

Botswana Telecommunications Authority

Annual Report 2012

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WHAT'S ONLINE

Annual Report

www.bta.org.bw

Organisation's Site


www.bta.org.bw



WELCOME

The Botswana Telecommunications Authority (BTA) is responsible for regulating the telecommunications industry in Botswana.

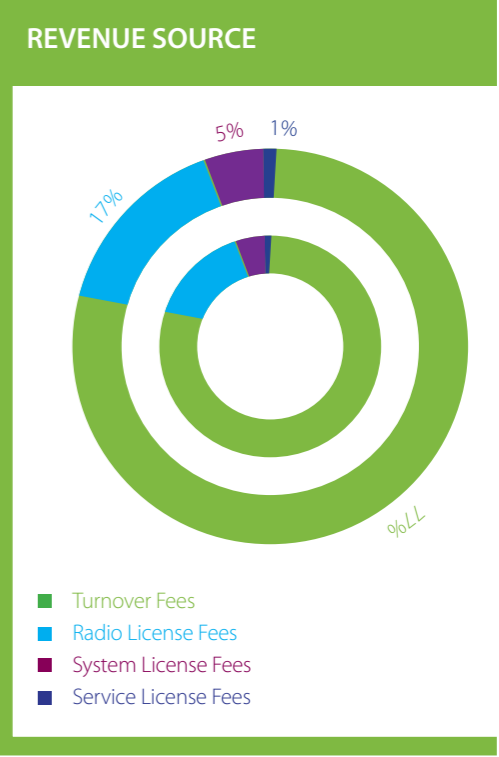
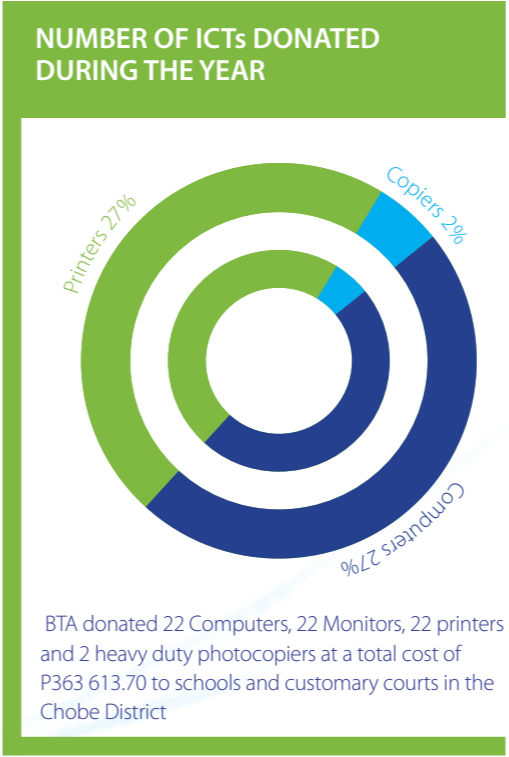
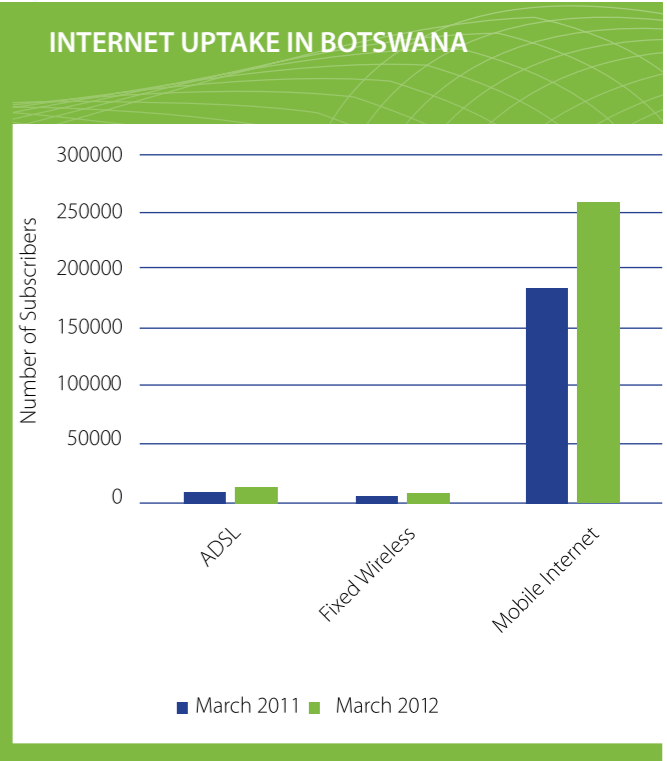
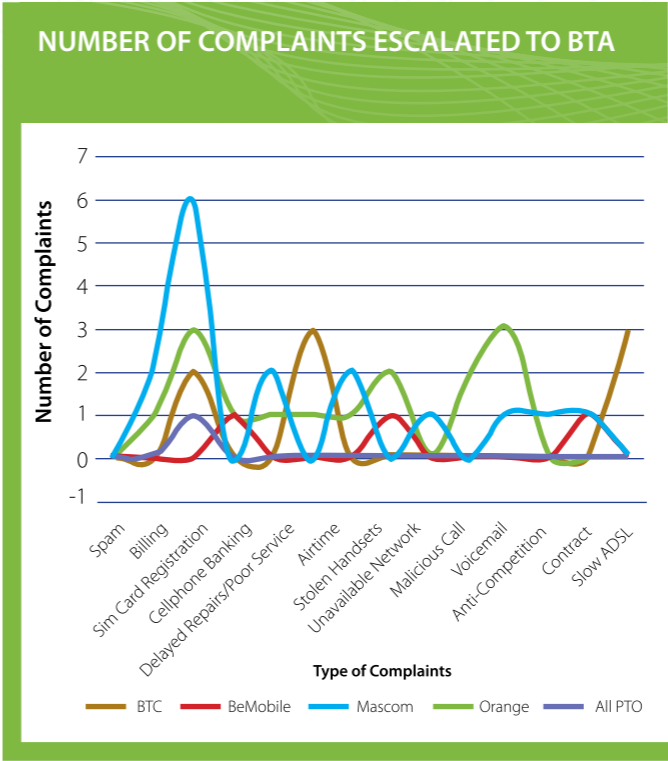
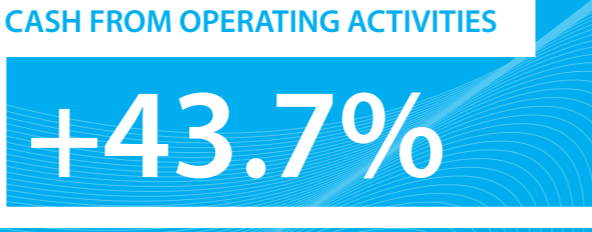
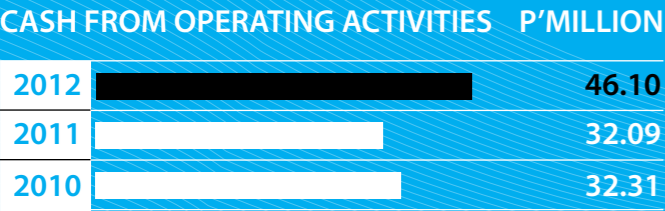
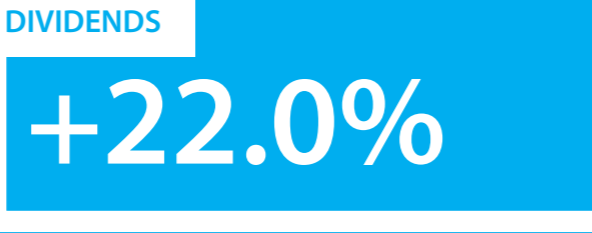
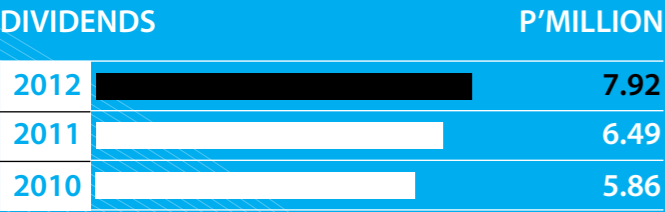
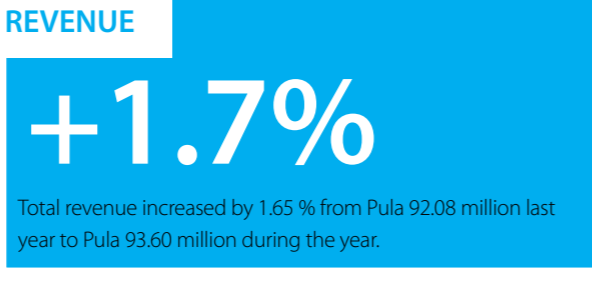
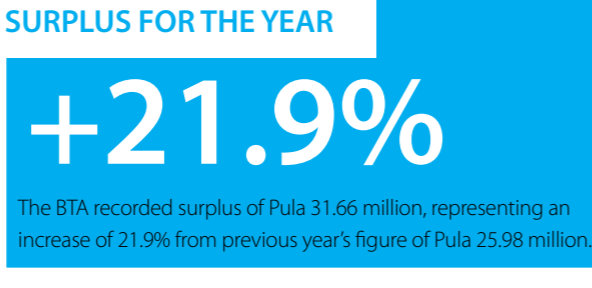
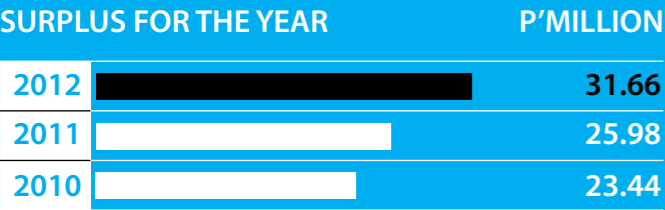
The telecommunications industry stakeholders comprise the Government, Public Telecommunications Operators, Value Added Network Operators, business and the general public. These stakeholders have competing concerns which may be summarised as **'affordability', 'choice' and 'safety'** which underline the theme of this Annual Report.



The development of a National Broadband Strategy is expected to facilitate optimal usage of increased broadband capacity leading to Internet growth and the proliferation of the third (3G) and fourth (4G) generation services.

Our Business

KEY FINANCIAL DATA AT A GLANCE



OUR BUSINESS

KEY FINANCIAL DATA AT A GLANCE

RESULTS FOR THE YEAR ENDED 31 MARCH 2012

Figures in Pula	2012	2011
Statement of Comprehensive Income		
Revenue	93,601,614	92,084,513
Other income	854,462	1,681,584
Operating expenses	(69,708,659)	(66,635,834)
Contribution to Universal Service Fund	-	(7,000,000)
Surplus for the year before finance income	24,747,417	20,130,263
Finance income	6,417,757	5,054,483
Fair value adjustments	500,000	799,000
Surplus for the year	31,665,174	25,983,746
Other comprehensive income	-	-
	31,665,174	25,983,746
Statement of Financial Position		
Assets		
Non-current assets		
Investment Property	7,500,000	7,000,000
Property, plant and equipment	81,862,839	85,469,477
	89,362,839	92,469,477
Current assets		
Trade and other receivables	25,715,209	25,271,834
Prepayments	458,806	390,277
Cash and cash equivalents	175,451,383	141,593,331
	201,625,398	167,255,442
Total assets	290,988,237	259,724,919
Equity and Liabilities		
Equity		
Proposed dividends	7,916,294	6,495,937
Accumulated funds	233,556,286	209,807,406
	241,472,580	216,303,343
Liabilities		
Current Liabilities		
Trade and other payables	14,820,162	9,758,144
Government of Botswana-Universal Service Fund	34,695,495	33,663,432
	49,515,657	43,421,576
Total Equity and Liabilities	290,988,237	259,724,919

Figures in Pula	2012	2011
Statement of Cash Flows		
Cashflow from Operating Activities		
Cash generated from operations	39,682,926	27,034,453
Finance income	6,417,757	5,054,483
Cashflows of held for sale	-	-
	46,100,683	32,088,936
Cashflow from Investing Activities		
Purchase of property, plant and equipment	(7,337,786)	(1,229,945)
Proceeds on disposal of property, plant and equipment	559,029	464,993
Net cash from investing activities	(6,778,757)	(764,952)
Cashflow from Financing Activities		
Movement in Universal Service Fund	1,032,063	8,267,264
Dividends paid to Government	(6,495,937)	(5,858,916)
Net cash from financing activities	(5,463,874)	2,408,348
Total cash and cash equivalents movement for the year	33,858,052	33,732,332
Cash and cash equivalents at the beginning of the year	141,593,331	107,860,999
Total cash and cash equivalents at the end of the year	175,451,383	141,593,331

COMMENTARY

Corporate Governance



The Board of the BTA is committed to subscribing to the highest standards of integrity, accountability and transparency in accordance with current best practice. The activities of the Board are regulated by the Board Charter. The Board is assisted by various Board committees, which are responsible for tendering, remuneration and finance.

Social Responsibility



The BTA continued to contribute towards the knowledge society by donating ICTs to various insitutions. A donation of 22 computers, 22 printers and 2 heavy duty photocopiers was made to schools and customary courts in the Chobe District. In addition, 5 computers and 5 printers were donated to Independent Electrolral Commission to start 'Democracy Clubs' in schools.

Market



The mobile phone market experienced a growth from 2,797,056 subscribers recorded in March 2011 to 2,953,116 in March 2012 representing a growth of around 5.35%. Prepaid subscribers continue to dominate the market with 98% share of the market. Fixed telephony on the other hand experienced an increase of 1.65%. The total number of fixed telephone subscribers increased from 148,098 as at March 2011 to 150,549 as at March 2012.

Internet uptake increased from 203,885 subscribers in March 2011 to 279,429 in March 2012. Fixed mobile Internet and ADSL constitute only 6% of the Internet subscriptions while mobile Internet accounts for 94 %. ADSL subscribers increased from 11,295 to 13,551 between March 2011 and March 2012, while fixed wireless subscribers decreased from 6,619 to 6,392 in the same review period. This decline has been attributed to normal churn. Mobile Internet however, witnessed an increase in the number of subscribers from 185,971 to 259,486 between March of 2011 and 2012. There has also been an improvement in terms of the overall Internet penetration from 10% in 2011 to 13.8% in 2012.

OUR BUSINESS

OUR HISTORY AT A GLANCE



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

1997
Setting up of the BTA with the assistance of the Swedish Management Group (SMG) and publishing of the tender for the procurement of mobile telephone services.

1998
Beginning of competition and awarding of the first fifteen year mobile licences to Mascom Wireless (Pty) Ltd and Vista Cellular (Now Orange Botswana (Pty) Ltd. The licences were awarded with a ten (10) year exclusivity period.

1999
Licensing of the first two commercial FM Broadcasting Radio Stations; Yarona FM and Gabz FM. BTA awarded the first Internet Service Providers' licences.

2000
Hosting of the Telecommunications Regulators Association of Southern Africa (TRASA) Programme office. BTA moved into its own building (The current office). National Roaming was suspended. BTA issued two rulings directing Botswana Telecommunications Corporation (BTC) to provide leased line capacity to two Internet Service Providers (ISPs).

2001
Implementation of the new seven digit-numbering plan. The International Telecommunication Union (ITU) conducted a study on the BTA and declares it a best practice model for regulators and policy-makers to emulate.

2002
Study on the Pricing of Telecommunications Services in Botswana. ITU Secretary General Mr. Yoshio Untsumi officially opened the BTA Office.



2003
BTC was granted a fifteen (15) year licence. BTA issued Interconnection Guidelines and the first interconnection ruling between Botswana Telecommunication Corporation (BTC), Mascom Wireless and Orange Botswana.

2012

Management of Botswana's country code top level domain (ccTLD) or .bw will soon be managed by the BTA. The ccTLD is currently managed by the BTC in compliance with the Internet Corporation for Assigned Names and Numbers (ICANN) rules.

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

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



2005
Development of the Telephone Numbering Plan and Draft Universal Service and Access Policy.

2007
Introduction of the Service Neutral Licensing Regime leading to the birth of the BTC mobile phone service arm -beMOBILE.

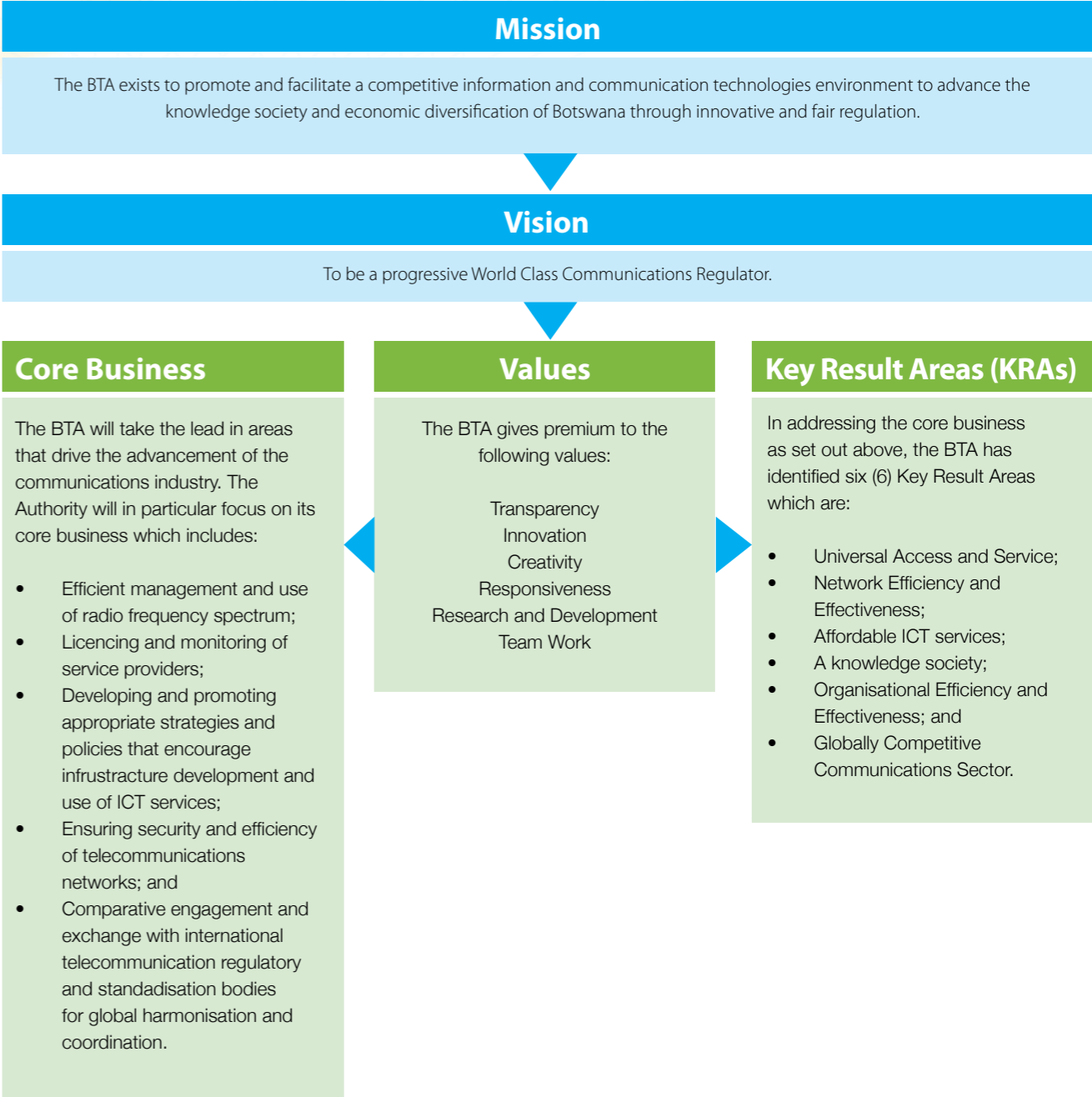
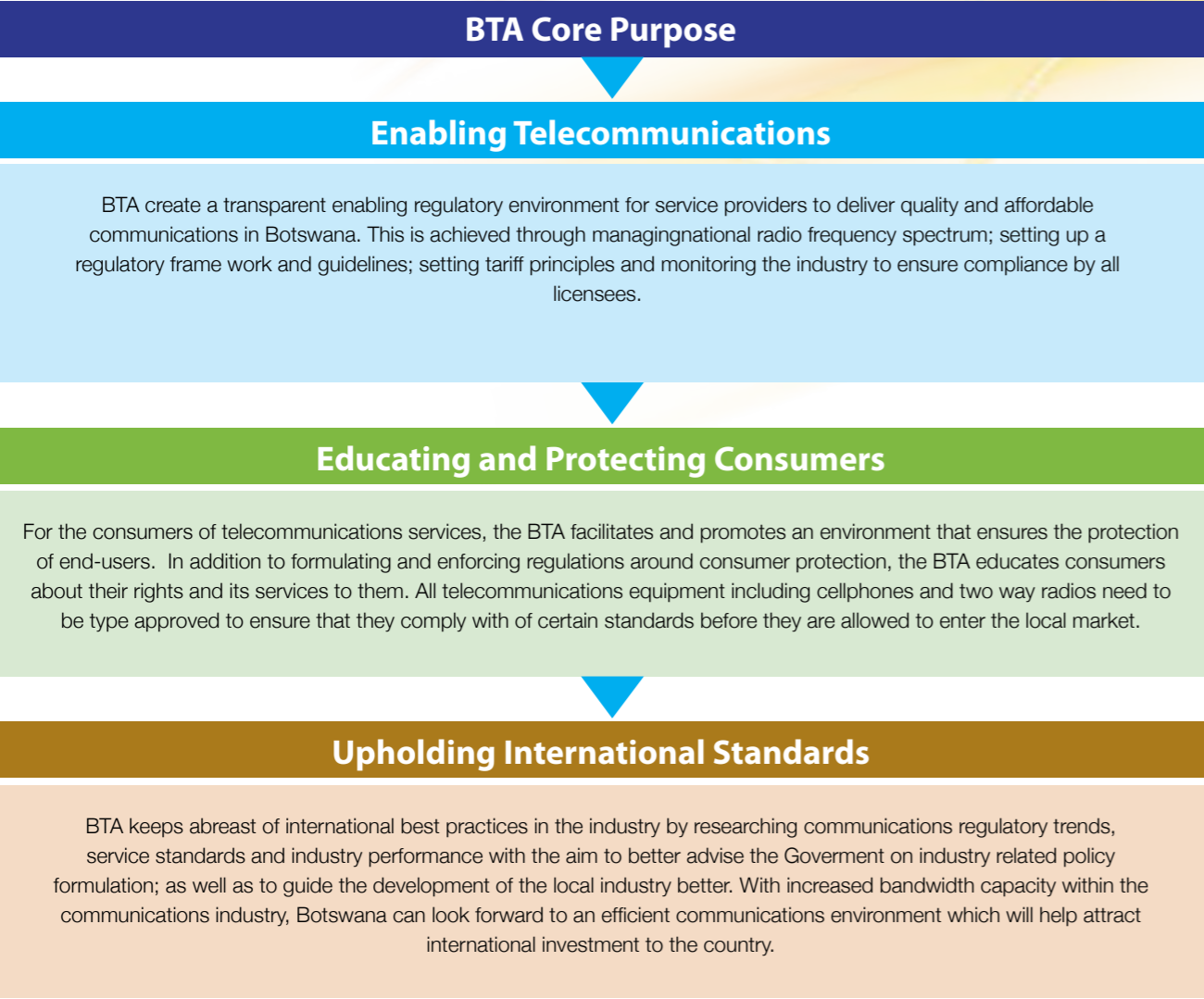
2008
Development of the Telecommunications Technical Specifications and Type Approval Procedures. Development of the Telephone Numbering Policy and the Spectrum Management Strategy.

