

**“ Competition is always a good thing.
It forces us to do our best. A monopoly
renders people complacent and
satisfied with mediocrity.”**

—— Nancy Pearcey ——

A large crowd of diverse people, seen from an aerial perspective, forms a circular shape around the word "CONTENTS". The people are of various ages, ethnicities, and are wearing colorful clothing. Some are walking, some are standing, and some are on bicycles. The word "CONTENTS" is written in a large, bold, blue, sans-serif font in the center of the circle.

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MISSION & VISION STATEMENTS



Our Mission

To enhance market competition, creating more economic opportunities for the benefit of all Mauritians.



Our Vision

An impactful institution within the Mauritian economy, shaping business landscape and driving economic progress through the force of competition.



CHAIRPERSON'S FOREWORD



The Competition Commission has just completed its tenth year of existence marked by a laudable track record. The entire credit goes to the Executive Director, the robust team of investigators and my colleagues Commissioners for their unflinching efforts in the enforcement of competition law and regulation in the endeavour to establish and promote healthy competition in the local industry.

I have been newly appointed as chairperson of this high-esteemed institution; and this, at a very challenging time when the country and the whole world are experiencing the harsh impact of the Covid-19 pandemic. As a matter of fact, the country went into national confinement in the evening of the very day on which I chaired my first Commission meeting at the seat of the Competition Commission. I am delighted to say that, despite this unexpected turn of events, the work of the Commissioners has not been impeded by the declaration of the national curfew. The technological facilities already in place and the proactive preparation of a work-from-home policy at the level of management enabled business continuity during the whole period of confinement. At the level of the Commissioners, Commission meetings were carried out via online platforms to ensure continued business activity.

The Competition Commission is an institution unique of its kind, in that it is comprised of a hybrid structure whereby the Office of the Executive Director takes care of investigations while the board of Commissioners acts as an adjudicative body. Whilst the Office of the Executive Director and the board of Commissioners have distinct functions and operate in full independence of each other, I must emphasize that the Competition Commission is a single entity with both above-mentioned limbs geared towards a common objective: the enhancing of competition in the local market by upholding the principles enshrined in the Competition Act 2007 and the related subsidiary legislations.

The pending Resale Price Maintenance decisions under the Amnesty Programme that was initiated in 2017 have been delivered in June of this year. I would like to seize this opportunity to commend the initiative of the Executive Director to come up with such an attractive programme which aims at facilitating the detection and the deterrence of cartel activities. I would encourage similar initiatives for the future.

Finally, I must place on record my gratitude to my colleagues Commissioners, the Executive Director, the technical and supporting staff of the Competition Commission for their hard work and dedication in helping this organization realise its vision and mission. I shall endeavour to carry forward the legacy of my predecessors to new heights.

Me Mahmud Aleem Bocus
Chairperson

EXECUTIVE DIRECTOR'S MESSAGE



The foregoing financial year is one that has marked history, affecting many spheres of the economy, including competition policy, in an unprecedented manner. The Covid-19 crisis has impacted markets around the world and has brought new challenges, which we are more than determined to surmount in so far that it concerns competition policy.

The financial year 2019/2020 has also marked a decade of existence of the Competition Commission, spurred a revamping of its corporate identity with a new corporate logo, a revised mission and vision statements along with a new tagline. These endeavours have been undertaken with the aim of renewing the vigour with which the Competition Commission discharges its mandate and set the tone to enhance our effectiveness and enforcement with the aim of enhancing “market competition, creating more economic opportunities for the benefit of all Mauritians”.

Ten Years' On

A decade of competition enforcement provides an opportune time to reflect on the achievements of the Competition Commission and its contribution to our economy. The Competition Commission has worked towards building a strong and impactful institution through continuity and steadfastness in its work. Ten years ago, the term “market competition” did not conjure much to us Mauritians. It required sustained efforts on the part of the Competition Commission together with the collaborative efforts of identified partners, ranging from associations in the business community to other government agencies and sector regulators to nurture a competition culture and foster competition compliance. The enforcement work of the Competition Commission resonates in various sectors of the economy, opening the path to more competition for the benefit of consumers.

We have over the last decade successfully completed impactful investigations in important markets in the Mauritian economy. We have registered more than 850 complaints emanating mainly from consumers and businesses. Over 250 enquiries were conducted spanning nearly every sector of the economy. More than 50 investigations have been conducted resulting in over several directions to enterprises to amend their conducts. We have advised the Government on several matters relating to competition, and we note with much satisfaction that several of those advices have been positively considered. I am delighted that over the last ten years, the Competition Commission has had an important contribution in building the Mauritian economy and improving the life of Mauritians by “shaping markets and furthering progress”.

The Year under Review

The year under review was marked by competition week and several advocacy events on the occasion of the ten years' anniversary of the Commission. Our corporate identity was revisited. We also hosted a series of workshops for the business and legal community with the participation of renowned competition experts like Prof. Richard Whish, QC (Hon), Mr. John Davies, Dr. George Lipimile, Mr. Hardin Ratshisusu, and Ms. Anne Riley.

EXECUTIVE DIRECTOR'S

MESSAGE (cont'd)

A series of radio spots were also aired as part of our advocacy programme. We produced a corporate movie and a ten-year review book to further advocate and educate on the mandate and roles of the Competition Commission.

Seventeen enquiries and three investigations were completed during the year under review. Two merger transactions were reviewed under the merger control provisions of the Competition Act (the "Act") and an exclusive sales and purchase agreement entered into by the sole supplier of cement-grade fly ash and a cement producer was reviewed under the monopoly provisions of the Act. There were 11 ongoing investigations at the end of the year.

During the foregoing year, Me Mahmad Aleem Bocus was appointed as Chairperson of the Commission and he brings to the Competition Commission his significant experience in law enforcement. We look forward to his valuable contribution to the institution.

Competition policy and the pandemic

The Covid-19 pandemic is changing market dynamics across the world thereby posing new challenges to enterprises and competition authorities alike. The crisis has affected certain businesses financially while other enterprises may see an opportunity to engage in exploitative conducts or otherwise engage in conducts which may distort competition. It is believed that one potential effect of the crisis may be an increase in market concentration. In Mauritius, this may have serious implications for the proper functioning of markets as we are a small economy already having an appreciable degree of concentration in several markets.

Competition policy becomes even more important during such a critical time to ensure on the one hand that the shock created does not result in long term damages to markets to the detriment of consumers and businesses, and on the other hand in ensuring that sound competition policy be an effective tool stimulating the economic recovery. Competition agencies have come up with a whole gamut of new and interesting measures to safeguard the competition process while ensuring that businesses are able to thrive.

In that same spirit, we have put in place a temporary "guidance to business on proposed Covid19-related collaboration". Under this guidance programme, businesses will, upon request made, be provided with non-binding guidance on the compatibility of their proposed Covid19- related collaborations with the Act on a fast track basis within a maximum period of 21 days.

The Competition Commission continues to monitor the situation very closely to proactively take appropriate measures pertaining to competition for the benefit of all Mauritians.

The coming years

The coming years will be particularly challenging for the Competition Commission. As guardians of market competition, we will have to ensure that competition policy remains optimal while adapting to the economic situation. We will invest considerable efforts in optimising the contribution of competition policy in the economic recovery and preserve long term market functionalities, so that once we recover from the crisis, our markets remain competitive both locally and internationally.

EXECUTIVE DIRECTOR'S MESSAGE (cont'd)

One of our main projects for the coming years is to enhance competition policy in Mauritius through reviewing and proposing amendments to the current Act. The World Bank has classified Mauritius as high-income country indicating that markets in Mauritius are maturing, and so must our policies. Competition is a central element of effective markets and we must ensure that our competition policy is modernised to reflect international best practices. A law review exercise is being conducted which has progressed significantly and which endeavours to enhance the existing competition law in line with international best practices. Indeed, the World Bank Group has advocated for and is providing its support and expertise in the law review exercise. The law review exercise has been designed as an inclusive and consultative process which, through an international consultant, factors in the wide-ranging impact on our stakeholders.

While aiming to modernise the Act, we will ensure that the current law is being fully adhered to and enforced for the benefit of Mauritians. Our advocacy efforts will remain continuous to ensure that there is an inclusive economic development in which all enterprises, irrespective of their sizes, have a level playing field for growth through the transformative form of competition.

With the strategic direction we are taking, coupled with a dedicated and experienced team, the contribution of Competition Commission in the economic progress of the economy and the betterment of consumers will become more significant in the future.

Deshmuk Kowlessur
Executive Director





CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

The Competition Commission is a statutory body established under the Competition Act 2007 (the “Act”) and it operates under the aegis of the Ministry of Commerce and Consumer Protection. Since its inception in 2009, the Competition Commission has always been committed to the good governance principles of integrity, transparency, professionalism while maintaining a high level of accountability.

By the very nature of its functions, the Competition Commission has always kept a clear demarcation between the management of the institution which is headed by the Executive Director and the board which is represented by the Commissioners. The adoption of the new National Code of Corporate Governance (NCCG) in Mauritius in 2016 has motivated the Competition Commission to better structure and improve its governing practices.

As a starting premise, the Competition Commission has, in 2018, set up a Corporate Governance Committee, the primary function of which is to drive the implementation of the eight principles set out in the NCCG 2016 and to ensure compliance with the governance principles, and review the mandate of the Audit & Risk Committee. The details of the functions and purposes of both Committees are elaborated in their respective Terms of References. The eight Principles in the NCCG 2016 are being gradually implemented, so that the Competition Commission becomes a more responsible, effective, and accountable institution of the Republic of Mauritius, notwithstanding the provisions of the Act which regulate the conduct of Commissioners.

Mandate of the Competition Commission

The Act empowers the Competition Commission to promote and regulate competition among businesses, to issue orders and directions to put defaulting enterprises on the right business track and to ensure all benefits of fair competition result in improving consumer welfare and in contributing to economic growth of Mauritius.

The Institutional set up of the Competition Commission

The Act establishes the office of the Executive Director who is vested with investigatory powers and an adjudicative arm consisting of a chairperson, a vice-chairperson and three (3) Commissioners (the ‘Commission’) as a decision-making body into reported restrictive business practices.

Appointment of Commissioners and the Executive Director is made by the President of the Republic of Mauritius on the advice of the Prime Minister following consultation with the Leader of the Opposition. Commissioners hold office for a term of five years and not more than two consecutive terms in case they are re-appointed. They are appointed by virtue of their qualifications and experience in law, economics, accountancy, or commerce and must comprise people from the public and private sectors as well as from the academia.

The mandate of the Executive Director under the Act is to investigate restrictive business practices that distort markets. Primarily, the Executive Director is responsible for the day to day running of the Competition Commission and, with the support of staff under his control, he conducts investigations, market studies and organises advocacy campaigns.

Under the Act, the Commission is vested with adjudicative powers to determine matters as reported to them by the Executive Director. The Commission, after hearing all parties involved, makes decisions in its own deliberate judgment without fear, influence, or favour. As a matter of precision, hearings are only mandatory under the Act as regards matters which require issuance of directions or imposition of financial penalties.

CORPORATE

GOVERNANCE (cont'd)

It is worth mentioning, here, that in the exercise of their statutory duties and functions, neither the Executive Director nor any Commissioner is subject to the direction and control of each other, any person or authority. The terms and conditions of appointment, including remuneration, is determined by the Prime Minister's Office, and reviewed by the Pay Research Bureau during its pay review exercises.

The Commissioners also sit as a board once monthly whereby they take cognizance of the updates from Executive Director on the day to day running of the Competition Commission and any strategic decisions taken by the Executive Director, and grant approval of the annual budget and decisions regarding staff matters. As of note, the Commissioners have a duty to declare any actual or potential conflict of interest in any matter submitted to them for consideration and they do not participate in the deliberation thereof.

During their tenure of office, the Commissioners are provided with necessary trainings for them to be fully aware of their role and responsibilities. They have opportunities to attend overseas workshops and conferences as well as hearing sessions at other Competition Authorities, such as that of France and South Africa in the past, to reinforce their knowledge on competition matters and to help in the performance of their duties as Commissioners.

THE COMMISSIONERS



Mr. Mahamad Aleem BOCUS - Chairperson

Mr. Bocus is a Barrister at Law, holding a Bachelor of Laws with Honours (LLB (Hons)) from the University of Mauritius and a Master's degree in Regulation and Policy (Telecommunications) from the University of West Indies. Mr Bocus has been in private practice since his admission to the Mauritian Bar in 1992 and he served as District Magistrate/ Senior District Magistrate between 1994 and 2000. Prior to joining the Competition Commission, Mr Bocus was the Chairperson of the Information and Communication Technologies Authority (ICTA) and Board Member of the Independent Broadcasting Authority from March 2017 to October 2019. He was the Director of Legal Affairs/ Board Secretary of the ICTA between August 2002 and January 2006.

