to the approval of SADC Model Postal Policy which shall be domesticated by Member States.

WRC-15 addressed about 32 agenda items related to frequency allocation, frequency sharing for the efficient use of spectrum and orbital resources, thus ensuring high quality radiocommunication services for mobile and satellite communications, maritime and aeronautical transport as well as for scientific purposes related to the environment, meteorology and climatology, disaster prediction, mitigation and relief. Some of the key outcomes of the conference are displayed in table 35.



Table 35: Summary some of the outcomes of WRC 15

Agenda item	Frequency band (MHz)	Usage	Outcome
Additional Spectrum Allocation for Mobile Communication (International Mobile Communication (IMT) Systems	1427-1518 3300-3600 470-694 2700-2900	Satellite Systems IMT Systems IMT Systems Radars Systems	Identified for satellite system operating in L Band. Study utilisation for review in 2013.  Not identified for Terrestrial TV  Identified for Radar systems
Mobile Broadband in the 694-790 MHz Frequency Band	694-790	IMT System	Botswana welcomes these outcomes as it now means global harmonisation of the 694-790 MHz frequency band paves way for manufacturers and mobile operators to offer mobile broadband at an affordable price
Global flight tracking for Civil Aviation	1087.7-1092.3	Flight tracking	Botswana welcomes this allocation as it is within the band that has been designated for Aeronautical Radionavigation and believes this will adequately address tracking of aircrafts
Road safety	79 GHz	Automotive radar system	Botswana supports this outcome. The 79GHz was indeed allocated for radiolocation in Botswana and this outcome means a harmonised allocation would allow the vehicle industry to deploy anti-collision radar devices globally.
Unmanned aircraft System (UAS) and Wireless Avionics Intra-Communications (WAIC) System	UAS		Botswana recognizes the many benefits that could be provided by UAS and welcomes the outcome to promote their development. Further Botswana welcomes the allocation for WAIC systems as a safety and cost saving measure as Botswana's air industry is still on infancy stage.
Emergency communications and disaster relief	694-894 5351.5 – 5366.5	Mobile broadband Amateur radios	Botswana welcomes the new identification and allocation which would make a great impact in responding to disaster



Source: International Telecommunication Union (ITU)

## MOBILE WORLD CONGRESS 2016

Botswana, represented by the Ministry of Transport and Communications and BOCRA took part in the Mobile World Congress held in Barcelona, Spain in February 2016. The Mobile World Congress is the world's largest gathering for the mobile industry organised by the Groupe Speciale Mobile Association (GSMA). The Congress attracts GSMA's entire membership comprising nearly 800 operators with almost 300 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors.

In keeping with the Congress' focus, the 2016 event was a display of mobile technologies from virtual reality, new handsets and ingenious app ideas, to 3D printing, privacy protection and backend solutions. Speakers from consumer brands, mobile organisations, mobile operators and industries addressed the mobile market covering advertising, banking, health, NGOs, entertainment and education. In particular the GSMA's Connected Women programme

promoted the use of mobile to deliver digital and financial inclusion for women as well as greater inclusion of women as employees and leaders in the industry.

Participating in the Congress helps both the Government and BOCRA to appreciate upcoming game changing technologies and how they are going to be affecting the industry going forward. The information enables policy formulation and regulation to align with current reality stay relevant in the world of the fast evolving communications technologies.

## ITU TELECOM 2015

BOCRA took part in the ITU Telecom 2015 held in Budapest, Hungary, in October 2015 under the theme "Smart ICTs for Sustainable Development." The event provided a unique global platform for dialogue and exchange of ideas on areas of ICTs/communications such as 5G, Internet of Things (IoT), reaching the last mile, optimal spectrum usage, redesigning public service, scaling ICT entrepreneurship, big data and trust.

Leadership Summit and Forum shared its views and held debates on how best to accelerate ICT innovation, opening up the digital economy to all the world's citizens, and working together to enable digital entrepreneurship as a driving force for socio-economic development. Delegates outlined key priorities and requirements for government policy-makers to provide a vital enabling environment for innovation and private enterprise.

The event culminated with the endorsement of the Budapest Call for Action which emphasised the importance of fostering innovation entrepreneurship and invited all stakeholders to implement innovative solutions, technologies and partnerships aimed at bridging the digital divide and ensuring global connectivity for all.

The Telecom World event allowed BOCRA to keep track of the latest international technology trends and debates and enhanced BOCRA's ability to perform its advisory role to government on communications issues.

## GLOBAL REGULATORS SYMPOSIUM

Since its launch in 2000, the annual Global Symposium for Regulators (GSR) organised by ITU has provided a unique venue for Regulators and policymakers from both developed and developing countries to meet and exchange views and experiences on communications regulation. The meeting fosters open dialogue between Regulators and key ICT stakeholders: the private sector, investors and consumers.

BOCRA took part in the 16th edition of the Global Symposium for Regulators (GSR) held in Sharm el-Sheikh, Egypt, in May 2016. A series of GSR pre-events were held prior to the main event. They included a Thematic Pre-Conference for a Global Dialogue on



Botswana Defence Force delegate to Africa SMS User Group Forum

Digital Financial Inclusion with the support of the Bill & Melinda Gates Foundation and in collaboration with other partners. The Regional Regulatory Associations Meeting and Private Sector Chief Regulatory Officers Meeting was also held. The forum among other important topics addressed challenges on what kind of policy and regulatory frameworks are needed to ensure disruptive technologies bring new opportunities for all in a sustainable manner, how to maintain trust in ICTs in an era of big data, Internet of everything, machine learning and smart digital environments.

GSR offered BOCRA yet another opportunity to share Botswana's regulatory experience and learn from the other regulators on the latest developments including the impact of disruptive technologies.



**Botswana delegation to the World Radio Conference 2015 comprised BOCRA staff: Thapelo Maruping, Deputy Director - Spectrum Management; Basebi Mosinyi, Manager - Spectrum Planning; and Pako Ralehika - Phiri, Acting Director - Legal**

**Source:** International Telecommunication Union (ITU)





# CORPORATE SOCIAL INVESTMENT

IN PURSUIT OF THE VISION 2016 PILLAR OF A “COMPASSIONATE AND CARING NATION” AND IN LINE WITH ITS CORPORATE SOCIAL INVESTMENT, BOCRA MADE DONATIONS TO THE FOLLOWING NON-GOVERNMENTAL ORGANISATIONS WHOSE OBJECTIVES ARE GENERALLY TO COMPLEMENT GOVERNMENT IN ADDRESSING THE NEEDS FOR THE LESS PRIVILEGED MEMBERS OF THE SOCIETY.

## ICT EMPOWERMENT STRATEGY FOR YOUTH, WOMEN AND PEOPLE WITH DISABILITIES (WYPWDS)

BOCRA, through the Ministry of Transport and Communications, sponsored the development of an ICT Empowerment Strategy for Youth, Women and People with Disabilities to the tune of P1,573,155.00. Recognising the opportunities that ICTs hold for all Botswana, the Strategy seeks to foster inclusiveness and has the following broad objectives:

- Provide guidance for the ICT sector to effectively respond to the needs and aspirations of the affected groups in the development of ICT programs, applications and services;
- Promote involvement in the decision making processes by integrating the issues of WYPWDS into all development programs at all levels and within all sectors through policy and legislative amendments;
- Address the physical, institutional and attitudinal barriers at societal

level that create inequalities for the affected groups; and

- Empower the groups to derive and build upon the intrinsic resources of human beings and their inner-potential to take charge of their own destiny.

The Strategy expected to facilitate coordination of all available support and initiatives in order to leverage on the growth and employment opportunities presented by ICTs for the target groups. The identifies ten (10) Key Results Areas that clearly articulates what needs to be done. Implementation of the Strategy is expected to ensue during the next reporting period.