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



2010
Allocation of the Fixed Wireless Access Spectrum and the Development of a Cost Model and Pricing Framework for Communications Services in Botswana.

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



CHAIRMAN'S STATEMENT



Dr Botswiri O. Tsheko, Chairman

The year under review has seen the BTA engaged, from a regulatory policy perspective, locally, regionally and internationally. At national level, the BTA in collaboration with the Ministry of Transport and Communications has commenced a process of developing a national broadband strategy that will place Botswana in a better position to harness the benefits of broadband technology.

Broadband strategy is critical if Botswana is to reap maximum benefits from the multimillion Pula investments that she has made on the East Africa Submarine System (EASSy). Botswana has also invested in the West Africa Cable System (WACS) that is due to open up for business during the course of the next reporting period.

The BTA is in full support of government's noble initiative to optimise benefits from these investments through the establishment of a Special Purpose Vehicle (SPV). This SPV will provide access to all operators on an open and transparent manner.

In addition, the BTA undertook other initiatives targeted at enhancing its regulatory role. The BTA commenced the migration of the management of Country Code Top Level Domain Name, or "bw" for short, from the Botswana Telecommunications Corporation (BTC) to allow for neutral management of Internet addresses. The BTA also initiated collaboration with strategic partners such as the Botswana Bureau of Standards (BOBS), the Department of Consumer Affairs and the Botswana Unified Revenue Services (BURS) with a view to establish Memoranda of Understanding (MOUs) to facilitate collaboration on the issue of substandard telecommunications equipment that appears to be finding its way into the country.

OUR PERFORMANCE

CHAIRMAN'S STATEMENT (CONTINUED)

The BTA is currently coordinating with other countries within the SADC region on the re-planning of these Geneva 06 broadcasting frequencies. As a finite resource that is critical for the operation of communications, it is critical for the BTA to manage the radio frequency spectrum as efficiently as it is possible.

In terms of its internal business processes, the BTA concluded the restructuring process which should refocus the Authority to better deliver its mandate to facilitate the growth of the market and deliver value proposition for the consumers. The restructuring process was occasioned by the challenges of the ever evolving Information and Communications Technologies (ICTs) and the need to keep pace with the rest of the world in terms of regulatory best practices.

Notwithstanding the notable achievements above, the Botswana communications sector continues to generate regulatory challenges that need to be dealt with for the sector to develop and play its role as a catalyst to other sectors of the economy. Concerns of possible harmful effects to human health caused by mobile phones and their transmission base stations continue to be addressed. Internet governance issues affecting migration from Internet Protocol Version 4 (IPv4) to Internet Protocol Version 6 (IPv6) as well as global cyber threats also attracted the attention of the BTA. Migration to digital television broadcasting technology equally concerns the BTA in its capacity as the Secretariat and Technical Advisor to the sister Board, the National Broadcasting Board (NBB).



On the regional front, the decision of the Southern African Development Community (SADC) Ministers of Information and Communications Technologies (ICTs) to merge the Southern Africa Postal Offices Association (SAPOA) with the Communications Regulators Association of Southern Africa (CRASA), for which the BTA is a Treasurer, is a welcome development. The merger not only places a bigger responsibility on the BTA in terms of managing a bigger organisation but also enhances the BTA's role in influencing regional ICT



Source ITU

development agenda. The project for harmonising Mobile Regional Roaming Tariffs that the new organisation started during the 2011/12 reporting period will not only benefit the region but also Botswana in terms of providing benchmark for national mobile tariffs.

Internationally, the BTA took part in fora that set the direction and tone of the development of communications globally. The Broadband Commission for Digital Development operating under the auspices of the International Telecommunication Union (ITU) and the United Nations Education, Cultural and Scientific Organisation (UNESCO) set off to make broadband policy universal for all countries by the year 2015. The Commission defined minimum parameters for broadband plans and strategies addressing issues

of affordability, connectivity for homes, and Internet user penetration that will be useful in guiding the development of broadband strategy for Botswana.

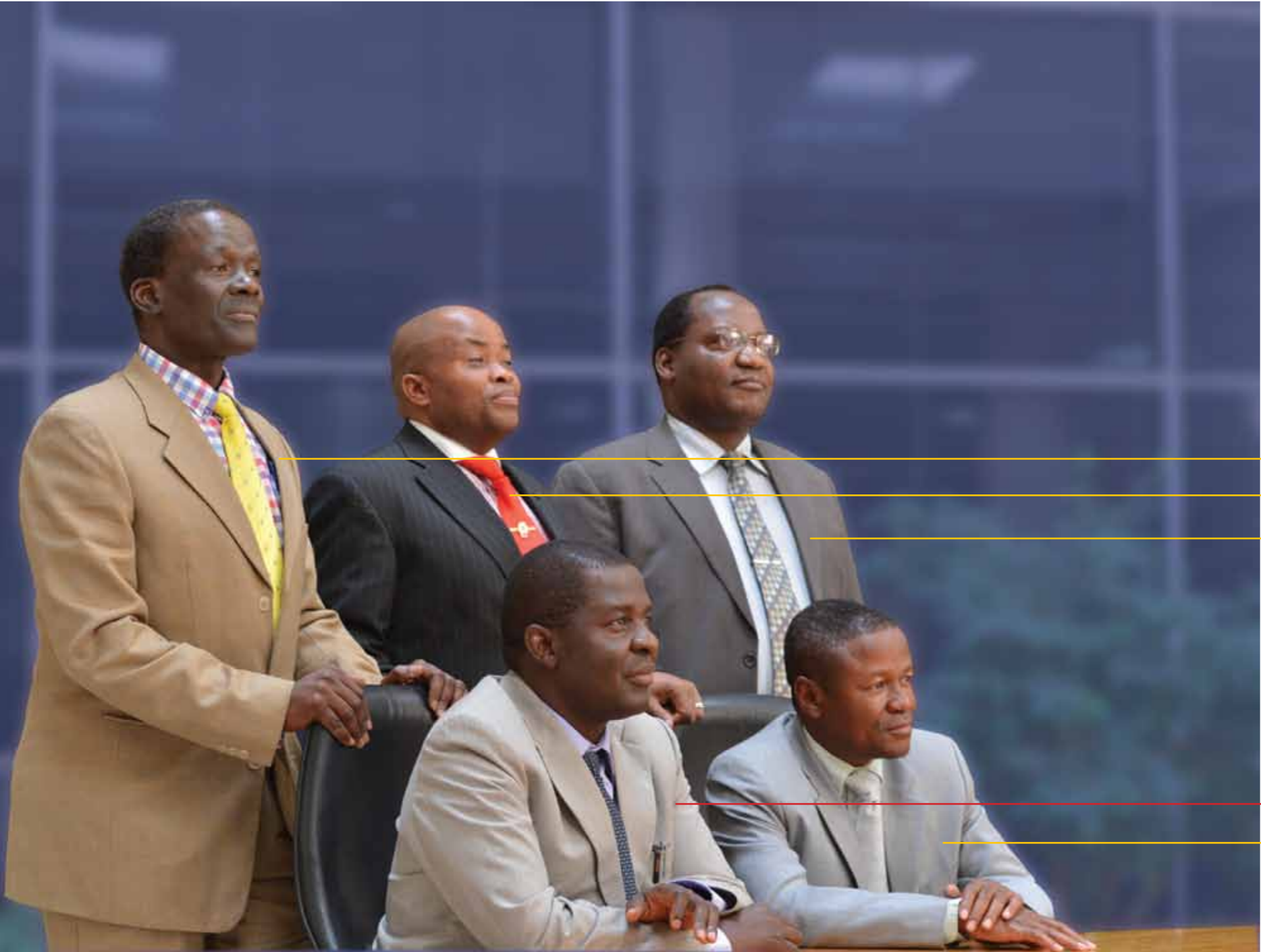
The World Radiocommunication Conference of February 2012 (WRC-12) culminated in the Final Acts that revised the Radio Regulations (RRs), the international treaty governing the use of radio-frequency spectrum and satellite orbits. Notable among its many outcomes was the allocation of spectrum for International Mobile Telecommunications (IMT) as a benefit of the Digital Dividend. This decision calls for the re-planning of the Geneva 2006 Agreement, which governs the digital broadcasting frequency plan. The BTA is currently coordinating with other countries within the SADC region on the re-planning of these Geneva 06 broadcasting frequencies. As a finite resource that is critical for the operation of communications, it is critical for the BTA to manage the radio frequency spectrum as efficiently as it is possible. The WRC-12 also encouraged Member States including Botswana to consider using identified frequency bands when undertaking their national planning for the purposes of achieving regionally harmonised frequency bands or ranges for advanced public protection and disaster relief solutions.

In conclusion, regulation of the communications industry in this day and age could not have been more challenging. I have all the confidence in my Board and the BTA staff to be able to propel this industry forward.

Dr Botswiri O. Tsheko, Chairman

GOVERNANCE

BOARD OF DIRECTORS



Dr. B.O. Tsheko
(Chairman) PhD (Economics) University of Sheffield, United Kingdom; MA (Economics) University of Manitoba in Canada and a B.A. (Economics) University of Botswana.

Dr. M.A. Mpotokwane
PhD (Environmental Science) University of Sterling, Scotland; MSc (Rural Surveys) International Institute for Aerial Survey and Earth Sciences, Netherlands and BA (Geography and Sociology) University of Botswana.

Dr. D. E. Maje
PhD (Electrical Engineering) University of Science and Technology, United States of America; MSc (Electrical Engineering) University of Science and Technology, United States of America; MA (Radio Engineering) State Technical University, Union of Soviet Socialist Republics.

Dr. T. Nyamadzabo
PhD (Economics) American University, United States of America; MA (Economics) University of Delaware, United States of America and BA (Economics and Statistics) University of Botswana.

Mr. R. Phole
ACCA, B.Com University of Botswana.

GOVERNANCE

CEO'S STATEMENT

The fast paced Information and Communications Technologies (ICTs) environment in which the Botswana Telecommunications Authority (BTA) operates continues to demand of the regulator, clear, consistent and transparent technology neutral policy strategies to remain relevant in the industry.

The advent of broadband technology environment lends itself as an opportunity for creativity and innovation to address challenges of time and distance as factors that limit growth. The popularity of social media services such as Facebook, Twitter, LinkedIn and GooglePlus etc raise many legal and regulatory questions, including questions around jurisdiction when dealing with the Internet, that is; 'whose laws are applicable?'

With the foregoing scenario in mind, the current reporting period coincides with the maturing of the first phase of the BTA seven year Strategic Plan for the period 2009-2016. The Strategic Plan is implemented in two phases of three and four year terms respectively. Thus, phase one that started in 2009 expired on 31 March 2012 ushering in the second phase that is due to expire in 2016 to coincide with the maturing of the National Vision. The reporting period also witnessed the completion of a restructuring exercise that led to the implementation of a new organisational structure for the BTA.

The new organisational structure is intended to improve organisational efficiency and effectiveness in order to meet the requirements of the new strategy as well as the challenges presented by the evolving trends in the communications sector. The structure divides BTA work between two divisions led by Deputy Chief Executives. The Regulatory Affairs Division is responsible for regulatory policy development and execution, engineering and technology matters, standards and

UPTAKE OF INTERNET SERVICES

+37.1%

2011: 10%

The roll out of the third (3G) Generation mobile Internet services impacted positively to Internet market growth.

Mr Thari G. Pheko, Chief Executive

CEO'S STATEMENT (CONTINUED)

The reduction in tariffs for communications services such as mobile and fixed termination rates, wholesale international leased lines and Wholesale Asymmetric Digital Subscriber Lines (ADSL) leading to a reduction in retail tariffs has also contributed to the continued growth of the mobile sector.

business development. The Division of Operations and Strategy focuses on building internal capacity and support capability. It assumes responsibility for strategy formulation and execution, compliance and customer processes, internal processes, people management and capacity building. The benefits of restructuring will only become apparent from the next financial year going forward.

Notwithstanding the restructuring process, with its attendant deep in performance, the BTA continued to guide financial performance for the industry.

Notable growth was recorded on the Internet and broadband penetration space where a 37.9% increase in the uptake of Internet services was experienced. The roll out of the third (3G) Generation mobile Internet services impacted positively to Internet market growth. Internet penetration increased from 10% recorded by March 2011 to 13.8% by March 2012 bringing hope to the lamentable state of Internet uptake that has always characterised the market. This growth was accompanied by the roll out of broad band services such as Mobile Money. During the year, the BTA awarded Mascom Wireless Botswana radio frequency spectrum to conduct non-commercial technical trials on LTE (Long Term Evolution) or 4G.

The trials are expected to reveal critical information on the technical viability and operability of the system in the Botswana environment thereby paving way for future deployment.

The reduction in tariffs for communications services such as mobile and fixed termination rates, wholesale international leased lines and Wholesale Asymmetric Digital Subscriber Lines (ADSL) leading to a reduction in retail tariffs has also contributed to the continued growth of the mobile sector.

On the technical front, regulation has also been as challenging as it has been exciting. As the world focuses on the advent of broadband networks and the potential they hold for taking the global telecommunications to another level, Cybersecurity considerations threaten to undermine the much anticipated benefits. Conscious of this fact, the BTA has proposed the formulation of the National Cybersecurity Strategy to address among others; Creation and adoption of appropriate legislation; Establishment of a National Computer Emergency Response Teams (CERT); Development of appropriate technical and procedural measures to prevent Cybersecurity threats; Capacity building on Cybersecurity; as well as International and regional cooperation on Cybersecurity issues.

The potential for the proliferation of substandard mobile phones and other wireless communication devices into the Botswana market calls for extra vigilance through type approval of communication equipment and collaboration with strategic partners such as the Botswana Bureau of Standards (BOBS), the Department of Consumer Affairs and the Botswana Unified Revenue Services (BURS).

The growth of the telecommunications sector calls for improved management of the finite resources such as spectrum and numbers. The migration of the management of the Country Code Top Level Domain Name (.bw) from Botswana Telecommunications Corporation to the BTA, will bring the management of Internet domain names under the ambit of the BTA for better management and closer monitoring.

The revision of the Radio Regulations relating to frequency allocation, and frequency sharing for the efficient use of spectrum and orbital resources, by the World Radiocommunication Conference of 2012 (WRC12) will ensure availability of high quality radio-communication services for mobile and satellite communications, maritime and aeronautical transport. The revision was also critical for scientific purposes relating to the environment, meteorology and climatology, disaster prediction, mitigation and relief. Therefore, it challenges the BTA to revisit the management of national frequency planning and allocation.

Overall, the local telecommunications market remained healthy over the reporting period with marginal growth. With broadband strategy that is ongoing and broadband services trials that PTOs have commenced, the future of the industry remains positive.



Thari G. Phoko, Chief Executive

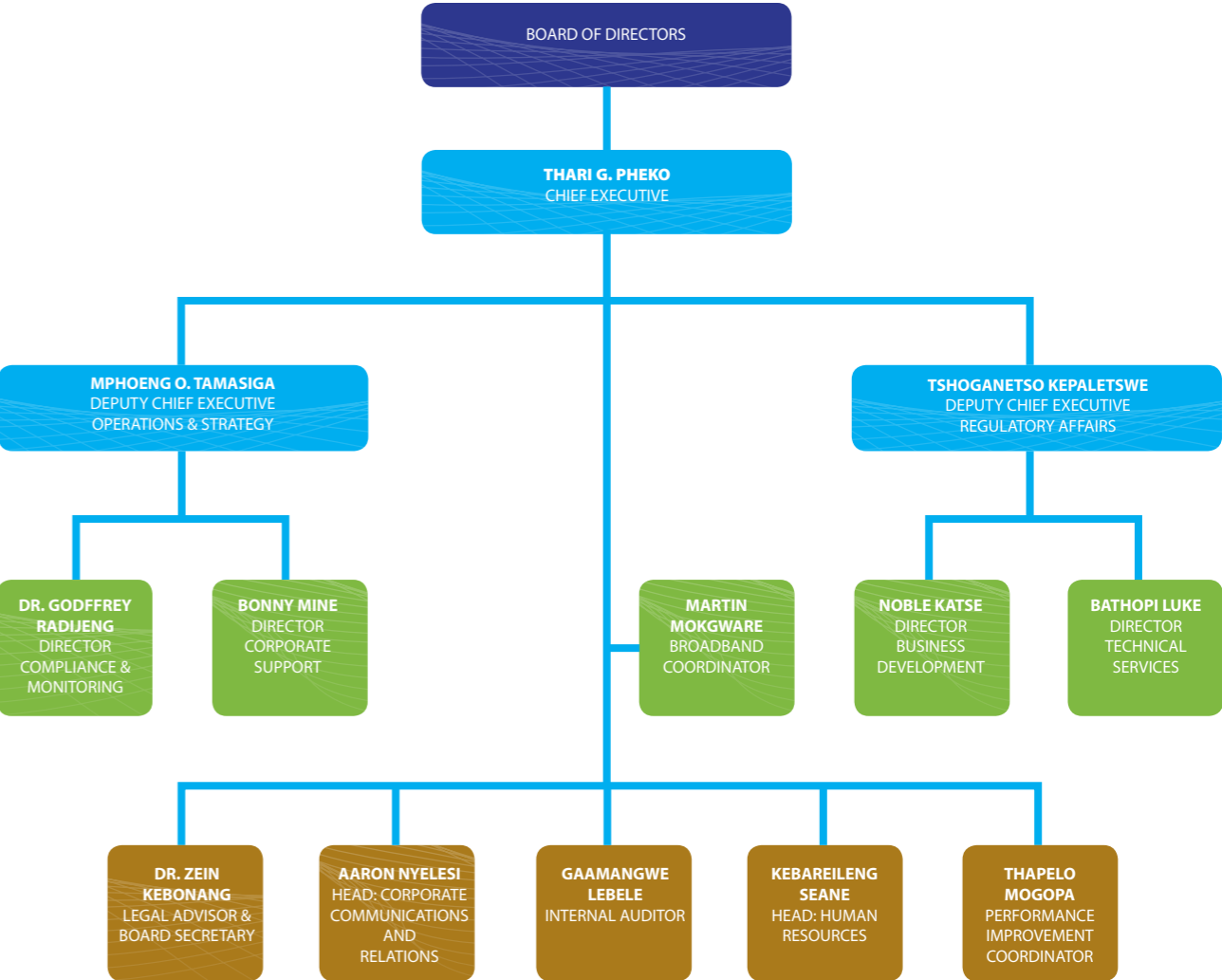
GOVERNANCE MANAGEMENT


Standing from left: **Bathopi Luke; Tshoganetso Kapaletswe; Mphoeng O. Tamasiga; Noble Katse; Martin Mokgware; Gaamangwe Lebele; and Aaron Nyelesi**

Seated from left: **Kebareileng Seane; Thari G. Pheko; Bonny Mine; and Dr. Godffrey Radijeng**



GOVERNANCE MANAGEMENT STRUCTURE



A close-up photograph of a person's hand typing on a computer keyboard. The hand is positioned over the keyboard, with fingers pressing down on keys. The keyboard is white with black keys. In the background, there is a blurred image of a computer monitor and a coiled cable. Overlaid on the right side of the image are several glowing orange lines that form a circular, orbital pattern, suggesting a sense of motion or connectivity. The overall lighting is dim, with the primary light source being the glowing orange lines.

The telephone numbers and addresses continue to serve ICT services consumers by facilitating connection between communicating entities. The existing telephone numbering plan is still accommodative enough to support the current market needs.

GOVERNANCE

CORPORATE GOVERNANCE

The Board

The BTA is governed by a Board consisting of five Non-Executive Directors. The selection and appointment of members of the BTA Board rests with the Minister for Transport and Communications in terms of the Telecommunications Act [Cap 72:03]. Board appointments are based on prescribed skills and experience. Members of the Board have diverse skills and experience in various disciplines which are helpful in the regulation of the telecommunications industry. The activities of the Board are also regulated by the Board Charter.

During the year under review the following were members of the Board:

- Dr. Botswiri O. Tsheko Chairman
- Dr. Masego A. Mpotokwane Vice Chairman
- Mr. Ronald M. Phole Member
- Dr. Ditshupo E. Maje Member
- Dr. Taufila Nyamadzabo Member

Board Meetings

Ordinary Board meetings are scheduled at the commencement of each financial year. During this

financial year, the Board held seven (7) meetings; four (4) being the scheduled ordinary Board meetings and three (3) being special Board meetings. The Board receives and considers recommendations from Board Committees generally.

However; the Board has delegated authority to the External Tender Committee to make final determination on tender awards, subject to reporting obligations to the Board. The Board Members attendance schedule for the period April 2011 to March 2012 is shown in Table 1 below.

During the reporting period, the Board considered and approved inter alia, over and above the recommendations made to it by the Board Committees, the following key regulatory initiatives: Tender for the Development of a National ICT Broadband Strategy for Botswana; Report on the Impact of Tariff Reductions on the Market and Geographic Coverage of Mobile Networks in Botswana; Botswana and Africa position for the World Radiocommunication Conference 2012 (WRC12), Report of the Digital Migration Task Force.

