

2020 - 2021



shaping markets, furthering progress

“ Competition has a
fundamental role to play in
ensuring well-functioning
markets that can help promote
the economic recovery. ”

— Organisation for Economic Cooperation
and Development (OECD) —



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OUR MISSION

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

OUR VISION

To be an impactful institution within
the Mauritian economy – one that
shapes business landscape and
drives economic progress through
the force of competition.



CHAIRPERSON'S FOREWORD

Competition remains at the core of well-functioning markets, critically so in times of economic downturn. The year under review has seen the Competition Commission rise to a period of unprecedented change as markets, the economy, and the world at large were learning to adapt to the new normal of the Covid-19 pandemic.

Adaptability and staff welfare, through the adoption of partial remote working measures as an institutional policy, have been key to ensuring continuity of our work and completion of our deliverables despite challenges. Considering the disruptions caused by the Covid-19 situation to our supply chains and to assist the business community in meeting consumer demands, our Commission proactively put forward a temporary Guidance programme for businesses enabling prospective competitor collaborations to be reviewed on a fast-track basis for compatibility with the cartel prohibitions in our law.

The periods of lockdown and sanitary restrictions have not barred us from discharging our adjudicative functions while exploring innovative solutions to minimising disruptions. The assistance from the Executive Director's Office made it possible to timeously invest in relevant state-of-the-art videoconferencing facility, now making it possible for foreign counsels to intervene during hearings without necessarily having to travel for this purpose. This year, the Commission also defined a comprehensive Code of Ethics, in line with sound governance principles and the quest to achieve the highest standards of ethical conduct, diligence, impartiality, fairness and integrity in the fulfilment

of our individual roles and responsibilities within the organisation. The Competition Commission is alive to the fact that its work will attract public scrutiny and we make it a priority to inspire public confidence and trust by enforcing the law and performing our duties without fear, favour or prejudice.

During the passing year, we convened hearings in matters of 'INV034 - Pricing of Mobile Telephony' and 'INV048 - New Goodwill Investment/Medine Distillery acquisition' and issued four (4) decisions, including the Commission's first decision ordering divestment remedy in the Medine Distillery case. Indeed, New Goodwill Investment has been directed to divest its existing shareholding in Grays Distilling Ltd, the main competitor to Medine Distillery, as a condition to acquire a majority stake in Medine Distillery. The Commission has considered the imposition of structural remedies to be necessary, reasonable, and practicable in this case to effectively address the identified concerns in terms of post-merger price increases, market coordination and foreclosure resulting from the proposed acquisition in the given market context and situation of cross-ownership and control that New Goodwill Investment would exercise over Medine Distillery and Grays Distilling Ltd. Competition enforcement acts as a lever for economic advancement and will facilitate transactions that are

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and trust (through
our work)

neutral or competitively beneficial to markets while addressing problematic ones. Our Competition Act 2007 has provided the necessary framework to assist this process by allowing parties to a proposed merger situation to seek the Commission's guidance before executing their deals. This is an opportunity extended to parties for them to obtain legal and business certainty as to the competitive impact of their deals.

The Commission has also looked into the market dynamics for the production of fly ash, a major input used in processing blended cement. The exclusive sales and purchase agreement between the sole producer of fly ash in Mauritius (Thermal Valorisation Co Ltd, TVCL) and its purchaser, LaFarge Mauritius Cement Ltd ('LaFarge'), raised unilateral conduct concerns regarding input access restrictions vis-à-vis the other local cement producer - Kolos Cement Ltd ('Kolos'), hindering its ability to compete with LaFarge on a level playing field and eventually impacting price competition adversely in the cement market. However, TVCL's voluntary offer of undertakings in this matter was viewed to satisfactorily address the competition issues identified and ensure that Kolos would have the possibility to locally procure its fly ash at a price not less favourable than that offered to LaFarge; thereby helping to improve price competition. The Commission welcomes genuine and effective cooperation from parties, which assists in effectively addressing competition issues, expediting resolution of matters before the Commission, and allowing resources to be directed at other meritorious cases.

In June 2021, the Competition Commission also released the findings of a long-standing and rather intensive study into the pharmaceutical market in Mauritius. This market study certainly finds its relevance at a crucial juncture of the sanitary crisis we are facing and provides needed insight into the market structure, regulatory aspects, and pricing conditions of our public pharmaceutical sector. The recommendations arising therefrom advocate the adoption of relevant best practices for promoting transparency and good governance at level of product regulation, improving affordability issues, and fostering price competition at import/distribution level between market operators for similar brands of medicine.

Testing times often paint a gloomy picture of impending stagnant growth and a tendency for engaging in market artifices to the detriment of competition and consumers. Now more than ever, it is

imperative that we be relentlessly focused into driving our mission. Our markets can only emerge stronger from this pandemic when we, as competition enforcer and through inclusive stakeholder engagement, rally efforts into enhancing market competition and forging more economic opportunities for the benefit of all Mauritians.

In conclusion, I would like to place on record my sincere thanks to my fellow Commissioners for their support and dedication in the discharge of our functions. I also acknowledge, in my own name and on behalf of all the commissioners, our appreciation of the commendable work of the Executive Director and the staff of the Competition Commission in their deliverables. The coming days certainly hold different challenges in stock for our institution, businesses, and our economy at large. I have full confidence however, in the Competition Commission team's ability to keep our organisation running smoothly in these exceptionally challenging times and to continue doing all that we can, within our set mandate and powers, to delivering upon set objectives with resilience. I would like to dedicate my concluding words to our frontliners and essential service workers whose efforts and perseverance, we must all, in our respective capacities as responsible citizens, join in, if we wish to win this battle against the Covid-19.

Me Mahmud Aleem Bocus
Chairperson



EXECUTIVE DIRECTOR'S MESSAGE

The Competition Commission has been working relentlessly to enhance market competition for the improved welfare of Mauritians. In the current economic juncture, the task proves more challenging whereas being all the more important. Our country's resilience and its sustainable economic recovery require efficient, viable and robust markets; competition is instrumental in forging these - therein lies our focus.

During the year under review, with the completion of 5 investigations and 2 market studies, the Competition Commission concluded significant enforcement and non-enforcement matters. I will go over these in further details below. We also buckled 15 enquiries; launched 20 new ones and initiated 5 investigations. We also assisted the COMESA Competition Commission in the review of 25 merger notifications having a regional bearing.

We rounded off, after a lengthy assessment, an investigation in relation to certain agreements potentially existing among medical insurance suppliers; we also completed an investigation on the supply of medical gas, and I have submitted my respective reports to the Commissioners for their determination on these matters. We also completed two Resale Price Maintenance cases involving distribution of books, and investigated into the advertising of real estate offers, which resulted in a no-infringement outcome.