## CHRISTMAS PARTY – SBRANA PSYCHIATRIC HOSPITAL

In line with Vision 2016 Pillar of being a “Compassionate and Caring Nation,” BOCRA hosted a Christmas party in honour of Sbrana Psychiatric Hospital in Lobatse on 15 December 2016. The party was held to celebrate Christmas with the patients and hospital staff in appreciation of the

important work that the hospital is doing in rehabilitating patients with psychiatric challenges.

BOCRA donated hampers of toiletry comprising sanitary pads, toothpaste, washing rags, bath soap and deodorants to 200 patients at a cost of P30,000.00. In addition, BOCRA supplied snacks and refreshments for the party that lasted three hours starting and at oghoo and ending at 12h00.

## Y-CARE CHARITABLE TRUST

BOCRA also sponsored Y-Care Charitable Trust for the Chairman Marathon that covered 420 kilometres in seven (7) days in an effort to raise funds for diabetes courses. The marathon started in Francistown and ended in Gaborone. BOCRA staff member, Peter Tladinyane, joined the marathon in Mahalapye and covered a distance of 200 kilometres. Bathopi Luke joined the marathon in Rasesa and covered a distance of 34 kilometres while Lizzy Tsheko joined the marathon in Phakalane and covered a distance of 15 kilometres.

**Table 36: BOCRA Corporate Social Investment Initiatives**

Beneficiary	Amount
ICTs for various beneficiaries	1 032 692
Sponsorship to Charitable Foundations	217 500
Conference Sponsorships	185 000
Organisations for People with Disabilities	240 272
Sponsorship for Development of ICT Empowerment Strategy for Youth, Women and PWDs	P1 573 155





BOCRA held a Christmas party for Sbrana Psychiatric Hospital.

# HUMAN RESOURCES MANAGEMENT

THE MANAGEMENT AND THE UNION ACHIEVED IMPORTANT MILESTONES DURING THE PERIOD UNDER REVIEW. THE GENERAL CONDITIONS OF SERVICE AND COLLECTIVE LABOUR AGREEMENT (CLA) WERE AGREED AND CONCLUDED BY THE TWO PARTIES.

The Collective Labour Agreement prescribes the rules of engagement applicable between Management and the Union on all issues of consultative and negotiation nature. The document has been endorsed by the Commissioner of Labour as aligned to Botswana Labour laws and practice.

In addition, a number of initiatives were set in motion during the period under review; namely: Employee Engagement Survey, talent management and succession planning as well as Value Planting and Organisational Culture workshop. All these initiatives are geared at creating and maintaining a high performance culture for BOCRA.

## TRAINING AND DEVELOPMENT

Seven employees went on long term training pursuing various programs. Of the seven employees, five (5) are undergoing postgraduate development programs while one is pursuing undergraduate development program while the other one was pursuing Certificate

program. The six post graduate programs are as follows:

- MSc Cyber Security;
- MSc FT Telecommunications and Wireless Systems Management;
- MSc Accounting and Financial Management;
- Masters in Global Information and Telecommunications Technology Program (GITTP); and
- MA ICT Policy and Regulation.

One undergraduate programme is on Business Administration and the Certificate one in Archives and Records Management

Six (6) employees were trained on Diploma in Telecommunications Management.

## STAFF ESTABLISHMENT

At the end of March 2016, there were eighty-nine (89) employees, an increase of six (6) from the March 2015 figure as per the following movements

**Table 37: Staff Complement**

	No.
Staff in Post as at March 2015	83
Staff Recruited	14
Attrition	8
Total as at March 2016	89

**A total of fourteen new employees were recruited and eight employees left the organisation. Recruitments were made for the following positions:**

- Officer, Media and Content (x2)
- Licensing Officer-Business Development (x2)
- Senior Secretary
- Licensing Officer-Postal (x3)
- Procurement Officer
- Accountant
- Legal
- HR Officer
- IT Officer
- Engineer



BOCRA staff wellness activities.



# ANNUAL FINANCIAL STATEMENTS

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**BOCRA**  
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BOTSWANA COMMUNICATIONS  
REGULATORY AUTHORITY

PLOT NO. 50671  
INDEPENDENCE AVENUE  
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## General Information

**Country of incorporation and domicile** Botswana

**Nature of business and principal activities**

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

**Members of the Board**

Mr. Peter McClean Van Riet-Lowe (Chairperson)  
Mr. Thapelo Kalake  
Mr. Monametsi Kalayamotho  
Major General Bakwena Oitsile  
Mr. Joseph M. Matome  
Mr. Onkagetse Pusoentsi  
Mrs. Wilhemina T. Makwinja  
Mr. Thari G. Pheko - Chief Executive (ex-officio)

**Registered office**

Lot 50671  
Independence Avenue  
Extension 5  
Gaborone  
Botswana

**Postal address**

Private Bag 00495  
Gaborone  
Botswana

**Bankers**

First National Bank of Botswana Limited  
Barclays Bank of Botswana Limited  
Standard Chartered Bank Botswana Limited  
Bank of Baroda (Botswana) Limited  
Stanbic Bank of Botswana Limited

**Auditors**

PricewaterhouseCoopers

**Secretary**

Ms. Pako Ralehika-Phiri

**Chief Executive**

Mr. Thari G Pheko

**Functional Currency**

Botswana Pula ('P') and is rounded to the nearest Pula

# Board Members' Report

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

## 1. Review of activities

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

The operating results and state of affairs of the Group and Authority are fully set out in the attached annual financial statements and do not in our opinion require any further comment. Net surplus of the Group was P 43,586,282 (2015: P 109,745,152) and for Authority was P 11,398,260 (2015: P 31,656,305).

## 2. Accounting policies

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

## 3. Members interest in contracts

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

## 4. Members

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

Mr. Peter McClean Van Riet-Lowe – Chairperson – (Appointed on 1 July 2015)

Mr. Thapelo Kalake – Member – (Appointed on 1 July 2015)

Mr. Monametsi Kalayamotho – Member – (Appointed on 1 July 2015)

Major General Bakwena Oitsile – Member – (Appointed on 1 July 2015)

Mr. Joseph M. Matome – Member – (Appointed on 1 July 2015)

Mr. Onkagetse Pusoentsi – Member – (Appointed on 1 July 2015)

Mrs. Wilhemina T. Makwinja – Member – (Appointed on 1 July 2015)

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

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

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

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

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

The members have reviewed the Group and Authority's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 77 to 115 and the supplementary information disclosed on pages 116 and 117 which have been prepared on the going concern basis, were approved by the board on 15 September 2016 and were signed on its behalf by:



Chairperson

**Mr. Peter van Riet-Lowe**

Gaborone



Chief Executive

**Mr. Thari G. Pheko**

# Independent Auditor's Report

To the members of Botswana Communications Regulatory Authority

## Report on the Financial Statements

We have audited the Group annual financial statements of Botswana Communications Regulatory Authority, which comprise the consolidated and separate statements of financial position as at 31 March 2016, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 77 to 115.

## Members' Responsibility for the Financial Statements

The Members of the Board are responsible for the preparation of consolidated and separate annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the members' determine is necessary to enable the preparation of consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 of annual financial statements that give a true and fair view 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 consolidated and separate annual financial statements give a true and fair view of the consolidated and separate financial position of Botswana Communications Regulatory Authority as at 31 March 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Communications Regulatory Authority Act, 2012.