Table1: Schedule of BTA Board Members attendance for the period April 2011 to March 2012

		Board (N/N)	Finance & Audit Committee	External Tender Committee	Remuneration Committee	Regulatory Committee
Dr. B. O. Tsheko	Member	6/7				1/1
Dr. M. A. Mpotokwane	Member	7/7		3/3	6/6	
Mr. R. M. Phole	Member	5/7	2/3		6/6	
Dr. T. Nyamadzabo	Member	6/7	3/3			
Dr. D. E. Maje	Member	5/7		3/3		1/1
Ms I. Ramalonyanye (Appointed to REMCO in November 2011)						
Ms A. T. Khunwana (Appointed to FAC in July 2011)			2/3			
Total		7	3	3	6	1

Board Committees

The Board has four standing Committees which are the Regulatory Committee, Finance and Audit Committee, the External Tender Committee and the Remuneration Committee.

Regulatory Committee

The Regulatory Committee which was established during this financial year consists of two Non-Executive Members. The Committee was established to, among other things, determine, agree and

develop the appropriate regulatory framework for the various Telecommunication services; Ensure the implementation of Board resolutions by the Authority on regulatory issues; Determine specific licensing policies and recommend to the Board for the award of licences which are issued through a competitive process; Determine any criteria necessary to measure and ensure the compliance of the licensed services providers. The Committee is also responsible for reviewing spectrum management strategy, national policies and international best practices and recommend to the Board appropriate regulatory measures with regard to the utilisation of the radio frequency spectrum.

The Members of the Regulatory Committee were:

- Dr. D. E. Maje - Chairman
- Dr. B. O. Tsheko - Member

The Regulatory Committee met once to consider and make recommendations to the Board on four issues: The Development of Guidelines for Sharing of Passive Communications Infrastructure, the Report on Compliance and Monitoring of licensees in accordance with the terms and conditions of their licences, Report on Market update as well as Report on Technical issues.

Finance and Audit Committee

The Finance and Audit Committee consists of three Non- Executive Members. It was set up to ensure that management creates and maintains an effective control environment. It reviews Financial Controls, Risk Management, Accounting Systems, Reporting to external stakeholders, the work of internal and external Auditors, and monitoring of the BTA's legal compliance. The Committee met three times to consider and make recommendations to the Board on various issues including the 2011/12 Audited Financial Statements, the 2012/13 Budget, the 2011 BTA Internal Audit Plan, Terms of Reference for Provision of Annual Statutory Audit Services, Investment Policy, and appointment of External Auditors for the BTA.

LICENSE ENFORCEMENT



The law requires all telecommunications equipment to be licensed by the BTA before they are operated in Botswana.

Through licensing, licensees enter into an agreement with the BTA, which agreement

lays down the terms and conditions to which the licensee commits to conduct his business. Periodically, the BTA conducts inspections to check if the licensee indeed operates in accordance with the conditions of the licence. Where a licensee is found to be in breach of the terms and conditions of the licence the BTA will invoke the remedies laid out in the Telecommunications Act, including revoking of the licence. Licensees and potential licensees are advised to take note of this legal requirement.

GOVERNANCE

CORPORATE GOVERNANCE (CONTINUED)

The members of the Finance and Audit Committee were:

- Dr. T. Nyamadzabo - Chairman
- Mr. R. M. Phole - Member
- Ms A. T. Khunwana - Member (Appointed in July 2011)

In accordance with its responsibilities, the Committee made recommendations to the Board regarding development of necessary operational policies, reduction of costs to ensure financial sustainability of the BTA and the approval of statutory reports to ensure that the BTA complies with the requirements of the Telecommunications Act in terms of financial reporting and other governance issues.

Remuneration Committee

The Remuneration Committee consists of three Non-Executive Members. The Committee has the mandate to review and recommend to the Board matters regarding Human Resource development, policies and practices, and the framework for remuneration of the employees of the BTA among others. The Committee met six times during the reporting period to consider and make recommendations to the Board on various issues including Consideration and finalisation of the Terms of Reference for Review of the BTA Pay Policy, Development of the Pay Structure and Review of Compensation and Reward Policy; Restructuring Process and its effects.

The members of the Remuneration Committee were:

- Mr R. M. Phole - Chairman
- Dr. M. A. Mpotokwane - Member
- Ms. I. Ramalohanye - Member

External Tender Committee

The External Tender Committee consists of two Non-Executive Members. The Committee was set up to ensure fairness, value for money for the BTA and transparency in the award of contracts and tenders for the provision of goods and services valued above P1 000 000 (One Million Pula). The Committee met three times in the reporting period to consider and approve submissions relating to the following tenders:

Provision of Consultancy Services for the Refurbishment of the BTA Main Office; Supply and Installation of Country Code Top Level Domain (ccTLD); Infrastructure and Hardware Equipment for the BTA.

The members of the External Tender Committee were:

- Dr. M. A. Mpotokwane - Chairman
- Dr. D. E. Maje - Member

Declaration of Interests

The Members of the Board were required to declare their interests at every Board and/or Committee meeting to comply with Section 12 of the Telecommunications Act [Cap 72:03] and to ensure good corporate governance.

Board Attendance Fees

Botswana Government directive on sitting allowance for Board meetings indicates the prevailing fees for the BTA Board as follows:

Fees per sitting	
Board Chairman	- P 735.00
Deputy Chairman	- P 588.00
Member	- P 588.00

Board Secretary

The Board Secretary's duties include the provision of legal and corporate governance advice and secretarial services to the Board and its Committees, the induction and orientation of new members and provision of advice to members on their roles both in their individual and collective responsibilities. Dr. Zein Kebonang was appointed the Board Secretary in January 2012, replacing Dr. G. Radijeng.

Internal Audit

The Internal Audit function exists within the BTA to assist Management in the control of risks and provides assurance to the Board on the adequacy of risk management, governance and internal controls through an established audit plan. The internal audit plan and internal audit reports are reviewed by the Finance & Audit Committee on a quarterly basis. During the year 2011/12, the Internal Audit focused on assisting Management and making input to the major processes geared towards organisational effectiveness including the organisational restructuring process. The Internal Audit maintained follow ups on identified critical areas of control with a view to ensuring the adequacy and effectiveness of controls. The areas of follow up covered; Asset Maintenance, Performance Management System, Monitoring of Operator compliance with licence requirements, Payroll and integration of Information Technology systems.









Risk Management

Due to the rapid developments in the communications industry and the general business landscape in Botswana as well as internationally, the BTA may face many uncertainties with potential to impact on the achievement of its objectives. The BTA maintains a Risk Register in line with its Risk Management Policy. This register was reviewed during the year to ensure that it captures emerging risks against the strategic plan.

Business Continuity and Disaster Recovery

The BTA maintained its Business Continuity and Disaster Recovery Strategy to ensure that the critical operations are not interrupted in the event of a disaster. The establishment and resourcing of a recovery site was the major focus area for the year. Once functional, the site will be equipped mainly with IT equipment and back-up functionalities to enable continuation of BTA services at all times.

REVIEWS

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CONVENIENCE. CHOICE. SAFETY.

The telecommunications field is driven by constant technology advancements. The business man in Gaborone calling a supplier in China does not need to know why the call is crystal clear.

That businessman just needs to be heard by his supplier and the call should not be a financial burden to his business but an asset. Modern technology makes this possible through developments that not only make it more affordable but also more convenient every day to reach out across the world.

Competition is a good stimulator of innovations in many fields including telecommunications. With the input of the BTA and its various stakeholders the Botswana telecommunications landscape has been a healthy and competitive one. The three mobile Public Telecommunications Operators (PTOs) and their business partners have been able to thrive in the country while offering their customers a good range of choices. The choices have varied from types of mobile phoneshand sets, to types of subscription services and access to the most advanced communications technologies.

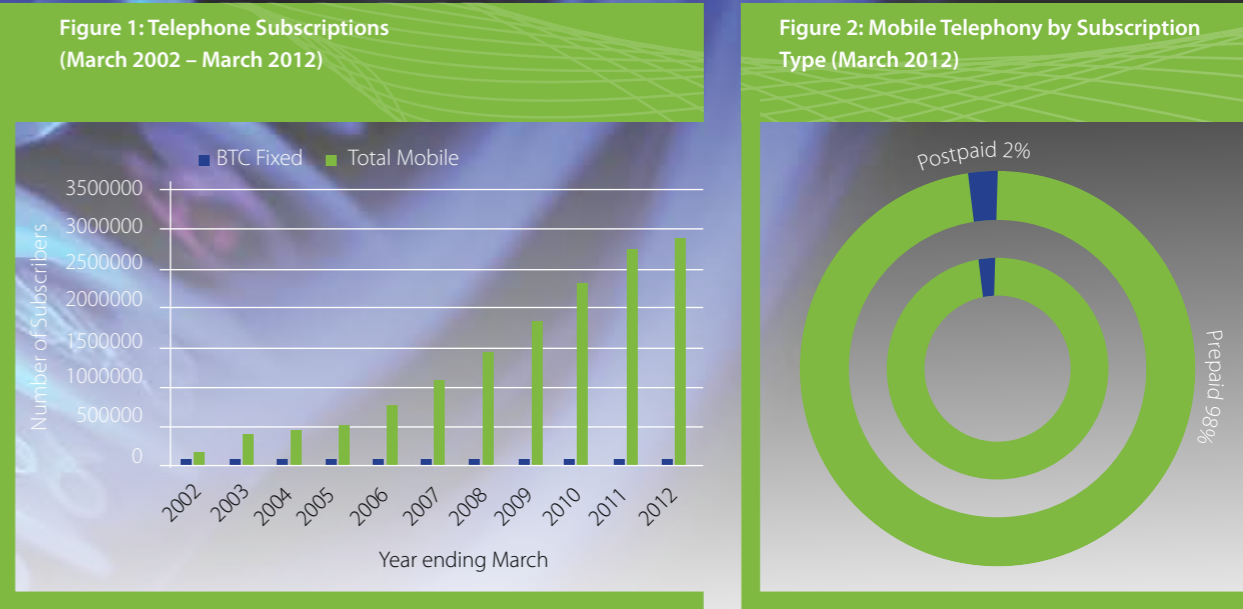
International standards govern many aspects of the service that the BTA provides to customers. Safety is one of the requirements that the BTA places emphasis on to ensure that services that are offered only serve to enhance lives through communication.

REVIEWS

MARKET

There are currently three licensed telephony operators which are all permitted to provide both mobile and fixed telephony services. Despite the permissive nature of the licence, Botswana Telecommunications Corporation (BTC) remains the only Public Telecommunications Operator (PTO) which provides both mobile and fixed telephony while Orange Botswana (Pty) Ltd (Orange) and Mascom Wireless Botswana (Pty) Ltd (Mascom) provide mobile telephony only. Both Mascom and Orange started the provision of mobile telephony in 1998 while BTC beMOBILE entered the market in 2008.

A ten year analysis of the fixed telephony exhibits a positive growth of 1.6% from 148,155 subscribers in the year ending March 2002 to 150,549 in the year ending March 2012. A major increase is however witnessed in the mobile telephony space where subscriptions have tremendously increased from 332,264 to 2,953,116 over the same period. The telecommunications market can therefore be said to have experienced an exponential growth over the past ten years. The mobile telephony market continues to exhibit high levels of uptake compared to fixed telephony market which has stagnated around 8% over the years. This is not surprising considering that a lot of innovative products being offered by mobile telephony operators have come to be part and parcel of our daily lives particularly with the advent of social networks and applications which are popular among the young population. The capabilities found in mobile telephone handset have grown beyond providing a phone call to banking, chatting, internet surfing and many others. Teledensity of mobile telephony which stood at 153% in March of 2011 has reduced to 144.9% in March 2012. This reduction is attributable to the fact that the teledensity for March 2011 was based on a population estimate which proved to have been lower than the actual population count that resulted from the August 2011 census. Figure 1 below illustrates the number of subscriptions for fixed and mobile telephony between the years 2002 and 2012.



Prepaid vs Postpaid

Historical data show complete dominance of the prepaid services in the mobile telephony market segment. In the year ending March 2011, prepaid services had a 98% share while postpaid services had a 2% market share. In the current review period ending March 2012 the share between the two services remains unchanged.

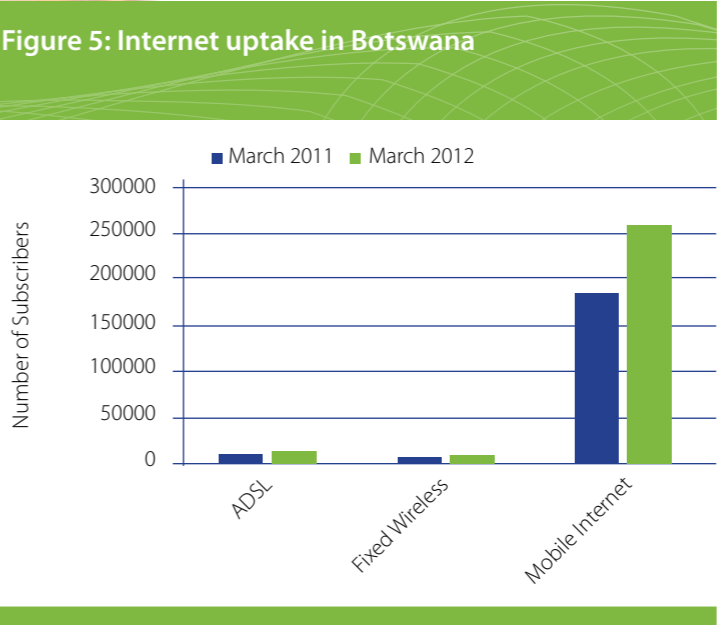
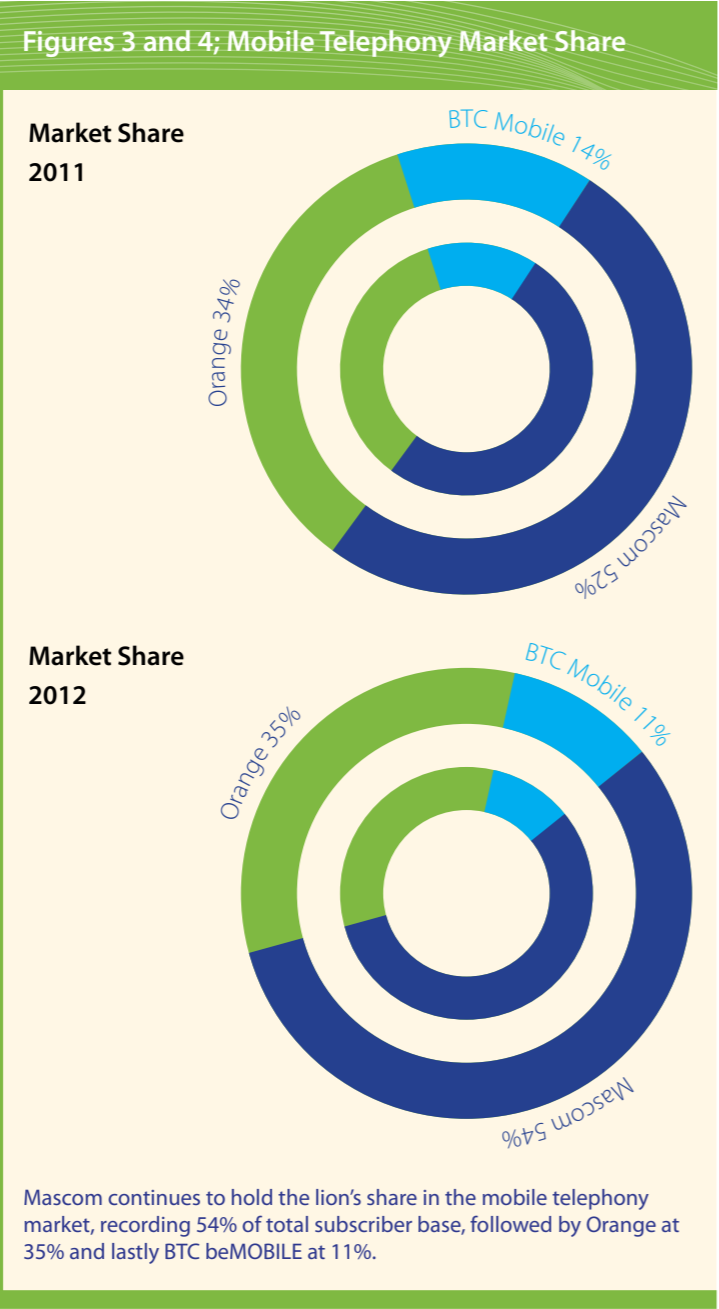
Figure 2 shows Prepaid and Postpaid subscription types for mobile telephony as at March 2012.

Market Share in Mobile Telephony

For the period ending March 2012, Mascom continues to hold the lion's share in the mobile telephony market, recording 54% of total subscriber base, followed by Orange at 35% and lastly BTC beMOBILE at 11%. Mascom increased its market share by 20 basis points (or 2 percentage points) from 52% registered during the year ending March 2011. On the contrary, BTC beMOBILE realised a reduction of 30 basis points compared to the previous year while Orange registered a marginal increase of 10 basis points over the same period. The figures 3 and 4 illustrate the market share for the two periods.

Internet and Broadband Penetration

Internet penetration is generally perceived to be low in Botswana. Notwithstanding, there are signs of improvement in the uptake of Internet services. An increasing number of individuals access the Internet through their mobile handsets. However, the number of such individuals is yet to be measured. Until such time that the number is measured, low estimates will continue to be cited in various fora. In light of this, the Internet figures contained herein only reflect fixed



wireless internet, Asymmetric Digital Subscriber Lines (ADSL) and mobile Internet measured through data cards subscriptions.

Overall, Internet uptake increased from 203,885 subscribers in March 2011 to 279,429 in March 2012. Fixed mobile Internet and ADSL constitute only 6% of the Internet subscriptions while mobile Internet accounts for 94 %. ADSL subscribers increased from 11,295 to 13,551 between March 2011 and March 2012, while fixed wireless subscribers decreased from 6,619 to 6,392 in the same review period. This decline has been attributed to normal churn. Mobile Internet however, witnessed an increase in the number of subscribers from 185,971 to 259,486 between March of 2011 and 2012. There has also been an improvement in terms of the overall Internet penetration from 10% in 2011 to 13.8% in 2012. Figure 5 illustrates uptake of Internet services by technology.

CASE STUDY: UPTAKE OF INTERNET SERVICES



The undersea cables EASSy and WACS have essentially brought the world to Botswana's door step. The effect of this infrastructure will be felt not only in the download speed of documents; videos or songs but the public should also feel the effect in their pockets. With increased bandwidth from the undersea cables, comes more options and an added support to the existing bandwidth in the country. Essentially there will be more room for information to flow between Botswana and the world effectively bringing prices down.

Financial Performance of the Industry

Total revenue for the two mobile operators, Mascom and Orange amounted to P2,24 billion as at December 2011 compared to P2,2 billion in December 2010, registering a moderate increase of 1.8%. Total net profits for the year increased from around P680 million recorded in December 2010 to P700 million in December 2011. This represents an increase of about 3% for the two consecutive periods.

The BTC which provides both fixed and mobile telephony services recorded an increase in their consolidated revenues from P958 million in March 2010 to P1 billion in the year ending March 2011. There has also been a notable increase in net profit from P191 million to P227 million over the same review period.

REVIEWS

MARKET (CONTINUED)

Table 2: Fixed Termination Rates (in BWP)

Year	2011	2012	2013	2014
Termination rate	0.174	0.183	0.191	0.201

Table 3: Mobile Termination Rates (BWP)

Year	2011	2012	2013	2014
Termination rate	0.453	0.401	0.348	0.295

On the basis of the above termination rates, the PTO's were directed to revise their retail tariffs in order to pass the benefits realised from reduction in termination rates to the consumers. Consequently, the PTOs revised their retail rates and charged as follows:

Table 4: Orange Prepaid Call Tariffs (old and new) VAT Inclusive

Call Type	Time	Old Tariffs (Pula per minute)	New Tariffs (Pula per minute)
Orange to Orange calls	Peak	1.75	1.35
	Off Peak	0.875	0.875
Orange to other National Networks calls including fixed	Peak	1.75	1.65
	Off Peak	0.875	0.875
SMS	Orange to Orange	0.25	0.25
	Orange to other mobile Networks	0.25	0.25

Table 5: Mascom Prepaid Flexicall Tariffs (including VAT)

Call Type	Time	Old Tariffs (Pula per minute)	New Tariffs (Pula per minute)
Mascom to Mascom	Peak	1.80	1.35
	Off peak	0.90	0.85
	Off-Off-Peak	0.45	0.45
Mascom to Fixed	Peak	1.80	1.70
	Off peak	0.90	0.85
	Off-Off-Peak	0.45	0.45
Mascom to Other Mobile	Peak	1.80	1.70
	Off peak	1.10	0.85
	Off-Off-Peak	1.10	0.65

Table 6: Prepaid call tariffs in Pula per Minute (inclusive of VAT)

Prepaid rates	beMOBILE to beMOBILE	beMOBILE to BTC Fixed	beMOBILE to other mobile
Voice calls to all national networks	1.32	1.32	1.32
SMS	0.30	N/A	0.30

Value Added Services

Mobile Money

Mobile phones have evolved over the past few years to become tools of economic empowerment for the world's poorest people. Over and above creating employment for the people who work for the Telecommunications operators, mobile telephony has created employment for the street vendors who sell airtime. The world has further experienced the advent

The cost model also covered wholesale international leased lines and Wholesale Asymmetric Digital Subscriber Lines (ADSL). The relevant fees for the two services have also been implemented as per the Directive.

REVIEWS

MARKET (CONTINUED)

of various applications that run on mobile phones. Botswana is no exception to this trend. One of the recent value added services introduced in Botswana is mobile money. This involves making financial transactions including payments and money transfers using a mobile phone. The service is currently offered by Mascom and Orange under two distinct brands being My Zaka and Orange Money (e-Wallet), respectively. Mobile money allows cash to move as fast as a Short Message Service (SMS). Generally the service is set up such that a customer of a particular operator registers for the service and deposits the money with any approved vendor or agent of that operator. The customer is then allowed to transfer money to anyone in Botswana who has a mobile phone regardless of whether it is Orange, beMOBILE or Mascom. The recipient then gets a text message with a code that should be used to redeem the cash.

Mobile money provides a stepping stone to formal financial services for the vast majority of people who lack access to such essential banking services. Although mobile money accounts do not pay interest, the service is, to a limited extent, used by some people as a savings account. Having even a small cushion of savings to fall back on allows people to deal with unexpected expenses. This service has further created employment for the vendors who collect and release cash on behalf of the operators.

To date, there are around 70 000 customers registered for the mobile money service.