Mr. Bocus assumed office as Chairperson of the Competition Commission on 25th February 2020.



Mr. Alberto MARIETTE - Vice Chairperson

Mr. Mariette holds a 'Diplôme d'Études Universitaires Générales (DEUG) en Sciences Economiques' from Université de la Réunion and a 'Maîtrise en Economie Internationale' from Université Paris X. He has some 30 years' experience in the retail sector and is currently the Human Resource and Project Director at Somags Ltée. Prior to that, he had occupied several senior positions at Spar Mauritius of Rogers Group, ATELEC, the local agent of ALCATEL France, and Courts (Mauritius) Ltd. He was also the Chairman of SIT Leisure in 2005. Prior to the appointment of the Chairperson on 25th February 2020, Mr Mariette has been acting as Chairperson during Commission meetings from 12th July 2018 to 24th February 2020.

CORPORATE GOVERNANCE (cont'd)



Me. Candhayalallsing SEEBALUCK, CSK - Commissioner

Me. Seebaluck was admitted as Attorney at Law in 1980 in Mauritius and was made Senior Attorney in 2010. He was elevated to the rank of CSK on 12 March 2015. During his lengthy career as a legal practitioner, he has been the Attorney and Legal Advisor of several private clients, authorities, companies and federations, including amongst others the State Bank of India, the Truth and Justice Commission and the Ministry of Women's Right, Child Development and Family Welfare as then was. He has also been the Secretary of the Rose Belle Sugar Milling Company and Mauritius Film Corporation, a member of the Cooperative Development Council and Cooperative Appeal Tribunal, and past Treasurer and President of The Mauritius Law Society, to which he is presently a member.



Mrs. Vedwantee BIKHOO - Commissioner

Mrs. Bikhoo holds a Post Graduate Diploma in Educational Leadership and Management and a Degree of Bachelor of Education in Business Studies from the University of Mauritius, as well as a Teacher's Diploma from the Mauritius Institute of Education. Mrs Bikhoo has been teaching Accounting at secondary school level for the past 25 years.



Mrs. Mariam RAJABALLY, LLB, ACA. - Commissioner

Mrs. Rajabally holds an LLB from the London School of Economics and Political Science and is qualified as a Chartered Accountant (ACA) with PricewaterhouseCoopers, London. She specialises in the field of transaction advisory services including valuation services, corporate finance, transaction support services and restructuring. Mrs Rajabally also advises on local and international tax matters. She regularly conducts workshops and training on a number of accounting and tax topics.

CORPORATE GOVERNANCE (cont'd)

MEETINGS OF THE COMMISSION

It is mandatory for the Commission to meet at least once a month for the effective discharge of its duties. Special and/or additional meetings are also convened whenever deemed necessary. All necessary documents are circulated to the Commissioners prior to the meetings by the Secretary, so as to facilitate discussions and decision-taking during the meetings.

At any meeting, a minimum of three Commissioners must be present to constitute the quorum. The Commission met on fourteen (14) occasions for the year ending 30 June 2020. The table below shows attendance of Commissioners at Commission meetings and fees disbursed for the year ending 30 June 2020.

COMMISSIONER	COMMISSION MEETINGS ATTENDED	APPOINTMENT DATE	FEES FOR YEAR ENDED 30.06.20
Mr. Mahmad Bocus	4	25 th February 2020	Rs 458,965.52
Mr. Alberto Mariette	13	15 th April 2016	Rs 1,194,827.59
Mr. Candhayaallsing Seebaluck	14	15 th April 2016	Rs 721,620.00
Mrs. Mariam Rajabally	13	15 th April 2016	Rs 721,620.00
Mrs. Vedwantee Bikhoo	12	15 th April 2016	Rs 721,620.00

Table1: The figures pertain to attendance of Commission meetings and fees disbursed for the year under review.

Sub-Committees

The Audit & Risk and Corporate Governance Committees are important pillars for the proper functioning of the Competition Commission in that they provide the necessary support and guidance to the Commission, as an entity, in fulfilling its statutory duties and responsibilities. They were established in light of recommendations made by the National Corporate Governance Committee in its report in 2016.

The Audit & Risk Committee is chaired by Mrs. Mariam Rajabally, Commissioner and is assisted by Commissioners Mrs. Vedwantee Bikhoo and Mr. Alberto Mariette. This Committee meets on a quarterly basis. The terms of reference of the Audit & Risk Committee are :

1. to assist the Commission in its oversight of the integrity of the financial reporting of the Competition Commission, including supporting the Commission in meeting its responsibilities regarding the preparation of the financial statements, financial reporting systems and internal controls;
2. to review, on behalf of the Commission, the findings of internal and external auditors and the adequacy of management's response and actions to issues identified;
3. to provide input to the Commission in its assessment of risks and determination of risk tolerance of the Competition Commission;
4. to assist the Commission in its oversight of the risk management framework, monitoring the effectiveness and performance of procedures implemented to protect against and mitigate risks.

CORPORATE GOVERNANCE (cont'd)

The Audit & Risk Committee, principally, examined the management reports submitted by the Executive Director; approved the budget estimate of the Competition Commission for the year 2020/2021; and it also addressed the comments made in the management letter by the National Audit Office for the financial year ended June 2019.

The Corporate Governance Committee is composed of Commissioners Me Candhayalallsing Seebaluck, as Chairperson, Mr Alberto Mariette, and Mrs Vedwantee Bikhoo as Members. The Committee meets at least three (3) times yearly and has sat three (3) times in 2019/2020. The Committee has, during this year, worked towards the implementation of the recommendations made under the NCCG 2016, including among others the finalisation of a code of ethics.

The terms of reference of the Corporate Governance Committee are: -

1. to assist the Commission in its ongoing oversight of the quality of governance;
2. to monitor and evaluate the effectiveness of the Board of Commissioners;
3. to make recommendations on all corporate governance provisions to be adopted so that the Board of Commissioners remains effective and complies with prevailing corporate governance principles; and
4. to ensure that the reporting requirements, whether in the annual report or otherwise are in accordance with the NCCG 2016 and other legal requirements.

EXTERNAL AUDITING AND ACCOUNTING

The Competition Commission ensures the preparation of the Annual Report, including the financial statements, for each financial year. The Annual Report is then submitted to the National Audit Office (NAO), which examines the financial statements and submits its report to the Commission.

In its report, the NAO gives its opinion on the financial statements, and also makes an assessment of the extent of compliance with relevant legislations such as the Statutory Bodies (Accounts and Audit) Act and the Public Procurement Act.

The Commission, under the scrutiny of the Audit and Risk Committee, has always promptly addressed the recommendations of the external auditors.

The Annual Report, which includes the audited financial statements and the audit report, is then laid on the table of the National Assembly through the Minister responsible of the Competition Commission and is published on its website.

Internal Audit

Internal Auditing is an important function as it provides an independent and objective assurance to Management and Commissioners on the internal controls, risk management systems and governance prevailing at the Competition Commission.

However, in view of the small size of the institution, the Competition Commission does not have an established internal audit division. But through the support of the Ministry of Finance and Economic Development (MOFED), officers from its Internal Control Unit conducted an internal audit exercise during the outgoing year, whereby several recommendations were made to improve the existing internal controls and minimise risks.

CORPORATE GOVERNANCE (cont'd)

RISK MANAGEMENT

A proper risk management system enables organisations to proactively identify potential risks and apply well-defined strategies to avoid or mitigate exposure to risks. A description of the key risk areas is given below together with any relevant risk management policies.

Reputational risk

Negative perceptions of the institution's conduct or practices may adversely impact on its work. It is always a risk that wrongful acts and doings of employees, Commissioners or the Executive Director may impact on the reputation of the Competition Commission.

Certain provisions of the Act, the Human Resources Manual and the forthcoming Code of Ethics are strong safeguards to the reputation of the Competition Commission.

Financial Risk

Due to its specific characteristics and mandate, the Competition Commission, as a public sector entity, is not much exposed to financial risks, including credit, liquidity, foreign currency exchange and interest rate risk.

Operational Risk Management

Operational Risk Management is a methodology for organizations looking to put into place real oversight and strategy when it comes to managing risks. It is admitted that they cannot be entirely eliminated but at the level of the Competition Commission, every employee, Commissioner and the Executive Director are aware of the importance of containing and managing these risks.

Legal Risk

It is a fact that all business activities are exposed to legal risks due to non-compliance with laws related to the business. The Competition Commission, though not a profit-making organisation, is alert to the possibility of encountering serious claims of damages should it fail to measure and manage legal risks associated with its duties and responsibilities. To circumvent such risks, external lawyers and the State Law Office are regularly solicited for assistance.

RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Competition Commission if they have the ability, directly or indirectly, to exercise significant influence over its financial and operating decision-making process.

The Government of Mauritius is considered to have some form of influence over the Competition Commission, more precisely over its financial decisions, given that the institution relies entirely on the Government's grant. Key management personnel are those having authority over the activities of the Competition Commission, and it includes the Commissioners and Executive Director. The remuneration of key management personnel has been disclosed in Table 1 on page 10 and in the notes to the Financial Statements.

CORPORATE GOVERNANCE (cont'd)

Relations with key stakeholders

The Competition Commission has regular interactions with its key stakeholders in view of promoting and advertising the competition laws and the activities of the Commission. This is described in detail in the “Outreach Initiatives” section of this Report.

POLICIES AND PRACTICES REGARDING ETHICAL, HEALTH, SOCIAL AND ENVIRONMENTAL ISSUES

Ethics

Commissioners, employees, and the Executive Director of the Competition Commission are expected to conduct their work with professionalism, integrity, and fairness. They are required to uphold the reputation of the organisation by treating clients and the general public in a helpful and courteous manner.

The following measures are in place at the Commission:

- A Human Resources Manual has been designed to guide employees on their values, philosophy and conduct at and outside work. It also provides for procedures of disciplinary actions against employees for their misconduct.
- A confidentiality code that provides guidelines when dealing with information. The Act makes further provisions, requiring the Commissioners, the Executive Director and every staff member not to disclose information relating to the affairs of the Competition Commission, except in circumstances provided in the Act; any contravention to those provisions shall cause the person concerned to be liable to a fine not exceeding Rs 200,000 and to imprisonment for a term not exceeding 5 years. In addition, they are required to sign an oath of confidentiality when joining the Competition Commission.
- As per the Act, the Commissioners, the Executive Director and every staff member, are required, on a financial yearly basis, to declare their assets and liabilities as well as those of their spouse and children, to the Independent Commission Against Corruption (ICAC).
- The Act also provides for every member of the Competition Commission to disclose any interest he or she may have in any enterprise which is subject to the control of the Competition Commission. A Commissioner shall make a declaration of conflict of interests if he or she finds that he has interest, directly or indirectly, in an enterprise which has been investigated by the Executive Director or which is a party to a hearing.

Health and Social

The Competition Commission has a Safety and Health Manual to ensure that the work environment contributes to the health, safety, and welfare of the staff members. It also provides a fully funded medical and surgical insurance scheme as well as a 24-hour personal accident insurance cover. Recently, an annual medical check-up for staff had been introduced and ergonomic stands were provided to those using laptop. The Competition Commission also provides sponsorship to gym and other sports activities to promote healthy lifestyle as well as short-term soft loan scheme recently put in place.

Environmental

The role of the Competition Commission as an enforcement body and the nature of its operation are considered to have minimal negative impact on the environment.

CORPORATE GOVERNANCE (cont'd)

Nonetheless, certain actions to preserve the environment are being taken, as follows:

- printing of documents is kept to a minimum to reduce use of paper;
- paper waste is recycled; and
- gradual move to energy saving lights.

STATEMENT OF THE COMMISSION

Responsibility on the Financial Statements

The Statutory Bodies (Accounts and Audit) Act requires boards to prepare Financial Statements for each financial year, which fairly present the state of affairs of the organisation as at the end of the financial year.

The Commission acknowledges its responsibilities for:

- keeping proper accounting records, which disclose with reasonable accuracy, at any time, its financial position;
- safeguarding its assets, designing, implementing and maintaining effective internal controls relevant for the preparation and presentation of financial statements that are free from material misstatements;
- making reasonable and prudent judgments and estimates in preparing its financial statements;
- ensuring that its financial statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB), a Board of the International Federation of Accountants (IFAC); and
- ensuring that the financial statements have been prepared on a going-concern basis and the accounting policies have been applied consistently throughout the period.

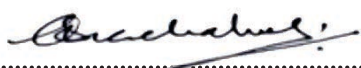
The Commission has complied with the above requirements and the relevant statutes as regards the preparation of the financial statements, which give a true and fair view of its assets and liabilities.