## Report on Other Legal and Regulatory Requirements

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

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

**Individual practicing member:** Sheyan Edirisinghe

**Membership number:** 20030048

Gaborone

Date: 23 September 2016



# Statement of Financial Position

As at 31 March 2016

		Group		Authority	
	Note	2016 P	2015 P	2016 P	2015 P
<b>Assets</b>					
<b>Non-Current Assets</b>					
Investment property	3	9,000,000	9,000,000	9,000,000	9,000,000
Property, plant and equipment	4	138,869,828	148,192,164	137,833,824	148,160,646
		<b>147,869,828</b>	<b>157,192,164</b>	<b>146,833,824</b>	<b>157,160,646</b>
<b>Current Assets</b>					
Trade and other receivables	6	54,955,294	39,185,057	37,316,195	29,017,384
Cash and cash equivalents	7	265,201,802	227,210,562	153,773,005	143,236,104
		<b>320,157,096</b>	<b>266,395,619</b>	<b>191,089,200</b>	<b>172,253,488</b>
<b>Total Assets</b>		<b>468,026,924</b>	<b>423,587,783</b>	<b>337,923,024</b>	<b>329,414,134</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Accumulated surplus		414,091,827	378,161,576	283,987,927	283,987,927
Universal Access and Service Fund	9	28,548,695	23,742,229	-	-
		<b>442,640,522</b>	<b>401,903,805</b>	<b>283,987,927</b>	<b>283,987,927</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade and other payables	10	22,536,837	13,769,902	22,536,837	13,769,902
Dividend payable	8	2,849,565	7,914,076	2,849,565	7,914,076
Universal Access and Service Fund	9	-	-	28,548,695	23,742,229
		<b>25,386,402</b>	<b>21,683,978</b>	<b>53,935,097</b>	<b>45,426,207</b>
<b>Total Equity and Liabilities</b>		<b>468,026,924</b>	<b>423,587,783</b>	<b>337,923,024</b>	<b>329,414,134</b>



# Statement of Comprehensive Income

For the year ended 31 March 2016

	Note	Group		Authority	
		2016 P	2015 P	2016 P	2015 P
Revenue	12	164,397,856	155,879,792	123,365,634	117,364,737
Other income		585,982	49,110,232	570,302	11,960,079
Operating expenses	13	(133,375,871)	(108,149,095)	(120,627,460)	(108,067,120)
<b>Surplus for the year before finance income</b>	14	<b>31,607,967</b>	<b>96,840,929</b>	<b>3,308,476</b>	<b>21,257,696</b>
Finance income	15	11,978,315	11,904,223	8,089,784	9,398,609
Fair value adjustments	16	-	1,000,000	-	1,000,000
<b>Surplus for the year</b>		<b>43,586,282</b>	<b>109,745,152</b>	<b>11,398,260</b>	<b>31,656,305</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>43,586,282</b>	<b>109,745,152</b>	<b>11,398,260</b>	<b>31,656,305</b>

# Statement of Cash Flows

For the year ended 31 March 2016

	Note	Group		Authority	
		2016 P	2015 P	2016 P	2015 P
<b>Cash flows from operating activities</b>					
Cash generated from operations	18	43,333,204	86,348,754	22,440,157	20,931,824
<b>Net cash generated from operating activities</b>		<b>43,333,204</b>	<b>86,348,754</b>	<b>22,440,157</b>	<b>20,931,824</b>
<b>Cash flows from investing activities</b>					
Finance income		11,978,315	11,904,223	8,089,784	9,398,609
Purchase of property, plant and equipment	4	(9,554,508)	(49,330,049)	(8,485,040)	(49,297,161)
Proceeds from sale of property, plant and equipment	4	148,305	13,670,198	148,305	13,670,198
<b>Net cash generated from / (used in) investing activities</b>		<b>2,572,112</b>	<b>(23,755,628)</b>	<b>(246,951)</b>	<b>(26,228,354)</b>
<b>Cash flows from financing activities</b>					
Amount (paid) to/ received from Botswana Government - Universal Access and Service Fund		-	(37,352,734)	-	(37,352,734)
Excess of income over expenditure transferred to Universal Access and Service Fund		-	-	-	(16,084,802)
Amount paid to Universal Access and Service Fund Trust		-	-	(3,742,229)	-
Dividends paid to Botswana Government		(7,914,076)	(12,028,268)	(7,914,076)	(12,028,268)
<b>Net cash used in financing activities</b>		<b>(7,914,076)</b>	<b>(49,381,002)</b>	<b>(11,656,305)</b>	<b>(65,465,804)</b>
<b>Total cash and cash equivalents movement for the year</b>		<b>37,991,240</b>	<b>13,212,124</b>	<b>10,536,901</b>	<b>(70,762,334)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>227,210,562</b>	<b>213,998,438</b>	<b>143,236,104</b>	<b>213,998,438</b>
<b>Total cash and cash equivalents at end of year</b>	7	<b>265,201,802</b>	<b>227,210,562</b>	<b>153,773,005</b>	<b>143,236,104</b>

# Statement of Changes in Equity

For the year ended 31 March 2016

	Surplus allocated towards Universal Access and Service Fund P	Total Reserves P	Accumulated Surplus P	Total Equity P
<b>Authority</b>				
<b>Balance at 01 April 2014</b>	<b>36,084,802</b>	<b>36,084,802</b>	<b>263,987,927</b>	<b>300,072,729</b>
Surplus for the year	-	-	31,656,305	31,656,305
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>31,656,305</b>	<b>31,656,305</b>
Excess of income over expenditure paid to the Universal Access and Service Fund Trust	(16,084,802)	(16,084,802)	-	(16,084,802)
Funds transferred to accumulated surplus for development activities	(20,000,000)	(20,000,000)	20,000,000	-
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	-	-	(23,742,229)	(23,742,229)
Dividend payable to Botswana Government	-	-	(7,914,076)	(7,914,076)
<b>Total transactions with owners</b>	<b>(36,084,802)</b>	<b>(36,084,802)</b>	<b>(11,656,305)</b>	<b>(47,741,107)</b>
<b>Balance as at 31 March 2015</b>	<b>-</b>	<b>-</b>	<b>283,987,927</b>	<b>283,987,927</b>
Note(s)	9			
<b>Authority</b>				
<b>Balance at 01 April 2015</b>	<b>-</b>	<b>-</b>	<b>283,987,927</b>	<b>283,987,927</b>
Surplus for the year	-	-	11,398,260	11,398,260
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>11,398,260</b>	<b>11,398,260</b>
Excess of income over expenditure paid to the Universal Access and Service Fund Trust	-	-	-	-
Funds transferred to accumulated surplus for development activities	-	-	-	-
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	-	-	(8,548,695)	(8,548,695)
Surplus for the year allocated towards development expenses for subsequent period	-	-	-	-
Dividend payable to Botswana Government	-	-	(2,849,565)	(2,849,565)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(11,398,260)</b>	<b>(11,398,260)</b>
<b>Balance as at 31 March 2016</b>	<b>-</b>	<b>-</b>	<b>283,987,927</b>	<b>283,987,927</b>
Note(s)	9			