Licensing

The BTA Licensing Framework aims to promote effective competition in the communications market and currently consists of three licence categories; Public Telecommunications Operators (PTOs), Valued Added Network Services (VANS) and Private Telecommunications Network Licences (PTNL). The licence categories operate on a neutral approach basis that enables deployment of any efficient and advanced technologies and services available to meet the needs of telecommunication consumers.

Although licensed to provide national telecommunications network and other valued added services, the PTO market remains in the hands of the three network service providers namely Mascom, Orange and BTC. Informed by the market study of 2009, the Authority encourages competition among the existing networks, and has not taken any decisions to introduce additional PTO licensees to the market.

The VANS category is for licensees that are given a platform to provide Data, Internet services and various applications under a single licence. As at end of March 2012, the VANS market stood at 58 registered licensees, showing an increase of five licensees from the 53 recorded in the year ending March 2011.

The Private Telecommunications Network Licensees (PTNLs) are licensed to deploy voice and Internet transmission networks for internal use within a single business entity. The number of PTNLs licensees has in the recent years grown at a fairly low rate. This category of licensees has nonetheless recorded an increase from 29 in March 2011 to 31 in March 2012. The trend can partially be attributed to a satisfactory service provided by the PTOs as most PTN operators have traditionally cited unsatisfactory quality of service as the main reason for constructing their own private networks. However, PTNL are expected to continue growing even with availability of state of the art networks as some customers construct private networks to ensure higher network security and tailor made solutions given the peculiarity of their businesses.

 The Private Telecommunications Network Licensees (PTNLs) are licensed to deploy voice and Internet transmission networks for internal use within a single business entity. 

CASE STUDY: EASSY and WACCS CABLES MAKING VOICE AND DATA AFFORDABLE



Further price reductions have been ordered following the introduction of WACS (West African Cable System.) At a connectivity speed of 5.12 terabits per second, WACS is 75% faster than its 2010 launched predecessor EASSy (East Africa

Submarine System). The new 14 000 km fibre optic cable system which President Ian Khama said would be a “great benefit for Botswana” went live mid- 2012. The total investment of \$137 500 000 pumped into both cable systems has increased bandwidth and opened a new realm for voice and data services. Access to a global submarine telecommunications network has realised a faster way to connect to the rest of the world. With increasing internet speed and connectivity reach, BTC Group General Manager Christopher Diswai is confident that internet services will be “affordable for many of our citizens”. WACS and EASSy have comfortably placed Botswana amongst the nations with the fastest internet speeds in the world. Christopher Diswai explained that “broadband access is no longer a privilege but a right to be enjoyed by all citizens”.



MARKET INNOVATIONS



The BTA's regulatory philosophy places emphasis on service and technology neutrality. Hence, the BTA awarded all Public Telecommunications Operators service neutral licences since 2007.

This effectively means that operators are at liberty to offer a variety of services from voice telephony to data services using any type of technology that the operator may choose.

Following the advent of Service Neutral Licensing regime in 2007 the local market has seen the growth of such services

including Multimedia Messaging Service (MMS), Internet Banking, Mobile Money and so on.

A wide range of gadgets that are required to deliver these services have entered the Botswana market. Smart phones with similar capabilities to computers, tablet computers with call function capabilities are all innovations the general public has come to enjoy. At the more basic end of the gadget choice, users with basic cell phones have also not been left out of with services like cell phone banking and mobile money transfers.

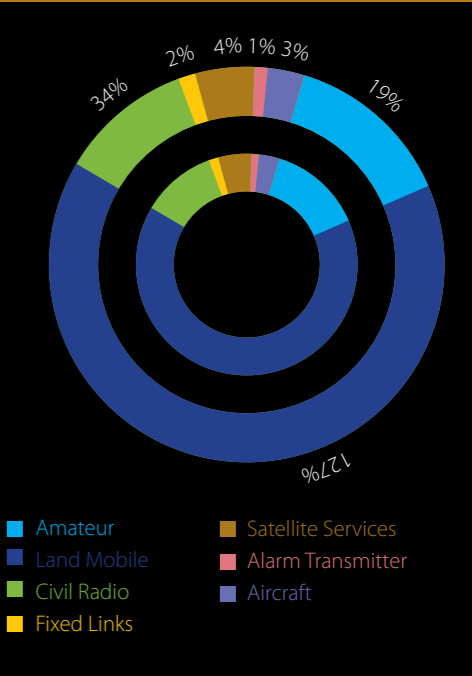
As the telecommunications industry continues to grow the demand for spectrum resources, numbering resources and more responsive authorisation or approval regime increases proportionally. The BTA endeavours to meet the regulatory demands by rationalising and re-aligning the national resources, including internal resources to market demands. The key areas of delivery achieved during the year under review are summarised below.

Radio Licensing

The BTA issued a total of 174 radio licences, an increase of 9.5% from the previous year. These include amateur licences, civil radio licences, land mobile, satellite services, fixed links, radio transmitter for alarm and aircraft licences distributed as per the chart below at Figure 6.

Land Mobile radios continue to be the preferred form of communication for companies and individuals that put emphasis on instant communication with low operating costs as opposed to security. The other services such Citizen Band (CB) and Amateur show low growth as the society appears to lack interest in the general benefits of these services which include learning and improving technical knowledge and skills on operating radio (specifically for amateurs). Even though the growth in the number of Land Mobile radio licences issued during the year is less compared to the years 2009/10 and 2010/11, a significant increase from 434 to 812 in the number of sub-licences processed was realised. This notable increase includes licence modification to increase either equipment, the operating frequencies or the number of sites.

Figure 6: Number of radio licences issued during the year by category



The Private Telecommunications Network Licensees (PTNLs) are licensed to deploy voice and Internet transmission networks for internal use within a single business entity.

Spectrum Monitoring

The BTA continues to carry out spectrum monitoring as a critical aspect of spectrum management intended to maximise spectrum efficiency, minimise harmful interference and ensure compliance to the technical parameters set out in the radio licence. Through the use of existing 16 fixed stations spread across the country, along with two mobile monitoring sites as well as some portable equipment, the BTA has seen a rather smooth year characterised by minor challenges and few spectrum management activity. The challenges involved resolution of interference cases in the Very High Frequency (VHF), Ultra High Frequency (UHF) and Micro Wave Frequencies in the 23 GHz band mainly in Gaborone area. Solutions for most of the cases varied from changing of operational parameters such as polarisations or allocated frequency, site relocations and in a few cases operators would be advised to change their radio equipment. Cross border coordination was successfully completed with Zambia through the Zambia Information and Communication Technology Authority (ZICTA) and South Africa through the Independent Communications Authority of South Africa (ICASA).

Country Code Top Level Domain (ccTLD)

The year under review witnessed the achievement of the first step of re-delegation of the Country Code Top Level Domain (ccTLD) Name project commonly referred to as the “.bw”. The technical contact person for Botswana to the Internet Corporation for Assigned Names and Numbers (ICANN) has been initiated to

reflect the local context. The process will be finalised once ICANN has satisfied itself that the information submitted by BTA followed the process for ensuring stakeholder involvement. Meanwhile, the ccTLD management policies have been drafted with two initial policies concerning Registration Agreement and Acceptance Use having been adopted. Also, the BTA personnel have been provided with the requisite skills for the management of the ccTLD ranging from the operating CoCCA tools, UNIX, and other specialised areas. Similarly, the network infrastructure has been completed following installation of the servers and operational software.

Type Approvals

The type approval of telecommunications equipment to be used in Botswana is one mode of enforcement employed by the BTA to check for conformance to technical standards (or certification) of the equipment. Type approval of equipment has gained heightened significance following concerns of proliferation of substandard mobile phones and other wireless communication devices into the Botswana market. To address the problem, the BTA has initiated collaboration with strategic partners such as the Botswana Bureau of Standards (BOBS), the Department of Consumer Affairs and the Botswana Unified Revenue Services (BURS) with a view to establish Memoranda of Understanding to facilitate collaboration on the issue. During 2011/12 financial year, the BTA type approved 43 new applications and issued type approval certificates. A total of 147 Type Approval renewals were done and these also involved upgrading of existing certificates.

Numbering and Addressing

The telephone numbers and addresses continue to serve ICT services consumers by facilitating connection between communicating entities. With increased connectivity of users to the ICT services, the demand for telephone numbers also increases. The BTA continued to allocate telephone numbers in accordance with the recommendations of the Numbering Policy of 2008. Since its inception, the BTA has allocated seven million numbers to the mobile operators ranging from 71XX XXXX to 775X XXXX. In addition, the BTA has allocated thirty three thousand

numbers of the range 7910 0000 to 7911 2999 and 7920 000 – 7921 9999 for Voice over Internet Protocol (VoIP) services. The existing telephone numbering plan is still accommodative enough to support the current market needs.

Telecommunication Standards

The international telecommunications standards are essential for international communications and global trade. The standards help to avoid costly market battles emanating from preferences for different technologies. For companies from emerging markets such as Botswana, standards create a level playing field and serve as an essential aid for accessing the world markets. Standards also create economies of scale which can be leveraged to reduce costs to manufacturers, operators and consumers alike.

Internet Security

The year under review has seen the BTA set in motion a number of initiatives to counter the unwanted practices that make the use of Internet unsafe for other users. To this end, a Discussion Paper setting out the nature of cybercrime ecosystem, the role of different stakeholders and the proposed scope of work has been produced and shared with relevant stakeholders. The Discussion Paper deals with proposals on the formulation a National Cybersecurity strategy which will address the following issues; Creation and adoption of appropriate legislation; Establishment of a National Computer Emergency Response Teams (CERT); Development of appropriate technical and procedural measures to prevent Cybersecurity threats; Child Online Protection and Capacity building on Cybersecurity; and International and regional cooperation on Cybersecurity issues such as collaboration with the International Multilateral Partnership Against Cyber Threats (IMPACT).

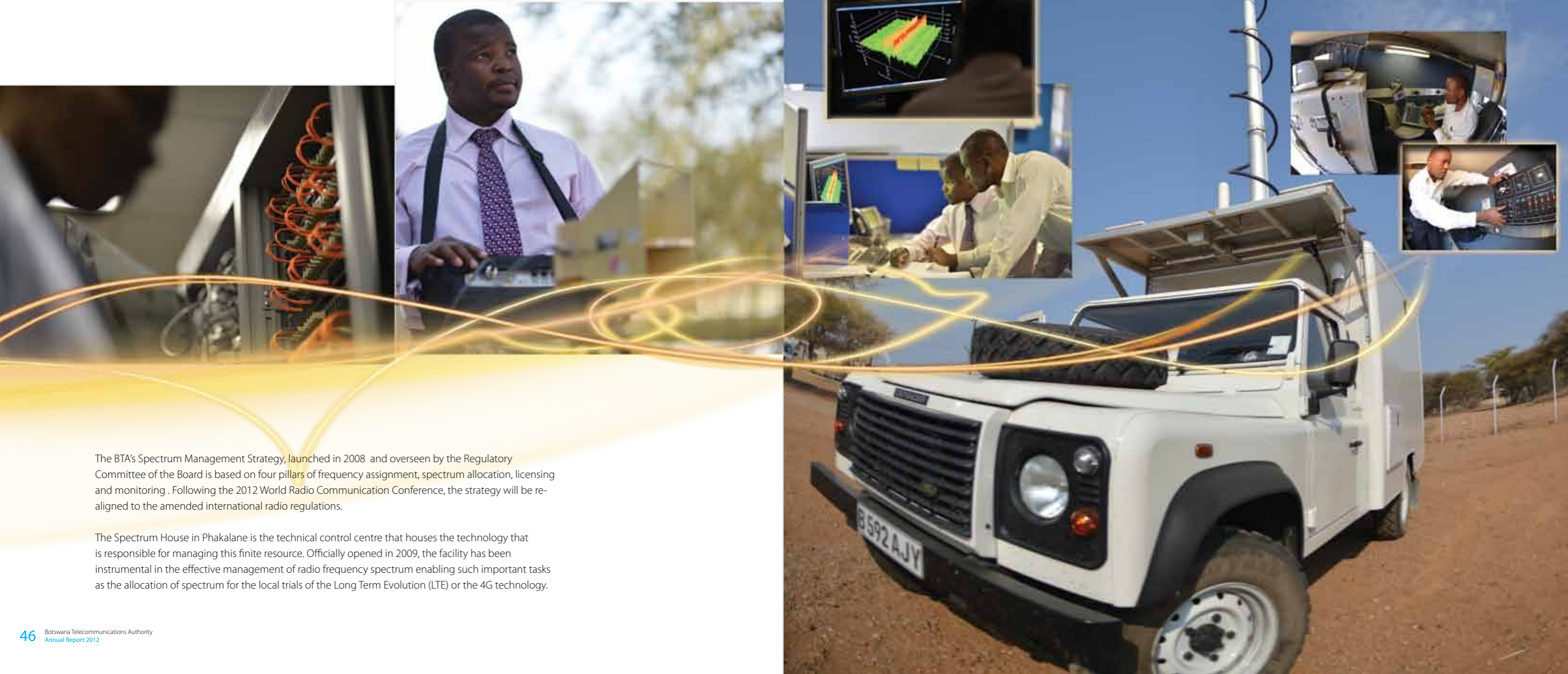
CASE STUDY: CCTLD BACKGROUND AND ACHIEVEMENTS



It is common that companies in Botswana register their websites using domains like .com or .net, even though .bw exists. Botswana's country code top level domain (ccTLD) .bw which has been managed by the BTC in compliance with the Internet Corporation for Assigned Names and Numbers (ICANN) rules will soon be managed by the BTA. The first step of the ccTLD's de-regulation process will be finalised once the ICANN has satisfied itself that the BTA has completed the mandatory stakeholder engagement process. Stakeholder engagements were held to introduce the relevant parties to the need for effective management of this national resource. When the process is completed many Botswana companies will be able to take pride in sharing a Botswana registered domain name with a global audience. In the meantime, the BTA staff have already undergone training in preparation for this responsibility.

SPECTRUM MANAGEMENT, AN INNOVATION HUB

As “the single most important resource in the existence of the communication industry”, the radio frequency spectrum needs to be properly managed. The BTA’s role is to review best practices, maximise spectrum efficiency, minimise harmful interference and ensure compliance to the technical parameters set out in the radio licence as demand for spectrum resources grows.



The BTA’s Spectrum Management Strategy, launched in 2008 and overseen by the Regulatory Committee of the Board is based on four pillars of frequency assignment, spectrum allocation, licensing and monitoring . Following the 2012 World Radio Communication Conference, the strategy will be re-aligned to the amended international radio regulations.

The Spectrum House in Phakalane is the technical control centre that houses the technology that is responsible for managing this finite resource. Officially opened in 2009, the facility has been instrumental in the effective management of radio frequency spectrum enabling such important tasks as the allocation of spectrum for the local trials of the Long Term Evolution (LTE) or the 4G technology.

REVIEWS

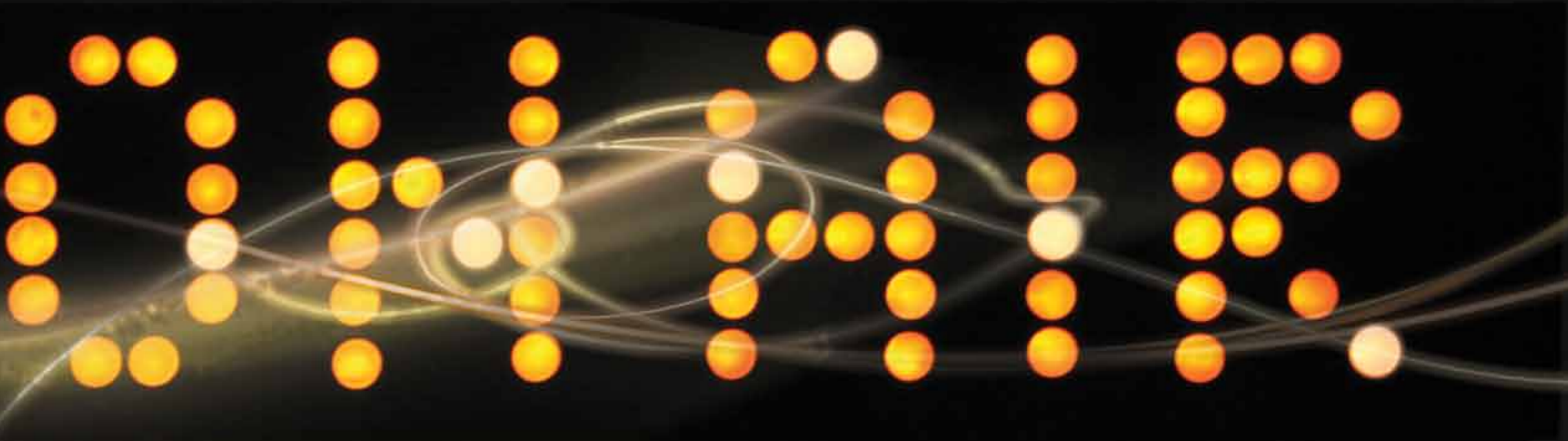
BROADCASTING

The BTA is the Secretariat and Technical Advisor to the National Broadcasting Board (NBB or the Board) in terms of Section 09 of the Broadcasting Act (Cap 72:04). During this reporting period the Broadcasting sector experienced a number of key events as set out below.

Stakeholder Consultations

The NBB held its first ever national broadcasting conference under the theme “Broadcasting for Citizen Empowerment”. The two day conference was held from the 17 to the 18 October 2011. The objectives of the conference were:

- To review progress made since the liberalisation of the airwaves 12 years ago
- To identify challenges and opportunities
- To benchmark against international best practice
- To make recommendations to government on issues pertaining to policy and legislation; the regulator on regulatory issues and other stakeholders accordingly.



REVIEWS

BROADCASTING (CONTINUED)

The Conference attracted stakeholders across the communications spectrum such as broadcasters, content providers, media organisations, consumer organisations, signal distributors, telecommunications companies, advertising agencies, members of parliament and members of the public.

The NBB aims to hold similar consultations every two years to engage industry stakeholders in discussions and to take stock of developments in the sector.

Digital Migration Process

At the time of reporting, the major issue surrounding this process was the adoption of the digital broadcasting standard for Botswana.

The initial tests conducted under the auspices of the Digital Migration Task Force and the Department of Broadcasting Services (DBS) were deemed inconclusive by government. Therefore, a more robust approach to testing ISDB-T and DVB-T2 standards was developed by a committee assembled under the auspices of Ministry of Transport and Communications (MTC), Ministry of Presidential Affairs and Public Administration (MoPAPA), Digital Migration Task Force and the BTA. The outcome of this exercise is expected in the next financial year.

As a consequence of the advent of the digital broadcasting technology, the NBB is currently in the process of developing a licensing framework for Digital Terrestrial Television Services. The framework is aimed at addressing the needs of this new technology as failure to address these needs could pose serious challenges to the current analogue broadcasting service licensing approach.

CASE STUDY: DIGITAL TERRESTRIAL TELEVISION SERVICES IS THE FUTURE OF BROADCASTING



The advancement from analogue television to digital terrestrial television (DTTV) will lead to a more efficient use of Botswana's allotted radio frequency spectrum. Essentially analogue signals use a lot of bandwidth, limiting the amount of signal that can be transmitted at any one time. Digital signals, on the other hand, require much less bandwidth - up to 9 times as much digital information can be carried in the same bandwidth.

Basically the more bandwidth, the more information can be carried - a bit like having more traffic lanes on a highway giving access to more cars.

INTERNATIONAL BEST PRACTICE IN CORPORATE GOVERNANCE

The BTA observes international best practice when it comes to corporate governance through the nature of its mandate. The BTA is run by a Board of five members whose business is guided by a Board Charter. The Board Charter also spells out the responsibilities and authority of the Board.

The BTA has also adopted a Risk Management Policy which outlines the responsibilities and scope of activities for managing risks of the organisation. Further, the BTA has a Business Continuity and Disaster Recovery Strategy through which it has established recovery plans which will ensure continuity of organisational services in the event of an emergency or disaster/Incident. As a regulator, the BTA is expected to be fair in its dealings with stakeholders and the general public by ensuring a level playing field and effective management of radio frequency spectrum.

Through taking part in various industry forums locally and internationally ensures that the BTA is always up to date with international best practice trends in corporate governance.

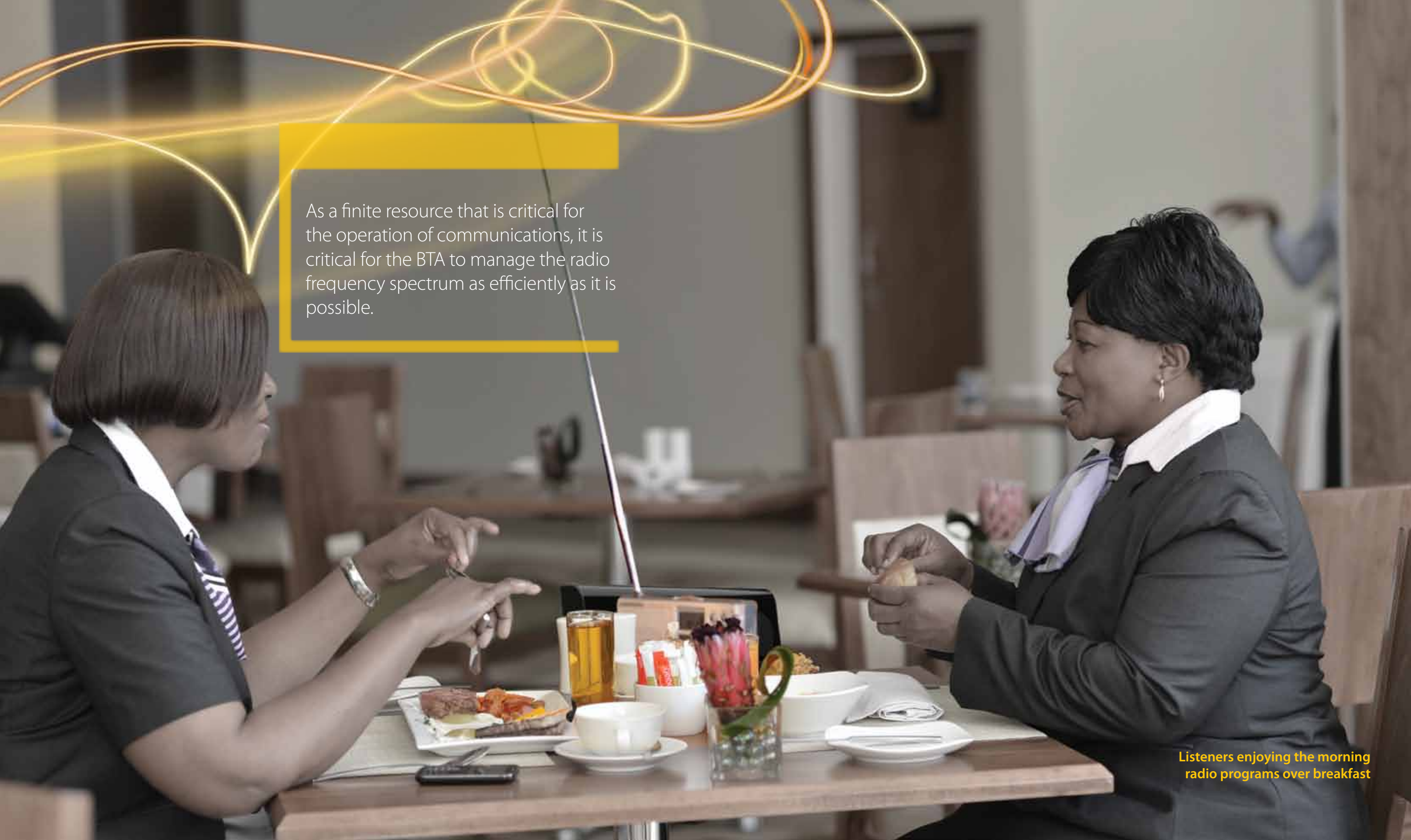
Private Radio Broadcasting Services

Transmission roll out for the three private radio stations, namely Yarona FM, Gabs FM and Duma FM has not changed since the last coverage expansion report made in the 2010/11 reporting period, except for the Gaborone site that was relocated to Gabane and subsequently expanded. The Orapa transmission site is still work in progress.