The year was also marked by the first divestment remedy imposed by the Commission in a merger

case, which decision is on appeal. Divestment is an important tool in merger control as it allows certain mergers to proceed without hindering effective competition or with the view to restoring competition.

As concerns market studies – an important tool for competition authorities to advocate policy changes for more competitive markets – the Competition Commission completed a major study this year on the pharmaceutical sector. The importance of this study not only lies in the economic weight of this sector but in ensuring that our citizens have access to affordable products. The study pointed out a lack of transparency in the registration process of pharmaceutical products as well as the potential involvement of private pharmacists in the decision-making process with regards to their own products and that of competitors; with regards to the intellectual property regime also, thereby potentially limiting the entry of new products, not optimising competition and, moreover, possibly affecting the current pricing mechanism and resulting in high prices of pharmaceutical products – all of which could be restricting competition.

Another market study was started in relation to price regulations, considering that, owing to the current

Advocacy is an integral part of our mandate as it is instrumental in shaping markets

economic context, there may be a temptation to regulate prices to contain their rise. Price is a core dimension of market competition which, when regulated, may under circumstances distort the proper functioning of markets and even be harmful to consumers. This market study means to assess price regulation in Mauritius and, accordingly, issue any required policy recommendations.

Advocacy is an integral part of our mandate as it is instrumental in shaping markets through non-enforcement means. The onset of Covid-19 led us to reinvent our advocacy initiatives through online advocacy means, keeping to traditional methods where and when the situation allowed. At the start of the year, we conducted a webinar to explain the changes brought to our merger guidelines. We participated in an event organised by the ICSA to showcase the importance of merger notification.

We also held a working session with the Mauritius Chamber of Commerce and Industry on the changes to the merger guidelines as well as to showcase the temporary guidance programme proposed to businesses on Covid-19-related collaboration.

To further our reach with regards to the general public, we collaborated with Le Defi for the publication of a series of articles whose objective was to explain and advocate the fundamental, though complex, principles of market competition and its importance for sustainable economic growth.

The Competition Commission obtained an encouraging Honourable Mention award in relation to the International Competition Network-World Bank Group Advocacy contest on “Boosting policy effectiveness through better coordination between enforcement and advocacy”, which award attests the high standard of the Commission’s activities and demonstrates its ability in blending enforcement and advocacy harmoniously to achieve policy objectives.

The Covid-19 led us, as all organisations too, to rethink the way we work; to effectively instate technology at the centre of our operational process - not only as a driver of efficiency but as a means of ensuring continuity in times of crisis. Drawing from our experience from the first lockdown, following the second lockdown we swiftly shifted to partial remote work and sanitary measures, with no incidence on overall plans. In addition, given the ever-changing environment, we will continue to enhance the capacity of our teams and internal systems in terms of expertise and versatility, knowing that forging robust and efficient markets requires a robust and efficient team.

Our strategies, now more than ever, focus on change for continuous improvement, for enhanced markets, and to enhance our own internal mechanisms. In the near future, as we continue and consolidate our enforcement activities, we will boost advocacy initiatives and invest more resources in market studies to promote competition prone markets for enhanced economic growth and welfare and to foster competition-compliant policies and decisions. We will endeavour to progress on the law review exercise already started, which is an important milestone towards enhancing competition policy in Mauritius. In this context, a series of collaborations will be triggered with public bodies and private stakeholders.

May I now invite you to explore this annual report for further details on the accomplishments, activities and plans of the Competition Commission.

Deshmuk Kowlessur
Executive Director





CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Introduction

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.

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 that all benefits of fair competition result in improving consumer welfare and in contributing to the economic growth of Mauritius.

Since its inception in 2009, the Competition Commission has been consistently committed to the good governance principles of integrity, transparency, professionalism, all the while maintaining a high level of accountability. Notwithstanding the provisions of the Act which regulate the conduct of Commissioners, the eight principles set out in the NCCG 2016 are nearly all implemented by the Competition Commission, positioning it as a responsible, effective, and accountable institution of the Republic of Mauritius.

As a starting premise, the Competition Commission has, in 2018, set up a Corporate Governance Committee, whose primary function is to drive the implementation of the eight principles set out in the NCCG 2016; to ensure compliance with these, and to review the mandate of the Audit & Risk Committee. The detailed functions and purposes of both Committees are laid out in their respective Terms of Reference.



CORPORATE GOVERNANCE

Principle 1 - Governance Structure

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

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 mandate of the Executive Director 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 initiating the conduct of investigations, market studies and the organisation of advocacy campaigns, with the support of staff under his control.

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, make decisions in their 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.

The Commission adopted a code of ethics in August 2020 and is currently in the process of drafting its board charter and corporate objectives statement.



CORPORATE GOVERNANCE (CONTD.)

Principle 2 - The Structure of the Board and its Committees

The Commissioners also sit as a board, once monthly, whereby they take cognizance of the updates from the Executive Director on the day-to-day running of the Competition Commission; of any strategic decisions taken by the latter, as well as 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.

THE COMMISSIONERS

Mr. Mahmad Aleem BOCUS – Chairperson

Mr. Bocus is a Barrister at Law. He holds 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. He was the Director of Legal Affairs/ Board Secretary of the ICTA between August 2002 and January 2006. 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.

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'Etudes 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 Human Resource and Project Director at Somags Ltée. Prior to that, he had occupied several senior positions at Spar Mauritius (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 acted as Chairperson during Commission meetings from 12th July 2018 to 24th February 2020.

CORPORATE GOVERNANCE (CONTD.)



Mr. Candhayalallsing SEEBALUCK, CSK – Commissioner

Mr. 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, amongst others: State Bank of India, 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. Vedwantree 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 (CONTD.)

SUBCOMMITTEES

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

The Audit and Risk Committee

The Audit & Risk Committee is chaired by Mrs. Mariam Rajabally, Commissioner. She is assisted by Mrs. Vedwantee Bikhoo and Mr. Alberto Mariette, Commissioners. This committee meets on a quarterly basis and has sat five (5) times in 2020-2021. 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.

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 2021-2022; approved the Financial Statements and Annual Report for the year 2019-2020; and addressed the comments made in the management letter by the National Audit Office for the financial year ended June 2020.

The Corporate Governance Committee

The Corporate Governance Committee is composed of Commissioners Mr. 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 2020-2021. 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.

CORPORATE GOVERNANCE (CONTD.)

Principle 3 - Director Appointment Procedures

In accordance with the Act, appointment of Commissioners 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 for not more than two consecutive terms, in case they are reappointed. 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 and the academia.

