



**Namibian
Competition
Commission**



ANNUAL REPORT 2019

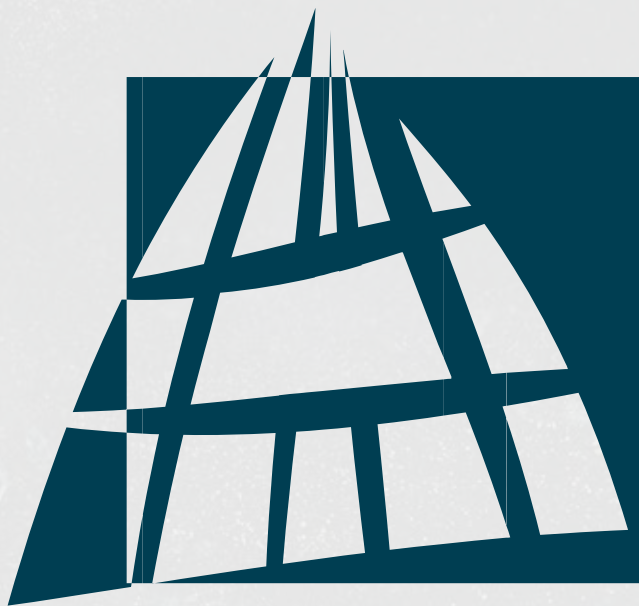
Fair Competition, Prosperous Economy

THEME

Cartels and their Impact on the Economy

Cartels are viewed as one of the most abhorrent anti-competitive practices and have been described as a 'cancer' to competition. They are extremely harmful to consumers and economic development.

'Fighting cartels is one of the most important areas of activity of any competition authority. Of all restrictions of competition, cartels contradict most radically the principle of a market economy based on competition.'¹



Namibian Competition Commission

¹The Competition Commission of South Africa vs Pioneer Foods (Pty) Ltd, Case Number 15/CR/Feb 07. In which the Competition Tribunal quoted an extract from Mario Monti's opening speech at the 3rd Nordic Competition Policy Conference in Stockholm, September 2000 "Fighting Cartels – why and how?" Konkurrensvetket, 2000.



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ABOUT OUR ANNUAL REPORT

The 2018/2019 Annual Report of the Namibian Competition Commission ("the Commission") covers the period 1 April 2018 – 31 March 2019 and is the first step taken by the Commission in the journey towards integrated reporting. We have, during the compilation thereof, been guided by the principles of the International Integrated Reporting Council's (IIRC's) Integrated Reporting (IR) Framework. In recognition of the fact that full compliance is an evolving process, we are reluctant to claim that the report fully complies with the (IR) Framework. Leadership is, however, committed to short-, medium, and long-term value creation and will continue to pursue the integration of the seven guiding principles of integrated reporting, namely: strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, and reliability.

This year's annual report provides a holistic view of the Commission's operations, strategic focus, performance, stakeholder landscape and risks and opportunities.

The Auditor General conducted an independent audit of our annual financial statements for the 2018/2019 financial year, which are included in this report.

The Board of Commissioners applied their collective mind to ensure that all material matters are presented and that the report fairly represents the performance and practices of the Commission.



Acting Chairperson
Lesenda Grace Mohamed



Chief Executive Officer
Vitalis Ndalikokule

ABOUT THE NAMIBIAN COMPETITION COMMISSION

Mission

To safeguard and promote competition in the Namibian market

Vision

Fair market competition

Values

National economic interests come first

Our priority and commitment are to put national economic interests towards attainment of Vision 2030 ahead of any other considerations.

Impartiality

We shall be fair and equitable, living our purpose and upholding principles of impartiality and confidentiality regardless of the circumstances.

Consistency

We are consistent in our approach in every instance, regardless of the circumstances and pressure that may be brought to bear.

Accountability for our role

We accept our responsibilities and are accountable for all our decisions and actions. We uphold and respect decisions taken by the Commission, whether an individual was party to an agreement or not.

Integrity

We act with integrity in matters of substance and procedure insofar as executing the mandate of the Commission.

The Namibian Competition Commission is a juristic person established as per the Competition Act (Act No. 2 of 2003) with the following functions, powers and duties:

Either on its own initiative, or at the request of the Minister, to consult with the Minister on any matter which is of great economic or public interest.

To advise the Minister, and any other Minister responsible for a relevant industry, in relation to international agreements concerning competition matters governed by this Act.

To disseminate information to persons engaged in trade or commerce and the public with respect to the provisions of this Act and the functions of the Commission.

To liaise and exchange information, knowledge and expertise with authorities of other countries entrusted with functions similar to those of the Commission.

To carry out research into matters referred to the Commission by the Minister.

To advise the Minister on matters referred to the Commission by the Minister.

To implement measures to increase market transparency.

To be responsible for investigating contraventions of this Act by undertakings and for controlling mergers between undertakings.

The Commission is mandated to promote and safeguard competition in Namibia in order to:

Promote the efficiency, adaptability and development of the Namibian economy.

Provide consumers with competitive prices and product choices.

Promote employment and advance the social and economic welfare of Namibians.

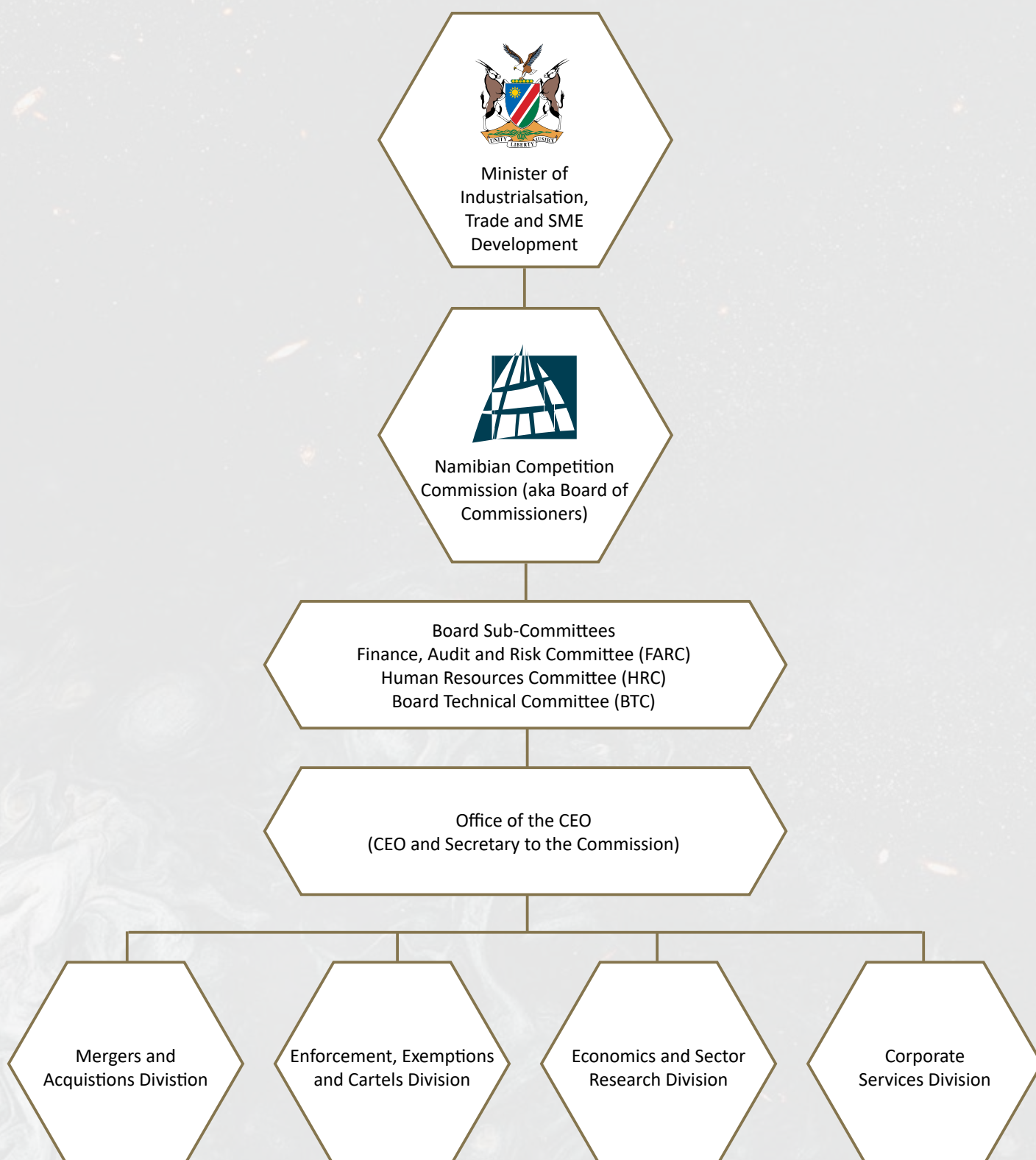
Expand opportunities for Namibian participation in world markets while recognising the role of foreign competition in Namibia.

Ensure that small enterprises have an equitable opportunity to participate in the Namibian economy.

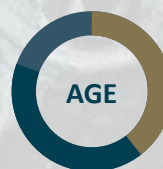
Promote a greater spread of ownership, in particular to increase ownership stakes of historically disadvantaged persons.

LEADERSHIP

NAMIBIAN COMPETITION COMMISSION GOVERNANCE STRUCTURE 2018/2019



OUR BOARD OF COMMISSIONERS



30 - 39
40 - 49
50 - 59



MALE
FEMALE



Lesenda Grace Mohamed

Acting Chairperson: Board of Commissioners

Member: Finance, Audit & Risk Committee & Board Technical Committee

Appointed: 17 September 2016 – 16 September 2019

Reappointed: 17 September 2019 – 16 September 2022

Qualifications: MBA (University of Pretoria, Gordon Institute of Business Science, South Africa), M.Com in Economics (University of the Witwatersrand, South Africa), Honours degree in Economics (University of Cape Town, South Africa), B.Com (University of Namibia).

Profession: Ms. Mohamed is the General Manager: Insurance at the Namibia Financial Institutions Supervisory Authority (NAMFISA).

Area of Expertise: Economics



Gideon Shilongo

Acting Chairperson: Board of Commissioners

Chairperson: Finance, Audit & Risk Committee

Appointed: 11 February 2015

Reappointed: 12 February 2018 – 30 September 2018

Qualifications: MBA (Cyprus Institute of Marketing, Cyprus), Senior Management Development Programme (SMDP, University of Stellenbosch, South Africa), Advanced Diploma in Business Administration (Association of Business Executives, United Kingdom).

Profession: Mr. Shilongo is the Group Director: Corporate Relations for Ohlthaver & List Group.

Area of Expertise: Industry and Commerce



Malverene Theron

Member: Board of Commissioners

Chairperson: Human Resources Committee

Appointed: 17 September 2013 – 16 September 2016

Reappointed: 17 September 2016 – 16 September 2019

Qualifications: LL.B. (University of Cape Town, South Africa); Certificate in Compliance and Corporate Governance (University of Cape Town, South Africa); Certificate Insurance Supervision (University of Cape Town, South Africa).

Profession: Ms. Theron is an admitted Legal Practitioner and Procurement Manager at DeBeers Marine Namibia and is also the Managing Member of the Namibia Preferential Procurement Council (NPPC).

Area of Expertise: Law



Teresia Kaulihowa

Member: Board of Commissioners

Chairperson: Board Technical Committee

Member: Human Resources Committee

Appointed: 11 February 2015 – 10 February 2018

Reappointed: 11 February 2018 – 30 September 2018

Qualifications: Ph.D. in Development Economics (University of Stellenbosch, South Africa), MA in Economics (University of Botswana), a B.Econ. (University of Namibia); and a National Diploma in Agricultural Economics (Ogongo Agricultural College, Namibia).

Profession: Dr. Kaulihowa is a lecturer in Econometrics at the University of Namibia.

Area of Expertise: Economics



Petronella Masabane

Member: Board of Commissioners

Appointed: 20 February 2019

Qualifications: BA in Social Work (University of the Western Cape, South Africa), MBA in General and Strategic Management (Maastricht University, Netherlands).

Profession: Ms. Masabane is employed as a Deputy Executive Director, Ministry of Health and Social Services.

Area of expertise: Public Administration

EXECUTIVE MANAGEMENT



Vitalis Ndalikokule

Chief Executive Officer and Secretary to the Commission

Appointed: 02 March 2017

Qualifications: LL.M in Economics (University of Namibia); Postgraduate Diploma in Economics for Competition Law (Kings College London, United Kingdom), Certificate in Management Development (University of Stellenbosch, South Africa), Bachelor of Public Administration (University of Namibia).

Area of Expertise: Economics



Johannes Ashipala

Director: Mergers and Acquisitions division

Appointed: 01 November 2017

Qualifications: M.Sc. in Economics (University of Manchester, United Kingdom), Postgraduate Diploma in Economics (Warwick University, United Kingdom), H.B. Com. (University of South Africa), B.Econ. (University of Namibia).

Area of Expertise: Economics



Bridget Dundee

Director: Economic and Sector Research division

Appointed: 01 November 2015

Qualifications: MIB (Namibia University of Science & Technology), B.ECON HON (University of the Western Cape, South Africa); PGDE (University of Namibia); B.ECON (University of Namibia); and Executive Management Development Programme (University of Stellenbosch, South Africa).

Area of expertise: Economics



Nangosora Ashley Tjipitua

Director: Enforcement, Exemptions and Cartels division

Appointed: 01 November 2015

Qualifications: MBA (University of Stellenbosch Business School, South Africa); LL.B degree (University of Namibia); B.Juris (University of Namibia); Certification in Board Governance (University of Johannesburg, South Africa); Admitted Legal Practitioner of the High Court of Namibia.

Area of Expertise: Law



Melissa Hanmer
Corporate Secretary and Legal Advisor

Appointed: 1 July 2016

Qualifications: LL.B (University of Cape Town, South Africa), Admitted Legal Practitioner in the High Court of Namibia.

Area of Expertise: Law



Werner Hamata
Manager: Finance

Appointed: 01 November 2015

Qualifications: B.Acc. (University of Namibia), Postgraduate Diploma in Accounting Science/Certificate in the Theory of Accounting (CTA, UNISA). He has passed the Initial Test of Competence (ITC) with ICAN/SAICA and is currently a candidate for Assessment of Professional Competence (APC) (previously known as Board 2).

Area of Expertise: Finance



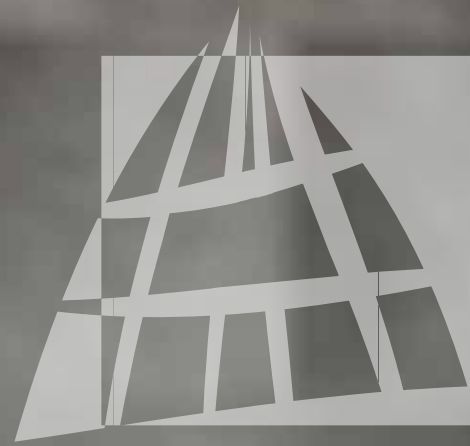
Katando Kanguuehi
Acting Manager: Strategy, Advocacy and Stakeholder Relations

Appointed: 01 June 2017

Qualifications: BA in Agricultural Economics (University of Namibia), and an Honours Degree in Economics (University of Pretoria, South Africa), Postgraduate Diploma in Statutory Competition Law (University of Pretoria, South Africa).

Area of Expertise: Economics

CHAIRPERSON'S STATEMENT



This year's theme is 'Cartels and their Impact on the Economy.' Cartels comprise some of the most egregious forms of anti-competitive conduct and affect competitors and consumers negatively. It is, therefore, vital for competition authorities to effectively detect and prosecute perpetrators accordingly.

This annual report is prepared against a backdrop of great difficulty for the Namibian economy, and I am keenly aware that, as one of the instruments of economic policy, we have much more to accomplish. The country is experiencing successive years of drought, the economy is in a recession, and unemployment remains stubbornly high. These factors cause hardships and institutions such as ours must therefore be on heightened alert, ready to effectively detect and resolve any anti-competitive practices, including cartels.

The Commission was faced with significant challenges during the period under review. The three notable challenges stemmed from the lack of adequate financial resources to enable the Commission to fully execute its mandate and the activities as per the 2018 – 2019 Annual Business and Performance Plan, the absence of a fully constituted Board and the lack of financial resources to implement the new organisational structure approved by the Board.

Amidst these challenges, the NaCC remained resilient and made good progress with respect to the implementation of several strategic initiatives, as fully described in this report. It gives me great pleasure to specifically highlight one of the most significant achievements, namely the Corporate Leniency Program ('CLP') which was adopted in October 2018. The CLP is a whistle-blowing program that encourages firms to come forward and fully disclose any noncompliant operations and cooperate with the authorities in the investigation and prosecution of other transgressors in exchange for immunity. Several applications have been received and are being processed accordingly.

It furthermore gives me pleasure to report that the Commission received an unqualified audit opinion from the Office of the Auditor General for the 2017/2018 financial year. This is a testament to prudent financial control systems put in place to ensure sound management of its financial resources. Additional emphasis was also placed on evaluating and improving its business processes over the past two years.