During the reporting period, the three private radio stations requested the NBB to review a licence condition on 'Party Political Adverts'. The NBB considered the application in line with the provision of the Broadcasting Regulations (2004) Clause 28, which allows licensees to request for amendments to licence conditions. The NBB provisionally developed a response in the form of a new Clause that addressed the concerns raised. At the time of this report, the draft provision had been sent to stakeholders for their comment before a decision could be made by the NBB.

Private Television Broadcasting Services

eBotswana is still the only station that offers private television broadcasting services in Botswana. It broadcasts over a radius of 60km from Gabane. The station had during this reporting period taken a South African signal distribution company called SENTECH before the High Court in South Africa over its satellite transmission of the South African Broadcasting Corporation (SABC) signal into Botswana. The station had argued that the practice by SENTECH was negatively affecting eBotswana's business. The South African High Court ruled in favour of eBotswana and ordered SENTECH to improve the encryption of its signal so that it could not be received in Botswana. SENTECH is yet to comply. In addition, SENTECH was ordered to compensate eBotswana for loss of business.



As a finite resource that is critical for the operation of communications, it is critical for the BTA to manage the radio frequency spectrum as efficiently as it is possible.

Listeners enjoying the morning radio programs over breakfast

REVIEWS

COMPLIANCE AND MONITORING

The Telecommunications Act [72:03] requires the BTA to monitor licensees for compliance with the terms and conditions of their respective licences to ensure efficient performance of the telecommunications sector.

In this regard, PTOs, VANS and operators of two-way radio communication equipment are some of the regulated entities that the BTA regularly monitors for compliance.

As the Secretariat and Technical Advisor to the NBB, the BTA also monitors Broadcasters for compliance in line with the agreed broadcasting standards. To this end, the BTA continues to assist the NBB to monitor broadcasting services through a ‘light touch’ regulatory approach. This approach allows the audience to lodge complaints with Broadcasters before escalating them to the Board.

Compliance

A BTA receives regular reports in terms of the licence conditions of various licensees to assess the health of the telecommunications sector. In particular, PTOs submit monthly network performance reports, quarterly and annual operational reports and other mandatory information such as audited financial statements and turnover certificates.

Among the key challenges encountered over the reporting period was the late submission of the reports outlined above by some of the PTOs. Similarly, delays and sometimes failure by VANS to pay their service and system licence fees as required by Clause 4.2 of their licences was observed. It is anticipated that the passing of the Communications Regulatory Authority

Bill which was published in the Government Gazette of November 2011, will allow the BTA to enforce administrative sanctions against defaulting operators.

On the broadcasting front, Licensees are required to submit quarterly compliance reports for the NBB’s consideration and analysis. In addition to analysis of quarterly reports there are occasional site visits to the Licensees premises and transmission sites. During the reporting period, the NBB initiated the process of establishing a comprehensive system for monitoring compliance. To this end, the NBB issued a public tender for a consultancy to conduct an Audience Survey as well as review the Code of Practice for Broadcasters.

Network Performance

Monthly network performance reports by PTOs provide details of the status and performance of the network in terms of the set parameters of Quality of Service as determined by the BTA from time to time. The reports indicate the effectiveness of the networks, the challenges encountered and solutions or measures for rectification or resolution of such challenges.

Annual Network Performance Analysis

The network performances for the three mobile operators for the period April 2011 to March 2012 were as depicted below at Table 7 and Figure 7, respectively:

Table 7: Mobile Operators Network Performance

	Dropped Call Rate (%)			Congestion (%)			Call Setup Success Rate (%)			Network Availability Rate (%)			Handover Success Rate (%)			
	Target	Mascom (1.6)	Orange (1.8)	Be Mobile (3.5)	Mascom (2)	Orange (1.5)	Be Mobile (0.1)	Mascom (94)	Orange (96)	Be Mobile (95)	Mascom (98)	Orange (99.85)	Be Mobile (99)	Mascom (96)	Orange (95)	Be Mobile (95)
2011 APR		0.54	1.35	1.76	0.18	1.23	0.93	94	97.85	91.28	99.29	99.48	99.33	98	98.99	96.65
2011 MAY		0.46	1.27	0.89	0.22	1.03	2.25	92	98.56	91.35	99.63	99.56	99.95	98	98.87	96.55
2011 JUN		0.45	1.34	0.87	0.21	3.03	2.98	92	97.81	92.43	99.47	99.21	99.96	98	98.76	97.32
2011 JUL		0.46	1.37	0.90	0.12	2.29	3.15	93	97.86	92.65	99.71	99.29	99.98	98	98.76	97.05
2011 AUG		0.39	1.62	0.92	0.08	2.44	3.30	93	98.27	91.58	99.88	99.67	99.85	98	98.14	96.94
2011 SEP		0.46	1.93	0.91	0.15	2.76	3.95	94	98.19	91.15	99.76	99.32	99.40	98	98.49	97.02
2011 OCT		0.70	2.10	1.00	0.35	3.54	4.94	93	97.65	89.67	99.12	99.05	99.20	97	98.51	96.09
2011 NOV		0.54	2.27	0.97	0.16	4.47	4.07	94	97.98	90.52	99.77	99.29	99.10	98	98.36	96.27
2011 DEC		0.83	1.91	1.02	0.69	5.52	4.23	92	96.70	90.93	99.68	99.21	99.34	98	98.45	96.36
2012 JAN		0.31	1.95	0.97	0.28	8.64	4.17	94	96.44	90.49	98.88	98.23	99.50	97	98.36	95.98
2012 FEB		0.61	1.58	1.27	0.19	6.24	3.35	95	98.08	90.22	98.88	98.95	99.70	97	98.41	96.26
2012 MAR		0.66	1.62	1	0.45	8.59	5.13	95	98.21	90.23	99.85	99.37	99.96	97	98.42	93.33

Monthly network performance reports by PTOs provide details of the status and performance of the network.

COMPLIANCE AND MONITORING (CONTINUED)

Fig. 7 shows that since June 2011, congestion for Orange network has been above their set target of 1.5%; with the highest congestion recorded in January 2012 at 8.64%.

Similarly, beMOBILE's congestion has mostly, except for one occasion, been above their target of 0.1% with its highest congestion level reached in March 2012 at 5.13%.

Mascom's congestion has been contained within their target of 2% throughout the year.

Regarding Drop Call rates, Orange registered the highest drop calls amongst the three operators.

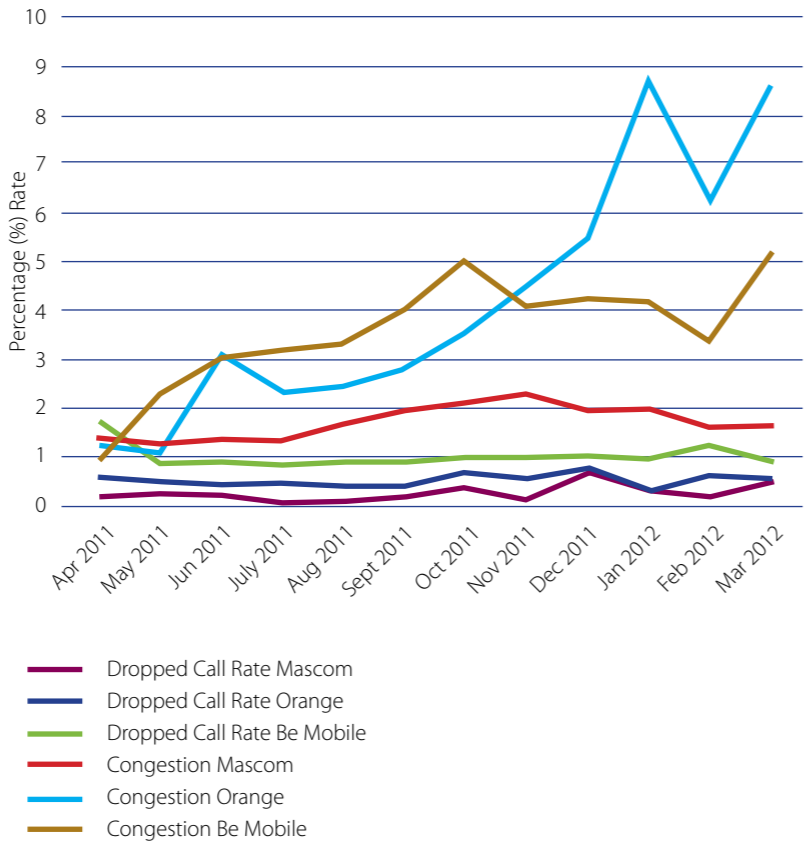
Fig. 8 shows Call Setup Success Rate for beMOBILE being the lowest of the three operators throughout the year. Similarly, for Hand over Success Rate, beMOBILE performed below target compared to the other two operators who were within their targets. The average CSSR for Orange Botswana was 98.55%, Mascom Wireless was 97.72% and beMobile was 96.59%.

Network availability for all the three networks was good with beMOBILE as the better performer.

Investigations

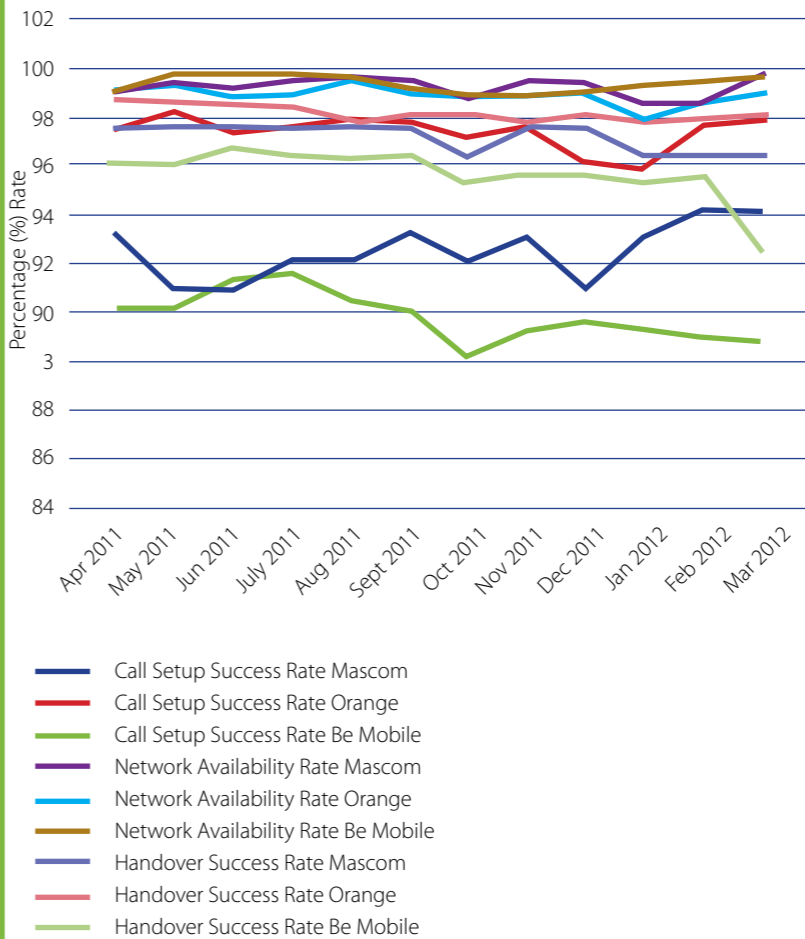
The BTA continued its investigations to check for any violations of the provisions of the Telecommunications Act. For the reporting period, investigations were conducted in Gaborone, Mochudi, Lobatse and the Tuli Block area. The investigations revealed that some companies in Botswana violated the provisions of the Telecommunications Act regarding licensing requirements and disposal procedures for telecommunications equipment. The affected companies were accordingly left warning

Figure 7: Dropped Call Rate and Congestion



The BTA registered 43 new complaints during the period under review. All but three complaints have been resolved

Figure 8: Call Setup Success Rate (CSSR), Network Availability Rate (NAR) and Handover Success Rate (HSR)



letters and advised to renew or apply for licences and they subsequently complied. Continued follow up and education of the licensees is ongoing to address such violations.

Safety of Mobile Base-stations

There are challenges regarding the perceived harmful effects of Electromagnetic Fields (EMF). Operators have sought the BTA's intervention on the refusal by local authorities to grant them land to erect communication towers on the basis that the towers would cause harm to human health. In view of the above challenge, the BTA has intensified education campaigns through Kgotla meetings and other public fora to educate the consumers on the issues of Electromagnetic Fields (EMF) and their health effects.

The BTA assures the public that mobile radio transmission base stations deployed by the cellular operators adhere to the international standards and that electromagnetic radiation from the base stations are well below the exposure limits as set out in the International Commission on Non-Ionising Radiation Protection (ICNIRP) guidelines. The BTA will continue to carry out surveillance and electromagnetic radiation measurements in various locations.

REVIEWS

COMPLIANCE AND MONITORING (CONTINUED)

Consumer Affairs

The BTA is required to ensure that consumers receive the requisite quality of service from their service providers. In addition, the BTA is expected to meet the reasonable expectations of the general public in relation to its consumer protection mandate. As such, consumers escalate concerns and complaints raised with their respective service providers to the BTA when the complaints have not been addressed satisfactorily by the service providers.

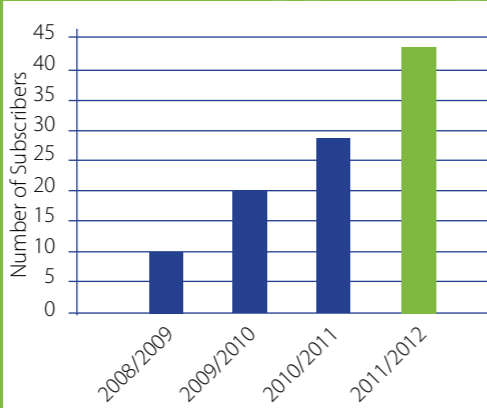
During the year under review, various consumer concerns were escalated to the BTA ranging from dissatisfaction with operators' lack of or inadequate customer care, delayed service provision to problems with voicemail or billing challenges.

Complaints

During the period under review, the BTA received an increased number of complaints escalated to it. The increase can be attributed in part to the increased public awareness campaigns undertaken by the BTA during the current and previous years. This trend is likely to continue as the BTA intensifies out-reach programmes and as consumers become more aware of their rights and continue to demand better services from service providers. The increase in escalated complaints may also suggest that there are challenges with how service providers address customer care including information about their products; how easy it is to contact the service provider; how quickly complaints are addressed; and how easy it is to make a complaint and have it resolved on time.

Figure 9 illustrates complaints trend for the period 2008/2009 to 2011/12.

Figure 9: Number of complaints since 2008/9



CUSTOMER COMPLAINTS

+53.6%

2012 – 43 complaints
2011 – 28 complaints

The highest number of complaints related to billing which represented 27.1% of the total number of complaints

Table 9: Number of complaints escalated to the BTA per operator

Nature of complaints	BTC	be Mobile	Mascom	Orange	All PTOs	Total
Spam			2	1		3
Billing	2		6	3	1	12
Sim Card registration		1		1		2
Cellphone banking			2	1		3
Delayed repairs/Poor service	3			1		4
Airtime			2	1		3
Stolen handsets		1		2		3
Unavailable network			1			1
Malicious call				2		2
Voicemail			1	3		4
Anti-competition			1			1
Contract		1	1			2
Slow ADSL	3					3
Total	8	3	16	15	1	43

The BTA registered 43 new complaints during the period under review. All but three complaints have been resolved. The three outstanding complaints were still going through the resolution process as at the end of the reporting period.

The highest number of complaints related to billing which represented 27.1% of the total number of complaints registered followed by delayed repairs and poor service.

Charges for data usage also produced complaints from customers who did not know the airtime limit of their calling plans and therefore did not have an idea of how much data they used.

Table 9 shows that both Mascom and Orange recorded more complaints. Mascom recorded sixteen complaints followed by Orange with fifteen, BTC fixed service with eight and BTC beMOBILE with three.

COMPLIANCE AND MONITORING (CONTINUED)

Figure10 depicts the number of complaints escalated to the BTA per Operator.

Regarding broadcasting, the NBB received a total of 30 complaints levelled against the various radio stations regarding poor reception, use of improper language and inaccurate information. All the complaints that were raised regarding poor reception and use of improper language were resolved internally by the concerned broadcasting stations. Going forward, the NBB aims to increase stakeholder public education on the importance of broadcasting regulation and stakeholder participation during the next financial year.

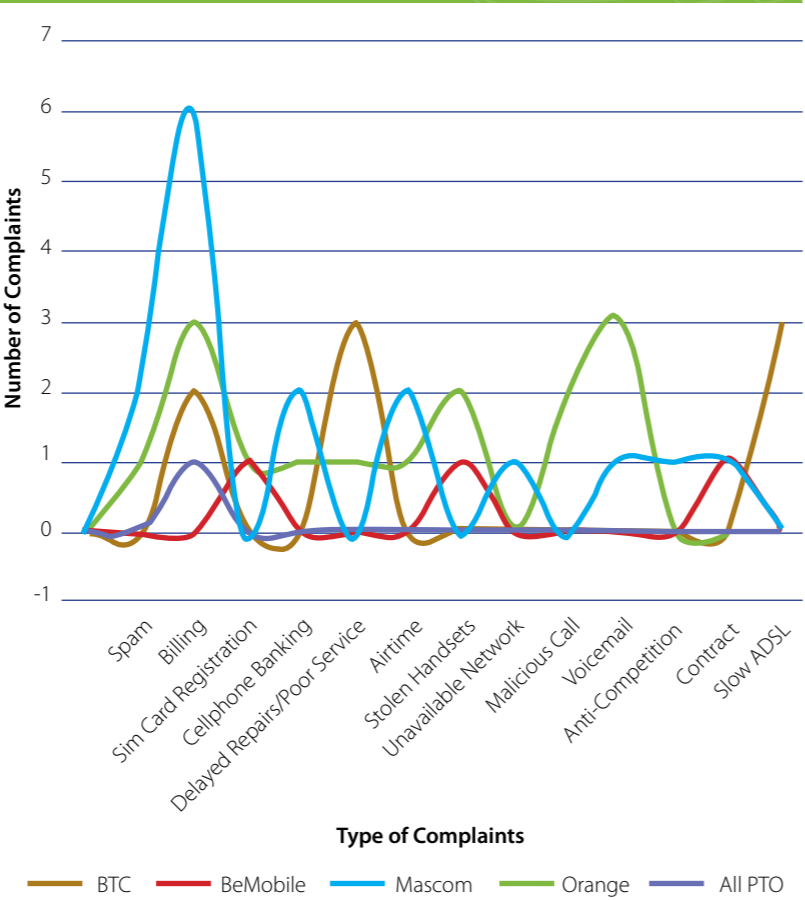
Consumer Education

The BTA undertakes continuous consumer education on the rights and obligations of users of communication services as well as on new developments emerging in the industry. During the reporting period, consumer education focused on migration to digital television broadcast technology, e-waste, pre-paid registration and the revised tariffs for communications services. A total of 10 villages were covered in the Central and the North East District where seven Kgotla meetings and eight school briefings were conducted. The BTA also participated at the Boteti Agricultural Show in Letlhakane and the Hospitality and Tourism Association of Botswana (HATAB) Annual Conference in Maun. The visits were highly interactive and they gave consumers a platform to raise their concerns about the industry.

In parallel, the NBB also held public education campaigns in places such as Maun, Francistown, Lobatse and Kasane during the reporting period in line with its 2010-13 Strategic Plan objective of ‘Stakeholder Engagement and Public Awareness’ which seeks to ensure that stakeholders are knowledgeable and also make meaningful contribution in the broadcasting sector.

The increase in escalated complaints may also suggest that there are challenges with how service providers address customer care.

Figure 10: Number of complaints escalated to BTA



CASE STUDY: CONSUMER RIGHTS AND EDUCATION



The BTA has a mandate to ensure protection of all consumers of telecommunications services. This mandate requires the public or end users of telecommunications services to understand their use and their rights as consumers of those communications technologies. BTA undertakes consumer education to inform the public about their rights and obligations through forums such as trade exhibitions, meetings at District councils, Kgotla forums and Agricultural shows. The consumer education topics include electromagnetic radiation, radio licensing requirements, prepaid mobile phone registration, consumer complaints amongst many others.

FOCUS ON RADIATION AND CONSUMER SAFETY

As with many new technologies some effort has to be spent educating the public about its use whenever it is brought to the Botswana market.



One of the most common concerns includes the possible negative health effects from the use of mobile phones and radio transmission base stations.

Mobile phones and their radio base stations transmit and receive signals using electromagnetic waves (often referred to as electromagnetic radiation or radio waves). The electromagnetic radiation from the base stations and handsets is called non-ionising radiation.