National Code of Corporate Governance for Mauritius

As a statutory body, the Competition Commission has been looking into the continued implementation of the eight corporate governance principles designed by the National Committee on Corporate Governance. Accordingly, it is on record that procedures for appointment of Commissioners and the Executive Director are consistent, as aforesaid, with provisions of the Act. In addition, the appointment of a Secretary to assist the Commission, the setting up of a Corporate Governance Committee and a proper Audit & Risk Committee, ongoing procedures to finalise a code of ethics, routine yearly accounting control exercised by the National Audit Office, issuance of annual reports and submission of same to the parent ministry for tabling in the National Assembly and internal audit exercises by the Internal Control Unit of the MOFED are evidence of high importance given to and interest in implementing the recommendations in the NCCG 2016. Throughout the year ended 30 June 2020, to the best of its knowledge, the Commission has partially complied with the Corporate Governance Code for Mauritius, pending the full implementation of the remaining few recommendations.



.....
Vice Chairperson



.....
Chairperson of the Corporate
Governance Committee



**OPERATIONAL
REVIEW**



OPERATIONAL REVIEW

The Executive Director of the Competition Commission is mandated and empowered under the Competition Act 2007 (the 'Act') to investigate restrictive business practices set out under Part III of the Act, which caters for four main types of anti-competitive practices: collusive agreements (which are prohibited), other restrictive agreements, abuse of monopoly situations and mergers that result in the substantial lessening of competition. Where the Executive Director receives a complaint or otherwise becomes aware that a restrictive business practice has occurred, is occurring, or is about to occur, the Executive Director may investigate the matter. As provided under the Competition Commission Rules of Procedure 2009 and to make an effective and judicious use of available resources, investigations are normally preceded by enquiries. As opposed to investigations, enquiries are not published on the website of the Competition Commission. They involve mainly information gathering which enables the Executive Director to assess whether there are reasonable grounds to believe that a restrictive business practice has occurred, is occurring or is about to occur, thus warranting the initiation of an investigation. Mauritius being a member state of the COMESA, the Competition Commission also collaborates with the COMESA Competition Commission to review regional mergers which affect Mauritius across the COMESA markets.

Enquiries

During the period under review, 61 complaints were reported to the Competition Commission while, 14 competition issues were generated internally. The matters related to various sectors of the economy and included the Media and Information and Communications Technologies, Construction and Property Development, Agriculture, Freight and Logistics, and Banking and Finance.

The complaints and internally generated issues were examined and 18 enquiries were initiated. This figure, added to the 18 ongoing enquiries at the beginning of the period under review, brought the total number of enquiries handled by the Competition Commission during this year to 36. Out of these 36 enquiries, 13 were closed because no reasonable grounds could be found to believe that restrictive business practices were occurring. 3 enquiries proceeded to investigation and 1 advice was submitted to the Minister.

	CARTEL	ABUSE OF MONOPOLY	MERGER REVIEWS	MARKET REVIEWS	TOTAL
Ongoing enquiries on 1 st July 2019	10	3	4	1	18
New enquiries/market study during 2019/20	5	3	9	1	18
Enquiries recommending investigation	2	0	1	0	3
Enquiries with no reasonable grounds to further pursue the matter	2	3	8	0	13
Enquiries leading to advice to Minister	0	1	0	0	1
Ongoing enquiries/market studies as of 30 th June 2020	11	2	4	2	19

Table 1: The figures pertain to enquiries administered from July 2019 to June 2020, providing a breakdown in terms of the different provisions of the law under which they were assessed.

OPERATIONAL REVIEW (cont'd)

The table below provides an overview of the enquiries completed in this reporting period, except for those held confidential.

SECTOR/ENQ REF	FORM OF RESTRICTIVE BUSINESS PRACTICE	ALLEGATION	ASSESSMENT
Telecommunications (Roaming fees)/ ENQ 190	Abuse of dominance	International mobile roaming charges by local mobile network operators (MNOs) for both voice and data were excessively high to the detriment of users.	<p>International mobile roaming charges consisted of several components, including inter-operator fees paid to foreign MNOs in the visiting countries.</p> <p>It is difficult to ascertain dominance in relation to international mobile roaming services. Over-the-top applications, such as WhatsApp, Skype, Messenger, over Wi-fi appears to be an option for users. Also, there is the possibility of purchasing local sim cards of users in the visiting countries.</p> <p>Given jurisdictional issues of regulating foreign MNOs, regional cooperation initiatives such as the SADC Home and Away Roaming project to address high roaming charges is privileged.</p> <p>Also, a market study is envisaged to better understand the conditions of competition in relation to international mobile roaming.</p>
Insurance (Medical Insurance) /ENQ 234	Abuse of dominance	<p>An insurance company refused to include a private healthcare institution on its list for the purpose of providing cashless facilities for outpatient services. The insurance company was also not covering inpatient services provided at some of the centres operated by the private healthcare institution.</p> <p>The alleged practices were harming competition in so far as policyholders from that insurance company were being prevented from undertaking treatment from the concerned private healthcare institution.</p>	<p>Contrary to the allegation, the list of approved institutions of the insurance company was not in relation to outpatient services but exclusively for in-patient treatment. All expenses in relation to outpatient services were on a reimbursement basis. Regarding inpatient services, it was gathered that the insurance company had defined criteria for eligibility of "prise-en-charge", i.e. directly settling the medical expenses of insured patient without the latter having to make payment and then make reimbursement claim to the insurance company. The Executive Director concluded that there were no reasonable grounds to believe that a restrictive business practice was occurring or likely to occur.</p>

OPERATIONAL

REVIEW (cont'd)

SECTOR/ENQ REF	FORM OF RESTRICTIVE BUSINESS PRACTICE	ALLEGATION	ASSESSMENT
Edible Oil/ ENQ 241	Potential Advice	<p>It was submitted that Government had decided to introduce a tariff of 10% on imports of edible oil from COMESA member states, beyond a specified duty-free volume.</p> <p>The proposed tariff above the quota was envisaged as a safeguard measure to protect local edible oil industry from a surge in imports of refined edible oil.</p>	<p>The Executive Director undertook a competitive assessment of the proposed safeguard measure on competition in the supply of refined edible oil in Mauritius.</p> <p>The assessment and recommendation of the Executive Director were submitted to the Commission, for a potential advice in pursuance to Section 19 of the Competition Act.</p>
Flexible packaging products/ ENQ 247	Merger Review	Acquisition of Standard Labels Limited ("SLL") by Société d'investissement et d'Acquisition Mauricienne Ltée ("SIAM")	The transaction brought SLL and Mauriflex (Flexo Printing & Packaging Ltd), two players in the manufacture of packaging and labels, under the common ownership and control of SIAM. It was found that SLL and Mauriflex (Flexo Printing & Packaging Ltd), although operating to some extent in overlapping markets, were not very close competitors. One was mostly active locally while the other was more export-oriented. Further, there exists constraints from other suppliers. As such, the transaction was not objected.
Agro-industry/ ENQ 248	Merger Review	Potential merger between two breeders	It was found that the acquisition would not lead to any competition issue in as much as markets in Mauritius are concerned, as the product in question is for the export market.
Hospitality/ ENQ 249	Merger Review	Amalgamation of Launderers (Hotels and Restaurants) Limited with Dry Cleaning Services Ltd	Both parties were in similar businesses of dry cleaning and laundry. However, it was found that Launderers (Hotel and Restaurants) was set up by Dry Cleaning Services Ltd in a joint venture with another company. Their structure was such that they were not fierce competitors on the market. As such, it was found that the acquisition would not substantially impede competition.

OPERATIONAL REVIEW (cont'd)

SECTOR/ENQ REF	FORM OF RESTRICTIVE BUSINESS PRACTICE	ALLEGATION	ASSESSMENT
Construction/ ENQ 252	Merger Review	Proposed Acquisition of The General Construction Co. Ltd ("GCC") by IBL Ltd ("IBL")	This assessment followed a merger notification by the parties. It was found during the enquiry that the affected markets may be those of building construction, mechanical, electrical, and plumbing works. Certain players expressed potential competition concerns on the transaction. As such, the Executive Director proceeded to a more in-depth assessment in the form of an investigation.
Health/ ENQ 253	Cartel	The concern was whether the composition of the Opticians Registration Board could be restricting the entry of opticians on the market and adversely affecting competition in the supply of optician services in Mauritius.	It was found that the Board is constituted by law and generally comprises some members from private practice that are likely to be potential competitors to entrants. Neither the Board nor its decisions were found to raise barriers to entry at the level of registration of opticians. The number of rejected applications between January 2017 to June 2019 was minimal compared to the number of applications received and each rejected application was prima facie supported by reasonable justifications.
Agro-chemicals and chemical/ ENQ 256	Merger Review	Proposed acquisition of Archemics Ltd and Suchem Ltd by Mauritius Chemical and Fertilizer Ltd	An application for guidance was made by Mauritius Chemical and Fertilizer Ltd for the acquisition of 100% of Archemics Ltd and Suchem Ltd. It was found that the transaction does not amount to a merger situation within the meaning of the Act. As such, the transaction was not objected.
Finance/ ENQ 257	Merger Review	Proposed amalgamation of Cim Finance Ltd, Cim Agencies Ltd, Mauritius Eagle Leasing Co Ltd, Cim Management Services Ltd and Cim Shared Services Ltd with Cim Financial Services Ltd.	An application for guidance was made by Cim Financial Services Ltd in relation to a proposed amalgamation of Cim Finance Ltd, Cim Agencies Ltd, Mauritius Eagle Leasing Co Ltd, Cim Management Services Ltd and Cim Shared Services Ltd with Cim Financial Services Ltd. It was found that the transaction does not amount to a merger situation within the meaning of the Act. As such, the Competition Commission did not object the transaction.

OPERATIONAL REVIEW (cont'd)

SECTOR/ENQ REF	FORM OF RESTRICTIVE BUSINESS PRACTICE	ALLEGATION	ASSESSMENT
Freight forwarding/ ENQ258	Merger Review	Acquisition of 50% of shares in Global Air Cargo Services Ltd by Velogic Ltd	Following assessment, it was found that the target firm did not have a significant market share in the relevant markets for the transaction to raise competition concerns. As such, it was found that the transaction was unlikely to result in substantial lessening of competition.
Freight & logistics/ ENQ 259	Merger Review	Acquisition of a majority stake in MS Warehousing & Logistics Ltd by a group of persons	The acquirer and the target operated in the freight and logistics sector. However, following enquiry it was found that the companies concerned were not competing on the same market. It was therefore found that the acquisition would not lead to any competition concern as it was unlikely that the target represented a competitive constraint on the acquiring group.
Food / ENQ 261	Abuse of dominance	It was alleged that a major cultivator of palm trees was discriminating in terms of prices, on the supply of harvested palm trees, to the detriment of one of its two buyers, who process the harvested palm trees and supply palm hearts on the market.	Based on information gathered, no competition concern was identified. There were objective justifications to explain any potential price differential in the selling price based on inter alia volume purchased.

Investigations

A core function of the Competition Commission is the enforcement of the Act through investigations by the office of the Executive Director. Upon completion of investigations, the Executive Director submits a report on his findings, pursuant to section 51(2) of the Act, to the Commissioners. Thereupon, directions or penalties aimed at deterring and remedying anti-competitive practices are determined in reasoned decisions of the Commissioners and consequently enforced.

Section 35(2) of the Act provides that the Annual Report of the Competition Commission shall, as far as possible, give an account of the investigations that were carried out and their outcome as well as any decision of the Commissioners in respect of completed investigations.

Between July 2019 and June 2020, the Executive Director initiated 5 investigations, wherein 1 enquiry generated 3 distinct investigations and completed 3 investigations. At the end of the financial year, there were 11 ongoing investigations and 2 ongoing market studies.

OPERATIONAL

REVIEW (cont'd)

INV 043 – Fly Ash

The Executive Director opened an investigation into an exclusive sales and purchase agreement for treated fly ash between a local supplier of treated fly ash and a cement operator.

Treated fly ash can be used as supplementary cementitious material (SCM) to produce composite cement, which has superior technical properties than Ordinary Portland Cement. Currently, there is only one supplier of treated fly ash in Mauritius and importation of the product or other SCMs with similar technical properties does not appear to be economically feasible. Local supply of fly ash appears to be cheaper than other SCMs such as blast furnace slag, silica fume and limestone which are not available locally.

The likely concern identified in this investigation is that the impugned agreement could result in anti-competitive foreclosure effects in the downstream market for supply of cement in Mauritius. More specifically, this agreement could prevent the other cement operator from having access to locally available treated fly ash and thus weaken its ability to compete in the local cement market.

During the investigation and pursuant to s.63 of the Act, the supplier of treated fly ash offered undertakings, voluntarily and without admitting infringement of the Act, to address the competition concerns identified by the Executive Director. The supplier committed to supply the concerned cement operator, a given percentage of its production of treated fly ash on terms and conditions not less favourable to that offered to its rival.