The Namibian economy remains highly concentrated, with only a few firms operating in some sectors. This concentrated market structure is a fertile breeding ground for cartels and other such anti-competitive conduct. Entry barriers make it difficult for new firms to enter and compete with incumbents and, therefore, reduce prices and increase product choice for the benefit of consumers. I am particularly concerned with structural entry barriers that are the result of regulations. The Commission will therefore investigate and engage the relevant authorities for possible interventions in this regard.

Competition Policy is part of a cluster of industrial policy tools that are used to promote economic growth and development. The Commission must continue to play the important role of regulating towards economic growth. It must direct its energies toward fulfilling its mandate of safeguarding and

promoting competition and contribute directly towards the national development agenda as enunciated in the Fifth National Development Plan (NDP 5), Harambee Prosperity Plan (HPP), the 'Growth at Home' Strategy, and Vision 2030.

Outlook

Since the implementation of the 2015 – 2020 Strategic Plan is coming to an end, the Commission will actively consider the challenges encountered in the implementation of the current Plan and set SMART targets and realistic actionable key performance indicators for the next five-year strategic planning cycle. We will in the coming year enhance coordination in respect of developing the 2020 – 2025 annual business plans to ensure that planned activities are aimed at achieving set strategic goals. Continuous monitoring of performance will be done throughout the year rather than only at the end of the year.

With respect to human capital, focus will be placed on positioning the Commission as the employer of choice. This would require implementing the necessary measures to enhance staff morale, the introduction of succession planning at all levels, and adequate training of staff to ensure the effective enforcement of the Act. It is equally important for staff to be involved and empowered in the interactive process of developing the 2020 – 2025 Strategic Plan going forward.

Business processes and information technology infrastructure will be strengthened by streamlining current business processes. This will enhance productivity and reduce turnaround times in terms of service delivery.

Strategic advocacy and stakeholder engagement will be enhanced through the coordination and implementation of the Commission's communication and advocacy initiatives, which will lead to improved, coherent and enhanced messaging of the Commissions' activities and mandate.

The Commission stands proud of having built and maintained a reputation of an impartial regulator among its stakeholders, evidenced by the low rate of the Commissions' decisions being taken on Ministerial review or challenged in the High Court. We shall continue to be guided by our values and maintain sound judgment in all matters in pursuit of our vision to promote fair competition.

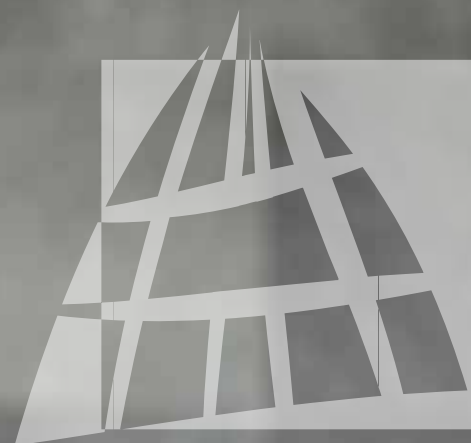
Appreciation

On behalf of the Board of Commissioners I would like to take this opportunity to thank the Chief Executive Officer and Secretary to the Commission, as well as the entire staff of the Commission, for their hard work and commitment over the past year in engaging relevant stakeholders on competition law. In the same vein, I wish to voice our appreciation for the excellent working relationship with our line Minister and his staff in the Ministry of Industrialisation, Trade and SME Development.

My sincere gratitude is extended to my colleagues, the Commissioners, for their dedication, hard work and ongoing support during the period under review.

I wish the Commission every success in the journey ahead.

CHIEF EXECUTIVE OFFICER'S OVERVIEW



The 2018/2019 financial year marks the ten-year anniversary of the existence of the Namibian Competition Commission. The Commission was established in 2008 and was formally inaugurated in 2009. It is, therefore, important that we reflect on the years past while casting our eyes to the future.

When the Commission was established in 2008, the immediate focus was to operationalise the organisation. The first Strategic Plan focused on building the institutional capacity through recruiting the best possible employees in the various positions created and developing systems and processes for effective administration. It must also be noted that since competition law was a new area of specialisation, the Commission needed to train and develop the skills required to do the job. I can certainly emphasise that, during the formative years, the Commission invested considerable resources in its human capital.

As the Commission and its work gained prominence, the number of cases started to increase and, therefore, the second phase of the Commission was focused on enforcement and research activities. The operations of the Commission were guided by the Strategic Plan. During the period under review I can say, without fear of contradiction, that the Commission made significant progress in its enforcement activities. As we continue to strengthen our enforcement activities, we must reflect on our experience, continuously improve upon our efforts, and adopt best practices in all our operations.

The Commission is continuing with its merger control activities and, during the period under review, received 47 merger notifications and determined 36 of them (6 were automatically approved and 5 carried over into the next financial year. In addition, 711 jobs were saved through merger control interventions.

With respect to enforcement, the Commission launched and implemented the Commission's Corporate Leniency Program (CLP). The adoption of the CLP was a significant milestone and provided the Commission with a valuable tool used to detect and investigate cartels. The Commission has received numerous CLP applications, which are currently being processed. Ongoing investigations are expected to be completed in the next financial year. I am glad to report that significant progress has been made in shortening the turn-around time for our investigations.

I am additionally pleased to announce that the Commission has entered into settlement negotiations with certain contravening parties and a settlement amount of N\$17.5 million was agreed and confirmed by the High Court. The Commission paid over N\$15 million to the State Revenue Fund as provided for in the Act whilst N\$2.5 million is yet to be paid.

Our Economic and Sector Research team initiated the development of a comprehensive microeconomic sector database to ensure better insights into the country's industrial organisation and structure. This is a major initiative that requires the support from a range of stakeholders. The microeconomic database will greatly aid the Commission's operational and strategic planning work. It is expected that the database should be completed by the end of the 2019/2020

financial year. In addition, the Commission finalised the Franchising and Automotive Market Studies and submitted the reports to MITS. It is envisaged that the reports will be used by government to inform policy formulation in the respective markets to promote competition.

The Commission will, in the coming year and beyond, continue to promote and safeguard competition in Namibia by investigating and prosecuting anti-competitive practices, reviewing and adjudicating mergers and exemption applications, conducting research and market studies and disseminating information to businesses, consumers and other stakeholders.

In closing, I wish to thank the Board of Commissioners for their continued leadership and support during the period under review. I also wish to acknowledge the hard work and loyalty of the Commission's employees, who have worked incessantly to safeguard and promote competition. I would like to encourage one and all to approach the coming year with equal enthusiasm and resolve, and to set even higher standards for ourselves to create an organisation we all can be proud of.

I thank you.

GOVERNANCE

The Organisation is committed to good governance as espoused in King IV in order to achieve the core governance outcomes of an ethical culture, good performance, effective control and legitimacy. It also supports the principles and philosophy of the Corporate Governance Code for Namibia (NamCode), which is based on international best practices and the King III Report. The philosophy of the NamCode, like the King III Report, revolves around leadership, characterised by the ethical values of responsibility, accountability, fairness and transparency, as well as corporate citizenship with a sustainability goal.

Board Charter

The Commission has adopted a charter in recognition of the King Code of Governance Principles and the NamCode, which sets out the Commission's role, responsibilities, governance structures and delegation of authority as described below. The Commission is also responsible for discharging the responsibilities of the NaCC as set out in the Competition Act 2 of 2003, as well as the Public Enterprise Governance Act 1 of 2019.

Governing Structures and Delegation of Authority

The Board is the focal point and custodian of corporate governance in the organisation by:

- Steering the organisation and setting its strategic direction, approving policy and planning that give effect to that direction, overseeing and monitoring the implementation and execution by executive management, and ensuring accountability for the organisations performance through reporting and disclosures.
- Assume responsibility for governing body composition by setting the direction and approving the processes necessary to attain the appropriate balance of knowledge,

skills, experience, diversity and independence enabling it to objectively and effectively discharge its governance role and responsibilities.

- Promote diversity in its membership including field of knowledge, skills and experience, age, culture, and setting targets for race and gender representation.
- Ensure that arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of duties.
- Ensure that the evaluation of its performance and that of its committees, its Chair, and its individual members support continued improvement in its performance and effectiveness
- Set the parameters for the powers which it reserves for itself, and those that are to be delegated to management.
- Ensure that there is access to professional and independent guidance on corporate governance and its legal duties, and also that it has support to coordinate the functioning of the governing body and committees.

a. Members of the Commission

The Commission consists of a chairperson and not less than two nor more than four other members who are appointed by the Minister of Industrialisation, Trade and SME Development. The members of the Commission are required to possess extensive expertise in industry, commerce, economics, law, accountancy, public administration and/or consumer affairs.

The Commission is responsible for the administration and enforcement of the Competition Act.

Name	Designation	Number of meetings attended
		2018/19
Lesenda Grace Mohamed	Acting Chairperson	5
Gideon Shilongo	Acting Chairperson	3
Malverene Theron	Member	5
Teresia Kaulihowa	Member	3
Petronella Masabane ²	Member	1

The members of the Commission are remunerated in line with the Remuneration Directives issued by the Minister of Public Enterprises. In terms of Government Notice No.69 (contained in GG No. 6572 of 16 April 2018), non-executive directors of Tier 2 Public Enterprises should be remunerated as follows:

	Board		Committees	
	Chairperson	Member	Chairperson	Member
Annual Retainer (N\$)	70,355.36	57,471.60	33,725.47	25,694.17
Sitting Fees per annum (assuming four meetings per annum) (N\$)	39,648.42	25,008.15	18,486.11	12,370.26

²Petronella Masabane was appointed as a Board members during the last quarter of the financial year

b. Committees of the Commission

The Commission has established three Board Committees in accordance with section 12 of the Competition Act. These Committees, which consist of Commissioners, are established to carry out specific tasks and make recommendations to the Board.

All Committee decisions are subject to Board approval. The Board may, at any time, vary or set aside any decision by a Committee.

The Commission currently utilises the following Board Committees:

- **Board Technical Committee**

The Board Technical Committee (BTC) is a technical advisory committee acting as the first stage in the Commission's adjudication of all technical cases in respect of Mergers and Acquisitions; Enforcement, Exemptions and Cartels; and Economics and Sector Research divisions.

- **Finance, Audit and Risk Committee**

The Finance, Audit and Risk Committee (FARC) has 'front line' governance responsibilities that go beyond the oversight of financial reporting to include the management of continuous disclosure and corporate reporting. The Committee is responsible for considering all factors and risks that may impact the Commission, including factors that may predispose management to present a misleading picture, issue significant judgements and reporting decisions made, provide any evidence that brings into question previously published information, and make forward-looking statements or information.

- **Human Resources Committee**

The primary function of the Human Resources Committee (HRC) is to assist the Board in discharging its duty to oversee the establishment of appropriate human resource policies and strategies that provides the Commission with the capability to achieve its short- and long-term business objectives.

c. Executive Management

- **Executive Committee**

The Commission's Executive Committee (EXCO) is headed by the Chief Executive Officer and comprised of the divisional heads, the Corporate Secretary/ Legal Advisor and the Technical Advisor in the Office of the CEO. EXCO is primarily charged with overseeing strategic matters and executing management responsibilities at the Commission.

The key function of EXCO is to supervise the overall operations and strategic management of the Commission, including conditions of service, planning and policy development, accountability and reporting, public relations, and all financial and legal requirements. Their responsibilities also include active participation in monitoring the day-to-day operation of the Commission.



A. OFFICE OF THE CEO



The primary function of the Office of the CEO is oversight of the implementation of the Commission's strategic goals and objectives. In addition to setting the strategic direction of the Commission and providing necessary insights and guidance, the Office of the CEO ensures that appropriate processes, procedures and structures are in place to enable all programmes to achieve their stated objectives.

The primary mechanism to achieve this is the continued operation of the Commission's corporate governance programme, which maintains the critical policies and procedure required to support sound corporate governance practices.

STAKEHOLDER LANDSCAPE

The Commission is embedded and nested in an institutional landscape comprised of policymakers and implementers, regulated entities, consumers, the judicial system, and a host of stakeholders that enable or constrain the effective execution of the mandate of the Commission.

The table below provides a summary of our key stakeholder groups, the level of influence they have on the Commission's decisions and work, the importance of such stakeholders to the Commission, and the nature of our interaction with them.

Priority stakeholders	Influence	Importance	Interaction
Consumers	Critical	Critical	Inform, consult and educate
Ministry of Industrialisation, Trade and SME Development (MITSD)	Critical	Critical	Inform, consult and collaborate
Policy makers	Critical	Critical	Inform, consult and collaborate
Business community			
Undertakings	Critical	Critical	Inform and consult
Associations of Undertakings	Critical	Critical	Inform and consult
Organised Business	Critical	Critical	Inform and consult
SMEs	Critical	Critical	Inform, consult and educate
Sector regulators	Critical	Critical	Inform, consult and collaborate
Judiciary	Critical	Critical	Consult
Media	Critical	Critical	Inform and educate
Tertiary institutions	Moderate	Critical	Inform, consult and collaborate
Trade Unions	Critical	Critical	Inform, consult and collaborate
Government	Issue-based	Issue-based	Issue-based

RISKS AND OPPORTUNITIES

The Commission has an Enterprise Risk Management Policy and Framework in place describing the process of identifying, assessing, managing and communicating risks that may impact the Commission's objectives and overall strategic goals. Implementation of the Risk Management Policy and Framework resides with the Risk and Compliance Officer who reports to the Finance, Audit and Risk Committee, as well as the Board.

A strategic risk register was compiled during 2016. The top five significant risks determined by the Commission during 2016 relate to:

1) Expertise in the field of competition regulation

The Namibian market has a limited number of people possessing the necessary skills in competition regulation.

Inadequate grant allocations from the MITSD exacerbates this problem as the training budget of the Commission was reduced to N\$0 during 2018/2019 financial year. This results in staff not being trained appropriately, thus further increasing the skills gap.

This risk is currently being addressed through an internship programme which allows tertiary graduates to gain practical exposure in competition matters.

2) Inadequate budget allocation

The grant allocations received from the MITSD (as the NaCC's Portfolio Ministry) are insufficient for the accomplishment of the Commission's strategic objectives.

This risk is currently being addressed through constant communication with the Portfolio Ministry and the Ministry of Finance to ensure that future grant allocations received are sufficient, as well as through effective planning of expenditure items and implementation of strict expenditure monitoring measures, ensuring that expenditure is aligned with the approved budget.

3) Enforcement of the Competition Act

The Competition Act, in its current form, limits the Commission's ability to fulfil its required mandate and to ultimately achieve its strategic objectives.

A new draft Competition Bill addressing these shortcomings was developed and finalised during 2016 in order to mitigate this risk. Given further developments in the field of Competition Law generally and in Namibia, the draft Bill is being reviewed and will be finalised and submitted to the MITSD during 2019.

The Commission has furthermore published a Corporate Leniency Programme during 2018, which serves as a tool to help investigate and prosecute cartels.

4) Litigation

Due to the nature of the Commission's business it faces significant legal risks. Once the Commission has completed an investigation into an anticompetitive practice or other contravention of the Act it must institute legal proceedings in the High Court against the contravening parties.

Further, parties may institute legal proceedings challenging actions taken by the Commission during its investigations and may have merger determinations made by the Commission reviewed by the Minister of Industrialisation, Trade and SME Development.

To reduce the adverse consequences of these risks, the Commission uses reputable law firms to represent it in court cases and to issue the Commission with legal opinions on challenging competition matters. Inadequate budget allocations from the Portfolio Ministry, however, further complicates this issue.

5) Institutional knowledge and memory

There is a risk of loss of institutional knowledge and memory due to staff turnover and a lack of knowledge management policies and procedures. To mitigate this risk the Commission conducted and implemented a Salary Benchmark Survey to ensure that the employees of the Commission receive competitive remuneration packages.

The Commission currently holds a large amount of records. Most of the information is archived using a paper-based filing method. This creates a significant challenge for overall information governance, risk mitigation, business continuity/disaster recovery, etc. To address this, the Commission has initiated the implementation of a Knowledge Management System (KMS) which will serve as the foundation for the Commission's record and case management.

IT GOVERNANCE

The Commission makes use of external consultants for its Information Technology services. The consultants are, however, not always available, and this caused delays in the resolution of IT problems. In addition, there is no IT disaster recovery plan and no business continuity plan in place.

There is also a risk that, when outsourcing, confidentiality may be compromised in the process.

During 2016 the Commission hired an internal IT Officer and switched to a secure cloud-based IT solution in an attempt to mitigate the risk of losing data. The KMS will also serve as a disaster recovery measure.

STRATEGIC FOCUS

The Commission has a five-year Strategic Plan that sets out the Commission's priorities over the period 2015/2016 – 2019/2020. The following strategic goals have been formulated to direct the efforts and resources of the Commission towards enforcing the Competition Act and promoting compliance thereunto:

- To ensure effective enforcement of the Competition Act as a contribution to creating competitive markets in line with Vision 2030.
- To expand the scope of competition regulation and strengthen the quality thereof.
- To enhance competition advocacy towards the fulfilment of sound competition principles and practices.
- To conduct action-oriented research on competition in

support of evidence-based competition regulation and policy.

- To develop the Commission as a centre of operational excellence in competition regulation.