Non-ionising radiation does not carry enough energy to change the structure of an atom while ionising radiation can change the structure of an atom. Examples of ionising radiation sources are X-RAY and Nuclear.

Electromagnetic radiation is emitted by natural and man-made sources, for example we are warmed by radiation from the Sun. Examples of man-made sources of electromagnetic fields are broadcasting transmitters, household microwaves, and radar.



The cellular technologies operated in Botswana are: Global System for Mobile Communication (GSM 900, GSM 1800) and the Universal Mobile Telecommunication System (UMTS, often referred as 3G). The technology has been widely deployed in various countries throughout the world and in the SADC region in particular. With regard to compliance with ICNIRP guidelines by the cellular technologies deployed in Botswana, the BTA has been approving the use of cellular technology/ infrastructure by referencing to other countries (comparative referencing) that have carried out non-ionising radiation emission surveys and measurements that indicate that GSM 900, GSM 1800 and UMTS radiation is well below the limits set out by the ICNIRP* guidelines.

Based on the above, the BTA assures the public that it will continue to ensure that telecommunications equipment deployed in Botswana adheres to international standards and regulations with regard to electromagnetic radiation particularly non-ionising radiation.

The BTA further assures the public that there is consensus in scientific literature that there is no evidence of adverse health effects by use of cell phones and their radio base stations within the applicable limits approved as mentioned above.

The International Commission on Non-Ionising Radiation Protection (ICNIRP), is an independent scientific organisation which has a formal relations with the International Telecommunication Union (ITU) and the World Health Organisation (WHO).



CORPORATE COMMUNICATIONS

In line with its mandate to represent Botswana on the international telecommunications scene, the BTA took part in a number of communications fora in the region as well as globally.

World Telecommunication and Information Society Day (WTISD)

The BTA coordinated preparations and took part in the 2011 World Telecommunications and Information Society Day (WTISD) commemoration that was held in Manxotae Village under the theme: Better Life in Rural Communities with ICTs. The WTISD is an annual international commemoration that serves to highlight the benefits of Information and Communications Technologies (ICTs) in improving the lives of humanity. In Botswana, the event has been used as part of the government efforts to bridge the digital divide.

Therefore, during the 2011 commemoration, the BTA donated three 55Kva generators to each of the three villages of Manxotae, Maposa and Sepako that had no electricity supply. The generators provided the electricity that is used for powering ICT equipment donated by other stakeholders to primary schools, health clinics, customary courts and public officers house in each of the three villages. The Maposa generator is also used to supply electricity to power the boarding primary school dormitories.

ICT Stakeholders Consultative Forum (Pitso)

In September 2011, the BTA in collaboration with the Ministry of Transport and Communications held ICT stakeholders consultative forum (Pitso). The Pitso is a forum for the ICT industry intended to identify challenges and find collective solutions for the betterment of the performance of the sector.

The Pitso called on the BTA to review its licensing framework to address the aspirations of further liberalisation policy pronouncement. It also called on the BTA to offer clarity on the implementation of its Directive on the reduction of tariffs for the communications services in Botswana. Further, the BTA was requested to develop an implementation plan to allow for regular reviews and monitoring of tariffs.

Quality of Service

BTA hosted the ITU workshop on Quality of Service (QoS) which ran back to back with the Electromagnetic Fields (EMF) meeting and workshop. Quality of service on telecommunication networks continues to pose a concern. The objective of the meeting was to come up with harmonised QoS guidelines to be used across the African continent as well as to encourage participation of the developing countries in the work of International Telecommunication Union (ITU). The BTA is no exception to the challenges of QoS and needs to build capacity in terms of addressing issues of network quality and standards.

CASE STUDY: 2012 WORLD RADIO COMMUNICATIONS CONFERENCE



The World Radiocommunications Conference is held every four years under the auspices of the International Telecommunications Union (ITU), where member states gather to review the Radio Regulations.

The 2012 World radio communication Conference (WRC-12) brought together member states to best practices and debate topics ranging from radio frequency allocation, using the radio frequency spectrum efficiently and contributing to disaster prediction, mitigation and relief.

As undoubtedly the most important resource in the telecommunication industry, radio spectrum agenda items were more prominent. Radio frequency spectrums are divided into bands for specific use such as fixed, mobile, broadcasting, amateur, space research,

emergency telecommunications, meteorology, global positioning systems, environmental monitoring and communication services - that ensure safety of life on land, at sea and in the skies.. The coordination of spectrum allocation transcends geographical barriers so the role of determining the use of cross boarder frequencies lies with telecommunications authorities in neighbouring countries.

Every member state is obliged to implement applicable findings from the Conference. Preparations for the conference are first done nationally, then regionally and ultimately debated at international level.

CORPORATE COMMUNICATIONS (CONTINUED)

Practical Measurement of EMF Exposure

The BTA hosted the ITU-T workshop on “Practical measurement of EMF exposure” from 25 to 26 July 2011. The workshop expanded theoretical knowledge in the field of radio signal measurements, increased practical experience by being able to measure and interpret (non Ionising) radiation levels from different EMF sources. Presentations from the World Health Organisation (WHO) and ICNIRP touched on the research agenda and scientific approach respectively. The European Committee for Electrotechnical Standardisation (CENELEC) or Comité Européen de Normalisation Électrotechnique in French, gave an overview on how to evaluate Radio Frequency (RF) field strength and Standard Absorption Rate (SAR) from radio base stations. Participants had an opportunity to experience the testing method using the BTA measurement equipment (NARDA Selective Radiation Meter 3006).

for WRC-12. The Meeting also provided a platform for the sharing of information and views on the existing studies on various WRC-12 agenda items. In addition, it provided the platform for discussions and negotiations for common proposals and positions on the various WRC-12 agenda items for the SADC region.

The meeting discussions focused on the Radiolocation issues, Aeronautical issues, Maritime and amateur issues, Science issues, Satellite issues, Fixed, Mobile and Broadcasting issues and General Issues. SADC countries managed to reach consensus on several issues and drafted the SADC proposal for the WRC-12. The Meeting further agreed to recommend to the SADC Ministers responsible for ICT’s to consider endorsing the SADC preliminary positions as developed at the Meeting.



Regional Participation

As a Member State, host and treasurer to the Communications Regulators Association of Southern Africa (CRASA), the BTA took part in regional collaboration initiatives aimed at harmonising regulatory policies among CRASA member states.

SADC Group WRC-12 Preparatory meeting

The BTA hosted a SADC Group World Radiocommunication Conference (WRC-12) Preparatory meeting in Maun from the 23 – 27th May 2011. The purpose of the Meeting was to prepare preliminary common SADC positions on all WRC-12 agenda items. These preliminary SADC positions were later tabled at the African Telecommunication Union (ATU) WRC-12 Preparatory Meeting held in Algeria in mid-July 2011, with the objective of getting the SADC positions included in the African common positions

Workshop on the SADC Harmonised Cyber Security Legal Framework

Concerns over cybercrime have given rise to the need for a global approach in tackling it. Due to the global nature of the Internet, it is imperative to harmonise strategies to address this scourge. It is for this reason that legal and ICT experts met in Gaborone from 27th February to 2nd March 2011 to harmonise legal instruments that would guide the SADC Member States in making laws that combat Cyber Security.

The workshop which was hosted by the Government of the Republic of Botswana was convened by a partnership between the International Telecommunication Union (ITU) and the Southern African Development Community (SADC) Secretariat under the Harmonised ICT Policies for Sub-Saharan Africa (HIPSSA) programme.

The workshop specifically interrogated three key instruments addressing Cyber Security being the Harmonised Model Law on Cybercrime, Harmonised Model Law on Data Protection and Harmonised Model Law on Electronic Transactions and Electronic Commerce.

The aim of the workshop was to review, amend and validate regional model legislation on Electronic Transactions, the Protection of Personal Data and the Fight Against Cybercrime. The draft documents were prepared with the support of the ITU-EC HIPSSA Project and were based on the international best practice as well as the assessment of existing legislation in SADC Member States to further enhance harmonisation.

At the end of the workshop, Member States accepted the proposed model laws. It was left to each Member State to adapt the model laws into their respective legal frameworks. Member States which still needed further support were encouraged to seek the assistance of the ITU.



International Participation

CTO Annual General Meeting and Forum

The BTA attended the 9th Annual Commonwealth Telecommunications Organisation (CTO) Annual General Meeting (AGM) and Forum held in Port of Spain, Trinidad and Tobago under the theme Broadband for the Networked Society from 12-14 September 2011.

As the supreme governing body of the Commonwealth Telecommunications Organisation (CTO), the Council met to review the activities of the CTO for the financial year 2010/2011 and approve operational plans for the 2011/2012 financial year. The AGM addressed a spectrum of issues covering appointment of the new Chief Executive Officer; implementation of the strategic plan for the period 2009-2012; audited accounts for 2010-2011; human resources issues; the operational

CORPORATE COMMUNICATIONS (CONTINUED)

budget; elections of the new Executive Committee and the venue for the next Council meeting.

The Forum that preceded the AGM offered a holistic view of the issue of Broadband highlighting most of the challenges that need to be overcome during implementation. It focused solely on the concept of Broadband networking the world and accelerating economic and social development. The Forum also spent time on the significance of social media in development and governance, demonstrating by way of figures how social media and social networking is perhaps the biggest growth area in the uptake of Broadband. Speakers identified the business opportunities available in social networking as well as the cyber security challenges that it poses.

As a representative of Botswana at CTO, attending the AGM enables the BTA to have a say in the running of the affairs of the organisation to maximise value derived from the annual subscription the country is paying. On the other hand, the Forum benefited the BTA in its collaborative effort with Government to develop a Broadband strategy for Botswana.

Global Symposium for Regulators (GSR)

BTA took part in the 11th Global Symposium for Regulators (GSR) and the Global Industry Leaders Forum (GILF) held in Armenia, Columbia from 20-23 September 2011 under the theme Smart Regulation for a Broadband World.

The GILF is an annual event which provides a neutral platform for International Telecommunication Union Development Bureau (ITU-D) sector members to share their views with policy makers and regulators on major issues facing the ICT sector, with particular emphasis on reducing barriers to ICT investment in developing and least developed countries.

Global Symposium for Regulators examined measures that can be taken to achieve broadband for all, foster innovation and address the complexities and challenges of broadband ecosystem. The thrust of the discussions centred on broadband networks as a creative and innovative instrument that should offer opportunities to leapfrog time and distance limitation to growth.

The 2011 theme for the GSR and the GILF, "Smart Regulation for a Broadband World" has been the most relevant for Botswana as it came at a time when the BTA in close collaboration with the Ministry of Transport and Communications are working on a Broadband Strategy for Botswana. In this regard, the two fora have provided the BTA with a golden opportunity to amass the necessary ammunition to ensure that the country comes up with an up-to-date strategy that will take into consideration the contemporary issues on broadband deployment. More importantly, the GSR has produced the "Draft Best Practice Guidelines on Regulatory Approaches to Advance the Deployment of Broadband, Encourage Innovation and Enable Digital Inclusion for All" that will enrich the Broadband Strategy for Botswana.

Botswana will also benefit from the funding mechanisms for broadband deployment which include Universal Access and Service Fund (UASF) and Public Private Partnerships (PPP). The Botswana UASF policy which is at an advanced stage of development, is flexible enough to accommodate broadband deployment as it provides for the UASF Board to identify projects which will benefit from the fund. The PPP model should continue to be explored in deploying broadband networks as Botswana has successfully used this funding mechanism in the Nteletsa 2 project.

CASE STUDY: BTA DONATES ICTs TO CHOBE DISTRICT



The benefits of being online and connected are at times thought to be accessible only to people living in urban areas. However in a world where the internet is now considered a basic human right, previously underserved areas of Botswana have been the recipients of Information and communications Technologies (ITC's) from various stakeholders in the communications industry and beyond.

The BTA has been part of bringing the benefits of being connected to the knowledge society through the donation of various ICT equipment to communities throughout Botswana. A donation of 22 computers, 22 printers and 2 heavy duty photocopiers was made to schools and customary courts in the Chobe District. Mr. Noble Katse the Director of Business Development at BTA said that the gesture will help grow the ICT literacy skills of the beneficiaries, adding that it will also ensure that Chobe communities are not left behind as the rest of the country enjoys the benefits of the information society era. In addition the BTA also donated three 55Kva generators to each of the three villages of Manxotae, Maposa and Sepako that had no electricity supply. The generators provided the electricity that is used for powering ICT equipment donated by other stakeholders to primary schools, health clinics and customary courts.

ITU Telecom World 2011

The BTA attended the ITU Telecom World 2011 held in Geneva Switzerland from 24-27 October 2011. The ITU Telecom World is a premier exhibition that features interactive discussions on the latest technologies driving the communications industry. It provides policy makers and regulators with the opportunity to know what the future holds in terms of emerging technologies and the implications they will have on policy direction, regulation and resource requirements.

The ITU Telecom World 2011 featured six categories covering the Broadband Leadership Summit, the Forum, the Technical Symposium, Workshops, a Digital Cities Conference and the Exhibition. Key among the sessions was the Broadband Leadership Summit which brought together Heads of State, members of the ITU/UNESCO Broadband Commission for Digital Development and key industry leaders to explore the role of broadband as an important infrastructure for promoting economic growth, trade and productivity.

The Commission agreed four targets for broadband implementation covering policy, affordability and uptake as follows:

- Making broadband policy universal. By 2015, all countries should have a national broadband plan or strategy or include broadband in their Universal Access / Service Definitions.
- Making broadband affordable. By 2015, entry-level broadband services should be made affordable in developing countries through adequate regulation and market forces (for example, amount to less than 5% of average monthly income).
- Connecting homes to broadband. By 2015, 40% of households in developing countries should have Internet access.
- Getting people online. By 2015, Internet user penetration should reach 60% worldwide, 50% in developing countries and 15% in Least Developed Countries (LDCs).

REVIEWS

CORPORATE COMMUNICATIONS (CONTINUED)

The targets set by the Broadband Commission gave Botswana a feel of how the world is approaching the subject and challenged the BTA as the coordinator in the development of the Broadband strategy to commit to project time lines that will fit within the global timelines set by the Commission. The targets will also guide the Botswana strategy in terms of minimum bandwidth desired, expected Internet penetration levels, affordability levels etc.

In addition, the WT11 has highlighted the increased importance of spectrum management in the era of broadband. The challenge is for the BTA, together with the industry to find the best ways possible for making spectrum available.

World Radiocommunication Conference 2012 (WRC-12)

Following five years of preparation, the World Radiocommunication Conference 2012 (WRC12) concluded its deliberations on the 17th February 2012 with the signing of the Final Acts that revised the Radio Regulations (RRs). The purpose of the WRC is to review the RRs, which is the international treaty governing the use of radio-frequency spectrum and satellite orbits.

WRC-12 addressed about 30 agenda items related to frequency allocation, frequency sharing for the efficient use of spectrum and orbital resources, thus ensuring 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.

The following are some of the key outcomes of the conference:

- Spectrum allocation for International Mobile Telecommunications (IMT): In addition to the WRC 07, allocation for the broadcasting spectrum 790 – 862 MHz as the “digital dividend”, the WRC

12 has further allocated the 694 -790 MHz as the as an extension to the “digital dividend” to be used by the 4th generation mobile services after the migration of analogue television to digital television in 2015. Digital dividend is the spectrum that is released after implementing the more spectrum efficient digital broadcasting. This WRC 12 decision calls for the re-planning of the Geneva 06 Agreement, which governs the digital broadcasting frequency plan. The BTA is currently coordinating with other countries within the SADC regions on the re-planning of the Geneva 06 broadcasting frequencies;

- Increase Efficiency in the Use of the Spectrum/ Orbit Resource: The WRC 12 modified the rules and procedures which governs the frequency assignment and use of the satellite orbital slots in order to ensure efficient utilisation of the satellite orbital resources. These included, improved due diligence information -- including more detailed information on the identity of the spacecraft used for the operation of the frequency assignments and improved the satellite coordination by reducing the coordination arc in parts of the most congested spectrum;
- Early Warning, Disaster Mitigation and Relief Operations: With reference to emergency telecommunications, WRC-12 addressed the application of new technologies, such as IMT and intelligent transport systems (ITS) to support or supplement advanced public protection and disaster relief applications. Countries have been encouraged to consider using identified frequency bands when undertaking their national planning for the purposes of achieving regionally harmonised frequency bands or ranges for advanced public protection and disaster relief solutions.
- Aeronautical Services: WRC-12 allocated the spectrum for the unmanned aircraft vehicles (UAV) and called for further studies on additional

spectrum for the UAV. In addition, the WRC 12 established appropriate procedures for the sharing of spectrum among the various aeronautical services. Studies will also be continued to investigate compatibility issues between the broadcasting service and aeronautical mobile (route) service in the band 108–117.975 MHz that may arise from the introduction of digital sound broadcasting systems.

In preparation for the Conference, the BTA formulated a National Preparatory Committee consisting of stakeholders in Botswana. The function of the Committee was to propose a National position on the WRC agenda items. BTA also successfully hosted

a SADC WRC-12 preparation meeting in May 2011 whose objective was to harmonise positions of SADC countries on the agenda items. BTA also participated actively in African continent preparatory meetings organised by African Telecommunications Union (ATU).

Following the conference, the BTA needs to modify its national regulations as appropriate, especially the National Frequency Allocation table based on the Provisional Final Acts. Similarly, the BTA needs to take measures to protect its national satellite orbital slots, especially EPM degradation. One such measure will be the implementation of appropriate software to assist during coordination.

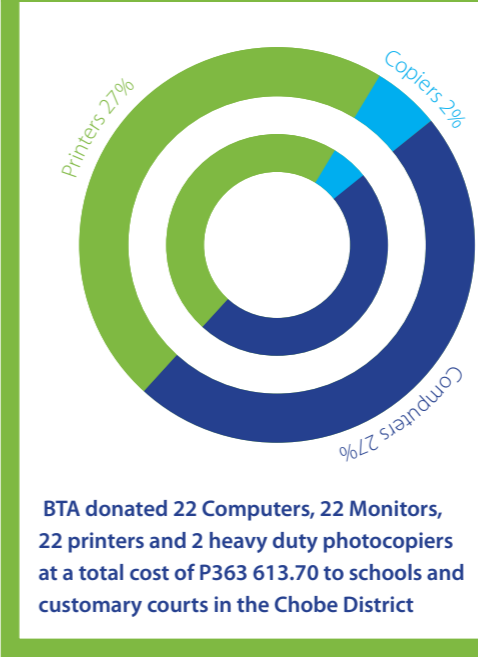
The Conference has also highlighted the need for Botswana to start preparatory work earlier and follow the debates at study group level in order to make meaningful contribution to the Conference and its preparatory stages at regional and continental level.

Social Responsibility Programme

During the 2011/12 Financial Year, the BTA maintained a steadfast contribution towards the knowledge society by donating ICTs to various institutions and causes. Notably, the BTA donated 22 Computers, 22 Monitors, 22 printers and 2 heavy duty photocopiers at a total cost of P363 613.70 to schools and customary courts in the Chobe District. A donation of 5 computers and 5 printers was also made to the Independent Electoral Commission to start ‘Democracy Clubs’ in schools. Figure 11 below depicts the number of ICTs donated during the year.

In addition, the BTA re-painted Anne Stine Centre for Children with Disabilities in Molepolole as a Community Service project, purchased track-suits for the children, and hosted a Christmas Party for them.

Figure 11: Number of ICTs donated during the year





Migration to digital television
broadcasting technology equally
concerns the BTA in its capacity as the
Secretariat and Technical Advisor to the
sister Board, the National Broadcasting
Board (NBB).

During the reporting period, Deputy Chief Executives heading the two divisions, four Directors of departments and fifteen Heads of functions were appointed through a competitive process.



Implementation of the new organisational structure

Pillars of the new organisational Structure

Following the adoption of the new Strategic Plan for the period 2009 to 2016, the BTA developed and implemented a new organisational structure. The new structure created a platform to improve organisational efficiency and effectiveness to meet the requirements of the new strategy as well as the challenges brought about by evolving trends in the communications sector. The new structure sought to emphasise the focus on regulatory matters by creating a new division of Regulatory Affairs headed by a Deputy Chief Executive Regulatory Affairs. The division is responsible for regulatory policy development and execution, engineering and technology matters, standards and business development. Further to that, another division responsible for Operations and Strategy was created to focus on internal capacity and capability. The division focuses on strategy formulation and execution; compliance and customer processes; internal processes; people management and capacity building.

Recruitment for the new organisational Structure

During the reporting period, Deputy Chief Executives heading the two divisions, four Directors of departments and fifteen Heads of functions were appointed through a competitive process. In addition, the position of Broadband Coordinator was created at senior management level in recognition of the evolving nature of the communications sector particularly the need to improve access to communications services. This position will specifically spearhead, develop and implement the National Broadband Strategy. The remaining positions in the structure below heads level, were populated through assessment and deployment of staff.

Interventions carried out in the Implementation of the New Organisational Structure

Validation of the new organisational structure was done through a consultancy. The consultant carried out a review of the Board approved structure through internal and external fora. The process sought to engage staff on the key elements of the structure as well as to create the required buy in for the adoption of the structure. Following the validation process, jobs in the structure were evaluated and graded to pave way for recruitment.

In order to ensure fairness and transparency, the recruitment process was guided by the Remuneration Committee of the Board assisted by an external consultant.

Employee Assistance Programme

Prior and during the implementation of the new organisational structure employees were taken through group counselling sessions by a counselling services provider appointed by the BTA. This service was also offered at individual level on a discreet and personalised basis. The Board approved a Management Voluntary Exit Scheme to facilitate separation with those who were not interested in taking part in the recruitment process. The scheme has since been taken up by three managers who subsequently left the organisation.

As an ongoing process to create synergy and motivate the new teams in implementing the BTA strategy, team building sessions were held for management and staff during the months of February and March 2012. The exercise also presented an opportunity to review the Strategic Plan, re-contract and create commitment.