Principle 4 - Director Duties, Remuneration and Performance

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 thirteen (13) occasions for the year ending 30 June 2021. The table below shows attendance of Commissioners at Commission meetings and fees disbursed for the year ending 30 June 2021.

COMMISSIONER	COMMISSION MEETINGS ATTENDED	APPOINTMENT DATE	FEES FOR YEAR ENDED 30.06.21
Mr. Mahmad Bocus	13	25 th February 2020	Rs. 1,320,000
Mr. Alberto Mariette	13	15 th April 2016	Rs. 960,000
Mr. Candhayalallsing Seebaluck	12	15 th April 2016	Rs. 721,620
Mrs. Mariam Rajabally	10	15 th April 2016	Rs. 721,620
Mrs. Vedwantee Bikhoo	9	15 th April 2016	Rs. 721,620

Table 1: Figures pertain to attendance of Commission meetings and fees disbursed for the year 2020-21.

The terms and conditions of appointment are determined by the Prime Minister's Office and are reviewed by the Pay Research Bureau during its pay review exercises.

During their tenure of office, the Commissioners are provided with necessary trainings for them to be fully aware of their role and responsibilities. They had opportunities to attend overseas workshops and conferences as well as hearing sessions at other Competition Authorities, such as those 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.

CORPORATE GOVERNANCE (CONTD.)

Principle 5 – Risk Governance and Internal Control

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 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 Commission's Human Resources Manual and 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 organisations 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.

CORPORATE GOVERNANCE (CONTD.)

Principle 6 – Reporting with Integrity

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 to this end:

- 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 in case of misconduct.
- A confidentiality code provides guidelines with regards to 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-year 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.
- The Code of Ethics helps Commissioners, the Executive Director and the staff to understand their responsibilities and obligations, and also provides guidance if faced with an ethical dilemma or conflict of interest in the performance of their duties or doubt as to their responsibilities.

CORPORATE GOVERNANCE (CONTD.)

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. In addition, staff benefit from an annual medical check-up, and sponsorship to gym and other sports activities with a view to promoting a healthy lifestyle. In further consideration of the well-being of staff, they are also provided with ergonomic stands for their laptops. Finally, in case of need, staff may take advantage of a short-term soft loan scheme that has been 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.

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
- a gradual move to energy-saving lights is underway.

Principle 7 – Audit

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 assesses 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.

CORPORATE GOVERNANCE (CONTD.)

In view of the small size of the institution, the Competition Commission does not have an established internal audit division. However, 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.

Principle 8 – Relations with Key Stakeholders

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 operational 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 the above table and in the Notes to the Financial Statements.

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.

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

CORPORATE GOVERNANCE (CONTD.)

- 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.

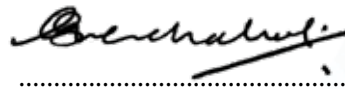
National Code of Corporate Governance for Mauritius

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, the implementation of 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 the high importance given to and the interest in implementing the recommendations in the NCCG 2016.

Throughout the year ended 30 June 2021, to the best of its knowledge, the Commission has partially complied with the Corporate Governance Code for Mauritius, pending the full implementation of the few recommendations remaining to be implemented.



Vice-Chairperson



**Chairperson of the Corporate
Governance Committee**



OPERATIONAL REVIEW



OPERATIONAL REVIEW

Enquiries

During the period under review, 30 complaints were reported to the Competition Commission and 29 competition issues were generated internally. The matters related to various sectors of the economy, namely the Media, Information and Communications Technologies, Construction and Property Development, Agriculture, Freight and Logistics, Banking and Finance, among others.

The assessment of complaints and issues generated internally this financial year, added to 9 complaints received in the previous year generated 20 enquiries. This figure, added to the number of ongoing enquiries, market reviews and advisory at the start of the period under review, brought the total number of enquiries handled by the Competition Commission during 2020-2021 to 40. Out of these, 9 were closed on the basis that no reasonable grounds were found as to the occurrence of potentially restrictive business practices; 2 enquiries led to market studies; 4 proceeded to investigations.

	CARTEL	ABUSE OF MONOPOLY	MERGER REVIEWS	ADVICE	MARKET REVIEWS	TOTAL
Ongoing enquiries as at 1 st July 2020	11	2	4	1	2	20
New Enquiries, Market Studies, Advisory during 2020-2021	5	8	5	0	2	20
Enquiries leading to Market Study/ Investigation	2	2	0	0	2	6
Enquiries with no reasonable grounds to pursue the matter	5	1	3	0	0	9
Ongoing enquiries, Market Studies, Advisory as at 30 th June 2021	9	7	6	1	2	25

Table 2: Figures pertain to enquiries administered from 1st July 2020 to 30th June 2021, providing a breakdown in terms of the different provisions of the law under which they were assessed.

OPERATIONAL REVIEW (CONTD.)

Table 3, below, provides an overview of the enquiries completed during this reporting period, except for those held confidential.

SECTOR / ENQUIRY REFERENCE	FORM OF RESTRICTIVE BUSINESS PRACTICE	ALLEGATION	ASSESSMENT
Supply of materials in education: ENQ 245	Cartel	Pricefixing between competing importers/distributors and market sharing in terms of volume to be imported by each.	The enquiry did not gather information sufficient to verify the alleged concerns and the enquiry was closed without further action.
Retail: ENQ 250	Cartel	Possible engagement of a given supplier in resale price maintenance (RPM) conduct in light of its product/pricing communications to retail outlets.	The enquiry found that the supplier pricing communications to its resellers spelt out the terms 'recommended retail prices' next to its stated prices and that the supplier also frequently encouraged resellers to pass on wholesale discounts to consumers. Some sporadic supplier-pricing communications were noted wherein consumer prices were indicated as public or retail price but these on their own were not deemed sufficient to establish RPM. The matter was therefore closed (without investigation) and a letter of recommendations was issued to the supplier advocating the provisions of section 43, which prohibits all forms of RPM.
Commercial: ENQ 251	Cartel	Potential collusive information exchange in trade association	The enquiry looked into the existence of potential collusive information exchange and decisions, at a trade association level, regarding level of discounts that may be passed on to clients as well as a general policy not to solicit clients from other association members. The enquiry proceeded to investigation.
Consumer Electronics: ENQ 263	Merger Review	Acquisition of Le Warehouse Limited by HV Home Equipment Ltd	The activities of the parties relate to the distribution and retail of consumer electronics. However, it was unlikely that the transaction would lead to substantial lessening of competition in view of the market position of players in that segment. The enquiry was closed with no further action.

OPERATIONAL REVIEW (CONTD.)