The Strategic Plan places emphasis on the enforcement activities of the Commission and the use of advocacy and the promotion of compliance as the twin pillars of competition regulation. The Commission strives to ensure that compliance with the law will be informed by research-based evidence and high-quality analysis and decision-making.

Over the past four years, the Commission has actively pursued the following strategic goals in order to achieve the stated outcomes listed in the table below.

STRATEGIC GOALS, OUTCOMES, INDICATORS AND TARGETS

Strategic Goals ('SG')	Outcomes	Indicators	Target for the entire strategic period (2015/2016 – 2019/2020)	Actuals for the entire strategic period (2015/2016 – 2019/2020)
To ensure effective enforcement of the Competition Act as a contribution to creating competitive markets in line with Vision 2030	Increased compliance with the provisions of the Competition Act	Percentage of compulsory compliance interventions through exemption conditions, merger conditions, settlements and court orders implemented	100%	100%
		Percentage of Section 51 application decisions in favour of the NaCC	70%	50%
		Percentage of merger determinations made to prevent substantial lessening of competition in sectors and markets	100%	87%
		Percentage of Section 38 application decisions in favour of the NaCC	70%	40%
To expand the scope of competition regulation and strengthen the quality thereof	Competition policy developed and submitted to MITSD	Competition policy submitted to MITSD	1	1
	Draft Competition Bill submitted to MITSD	Draft Competition Bill submitted to MITSD	1	1
To enhance competition advocacy towards the fulfilment of sound competition principles and practices	Culture of compliance with the Competition Act established	Number of Voluntary Compliance Programmes implemented	5	2
To conduct action-oriented research on competition in support of evidence-based competition regulation and policy	Established a knowledgebase on competition in the Namibian economy	Position Papers produced with policy recommendations	10	0
		Impact Assessment Reports produced	2	0
		Economic Discussion Papers produced	10	8
		Market studies conducted	3	7
To develop the Commission as a centre of operational excellence in competition regulation	Established the Commission as a centre of operational excellence in competition regulation	Internship and development programme implemented	Fully Implemented	Fully implemented
		Employee job satisfaction	90%	65%
		Quality Management System (QMS) implemented and maintained	QMS Certification	Not implemented

PERFORMANCE REVIEW

The Strategic Plan provides a basis for the development of the Commission's Annual Business and Performance Plans. In order to measure the success of the implementation of the Strategic Plan, the Commission regularly reviews its activities against set targets.

What follows is a brief overview of the performance recorded versus the targets set for the period under review,

a summary of key activities and achievements, the challenges experienced, and an overview of the performance of the various divisions.

The Commission set **78 targets** for the 2018/2019 Strategic Period and met **42 targets**. This denotes a **performance score of 54 percent** for the period under review (see table below). This represents a decrease from the performance score of the previous financial year, which stood at 79%.

2018/2019 ANNUAL PERFORMANCE SCORE

Total Set Targets	Targets Met	Performance Score
78	42	54%

CHALLENGES

As illustrated above, the overall performance of the Commission declined when compared to the 2017/2018 financial year from 79% to 54% during 2018/2019. The decline can be attributed to the fact that the Commission did not have a properly constituted Board of Commissioners. This affected decision-making requirements in terms of the Act. The Mergers and Acquisitions division was the most affected as six out of 42 mergers were not determined and were thus automatically approved in terms of section 45 of the Act. The merger investigations were conducted and reports produced for the six mergers that were automatically approved. Other mergers had to be extended, which caused discomfort from the merging parties and the law firms representing merging parties.

Another challenge faced during the period under review was the limited financial resources made available to the

Commission by the government. The knock-on effect of this was several activities initially planned for had to be shelved, which negatively impacted the overall performance of the Commission.

Other challenges relate to human resource constraints due to the lack of resources required to enable implementation of the approved structure. Aggravating the situation is low staff morale and the ongoing labour matter belabouring the Commission. Every effort will, however, be made to address these matters and to ensure enhanced performance of the Commission in the 2019/2020 financial year.

The table below provides a high-level summary of some of the key activities and achievements during the period under review.

SUMMARY OF KEY ACTIVITIES AND ACHIEVEMENTS

Activities and achievements	Impact
Introduction of the Corporate Leniency Programme (linked to SG 2)	The Corporate Leniency Programme (CLP) was gazetted and came into force in October 2018. The development and adoption of the CLP has come a long way and is expected to be a useful tool which the Commission can use to detect and investigate cartel conduct in the economy. Two applications have been received thus far since its adoption.
Completed investigations (linked to SG 2)	During the period under review three restrictive business practices investigations were completed and eight investigations have rolled over into the new financial year (2019/2020).
Settlement agreements (linked to SG 2)	The Commission entered into settlement negotiations with contravening parties and settled for N\$17.5 million. The Commission paid N\$15 million to the State Revenue Fund as provided for in the Act, whilst N\$2.5 million is yet to be paid to the Fund.
Finalisation of the Franchising and Automotive Market Studies (linked to SG 3)	The Commission finalised the Franchising and Automotive Market Studies and submitted the reports to the MITSD. It is envisaged that the reports will be used by Government to facilitate policy formulation in the respective markets thereby further promoting competition.
Merger control (linked to SG 2)	The Commission continued with its merger control activities and, during the period under review, received 47 merger notifications and determined 42 mergers. In addition, 711 jobs were saved through merger control interventions.
Unqualified financial statements by the Auditor General (linked to SG 1)	The Commission received an unqualified audit from the Office of the Auditor General for the 2017/2018 financial year. This is a testament to the financial control systems in place, though the Commission must continue to refine its controls to ensure sound management of its financial resources.



DIVISIONS

A. ENFORCEMENT, EXEMPTIONS AND CARTELS



The Enforcement, Exemptions and Cartels (ECC) division is responsible for enforcing the provisions of the Competition Act related to restrictive business practices set out in Chapter 3. Restrictive practices consist of horizontal agreements between parties trading as competitors, vertical agreements between parties in vertical business relationships, and abuse of dominance. Restrictive agreements are those that have the objective or effect of preventing or substantially lessening competition in trade in goods and services. Abuse of dominance is the unilateral conduct by dominant undertakings that restrict competition. The Act provides the Commission with extensive powers to investigate potential contraventions including search and seizure powers.

'Cartels and their impact on the economy' is a theme that encapsulates the role and underlying functions of the division. Cartels are generally defined as anti-competitive arrangements between two or more competing businesses. This arrangement is illegal and usually denotes a secretive agreement concluded between competitors to fix prices, restrict supply, and/or divide markets. Cartels can also arise in the form of collusion on other commercial conditions for the sale of products or services. These agreements may be in writing, but are usually informal and verbal due to their inconspicuous nature.

The Commission's strategy emphasises the enforcement activities of the Commission and the use of advocacy and the promotion of compliance as the twin pillars of competition regulation. During the period under review, investigations in the insurance and aviation industries placed significant spotlight on the Commission, resulting in several competition law compliance requests.

Crucial investigations were subsequently concluded by the division, as reported on in the summary below. Most significantly, this period also saw the launch of the Commission's first- ever Corporate Leniency Programme (CLP).

Insurance companies engage in collusion

The Commission concluded an investigation in 2018 against several short-term insurance companies, namely: Santam Namibia Ltd, Alexander Forbes Insurance Company Ltd, Hollard Insurance Company Ltd, Old Mutual Short-Term Insurance Company Ltd, OUTsurance Insurance Company of Namibia Ltd, Phoenix Assurance Namibia Ltd and Momentum Short-Term Insurance Ltd (previously Quanta Insurance Ltd). The investigations revealed that these insurance companies had engaged in collusive conduct, specifically price-fixing, in contravention of the Competition Act by setting maximum mark-up rates that panel beaters should charge for repairs to insured vehicles. The Commission's investigation had further found that on top of setting maximum mark-ups on vehicle parts, these insurance companies imposed maximum labour rates to be charged by panel beaters for the rendering of their services. No finding was made against the panel beaters despite them having been initially cited as respondents

in this matter. The Competition Act, 2003 classifies price-fixing conduct as per se prohibited, rendering the conduct as inherently illegal without extrinsic evidence of the effect of the conduct. The conduct by the insurance companies (otherwise competitors) is designed to subvert competition and is characterised globally as cartel conduct, being amongst the most egregious forms of collusion between competitors.

The Commission's preliminary investigative findings showed that insurance companies set the maximum rates and mark-up in order to reduce their cost without having regard to panel beaters input cost. In doing so, insurance companies unjustly influence the price, rather than allowing competition to determine the prevailing market conditions. These insurance companies further benefit from the costs imposed to the detriment of reduced panel beater competition and limited consumer choice and potentially, preventing consumers from having access to better pricing.

Exclusive arrangements between short-term insurers and windscreen retailers

This investigation similarly involves the short-term insurance companies, namely: Santam Namibia Ltd, OUTsurance Insurance Company of Namibia Ltd, Momentum Short-term Insurance Ltd (previously Quanta Insurance Ltd), Hollard Insurance Company Ltd, Old Mutual Short-Term Insurance Company Ltd and the following windscreen retailers: Greg's Motor Spares, Perfect Glass CC, PG Glass Namibia (Pty) Ltd and Namibia/Africa Glass CC.

In this specific case, short-term insurance companies as well as windscreen retailers and distributors are alleged to be engaged in a practice of exclusive dealing by having concluded restrictive agreements with each other. This exclusive arrangement is purported to exist in favour of the windscreen retailers whereby they have an exclusive right to receive work from the insurers. These restrictive agreements are tantamount to limiting market access and the application of dissimilar conditions in contravention of the Act.

Limiting market access restricts free trading and competition between businesses by putting in place artificial barriers to entry that prevents potential competitors from entering the market or competing on an equal footing. As such, market efficiency (lower prices and product choice) is lost. Similarly, applying dissimilar conditions to equivalent transactions prevents potential competitors from participating in the market fairly and gives the preferred undertaking an unfair market position.

The Commission issued a preliminary finding that the agreements between the short-term insurance companies and windscreen retailers amount to limiting market outlets and access by other windscreen retailers. Furthermore, since agreements are entered into between only a few retailers, this constitutes an unfair trading condition for other windscreen retailers who are equally efficient.

Air Namibia accused of predation on the Windhoek-Cape Town route

The Air Namibia investigation related to the conduct of Air Namibia (Pty) Ltd ("Air Namibia") and whether the airfare paid by passengers on the Windhoek – Cape Town route constitutes prohibited conduct of imposing unfair purchase or selling price, or any other trading conditions, in contravention of section 26 of the Competition Act. The investigation identified the relevant market as that of scheduled airline travel from

Windhoek to Cape Town and vice versa ("the route"). Following its investigation, the Commission concluded that the relevant provisions of Part II of chapter 3 of the Competition Act have been infringed, more specifically section 26(1) read with section 26(2)(a) (directly or indirectly imposing purchase or selling prices or any other trading condition). A preliminary decision in this regard was issued by the Commission during the period under review.

ENFORCEMENT, EXEMPTIONS AND CARTELS STATISTICS

Cases received and concluded from 2015/2016 to 2018/2019

EEC Cases	2015/2016	2016/2017	2017/2018	2018/2019
Complaints received from the public and initiated by the Commission	11	7	3	1
Screening cases carried over from the previous year	4	3	3	2
Complaints withdrawn	1	0	1	0
Complaints closed/non-referred at screening	6	5	3	0
Complaints that became full investigations	4	4	1	0
Complaints closed/non-referred after full investigation (section 36)	0	8	3	4
Complaints closed/non-referred after full investigation (section 38)	0	1	0	0

The figure on the right indicates the percentage of sector concentration in terms of the cases handled by the EEC from 2015/2016 to 2018/2019.

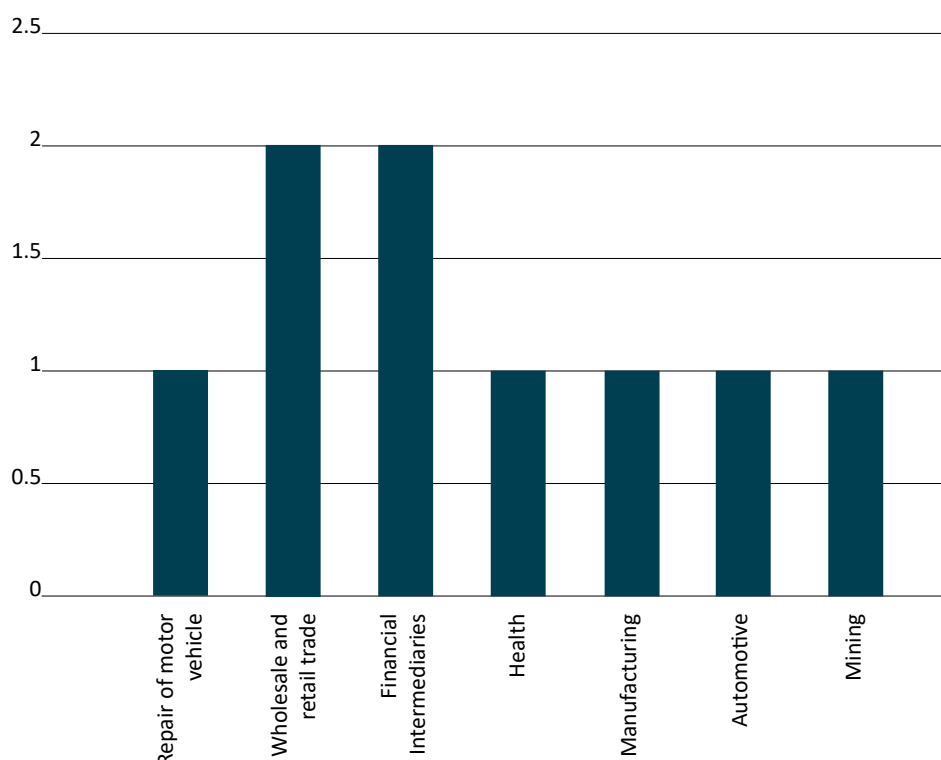
The motor vehicle repair, transport and storage, financial intermediaries and automotive sectors made up 14% of the cases handled during the 2018/2019 financial year. These were followed by the agriculture sector with 10%, while print

media/printing, wholesale and retail trade, health, online media, manufacturing, aviation and petroleum sectors made up 4% each.

Advisory Opinions

As illustrated in the graph below, eight advisory opinion requests were received in 2018/2019 as per the sectors illustrated in the figure below. It should be noted that some opinions cover more than one sector.

Advisory opinions issued and relevant industries:

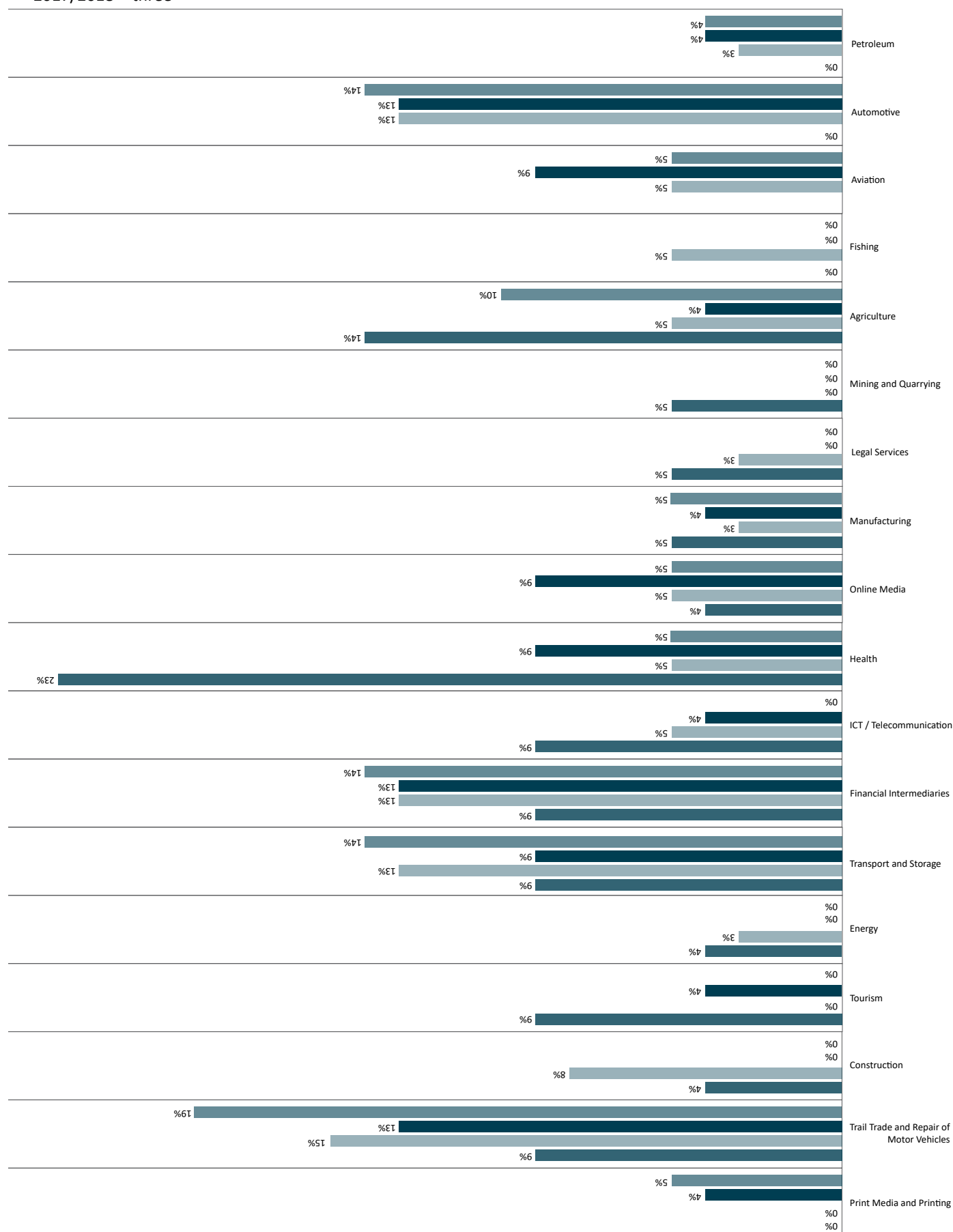


Enforcement Industry Concentration

2015/16 2016/17 2017/18 2019/19

During the three previous financial years, the following number of advisory opinions were received:

- 2015/2016 - ten
- 2016/2017 - eight
- 2017/2018 - three



Exemptions

The Commission has, since inception, had an extremely low exemption application rate with only four exemption applications considered by the division since inception in 2009.