Staff Compliment and Turnover

As at the end of March 2012, the staff complement stood at seventy-one. Three exits and one external recruitment arose out of the implementation of the organisational structure. Four (4) recruitments came from the Graduate Development Programme

Exits	3
Recruitment:	5

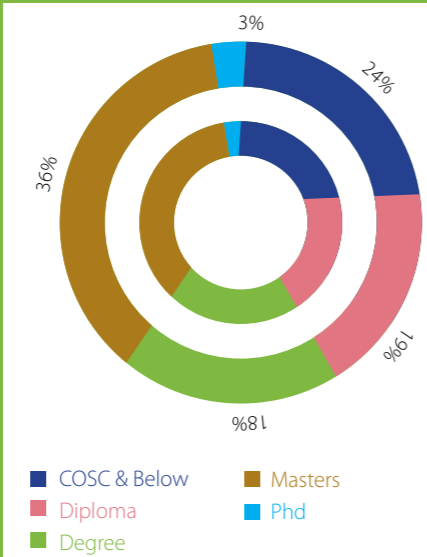
A recruitment exercise was started during the year under review to appoint a Country Code Top Level Domain (ccTLD) Engineer in order to migrate the facility from the Botswana Telecommunications Corporation. The engineer is expected to join the BTA at the start of the next financial year.

Graduate Trainee Programme

The BTA Graduate Development Programme has produced four graduates as at 1st September 2011 following a twelve month training programme in the following disciplines;

• Information Technology	1
• Economics	2
• Legal	1

Figure 12: Profile of qualifications at BTA as at 31 March 2012.



CASE STUDY: GRADUATE DEVELOPMENT PROGRAMME



Finding fresh talent for the often cutting edge work carried out by the BTA requires the organisation to keep an eye on the best graduates entering the Botswana market. The subject areas that the BTA has particular interest in range from technical to legal to administrative to mention a few. BTA selects high performing graduates and puts them through 12 months on the job training programme. At the end of the programme the BTA employs some of these graduates whenever vacancies exist in its establishment. Where graduate trainees cannot be absorbed by the BTA, they are released into the Botswana job market. To date, the BTA has had two sets of graduates totalling eight in all who went through this process. All of which have been absorbed within the employ of BTA.

REVIEWS

FINANCIAL REVIEW

BTA Financial Performance 2010-2012

Figures in Pula Million	2012	2011	2010
Revenue	93.60	92.08	83.46
Other income	0.85	1.68	2.09
Operating expenses	-69.71	-66.63	-63.86
Contribution to Universal Service Fund	0	-7.00	-4.00
Finance Income	6.42	5.05	4.96
Fair value adjustments	0.50	0.80	
Profit on non-current assets held for sale			0.79
Surplus for the year (Pula million)	31.66	25.98	23.44

The BTA recorded surplus of Pula 31.66 million, representing an increase of 21.9% from previous year's figure of Pula 25.98 million.

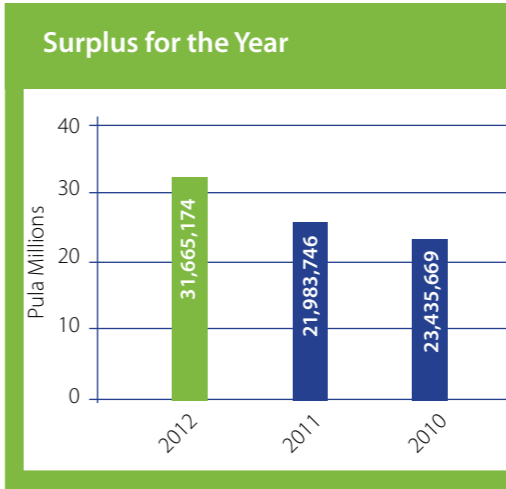
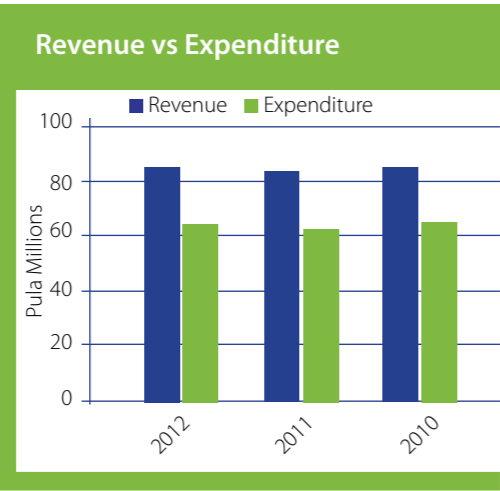
Revenue

The BTA revenue comprise of turnover fees, radio licence fees, system licence fees and service licence fees. Turnover fees constitute significant share of total revenue at 77%.

Total revenue increased by 1.65 % from Pula 92.08 million last year to Pula 93.60 million during the year.

Operating Expenses

Operating expenses increased slightly by 4.6% to Pula 69.71 million compared to Pula 66.63 million in the previous year. Depreciation decreased due to the fact that a significant number of assets were fully depreciated. Staff costs increased by 15% mainly as a result of termination costs paid to employees who left the BTA and the change in employment status for some employees, from permanent and pensionable to fixed term contract, following the restructuring.

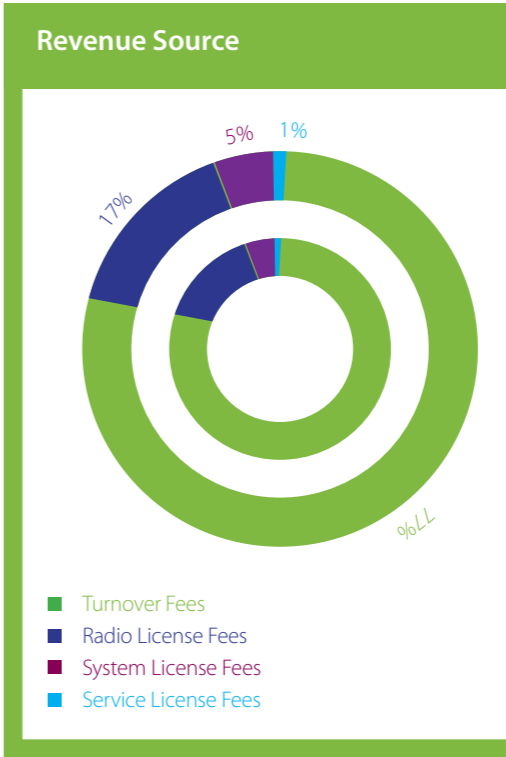


Operating Income

BTA has invested its surplus funds in certain instruments to achieve maximum returns while minimising risks. The Authority invested its funds in fixed deposits and money market with banking institutions offering better interest rates. BTA has also invested in properties, being town houses. The townhouses continue generating rental income.

Financing and Financial Position

The cash generated from operating activities increased from P32.09 million last year to P46.10 million during this year. The BTA believes that it has adequate resources to finance its operating activities and the anticipated capital expenditure in the financial year 2012/13.

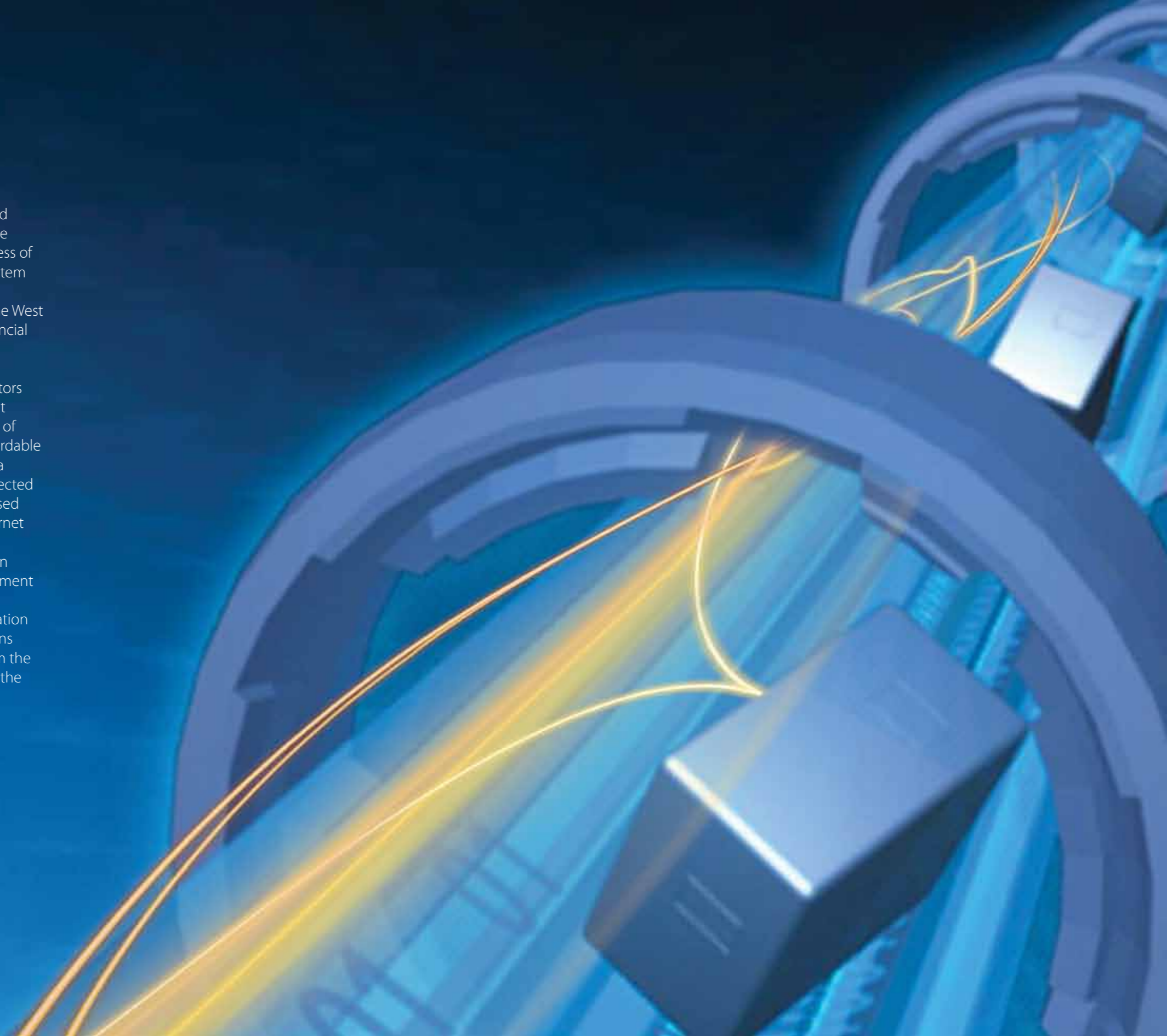


FUTURE OUTLOOK

The telecommunications market is expected to continue on a healthy growth path. The completion of the government subsidised Ntelelsa II project has increased network coverage and allowed operators to reach new customers in the previously un-served areas.

Internet penetration is also expected to start growing at an increasing rate following the opening up for business of the East Africa Submarine Cable System in the current financial year and the anticipated coming into being of the West Africa Cable System in the next financial year.

The two systems will provide operators with ample bandwidth capacity that should not only enable the delivery of quality services but also lead to affordable tariffs. Equally, the development of a National Broadband Strategy is expected to facilitate optimal usage of increased broadband capacity leading to Internet growth and the proliferation of the third (3G) and fourth (4G) generation services. With the anticipated enactment of a new communications sector legislation by Parliament and separation of the Botswana Telecommunications Corporation wholesale services from the retail services, the future outlook of the sector remains positive.



ANNUAL FINANCIAL STATEMENTS

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The Authority is a body corporate, established under the Telecommunications Act (Cap 72:03) to regulate, supervise and promote the provision of efficient telecommunication services in Botswana.

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

NET SURPLUS

+22%

2012: P31,665,174 MILLION

2011: P25,983,746 MILLION

CORPORATE INFORMATION

Country of Incorporation and Domicile	Botswana
Nature of Business and Principal Activities	The Authority is a body corporate, established under the Telecommunications Act [Cap 72:03] to regulate, supervise and promote the provision of efficient telecommunication services in Botswana.
Members of the Board	Dr. B. O. Tsheko (Chairman) Dr. M. A. Mpotokwane (Vice Chairman) Dr. T. Nyamadzabo Dr. D. E. Maje (Appointed on 01/05/2011) Mr. R.M. Phole
Independent Member of Finance and Audit Committee	Mrs. A. T. Khunwana (Appointed on 26/07/2011)
Independent Member of the Remuneration Committee	Ms. I. Ramalohlanye (Appointed on 15/11/2011)
Chief Executive	Mr. T. G. Pheko
Board Secretary	Dr. Z. Kebonang
Registered Office	Plot 206/207 Independence Avenue Extension 5 Gaborone Botswana
Postal Address	Private Bag 00495 Gaborone Botswana
Bankers:	First National Bank of Botswana Limited Barclays Bank of Botswana Limited Standard Chartered Bank Botswana Limited Bank of Baroda (Botswana) Limited Stanbic Bank Botswana Limited
Auditors:	Grant Thornton Chartered Accountants Botswana Member of Grant Thornton International Limited
Functional Currency:	Botswana Pula ("P") and is rounded off to the nearest Pula

INDEPENDENT AUDITORS' REPORT

To the members of Botswana Telecommunications Authority

Report on the Financial Statements

We have audited the accompanying annual financial statements of Botswana Telecommunications Authority, which comprise the statement of financial position as at 31 March 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 85 to 109.

Members' Responsibility for the Annual Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

In accordance with Section 14(3) of the Telecommunications Act, 1996 (Cap 72:03), 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 Telecommunications Act 1996 (Cap 72:03).
- The financial statements prepared by the Authority were prepared consistent with that of previous year except for adoption of new standards/ new amendments and interpretations issued by the International Accounting Standards Board, the details of which are covered under note 2.1 to these annual financial statements.

Grant Thornton.

Chartered Accountants

Certified Auditor: Madhavan Venkatachary (Membership No: 20030049.31)
Gaborone

23 September 2012

MEMBERS RESPONSIBILITIES AND APPROVAL

Members Responsibilities and Approval

The Members of the Board are required in terms of the Telecommunications Act, 1996 (CAP 72:03) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual 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 judgements and estimates.

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

infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Members of the Board 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 of the Board have reviewed the Authority's cash flow forecast for the year to 31 March 2013 and, in the light of this review and the current financial position, they are satisfied that the Authority has adequate resources to continue in operational existence for the foreseeable future.

The members of the board are responsible for the financial affairs of the Authority. The external auditors are responsible for independently reviewing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented on pages 85 to 109.

The annual financial statements set out on pages 85 to 109, which have been prepared on the going concern basis, were approved by the board on 12 September 2012 and were signed on its behalf by:

Chairperson of the Board
Gaborone

Chief Executive

MEMBERS OF THE BOARD REPORT

The Members of the Board have pleasure in submitting their report, which form part of the financial statements for the Authority for the year ended 31 March 2012.

1. Review of activities

Main business and operations

The Authority is a body corporate, established under the Telecommunications Act (Cap 72:03) to regulate, supervise and promote the provision of efficient telecommunication services in Botswana.

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

Net surplus of the Authority was P 31,665,174 (2011: P 25,983,746 surplus)

2. Events after the reporting period

The members of the board are not aware of any matter or circumstance arising since the end of the financial year.

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. Accounting policies

During the financial year the Authority adopted certain new International Financial Reporting Standards, amendments and interpretations, the details of which are stated in note 2 to these annual financial statements.

5. Members

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

- Dr. B O Tshoko (Chairman)
- Dr. M A Mpotokwane (Vice Chairman)
- Dr. T Nyamadzabo
- Mr. R M Phole
- Dr D.E. Maje

6. Secretary

The secretary of the Authority is Dr Z. Kebonang

STATEMENT OF FINANCIAL POSITION

For the Year Ended 31 March 2012

Figures in Pula	Note(s)	2012	2011
Assets			
Non Current Assets			
Investment property	3	7,500,000	7,000,000
Property, plant and equipment	4	81,862,839	85,469,477
		89,362,839	92,469,477
Current Assets			
Trade and other receivables	6	25,715,209	25,271,834
Prepayments		458,806	390,277
Cash and cash equivalents	7	175,451,383	141,593,331
		201,625,398	167,255,442
Total Assets		290,988,237	259,724,919
Equity and Liabilities			
Equity			
Proposed dividends	8	7,916,294	6,495,937
Retained income		233,556,286	209,807,406
		241,472,580	216,303,343
Liabilities			
Current Liabilities			
Trade and other payables	10	14,820,162	9,758,144
Government of Botswana Universal Service Fund	9	34,695,495	33,663,432
		49,515,657	43,421,576
Total Equity and Liabilities		290,988,237	259,724,919

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 March 2012

Figures in Pula	Note(s)	2012	2011
Revenue	12	93,601,614	92,084,513
Other income		854,462	1,681,584
Operating expenses	13	(69,708,659)	(66,635,834)
Contribution to Universal Service Fund	9	-	(7,000,000)
Surplus for the year before finance income	14	24,747,417	20,130,263
Finance income	15	6,417,757	5,054,483
Fair value adjustments	16	500,000	799,000
Surplus for the year		31,665,174	25,983,746
Other comprehensive income		-	-
Total comprehensive income		31,665,174	25,983,746

STATEMENT OF CHANGES IN FUNDS

For the Year Ended 31 March 2012

Figures in Pula	Proposed Dividends	Accumulated Surplus	Total Funds
Balance at 01 April 2010	5,858,916	190,319,597	196,178,513
Total comprehensive income for the year	-	25,983,746	25,983,746
Dividend paid	(5,858,916)	-	(5,858,916)
Dividend proposed to the Government transferred to proposed dividend	6,495,937	(6,495,937)	-
Total changes	637,021	19,487,809	20,124,830
Balance at 01 April 2011	6,495,937	209,807,406	216,303,343
Total comprehensive income for the year	-	31,665,174	31,665,174
Dividend paid	(6,495,937)	-	(6,495,937)
Dividend proposed to the Government transferred to proposed dividend	7,916,294	(7,916,294)	-
Total changes	1,420,357	23,748,880	25,169,237
Balance at 31 March 2012	7,916,294	233,556,286	241,472,580

Note(s) 8

STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2012

Figures in Pula	Note(s)	2012	2011
Cash flows from operating activities			
Cash generated from operations	18	39,682,926	27,034,453
Finance income		6,417,757	5,054,483
Net cash from operating activities		46,100,683	32,088,936
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(7,337,786)	(1,229,945)
Sale of property, plant and equipment	4	559,029	464,993
Net cash from investing activities		(6,778,757)	(764,952)
Cash flows from financing activities			
Movement in Universal Service Fund		1,032,063	8,267,264
Dividends paid		(6,495,937)	(5,858,916)
Net cash from financing activities		(5,463,874)	2,408,348
Total cash and cash equivalents movement for the year		33,858,052	33,732,332
Cash and cash equivalents at the beginning of the year		141,593,331	107,860,999
Total cash and cash equivalents at end of the year	7	175,451,383	141,593,331

ACCOUNTING POLICIES

For the Year Ended 31 March 2012

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Telecommunications Act, 1996 (CAP 72:03). The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in Botswana Pula .

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy

1.1 Significant judgements and sources of estimation uncertainty

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

Trade and other receivables

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

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Authority is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Authority uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The valuation techniques, such as estimated discounted cash flows, are used to determine fair value for the financial instruments.

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

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

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

Impairment testing

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

The Authority reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there

ACCOUNTING POLICIES (CONTINUED)

For the Year Ended 31 March 2012

1.1 Significant judgements and sources of estimation uncertainty (continued)

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 the assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest.

Provisions

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

Useful life and residual value of property, plant and equipment

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

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.

1.2 Investment property

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

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

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

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in Statement of Comprehensive Income for the period in which it arises.

1.3 Property, plant and equipment

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

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

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

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

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

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

Item	Average useful life
Land	Indefinite
Buildings	50 years
Furniture and fixtures	6-7 years
Motor vehicles	4 years

ACCOUNTING POLICIES (CONTINUED)

For the Year Ended 31 March 2012

1.3 Property, plant and equipment (continued)

Item	Average Useful Life
Office equipment	4 years
IT equipment	2 years
Technical equipment	2-25 years

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

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

The depreciation charge for each period is recognised in 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 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.

1.4 Financial instruments

Classification

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

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through Statement of Comprehensive Income, which shall not be classified out of the fair value through Statement of Comprehensive Income category.

Initial recognition and measurement

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

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

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through Statement of Comprehensive Income , transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

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

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

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Authority establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis etc.

Impairment of financial assets

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

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

ACCOUNTING POLICIES (CONTINUED)

For the Year Ended 31 March 2012

1.4 Financial instruments (continued)

Impairment losses are recognised in 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 Statement of Comprehensive Income.

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

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in Statement of Comprehensive Income when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in Statement of Comprehensive Income within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited against operating expenses in Statement of Comprehensive Income.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

1.5 Tax

Tax expenses

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

1.6 Leases

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

Operating leases - lessor

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

ACCOUNTING POLICIES (CONTINUED)

For the Year Ended 31 March 2012

Income for leases is included under other income in Statement of Comprehensive Income.

Operating leases – lessee

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

1.7 Non-current assets held for sale (and) (disposal groups)

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

1.8 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the Authority also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Statement of Comprehensive Income.

An entity 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 other than goodwill 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 Statement of Comprehensive Income.

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.

ACCOUNTING POLICIES (CONTINUED)

For the Year Ended 31 March 2012

1.9 Employee benefits (continued)

Defined contribution plans

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

1.10 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

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

1.11 Revenue

Revenue includes amounts charged to the telecom operators of the country as Turnover Fees. These fees are based on a fixed percentage of the monthly turnover of the telecom 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 Authority;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

1.12 Borrowing costs

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

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

ACCOUNTING POLICIES (CONTINUED)

For the Year Ended 31 March 2012

1.12 Borrowing costs (continued)

The capitalisation of borrowing costs commences when:

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

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

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

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

1.13 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

1.14 Contribution to Universal Service Fund

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

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

IAS 24 Related Party Disclosures (Revised)

The revisions to IAS 24 include a clarification of the definition of a related party as well as providing a partial exemption for related party disclosures between government-related entities.

In terms of the definition, the revision clarifies that joint ventures or associates of the same third party are related parties of each other. To this end, an associate includes its subsidiaries and a joint venture includes its subsidiaries.

The partial exemption applies to related party transactions and outstanding balances with a government which controls, jointly controls or significantly influences the reporting entity as well as to transactions or outstanding balances with another entity which is controlled, jointly controlled or significantly influenced by the same government. In such circumstances, the entity is exempt from the disclosure requirements of paragraph 18 of IAS 24 and is required only to disclose:

- The name of the government and nature of the relationship

ACCOUNTING POLICIES (CONTINUED)

For the Year Ended 31 March 2012

2.1 Standards and interpretations effective and adopted in the current year (continued)

- Information about the nature and amount of each individually significant transaction and a quantitative or qualitative indication of the extent of collectively significant transactions. Such information is required in sufficient detail to allow users to understand the effect.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The Authority has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

2010 Annual Improvements Project: Amendments to IFRS 7 Financial Instruments: Disclosures

Additional clarification is provided on the requirements for risk disclosures.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The Authority has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

2010 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements

The amendment now requires that an entity must present, either in the statement of changes in funds or in the notes, an analysis of statement of comprehensive income by item.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The Authority has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective or relevant

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the entity's financial statements is provided below.