SECTOR / ENQUIRY REFERENCE	FORM OF RESTRICTIVE BUSINESS PRACTICE	ALLEGATION	ASSESSMENT
Telecommunications: ENQ 266	Abuse of Monopoly	<p>TheBrandHouse (TBH) was preventing other enterprises from importing Samsung mobile phones. Consequently, retailers had to buy the products from TBH.</p> <p>It was also averred that the retail arm of TBH, namely Galaxy, was benefitting from significantly lower merchant discounts rate from CIM Finance Ltd (CIM) compared to smaller retailers.</p>	<p>Two official distributors of Samsung mobile phones in Mauritius, namely TBH and Three G Mobile (Mauritius) Ltd, were identified.</p> <p>The Competition Act excludes agreements in relation to intellectual property rights.</p> <p>A such, importation of Samsung mobile phones by other entities than the official distributors can legally be blocked by the trademark owner.</p> <p>Regarding the discriminatory merchant discount rate from CIM, the matter had been subject of an investigation by the Executive Director and subsequently a decision was issued by the Commission.</p>
Retail: ENQ 267	Merger Review	Acquisition of Sottise Development Ltd by MaxCity Group and HV Group.	It was found that the market share threshold was unlikely to be met and that there were no reasonable grounds to believe that the acquisition of Sottise Development Ltd by MaxCity Group and HV Group could lead to substantial lessening of competition in the relevant market.
Freight forwarding & Logistics: ENQ 268	Merger Review	Acquisition of Premier Logistics Co. Ltd by Freight & Transit Co. Ltd.	It was found that it was unlikely to have been a merger situation, within the meaning of the Act.
Transport: ENQ 269	Cartel	Alleged discriminatory treatment of members of a Bus Owners Cooperative Society operating from a particular bus terminal on account of the Co-op society's refusal to periodically rotate members' bus timetable/schedule.	The enquiry found the details of the complaint to be verified wherein the impugned conduct could place certain member-operators at a competitive disadvantage vis-a-vis members operating from another terminal. The matter was addressed via a letter of recommendations to the National Land Transport Authority advocating the competition concerns identified and recommending that the said Co-op society's bus timetable be amended to allow for rotation of all members across the Co-op Society's bus duties, on a roster basis.

OPERATIONAL REVIEW (CONTD.)

SECTOR / ENQUIRY REFERENCE	FORM OF RESTRICTIVE BUSINESS PRACTICE	ALLEGATION	ASSESSMENT
Mobile data: ENQ 271	Abuse of monopoly situation	The allegation is that the pricing of “Pay-as-You-Go” mobile data services by Emtel Ltd and Cellplus Mobile Communications Ltd may be exploitative.	The preliminary findings were that the pricing and the structure of the “Pay-as-You-Go” mobile data services of each of Emtel Ltd and Cellplus Mobile Communications Ltd may constitute an exploitative conduct. The enquiry progressed to investigation stage and two separate investigations were launched to investigate the separate conducts of Emtel Ltd and Cellplus Mobile Communications Ltd, with respect to their respective “Pay-as-You-Go” mobile data services.
Health: ENQ 272	Cartel	Alleged bid rigging between suppliers of spectacles wherein the two participating suppliers would win the bids alternately and they shared close ties.	Information gathered showed that low supplier participation was on account of the low value of the contract, which was viewed as low profitability by other suppliers and certain bidding requirements. Also, information obtained could not verify the existence of bid rigging between these two suppliers notwithstanding the low participation rate. The matter was therefore closed without further action.
Other services: ENQ 274	Merger Review	Acquisition of Harel Mallac Global Ltd and Harel Mallac Advisory Ltd by AXIS Holdco Limited	No competition concern was found and thus the enquiry was closed with no further action.
General: ENQ 278	Market Study	Price Regulations	It was found that certain price regulations may distort market competition, and there seems to be room for price regulations which mitigates such distortions. As such, a formal market study was launched to further assess price regulations in Mauritius.
Freight services: ENQ 288	Abuse of monopoly situation	Potential abuse of a monopoly situation Bhunjun Group and Betamax Ltd	It was found that Bhunjun Group of Companies and Betamax Ltd may be party to a reviewable monopoly situation with respect to the supply of freight services for petroleum products to the State Trading Corporation. An investigation was launched to further assess the matter.

OPERATIONAL REVIEW (CONTD.)

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 during the year under review, their outcome as well as any decision of the Commissioners in respect of completed investigations. Between 1st July 2020 and 30th June 2021, the Executive Director initiated 5 investigations - wherein 1 enquiry generated 2 distinct investigations, and completed 5 investigations. At the end of the financial year, there were 11 ongoing investigations.

INV040 - Advertising for real estates

In March 2018, the Executive Director opened the investigation INV040 – Advertising for Real Estates, following an enquiry into a complaint that Mediatiz Ltd was abusing its market position by incentivising real estate agents through special offers for listing properties exclusively on its L'Express Property portal. The special offers included: (a) free account upgrades in terms of enhanced visibility of the listings; (b) free access to the use of property listing management software; (c) free listings onto lexpressclassified.mu; (d) free boosting credits for client listings to appear on top pages; and (e) free monthly subscriptions.

The competition concern from the imputed conduct on the part of Mediatiz Ltd was foreclosure of actual and potential competing property portals. This could harm competition in the market for the provision of online property listing services, to the detriment of property listers and seekers. In fact, the complainant claimed to have exited the market due to delisting of properties from its portal because of the conditional offers from Mediatiz Ltd.

After a thorough investigation into the matter, the Executive Director concluded that Mediatiz Ltd was potentially in a monopoly situation by virtue of the number of listings on its L'Express property portal. However, Mediatiz Ltd did not abuse its market position. Property listers were not coerced to list properties exclusively on L'Express Property. They were free in their choice of property listing portals. Having regard to the findings of the investigation, the Commission concluded in April 2021 that no intervention in the market for online property listing services was required.

Four other investigations were also completed during the year under review but cannot be made public at the moment.

First Divestment Decision by the Commission

In the context of the proposed acquisition of a majority stake in Medine Distillery Co. Ltd (“Medine Distillery”) by New Goodwill Investment Co. Ltd (“New Goodwill Investment”), the Commission issued its first divestment order on 5th April 2021, following an investigation made by the Executive Director.

OPERATIONAL REVIEW (CONTD.)

During the investigation, the Executive Director had concluded that this acquisition was likely to result in substantial lessening of competition in the upstream market for the supply of extra neutral alcohol, and also in the downstream market for the supply of bottled rum. Given that most of the concerns identified by the Executive Director emanated from the fact that New Goodwill Investment is also a shareholder of Grays Distilling Ltd (“Grays Distilling”), which is the main competitor of Medine Distillery, the Executive Director had recommended that the Commission issues a directive to New Goodwill Investment to sell its shares in Grays Distilling as a condition to become majority shareholder of Medine Distillery. Other recommendations had also been made in this regard.