In December 2018, the Commission received an application from the National Petroleum Corporation of Namibia (NAMCOR) for exemption under section 27(1)(b) of the Competition Act. The objective of the application is to obtain exemption for the reinstatement of NAMCOR's 50% importation mandate for fuel products into Namibia from the provisions of section 23 of the Act.

Special Projects: Review of Professional Association Rules

Of the four exemption applications received by the Commission since inception, only one, being the Law Society Exemption application, concerned professional association rules as contemplated by section 31 of the Act. Section 31 of the Act specifically governs exemption in respect of professional rules and contemplates an application made by a professional association. The section further defines the term "professional association" in section 31(7) as "the controlling body established by or registered under any law in respect of the following professions, and includes any other association which the Commission is satisfied represents the interests of members of any of the following professions ...".

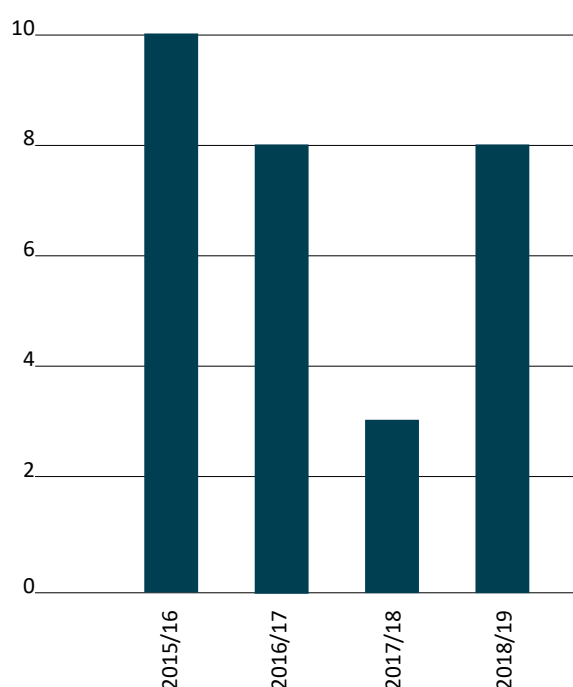
Ironically, section 31(7) of the Competition Act refers to 13 professional associations such as the associations of accountants and auditors, architects, engineers, and other such associations which are yet to submit their rules for scrutiny by the Commission in order to ensure compliance with the Competition Act.

The Commission therefore deemed it prudent to take proactive measures to encourage professional associations to apply for exemption of their professional rules by the Commission.

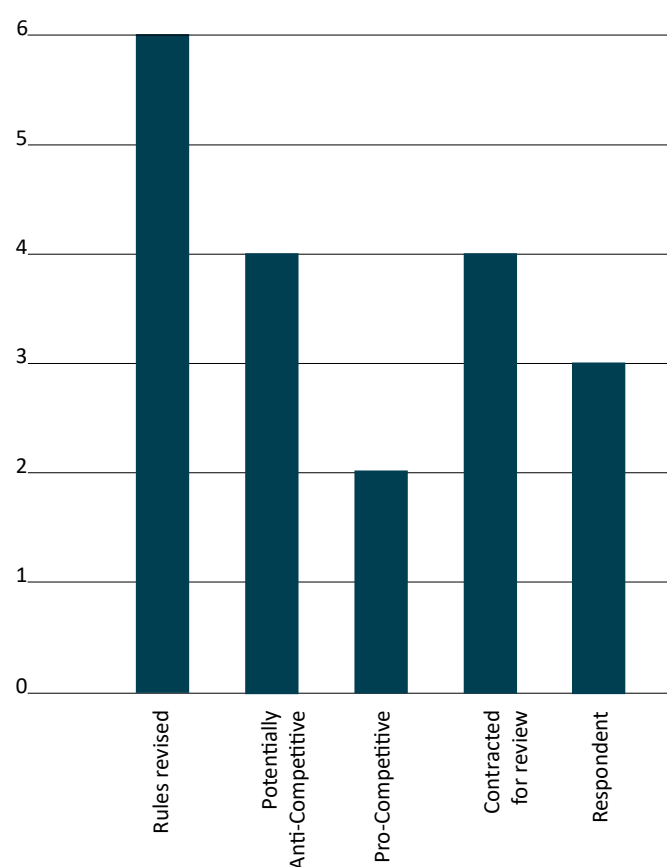
This resulted in a special project undertaken by the division whereby the rules of several professional associations were reviewed in order to identify potential anti-competitive provisions.

As per the figure above, the Commission reviewed the rules of six professionals' associations. Out of those six, four were found to be potentially anti-competitive and all were contacted to possibly amend their rules. This project remains ongoing and the Commission is yet to receive exemption applications from those professional associations reviewed or any other such association.

Advisory opinions received



Professional Association rules reviewed





B. MERGERS AND ACQUISITIONS



The main function of the Mergers and Acquisitions division is the enforcement of the provisions of chapter 4 of the Competition Act. The division investigates and assesses whether a merger is likely to raise any competition or public interest concerns and submits an investigative report with recommendations to the members of the Commission. The division further provides advisory opinions, monitors compliance with conditions imposed on mergers, and investigates contraventions of chapter 4.

In its assessment, the Commission considers whether a merger is likely to substantially prevent or lessen competition; whether it may result in any party acquiring or strengthening a dominant position in a market; and whether a merger can or cannot be justified on public interest grounds.

Section 47(1), read with section 47(6) of the Act, provides that the Commission may either grant or decline approval for the implementation of a merger or approve a merger with conditions aimed at addressing competition or public interest concerns that are likely to result from the proposed merger.



Investigate mergers and acquisition



Issue non-binding advisory opinions



Monitor compliance with the Act



Initiate and prosecute contraventions

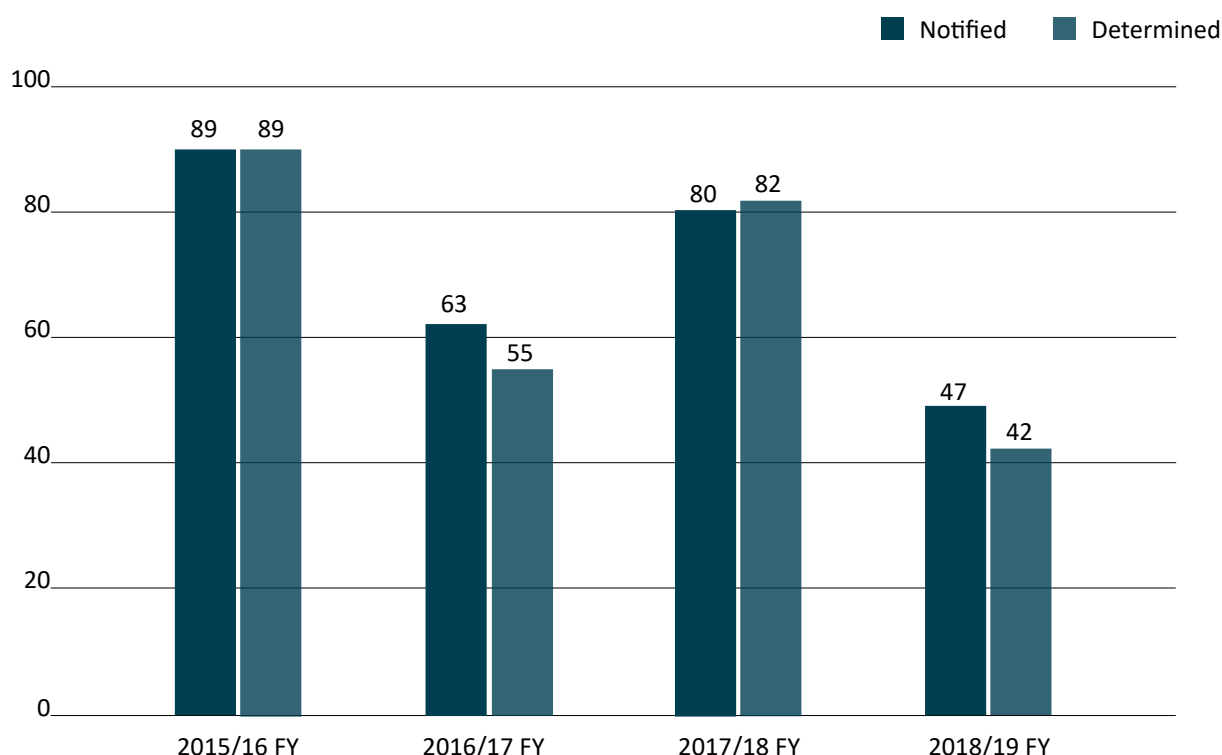


MERGERS & ACQUISITIONS STATISTICS

The following figure illustrates the mergers notified and determined by the Commission from the 2015/2016 to the 2018/2019 financial years. A significant reduction from the three prior years compared to the 2018/2019 was recorded,

with 47 mergers notified and 42 were determined (36 were determined by the Commission and 6 were automatically approved).

Mergers notified and determined



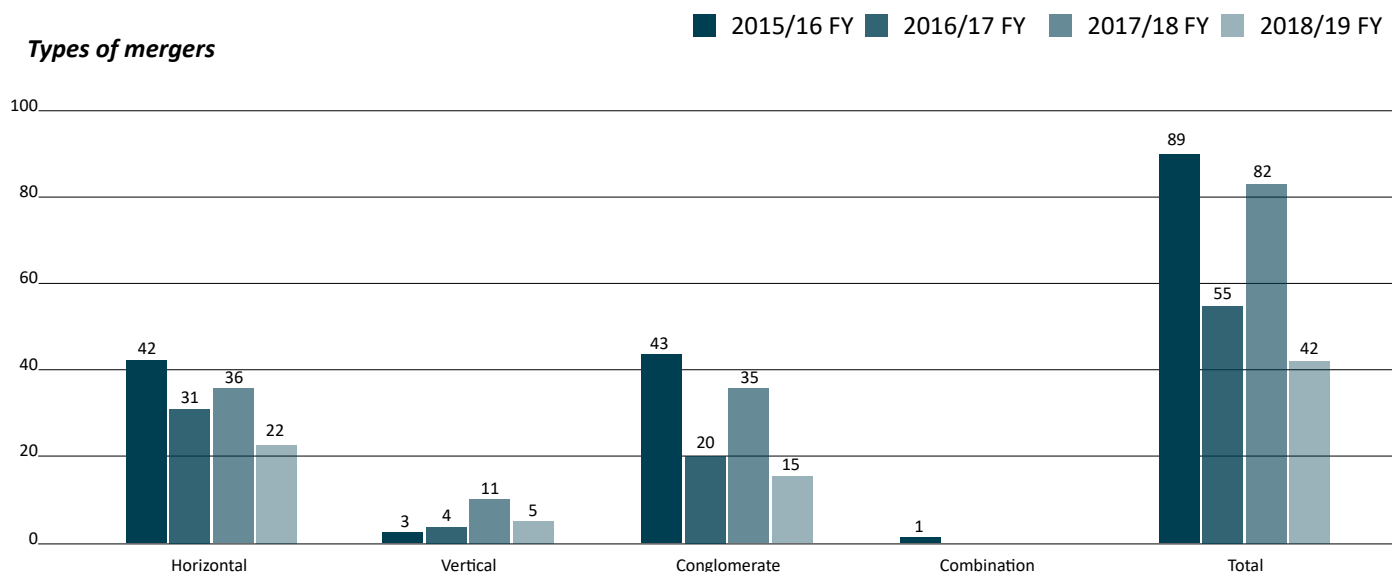
Merger Types

There are different types of mergers, namely: vertical, horizontal and conglomerate mergers. A vertical merger is a merger between two companies that operate at separate stages of the production process for a specific finished product; a horizontal merger, also known as horizontal integration, is the combination of two companies that compete in the same or in a similar industry, and a conglomerate merger is a merger between firms that are involved in totally unrelated business activities. Merger classifications are used to provide a coherent framework to explain how a particular merger will be assessed and to determine the appropriate theory of

harm. To determine the type of merger one looks at all the economic activities that the merging parties are involved in.

The majority of mergers determined in 2018/2019 were horizontal mergers which accounted for 52% of total mergers determined during the period under review.

During 2015/2016, horizontal mergers accounted for 47% of mergers determined, for 56% during 2016/2017; and for 44% in 2017/2018, as illustrated in the figure below.

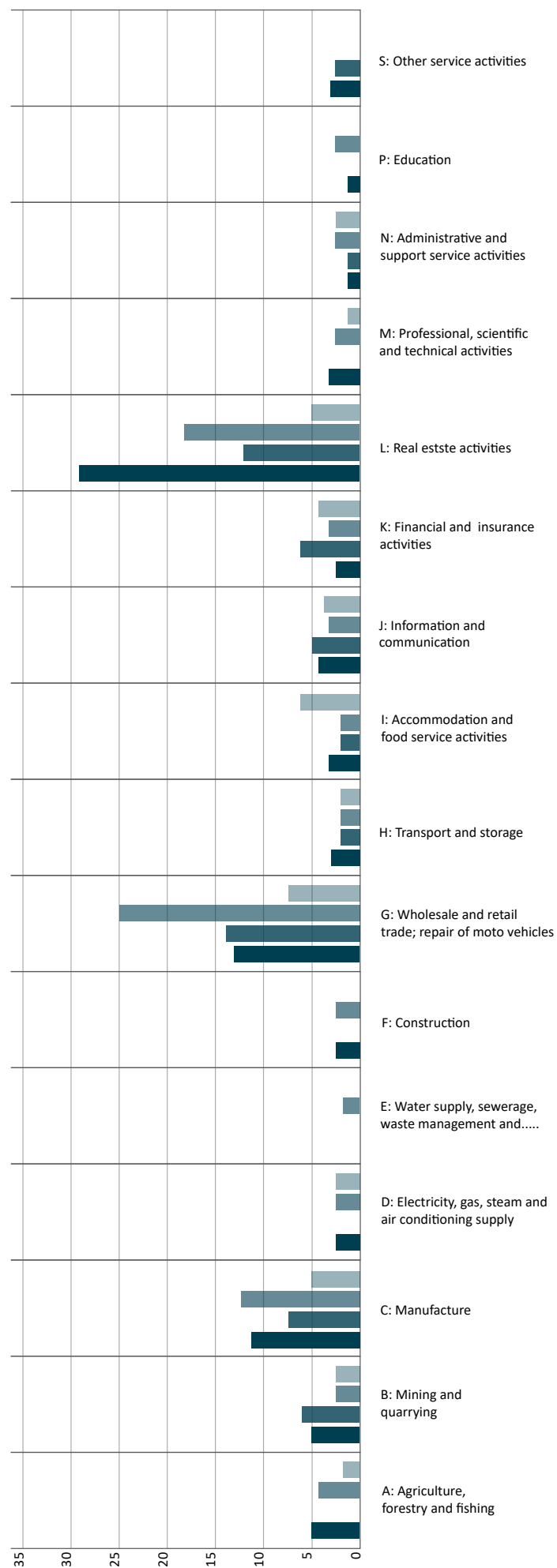


Sector Analysis

During 2018/2019 the wholesale and retail trade and the repair of motor vehicles and motorcycles sectors accounted for 8% of the total mergers determined, followed by the accommodation and food service activities at 6% while the real estate activities and manufacturing sectors came in third at 5%.

The figure below illustrates the various sectors of the economy according to which mergers determined by the Commission were categorised from 2016/2017 to 2018/2019.

2015/16 FY 2016/17 FY 2017/18 FY 2019/19 FY



Ownership

Namibian owned undertakings that were sold accounted for 19% of total undertakings sold during 2018/2019. Foreign owned entities that were sold during the same period accounted for 22%.