# Statement of Changes in Equity (continued)

For the year ended 31 March 2016

	Surplus allocated towards Universal Access and Service Fund P	Total Reserves P	Accumulated Surplus P	Total Equity P
<b>Group</b>				
<b>Balance at 01 April 2014</b>	<b>36,084,802</b>	<b>36,084,802</b>	<b>263,987,927</b>	<b>300,072,729</b>
Surplus for the year	-	-	109,745,152	109,745,152
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>109,745,152</b>	<b>109,745,152</b>
Excess of income over expenditure paid to the Universal Access and Service Fund Trust	(16,084,802)	(16,084,802)	16,084,802	-
Funds transferred to accumulated surplus for development activities	(20,000,000)	(20,000,000)	20,000,000	-
Transfer from accumulated surplus	23,742,229	23,742,229	(23,742,229)	-
Dividend payable to Botswana Government	-	-	(7,914,076)	(7,914,076)
<b>Total transactions with owners</b>	<b>(12,342,573)</b>	<b>(12,342,573)</b>	<b>4,428,497</b>	<b>(7,914,076)</b>
<b>Balance as at 31 March 2015</b>	<b>23,742,229</b>	<b>23,742,229</b>	<b>378,161,576</b>	<b>401,903,805</b>
Note(s)	9			
<b>Group</b>				
<b>Balance at 01 April 2015</b>	<b>23,742,229</b>	<b>23,742,229</b>	<b>378,161,576</b>	<b>401,903,805</b>
Surplus for the year	-	-	43,586,282	43,586,282
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>23,742,229</b>	<b>23,742,229</b>	<b>43,586,282</b>	<b>43,586,282</b>
Excess of income over expenditure paid to the Universal Access and Service Fund Trust	(3,742,229)	(3,742,229)	3,742,229	-
Funds transferred to accumulated surplus for development activities	-	-	-	-
Transfer from accumulated surplus	8,548,695	8,548,695	(8,548,695)	-
Dividend payable to Botswana Government	-	-	(2,849,565)	(2,849,565)
<b>Total transactions with owners</b>	<b>4,806,466</b>	<b>4,806,466</b>	<b>(7,656,031)</b>	<b>(2,849,565)</b>
<b>Balance as at 31 March 2016</b>	<b>28,548,695</b>	<b>28,548,695</b>	<b>414,091,827</b>	<b>442,640,522</b>
Note(s)	9			

# Accounting Policies

## General information

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

The consolidated Group and Separate annual financial statements set out on pages 77 to 115 have been approved by the board on 15 September 2016.

## 1. Presentation of Annual Financial Statements

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

### 1.1 Significant judgements and sources of estimation uncertainty

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

#### Trade receivables

The Group reviews its debtors to assess impairment on a continuous basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is measurable decrease in estimated cash flows from debtors. Management uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### Fair value estimation

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 Group for similar financial instruments.

Fair values of investment properties are determined by a professional external valuer using market related assumptions including yield capitalisation method, discounted future cash flows of rental income etc. based on the type of property and area. Market conditions include transactions that have been carried out at a date as close as possible to the valuation dates. Where external valuers are not involved, management estimates fair value based on similar workings.

#### Impairment testing

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

## Accounting Policies (continued)

### Impairment testing (continued)

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

### Contingent liabilities

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

### Useful life and residual values of property, plant and equipment

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

## 1.2 Consolidation

### a) Subsidiaries

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

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

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

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

# Accounting Policies (continued)

## 1.2 Consolidation (continued)

### Transactions eliminated on consolidation

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

## 1.3 Investment property

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

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

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

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

## 1.4 Property, plant and equipment

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

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

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

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

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

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

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



## Accounting Policies (continued)

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

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

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

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

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

### 1.5 Financial instruments

#### Classification

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

- Loans and receivables
- Financial liabilities measured at amortised cost

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

#### Initial recognition and measurement

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

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

Financial instruments are measured initially at fair value.

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

#### Subsequent measurement

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

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

## Accounting Policies (continued)

### 1.5 Financial instruments (continued)

#### Derecognition

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

#### Impairment of financial assets

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

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

Impairment losses are recognised in the statement of comprehensive income.

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

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

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

#### Trade and other receivables

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

## Accounting Policies (continued)

### 1.5 Financial instruments (continued)

#### Trade and other payables

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

#### Cash and cash equivalents

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

### 1.6 Tax

#### Tax expenses

No provision for taxation is required as the Authority is exempt from taxation in terms of Second Schedule, Part 1 of the Income Tax Act (Cap 52:01). However, the Authority will now be liable for tax with effect from 1 April 2016 in terms of the new regulation Second Schedule, Part 1 of the Income Tax (Amendment) Act (Act No.14 of 2015).

### 1.7 Leases

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

#### Operating leases - lessor

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

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

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

#### Operating leases – lessee

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

### 1.8 Impairment of assets

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

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

## Accounting Policies (continued)

### 1.8 Impairment of assets (continued)

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

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

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

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

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

### 1.9 Employee benefits

#### Short-term employee benefits

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

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

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

### 1.10 Provisions and contingencies

Provisions are recognised when:

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

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.



## Accounting Policies (continued)

### 1.10 Provisions and contingencies (continued)

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

### 1.11 Revenue

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

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

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

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

### 1.12 Related party transactions

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

### 1.13 Translation of foreign currencies

#### Foreign currency transactions

#### Functional and presentation currency

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

#### Transactions and balances

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

## Accounting Policies (continued)

### 2. Basis of preparation

**(a) New and amended standards effective for the first time for 31 March 2016 year-end but not applicable to the Group and Authority:**

**Amendment to IAS 19, "Employee benefits", regarding defined benefit plans (effective 01 July 2014):** These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

**(b) Standards, amendments and interpretations to existing standards issued but not effective for 31 March 2016 year-end and have not been early adopted by the Group and Authority:**

**Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative (effective 1 January 2016):** In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

**Amendment to IAS 7 – Cash flow statements (effective 1 January 2017):** In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

**IFRS 15 – Revenue from contracts with customers (effective 1 January 2018):** The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.

**IFRS 9 – Financial Instruments (2009 & 2010) - (effective 1 January 2018):** This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

**Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets (effective 1 January 2016):** The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures.

## Accounting Policies (continued)

### **Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets (effective 1 January 2016) (continued)**

The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

**Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption (effective 1 January 2016):** The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

**Amendment to IAS 12 – Income taxes (effective 1 January 2017):** The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets.

**IFRS 16 – Leases (effective 1 January 2019):** After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

### **(c) Standards, amendments and interpretations to existing standards issued but not effective for 31 March 2016 year-end and not relevant to the Group and Authority:**

**Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation (effective 1 January 2016):** This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

**Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants (effective 1 January 2016):** In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41.

## Accounting Policies (continued)

### 2. Basis of preparation (continued)

**(c) Standards, amendments and interpretations to existing standards issued but not effective for 31 March 2016 year-end and not relevant to the Group and Authority (continued):**

**IFRS 14 – Regulatory deferral accounts (effective 1 January 2016):** The IASB has issued IFRS 14, 'Regulatory deferral accounts' specific to first time adopters ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.

**Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation. (effective 1 January 2016):** In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

**Amendments to IAS 27, 'Separate financial statements' on equity accounting (effective 1 January 2016):** In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

**Amendment to IFRS 9 - 'Financial instruments', on general hedge accounting (effective 1 January 2018):** The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.

## Notes to the financial statements

For the year ended 31 March 2016

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
<b>3. Investment property</b>				
Valuation	9,000,000	9,000,000	9,000,000	9,000,000
Carrying value	9,000,000	9,000,000	9,000,000	9,000,000
<b>Reconciliation of investment property</b>				
<b>Investment property</b>				
Opening balance	9,000,000	8,000,000	9,000,000	8,000,000
Fair value adjustment	-	1,000,000	-	1,000,000
<b>Closing balance</b>	<b>9,000,000</b>	<b>9,000,000</b>	<b>9,000,000</b>	<b>9,000,000</b>

### Details of valuation

The effective date of the revaluation was 4 July 2016. Revaluation was performed by an independent valuer, Ms Bonolo K. Moeletsi [Bsc. Property Studies (UCT) MREIB, MREAC], 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 9,000,000 by Stocker Fleetwood Bird, professional property valuers on 4 July 2016. 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. Management is of the opinion that there has been no material change in the economic scenario in the country between the valuation date and the reporting date.