A hearing before the Commission took place in January 2021, following which, the Commission issued its decision, in which New Goodwill Investment was directed to sell its shares held in Grays Distilling as a condition to acquire a majority stake in Medine Distillery.

To date, New Goodwill Investment owns 33.33% of the shares of Medine Distillery, and intends to increase its shares to 66.66%. With this increase in shareholding, New Goodwill Investment will become the majority shareholder in Medine Distillery and will acquire a controlling interest over the latter.

Considering these factors, the Commission directed New Goodwill Investment to divest of all its shares and associated rights in Grays Distilling in the event that the potential transaction materialises. It is to be noted that New Goodwill Investment has appealed to the Supreme Court against the Commission’s decision.

Market Studies

Pursuant to Section 30 of the Competition Act 2007, which provides that the Executive Director of the Competition Commission shall undertake general studies on the effectiveness of competition in individual sectors of the economy in Mauritius, two market studies were carried out between 1st July 2020 and 30th June 2021.

Market study of the Airline Industry

The Competition Commission pursued its collaboration within the African Competition Forum (‘ACF’) by conducting a market study (the ‘Study’) into the airline industry in Mauritius. This Study was part of the ACF initiative for a cross-country airline study in Africa. The main objective of the ACF project was to understand the competition dynamics in the airline industry across Africa, identify potential competition concerns and come up with priorities to facilitate regional integration within the African continent.

The Study focused mainly on understanding the market structure, alliances, state involvement, regulatory setting, and competition dynamics in Mauritius. With the prevailing Covid-19 pandemic, the study was extended in 2020 to assess its ongoing impact on the industry for future policy decision.

It was observed that the Mauritian airline industry has significantly evolved over the past decades. It has progressively moved from a regulated and restricted market to a more liberalised international air market in terms of both market access and ownership and control.

OPERATIONAL REVIEW (CONTD.)

By end 2019, Air Mauritius, the national carrier, flew directly to 23 destinations and, in its attempt to boost the tourism sector, the Government has plans to increase the number of routes within our network. Currently, Mauritius has 62 Bilateral Air Services Agreement (BASA) with varying degree of air access. There are about 20 airlines which operate from Mauritius on various regional and international routes.

The Study revealed that Air Mauritius was likely to have over 50% of the overall airline market in terms of passengers transported and routes served. It operated on 13 routes out of the 22 routes (domestic, regional, and international) identified. An analysis of air fares across these routes showed that air fares were higher for shorter distance routes than longer haul. There was evidence of price competition on routes served by several operators compared to those served by a single operator.

Market study of the pharmaceutical sector

The Competition Commission undertook the Market Study of the Pharmaceutical Sector in Mauritius to assess and publicise the conditions of competition in the supply of pharmaceutical products in Mauritius.

The study has been completed and the final report published on 8th June 2021. The report highlights the key features of the supply chain. At wholesale level, majority of pharmaceutical products are imported and supplied by some 40 registered wholesale pharmacies. At dispensing level, pharmaceutical products are provided at various public healthcare institutions. The private channel of distribution consists of 354 retail pharmacies and private healthcare institutions across the island.

The main concerns from review of the overarching regulatory framework are:

- Lack of transparency in the registration process with the potential effects of undermining the certainty and predictability of the registration process and thus, entry of new products.
- Potential situation of perceived conflict of interest given that the Pharmacy Board and its Trade and Therapeutic Committee could comprise private pharmacists involved in the wholesale pharmacy business.
- The current pricing mechanism may be resulting in high prices of pharmaceutical products. The prices of pharmaceutical products are based on a maximum mark-up system implying that the higher the cost price of medicines, the higher is the quantum of mark-up and consequently price of pharmaceutical products to end-users.

OPERATIONAL REVIEW (CONTD.)

- The current intellectual property regime could be a source of prevention of competition in the supply of pharmaceutical products. As is the case for all other registered trademarks, the consent of the owners is required for importing pharmaceutical products in Mauritius.

The recommendations are broadly in relation to implementation of industry best practices to promote transparency and good governance; and assessment for alternative pricing mechanism and importation regime to ensure competition and affordability of pharmaceutical products. Amongst the proposals are:

- Guidelines of the Pharmacy Board on the registration process to be made publicly available.
- The composition of the Pharmacy Board and its sub-committees to be done in such a manner that minimises such perceived and actual conflicts of interest.
- An assessment of the feasibility of introducing the regressive mark-up system to address the pricing issue.
- An assessment of the intellectual property regime for opening up competition in the market for the supply of pharmaceutical products.

Mergers Reviewed in the COMESA Region

The COMESA Competition Commission (“CCC”) is mandated to review mergers having a regional dimension across the COMESA market; 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 26 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 freight & logistics, automobile, manufacturing, healthcare, agriculture, finance, energy and technology, among others.





OUTREACH
INITIATIVES

OUTREACH INITIATIVES

On 20th July 2020, a presentation was conducted with the Mauritius Chamber of Commerce and Industry (“MCCI”) and its members, during which the Competition Commission explained its Programme on Temporary Guidance to Businesses on proposed Covid-19-related collaboration, and the proposed amendments to the Competition Commission’s Merger Guidelines.

The purpose of the workshop was two-fold. Firstly, cognisant of the fact that the Covid-19 crisis has disrupted markets and certain types of collaborations may be essential for the proper functioning of markets, the Competition Commission had introduced a programme intended to provide guidance to businesses on possible Covid-19 related collaborations. Secondly, the Competition Commission explained in which way it is proposing to amend its Merger Guidelines to bring more clarity on the meaning of control and the treatment of failing firms, and on which a public consultation was being conducted. These two initiatives were elaborated during the workshop.

Furthermore, since the COVID-19 pandemic has brought restrictions on gatherings and social distancing recommendations, organising outreach activities such as traditional face to face workshops and conferences as we know them, has proved challenging for the Commission. This crisis however has turned out to be a major transformation booster, with the use of technology to organise virtual meetings.

Platforms such as Zoom and Microsoft Teams have proven effective means to organise webinars whereby participants, from the comfort of their homes or offices, may attend the outreach activities proposed by the Commission. On 11th September 2020, the Commission organised a webinar on ‘*Amendments to Competition Commission Guidelines on Mergers.*’ On 4th November 2020, another webinar on the topic ‘*Guidance on collaboration between competitors in the wake of Covid-19*’, was organised using Zoom platform. Both sessions registered over 75 participants each, and we were pleasantly surprised by the level of interaction from the audience.