The Executive Director assessed the efficacy of the undertakings and concluded that the undertakings offered by the supplier of treated fly ash, satisfactorily addressed the potential competition concern of input foreclosure in the cement market arising from the impugned exclusive sales and purchase agreement.

On 25th June 2020, the Executive Director submitted his report to the Commission for determination into the matter in pursuance to s. 63(3) of the Act, recommending that the Commission accepts the undertakings submitted, with a monitoring mechanism in place.

INV048 – Investigation into the potential acquisition of a majority stake in Medine Distillery Co Ltd by New Goodwill Investment Co Ltd

This investigation was launched by the Executive Director after having gathered that New Goodwill Investment Company Ltd intended to acquire a majority shareholding in Medine Distillery Company Ltd. New Goodwill Investment Company Ltd presently owns 33.33% shares in Medine Distillery Company Ltd. It also has shares in Grays Distilling Ltd, New Goodwill Co Ltd, and International Distillers (Mauritius) Ltd. Certain competition concerns were identified during the assessment. The Executive Director has completed his investigation on the matter and submitted his report to the Commissioners. The matter is to be determined by the Commissioners.

OPERATIONAL REVIEW (cont'd)

NV051: Proposed acquisition of The General Construction Co. Ltd by IBL Ltd

The General Construction Company Ltd (“GCC”) and IBL Ltd (“IBL”) made a joint application for the guidance of the Competition Commission on the proposed acquisition of a majority stake in GCC by IBL.

IBL is a conglomerate group and public company, present in various business clusters including the construction industry. Manser Saxon Contracting Limited (“MSCL”), a subsidiary of IBL is registered as a “Grade A” building construction works contractor and a “Grade A” Mechanical, Electrical and Plumbing (“MEP”) works contractor. GCC, a public company limited by shares, is registered as a “Grade A” contractor with the Construction Industry Development Board for building construction works, and civil engineering construction works.

The Executive Director was concerned that the merger transaction could raise certain competition concerns, namely with respect to the MEP works and building construction works markets which are closely related, the more so that MSCL and GCC had significant market shares in their respective markets. The competition concerns related to potential creation of market transparency and leveraging of market power.

To address such concerns, IBL offered behavioural undertakings to the Competition Commission on behalf of MSCL and GCC in November 2019. Following assessment of those undertakings, the Executive Director produced his Final Report of Undertakings in February 2020, recommending the Commissioners to accept the proposed undertakings.

On 19th March 2020, the Commissioners issued their Decision, whereby they determined that, as per s. 63(3) of the Act, the behavioural undertakings satisfactorily addressed all the concerns and as such, cleared the proposed acquisition subject to the undertakings.

However, on 15th April 2020, the parties informed the Competition Commission that due to the uncertainties created by the Covid-19 pandemic, IBL has decided not to proceed with the proposed acquisition. Consequently, the Commissioners issued a second decision cancelling the first decision and released IBL from the Undertakings.

Mergers reviewed in the COMESA region

The COMESA Competition Commission (“CCC”) is mandated to review mergers having a regional dimension across the COMESA markets; and for that purpose, it seeks the views of affected Member States. Mauritius being a Member State of the COMESA, the Competition Commission works in close collaboration with the CCC to review mergers having a regional dimension, and which may have an impact on Mauritian markets. During the period under review, the Competition Commission has completed 32 reviews of transactions notified to it by the CCC. The merger transactions are notified by the CCC and involved markets in a range of sectors including healthcare, retail, automotive, logistics and agro-industry sectors, amongst others.

OPERATIONAL

REVIEW (cont'd)

Decisions for Resale Price Maintenance

Resale Price Maintenance (“RPM”), a form of price-fixing is prohibited under the Competition Act 2007 (the ‘Act’). In the year 2017, the Commission offered a one-off RPM amnesty programme, which lasted between 5th June 2017 and 20th October 2017, wherein it offered an opportunity to enterprises engaged in RPM conducts to voluntarily disclose their conduct to the Commission and to amend this illegal conduct in exchange of obtaining immunity from fine. The RPM Amnesty Programme had achieved enormous success as it received 103 applications for RPM Amnesty, which were re-grouped into 75 applications.

During this year, the Commission gave its decisions on 7 remaining cases which concerned both the retail and wholesale sectors involved in the distribution of the fast-moving consumer goods, pharmaceutical products and edible oil products. In six of the cases, the application for RPM Amnesty was made by the suppliers while one was made by the reseller.

In most of the six cases which concerned applications made by suppliers, they had determined, in advance, the retail prices of the concerned dealers, either through the circulation of price lists or by affixing the retail prices on the products and without making mention of ‘recommended price’, thus in breach of s. 43 of the Act. In one of the cases, the applicant supplier was in breach of s.43 of the Act by entering into agreements with three of its resellers and the contract in question contained a clause whereby a retail price was imposed on the dealers on promotional products. The clause also stipulated that the supplier reserved the right to cancel the promotional offer in case of non-conformity on the part of the dealers.

Regarding the application made by the reseller, the latter had accepted products with pre-price labels from its suppliers. This applicant had also contracted commercial agreements with a minimum price/fixed price restriction clause with some of its suppliers.





OUTREACH INITIATIVES



Activities to mark the ten years of Competition Enforcement in Mauritius

The year 2019 marked the tenth year of presence of the Competition Commission in the Mauritian economy. A series of activities were organised in this context, starting with the launch of a new corporate identity. On 19th September 2019, the new vision, mission, logo, and website were presented during an official event. Subsequently, a series of radio spots were aired over a period of two weeks, aiming at increasing the awareness of the public and businesses on the role of the Competition Commission.

A “Competition Week” was held at the start of October. It started with a workshop on cartels with delegates from competition authorities from ten countries. The workshop was hosted by the Competition Commission, facilitated by the Southern African Development Community (SADC) and the African Competition Forum (ACF). The workshop aimed at building the capacity of delegates to investigate and better fight cartels, as well as dealing with bid rigging.

A “Marketing and Sales within the Boundaries of Competition Law” workshop was held on 9th October 2019 for managers and professionals dealing with marketing and sales decisions, and aimed at informing them against commercial decisions which may be anti-competitive and thus, promoting compliance. The main facilitators of this workshop were Ms. Anne Riley, independent antitrust compliance consultant and expert in competition, and Mr. John Davies, Executive Vice President of Compass Lexecon, and mostly known in Mauritius for having been the first Executive Director of the Competition Commission. The day ended with a panel of experts from Competition Commission South Africa, the University of Mauritius, the legal community and the Mauritius Chamber of Commerce and Industry (MCCI).

Also on 9th October 2019, a workshop dedicated to legal professionals, was held at the Institute of Judicial and Legal Studies of Mauritius (IJLS) and was led by Prof. Richard Whish, Emeritus Professor of Law at King’s College London, a legal academic and author. He was also a non-executive director of the Office of Fair Trading.

A “Competition Law and Policy Conference 2019” was organised on 10th October 2019 to bring together specialists in the field of competition law and economics, representatives of the business community and public officials to share their perspectives on the various competition related matters. The experts, Ms. Riley, Mr. Davies, and Prof. Richard Whish discussed on the topic of disruptive technology and its effects on small emerging economies. Professor Whish explained to the audience how the impact of disruptive technologies affected the business world and the application of competition law. Ms. Riley, joined by a panel consisting of Mr. Davies and Mr. George Lipimile, CEO of the COMESA Competition Commission, demonstrated the benefits of competition in the business world. Mr. Davies concluded the conference with a panel discussion to explain how decisions of the Government can have adverse effects on competition, and how to ensure that businesses, competition institutions and policy makers can work together to promote competition.

A dinner was also organised on 8th October 2019 to commemorate the ten-year existence of the Competition Commission in Mauritius. On this occasion, it launched a ten-year review book, which was distributed to the participants of the various workshops. It also produced and launched a video clip, which was projected at the different workshops, with the aim of raising awareness on the works of the Competition Commission.



COOPERATION



COOPERATION

Tripartite FTA Technical Working Group meeting on Competition Policy

In the context of the Tripartite FTA, the Head, Investigations of the Unilateral Working Group participated in the Technical Working Groups on Competition Policy (“TWG”) meeting held in July 2019 in Nairobi, Kenya. The TWG is mandated to come up with a draft competition policy for the Tripartite FTA for the purpose of negotiations by member states.

At TWG meeting, the representative of the Competition Commission also served as a member of the Expert Task Team (“ETT”) together with representatives from Zambia, Zimbabwe, COMESA Competition Commission, and EAC Competition Authority. As per its Terms of Reference, the ETT undertook a situational analysis of the state of competition in Regional Economic Communities (“RECs”).

The situational analysis covered various aspects of competition policy and laws, inclusive of consumer protection, treatment of public procurement, state aid, application of sanctions, issues of overlapping membership, public interests, and exceptions in RECs. The findings of the analysis is intended to guide the formulation of the Tripartite Protocol on Competition Policy.

Memorandum of Understanding with the Utility Regulatory Authority

On 26th June 2020, the Competition Commission, pursuant to s.66 of the Competition Act 2007 (the ‘Act’), signed a Memorandum of Understanding (‘MOU’) with the Utility Regulatory Authority. The formalisation of the cooperation between the two agencies through the MOU is the result of proactive engagement between the two institutions to better enforce the provisions in relation to competition in their respective enabling legislations. By virtue of the Act and the Utility Regulatory Act 2004, both agencies have the common objective of promoting competition in the utility services industry. The Competition Commission has a broader competition law enforcement mandate which covers the various sectors of the economy, including the utility services industry. For its part, the Utility Regulatory Authority is responsible to, *inter alia*, ensure the sustainability and viability in the provision of utility services, protect the interests of consumers, promote competition within the industry and to ensure that its licensees do not engage in anti-competitive practices.

The MOU is thus intended to provide for a framework of cooperation between the two institutions in the common pursuit of promoting competition in the utility services industry. It sets out the practical mechanism to facilitate the treatment of anti-competitive cases within the industry. It provides for, *inter alia*, the exchange of information and sharing of technical expertise to ensure effective, efficient, and adequate enforcement of competition policy in the utility services industry.

The MOU with the Utility Regulatory Authority complements the existing ones which the Competition Commission has with other sector regulators, such as the Bank of Mauritius, Information and Communication Technologies Authority and Financial Services Commission, to better regulate competition in the various sectors of the economy.



HUMAN ASSET MANAGEMENT



HUMAN ASSET MANAGEMENT

One of the key pillars on which the Competition Commission rests is its employees, comprising an establishment of 26 people, from both investigative and administrative cadre. This section is dedicated to the Competition Commission's most precious assets, its employees.

Our Personnel

The table below provides the filled positions as of 30th June 2020, as per the existing grading structure of the Competition Commission.

GRADE	POSITION	MALE	FEMALE	TOTAL
	Executive Director	1	-	1
7	Head, Corporate Services	1	-	1
	Head, Investigations	3	-	3
6	Manager, IT and Administration	-	1	1
	Legal Secretary	-	1	1
5	Investigations Officer (Legal)	1	3	4
	Investigations Officer (Economics) (including 1 trainee)	1	4	5
4	Research Assistants (Legal)	1	1	2
	Research Assistants (Economics)	-	1	1
3	Accounts Officer	-	1	1
	Assistant to the Executive Director	1	-	1
2	Confidential Personal Assistants	-	2	2
1	Driver/Messengers	2	-	2
	Total	11	14	25

It can be observed that from an establishment of 26 positions, 25 were filled as of 30 June 2020, which represents 96% of existing positions. In terms of gender balance, the male to female staff ratio was 1:1.27 as of 30 June 2020 compared to 1:1.17 as of 30 June 2019, thus indicating that there is an increase in the number of women working at the Competition Commission over the last twelve months.

HUMAN ASSET MANAGEMENT (cont'd)

Distribution of Employees

The Competition Commission is structured into different Investigative Working Groups and the Corporate Section, which provides administrative support. The table below provides an overview of the distribution of staff among the different teams.

POSITION	WORKING GROUPS			CORPORATE	TOTAL
	CARTEL	MERGER	UNILATERAL CONDUCT		
Head, Corporate Services	-	-	-	1	1
Head, Investigations	1	1	1	-	3
Manager, IT and Administration	-	-	-	1	1
Investigations Officer (Legal)	2	1	1	-	4
Investigations Officer (Economics) (including 1 trainee)	2	2	1	-	5
Research Assistants (Legal)	-	1	1	-	2
Research Assistants (Economics)	-	-	1	-	1
Accounts Officer	-	-	-	1	1
Assistant to the Executive Director	-	-	-	1	1
Confidential Personal Assistants	-	-	-	2	2
Driver/Messengers	-	-	-	2	2
Total	5	5	5	8	23

The table excludes the position of Executive Director and that of the Legal Secretary, who report to the Board of Commissioners.