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
<b>Amounts recognised in surplus or deficit for the year</b>				
Rental income from investment property	495,495	380,462	495,495	380,462
Repairs and maintenance of the investment property	(93,263)	(110,800)	(93,263)	(110,800)





## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 4. Property, Plant and Equipment

	2016			2015		
	Cost	Accumulated Depreciation and impairment	Carrying Value	Cost	Accumulated Depreciation and Impairment	Carrying Value
	P	P	P	P	P	P
<b>Group</b>						
Buildings	49,000,379	(7,634,887)	41,365,492	48,966,688	(6,655,329)	42,311,359
Furniture and fixtures	12,338,166	(5,744,495)	6,593,671	11,452,537	(4,398,256)	7,054,281
IT equipment	11,309,202	(9,291,467)	2,017,735	10,872,720	(8,304,284)	2,568,436
Land	2,135,700	-	2,135,700	2,135,700	-	2,135,700
Motor vehicles	5,082,467	(2,628,760)	2,453,707	3,630,169	(2,071,108)	1,559,061
Office equipment	13,280,657	(6,870,898)	6,409,759	7,830,689	(5,901,843)	1,928,846
Technical equipment (ASMS)	139,799,126	(62,019,934)	77,779,192	141,161,987	(50,701,218)	90,460,769
Capital work-in-progress	114,572	-	114,572	173,712	-	173,712
<b>Total</b>	<b>233,060,269</b>	<b>(94,190,441)</b>	<b>138,869,828</b>	<b>226,224,202</b>	<b>(78,032,038)</b>	<b>148,192,164</b>

# Notes to the financial statements (continued)

For the year ended 31 March 2016

## 4. Property, Plant and Equipment (continued)

### Reconciliation of property, plant and equipment 2015

	Opening Balance P	Additions P	Transfers P	Disposals/ Write-off P	Depreciation P	Impairment P	Total P
<b>Group</b>							
Buildings	26,931,023	-	16,429,403	(32,585)	(1,016,482)	-	42,311,359
Furniture and fixtures	1,285,242	1,024,405	5,779,969	(29,487)	(1,005,848)	-	7,054,281
IT equipment	1,618,563	1,363,794	1,391,016	(3)	(1,804,934)	-	2,568,436
Land	2,135,700	-	-	-	-	-	2,135,700
Motor vehicles	1,567,744	958,220	-	-	(966,903)	-	1,559,061
Office equipment	601,817	192,695	1,548,695	(8,001)	(406,360)	-	1,928,846
Technical equipment (ASMS)	65,396,553	10,132,006	26,896,916	(2,583,266)	(9,381,440)	-	90,460,769
Capital work -in-progress	16,560,782	35,658,929	(52,045,999)	-	-	-	173,712
<b>Total</b>	<b>116,097,424</b>	<b>49,330,049</b>	<b>-</b>	<b>(2,653,342)</b>	<b>(14,581,967)</b>	<b>-</b>	<b>148,192,164</b>



## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 4. Property, Plant and Equipment (continued)

#### Reconciliation of property, plant and equipment 2016

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

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 4. Property, Plant and Equipment (continued)

	2016			2015		
	Cost	Accumulated Depreciation and Impairment	Carrying Value	Cost	Accumulated Depreciation and Impairment	Carrying Value
	P	P	P	P	P	P
<b>Authority</b>						
Buildings	49,000,379	(7,634,887)	41,365,492	48,966,688	(6,655,329)	42,311,359
Furniture and fixtures	12,338,166	(5,744,495)	6,593,671	11,452,537	(4,398,256)	7,054,281
IT equipment	11,265,338	(9,269,219)	1,996,119	10,839,832	(8,302,914)	2,536,918
Land	2,135,700	-	2,135,700	2,135,700	-	2,135,700
Motor vehicles	4,023,975	(2,584,656)	1,439,319	3,630,169	(2,071,108)	1,559,061
Office equipment	13,280,657	(6,870,898)	6,409,759	7,830,689	(5,901,843)	1,928,846
Technical equipment (ASMS)	139,799,126	(62,019,934)	77,779,192	141,161,987	(50,701,218)	90,460,769
Capital work- in-progress	114,572	-	114,572	173,712	-	173,712
<b>Total</b>	<b>231,957,913</b>	<b>(94,124,089)</b>	<b>137,833,824</b>	<b>226,191,314</b>	<b>(78,030,668)</b>	<b>148,160,646</b>



## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 4. Property, Plant and Equipment (continued)

#### Reconciliation of property, plant and equipment 2016

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



# Notes to the financial statements (continued)

For the year ended 31 March 2016

## 4. Property, Plant and Equipment (continued)

### Reconciliation of property, plant and equipment 2015

	Opening Balance P	Additions P	Transfers P	Disposals/ Write-off P	Depreciation P	Impairment P	Total P
<b>Authority</b>							
Buildings	26,931,023	-	16,429,403	(32,585)	(1,016,482)	-	42,311,359
Furniture and fixtures	1,285,242	1,024,405	5,779,969	(29,487)	(1,005,848)	-	7,054,281
IT equipment	1,618,563	1,330,906	1,391,016	(3)	(1,803,564)	-	2,536,918
Land	2,135,700	-	-	-	-	-	2,135,700
Motor vehicles	1,567,744	958,220	-	-	(966,903)	-	1,559,061
Office equipment	601,817	192,695	1,548,695	(8,001)	(406,360)	-	1,928,846
Technical equipment (ASMS)	65,396,553	10,132,006	26,896,916	(2,583,266)	(9,381,440)	-	90,460,769
Capital work- in-progress	16,560,782	35,658,929	(52,045,999)	-	-	-	173,712
	<b>116,097,424</b>	<b>49,297,161</b>	<b>-</b>	<b>(2,653,342)</b>	<b>(14,580,597)</b>	<b>-</b>	<b>148,160,646</b>

## Notes to the financial statements (continued)

For the year ended 31 March 2016

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
<b>5. Financial assets by category</b>				
<b>Loans and Receivables</b>				
Trade and other receivables	53,316,901	37,832,895	35,677,802	27,665,222
Cash and cash equivalents	265,201,802	227,210,562	153,773,005	143,236,104
	<b>318,518,703</b>	<b>265,043,457</b>	<b>189,450,807</b>	<b>170,901,326</b>

### Credit quality of financial assets

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

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

	Ratings				
Trade receivables	Group 1	-	10,974,295	-	895,080
	Group 2	35,700,453	21,001,099	20,498,848	21,001,099
Receivable from CRASA	Not rated	354,004	1,201,415	354,004	1,201,415
Staff debtors	Not rated	171,556	151,230	171,556	151,230
Cash at bank and Short-term deposits	Not rated	265,199,802	227,210,062	153,771,005	143,235,604

### Key:

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

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

## Notes to the financial statements (continued)

For the year ended 31 March 2016

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
<b>6. Trade and other receivables</b>				
Trade receivables	54,045,173	35,913,023	34,429,228	25,745,350
Less: Impairment	(2,172,590)	(1,476,624)	(2,172,590)	(1,476,624)
Trade receivables (net)	51,872,583	34,436,399	32,256,638	24,268,726
Other receivables	918,758	2,043,851	2,895,604	2,043,851
Deposits	153,926	52,480	153,926	52,480
Staff debtors	171,556	151,230	171,556	151,230
Receivable from CRASA	354,004	1,201,415	354,004	1,201,415
VAT receivable	-	541,487	-	541,487
Prepayments	1,484,467	758,195	1,484,467	758,195
	<b>54,955,294</b>	<b>39,185,057</b>	<b>37,316,195</b>	<b>29,017,384</b>
<b>Fair value of trade and other receivables</b>				
Trade and other receivables	54,955,294	39,185,057	37,316,195	29,017,384
The carrying amount of trade and other receivables are denominated in Botswana Pula and approximates the fair value due to their short-term nature. Trade debtors are unsecured and do not attract interest.				
Trade receivables which are fully performing	35,700,453	31,975,394	20,498,848	21,896,179

## Notes to the financial statements (continued)

For the year ended 31 March 2016

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

#### Trade and other receivables past due but not impaired (continued)

Trade receivables past due are not considered to be impaired. Past due is when an invoice remains outstanding beyond 90 days.