COOPERATION



COOPERATION

Over the last couple of years, the Competition Commission has engaged extensively with regional and international stakeholders. Thus, in respect of our ongoing law review project, the World Bank has provided their insights and proposals based on international benchmarks for competition policy. The World Bank also participated in the identification of priority sectors of the local economy for assessments of market dynamics so that the Competition Commission may proactively address areas showing concern. Our growing partnership with the World Bank was further showcased by the organisation of peer-to-peer knowledge sharing involving several Competition Authorities imparting their experience and practical knowhow to our investigative staff via virtual conferencing.

As part of its continuous fight against cartels, the Competition Commission has engaged with advanced foreign competition agencies in developing a proactive tool using data analytics and statistical screens for detecting collusive behaviour on markets. To this effect, the Competition Commission has initiated bilateral engagements with the UK Competition Markets Authority and the Brazilian Competition Authority (CADE) respectively to better understand their cartel screening experience and tools and adopt such principles and methodologies, as may be applicable.

The Competition Commission has also engaged lengthily with the Procurement Policy Office (PPO) during the year on a joint initiative aimed at facilitating the sharing of information, including information from the e-PS, by the PPO/Central Procurement Board/public procurers and the Competition Commission. The project was principally geared towards amending the Public Procurement Act 2006 to enable the disclosure of information relating to bidding proceedings to investigative bodies including the Competition Commission. In parallel, the Competition Commission and the PPO held several working sessions to finalise the contents of a joint publication for public procurers viz., 'Guidance document on bid rigging', with the aim of better equipping them in detecting and reporting suspicious bid rigging in procurement exercises.

Since its inception, the Competition Commission has proactively engaged with several stakeholders such as the business community, consumer organisations and government bodies, to collaborate in identifying potential competition concerns in different sectors in Mauritius. In this context, various forms of engagements with the following organisations were initiated: (i) The Association of Mauritian Manufacturers (ii) SME Mauritius (iii) Ministry of Industrial Development, SMEs and Cooperatives (iv) Consumer Associations such as Consumer Advocacy Platform (CAP) and Consumer Association of Mauritius (ACIM).

HUMAN ASSET MANAGEMENT



HUMAN ASSET MANAGEMENT

One of the key pillars on which the Competition Commission rests upon 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 details of filled positions as of 30th June 2021, 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)	1	4	5
4	Research Assistants (Legal) <i>(Renamed as Assistant Investigation Officer (Legal) in FY2021/2022)</i>		1	1
	Research Assistants (Economics) <i>(Renamed as Assistant Investigation Officer (Economics) in FY2021/2022)</i>	-	-	-
3	Accounts Officer	-	1	1
	Assistant to the Executive Director	1	-	1
2	Confidential Personal Assistants	-	1	2
1	Driver/Messengers	2	-	2
	Total	10	12	22

It can be observed that from an establishment of 26 positions, 22 were filled as of 30 June 2021, which represents 85% of existing positions. In terms of gender balance, the male to female staff ratio was 1 : 1.2, as of 30 June 2021 compared to 1:1.27 as of 30 June 2020, thus fairly stable between both genders over the last twelve months.

HUMAN ASSET MANAGEMENT (CONTD.)

Distribution of Employees

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

Position	Investigative Working Groups			Corporate Services	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)	2	2	1	-	5
Research Assistants (Legal) <i>(Renamed as Assistant Investigation Officer (Legal) in FY2021/2022)</i>	-	1	-	-	1
Research Assistants (Economics) <i>(Renamed as Assistant Investigation Officer (Economics) in FY2021/2022)</i>	-	-	-	-	-
Accounts Officer	-	-	-	1	1
Assistant to the Executive Director	-	-	-	1	1
Confidential Personal Assistants	-	-	-	1	1
Driver/Messengers	-	-	-	2	2
Total	5	5	3	7	20

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

HUMAN ASSET MANAGEMENT (CONTD.)

Recruitment of Staff

During the year under review, three employees left the Competition Commission's payroll, namely two Research Assistants and one Confidential Personal Assistant. As of 30th June 2021, the recruitment exercise was still in progress to fill the vacant positions.

Capacity Building

Since its establishment, the Competition Commission has 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.

During financial year 2020/2021, capacity building through attendance at overseas trainings and workshops, hiring of international experts, and secondments had been severely restrained due to the Covid-19 pandemic. Nonetheless, much effort was made to ensure the continuous building of staff capacity through the provision of local and online trainings focusing on competition law and economics.

The table below, provides the list of capacity building activities conducted.

Capacity Building	
Online courses, workshops, and subscriptions	
1	6 th Winter School on 'Economics of Competition Law'
2	"Merger Control: Recent Developments and Digital Markets"
3	'Quantitative Methods for Competition Analysis'
4	Master of Commerce in Competition and Economic Regulation
5	Diploma In International Public Sector Accounting Standards
7	Subscription to 'Concurrences Antitrust Publications and Events'
8	Webinars organised by other competition agencies and international bodies
Local courses and workshops	
1	Microsoft Excel
2	Data Protection Act
3	Quality Management System
4	Team Building Activity

HUMAN ASSET MANAGEMENT (CONTD.)

6th Winter School on “Economics of Competition Law” - December 2020 (Online)

The 6th edition of the Winter School on ‘Economics of Competition Law’, organised online by the CUTS Institute for Regulation & Competition (“CIRC”) from 14th to 19th December 2020, was attended by three investigative staff of the Competition Commission. The course aimed at providing the participants with an understanding of the increasingly important role that economics plays in competition law. It focused on practical examples and direct application of the underlying economic theories and techniques.

“Merger Control: Recent Developments and Digital Markets”- February 2021 (Online)

The European University Institute (EUI), in cooperation with the Florence School of Regulation, organised a 5-week online training on “Merger Control: Recent Developments and Digital Markets”, between February and March 2021. The course was attended by one investigative staff. It aimed at providing participants with insights into recent developments in the field of merger control, in digital markets, including defining multi-sided markets, the main theories of harm which could arise in competition cases in digital markets, the acquisition of control in digital markets, killer and reverse killer acquisitions, and the role played by innovation in such markets.

“Quantitative Methods for Competition Analysis” - May 2021 (Online)

The Barcelona School of Economics organised an online course on Quantitative Methods for Competition Analysis from 24th – 28th May 2021. The course was attended by three investigative staff. It aimed at providing participants with a thorough understanding of recent empirical methods to measure market power and competition, with applications to market definition, merger analysis and damages from anticompetitive conduct.