Recruitment of staff

During the year under review, five employees left the Competition Commission's payroll; four were recruited in replacement of those vacancies and one recruitment postponed to the next financial year.

Two of the positions were filled from the existing waiting list of candidates of previous selection exercise. These two positions were that of the Legal Secretary and Research Assistant (Legal).

The two other positions were that of Research Assistants, one from Legal and one from Economics background, and were filled following a selection exercise. Two vacancy notices were issued and a total number of 283 applications were obtained for both positions. 65 candidates were convened to a written test and subsequently 20 candidates were interviewed.

HUMAN ASSET MANAGEMENT (cont'd)

Capacity Building

Since its establishment, the Competition Commission had placed significant emphasis on the capacity building of its human assets. This is critical as competition law and economics are highly technical fields. Over the years, our staff has gained significant exposure to practices at experienced competition law institutions through secondments to other competition authorities, attendance at overseas trainings and workshops, and hiring of international experts for capacity building. All these have built strong internal capacities that have enabled people at the Competition Commission to better enforce the Competition Law.

This section describes the capacity building exercises conducted by the Competition Commission for the year under review. The table below provides the number of trainings conducted.

CAPACITY BUILDING	NUMBER
Local workshops and seminars	4
Overseas workshops, seminars, and conferences	7
Total	11

First Competition Agency Leaders Executive Programme (CALEP) - July 2019, Greece

Co-organised by the Competition and Regulation European Summer School and Conference (CRESSE) and The Organisation for Economic Co-operation and Development (OECD), the Executive Director attended the first Competition Agency Leaders Executive Programme (CALEP) from 6th to 10th July 2019 in Rhodes, Greece.

The programme provided participants with the opportunity to, amongst others:

- get acquainted with the economic theories that underlie competition law and the methods and tools that are used to assess potentially anti-competitive business practices;
- learn about how to manage the external and internal environments of competition agencies and about the assessment of economic evidence in Courts;
- learn about the latest developments in competition law in EU, North America and other jurisdictions;
- get acquainted with OECD instruments, guidelines and best practices, as well as with recent OECD policy work and discussions on the digital economy and other topics; and
- get acquainted with HR management issues, developing talent, career progression, leadership and leading change.

5th Annual Competition and Economic Regulation (ACER) Week - July 2019, Botswana

From 15th to 19th July 2019, two Investigation Officers, attended the 5th Annual Competition and Economic Regulation (ACER) week in Botswana and which was organised by the Competition Authority of Botswana, the National Energy Regulator of South Africa and the University of Johannesburg's Centre for Competition, Regulation and Economic Development (CCRED).

HUMAN ASSET MANAGEMENT (cont'd)

The training consisted of targeted courses and a conference. The targeted courses focused on topics ranging from law for economic regulation and competition, advanced economic analysis for competition enforcement to competition policy and economic regulation, while the conference was mostly around keynote topics such as digital markets, regulatory decision-making and competition policy impact.

The ACER Week saw the participation as speakers of distinguished persons in the competition field, including amongst others, Prof Sean Ennis, former Executive Director at the Competition Commission.

13th Annual Competition Law, Economics and Policy Conference - August 2019, South Africa

To mark its 20th Anniversary, the Competition Commission of South Africa (CCSA) organised an “Annual Competition Law, Economics and Policy Conference” from 28th to 30th August 2019. The theme of the conference was ‘Competitive markets for an inclusive society: challenges, opportunities and prospect’, and was attended by the Head, Investigations of the Cartel Working Group.

Compelling topics such as Competition law in the digital era, Constitutionality and Competition Law and the use of Industrial policy to tackle market concentration were discussed by leading international experts. The conference was also an opportunity for the African Competition Forum (ACF) and the World Bank to introduce the preliminary report on the ACF Institutional Benchmarking Report.

5th Winter School on Economics for Competition Law by CUTS CIRC - September 2019, India

Two Investigation Officers attended the 5th Winter School on Economics for Competition Law organised by CUTS Institute for Regulation and Competition from 25th to 28th September 2019. The course was designed with the aim to familiarise participants with the application of economics in the field of competition law and regulation of markets.

The course was conducted by experts from the Competition Commission of India (CCI) and Professors from Delhi School of Economics.

ACF/SADC 2019 Capacity Building Workshop on Cartel Investigation Skills - October 2019, Mauritius

The Competition Commission, as Vice-Chair of the ACF, had the privilege to host the 4th ACF/SADC Cartels Workshop on 07th and 08th October 2019 at the Voilà Hotel, Bagatelle. The workshop is organised on a yearly basis, bringing together enforcers from Africa with the objective of learning from and sharing with their peers their experience on cartel detection and anti-cartel enforcement tools and best practices.

Over the last years, staff of the Competition Commission have had the opportunity to attend this workshop, both as participants and facilitators. As host this time, all investigative staff attended the workshop along with peers from a dozen of countries in the region as well as public procurement officials from Zambia and Mauritius. This year, the workshop focused on the strategic and efficient use of cartel investigation powers and tools for evidence-gathering, on country-specific presentations on cartel laws, enforcement regime, and successful cartel prosecutions, and on bid-rigging conduct and the increasing use of cartel screens to detect such practices.

HUMAN ASSET MANAGEMENT (cont'd)

Case Handling Boot Camp - November 2019, Egypt

The Egyptian Competition Authority organised a Case Handling Boot Camp on 22nd to 24th November 2019 in Egypt and it was attended by case handlers from competition authorities in the African continent, as well as world experts and case handling simulation experts. Two Investigation Officers from the Competition Commission participated in the Boot Camp.

The Boot Camp provided rich and extensive training that combined both real world experiences in a classroom setup as well as a hands-on case handling simulation practical project. Attendees explored complex issues that case handlers face in their day-to-day analysis, in order to develop common standards and learn from the international best practices in these areas.

Training by Mr. Lourenco Ventura, Legal Director at the Competition and Markets Authority, UK - December 2019, Mauritius

On 2nd and 3rd December 2019, the Competition Commission organised a two-day capacity building workshop for its investigative staff. The objective of the workshop was to learn from the enforcement experience of the Competition and Markets Authority, United Kingdom (CMA). The topics covered included market definition, assessment of dominance, procedures in antitrust investigations and sanctions.

Mr. Lourenco Ventura, Legal Director at the CMA acted as the resource person for the workshop. He provided the participants with his insights and the CMA's enforcement experience in dealing with the various topics.

The workshop was very successful in terms of sharing of enforcement experience and best practices. The Competition Commission is contemplating similar exchange of enforcement experience in areas of screening for cartels and procedural matters regarding disclosure of confidential matters.

OECD Global Forum on Competition and ACF Steering Committee - December 2019, France

The Executive Director and one Commissioner attended the OECD Global Forum on Competition held on 5th and 6th December 2019 in France. Prior to the OECD forum, the Executive Director also attended the ACF Steering Committee, which was held at the same venue on 4th December 2019. Some of the topics debated during the OECD Forum included, amongst others, the inclusion of competition provisions in trade agreements, the growing uncertainty to which antitrust policy has been subject to in recent times, and merger control in dynamic markets such as high-technology, consumer services and online retail.

Team Building - December 2019, Mauritius

As an employer, the Competition Commission is committed towards continuously encouraging a team-working atmosphere with mutual respect and support. The Competition Commission organised its annual team-building activity on 13th December 2019 to develop and encourage team spirit among staff.

Training on Data Protection Act - February 2020, Mauritius

On 25th February 2020, the Competition Commission organised a half-day training for its staff on data protection principles and the provisions of the new Data Protection Act. The training aimed at making employees aware of their obligations towards data privacy when dealing with personal data, but also of their rights as data subjects.

HUMAN ASSET MANAGEMENT (cont'd)

African Continental Free Trade Area (AfCFTA) Phase 2 Training, Policy Short Course – February 2020, Ethiopia

The AfCFTA aims to establish a comprehensive new trade regime for Africa. The Phase 1 of the AfCFTA negotiations concern protocols on trade in goods and trade in services. The Phase 2 negotiations, which deals with protocols on investment, competition policy and intellectual property rights, are about to start.

To assist in the preparation for the AfCFTA Phase 2 negotiations, the Australian Department of Foreign Affairs and Trade sponsored a 5-day short course in Addis Ababa, Ethiopia from 17th to 21st February 2020. The training was attended by the Head, Investigations of the Unilateral Working Group. The training programme, which was delivered by the Institute for International Trade of the University of Adelaide, focused on Investment, Intellectual property Rights and Competition Policy issues. It provided the participants with a solid foundation of each of the above-mentioned areas and a sound understanding of the negotiation process and how this interacts with policy development at the national level.

Staff Welfare and Well-Being

Medical Insurance Cover

The Competition Commission has contracted a Medical Insurance Cover for the benefit of its employees and their dependents since 2010. The monthly premium for confirmed employees is funded. Various benefits (inpatient and outpatient) are available for all the members and are reviewed on a regular basis.

Group Personal Accident

The Competition Commission also has in place a 24-hour Group Personal Accident Scheme, which provides an insurance cover to all employees who are injured in an accident on duty as well as outside working hours. Death arising out of an accident is also covered.

Sponsorship to Gym facilities

To promote health and well-being, employees at the Competition Commission are encouraged to do regular physical activities to keep them fit. As such, staff subscription to gym and other keep-fit facilities are sponsored on presentation of proof of membership and payment.

Others:

- Provision of an annual medical check-up
- Soft loan facilities



STRATEGIC DIRECTIONS



This section presents the strategic plan of the Competition Commission in the enforcement of the Competition Act for the benefit of consumers, businesses, and the economy.

Effective Enforcement

Under the Competition Act 2007 (the 'Act'), the Competition Commission is provided with powers to investigate restrictive business practices, namely cartels, unilateral conduct, and anti-competitive mergers. As such, investigative actions are the core activities of the Competition Commission in the enforcement of the Act, for the ultimate interests of consumers, businesses, and the Mauritian economy at large.

The Competition Commission will continue to enforce the Act vigorously while improving its enforcement efficacy over the long-term, yielding consumer benefits well in excess of the costs of the organisation. Investigations will be carried out indiscriminately into all sectors of the economy where restrictive business practices exist. The level of investigative activity of the Competition Commission will be sustained over the long-term, ensuring that 3 to 5 major investigations are completed every year. The Competition Commission will also undertake market research and market intelligence to proactively detect potential restrictive business practices. It will continue to advise Government on competition matters to reinforce a pro-competitive environment and to create a more efficient economy. It will provide assistance to the COMESA Competition Commission in reviewing cross border mergers and exemption requests on restrictive agreements affecting Mauritius.

The Competition Commission has also a Case Management System (CMS), which is being implemented and which will centrally manage critical data relating to its enforcement activities. The system will manage and store data, provide investigative staff with an effective and efficient project management tool, and provide for a management information system. Going forward, this will increase the efficiency and effectiveness of the investigation processes, resource allocation, and management of data and information, and ultimately contribute towards improving the effectiveness and efficiency of the institution to better tackle restrictive business practices.

Impactful advocacy

Another mandate of the Executive Director under the Act is to promote its provisions and the activities of the Competition Commission. Since its inception, the Competition Commission has endeavoured to disseminate its work through various advocacy programmes to inculcate a competition culture amongst businesses in Mauritius. It shall continue to conduct advocacy activities and will be developing yearly plans to target all stakeholders, from large businesses to smaller ones, students and the public. This includes amongst others:

- Delivery of advocacy sessions among professionals, such as legal practitioners and accountants, to apprise them of anti-competitive behaviours.
- Working sessions with public bodies and regulators to promote and adopt a pro-competition mindset in public policymaking.
- Delivery of targeted advocacy sessions with enterprises for them to know more about the work of the Competition Commission and the type of restrictive business practices which it investigates.
- Development of a working relationship with the University of Mauritius with a view to promote competition topics among university students.

STRATEGIC DIRECTIONS (cont'd)

- Online training programme for employees of enterprises on basic concepts of competition law.
- Issue of newsletters to provide stakeholders with fresh updates on the work being conducted by the Competition Commission and developments in competition around the globe.
- Increased presence on social media to disseminate the work of the Competition Commission.

Strategic International Cooperation

The Executive Director is also entrusted with the function of liaising and exchanging information, knowledge, and expertise with competition authorities in other countries entrusted with functions similar to those of the Competition Commission. Several Memorandum of Understandings (MOUs) have been signed with various relevant competition authorities around the globe. Those bilateral agreements enable the Competition Commission, amongst others, to:

- exchange views and experience on competition policy issues.
- expand expertise in the field of case investigations.
- notify each other of enforcement matters of common interest.
- exchange staff through secondments for the purpose of improving skills.