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

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
0-3 months	14,677,754	873,901	10,932,129	785,442
more than 3 months	1,494,376	1,587,105	825,661	1,587,105
	<b>16,172,130</b>	<b>2,461,006</b>	<b>11,757,790</b>	<b>2,372,547</b>

#### Trade receivables impaired

As of 31 March 2016, trade and other receivables of P2,172,590 (2015: P1,476,624) were impaired and provided for.

The ageing of these receivables is as follows:

0-3 months	439,998	178,695	439,998	178,695
more than 3 months	1,732,592	1,297,929	1,732,592	1,297,929
	<b>2,172,590</b>	<b>1,476,624</b>	<b>2,172,590</b>	<b>1,476,624</b>

#### Reconciliation of provision for impairment of trade and other receivables

Opening balance	1,476,624	1,540,186	1,476,624	1,540,186
Provision for impairment	750,345	428,744	750,345	428,744
Amounts recovered	(54,379)	(492,306)	(54,379)	(492,306)
	<b>2,172,590</b>	<b>1,476,624</b>	<b>2,172,590</b>	<b>1,476,624</b>

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

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

# Notes to the financial statements (continued)

For the year ended 31 March 2016

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
<b>7. Cash and cash equivalents</b>				
Cash on hand	2,000	500	2,000	500
Bank balances	42,302,168	51,263,448	14,047,620	6,258,855
Short-term deposits	222,897,634	175,946,614	139,723,385	136,976,749
	<b>265,201,802</b>	<b>227,210,562</b>	<b>153,773,005</b>	<b>143,236,104</b>
For the purpose of the cash flow statement the year-end cash and cash equivalents comprise of following;				
Cash on hand	2,000	500	2,000	500
Bank balances	42,302,168	51,263,448	14,047,620	6,258,855
Short-term deposits	222,897,634	175,946,614	139,723,385	136,976,749
	<b>265,201,802</b>	<b>227,210,562</b>	<b>153,773,005</b>	<b>143,236,104</b>
<b>8. Dividends payable</b>				
The saving gram notification by the Government of Botswana approves the distribution of 25% of the Authority's annual surplus for the year as dividend to the Government of Botswana.				
Accordingly, the Authority has apportioned from its Accumulated Surplus as dividend payable.	2,849,565	7,914,076	2,849,565	7,914,076



## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 9. Universal Access and Service Fund

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
Opening balance	23,742,229	-	23,742,229	36,084,802
Transferred to accumulated surplus for utilisation in operation activities as approved by the Minister under section 29 (4)	-	-	-	(20,000,000)
Transfer from accumulated surplus	8,548,695	23,742,229	-	-
Amount paid during the year to Universal Access and Service Fund Trust	(3,742,229)	-	(3,742,229)	-
Amount Transferred to the trust account	-	-	-	(16,084,802)
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	-	-	8,548,695	23,742,229
<b>Closing balance</b>	<b>28,548,695</b>	<b>23,742,229</b>	<b>28,548,695</b>	<b>23,742,229</b>

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

Universal Access and Service Fund Trust came in to existence in April 2014 and consolidated for Group reporting purposes therefore the surplus less dividend payable to Botswana Government has been classified as a liability for Authority and classified as reserve for the Group.

# Notes to the financial statements (continued)

For the year ended 31 March 2016

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
<b>10. Trade and other payables</b>				
Trade payables	2,148,711	1,833,132	2,148,711	1,833,132
VAT payable	595,545	-	595,545	-
Employee cost accruals	6,269,015	8,115,667	6,269,015	8,115,667
Other accrued expenses	11,526,750	1,504,603	11,526,750	1,504,603
Deposits received	59,667	51,409	59,667	51,409
Other payables	1,937,149	2,265,091	1,937,149	2,265,091
	<b>22,536,837</b>	<b>13,769,902</b>	<b>22,536,837</b>	<b>13,769,902</b>
The carrying value of trade and other payables approximate the fair value due to their short-term nature.				
<b>11. Financial liabilities by category</b>				
The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial liabilities in each category are as follows:				
<b>Financial liabilities at amortised cost</b>				
Universal Access and Service Fund Trust	-	-	28,548,695	23,742,229
Trade and other payables	15,672,277	5,654,234	15,672,277	5,654,234
Dividend payable	2,849,565	7,914,076	2,849,565	7,914,076
	<b>18,521,842</b>	<b>13,568,310</b>	<b>47,070,537</b>	<b>37,310,539</b>
<b>12. Revenue</b>				
Turnover fees - Telecommunications	95,545,590	91,472,335	95,545,590	91,472,335
Turnover fees - Postal	1,064,264	(191,988)	1,064,264	(191,988)
Turnover fees -Broadcasting	314,191	304,104	314,191	304,104
Radio license fees	18,081,093	17,128,208	18,081,093	17,128,208
System license fees	6,182,391	5,926,270	6,182,391	5,926,270
Service license fees	1,477,298	1,411,202	1,477,298	1,411,202
UASF Levy	41,032,222	38,515,055	-	-
Others	700,807	1,314,606	700,807	1,314,606
	<b>164,397,856</b>	<b>155,879,792</b>	<b>123,365,634</b>	<b>117,364,737</b>



## Notes to the financial statements (continued)

For the year ended 31 March 2016

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
<b>13. Operating expenses</b>				
<b>Major categories of operating expenses:</b>				
Employee costs	52,840,130	50,277,708	52,840,130	50,277,708
Depreciation, amortisation and impairments	17,377,708	14,581,967	17,312,726	14,580,597
Impairments on receivables	695,966	428,744	695,966	428,744
Impairments on plant and equipment	1,362,861	-	1,362,861	-
Consulting and professional fees	13,755,140	1,109,978	12,343,584	1,109,978
Project expenses	9,433,155	-	-	-
Conference expenses	5,040,172	3,439,095	4,097,346	3,439,095
Travel expenses	3,255,158	4,265,940	3,255,158	4,265,940
Repairs and maintenance	5,286,853	2,920,458	5,284,220	2,920,458
Security charges	2,239,603	2,219,778	2,239,603	2,219,778
Training	2,694,878	1,677,822	2,694,878	1,677,822
Internet charges	2,192,278	1,800,707	2,192,278	1,800,707
Advertising	2,141,517	3,213,358	2,124,005	3,213,358
Donations	2,885,536	3,631,507	2,885,536	3,631,507
Board expenses	1,560,075	2,118,518	791,169	2,039,063
Legal expenses	-	5,111,275	-	5,111,275
Digital Migration	-	1,121,204	-	1,121,204
Other expenses	10,614,841	10,231,036	10,508,000	10,229,886
	<b>133,375,871</b>	<b>108,149,095</b>	<b>120,627,460</b>	<b>108,067,120</b>

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 14. Surplus for the year before finance income for the year is stated after accounting for the following:

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
Profit on sale of property, plant and equipment	12,030	11,016,856	12,030	11,016,856
Impairment on plant and equipment	1,362,861	-	1,362,861	-
Depreciation on property, plant and equipment	17,377,708	14,581,967	17,312,726	14,580,597
Employee costs (refer note (a) below)	52,840,130	50,277,708	52,840,130	50,277,708
(a) Employee costs:				
Salary and wages	39,470,340	38,315,340	39,470,340	38,315,340
Pension - defined contribution plan	3,879,845	1,723,178	3,879,845	1,723,178
Other employee benefits	9,489,945	10,239,190	9,489,945	10,239,190
	<b>52,840,130</b>	<b>50,277,708</b>	<b>52,840,130</b>	<b>50,277,708</b>
Average number of employees	89	83	89	83
<b>Impairment of financial assets per class</b>				
Loans and receivables	750,345	428,744	750,345	428,744
<b>15. Finance income</b>				
Bank	202,363	203,733	91,848	97,437
Income from short-term investments	11,775,952	11,700,490	7,997,936	9,301,172
	<b>11,978,315</b>	<b>11,904,223</b>	<b>8,089,784</b>	<b>9,398,609</b>
<b>16. Fair value adjustments</b>				
Investment property (Fair value model)	-	1,000,000	-	1,000,000
<b>17. Auditors' remuneration</b>				
Fees	178,464	216,540	127,000	216,540