Master of Commerce in Competition and Economic Regulation – 2-year course (Online)

With a view to enhancing the knowledge of its staff in competition, the Commission implemented a scheme, whereby staff are sponsored for Master or PGD courses in competition law or economics. During the outgoing year, one staff was successfully enrolled in the Master of Commerce in Competition and Economic Regulation offered by the University of Johannesburg. This programme is one of the first specialist Master’s degrees in competition and economic regulation offered in Africa and it aims at equipping participants with the knowledge and skills required to undertake rigorous economic analysis in competition and regulatory matters.

HUMAN ASSET MANAGEMENT (CONTD.)

Diploma In International Public Sector Accounting Standards (IPSAS) - 1-year course (Online)

Two staff from the Corporate Services team were enrolled in a Diploma in International Public Sector Accounting Standards (IPSAS), offered by the Chartered Institute of Public Finance and Accountancy. The course aims to provide a comprehensive knowledge of the requirements of these standards and respective guidelines, and to enable participants to improve the preparation of financial statements.

Subscription to ‘Global Competition Review (GCR)’

The Competition Commission renewed its subscription to the ‘Global Competition Review (GCR)’, which is a global provider of competition law, regulation, and enforcement information. Through this subscription, staff have access to the latest news and updates on what is happening worldwide, with regards to competition, through daily emails, newsletters, etc.

Subscription to ‘Concurrences Antitrust Publications and Events’

The Competition Commission renewed its subscription to “Concurrences Antitrust Publications and Events” which is an independent legal publisher, dedicated to antitrust law and competition economics. Staff have access to over 30,000 articles and cases, books and conferences dedicated to competition law and economics. During the outgoing year, staff had the opportunity of participating in over 50 webinars organised by ‘Concurrences’.

Webinars organised by other Competition Agencies and International Bodies

Staff also attended some 55 other webinars organised by other competition agencies, the International Competition Network, UNCTAD, OECD, etc.

HUMAN ASSET MANAGEMENT (CONTD.)

Local Courses and Workshops

- Microsoft Excel - 3 newly appointed staff were offered the opportunity to develop their Microsoft Excel Skills. All three underwent 15 hours of training each.
- Data Protection Act - the newly appointed Legal Secretary was entrusted with the role of Data Protection Officer. With a view to enhancing her knowledge to improve the delivery of her duties, she underwent a training on the Data Protection Act for a better understanding of her role, and to ensure due compliance with the Act.
- Quality Management System – with a view to enhancing review of merger case, and to implement a Merger Review Quality Management System (MRQMS), a training of some 18 hours was provided to the Merger Working Group for a better understanding of the principles of quality management, and to set up the MRQMS.

Team Building – November 2020, Mauritius

As an employer, the Competition Commission is committed towards continuously promoting a working atmosphere cast in team spirit, mutual respect and support. The Competition Commission organised its annual team-building activity on 27th November 2020.



HUMAN ASSET MANAGEMENT (CONTD.)

Staff Welfare and Well-being

Medical Insurance Cover and Check-up Facilities

The Competition Commission provides a medical insurance cover, since 2010, for the benefit of its employees. This cover offers various inpatient and outpatient benefits, which are reviewed as and when required. The monthly premium is funded for confirmed employees, and they have the possibility to enrol their dependents into the scheme, at their own cost.

In addition, employees are entitled to annual medical check-up.

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 in the event of injury resulting from an accident on duty and outside working hours; death, arising, is also covered.

Sponsorship to Gym Facilities

The Competition Commission promotes health, well-being and fitness and, to such effect, encourages employees to take up regular physical activities. In this framework, subscription to gym and other keep-fit facilities are sponsored by the Commission upon proof of membership and payment.

Soft Loan Facilities

Since 2019-2020, the Competition Commission has introduced a soft loan facility whereby employees benefit from a zero-rate interest loan, refundable over a period not exceeding twenty-four months.



STRATEGIC
DIRECTIONS

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.

Enforcement Activity

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

The current COVID-19 sanitary crisis is triggering important changes in the global business landscape and in the Mauritian economy. In such a turbulent environment, market dynamics are bound to change, and new forms of anticompetitive practices may emerge. The Competition Commission therefore deems it an imperative to stay on the alert to ensure that national competition policy remains optimal for the benefit of the country. The Commission already anticipates that the enforcement of the competition law and the way the institution conducts its investigative activities will also have to adapt to the new environment.

The Competition Commission will, therefore, adopt proactive approaches to adapt to the changing environment and respond to new forms of anticompetitive practices to safeguard an optimal market outcome to the benefit of the economy and consumers in general. The Competition Commission will carry out investigations, indiscriminately, into all sectors of the economy where restrictive business practices may exist, ensuring that over and above enquiries - which are preliminary assessment exercises to ascertain whether a restrictive business practice is occurring - 3 to 5 major investigations are completed annually.

The Competition Commission will also, proactively, undertake market research and market intelligence with the objective of detecting potential restrictive business practices. The Commission will continue to advise Government on competition matters to reinforce a pro-competitive environment, and to create a more efficient economy. It will also assist the COMESA Competition Commission in reviewing cross border mergers and taking an active part in investigations concerning Mauritius.

Improving Enforcement Capacity

With a view to improving the Competition Commission’s enforcement capacity, the institution will continue to invest in and seek the assistance of fellow counterparts to improve its detection mechanism of restrictive business practices. Several collaborations are ongoing, and the Competition Commission will maintain these to stay at the forefront of the latest developments in investigation techniques.

The Competition Commission will continue its collaboration with the Procurement Policy Office and the Central Procurement Board, to curtail down bid rigging practices across high-impact markets. A Guidance document will also be introduced for public procurers to assist them in identifying potential bid rigging practices.

In terms of merger, the Competition Commission will continue to improve its mechanism to ensure that all transactions which amount to a merger situation that substantially lessen competition are detected and assessed. The Competition Commission is also working on a merger review quality management system to enhance efficiency, optimise review period, enhance quality, bring consistency and standardisation. It will in general ensure optimal review process in terms of both substantive assessment and process.

The Competition Commission is also finalising the review of the Act, Rules of Procedure, and various related guidelines so as to remedy shortcomings in the legal framework and be in alignment with

STRATEGIC DIRECTIONS (CONTD.)

international good practices and other regional commitments; this review exercise is ongoing. It will evaluate the substantive elements of the Act, with a view to rationalising the key prohibitions and clarifying terminologies, procedures, scope of powers; and strengthening the Commission's procedural and investigative tools. The simplification of a number of legal provisions will also provide a more structured 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.