Through those MOUs, the Competition Commission will pursue those collaborations to gain further expertise and be at the forefront of international development.

As a Member of the COMESA, the Competition Commission also collaborates with the COMESA Competition Commission (CCC) on competition matters. The collaboration takes the form of review of mergers occurring among COMESA states and affecting Mauritius, as well as assessments of exemption requests for restrictive agreements. As the CCC increases its enforcement actions across the COMESA, so will the collaboration with the Competition Commission with the CCC.

The Competition Commission is also a member of the African Competition Forum (ACF), where it holds the position of Vice Chairperson. The Competition Commission is currently collaborating with the ACF to conduct a review of the market structures and the regulatory framework within the aviation sector. The aim of the study is to assess the conditions of competition in the market, identify potential constraints especially in light of the global outbreak of the COVID-19 pandemic, and come up with recommendations. Going forward, similar studies will be conducted, in which the Competition Commission will continue to provide its support.

Regulatory Framework Review

After ten years enforcing the Competition Act, the Competition Commission has identified several shortcomings and areas that need reinforcement in the law. To remedy those shortcomings and to be in line with international good practices and other regional commitments, the Competition Commission has undertaken a thorough review of the Competition Act, its Rules of Procedure and various guidelines.

STRATEGIC DIRECTIONS (cont'd)

The exercise will review the substantive elements of the Act, with a view to rationalising the key prohibitions and clarifying terminologies, procedures, and scope of powers, and strengthening the Commission's procedural and investigative tools. The simplification of several legal provisions will also provide a more structured legal framework to facilitate and underpin enforcement and provide greater legal certainty. Such review will ultimately empower the Competition Commission to deliver on its mandate in a more efficient and effective manner.

COVID-19

The COVID-19 sanitary crisis will bring important changes in the business landscape around the globe. Market dynamics will change, and new forms of anti-competitive practices may emerge. As such, it is imperative that the Competition Commission is on its guard in such a turbulent environment to ensure that competition policy remains optimal for the benefit of the country. The enforcement of the competition law and the way the institution conducts its investigative activities will also have to adapt to the new environment. Therefore, the Competition Commission will adopt a proactive approach to adapt to the changing environment and respond to new forms of anti-competitive practices for an optimal market outcome to the benefit of the economy.



FINANCIAL STATEMENTS





**REPORT OF THE
DIRECTOR OF AUDIT**

**On the Financial Statements
of the Competition Commission
for the year ended 30 June 2020**

NATIONAL AUDIT OFFICE



NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT TO THE COMPETITION COMMISSION

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Competition Commission, which comprise the statement of financial position as at 30 June 2020, the statement of financial performance, statement of changes in equity, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Competition Commission as at 30 June 2020, and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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 Competition Commission in accordance with the INTOSAI Code of Ethics, together with the ethical requirements that are relevant to my audit of the financial statements in Mauritius, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Competition Commission, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do 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 I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 International Public Sector Accounting Standards, and for such internal control as management determines is 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 Competition Commission'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 intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the Competition Commission's financial reporting process.

Auditor's Responsibilities 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 an auditor's 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 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 ISSAIs, I exercise professional judgement and maintain 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Competition Commission's internal control.
- 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 Competition Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's 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 auditor's report. However, future events or conditions may cause the Competition Commission 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.

I 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.

I also 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 auditor's 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.

Report on Other Legal and Regulatory Requirements

Management's Responsibilities for Compliance

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible to ensure that the Competition Commission's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements.

Auditor's Responsibilities

In addition to the responsibility to express an opinion on the financial statements described above, I am also responsible to report to the Board whether:

- (a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit;
- (b) the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;
- (c) in my opinion, and, as far as could be ascertained from my examination of the financial statements submitted to me, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence;

- (d) in my opinion, the Competition Commission has been applying its resources and carrying out its operations fairly and economically; and
- (e) the provisions of Part V of the Public Procurement Act regarding the bidding process have been complied with.

I performed procedures, including the assessment of the risks of material non-compliance, to obtain audit evidence to discharge the above responsibilities.

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

Statutory Bodies (Accounts and Audit) Act

I have obtained all information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

The Competition Commission has complied with the Statutory Bodies (Accounts and Audit) Act in so far as it relates to the accounts.

Based on my examination of the accounts of Competition Commission, nothing has come to my attention that indicates that:

- (a) any expenditure incurred was of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- (b) the Commission has not applied its resources and carried out its operations fairly and economically.

Public Procurement Act

In my opinion, the provisions of Part V of the Act have been complied with as far as it appears from my examination of the relevant records.



C. ROMOOAH
Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

5 May 2021

COMPETITION COMMISSION

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		30 June 2020	30 June 2019 Restated
	Note	Rs.	Rs.
ASSETS			
Current assets			
Cash and cash equivalents	5	19,488,124	32,596,039
Short-Term staff loan receivable	6&7	1,129,380	967,847
Receivables and deposits		276,728	514,831
Prepayments		360,181	177,937
		21,254,413	34,256,654
Non-current assets			
Long-Term staff loan receivable	6&7	1,138,719	1,815,043
Property, plant and equipment	8	6,255,531	7,409,389
Intangible assets	9	86,635	182,840
Retirement benefits obligations		-	1,613,594
		7,480,885	11,020,866
TOTAL ASSETS		28,735,298	45,277,520
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	10	327,835	191,186
Employee Benefits Obligations	11	3,159,869	2,350,202
Short-Term staff loan payable to the Accountant General	6	814,514	967,847
		4,302,218	3,509,235
Non-current liabilities			
Employee Benefits Obligations	11	8,684,023	8,448,188
Long-Term staff loan payable to the Accountant General	6	1,000,530	1,815,043
Retirement benefits obligations	12	11,914,038	-
		21,598,591	10,263,231
Total Liabilities		25,900,809	13,772,466
Equity			
Revaluation Surplus		855,850	855,850
General fund		(13,822,272)	14,745,303
COMESA Reserve	13	15,800,911	15,903,900
		2,834,489	31,505,054
TOTAL LIABILITIES AND EQUITY		28,735,298	45,277,520

Financial statements approved by the Commission on 22 April 2021



CHAIRPERSON



VICE CHAIRPERSON

The notes on pages 50 to 64 form part of these financial statements.

COMPETITION COMMISSION

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

		Year ended 30 June 2020	Year ended 30 June 2019 Restated
	Note	Rs.	Rs.
REVENUE			
Revenue from Non-Exchange Transactions			
Government Grant		30,125,810	48,892,400
Revenue from Exchange Transactions			
Income from COMESA		7,080,235	-
Total revenue		37,206,045	48,892,400
OPERATING EXPENSES			
Staff cost	14	33,707,817	30,269,224
Commissioners' fee		3,818,653	3,516,377
Training and Sponsorship		206,731	814,875
Cooperation other authorities		14,418	2,500
Public education and information programme		3,071,897	130,676
Overseas visits		945,622	1,853,729
Professional fees		2,449,050	1,701,447
Rent and utilities	15	3,595,016	3,661,484
Other operating expenses	16	2,248,819	1,892,977
Depreciation and amortisation	8&9	1,509,584	1,670,020
(Gain)/Loss on disposal of fixed assets		(2,418)	(21,000)
(Gain)/Loss on exchange rate		53	-
Total expenses		51,565,244	45,492,309
(DEFICIT)/SURPLUS FOR THE YEAR	17	(14,359,199)	3,400,091

The notes on pages 50 to 64 form part of these financial statements.

COMPETITION COMMISSION

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Revaluation Surplus	General Fund	COMESA Reserve	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 July 2018	855,850	11,068,456	-	11,924,306
Prior year adjustment (<i>Inventories written-off</i>)		(292,242)	-	(292,242)
	855,850	10,776,213	-	11,632,064
Surplus for the year	-	3,400,091		3,400,091
COMESA Funds - amount received			15,903,900	15,903,900
Remeasurement gain on retirement benefit obligations		568,998		568,998
Balance as at 30 June 2019	855,850	14,745,302	15,903,900	31,505,053
Balance as at 01 July 2019	855,850	14,745,302	15,903,900	31,505,053
Deficit for the year	-	(14,359,199)		(14,359,199)
COMESA Funds - net amount used (<i>Refer Note 13</i>)			(102,989)	(102,989)
Remeasurement loss on retirement benefit obligations		(14,208,376)		(14,208,376)
Balance as at 30 June 2020	855,850	(13,822,272)	15,800,911	2,834,489

The notes on pages 50 to 64 form part of these financial statements.

COMPETITION COMMISSION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

		Year ended 30 June 2020	Year ended 30 June 2019 Restated
CASHFLOW FROM OPERATING ACTIVITIES			
Net (deficit)/surplus for the year		(14,359,199)	3,400,091
Adjustments for:-			
Retirement benefit obligations	12	(680,744)	(1,081,361)
Depreciation and amortisation	8&9	1,509,584	1,670,020
Provision for refundable Leaves	11	235,835	1,370,720
(Gain)/Loss on disposal of fixed assets		(2,418)	(21,000)
Operating surplus/(Deficit) before working capital changes		(13,296,942)	5,338,470
(Increase)/decrease in receivables		238,103	513,112
(Increase)/decrease in prepayments		(182,244)	(47,582)
Increase/(decrease) in trade and other payables		136,649	(6,435,625)
Increase/(decrease) in employee benefits		809,667	2,271
Net Cash flow from operating activities		(12,294,767)	(629,354)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant, equipment and intangible assets	8&9	(266,103)	(617,182)
Proceeds from sale of equipment		9,000	21,000
Loans granted to staff	7	(622,170)	(1,000,000)
Loans refunded to Accountant General	6	(967,847)	(832,609)
Net Cash used in investing activities		(1,847,120)	(2,428,791)
CASH FLOW FROM FINANCING ACTIVITIES			
COMESA Reserve	13	(102,989)	15,903,900
Loans received from Accountant General	6	-	1,000,000
Loans repaid by staff	6&7	1,136,961	832,609
Net Cash flow from financing activities		1,033,972	17,736,509
Net increase/(decrease) in cash and cash equivalents		(13,107,915)	14,678,365
Cash and cash equivalents at the beginning of the year	5	32,596,039	17,917,674
		19,488,124	32,596,039
Cash and cash equivalents at the end of the year	4	19,488,124	32,596,039

- The indirect method has been used as basis in the preparation of Cash Flow Statement. It presents information about cash generated from operations and the effects of various changes in the balance sheet on cash position

The notes on pages 50 to 64 form part of these financial statements.

COMPETITION COMMISSION

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original Budget	Revised Budget	Actual Amount	Financial Statement
Expenditures	Rs.	Rs.	Rs.	Rs.
Staff cost	32,557,000	33,357,000	33,337,225	33,707,817
Commissioners' fees	4,071,000	3,871,000	3,818,653	3,818,653
Training and Sponsorship	1,500,000	350,000	328,550	206,731
Cooperation other authorities	100,000	50,000	14,418	14,418
Public education and information programme	2,900,000	3,100,000	3,071,897	3,071,897
Overseas visits	2,100,000	1,000,000	947,104	945,622
Professional fees	1,400,000	2,350,000	2,299,050	2,449,050
Electricity	351,000	351,000	283,710	306,180
Telephone	330,000	330,000	304,116	304,409
Office rent	2,760,000	2,760,000	2,759,892	2,759,892
Other rent	50,000	-	-	-
Parking facilities	252,000	232,000	224,780	224,535
Advertising	216,000	176,000	137,724	137,724
Fuel and motor vehicle expenses	99,000	149,000	147,984	232,335
Office repairs and maintenance	36,000	35,000	17,335	19,867
Cleaning services	221,000	231,000	229,140	229,140
Insurance	13,000	23,000	22,290	22,290
Stationeries and consumables	339,000	564,000	560,622	560,328
Books, Periodicals and Publications	130,000	95,000	59,511	70,078
Postage	28,000	29,000	28,759	29,283
Bank charges	17,000	22,000	20,533	20,533
Other office expenses	45,000	290,000	282,946	322,001
IT expenses	713,000	863,000	858,702	605,241
(Gain)/Loss on disposal of fixed assets				(2,418)
Gain/(Loss) on exchange rate	-	-	-	53
Capital expenditures	1,000,000	1,000,000	266,103	266,103
	51,228,000	51,228,000	50,021,047	50,321,760

- The budgets of the Competition Commission is prepared for the period July to June annually and is approved by the Commission, prior to submission to the ministry for grant purposes.

- For the year ended 30 June 2020, the Competition Commission suffered a severe cut in the grant obtained from the Ministry of Finance, Economic Planning and Development, whereby only Rs30.13m had been received; expenditures were met by funds held for accumulated employee benefits and ongoing projects, and by funds from the COMESA reserves.

- For the purpose of the above comparison, depreciation and amortisation figures in the Financial Statement have been replaced by the actual capital spending on property, plant, equipment and intangible assets. These are presented under the item Capital expenditures.