## Notes to the financial statements (continued)

For the year ended 31 March 2016

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
<b>18. Cash generated from operations</b>				
Surplus for the year	43,586,282	109,745,152	11,398,260	31,656,305
<b>Adjustments for:</b>				
Depreciation	17,377,708	14,581,967	17,312,726	14,580,597
Profit on sale of assets	(12,030)	(11,016,856)	(12,030)	(11,016,856)
Impairment on plant and equipment	1,362,861	-	1,362,861	-
Interest received	(11,978,315)	(11,904,223)	(8,089,784)	(9,398,609)
Fair value adjustments	-	(1,000,000)	-	(1,000,000)
<b>Changes in working capital:</b>				
Trade and other receivables	(15,770,237)	(2,082,767)	(8,298,811)	8,084,906
Trade and other payables	8,766,935	(11,974,519)	8,766,935	(11,974,519)
	<b>43,333,204</b>	<b>86,348,754</b>	<b>22,440,157</b>	<b>20,931,824</b>
<b>19. Commitments</b>				
<b>Authorised capital expenditure</b>				
<b>Already contracted for but not provided for:</b>				
- Property, plant and equipment	1,711,948	-	1,711,948	-
- ASMS Technical equipment	-	-	-	-
	<b>1,711,948</b>	<b>-</b>	<b>1,711,948</b>	<b>-</b>
This committed expenditure relates to property, plant and equipment and will be financed by available bank resources.				
<b>Approved but not yet contracted for:</b>				
- Property, plant and equipment	5,528,024	1,477,598	5,528,024	1,477,598
<b>Operating leases – as lessor (income) lease payments due</b>				
- within one year	495,495	396,432	495,495	396,432

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



## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 20. Contingencies

Guarantee issued by the Authority in favour of First National Bank of Botswana Limited towards the employees' housing loan, wherein the Authority has guaranteed up to 100% of the outstanding balance. The balance outstanding at the reporting date under this guarantee amounts to P 22,603,030 (2015: P 24,681,559).

Guarantee issued by the Authority in favour of First National Bank of Botswana Limited towards the employees' personal loan, wherein Authority has guaranteed up to 100% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P 3,508,982 (2015: P 2,270,353).

Guarantee issued by the Authority in favour of Bank of Baroda (Botswana) Limited towards the employees' personal loans, wherein the Authority has guaranteed up to 50% of the outstanding balance. The balance outstanding at the reporting date under this guarantee amounts to P 1,973,915 (2015: P 1,618,282).

Guarantee issued by the Authority in favour of WesBank (a division of First National Bank of Botswana Limited) towards guarantee for employees' car loan, with a maximum facility of P 5,000,000, wherein the Authority has guaranteed up to 50% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P 6,059,232 (2015: P 2,656,386).

### 21. Related parties

#### Related parties

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

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

**Members of the Board** - Refer to Page 73

#### Members of key management

T G Pheko (Chief Executive)

T Kapaletswe

B Mine

N Katse

M Mokgware

B Luke

C Moletsane

M Setshwane

T Mmoshe

# Notes to the financial statements (continued)

For the year ended 31 March 2016

## 21. Related parties (continued)

	Group		Authority	
Related party balances	2016 P	2015 P	2016 P	2015 P
<b>Amounts included in Trade and other receivables/ (Trade and other Payables) regarding related parties as:</b>				
Botswana Telecommunications Corporation Limited	10,225,776	9,320,292	7,314,503	4,896,067
Botswana Post	2,694,952	(58,738)	686,218	(191,987)
Botswana Fibre Network	3,102,200	2,314,005	2,731,216	1,923,640
Communications Regulators' Association of Southern Africa	354,004	1,201,415	354,004	1,201,415
<b>Other balances owing (to)/from related parties at year end were:</b>				
Universal Access and Service Fund Trust	-	-	(8,548,695)	(23,742,229)
Dividend payable to Botswana government	(2,849,565)	(7,914,076)	(2,849,565)	(7,914,076)
<b>Related party transactions</b>				
<b>i) Board expenses</b>				
Sitting allowances	77,178	99,078	36,015	89,229
Travelling allowances	1,209,902	1,885,071	482,159	1,816,993
Cell phone allowances	34,200	37,800	34,200	37,800
Conferences expenses	238,795	96,569	238,795	95,041
	<b>1,560,075</b>	<b>2,118,518</b>	<b>791,169</b>	<b>2,039,063</b>
<b>ii) Sale of services rendered</b>				
Botswana Telecommunications Corporation Limited	48,616,033	49,747,238	35,794,045	37,126,131
Botswana Post	2,194,375	590,958	1,129,264	(191,988)
Botswana Fibre Network	5,536,081	2,622,393	3,393,029	1,626,054
<b>iii) Project costs (subsidies) paid to related parties</b>				
Botswana Fibre Network	9,309,665	-	-	-
<b>iv) Compensation to key management</b>				
Remuneration paid	14,934,599	12,509,093	14,934,599	12,509,093
Other long-term employee benefits	1,728,718	2,254,627	1,728,718	2,254,627
	<b>16,663,317</b>	<b>14,763,720</b>	<b>16,663,317</b>	<b>14,763,720</b>

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 22. Risk management

#### Capital risk management

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

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

There are no externally imposed capital requirements.

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

#### Financial risk management

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

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

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

#### Liquidity risk

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

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

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

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

	Less than 1 year P	Between 1 and 2 years P
<b>Group</b>		
<b>As at 31 March 2016</b>		
Trade and other payables	15,672,277	-
Dividend payable	2,849,565	-
<b>As at 31 March 2015</b>		
Trade and other payables	5,654,234	-
Dividend payable	7,914,076	-



# Notes to the financial statements (continued)

For the year ended 31 March 2016

## 22. Risk management (continued)

### Liquidity risk (continued)

	Less than 1 year P	Between 1 and 2 years P
<b>Authority</b>		
<b>As at 31 March 2016</b>		
Trade and other payables	15,672,277	-
Universal Access and Service Fund Trust	28,548,695	-
Dividend payable	2,849,565	-
<b>As at 31 March 2015</b>		
Trade and other payables	5,654,234	-
Universal Access and Service Fund Trust	23,742,229	-
Dividend payable	7,914,076	-

### Interest rate risk

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

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

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

Further, these deposits are due on demand. The fixed deposits for the Group amounts to P 223.9 million (2015: P 175.94 million) and for Authority amounts to P 140.34 million (2015: P 136.97 million). These deposits are exposed to cash flow interest rate risk.

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

### Cash flow interest rate risk

Financial Instrument	Current Interest Rate	Group Due in less than one year (maturity values) P	Authority Due in less than one year (maturity values) P
3 months fixed deposits	5.30%	36,237,160	36,237,160
3 months fixed deposits	5.26%	42,680,632	42,680,632
3 months fixed deposits	3.50%	47,718,870	47,718,870
3 months fixed deposits	3.00%	83,555,978	-
Stanbic money market fund	5.43%	13,708,154	13,708,154

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 22. Risk management (continued)

#### Credit risk

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

Trade receivables comprise mainly of three major operators from the telecommunication sector, amounting to P40.87 million for Group (2015: P33.25 million) and P 25.27 million (2015: P 23.43 million) at year-end for the Authority .