The following standards and interpretations have been published and are mandatory for the Authority's accounting periods beginning on or after 01 April 2012 or later periods but are not relevant to its current economic operations:

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosure

The amendment requires entities to apply IFRS 9 for annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013. Early application of both continues to be permitted. The relief period from restating prior periods has been modified. Additional amendments to IFRS 7 Financial Instruments: Disclosures have been made to require additional disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9. Entities who initially apply IFRS 9:

- before 1 January 2012 need not restate prior periods and are not required to provide the disclosures set out in IFRS 7;
- on or after 1 January 2012 and before 1 January 2013 must elect either to provide the disclosures set out in IFRS 7 or to restate prior periods; and
- on or after 1 January 2013 shall provide the disclosures set out in IFRS 7. The entity need not restate prior periods

Earlier application is permitted. If an entity applies this IFRS in its financial statements for a period before 1 January 2015, it shall disclose that fact.

ACCOUNTING POLICIES (CONTINUED)

For the Year Ended 31 March 2012

2.2 Standards and interpretations not yet effective or relevant (continued)

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

The Authority does not envisage the adoption of the standard until such time as it becomes applicable to the Authority's operations.

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

IFRS 9: Financial instruments

This new standard was issued in November 2009. This standard is the first phase of improvements to existing IAS 39 and deals with classification and measurement of financial assets. The standard requires an entity to classify financial assets at either amortised cost or fair value on the basis of a) the entity's business model for managing the financial assets; and b) the contractual cash flow characteristics of the financial asset; unless it chooses to designate a financial asset at fair value through profit or loss.

At initial recognition, IFRS 9 requires entities to measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, financial assets are either measured at fair value or amortised cost as described above.

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

The Authority does not envisage the adoption of the standard until such time as it becomes applicable to the Authority's operations.

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

IFRS 13 Fair Value Measurements

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

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

The Authority does not envisage the adoption of the standard until such time as it becomes applicable to the Authority's operations.

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

Amendments to IFRS 7 Financial Instrument Disclosures and IAS 32 Financial Instruments Presentation

The criterion of IAS 32 requires that an entity must currently have a legally enforceable right to set off the recognised amounts.

ACCOUNTING POLICIES (CONTINUED)

For the Year Ended 31 March 2012

2.2 Standards and interpretations not yet effective or relevant (continued)

The amendments provide application guidance on what is meant by 'currently has a legally enforceable right to set off'.

The amendments provide the following conditions to be met for a right to off-set:

- must not be contingent on future event; and
- must be legally enforceable in all of the following circumstances
 - i. the normal course of business
 - ii. the event of default
 - iii. the event of insolvency or bankruptcy of the entity and all of the counterparties

Amendments to IFRS 7 require disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

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

The Authority does not envisage the adoption of the standard until such time as it becomes applicable to the Authority's operations.

It is unlikely that the amendment will have a material impact on the Authority's annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the Year Ended 31 March 2012

Figures in Pula	2012			2011		
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
3. Investment property						
Investment property	7,500,000	-	7,500,000	7,000,000	-	7,000,000
				Opening balance	Fair value adjustments	Total
Reconciliation of investment property - 2012						
Investment property				7,000,000	500,000	7,500,000
Details of valuation						
The effective date of the revaluations was 19 July 2012. Revaluations were performed by an independent valuer, Mr Francis Muiruri [BA (Land Economics) Nons, MISK,MREAC,MREIB], of Stocker Fleetwood-Bird. Stocker Fleetwood-Bird are not connected to the Authority and have experience in location and category of the investment property being valued.						
The investment property was valued at P 7 500 000 by Stocker Fleetwood-Bird, professional property valuers on 19 July 2012. The valuation was based on open market value for existing use. The management have recorded the appreciation in investment property based on this valuation in the financial statements as they are of the opinion that there has been no material change in the economic scenario in the country between the valuation date and the balance sheet date.						
These assumptions are based on current market conditions.						
Amounts recognised in Statement of Comprehensive Income for the year						
Rental income from investment property				446,290		300,093
Repairs and maintenance of the investment property				(11,542)		(17,412)
				434,748		282,681

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(CONTINUED) For the Year Ended 31 March 2012

Figures in Pula	2012			2011		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
4. Property, plant and equipment						
Buildings	32,503,605	(4,263,118)	28,240,487	31,134,957	(3,615,133)	27,519,824
Furniture and fixtures	6,110,424	(3,616,605)	2,493,819	6,128,735	(3,024,968)	3,103,767
IT equipment	6,447,686	(5,237,365)	1,210,321	6,347,760	(6,038,432)	309,328
Land	2,135,700	-	2,135,700	2,135,700	-	2,135,700
Motor vehicles	3,870,768	(2,355,360)	1,515,408	2,502,068	(2,139,022)	363,046
Office equipment	6,006,229	(4,328,450)	1,677,779	5,335,003	(3,279,057)	2,055,946
Technical equipment (ASMS)	91,148,540	(46,625,462)	44,523,078	89,716,946	(39,735,080)	49,981,866
Capital work in progress	66,247	-	66,247	-	-	-
Total	148,289,199	(66,426,360)	81,862,839	143,301,169	(57,831,692)	85,469,477
		Opening balance	Additions	Disposals	Depreciation	Total
Reconciliation of property, plant and equipment - 2012						
Land		2,135,700	-	-	-	2,135,700
Buildings		27,519,824	1,368,649	-	(647,986)	28,240,487
Furniture and fixtures		3,103,767	30,612	-	(640,560)	2,493,819
Motor vehicles		363,046	1,614,547	(3)	(462,182)	1,515,408
Office equipment		2,055,946	676,571	-	(1,054,738)	1,677,779
IT equipment		309,328	2,040,729	(387,629)	(752,107)	1,210,321
Technical equipment(ASMS)		49,981,866	1,540,431	(16)	(6,999,203)	44,523,078
Capital work in progress		-	66,247	-	-	66,247
		85,469,477	7,337,786	(387,648)	(10,556,776)	81,862,839
Reconciliation of property, plant and equipment - 2011						
Land		2,135,701	-	-	(1)	2,135,700
Buildings		28,412,580	-	(255,519)	(637,237)	27,519,824
Furniture and fixtures		3,710,709	36,287	-	(643,229)	3,103,767
Motor vehicles		1,233,401	-	-	(870,355)	363,046
Office equipment		2,789,513	239,452	-	(973,019)	2,055,946
IT equipment		982,151	293,776	-	(966,599)	309,328
Technical equipment (ASMS)		57,613,044	660,430	-	(8,291,608)	49,981,866
Capital work in progress		52,439	-	(52,439)	-	-
		96,929,538	1,229,945	(307,958)	(12,382,048)	85,469,477
Figures in Pula						
Other information						
Fully depreciated property, plant and equipment still in use					21,874,474	17,029,338

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) For the Year Ended 31 March 2012

Figures in Pula 2012 2011

5. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables	Total
2012		
Cash and cash equivalents	175,451,383	175,451,383
Trade and other receivables	25,708,852	25,708,852
	201,160,235	201,160,235
2011		
Cash and cash equivalents	141,593,331	141,593,331
Trade and other receivables	25,210,121	25,210,121
	166,803,452	166,803,452

6. Trade and other receivables

Trade receivables	23,427,761	23,969,897
Receivables from National Broadcasting Board	580,931	263,115
Receivables from CRASA	216,141	417,050
Other receivables	1,434,728	521,973
Staff debtors	49,291	38,086
Deposits	6,357	61,713
	25,715,209	25,271,834

The carrying amount of trade and other receivables approximates its fair value due to the short term maturity pattern of these instruments.

Credit quality of trade and other receivables

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

Trade and other receivables past due but not impaired

Trade receivables which are less than 3 months past due are not considered to be impaired unless there are other indicators of impairment. At 31 March 2012, P 1 826 974 (2011: P 3 725 649) were past due but not impaired. Past due is when an invoice remains outstanding beyond 60 days.

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

1 month past due	19,581	110,144
3 months past due	1,807,393	3,616,505
	1,826,974	3,726,649

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) For the Year Ended 31 March 2012

Figures in Pula 2012 2011

6. Trade and other receivables (continued)

Trade and other receivables impaired

As of 31 March 2012, trade and other receivables of P 416,070 (2011: P 416,068) were impaired and provided for. The amount of the provision was P 416,070 as of 31 March 2012 (2011: P 416,070).

3 to 6 months	-	26,873
Over 6 months	416,070	389,197
	416,070	416,070

Reconciliation of provision for impairment of trade and other receivables

Opening balance	416,070	202,894
Provision for impairment	-	356,758
Unused amounts reversed	-	(115,381)
Recoveries made against provisions	-	(28,201)
	416,070	416,070

The creation and release of provision for impaired receivables have been included in operating expenses in Note 13. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Authority does not hold any collateral as security.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	47,179,318	43,502,385
Cash on hand	500	500
Short-term deposits	128,271,565	98,090,446
	175,451,383	141,593,331

Short term deposit includes Authority's investment in Stanbic money market fund which has an average rate of return of 6% (2011: 6%). This amount of P 58 020 451 (2011: P 35 649 181) can be withdrawn in 24 hours notice.

Cash and cash equivalents at the end of the year include a deposit with Stanbic Bank Botswana Limited of P 34 695 495 (2011: P33 663 432) held by the Authority on behalf of the Government of Botswana pending establishment of the Universal Service Fund. The balance includes interest earned on the deposit up to the balance sheet date.

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

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

8. Proposed dividends

In compliance with the saving gram notification by the Government of Botswana, the Authority proposes to distribute 25% of its surplus for the year before fair value adjustments as dividend to the Government of Botswana. Accordingly, the Authority has apportioned P 7,916,294 from its Accumulated Surplus as Proposed Dividend.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) For the Year Ended 31 March 2012

9. Government of Botswana - Universal Service Fund

The Authority contributes funds for the proposed Universal Service Fund which is to be established by Botswana Government for the development of the telecommunication sector including infrastructure and technical development for Botswana. The Members of the Board decide on the quantum of contribution every year and is discretionary.

Figures in Pula	2012	2011
Opening balance of the Fund	27,500,000	20,500,000
Contribution payable to Government of Botswana during the year- through Statement of Comprehensive Income	-	7,000,000
Interest earned on deposit - Universal Service fund	7,195,495	6,163,432
	34,695,495	33,663,432
10. Trade and other payables		
Trade payables	2,659,905	203,401
Employee cost accruals	4,738,182	3,935,049
Other accrued expenses	3,958,790	1,677,991
Amount held on behalf of National Broadcasting Board	2,543,365	2,053,572
Amounts received in advance	11,306	66,421
Deposits received	19,949	25,949
Other payables	250,491	383,992
Value added tax	638,174	1,411,769
	14,820,162	9,758,144

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

11. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

	Financial liabilities at amortised cost	Total
2012		
Trade and other payables	10,081,980	10,081,980
Government of Botswana - universal service fund	34,695,495	34,695,495
	44,777,475	44,777,475
2011		
Trade and other payables	5,823,095	5,823,095
Government of Botswana- universal service fund	33,663,432	33,663,432
	39,486,527	39,486,527

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED) For the Year Ended 31 March 2012

Figures in Pula

12. Revenue

	2012	2011
Turnover fees	72,462,708	69,592,953
System license fees	4,670,328	4,342,303
Service license fees	944,563	831,358
Radio license fees	15,524,015	17,317,899
	93,601,614	92,084,513

13. Operating expenses

Major categories of operating expenses :

	2012	2011
Employee costs	32,148,842	27,927,312
Depreciation, amortisation and impairments	10,556,777	12,738,806
Impairments	-	356,758
Consulting and professional fees	3,125,824	7,221,724
Conference expenses	4,794,330	3,173,335
Travel expenses	3,150,089	4,076,236
Repairs and maintenance	2,631,308	1,480,698
Security charges	1,312,520	1,311,638
Training	849,750	1,237,718
Internet charges	1,179,851	1,181,687
Advertising	1,027,895	893,711
Donations	1,251,336	584,120
Other expenses	7,680,137	4,452,091
	69,708,659	66,635,834

14. Surplus for the year before finance income

Surplus for the year is stated after accounting for the following:

	2012	2011
Rental income	(446,290)	(1,218,310)
Profit on disposal of property, plant and equipment	171,381	157,035
Impairment on trade and other receivables	-	356,758
Depreciation on property, plant and equipment	10,556,777	12,382,048
Employee costs	32,148,842	27,927,312
Net gains (losses) on financial instruments:		
Loans and receivables	6,417,757	5,054,483
Impairment of financial assets per class		
Loans and receivables	-	356,758

15. Finance income

Finance income

	2012	2011
Income from short term investments	5,755,282	4,087,993
Bank	662,475	966,490
	6,417,757	5,054,483

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2012

Figures in Pula	2012	2011
16. Fair value adjustments		
Investment property (Fair value model)	500,000	799,000
17. Auditors' remuneration		
Fees	127,583	92,327
18. Cash generated from operations		
Surplus for the year	31,665,174	25,983,746
Adjustments for:		
Depreciation	10,556,777	12,382,048
(Loss)/Profit on disposal of assets	(171,381)	(157,035)
Finance income	(6,417,757)	(5,054,483)
Fair value adjustments	(500,000)	(799,000)
Impairment	-	356,758
Changes in working capital:		
Trade and other receivables	(443,376)	(3,662,988)
Prepayments	(68,529)	(234,428)
Trade and other payables	5,062,018	(1,780,165)
	39,682,926	27,034,453
19. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
- Property, plant and equipment	3,001,642	-
Not yet contracted for and authorised by the Board	-	19,884,333
This committed expenditure relates to property, plant and equipment and will be financed by existing cash resources, funds internally generated, etc.		
Operating leases – as lessor (income)		
Minimum lease payments due		
- within one year	418,000	380,000
Lease agreements are non cancelable and have the terms 1 to 2 years. The rentals are renegotiated at the anniversary of the lease agreements to align with the open market rates. There are no contingent rents receivable.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2012

20. Contingencies
Guarantee issued by the Authority in favour of First National Bank of Botswana Limited towards the employees' housing loan, wherein Authority has guaranteed upto 100% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P 6 735 106 (2011: P 6 692 195).
Guarantee issued by the Authority in favour of Barclays Bank of Botswana Limited towards guarantee for employees' car loan, with a maximum facility of P 5 000 000, wherein the Authority has guaranteed upto 100% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P 418 736 (2011: P 1 175 112).
Guarantee issued by the Authority in favour of Bank of Baroda (Botswana) Limited towards the employees' personal loans, wherein Authority has guaranteed up to 50% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P 1 642 476 (2011: P 1 328 206).
Guarantee issued by the Authority in favour of WesBank (a division of First National Bank of Botswana Limited) towards guarantee for employees' car loan, with a maximum facility of P 5 000 000, wherein Authority has guaranteed up to 50% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P 2 622 090 (2011: P 2 975 326).
Potential claim against the Authority, not acknowledged as debt in the books of accounts, by certain current employees towards settlement of notice pay to the extent of approximately P 1 million. This claim has been lodged with the Industrial Court.
There is a claim of P 2.2 million plus interest at 10% per annum from 25 September 2011, against the Authority from an ex-employee towards alleged unfair dismissal which is currently being contested by the Authority. The estimated cost of suit is P500 000.

21. Related parties	
Relationships	Refer to page 84
Members of the Board	The Authority had transactions with Government and other Government interested organisations. These transactions and these parties were not considered to be related party transactions and related parties. However, National Broadcasting Board is considered as a related party, as transactions are in the nature of collection on behalf of this party.
Related parties	
Members of key management	T G Pheko (Chief Executive) M O Tamasiga (Deputy Chief Executive) T Kapaletswe (Deputy Chief Executive) B Mine N Katse G O Radijeng M Mokgware B Luke Z Kebonang A N Mokone (Resigned on 30 June 2011) T B Koontse (Resigned on 22 August 2011) T S Mosinyi (Resigned on 30 June 2011) O Tsiang (Resigned on 31 July 2011)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2012

Figures in Pula	2012	2011
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
National Broadcasting Board - net of receivable	(1,962,433)	(1,790,457)
Communications Regulators' Association of Southern Africa	216,141	417,050
Related party transactions		
Board expenses		
Sitting allowances	104,811	91,105
Travelling expenses	1,120,609	205,934
Cellphone allowances	53,909	34,917
Conference expenses	22,218	-
Compensation to key management		
Remuneration paid	5,980,671	5,804,663
Post-employment benefits - Pension - Defined contribution plan	349,556	469,835
Other long-term employee benefits	1,454,892	963,572
Termination costs	2,480,016	-

22. Risk management

Capital risk management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern in order to provide services to its customers by pricing for the services appropriately and create sufficient funds for development of world class facilities to monitor its activities effectively.

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

There are no externally imposed capital requirements.

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

Financial risk management

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

The Authority's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance. Risk management is carried out by the key management of the Authority and under policies approved by the board . The board provides written principles for overall risk management.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2012

22. Risk management (continued)

Liquidity risk

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

The Authority's risk to liquidity is a result of the funds available to cover future commitments. The Authority manages liquidity risk through an ongoing review of future commitments based on the approved capital expenditure budget and availability of funds.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2012				
Trade and other payables	14,820,162	-	-	-
Government of Botswana-Universal Service Fund	-	34,695,495	-	-
At 31 March 2011				
Trade and other payables	9,758,144	-	-	-
Government of Botswana-Universal Service Funds	-	33,663,432	-	-

Interest rate risk

The Authority is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates of interest on its cash resources and investments. The cash resources are managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks. The Authority places its funds both in fixed interest earning deposits(fixed deposits) and fluctuating interest earning deposits which are adjusted on a short term basis based on changes in the prevailing market related interest rates.

Further, these deposits are due on demand. The fixed deposits amounting to P 128 million(2011: P 98 million) are exposed to cash flow interest rate risk. However considering the short term maturity between 14-90 days for these deposits, these risks are minimised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2012

Figures in Pula	Current interest rate	Due in less a year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 5 years	Due after 5 years
Cash flow interest rate risk						
14 days fixed deposits	3.50%	10,000,000	-	-	-	-
3 months fixed deposits	4.75 %	18,000,000	-	-	-	-
3 months fixed deposits	5.50 %	41,806,053	-	-	-	-
Stanbic money market fund	5.95 %	58,020,451	-	-	-	-
Stanbic Bank Botswana Limited-held on behalf of Government	3.75 %	34,695,495	-	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Authority only deposits cash with major reputable banks with high quality credit standing and exposure is spread with different bankers.

Trade receivables comprise mainly of three major operators from telecommunication sector, amounting to P 22.50 million (2011: P 21 million) at the year end.

The maximum credit exposure on trade receivables and other receivables is limited to P 25.71 million (2011: P 25.27 million). Management evaluated credit risk relating to customers on an ongoing basis especially on major customers by obtaining their latest financial statements, budgets, etc, and where appropriate, makes adequate provisions for bad and doubtful debts.

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

Financial instrument	2012	2011
Trade receivables	23,427,761	24,529,956
Receivable from CRASA and NBB	797,072	680,165
Barclays Bank of Botswana Limited	1,656,246	21,403,913
Stanbic Bank Botswana Limited	34,695,495	33,663,432
Bank of Baroda (Botswana) Limited	43,043,428	40,646,859
First National Bank of Botswana Limited	38,035,763	11,651,677
Investment in Stanbic money market fund	58,020,451	35,649,181

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 Authority does not hedge foreign exchange fluctuations.

DETAILED INCOME STATEMENT

For the Year Ended 31 March 2012

Figures in Pula	Note(s)	2012	2011
Revenue			
Turnover fees		72,462,708	69,592,953
System license fees		4,670,328	4,342,303
Service license fees		944,563	831,358
Radio license fees		15,524,015	17,317,899
	12	93,601,614	92,084,513
Other income			
Rental income		446,290	1,218,310
Recoveries		-	143,581
Other income		236,791	162,658
Finance income	15	6,417,757	5,054,483
Gains on disposal of assets		171,381	157,035
Fair value adjustments	16	500,000	799,000
		7,772,219	7,535,067
Operating expenses			
Advertising		(1,027,895)	(893,711)
Assessment rates & municipal charges		(36,503)	(32,999)
Auditors remuneration	17	(127,583)	(92,327)
Bank charges		(103,252)	(102,516)
Cleaning		(67,461)	(100,643)
Computer expenses		(297,703)	(439,925)
Consulting and professional fees		(3,125,824)	(7,221,724)
Consumables		(9,315)	(17,905)
Depreciation, amortisation and impairments		(10,556,777)	(12,738,806)
Donations		(1,251,336)	(584,120)
Employee costs		(32,148,842)	(27,927,312)
Entertainment		(74,207)	(67,413)
Board expenses		(1,301,547)	(327,956)
Conference expenses		(4,794,330)	(3,173,335)
Functions hosted by BTA		(913,108)	(382,775)
Internet expenses		(1,179,851)	(1,181,687)
Contribution to Universal Service Fund		-	(7,000,000)
Training levy		(211,940)	(170,471)
Staff Recruitment expenses		(375,674)	(48,279)
Insurance		(534,686)	(595,789)
Legal expenses		(25,000)	(16,040)
Magazines, books and periodicals		(83,455)	(36,444)
Motor vehicle expenses		(421,866)	(216,099)

The supplementary information presented does not form part of the annual financial statements and is unaudited

DETAILED INCOME STATEMENT (CONTINUED)

For the Year Ended 31 March 2012

Figures in Pula	Note(s)	2012	2011
Operating expenses (continued)			
Postage		(83,698)	(67,539)
Printing and stationery		(592,182)	(698,891)
Protective clothing		(449,439)	(14,769)
Repairs and maintenance		(2,631,308)	(1,480,698)
Security		(1,312,520)	(1,311,638)
Staff welfare		(621,337)	(419,574)
Subscriptions		(416,727)	(292,094)
Telephone and fax		(288,876)	(123,890)
Training		(849,750)	(1,237,718)
Travel		(3,150,089)	(4,076,236)
Utilities		(644,578)	(544,511)
		(69,708,659)	(73,635,834)
Surplus for the year		31,665,174	25,983,746

The supplementary information presented does not form part of the annual financial statements and is unaudited

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