The notes on pages 50 to 64 form part of these financial statements.

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. General information

(a) Legal form and objectives

The Competition Commission is a statutory body established in 2009, running under the aegis of the Ministry of Commerce and Consumer Protection, to enforce the Competition Act 2007. The Act established a competition regime in Mauritius, under which the Competition Commission can investigate possible anti-competitive behaviors by businesses.

The Competition Commission is mandated, among others, to:

- (i) keep the operation of markets in Mauritius and the conditions of competition in those markets under constant review;
- (ii) investigate any suspected breach of the prohibition of restrictive agreements;
- (iii) undertake general studies on the effectiveness of competition in individual sectors of the economy in Mauritius;
- (iv) liaise and exchange information, knowledge and expertise with competition authorities in other countries entrusted with functions similar to those of the Commission;
- (v) advise the Minister on international agreements relevant to competition matters and to this Act; and
- (vi) publish and otherwise promote and advertise the provisions of the Act and the activities of the Commission.

2. Adoption of International Public Sector Accounting Standards (IPSASs)

The Competition Commission has adopted the International Public Sector Accounting Standards issued by the International Public Sector Accounting Board (IPSASB) in line with amendments made in the Statutory Bodies (Accounts and Audit) Act.

(a) IPSAS not yet effective

IPSAS 41 - Financial Instrument (Effective 1 January 2022)

IPSAS 41: Financial Instrument was issued in August 2018 and will be effective for annual period starting in 1 January 2022. The objective of the new IPSAS is to establish new requirements for measuring and recognising financial instrument to replace IPSAS 29. The Competition Commission has not applied the standard in the Financial Statements.

(b) Existing IPSAS not applicable to Competition Commission

IPSAS 40: Public Sector Combinations

IPSAS 40: Public Sector Combination is effective as from 1 January 2019. The objective of the standard is to provide accounting requirements that addresses the needs of public when accounting for combinations of entities and operations. This standard is not applicable to the Competition Commission and therefore has no impact on the financial statements.

3. Accounting policies

The principal accounting policies adopted by the Competition Commission are as follows:

(a) Statement of Compliance and basis of preparation

The financial statements of the Competition Commission have been prepared in accordance with the International Public Sector Accounting Standards (IPSASs), issued by the International Public Sector Accounting Board (IPSASB) which is a Board of the International Federation of Accountants Committee (IFAC).

Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) issued by the International Accounting Standards Board are applied.

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies (cont'd)

(b) Going Concern

The financial statements have been prepared on a going-concern basis and the accounting policies have been applied consistently throughout the year. They have been prepared on the historical cost basis, adjusted for revaluation of assets.

(c) Presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Mauritian Rupees, which is the Competition Commission's measurement currency.

(d) Expenses

All expenses have been accounted on an accrual basis.

(e) Revenue recognition

The revenue of the Competition Commission, earned from exchanged and non exchanged transactions, is measured at fair value of the consideration received or receivable.

(i) Revenue from Non Exchange Transaction

Revenue comprises mainly Non-Exchange transactions, which consists primarily of government grants. It is recognised to the extent that it is probable that economic benefits will flow to the organisation and the revenue can be reliably measured.

Grants received to meet recurrent expenditure and to finance capital expenditure are recognised in the Statement of Financial Performance in the year received.

(ii) Revenue from Exchange Transaction

Revenue from exchanged transactions consists of funds from the COMESA Competition Commission (CCC), granted strictly for the purpose of developing and strengthening of the competition law and for capacity building as set in its rules.

Funds received are recognised in the COMESA Reserve in the Statement of Financial Position and is amortised in the Statement of Performance when used for the purposes intended.

(f) Accounts receivable

Accounts receivable are stated at their nominal value, reduced by appropriate allowances for estimated irrecoverable amounts.

(g) Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at fair value. For the purposes of the cash flow statements, cash and cash equivalents comprises of cash in hand and bank balances.

(h) Foreign currency transactions

Transactions in foreign currencies are translated to Mauritian Rupees at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and gains or losses on translation are recognised in the Statement of Financial Performance.

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies (cont'd)

(i) Accounts payable

Accounts payable are stated at their fair value.

(j) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Cost includes expenditures that are directly attributable to the acquisition of the assets.

(i) Depreciation policy

Depreciation is calculated to write off the cost of the property, plant and equipment in the Statement of Financial Performance. Depreciation is calculated as from the date of acquisition on a straight line basis and over the expected useful lives of the asset as provided below.

Furniture and fittings	10 - 20 years
Office equipment	8 - 15 years
IT equipment	4 - 10 years
Motor vehicles	8 years

(ii) Disposal

The gains or losses arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Financial Performance.

(iii) Capitalisation policy

Property, plant and equipment costing Rs 5,000 and less is expensed in the Statement of Financial Performance.

(k) Intangible assets

IT Software costs are recognised as intangible assets and amortized in the Statement of Financial Performance using the straightline method over their useful lives, not exceeding a period of 5 years.

(l) Revaluation

Assets are revalued internally and is recognised provided the change in the value of a class of assets exceeds 10%. Increase in carrying amount of a class of assets is credited directly to revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same class of assets previously recognised in surplus or deficit.

If the carrying amount of a class of assets is decreased, the decrease is recognised in surplus or deficit. However the decrease is directly debited to revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that class of assets.

On retirement or disposal of a revalued asset, the whole revaluation surplus in respect of that asset is transferred directly to the General Fund.

Capitalised items prior to 2016 costing Rs 5,000 or less as well as those to be disposed are not subject to revaluation.

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies (cont'd)

(m) Impairment

At each reporting date, the Competition Commission reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Financial Performance, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increase in carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Lease

The Competition Commission has a lease agreement for the occupation of the 10th floor at Hennessy Court for office purposes.

(o) Employee disclosure

As at 30 June 2020, the Competition Commission had 25 employees: 24 were employed on a permanent and pensionable basis with 4 on probation, and 1 was employed on contractual basis.

(p) Employee benefits

As per provisions made under the Statutory Bodies Pension Funds Act, the Competition Commission is a pensionable office. It operates both a defined benefit scheme and a defined contribution scheme. The schemes are partly funded by the Competition Commission (12%) and the employees (6%). Its assets are managed by the State Insurance Company of Mauritius Ltd.

(i) Retirement benefits under defined benefit pension scheme

Under the defined benefit scheme, the cost of providing the benefit is determined in accordance with actuarial review.

The present value of defined benefit obligations is recognised in the Statement of Financial Position as a non-current liability or non-current asset after adjusting for fair value of plan assets.

Service Cost, net interest expense/revenue, fund expenses are recognised in the Statement of Financial Performance. Remeasurement are recognised in Statement of Changes in Net Asset/Equity.

(ii) Retirement benefits under defined contribution pension scheme

A defined contribution pension scheme has been set up for new entrants as from 1 January 2013, following amendments to the Statutory Bodies Pension Funds Act 1978. Contributions to the scheme by the Competition Commission are charged to the Statement of Financial Performance in the period to which it relates.

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies (cont'd)

(p) Employee benefits (cont'd)

(iii) Family protection scheme

For employees holding a permanent and pensionable post, a Family Protection Scheme has been set up and managed by SICOM Ltd; the Competition Commission and employees each contribute 2% to the scheme.

(iv) State Pension Plan

Contributions to the National Pension Scheme on behalf of probationary and contract employees are expensed in the statement of financial performance in the period in which they fall due.

(v) Employee leave entitlement

Employees are entitled to refundable annual and/or sick leave as may be defined in the terms and conditions of their contract of employment. Any balance of accumulated refundable annual/sick leaves is valued at the end of the financial year and is recognised in the Statement of Financial Position.

A provision is also made in respect of accumulated vacation leaves at the end of the financial year in the Financial Statements.

(vi) Staff loans

Members of staff are entitled to car and soft loans.

- Car loans are provided in line with conditions stipulated in the Human Resources Manual of the Competition Commission and are funded by the Accountant General. Outstanding capital on car loan due by staff are disclosed into the accounts as an asset, as well as a liability since the onus of ensuring reimbursement to the Accountant General is transferred to the Competition Commission.

- Soft loan is a new loan scheme that has been introduced in 2019/2020 as part of the welfare scheme to staff, whereby the latter is entitled up to four months' salary as soft loan, refundable within 24 months.

(q) Provisions

Provisions are recognised when the Competition Commission has a present obligation as a result of a past events, and it is probable that it will be required to settle that obligation. Provisions are measured at Competition Commission best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, and are discounted to present value where the effect is material.

(r) Contingent Liabilities

As at 30 June 2020, a sum of Rs 1m had been approved for the settlement of possible legal charges and damages relating to a case lodged against former Executive Director, Dr. Sean Ennis, during the performance of his duty. At the date of reporting, an amount of Rs 537,697 had been paid.

(s) Related parties

Parties are considered to be related to the Competition Commission if they have the ability, directly or indirectly, to exercise significant influence over its financial and operating decisions-making process.

Transactions undertaken with related parties, if any, were carried at commercial terms and conditions.

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies (cont'd)

(t) Risk management policies

Risk management is considered essential by the Competition Commission to ensure achievement of its objectives. A proper risk management system enables organisations to proactively identify potential risks and apply well-defined strategies to avoid or mitigate exposure to risks. The institution adopts a conservative approach to risk management. A description of the significant risk factors are given below together with any relevant risk management policies:

(i) Financial risk

The Competition Commission is not much exposed to financial risks. It does not use any derivative financial instruments to hedge risk exposures. It is not exposed to credit risk, currency risk and interest rate risk.

(ii) Operational risk management

Operational risk is a risk of direct and indirect loss resulting from inadequate or failed internal controls, operational processes or the system that supports them, or external events. It is recognised that such risks can never be entirely eliminated but the Competition Commission recognises its duty to ensure that operational risk is well mitigated and properly managed.

(iii) Legal risk

Legal risk is the risk that the business activities of the Competition Commission have unintended or unexpected legal consequences. It includes risks arising from :

- inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- actual or potential violations of law or regulation (including activities unauthorised for the Competition Commission and which may attract a civil or criminal fine or penalty);
- the possibility of civil claims (including acts or other events which may lead to litigation or other disputes);

The institution identifies and manages such risks through its internal legal team, the support of an external lawyer as and when required, and the State Law Office.

4. Accounting estimates and judgements in applying accounting policies.

The preparation of financial statements in conformity with IPSAS requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

5. Cash and cash equivalents

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs.	Rs.
Cash at bank	19,458,680	32,587,306
Cash in hand	15,452	407
Petty cash balance	13,992	8,326
	<u>19,488,124</u>	<u>32,596,039</u>

No interest is earned on bank deposits; the fair value of cash is Rs19,488,124 (2019: Rs32,596,039).

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

6. Staff car loan, via Accountant General

Opening balance	
Loan granted to staff, via the Accountant General	
Loan refunded by staff and consequently to the Accountant General	
Closing balance	

Analysed as follows:

Short-Term - Receivable/Payable within one year	
Long-Term - Receivable/Payable after one year	

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs.	Rs.
	2,782,891	2,615,500
	-	1,000,000
	(967,847)	(832,609)
	1,815,044	2,782,891
	814,514	967,847
	1,000,530	1,815,044
	1,815,044	2,782,891

7. Staff soft loan

Opening balance	
Amount granted	
Amount refunded	
Closing balance	

Analysed as follows:

Short-Term - Receivable within one year	
Long-Term - Receivable after one year	

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs.	Rs.
	622,170	-
	(169,114)	-
	453,056	-
	314,867	-
	138,189	-
	453,056	-

8. Property, plant and equipment

	Furniture & Fittings	Office Equipment	IT Equipment	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Cost					
At 01 July 2019	2,217,437	1,536,050	3,045,755	5,470,150	12,269,392
Additions	52,500	36,043	177,560		266,103
Disposal			(269,675)		(269,675)
At 30 June 2020	2,269,937	1,572,093	2,953,640	5,470,150	12,265,820
Depreciation					
At 01 July 2019	1,312,774	1,090,279	1,503,464	953,486	4,860,003
Charge for the year	146,923	102,162	480,525	683,769	1,413,379
Disposal			(263,093)		(263,093)
At 30 June 2020	1,459,697	1,192,441	1,720,896	1,637,255	6,010,289
Net book value					
At 30 June 2019	904,663	445,771	1,542,291	4,516,664	7,409,389
At 30 June 2020	810,240	379,652	1,232,744	3,832,895	6,255,531

Note: The Competition Commission is of the opinion that the net book value of the property, plant and equipment approximates its fair value.

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

IT Software

Rs.