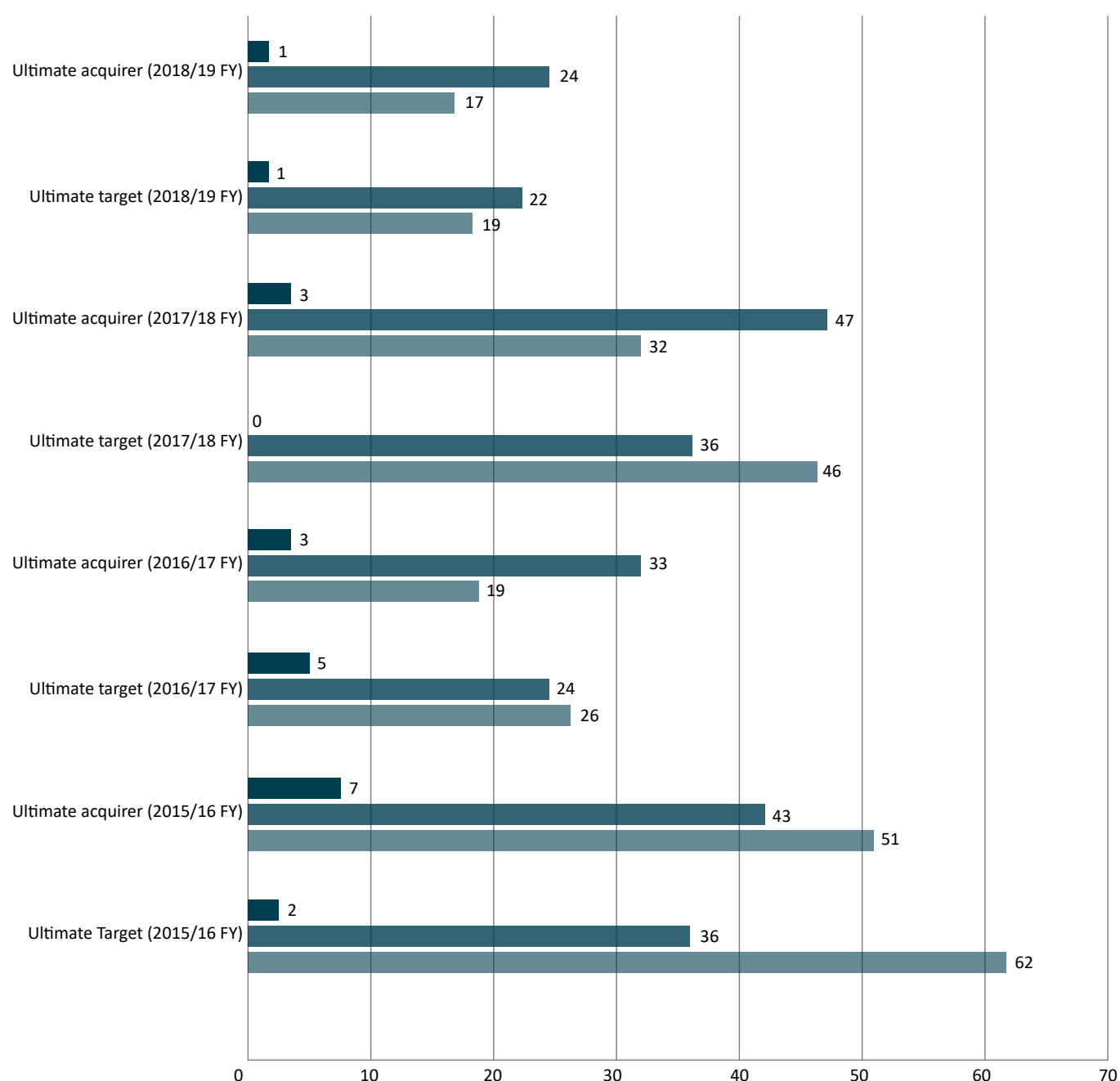
Namibian owned undertakings that took over or bought out others (acquiring undertaking) accounted for 17%, and

foreign owned undertakings accounted for 24% of the total mergers determined.

The figure below illustrates ownership patterns from 2016/2017 to 2018/2019.

Namibian vs foreign ownership in merger transactions

■ Namibian and Foreign ■ Foreign ■ Namibian

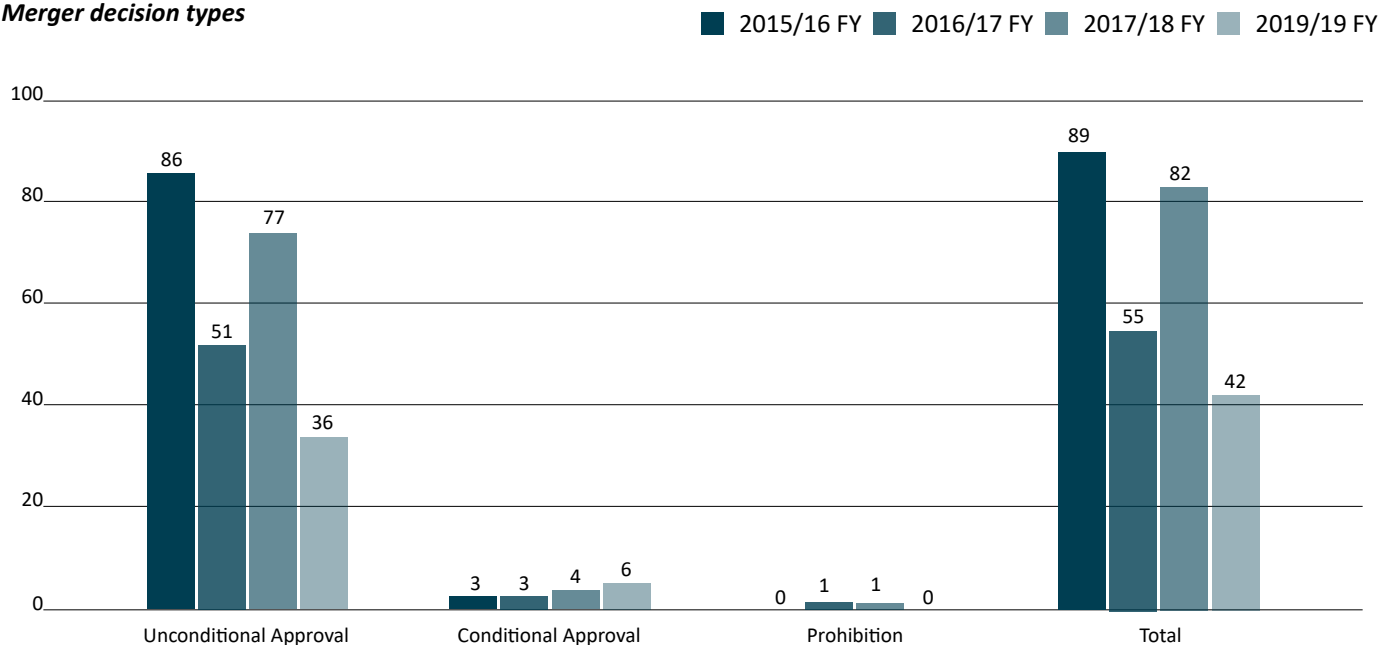


Decisions on Mergers Made by the Board of Commissioners

The Commission is empowered to prohibit a merger that is likely to substantially prevent or lessen competition or harm the public interest. However, it may approve a merger

with conditions when a specific remedy can address the competition or public interest concern(s) raised by a proposed merger.

Merger decision types



As illustrated in the figure above, and compared to the previous three years, 35 mergers were approved without conditions during 2018/2019, while six were conditionally approved and none were prohibited.

The conditions imposed were both behavioural and structural. While some of the conditions aimed to address the potential anticompetitive effects that were likely to arise from the implementation of the proposed mergers, others were based on the public interest's consideration, particularly employment protection.

Conditioned mergers during review period

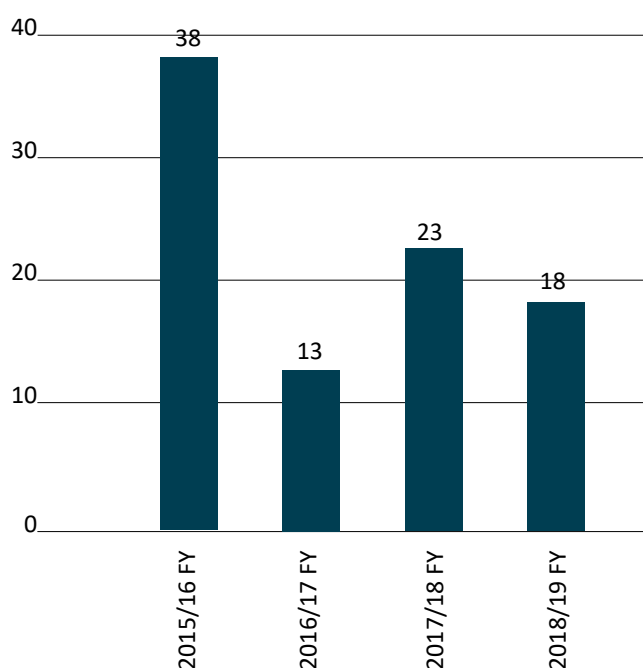
Year	Primary Acquiring Undertaking	Primary Target Undertaking	Sector/Market	Conditional/ Prohibition
2018/2019	Namibia Future Media Holdings (Pty) Ltd	Radio Kudu (Pty) Ltd / Radio Fresh (Pty) Ltd / Omulunga Radio (Pty) Ltd	Information and communication: Radio broadcasting	Conditional
	United Property Management (Pty) Ltd	JN Hamman Beherende Beleggings (Pty) Ltd	Accommodation and food service activities: Short term accommodation activities	Conditional
	Philco One Hundred and Sixty-Seven (Pty) Ltd	Namibia Plastic Converters (Pty) Ltd	Manufacturing: Manufacture of plastics products	Conditional
	Tunacor Fisheries Ltd ('Tunacor')	Bidvest Namibia Fisheries Holdings Proprietary Limited ('Bidfish')	Agriculture, forestry and fishing: Marine fishing	Conditional
	Sense of Africa (Pty) Ltd	The tour operator business of African Eagle of Southern Africa Territories (Namibia) CC	Administrative and support and service activities: Travel agency, tour operator, reservation service and related activities	Conditional

Advisory Opinions

The Commission is also tasked with issuing non-binding advisory opinions on legal issues pertaining to the Competition Act and its Rules. In terms of Government Gazette notice No. 6266 dated 22 March 2017, the issuing of such advisory opinions is now subject to a N\$5,000.00 fee.

Eighteen requests for advisory opinions were received in 2018/2019, and 18 issued. The figure below compares the number of advisory opinions issued from 2015/2016 to 2018/2019.

Advisory opinions issued



Monitoring Compliance

The remedy imposed on mergers by the Commission may either be behavioural or structural. Behavioural remedies are normally ongoing remedies aimed at regulating the behaviour or future conduct of the merged undertaking, such as ensuring that the merged undertaking allows access to key inputs or facilities that other undertakings (competitors or customers) need to compete. Structural remedies are generally once-off remedies aimed at addressing the market structure and require some form of structural change on the part of the merged undertakings, such as selling part of their business or assets.

During the review period the Commission monitored 18 conditioned mergers. Of the mergers monitored, seven have fully complied with all conditions imposed and are released from further compliance. The division continues to monitor compliance with respect to the 11 remaining mergers. During the relevant periods, the Commission monitored the degree to which parties complied with the conditions imposed on the following matters, as illustrated in the table below.

MONITORING PERIOD				
Merger	Compliance Period	Duration	Condition	What the condition meant to address
Telecom Namibia Limited // Powercom (Pty) Ltd	27 April 2012 - 27 April 2014	Two years ²	Implement separate shareholding structure for all entities (extended to 31 December 2018) Prohibition on cross directorships	Avoidance of abuse of dominant position
Seawork Fish Processors (Pty) Ltd // Benguella Properties (Pty) Ltd	30 November 2017 - 30 November 2019	Two years	Employment protection	Employment protection
Exarro Base Metals Namibia (Pty) Ltd // Wilru Investments One Hundred & Thirty-Four (Pty) Ltd	27 April 2012	Indefinite	1. Honour Memorandum of Agreement, expeditiously develop Gergarub Project 2. Rosh Pinah process ore in zinc sulphide concentrates and support further processing	Local beneficiation
Sanlam Namibia Holdings (Pty) Ltd // Welwitschia Insurance Brokers	10 August 2016 -	Indefinite	Prohibition on serving on dual boards	Avoidance of possible sharing of sensitive information
Cathral Investments Four (Pty) Ltd // Haloli Piggery Close Corporation	1 January 2018 -	Indefinite	1. Employment protection 2. Development of piggery training program 3. Direct customer supply 4. Prohibition on the import of pork and pork products for sale 5. Expansion of Haloli to 1600 sow unit, subject to minimum investment of N\$200 million	Avoidance of possible abuse of a dominant position
Socotra Island Investments (Pty) Ltd // Komsberg Farming (Pty) Ltd	1 October 2017 -	Indefinite	1. Employment protection 2. Preference to Namibian recruits including drafting company policy to that effect	Employment protection and promotion
Commercial Investments (Pty) Ltd // CB Enterprises (Pty) Ltd	30 November 2017 - 30 November 2019	Two years	Employment protection	Employment protection
Namibia Post and Telecom Holdings Limited // Samba Dutchco B.V.	13 April 2018 – 13 October 2018	Six months	1. Procure the services of a sponsor to facilitate listing on NSX 2. Dispose of 20% of shares 3. Provide annual compliance reports	Avoidance of possible abuse of a dominant position
Philco One Hundred and Sixty-Seven (Pty) Ltd // Namibia Plastic Converters (Pty)Ltd	19 April 2018 – 19 April 2020	Two years	Employment protection	Employment protection
Tunacor Fisheries Ltd // Bidvest Namibia Fisheries Holdings (Pty) Ltd	21 April 2018 – 21 April 2020	Two years	Employment protection	Employment protection
Namibia Media Future Media Holdings (Pty) Ltd // Radio Kudu (Pty) Ltd // Radio Fresh (Pty) Ltd // Omulunga Radio (Pty) Ltd and Namibia Future Media Holdings (Pty) Ltd // Radio Wave CC	15 June 2018 – 15 June 2020	Two years	1. Reduction of ownership of radio frequency spectrum use licenses. 2. Employment protection	Avoidance of possible abuse of a dominant position and employment protection

²The stated compliance period only relates to one of the conditions, there are other conditions that were imposed on the merged entity that did not have a set time period and compliance in relating to those conditions is still ongoing.

PARTIES TO CONDITIONED MERGERS RELEASED DURING THE MONITORING PERIOD 2016 - 2019				
Merger	Compliance period	Duration (years)	Condition	What the condition meant to address
Namibia Ports Authority // Elgin Brown & Hamer Consortium (Pty) Ltd ³	Initial period 19 July 2012 - 31 December 2014	Two	1. Making space available both in water and on land for the construction and operation of a floating dock facility for ship and/or rig repairs 2. Employment protection	Avoidance of strengthening of a dominant position and input foreclosure in the downstream market identified
FP Du Toit Transport (Pty) Ltd // Westrans Holdings (Pty) Ltd	21 April 2015	Two		Employment protection
Otjiwarongo Hardware CC // Emmanuel David Fretas Dias	September 2016	One		Employment protection
Trustco Holdings Limited// Fides Bank Limited	20 June 2014	Two		Employment protection
Agra Limited (Safari Den) // A. Rosenthal (Pty) Ltd // Kalahari Arms and Ammunitions (Pty) Ltd (Safari Guns and Outfitters)	August 2014 - August 2018	Four	1. Prohibition on further dealer acquisitions 2. Prohibition on opening any further dealerships 3. Continued operation as separate undertakings 4. Continued supply on wholesale basis 5. Equal wholesale pricing to non-Safari Den dealers 6. Continued supply to Agra retail branches 7. Prohibition on cross-supply	Avoidance of possible abuse of a dominant position and employment protection
White Flower Investment Three (Pty) Ltd // Brukarros Meat Processors	1 March 2016 - 1 March 2018	Two	Employment protection	Employment protection
Lewis Stores Namibia Proprietary Limited // Ellerines Furnishers Proprietary Limited and Ellerines Retail (Namibia) (Pty) Ltd t/a 'Bears' and 'Ellerines'	30 April 2016 -30 April 2018	Two	Employment protection	Employment protection

³The parties opted not to implement the transaction and were therefore released from their compliance and reporting obligations.