The maximum credit exposure on trade receivables and other receivables is limited to P 53.81 (2015: P 37.88 million) for Group and P 36.17 million (2015: P 27.72 million ) for Authority.

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

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

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
Trade and other receivables	52,962,897	36,631,480	35,323,797	26,463,807
Receivable from CRASA	354,004	1,201,415	354,004	1,201,415
Barclays Bank Botswana Limited	9,864,775	4,167,121	9,864,775	4,167,121
Stanbic Bank Botswana Limited	108,929,245	83,974,458	-	-
Bank of Baroda Botswana Limited	47,387,584	50,762,413	47,387,584	50,762,413
First National Bank of Botswana Limited	3,835,247	442,507	3,835,247	442,507
Standard Chartered Bank of Botswana Limited	81,474,797	74,900,155	78,975,245	74,900,155
Investment in Stanbic Money Market Fund	13,708,154	12,963,408	13,708,154	12,963,408

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

#### Foreign exchange risk

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



## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 23. Fair value measurement

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
<b>Investment property</b>				
<b>Level 2</b>				
Plot 4965, Extension 15, Village, Gaborone	9,000,000	9,000,000	9,000,000	9,000,000

The amounts shown above represents the level within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 March 2016.

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

The independent valuation was carried out on 4 July 2016. 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 Pg 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 in to with various tenants.

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

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

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 23. Fair value measurement (continued)

Assumptions	Investment Property
Capitalisation rate	7.5%
Average occupancy rate	100%
Each unit is measured at	190sqm
Market rental per month per unit	P12,500

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

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
<b>Investment property</b>				
Opening balance	9,000,000	8,000,000	9,000,000	8,000,000
- increase in fair value of investment property	-	1,000,000	-	1,000,000
<b>Balance at 31 March</b>	<b>9,000,000</b>	<b>9,000,000</b>	<b>9,000,000</b>	<b>9,000,000</b>

## Detailed Income Statement

For the year ended 31 March 2016

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
<b>Revenue</b>				
Turnover fees - Telecommunications	95,545,590	91,472,335	95,545,590	91,472,335
Turnover fees - Postal	1,064,264	(191,988)	1,064,264	(191,988)
Turnover fees - Broadcasting	314,191	304,104	314,191	304,104
Radio license fees	18,081,093	17,128,208	18,081,093	17,128,208
System licence fees	6,182,391	5,926,270	6,182,391	5,926,270
Service license fees	1,477,298	1,411,202	1,477,298	1,411,202
UASF Levy	41,032,222	38,515,055	-	-
Others	700,807	1,314,606	700,807	1,314,606
	<b>164,397,856</b>	<b>155,879,792</b>	<b>123,365,634</b>	<b>117,364,737</b>
<b>Other income</b>				
Gains on disposal of assets	12,030	11,016,856	12,030	11,016,856
Other income	78,457	70,455	62,777	70,455
Bad debts recovered	-	492,306	-	492,306
Rental income	495,495	380,462	495,495	380,462
Contribution received from BOCRA	-	37,150,153	-	-
	<b>585,982</b>	<b>49,110,232</b>	<b>570,302</b>	<b>11,960,079</b>
Interest received	11,978,315	11,904,223	8,089,784	9,398,609
Fair value adjustments	-	1,000,000	-	1,000,000
	<b>11,978,315</b>	<b>12,904,223</b>	<b>8,089,784</b>	<b>10,398,609</b>
<b>Total income</b>	<b>176,962,153</b>	<b>217,894,247</b>	<b>132,025,720</b>	<b>139,723,425</b>
<b>Expenses (refer to page 117)</b>	<b>(133,375,871)</b>	<b>(108,149,095)</b>	<b>(120,627,460)</b>	<b>(108,067,120)</b>
<b>Total comprehensive income for the year</b>	<b>43,586,282</b>	<b>109,745,152</b>	<b>11,398,260</b>	<b>31,656,305</b>

The detailed income statement does not form part of the audit opinion expressed on 76.

# Detailed Income Statement (continued)

For the year ended 31 March 2016

	Group		Authority	
	2016 P	2015 P	2016 P	2015 P
<b>Operating expenses</b>				
Advertising	(2,141,517)	(3,213,358)	(2,124,005)	(3,213,358)
Assessment rates and municipal charges	(8,631)	(160,507)	(8,631)	(160,507)
Auditors remuneration	(178,464)	(216,540)	(127,000)	(216,540)
Impairments on receivables	(695,966)	(428,744)	(695,966)	(428,744)
Impairments on plant and equipment	(1,362,861)	-	(1,362,861)	-
Bank charges	(129,904)	(104,906)	(128,162)	(103,756)
Board expenses	(1,560,075)	(2,118,518)	(791,169)	(2,039,063)
Cleaning	(325,669)	(187,843)	(325,669)	(187,843)
Computer expenses	(1,864,325)	(637,491)	(1,864,325)	(637,491)
Conference expenses	(5,040,172)	(3,439,095)	(4,097,346)	(3,439,095)
Consulting and professional fees	(13,755,140)	(1,109,978)	(12,343,584)	(1,109,978)
Consumables	(571,320)	(14,304)	(571,320)	(14,304)
Depreciation, amortisation and impairments	(17,377,708)	(14,581,967)	(17,312,726)	(14,580,597)
Digital Migration	-	(1,121,204)	-	(1,121,204)
Donations	(2,885,536)	(3,631,507)	(2,885,536)	(3,631,507)
Electronic Communications and Transactions Act and the Electronic Records (Evidence) Act	-	(1,748,664)	-	(1,748,664)
Employee costs	(52,840,130)	(50,277,708)	(52,840,130)	(50,277,708)
Entertainment	(79,843)	(92,624)	(70,252)	(92,624)
Fines and penalties	-	-	-	-
Functions hosted by Authority	(1,227,529)	(1,351,648)	(1,227,529)	(1,351,648)
Insurance	(423,289)	(401,150)	(379,245)	(401,150)
Internet expenses	(2,192,278)	(1,800,707)	(2,192,278)	(1,800,707)
Legal expenses	-	(5,111,275)	-	(5,111,275)
Magazines, books and periodicals	(198,251)	(128,492)	(198,251)	(128,492)
Motor vehicle expenses	(173,388)	(145,525)	(173,388)	(145,525)
Postage	(242,543)	(41,327)	(242,543)	(41,327)
Printing and stationery	(1,096,642)	(1,014,589)	(1,096,642)	(1,014,589)
Project expenses	(9,433,155)	-	-	-
Protective clothing	(5,782)	-	(5,782)	-
Repairs and maintenance	(5,286,853)	(2,920,458)	(5,284,220)	(2,920,458)
Security	(2,239,603)	(2,219,778)	(2,239,603)	(2,219,778)
Staff Recruitment expenses	(43,824)	(242,416)	(43,824)	(242,416)
Staff welfare	(1,143,539)	(1,319,594)	(1,143,539)	(1,319,594)
Subscriptions	(1,213,916)	(900,167)	(1,213,916)	(900,167)
Telephone and fax	(817,377)	(355,209)	(817,377)	(355,209)
Training	(2,694,878)	(1,677,822)	(2,694,878)	(1,677,822)
Training levy	2,427	(287,967)	2,427	(287,967)
Travel	(3,255,158)	(4,265,940)	(3,255,158)	(4,265,940)
Utilities	(873,032)	(880,073)	(873,032)	(880,073)
	<b>(133,375,871)</b>	<b>(108,149,095)</b>	<b>(120,627,460)</b>	<b>(108,067,120)</b>

The detailed income statement does not form part of the audit opinion expressed on page 76.



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