9. Intangible assets

Cost

At 01 July 2019

At 30 June 2020

375,250

375,250

Amortisation

At 01 July 2019

Charge for the year

At 30 June 2020

192,410

96,205

288,615

Net book value

At 30 June 2020

86,635

At 01 July 2019

182,840

10. Trade and other payables

Year ended
30 June 2020

Year ended
30 June 2019

Rs.

Rs.

Trade creditors

156,932

167,663

Accruals

170,904

23,523

327,835

191,186

11. Employee obligations

Year ended
30 June 2020

Year ended
30 June 2019

Rs.

Rs.

Current liabilities - Payable within one year

Provision for gratuity

123,042

123,042

Provision for passage benefits

1,287,359

1,064,370

Provision for refundable leaves (*see below*)

1,749,468

1,162,790

3,159,869

2,350,202

Refundable leaves payable:

Current liabilities - Payable within one year

1,749,468

1,162,790

Non-current liabilities - Payable after one year

8,684,023

8,448,188

10,433,491

9,610,978

In view of the uncertainty on the timing of disbursement, the provision made in respect of passage benefits is treated as payable within one year, as payment must be effected anytime upon request from employees in line with their terms and conditions of employment.

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

12. Retirement benefit obligations

The Competition Commission operates a defined pension benefit scheme for qualifying employees which is held and administered independently by SICOM Ltd. Under the scheme, the employees are entitled to retirement benefits at 66.6 per cent of their final salary on attainment of retirement age. The schemes are funded schemes.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligation were carried out at 30 June 2020 by SICOM Ltd.

Amounts recognised in statement of financial position at the end of the period

Present value of funded obligation
Fair value of plan assets
Liability recognised in statement of financial position at end of year

Amounts recognised in statement of comprehensive income:

Service Cost:

Current service cost
(Employee contributions)
Fund expenses
Net Interest expense/(revenue)

P&L Charge

Remeasurement

Liability (gain)/loss
Assets (gain)/loss
Net Assets/Equity (NAE)

Total

Movement in liability recognised in statement of financial position:

At start of year
Amount recognised in P&L
(Contributions paid by employer)
Amount recognised in NAE

At end of year

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs.	Rs.
Present value of funded obligation	29,378,487	15,850,652
Fair value of plan assets	(17,464,449)	(17,464,246)
Liability recognised in statement of financial position at end of year	11,914,038	(1,613,594)
Service Cost:		
Current service cost	1,484,821	1,306,466
(Employee contributions)	(724,949)	(799,792)
Fund expenses	45,214	88,149
Net Interest expense/(revenue)	(35,931)	(76,601)
P&L Charge	769,155	518,222
Remeasurement		
Liability (gain)/loss	14,939,061	(1,023,100)
Assets (gain)/loss	(730,685)	454,102
Net Assets/Equity (NAE)	14,208,376	(568,998)
Total	14,977,531	(50,776)
Movement in liability recognised in statement of financial position:		
At start of year	(1,613,594)	36,765
Amount recognised in P&L (Contributions paid by employer)	769,155 (1,449,899)	518,222 (1,599,583)
Amount recognised in NAE	14,208,376	(568,998)
At end of year	11,914,038	(1,613,594)

The plan is a defined benefit arrangement for the employees and it is a funded plan. The assets of the funded plan are held independently and administered by The State Insurance Company of Mauritius Ltd.

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

12. Retirement benefit obligations (cont'd)

Reconciliation of the present value of defined benefit obligation

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs.	Rs.
Present value of obligation at start of year	15,850,652	14,594,749
Current service cost	1,484,821	1,306,466
Interest cost	618,175	1,021,632
(Benefits paid)	(3,514,222)	(49,095)
Liability (gain)/loss	14,939,061	(1,023,100)
Present value of obligation at end of year	29,378,487	15,850,652

Reconciliation of fair value of plan assets

Fair value of plan assets at start of year	17,464,246	14,557,984
Expected return on plan assets	654,106	1,098,233
Employer contributions	1,449,899	1,599,583
Employee contributions	724,949	799,792
(Benefits paid + other outgo)	(3,559,436)	(137,244)
Asset (loss) / gain	730,685	(454,102)
Fair value of plan assets at end of year	17,464,449	17,464,246

Distribution of plan assets at end of year

	June 2020	June 2019
Percentage of assets at end of year		
Government securities and cash	61.70%	58.70%
Loans	3.00%	3.40%
Local equities	10.10%	13.10%
Overseas bonds and equities	24.60%	24.20%
Property	0.60%	0.60%
Total	100.00%	100.00%

Additional disclosure on assets issued or used by the reporting entity

	June 2020	June 2019
Percentage of assets at end of year		
Assets held in the entity's own financial instruments	0.00%	0.00%
Property occupied by the entity	0.00%	0.00%
Other assets used by the entity	0.00%	0.00%

Components of the amount recognised in NAE

	June 2020	June 2019
Asset experience gain/(loss) during the year	730,685	(454,102)
Liability experience gain/ (loss) during the year	(14,939,061)	1,023,100
	(14,208,376)	568,998

Expected employer contributions for year ending 30 June 2021: **Rs 1,773,238**

The weighted average duration of the defined benefit obligation is 24 years

(Calculated as a % change in PV of liabilities for a 1% change in discount rate)

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

12. Retirement benefit obligations (cont'd)

The plan is exposed to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the actuarial valuation were as follows:

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs.	Rs.
Discount rate	3.90%	7.00%
Future salary increases	2.40%	4.50%
Future pension increases	1.40%	3.50%
Mortality before retirement	A 6770 Ultimate Tables	
Mortality in retirement	Pa 90 Tables	
Retirement age	65 Years	

The discount rate is determined by reference to market yields on bonds.

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period.

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by Rs 6M (increase by Rs 8.2M) if all other assumptions were held unchanged.
- If the expected salary growth would increase (decrease) by 100 basis points, the defined benefit obligation would increase by Rs 4.5M (decrease by Rs 3.6M) if all assumptions were held unchanged.
- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 0.7M (decrease by Rs 0.7M) if all assumptions were held unchanged.

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

13. COMESA Reserve

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs.	Rs.
Opening balance	15,903,900	-
Amount received during the year	6,977,246	15,903,900
Amount used during the year	(7,080,235)	-
Closing balance	15,800,911	15,903,900

The COMESA Reserve comprises of funds received from the COMESA, granted strictly for the purpose of developing and strengthening of the competition law and for capacity building as set in its rules.

During 2019/2020, no project as defined under the COMESA rules was undertaken, but Rs 7,080,235 were used to meet operational expenses in view of the substantial budget cut suffered; the funds used will be refunded by the Ministry of Finance, Economic Planning and Development as from the FY 2021/2022 and the reserve will be adjusted accordingly.

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

14. Staff cost

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs.	Rs.
Salary	18,791,471	19,315,544
Allowances	6,342,532	2,630,909
End of Year Bonus	1,457,090	1,392,366
Travelling	1,969,756	1,965,516
Pension	1,592,496	1,232,947
Gratuities	493,520	493,720
Passage benefits	758,123	764,799
Refund of leaves	1,797,651	1,978,992
Staff Insurance Schemes	389,347	384,836
Staff Welfare	117,800	109,595
Stipend to Trainees	(1,968)	-
	33,707,817	30,269,224

15. Rent and utilities

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs.	Rs.
Electricity	306,180	347,900
Telephone	304,409	313,673
Office Rent	2,759,892	2,759,892
Other Rent	-	16,248
Parking facilities	224,535	223,771
	3,595,016	3,661,484

16. Other operating expenses

	Year ended 30 June 2020	Year ended 30 June 2019 Restated
	Rs.	Rs.
Advertising	137,724	138,532
Fuel and motor vehicle expenses	232,335	217,083
Office repairs and maintenance	19,867	47,041
Cleaning services	229,140	213,728
Insurance	22,290	8,324
Stationeries and consumables	560,328	394,698
Books, Periodicals and Publications	70,078	92,435
Postage	29,283	29,154
Bank charges	20,533	17,154
Other office expenses	322,001	164,932
IT Expenses	605,241	569,896
	2,248,819	1,892,977

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

17. Deficit/Surplus for the year

For the year 30 June 2020, a deficit of Rs14,359,199 has been registered compared to a surplus of Rs3,400,091 in 2018/2019. The deficit has been caused by the severe budget cut imposed by the Ministry of Finance, Economic Planning and Development, whereby only a grant Rs30.13m have been received.

18. Operating lease

The future minimum lease payments under the operating lease agreement for the occupation of floor spaces at Hennessy Court for office purposes are as follows:

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs.	Rs.
Payable within one year	2,759,892	2,069,919
Payable after one year	3,449,865	6,209,757
	<u>6,209,757</u>	<u>8,279,676</u>

19. Related party transactions

Key management personnel

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Commission.

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs.	Rs.
Total emoluments and benefits of key management personnel	<u>8,331,925</u>	<u>8,011,949</u>

Other Fringe Benefits

The Executive Director benefitted from the exclusive use of an official car provided by the Competition Commission in January 2018.

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

20. Statement Showing Reasons for Variances between Revised Budget and Actual Amount for year ended 30 June 2020

	Revised Budget	Actual Amount	Difference: Revised Budget and Actual Figures	Explanation on material differences between Revised Budget and Actual Figures
Expenditures	Rs.	Rs.	Rs.	
Staff cost	33,357,000	33,337,225	19,775	
Commissioners' fees	3,871,000	3,818,653	52,347	
Training and Sponsorship	350,000	328,550	21,450	
Cooperation other authorities	50,000	14,418	35,582	
Public education and information programme	3,100,000	3,071,897	28,103	
Overseas visits	1,000,000	947,104	52,896	
Professional fees	2,350,000	2,299,050	50,950	
Electricity	351,000	283,710	67,290	
Telephone	330,000	304,116	25,884	
Office rent	2,760,000	2,759,892	108	
Other rent	-	-	-	
Parking facilities	232,000	224,780	7,220	
Advertising	176,000	137,724	38,276	
Fuel and motor vehicle expenses	149,000	147,984	1,016	
Office repairs and maintenance	35,000	17,335	17,665	
Cleaning services	231,000	229,140	1,860	
Insurance	23,000	22,290	710	
Stationeries and consumables	564,000	560,622	3,378	
Books, Periodicals and Publications	95,000	59,511	35,489	
Postage	29,000	28,759	241	
Bank charges	22,000	20,533	1,467	
Other office expenses	290,000	282,946	7,054	
IT expenses	863,000	858,702	4,298	
(Gain)/Loss on disposal of fixed assets			-	
Gain/(Loss) on exchange rate	-	-	-	
Capital expenditures	1,000,000	266,103	733,897	Upgrading of Accounting Solutions not effected
	51,228,000	50,021,047	1,206,953	

COMPETITION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

21. Statement Showing Reasons for Variances between Original and Revised for year ended 30 June 2020

	Original Budget	Revised Budget	Difference: Original and Revised Budget	Explanation on material differences between Original and Revised Budget
Expenditures	Rs.	Rs.	Rs.	
Staff cost	32,557,000	33,357,000	800,000	To cater for net increase due to payment of severance allowance
Commissioners' fees	4,071,000	3,871,000	(200,000)	Decreased since there was no Chairperson throughout the year
Training and Sponsorship	1,500,000	50,000	(1,150,000)	Lesser paid training conducted
Cooperation other authorities	100,000	50,000	(50,000)	
Public education and information programme	2,900,000	3,100,000	200,000	Increase in cost for the 10 th Anniversary of the Competition Commission
Overseas visits	2,100,000	1,000,000	(1,100,000)	Lesser overseas visits in view of the pandemic
Professional fees	1,400,000	2,350,000	950,000	Increase in the legal services
Electricity	351,000	351,000	-	
Telephone	330,000	330,000	-	
Office rent	2,760,000	2,760,000	-	
Other rent	50,000	-	(50,000)	Decrease in requirement
Parking facilities	252,000	232,000	(20,000)	
Advertising	216,000	176,000	(40,000)	Decrease in requirement
Fuel and motor vehicle expenses	99,000	149,000	50,000	Increase in requirement
Office repairs and maintenance	36,000	35,000	(1,000)	
Cleaning services	221,000	231,000	10,000	
Insurance	13,000	23,000	10,000	
Stationeries and consumables	339,000	564,000	225,000	Increase relating to 10 th Anniversary
Books, Periodicals and Publications	130,000	95,000	(35,000)	Decrease in requirement
Postage	28,000	29,000	1,000	
Bank charges	17,000	22,000	5,000	
Other office expenses	45,000	290,000	245,000	Increase relating to 10 th Anniversary
IT expenses	713,000	863,000	150,000	New website
(Gain)/Loss on disposal of fixed assets	-	-	-	
Gain/(Loss) on exchange rate	-	-	-	
Capital expenditures	1,000,000	1,000,000	-	
	51,228,000	51,228,000	-	



COMPETITION COMMISSION

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