C. ECONOMIC AND SECTOR RESEARCH

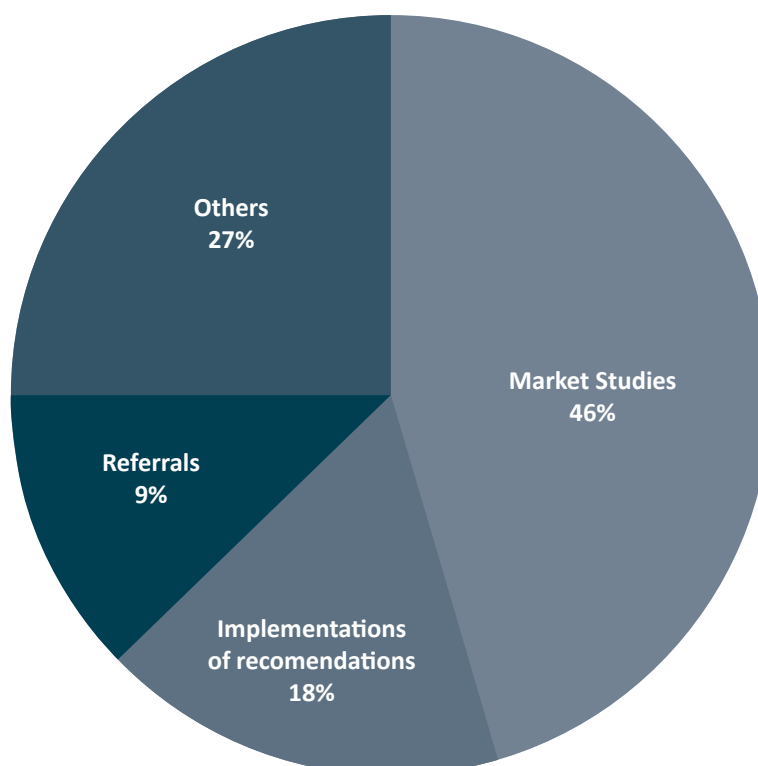


The Economics and Sector Research division (ESR) is responsible for economic analysis and evaluating the economic impact of competition cases and policy initiatives which have a bearing on competition. The main responsibilities of the ESR are to:

- Conduct market investigations on sectors identified as priority areas by the Commission.
- Carry out research and advise the Minister in matters referred to the Commission by the Minister responsible for Trade and Industry.
- Providing rigorous economic analysis on cases and investigations in mergers and restrictive conduct.
- Ensure technical advocacy on competition law.
- Undertake market impact assessment to measure the effectiveness of the Commission's intervention in the economy.

The ESR division concluded the land study during the 2018/2019 financial year and continues to work on the construction and housing studies. The division also facilitated the implementation of the franchising and automotive market studies recommendations. The division worked on a referral case from the Enforcement, Exemptions & Cartels division to investigate the Competition Commission of South Africa's Banking inquiry and to provide key facts on the possibilities that the conduct discovered in South Africa might be applicable to the Namibian banking sector. The following figure shows the division's distribution of activities during the period under review.

Project distribution, 2018/2019 financial year



PROJECTS

Review of the CCSA banking inquiry and its applicability to Namibian banking sector

The division received a referral from the Board Technical Committee (BTC) to investigate and understand the outcomes of the Competition Commission of South Africa (CCSA) banking inquiry and to provide key facts on the possibility that the conduct discovered in South Africa might be applicable to the Namibian banking sector. The subject matter of the inquiry was firstly the level and structure of bank charges and secondly the feasibility of improving access to the national payment system (NPS) for non-banks, thereby allowing them to compete more effectively in payment services. The inquiry also investigated other aspects related to payment systems and bank charges that could be regarded as anti-competitive.

The referral was completed and concluded that given the interconnectedness of the Namibian and South African banking industry, most of the conduct described in the CCSA banking inquiry could be applicable in the Namibian context. However, a concrete understanding of the costing structure is required to conclude with certainty whether there is any evidence of excessive pricing.

The Board approved the findings of the report, as well as the recommendation of the study for conducting a joint study of the Namibian banking industry to be carried out between the Commission and Bank of Namibia (BoN) under the ambit of the Memorandum of Agreement.

Implementation of the Automotive and Franchising Studies Recommendations

Following the approval of the findings and recommendations of the studies, the implementation of the recommendations was initiated by the division. The following activities were undertaken during the period under review:

- The ESR Division submitted a referral to the EEC Division to conduct a screening to determine whether the concerns raised in the market for the distribution of new vehicles warrants an investigation. This included screening in the market for the body repairs of luxury vehicles, to determine if the conduct of manufacturers based in South Africa and approved repairers in Namibia have the potential to substantially lessen or prevent competition in the repairs of these vehicles. Additionally, it also included a review of the contractual agreements between the franchisors and franchisees (luxury vehicles dealerships) to establish whether the conduct of the franchisors has the ability to lead to substantial lessening or prevention competition in the sales of luxury vehicles in Namibia.
- An advocacy plan was developed for the automotive industry, to sensitise the industry on the applicability of the competition law. The Commission has engaged digital and print media on the outcomes of the study, and copies of the report were sent to the MITSD for action.

- The division has commenced with the development of the franchising guidelines that clarify the area of application of the Competition Act to various aspects of franchising agreements, in order to inform franchisors and franchisees about the impact of the Act on their activities and to enable them to comply with the law. The franchising notice will serve as an advocacy tool to clarify matters on franchise agreements so that parties are able to ensure that their agreements are in line with the Act to avoid possible prosecutions, or alternatively to apply for exemption from some of the provisions of the Act.

Land Study

An observation was made that a large number of land transactions involved non-Namibian buyers who had acquired land either from a Namibian seller, or from another foreign party selling the land previously owned by it. This was viewed to be a largely growing trend that could potentially raise concerns. The Commission consequently initiated a study to understand the land ownership pattern in terms of foreign and local owners.

The intent of the study was to inform policy on the acquisition of physical property for investment purposes (commercial and industrial use) by foreign nationals through the use of the Commission's powers as per section 16 (1) (g) of the Act to "either on its own initiative, or at the request of the Minister, consult with the Minister on any matter which is of great economic or public interest".

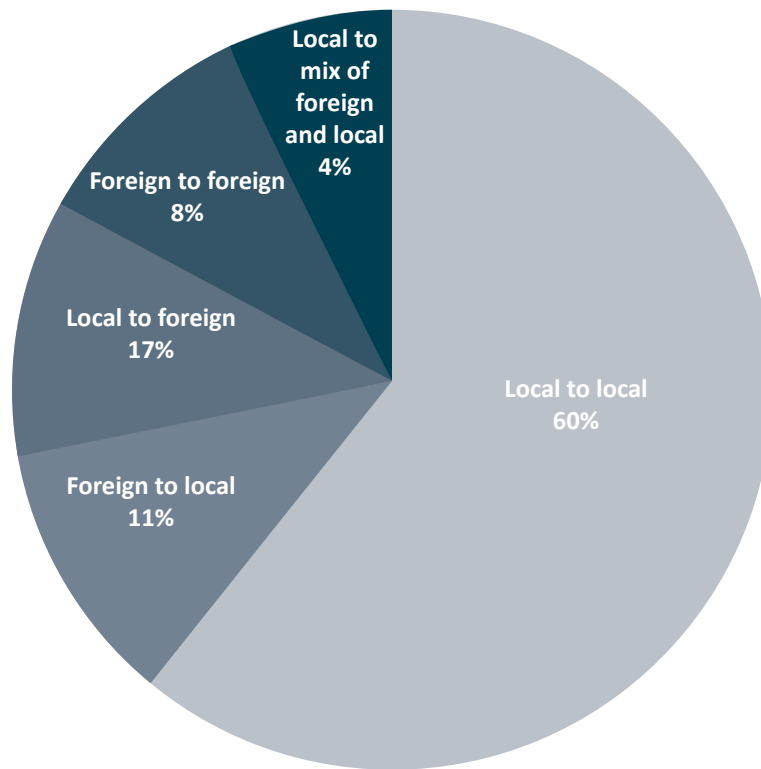
The study analysed the changes in the nationality of ownership of land in Namibia. It was limited only to ownership changes which came about as merger and acquisition transactions, as from the years 2011/2012 to 2017/2018. The study covered property transactions recorded through Mergers and Acquisition Division (M&A) falling under the real estate sector.

Findings

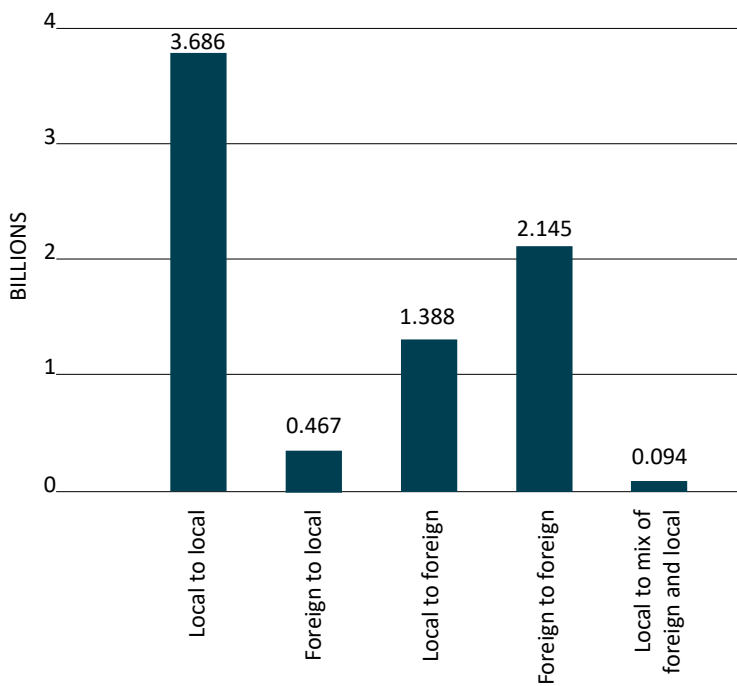
The analysis shows that, besides the concern expressed, there is still a higher proportion of property ownership shifts from local to local ownership in comparison to other shifts in ownership, being 60% of all transactions considered under this study. The second highest shift in ownership, which may be of some concern, is that of land shifting from local to foreign ownership, at 17% of all property transactions over the years under review.

Although it was found that, in absolute terms, the bulk of property acquisitions involved local buyers, in terms of financial value, transactions that involve foreign buyers account for the largest portion, which in itself may raise concerns in terms of economic impact, such as capital outflow issues.

Proportion of shifts in Ownership between Local and Foreign Undertakings



Total target asset value per ownership category



A large number of transactions, particularly those which involve foreign buyers are retail space acquisition, such as shopping malls. Due to a high prevalence of foreign ownership of such retail spaces, shopping malls are largely dominated by foreign retail outlets, often to the exclusion of Namibian retailers. Furthermore, local retailers, particularly small to medium enterprises, including micro-dealers have been unable to access retail space in such shopping malls. This has been to the detriment of such local retailers and, at a national level, has done extraordinarily little for economic advancement of the local retail environment.

Despite the negative impacts of foreign undertakings acquiring land in Namibia, there has been some benefits. For any kind of investment, the acquisition of property is one of the most important capital engagements companies can undertake. This applies similarly to foreign investors. Many African countries, Namibia being no exception, rely heavily on foreign direct investment as a source of government revenue, as well as a provider of goods and services which may otherwise not have been provided. For this reason, it is important for the country to ensure that a balance is struck between attracting foreign investors and ensuring that Namibians are not placed at a disadvantage.

As noted earlier, the classes of property transactions considered in this study are only those which meet the merger control requirements as per the Act, and the rules established under the Act. This is a shortcoming in that the study fails to account for property transactions below the specified merger thresholds. Since the main concern of the study is to analyse shifts in land ownership from Namibians to non-Namibians, this may be an omission which leads to a loss in valuable information.

Another shortcoming to consider is that, even in the event where land is lost to Namibians through property transactions, it is difficult to conclude that the prevalence of property ownership by Namibians is declining. This is mainly because, in most instances where a Namibia chooses to sell land to a foreigner, there is no follow up to determine whether this individual or undertaking either exited the market completely or proceeded to acquire a different property. This is because the identity of the target undertaking is not tracked and, therefore, to conclude that Namibian property ownership is declining may be misleading.



D. CORPORATE SERVICES



The Corporate Services division incorporates a wide range of strategic support functions, including human resources, administration, information technology and communications management functions. In addition, it provides security, a library and registry, and logistical support services through the administration function. This division plays a critical role in ensuring the effective functioning of the Commission as it mobilises and deploys the resources of the Commission.

The administrative support provided includes the filing of the resource centre materials, book registration, and database and registry management. The human resources management function is responsible for recruiting and developing the staff of the Commission as well as providing the technical support for the performance management system implementation.

HUMAN CAPITAL

The Human Resources unit occupies a central role in the Commission's activities with focus on its human capital being the most important resource of the Commission in terms of talent retention, capacity development, employee wellness, performance management, employment equity, and policy development and revision. The period under review presented an opportunity for employee engagement and the Commission envisages that its human capital will continue realising its mandate and thereby becoming a high performing organisation.

Strategic Priorities

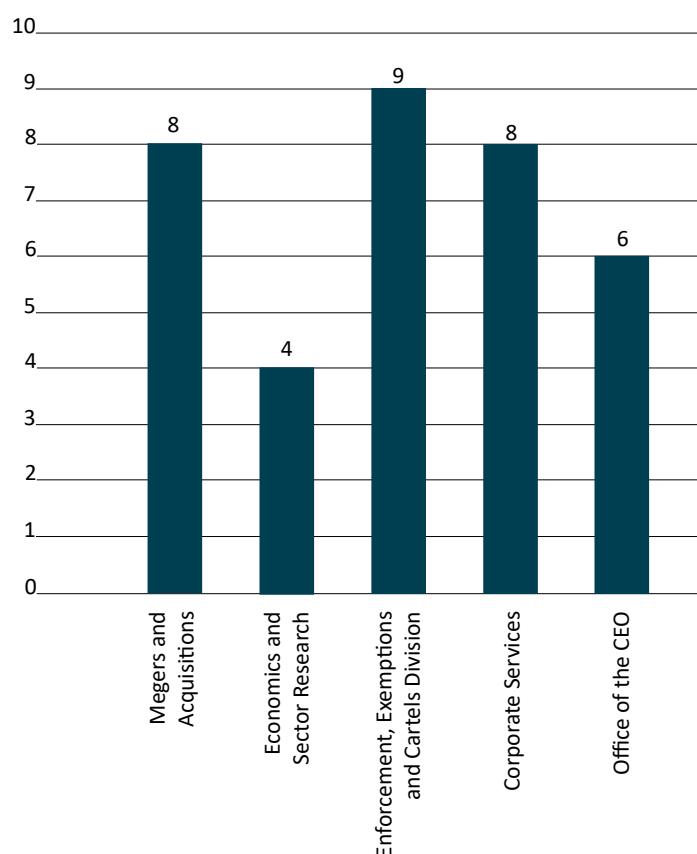
The unit continues to contribute towards the strategic goal of developing the Commission as a centre of operational excellence in competition regulation.

Staff Complement

The Commission's organisational structure has remained the same as it was in the previous financial year, with an establishment of 39 positions. As at 31 March 2019, the organisational head count stood at 35 permanently filled positions, one temporary position and two interns, with four positions remaining vacant. Female representation stands at 51%, and male representation at 49%.

Staff Complement Composition	Statistics
Total number of employees	35
Number of males	17
Number of females	18
Number of employees with disabilities	0
Number of temporary employees	1
Number of interns	2

Commission Staff Complement



Employee wellness

The Commission recognises that its pool of employees is the most significant factor in attaining its strategic objectives, hence it is committed to nurturing the health and wellbeing of its employees. The Commission has established and initiated implementation of a comprehensive health and wellness programme with the aim of boosting staff morale. The following were some of the activities conducted during the period under review:

- Massage therapy
- General cancer awareness
- Health Screening: cholesterol, blood pressure and glucose testing including body mass index
- Mental health awareness

Staff milestones

The following employees have achieved five years of continuous service at the Commission:

Name	Commencement	Name	Commencement
Marius Eichab	1 March 2012	Josef Hausiku	1 June 2012
Dina Gowases	1 May 2012	Lovisa Shilongo	16 April 2014
Latunga Amadhila	1 May 2012	Justin Muyendekwa	17 June 2013
Melissa Hanmer	1 April 2012	Gloria Situmbeko	1 May 2014
Cynthia Haimbodi	1 August 2012	Marelize Bock	3 March 2014
Bridget Dundee	16 April 2012	Paulus Hangula	1 July 2013

Performance Management

The Commission places emphasis on excellence and a high-performance culture. To that end, the Commission continuously refines its Performance Management Policy to increase employee accountability and productivity in order to reach the Commission's strategic objectives.

Capacity Development

The Commission continues to establish mechanisms to invest in the capacity building of its employees. During the 2018/2019, training and development initiatives were limited due to financial constraints. The Commission will, however, continue to implement an effective Internship Policy.

Staff Turnover

The Commission experienced a staff turnover rate of 5% with two resignations during the period under review. The Commission aims to maintain a healthy retention rate of its critical staff.

Employment Equity

The Commission is an equal opportunity employer and is committed to the requirements as prescribed in the Affirmative Action (AA) Employment Act, Act No. 29 of 1998, and duly submitted its AA Report for the period 2018/2019 and the AA plan for the next three years, 2019-2021.

Policy Revision

Two policies were revised and approved by the Board during the period under review, namely the Remuneration and Performance Management policies.

INFORMATION TECHNOLOGY

The role of Information Technology (IT) services is to bring improved information systems, new or improved computer applications, software, and knowledge sharing. During the year under review the Commission developed and maintained Information, Communication and Networking (ICN) systems and continues to secure an offsite database backup facility. This is a highly effective IT intervention with a particular focus on the Commission's IT security and preservation of institutional memory.

ADMINISTRATION

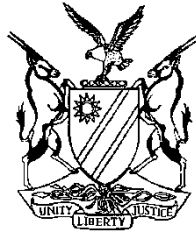
This unit is responsible to provide Administrative and Logistical support to the Commission. Furthermore, it ensures a safe working environment and office space, and is responsible for the insurance of assets and carrying out procurement functions in line with the Procurement Act.

FINANCIAL INFORMATION

The key financial management services include budget development, implementation, monitoring, financial reporting and management of resources.

Annexure 1 – Financial Statements 2018/2019

REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Namibian Competition Commission for the financial years ended 31 March 2019 and 2020 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of the Ministry of Industrialisation & Trade in terms of Section 21(2) of the Competition Act, 2003 (Act 2 of 2003).

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, February 2021

**REPORT OF THE AUDITOR - GENERAL
ON THE ACCOUNTS OF THE NAMIBIAN COMPETITION COMMISSION
FOR THE FINANCIAL YEARS ENDED
31 MARCH 2019 AND 2020**

1. UNQUALIFIED OPINION

I have audited the financial statements of the Namibian Competition Commission for the financial years ended 31 March 2019 and 2020 provided by the Accounting Officer as attached in Annexures A-F. These financial statements comprise the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Equity, the Cash Flow Statement, the Notes to the Financial Statements for the years then ended, and a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Namibian Competition Commission as at 31 March 2019 and 2020 and its financial performance and its cash flows for the years then ended in accordance with the International Financial Reporting Standards (IFRS).

2. BASIS FOR UNQUALIFIED AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements in Namibia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no such matters to report.

4. OTHER INFORMATION

Management is responsible for the other information. The auditor's opinion on the financial statements does not cover the other information and, accordingly, the auditor does not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, I conclude that there is a material misstatement of this other information; we are required to report that fact. I have nothing to report in this regard.

5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and the Competition Act, 2003 (Act No. 2 of 2003) and for such internal controls as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible of overseeing the entity's financial reporting process.

6. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit

evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit;
- Provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards;

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7.1 NON-COMPLIANCE WITH PUBLIC PROCUREMENT ACT

The commission did not comply with section 25 (4a) of the Public Procurement Act, 2015 (Act No.15 of 2015) that requires the preparation of an Annual Procurement Plan, as the Commission did not have an approved Annual Procurement Plan. The Commission also did not have an updated Procurement Policy that should be aligned to the Public Procurement Act of 2015 and that incorporates all the stages within the procurement and payment cycle. The lack of approved and documented policies and procedures hinders the process of allocating responsibilities and holding those responsible accountable. It further increases the possibility of staff members not being aware of what is expected of them.



WINDHOEK, February 2021

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

NAMIBIAN COMPETITION COMMISSION
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2019 AND 2020
GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	The Commission is tasked with promoting competitive market conditions through investigations and prosecutions of anticompetitive activities, reviewing and approving mergers and exemption applications, and disseminating information to businesses, consumers and other stakeholders.
Secretary	Vitalis Ndalikokule
Business address	No. 14 BPI House Mezzanine Floor Independence Avenue Windhoek
Postal address	P. O. Box 2104 Windhoek Namibia
Bankers	Bank Windhoek Limited
Auditors	Auditor-General

NAMIBIAN COMPETITION COMMISSION
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2019 AND 2020
COMMISSION'S RESPONSIBILITY & APPROVAL

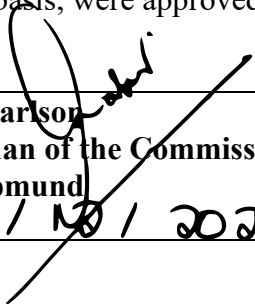
The Commission is required by the Competition Act (Act No. 2 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Commission 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 and the Competition Act of Namibia (Act No. 2 of 2003). The annual financial statements are prepared in accordance with International Financial Reporting Standards and Competition Act (Act No. 2 of 2003) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Commissioners acknowledge that they are ultimately responsible for the system of internal financial control established by the Commission and place considerable importance on maintaining a strong control environment. To enable the Commission to meet these responsibilities, the Commission sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standard includes the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level risk.

These controls are monitored throughout the Commission and all employees are required to maintain the highest ethical standard in ensuring the Commission's business is concluded in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Commission is identifying, assessing, managing and monitoring all known forms of risk across the Commission. While operating risk cannot be fully eliminated, the Commission endeavours to minimise it by ensuring that appropriate infrastructure, control, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Commissioners 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 Commissioners have reviewed its cash flow forecast for the years ended 31 March 2019 and 2020, in light of this review and the current financial position, they are satisfied that the Commission has or has access to adequate resources to continue in operational existence for the foreseeable future.

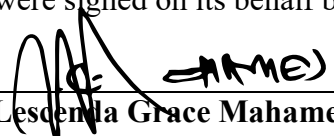
The annual financial statements set out on pages 9 to 31, which have been prepared on the going concern basis, were approved by the Commission and were signed on its behalf by:



Peter Carlson
Chairman of the Commission
Swakopmund

02 / 10 / 2021

Date



Lesenda Grace Mahamed
Vice Chairperson of the Commission
Windhoek

**NAMIBIAN COMPETITION COMMISSION
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2019 AND 2020
SECRETARY'S REPORT**

The Secretary has pleasure in submitting the report on the annual financial statements of the Namibian Competition Commission for the years ended 31 March 2019 and 2020.

1. Incorporation

The commission was established on 24 April 2003 in accordance with the promulgation of the Competition Act, 2003 (Act No. 2 of 2003).

2. Nature of Business

The Commission is tasked with promoting competitive market conditions through investigations and prosecutions of anticompetitive activities, reviewing and approving mergers and exemption applications, and disseminating information to businesses, consumers and other stakeholders. There have been no material changes to the nature of the Commission's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Commission are set out in these annual financial statements.

4. Board of Commissioners

The board of Commissioners in office at the date of this report are as follows:

Mr. Peter D Carlson	: Namibian
Ms. Grace Mohamed	: Namibian
Mr. Linus Garoeb	: Namibian
Ms. Petronella Masabane	: Namibian
Ms. Isabella Tjatjara	: Namibian

5. Commissioner's interests in contracts

During the financial year, no contracts were entered into which Commissioners had an interest, and which significantly affected the business of the Commission.

6. Events after the reporting period

The Commissioners are not aware of any material event, which occurred after the reporting date and up to the date of this report.

7. Going concern

The Commission generated a Net profit of N\$ 4,225,560 (2019: N\$ 1,363,627).

8. Auditors

The Auditor General of Namibia continued in office as auditor for the Commission for the year 2019 and 2020.

9. Income tax status

The Commission is exempted from income tax in terms of section 16(1)(e)(i) of the Income Tax Act, No. 24 of 1981. A written confirmation to this effect was received from the Ministry of Finance on 22 March 2011.

10. Secretary

The Commission's Corporate Secretary is Mrs Melissa Hanmer

Postal address:

P O Box 2104
Windhoek
Namibia

Business address:

NO.14 BPI House
Mezzanine Floor
Independence Avenue
Windhoek, Namibia

**NAMIBIAN COMPETITION COMMISSION
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH**

	Note	2020 N\$	2019 N\$	2018 N\$
ASSETS				
Non-Current Assets		3 239 586	6 223 853	364 900
Property, plant and equipment	4	3 239 586	6 223 853	364 900
Current assets		35 650 329	5 728 985	20 806 552
Trade and other receivables	5	440 734	420 650	557 325
Cash and cash equivalents	6	8 109 595	2 608 337	4 864 884
Cash and cash equivalents held on behalf of Ministry of Finance	6	27 100 000	2 700 000	15 384 343
Total Assets		38 889 915	11 952 838	21 171 452
EQUITY AND LIABILITIES				
Accumulated surplus		5 229 672	1 004 111	(359 450)
LIABILITIES				
Long term liabilities				
Lease Liability	17	-	3 551 987	-
Liabilities				
Current liabilities		33 660 243	7 396 740	21 530 902
Trade and other payables	8	1 453 262	208 971	2 837 286
Provisions	9	1 554 994	1 552 349	3 309 273
Lease Liability	17	3 551 987	2 935 420	-
Cash and cash equivalents held on behalf of Ministry of Finance	10	27 100 000	2 700 000	15 384 343
Total Equity and Liabilities		38 889 915	11 952 838	21 171 452

ANNEXURE B

**NAMIBIAN COMPETITION COMMISSION
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDED
31 MARCH**

	Note	2020 N\$	2019 N\$	2018 N\$
Revenue	13	34 641 479	33 072 506	26 313 599
Operating expenses	14	(31 831 684)	(31 997 968)	(35 458 789)
Operating profit/(Loss)		2 809 795	1 059 538	(9 145 190)
Investment revenue	15	1 279 583	281 723	465 529
Other income		136 182	22 366	7 983
Total comprehensive income / (loss) for the year		4 225 560	1 363 627	(8 671 678)

ANNEXURE C

NAMIBIAN COMPETITION COMMISSION
STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 MARCH

	Accumulated surplus	Total equity
	N\$	N\$
Balance at 01 April 2017	8 312 228	8 312 228
Changes in equity		
Total comprehensive loss for the year	(8 671 744)	(8 671 744)
Balance at 01 April 2018	(359 516)	(359 516)
Changes in equity		
Total comprehensive income for the year	1 363 628	1 363 628
Balance at 01 April 2019	1 004 111	1 004 111
Changes in equity		
Total comprehensive income for the year	4 225 561	4 225 561
Balance at 31 March 2020	5 229 672	5 229 672

**NAMIBIAN COMPETITION COMMISSION
CASH FLOW STATEMENT FOR THE YEARS ENDED 31 MARCH**

	Note	2020 N\$	2019 N\$	2018 N\$
Cash generated from operations	16	7 807 582	794 578	(5 355 812)
Interest income	15	1 279 583	281 723	465 529
Finance costs		(610 024)	(898 216)	
Net cash from operating activities		8 477 141	178 085	(4 890 283)
Cash flows from investing activities				
Proceeds from the sale of Property, Plant and Equipment				
Purchase of property, plant and equipment	4	(40 463)	(33 831)	(68 441)
Net cash from investing activities		(40 463)	(33 831)	(68 441)
Cash flows from financing activities				
Repayment of lease liabilities		(2 935 420)	(2 400 801)	-
Net cash from financing activities		(2 935 420)	(2 400 801)	-
Total cash movement for the year		5 501 258	(2 256 547)	(4 958 724)
Cash at beginning of the year		2 608 337	4 864 884	9 823 608
Total cash at end of the year	6	8 109 595	2 608 337	4 864 884

NAMIBIAN COMPETITION COMMISSION ACCOUNTING POLICIES FOR THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2019 AND 2020

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards and International Financial Reporting Interpretations Committee interpretations issued and effective at the time of preparing these annual financial statements and the Competition Act, Act 8 of 2009. The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies, which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the Commission's functional currency. These accounting policies are consistent with the previous period.

1.2 Significant Judgements and Sources of Estimation Uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty trade receivables

The Commission assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment

loss should be recorded in profit or loss, the Commission makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments. 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 company 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, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment testing

The Commission reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including significant changes in the manner of use of the assets or the strategy for the Commission's overall business, significant underperformance relative to expectations, based on historical or projected future operating results, together with economic factors such as significant negative industry or economic trends.

**NAMIBIAN COMPETITION COMMISSION
ACCOUNTING POLICIES FOR THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 31 MARCH 2019 AND 2020 (Continued)**

Useful life of property, plant and equipment

Management assess the appropriateness of the useful life of property, plant and equipment and intangible assets at the end of each reporting period. The useful lives of carports and cubicles, furniture and fixtures, motor vehicles, office equipment, IT equipment, and computer software are determined based on Commission replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount, are assessed separately to consider whether replacement will be necessary. When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge. The residual values of each asset are reviewed and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in estimate.

Provisions

Provisions were raised and management determined an estimate based on the best information available. Additional disclosure of these estimates of provisions are included in note 9.

1.3 Property, Plant and Equipment

Property, plant and equipment are tangible assets, which the Commission holds for its own use, or for rental to others and which are expected to be used for more than one year.

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 Commission, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the

acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Commission. Leased assets are depreciated in a consistent manner over the shorter of their expected useful life and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Average useful life
Furniture and fixtures	3 Years
Motor Vehicles	5 Years
IT Equipment and Software's	3 Years
Office equipment	3 Years
Other Fixed Assets	3 Years
Cell phones	2 Years
Minor Assets	1 year

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively 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.

**NAMIBIAN COMPETITION COMMISSION
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The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial Instruments Classification

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

- Held-to-maturity investment
 - 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 reassessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

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

The Commission 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.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss. Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

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 Commission 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, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

**NAMIBIAN COMPETITION COMMISSION
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Impairment of financial assets

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

Impairment losses are recognised in profit or loss.

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.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss 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 credited against operating expenses.

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 profit or loss 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 (more than 30 days overdue) 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 profit or loss 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 profit or loss.

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.

**NAMIBIAN COMPETITION COMMISSION
ACCOUNTING POLICIES FOR THE ANNUAL FINANCIAL STATEMENTS FOR THE
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Held-to-maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment'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 investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the Commission has the positive intention and ability to hold to maturity are classified as held-to-maturity.

1.5 TAX: Income tax

No provision for tax is required as the Commission is exempt from taxation in terms of section 16(1)(e) of the Income Tax Act, No. 24 of 1981.

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 – 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 asset. This liability is not discounted. Any contingent rent is expensed in the period they are incurred.

1.7 Impairment of Non-Financial Assets

The Commission 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 Commission estimates the recoverable amount of the asset.

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease. An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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

**NAMIBIAN COMPETITION COMMISSION
ACCOUNTING POLICIES FOR THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 31 MARCH 2019 AND 2020 (Continued)**

1.8 Employee Benefits

Short-term employee benefits

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

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

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The Commission has no further payment obligations once the contributions have been paid.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Commission's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.9 Provisions and Contingencies

Provisions are recognised when:

- the Commission 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 12.

1.10 Revenue

Revenue includes amounts charged to merging parties, advisory opinions and exemption application fees. These fees are based on a predetermined as per the Government Gazette.

When the outcome of a transaction involving the rendering of goods can be estimated reliably, revenue associated with the transaction is recognised at a point in time when fees are received. 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 Commission.

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

**NAMIBIAN COMPETITION COMMISSION
ACCOUNTING POLICIES FOR THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 31 MARCH 2019 AND 2020 (Continued)**

1.11 Penalties

The Commission investigates contraventions of the Act and may institute legal proceedings in the High Court and requests the Court to impose a pecuniary penalty against the undertakings involved. Section 53(5) of the Act states that a pecuniary penalty payable in term of the Act must be paid into the State Revenue Fund.

The accepted practice of National Treasury is that no monies are directly paid to the National Revenue Funds by the fined entities but rather they are paid to the Commission, which pays the fines over into the state revenue fund.

The consent orders and orders of the High Court may allow the respondents to pay the settlement amount or administrative penalty over more than one financial year of the Competition Commission. This situation will result in an outstanding amount due to the National Revenue Fund, which will be collected by the Competition Commission.

In terms of Section 40(1) of the Competition Act, the settlement amounts and the administrative penalties are not listed as a source of finance for the Competition Commission nor are the amounts of revenue defined in terms of IFRS 15. As such these amounts are not recognised in the statement of financial performance. Furthermore, the outstanding amounts do not meet the asset and liability definitions in terms of The Conceptual framework for financial reporting and are therefore not recognised on the statement of financial position of the Competition Commission.

Penalties levied and received

The Statement of Financial Position includes a financial asset and a financial liability relating to penalties levied and received. The financial asset and financial liability will be the same amount and are shown as “Cash and Cash

Equivalents held on behalf of Ministry of Finance” and “Penalties Payable to Ministry of Finance” in the Statement of Financial Position.

For penalties levied but not yet received

Penalties levied but not yet received do not meet the requirements of a financial asset and financial liability in terms of the Conceptual framework for financial reporting, accordingly, are not presented in the Statement of Financial Position.

**NAMIBIAN COMPETITION COMMISSION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2019 AND 2020**

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards And Interpretations Effective And Adopted In The Current Year

During the past two financial years, the Commission has adopted the following standards and interpretations that are effective for these financial years and that are relevant to its operations:

Standard/Intepretation	Effective date: Years beginning on or after	Expected impact
Conceptual framework for financial re-orting	01 January 2020	The impact of the amendment is not material.
Amendments to IAS 1 and IAS 8 in respect of Definition of Material	Annual periods beginning on or after 1 January 2020	The impact of the amendment is not material.
IFRS 16: Leases	Annual periods beginning on or after 01 January 2019 – earlier application permitted if IFRS 15 is also applied. (Published January 2016)	The impact of the amendment is not material

3. RISK MANAGEMENT

Financial Risk Management

The Commission has a policy and framework on risk management. The strategic risk register is reviewed annually by management. The entity's activities expose it to interest, credit and liquidity risks.

Liquidity Risk

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

RiskCash flow forecasts are prepared annually and reviewed at the end of every quarter.

Interest rate risk

As the Commission has no significant interest-bearing assets, the Commission's income and operating cash flows are substantially independent of changes in market interest rates.

The Commission is exposed to interest rate changes in respect of returns on its investments with financial institutions.

Financial assets exposed to interest rate risk at year-end were as follows:

Cash and cash equivalents	Current interest rate	Due in less than a year
		N\$
Bank Windhoek Call Account	6.25%	5 773 637
Bank Windhoek Fixed Deposit	7.35%	27 975 844

NAMIBIAN COMPETITION COMMISSION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2019 AND 2020 (Continued)

Credit Risk

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

Trade and other receivables comprise rental prepayments and staff related debtors. Management evaluate credit risk relating to customers on an ongoing basis and make adequate provision for doubtful debt where necessary.

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

Financial Instrument	2020	2019
	N\$	N\$
Cash and Cash equivalents	33 749 481	15 393 817
Trade receivables	440 734	420 649

Foreign exchange risk

The Commission is not exposed to foreign exchange risk.

ANNEXURE F

**NAMIBIAN COMPETITION COMMISSION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2019 AND 2020 (Continued)**

4. PROPERTY, PLANT AND EQUIPMENT

	2020			2019			2018		
	Cost/ Valuation	Accumulated depreciation	Carrying Value	Cost/ Valuation	Accumulated depreciation	Carrying Value	Cost/ Valuation	Accumulated depreciation	Carrying Value
Right of use of Assets	N\$ 8 888 210	N\$ (5 925 473)	N\$ 2 962 737	N\$ 8 888 210	N\$ (2 962 737)	N\$ 5 925 473	N\$ -	N\$ -	N\$ -
Furniture and Fixtures	1 721 779	(1 582 454)	139 325	1 711 959	(1 579 731)	132 228	1 711 959	(1 561 259)	150 700
Motor Vehicles	530 348	(424 279)	106 069	530 348	(424 279)	106 069	530 348	(424 279)	106 069
IT equipment	1 453 400	(1 431 611)	21 789	1 423 759	(1 388 175)	35 584	1 406 543	(1 328 477)	78 066
Other Fixed Assets	114 685	(107 210)	7 475	114 685	(100 462)	14 223	114 685	(92 560)	22 125
Office Equipments	144 871	(143 409)	1 462	144 872	(142 375)	2 497	144 872	(136 932)	7 940
Cell Phones	104 527	(103 732)	795	104 527	(96 682)	7 845	90 428	(90 428)	-
Minor Assets	327 701	(327 701)	-	326 701	(326 701)	-	324 185	(324 185)	-
Total	13 285 521	(10 045 869)	3 239 652	13 245 061	(7 021 142)	6 223 919	4 323 020	(3 958 120)	364 900

Reconciliation of property, plant and equipment - 2020

	Opening Balance	Additions	Written/ off	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$
Right of use of Assets	5 925 473	-	-	(2 962 737)	2 962 737
Furniture and Fixtures	132 228	9 821	-	(2 724)	139 325
Motor Vehicles	106 069	-	-	-	106 069
IT equipment	35 584	29 642	-	(43 437)	21 789
Other Fixed Assets	14 223	-	-	(6 748)	7 475
Office Equipments	2 497	-	-	(1 035)	1 462
Cell Phones	7 845	-	-	(7 050)	795
Minor Assets	-	1 000	-	(1 000)	-
	6 223 919	40 463	-	(3 024 730)	3 239 652

NAMIBIAN COMPETITION COMMISSION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2019 AND 2020 (Continued)

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliation of property, plant and equipment - 2019

	Opening Balance	Additions	Written/ off	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$
Right of use of Assets	-	8 888 210		(2 962 737)	5 925 473
Furniture and Fixtures	150 700	-	-	(18 471)	132 228
Motor Vehicles	106 069	-	-	-	106 069
IT equipment	78 066	17 216	-	(59 698)	35 584
Other Fixed Assets	22 125	-	-	(7 902)	14 223
Office Equipments	7 940	-	-	(5 443)	2 497
Cell Phones	-	14 099	-	(6 254)	7 845
Minor Assets	-	2 516	-	(2 516)	-
	364 900	8 922 041	-	(3 063 021)	6 223 919

Reconciliation of property, plant and equipment - 2018

	Opening Balance	Additions	Written/ off	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$
Furniture and Fixtures	251 345	-	-	(100 645)	150 700
Motor Vehicles	106 069	-	-	-	106 069
IT equipment	113 222	63 091	-	(98 248)	78 066
Other Fixed Assets	34 839	-	-	(12 714)	22 125
Office Equipments	5 698	-	-	2 242	7 940
Cell Phones	375	-	-	(375)	-
Minor Assets	-	5 350	-	(5 350)	-
	511 548	68 441	-	(215 090)	364 900

NAMIBIAN COMPETITION COMMISSION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2019 AND 2020 (Continued)

	2020	2019	2018
	N\$	N\$	N\$
5. TRADE AND OTHER RECEIVABLES	440 734	420 649	557 325
Deposit	272 257	272 257	272 257
Other Receivables	168 477	148 392	285 068

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Counterparties without external credit rating

Trade and other receivables	440 734	420 649	557 325
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Fair value of trade and other receivables

Trade and other receivables	440 734	420 649	557 325
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The carrying amount of trade and other receivables approximates fair value.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired, except for those where management is aware of factors that render the debt doubtful at an earlier date. Trade and other receivables older than 121 days that were recovered subsequent to financial year-end, but prior to the signing of the annual financial statements have not been impaired. At 31 March 2020, N\$ 0 (2019: N\$ 0) was past due but not impaired.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalent consist of:	35 209 595	5 308 337	20 249 227
Bank balances - Current account	1 460 114	1 071 006	4 855 410
Bank balances - Call account	5 773 637	1 506 288	-
Bank balances - Fixed account	27 975 844	2 731 043	15 384 343

Credit quality of cash at bank and short term deposit, 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 can be assessed by reference to external credit rating (if available) or historical information about counterparty default rates:

Credit rating

Bank Windhoek Limited (A1 +)	35 209 595	5 308 337	20 249 227
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NAMIBIAN COMPETITION COMMISSION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2019 AND 2020 (Continued)

	2020 N\$	2019 N\$	2018 N\$
7. FINANCIAL ASSETS BY CATEGORY			
The accounting policies for financial instruments have been applied to the line items below:			
Loans and Receivables	35 650 329	5 728 985	20 806 552
Trade Receivables	440 734	420 650	557 325
Cash and Cash Equivalents	35 209 595	5 308 335	20 249 227
8. TRADE AND OTHER PAYABLES	1 453 262	208 971	2 837 286
Trade Payables	599 906	116 770	337 286
Income Received in advance	-	-	2 500 000
Accruals	-	15 000	-
Other Payables	853 356	77 201	-
Fair value of trade and other payables			
Trade and other payable	1 453 262	208 971	2 837 286

The carrying amount of trade and other payables approximates fair value.

9. PROVISIONS

Reconciliations of provision - 2020	Opening balance	Additions	Utilised during the year	Total
Provision - Leave pay	1 552 349	2 092 595	(2 089 950)	1 554 994
Provision - Performance Bonus	-	-	-	-
	1 552 349	2 092 595	(2 089 950)	1 554 994
Reconciliations of provision - 2019				
Provision - Leave pay	1 456 341	2 098 666	(2 002 658)	1 552 349
Provision - Performance Bonus	1 852 932	-	(1 852 932)	-
	3 309 273	2 098 666	(3 855 590)	1 552 349
Reconciliations of provision - 2018				
Provision - Leave pay	1 505 867	181 097	(230 623)	1 456 341
Provision - Performance Bonus	-	1 852 932	-	1 852 932
	1 505 867	2 034 029	(230 623)	3 309 273

Performance Bonus Provision

Employees sign performance contracts as part of their conditions of service at the beginning of each financial year. Employees are assessed biannually. The amount is dependent on the outcome of individual performance evaluations and it is at the discretion of the Board of Commissioners, subject to the availability of funds.

**NAMIBIAN COMPETITION COMMISSION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2019 AND 2020 (Continued)**

	2020	2019	2018
	N\$	N\$	N\$
10. PENALTIES RECEIVED AND PENALTIES PAYABLE	27 100 000	2 700 000	15 384 343
Opening Balance	2 700 000	15 384 343	-
Penalties Collected	24 400 000	2 700 000	15 000 000
Interest earned on penalties collected	-	-	384 343
Less: Amounts paid to Ministry of Finance	-	(15 384 343)	-
Fair value of trade and other payables	1 453 262	208 971	2 837 286
Trade and other payable			

An amount of N\$ 24.4 million was collected in 2020 (2019: N\$ 2.7 million). The balance of N\$ 27.1 million (2019: N\$ 2.7 million) is still to be paid into the state revenue fund in the next financial year. The penalties payable are held in the Commission's fixed deposit account and are represented by Cash and Cash Equivalents disclosed under current assets on the Statement of Financial Position.

Outstanding penalties amount at the beginning of the year	1 400 000	2 700 000	17 700 000
Add: Amounts of settlements and penalties levied by the High Court of Namibia	23 000 000	1 400 000	-
Less: Amounts Collected by Competition Commission	(24 400 000)	(2 700 000)	(15 000 000)
Outstanding penalties amount at the end of the year	-	1 400 000	2 700 000

11. FINANCIAL LIABILITIES BY CATEGORY

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

Financial Liabilities at amortised cost			
Trade and other payables	1 453 262	208 971	2 837 286

12. CONTINGENT LIABILITIES

Cases before the courts

There are pending cases before the courts emanating from ongoing investigations by the Commission. The outcome thereof may result in legal costs awarded against or for the Commission.

NAMIBIAN COMPETITION COMMISSION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2019 AND 2020 (Continued)

	2020	2019	2018
	N\$	N\$	N\$
13. REVENUE	34 641 479	33 057 506	26 313 599
Case Settlement fees	2 000 000	-	-
Administrative fee income	7 979	1 993	1 644
Fee Income - Merger Filing Fees	9 178 500	7 341 429	12 696 605
Fee Income - Exemption Applications	154 500	322 500	-
Fee Income - Advisory Opinions	100 500	105 000	115 350
Government grants received	23 200 000	25 286 584	13 500 000

14. OPERATING PROFIT (LOSS)

Operating profit (loss) for the year is stated after debiting the following, amongst others:

Remuneration, other than to employees

Consulting and professional services	1 816 756	130 075	1 798 960
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Leases

Operating Lease charges	25 576	-	3 763 623
Premises	-	-	3 383 363
Operating lease other	25 576	-	380 260

Depreciation and amortisation

3 024 730	3 063 021	215 090
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Expense by Nature

The total administrative expenses and other operating expenses are analysed by nature as follows:

	31 831 684	31 997 968	35 458 789
Employee Costs	23 376 409	23 120 061	23 713 323
Operating lease charges	25 576	-	-
Depreciation and amortisation	3 024 730	3 063 020	215 088
Finance costs	610 024	898 216	-
Legal expenses	1 237 314	2 677 451	2 473 130
Consulting and professional fees	579 442	130 075	1 653 186
Training and development	165 154	16 139	89 808
Membership and license fees	212 530	7 887	52 830
General operating expenditure	2 220 483	1 984 392	3 081 308
Merger Investigations	108 377	18 204	8 645
Research Studies	-	-	298 745
Advocacy and Advertising	271 642	82 523	109 102

15. INVESTMENT INCOME

Interest revenue - Bank	1 279 583	281 723	465 529
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NAMIBIAN COMPETITION COMMISSION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2019 AND 2020 (Continued)

	2020 N\$	2019 N\$	2018 N\$
16. CASH GENERATED FROM OPERATIONS			
Profit/Loss before taxation	4 225 560	1 363 628	(8 671 678)
Adjustments for:			
Depreciation and amortisation	3 024 730	3 063 021	215 090
Interest received	(1 279 583)	(281 723)	(465 529)
Finance charges	610 024	898 216	-
Movements in provisions	2 647	(1 756 924)	1 803 406
Changes in working capital:			
Trade and other receivables	(20 086)	136 676	(265 853)
Trade and other payables	1 244 291	(2 628 314)	2 028 753
Cash generated from operations	7 807 582	794 578	5 355 812

17. LEASES

The Commission leases office buildings from JHI. Right-of-use assets are disclosed above.

Amounts recognized in profit/loss	3 572 761	3 860 953	-
Depreciation of right-of-use assets	2 962 737	2 962 737	-
Interest expenses on lease liabilities	610 024	898 216	-

Lease Liability

Analysed as:

	3 551 987	6 487 407	-
Non current	-	3 551 987	-
Current	3 551 987	2 935 420	-

The Commission entered into a lease agreement with JHI from 1 April 2018 to 31 March 2021.

18. REMUNRATION OF BOARD MEMBERS

Non - Executive Commissioners

	691 130	466 716	724 863
Mr. Peter Carlson (Appointed: 1 May 2019)	202 118	-	-
Ms. Grace Mohamed (Re-Appointed: 17 September 2019)	166 166	136 078	132 838
Mr. Linus Garoeb (Appointed: 1 May 2019)	133 959	-	-
Ms. Petronella Masabane (Appointed: 20 February 2019)	51 880	-	-
Ms. Isabella Tjatjara (Appointed: 1 November 2019)	67 711	-	-
Mr. Gideon Shilongo (Term ended 28 February 2019)	-	79 888	123 346
Ms. Teresia Kaulihowa (Term ended 28 February 2019)	-	89 711	171 942
Ms. Malverene Theron (Term ended 16 September 2019)	69 297	161 039	163 863
Dr. Sakeus Akweenda (Term ended 31 January 2018)	-	-	132 874

**NAMIBIAN COMPETITION COMMISSION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2019 AND 2020 (Continued)**

19. RELATED PARTIES

Relationships

Ministry of Industrialisation and Trade

Ministry of Finance

Members of Key management

V Ndalikokule (Chief Executive Officer and Secretary to the Commission)

J Ashipala (Director: Mergers & Acquisition)

A Tjipitua (Director: Enforcement, Exemptions & Cartels)

B Dundee (Director: Economics & Sector Research)

W Hamata (Manager: Finance)

M Hanmer (Corporate Secretary and Legal Advisor)

K Kanguehi (Acting Technical Advisor)

C Ashikuni (Acting Director: Corporate Services)

	2020	2019	2018
	N\$	N\$	N\$
Related party balances			
Significant amounts included in cash and cash equivalents regarding related parties			
Penalties collected on behalf of Ministry of Finance	27 100 000	2 700 000	15 384 343
Significant transactions with related parties included in revenue:			
Grants received from Ministry of Industrialisation and Trade	23 200 000	25 286 584	13 500 000
Compensation to key management			
Short-term employee benefits	7 762 649	7 236 778	7 097 646

NAMIBIAN COMPETITION COMMISSION
DETAILED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDED
31 MARCH 2019 AND 2020

	2020	2019	2018
	N\$	N\$	N\$
Revenue	34 641 479	33 057 506	26 313 599
Fee Income	9 433 500	7 768 929	12 811 955
Grants	23 200 000	25 286 584	13 500 000
Case Settlement fee income	2 000 000	-	-
Admin Fee Income	7 979	1 993	1 644
Other Income	1 422 094	304 089	473 512
Gain on Foreign exchange	6 329	-	-
Interest Received	1 279 583	281 723	465 529
Sundry Income	136 182	22 366	7 983
Operating expenses	31 215 331	31 099 752	35 458 789
Advertising	271 642	82 523	109 102
Auditing & accounting fees	-	-	145 774
Bank Charges	18 314	19 547	20 694
Board remuneration and expenses	818 100	517 708	755 108
Cleaning	177 875	161 629	124 139
Computer Expenses	64 321	164 864	353 773
Consulting and professional fees	579 442	130 075	1 653 186
Depreciation, amortization and impairments	3 024 730	3 063 021	215 090
Employee cost	23 376 409	23 120 061	23 713 323
Fines and penalties	-	-	4 000
Gazetting Expenses	-	14 084	43 965
Human Resources Expenses	24 817	16 218	11 903
Insurance	106 426	93 632	119 751
Lease rental on operating lease	1	-	3 763 623
Legal Fees	1 237 314	2 677 451	2 473 130
Library Materials	10 301	5 807	37 877
Motor Vehicle Expenses	25 815	13 331	19 043
Office consumables	63 347	60 972	90 830
Postages	8 171	9 736	6 659
Printing & Stationery	121 849	142 535	247 307
Rent copier machines	25 575	-	-
Repairs & Maintenance	35 898	25 006	297 631
Security services	57 319	51 412	5 708
Subscriptions	212 530	7 887	52 830
Telephone and fax	202 510	216 175	389 876
Training	165 154	16 139	86 507
Transport expenses	-	-	3 301
Merger Investigations	108 377	18 204	8 645
Meetings	-	24 719	110 595

ANNEXURE F

NAMIBIAN COMPETITION COMMISSION
DETAILED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDED
31 MARCH 2019 AND 2020 (Continued)

	2020	2019	2018
	N\$	N\$	N\$
Water & Electricity	491 751	447 019	296 676
Research Studies	-	-	298 745
Finance cost	610 024	898 216	-
Surplus/(Loss) for the year	4 225 560	1 363 627	(8 671 678)





**Namibian
Competition
Commission**