Impactful Advocacy

Another mandate of the Executive Director under the Competition Act is to promote the provisions of the Act 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. The Commission will continue to conduct advocacy activities and will be developing yearly plans that would target all stakeholders, from large to smaller businesses, public bodies and the public in general. This includes, amongst others:

- Working sessions and one-to-one engagement with public bodies and regulators to promote the adoption of a pro-competition mindset in public policymaking.
- Delivery of advocacy sessions among professionals, such as legal practitioners and accountants, to apprise them of anti-competitive behaviours and latest developments in competition.
- Delivery of targeted advocacy sessions with enterprises, SMEs and associations to inform them about the work of the Competition Commission and, most importantly, create awareness about actions and behaviours on their part that may constitute restrictive business practices.
- Publication of newsletters to provide stakeholders with fresh updates on the work being conducted by the Competition Commission and developments in competition around the globe.
- An increased presence on social media to disseminate the work of the Competition Commission.

Staff Capacity Building

The Competition Commission considers it essential to foster an organisational culture that encourages continuous learning and professional development, that would ensure high standards of service. As such, it will continue investing in its personnel and strengthening their capabilities through various capacity building programmes such as, amongst others:

- Sponsorships of post graduate diplomas in competition economics and law.
- In-house training by foreign experts in the several fields of competition economics and law.
- Knowledge-sharing sessions among staff on key competition issues and contribution towards debates and sharing of ideas.
- Access to webinars and short online courses in the field of competition.
- Attendance to overseas workshops and secondments to more experienced competition authorities - should the existing sanitary conditions allow it.
- Productivity training courses.

STRATEGIC DIRECTIONS (CONTD.)

Strategic International Cooperation

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

- Exchange views and experience on competition policy issues.
- Expand expertise in the field of case investigations.
- Exchange information on enforcement matters of common interest.
- Assist in investigations of common interest.
- Exchange staff through secondments for the purpose of improving skills.

The Competition Commission will continue its collaborations with those authorities with which agreements exist, while establishing relations and collaborations with new ones.

- As a Member of the COMESA, the Competition Commission currently collaborates and will continue collaborating with the COMESA Competition Commission (CCC) on various competition matters. This collaboration may take the form of investigations of anticompetitive behaviours - in particular the review of mergers but also regional cartel activities, potentially affecting Mauritius. As the CCC increases its enforcement actions across the COMESA, so will the collaboration of the Competition Commission.
- The Competition Commission is also a member of the African Competition Forum (ACF), where it holds the Vice-Chairperson position. The Competition Commission has recently completed a collaboration with the ACF, which consisted of a market study in the aviation sector. Going forward, similar studies will be conducted, in which the Competition Commission will continue to provide its support.
- The Competition Commission is fully involved and actively participating in the formulation of the regional competition policy. It will continue to contribute in the formulation and adoption of the competition law and policy at the level of the Tripartite (COMESA-SADC-EAC) Free Trade Area and the African Continental Free Trade Area (AfCFTA).



FINANCIAL STATEMENTS



**REPORT OF THE
DIRECTOR OF AUDIT**

**On the Financial Statements
of the Competition Commission
for the year ended 30 June 2021**

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 2021 and the statement of financial performance, statement of changes in net assets/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 2021, 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 Commission whether:

- 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;
- 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;
- 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.

As far as it could be ascertained from my examination of the relevant records;

(a) the Competition Commission has complied with the Statutory Bodies (Accounts and Audit) Act; and

(b) no direction relating to the accounts has been issued by the responsible Minister to Competition Commission.

Based on my examination of the records of Competition Commission, nothing has come to my attention that causes me to believe that:

(a) 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 could be ascertained from my examination of the relevant records.

C. ROMOOAH

Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

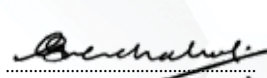
11 April 2022

Competition Commission

Statement of Financial Position as at 30 June 2020

		30 Jun 2021	30 Jun 2020
	Note	Rs.	Rs.
ASSETS			
Current assets			
Cash and cash equivalents	5	6,102,578	19,488,124
Short-term staff loan receivable	6&7	456,071	1,129,380
Receivables and deposits		12,356,706	276,728
Prepayments		560,621	360,181
		19,475,976	21,254,413
Non-current assets			
Long-term staff loan receivable	6&7	-	1,138,719
Property, plant and equipment	8	5,225,110	6,255,531
Intangible assets	9	14,355	86,635
		5,239,465	7,480,885
Total Asset		24,715,441	28,735,298
LIABILITIES			
Current liabilities			
Trade and other payables	10	107,534	327,835
Employee benefits obligations	11	3,380,024	3,159,869
Short-term staff loan payable to the Accountant General	6	317,882	814,514
		3,805,440	4,302,218
Non-current liabilities			
Employee benefits obligations	11	10,530,883	8,684,023
Long-term staff loan payable to the Accountant General	6	-	1,000,530
Retirement benefits obligations	12	14,051,388	11,914,038
		24,582,271	21,598,591
Total Liabilities		28,387,711	25,900,809
NET ASSETS/LIABILITIES		(3,672,270)	2,834,489
NET ASSETS/EQUITY			
Revaluation Surplus		588,995	855,850
General fund		(19,704,265)	(13,822,272)
COMESA reserve	13	15,443,000	15,800,911
		(3,672,270)	2,834,489
TOTAL NET ASSETS/EQUITY		(3,672,270)	2,834,489

Amended financial statements approved by the Commission on 30 March 2022



Mr. Mahmad Bocus
Chairperson



Mr. Alberto Mariette
Vice-Chairperson

The notes on pages 60 to 74 form part of these financial statements.

Competition Commission

Statement of Financial Performance for the year ended 30 June 2021

		Year ended 30 Jun 2021	Year ended 30 Jun 2020
	Note	Rs.	Rs.
REVENUE			
Revenue from non-exchange transactions			
Government Grant		28,496,417	30,125,810
Revenue from exchange transactions			
Income from COMESA		12,506,717	7,080,235
Total revenue		41,003,134	37,206,045
OPERATING EXPENSES			
Staff cost	14	30,904,207	33,707,817
Commissioners' fee		4,444,860	3,818,653
Training and Sponsorship		811,132	206,731
Cooperation other authorities		-	14,418
Public education and information programme		4,025	3,071,897
Overseas visits		-	945,622
Professional fees		2,337,261	2,449,050
Rent and utilities	15	3,630,706	3,595,016
Other operating expenses	16	1,807,343	2,248,819
Depreciation and amortisation	8&9	1,345,692	1,509,584
(Gain)/Loss on disposal of fixed assets		(11,446)	(2,418)
(Gain)/Loss on exchange rate		(1,887)	53
Total expenses		45,271,893	51,565,243
(DEFICIT)/SURPLUS FOR THE YEAR	17	(4,268,759)	(14,359,198)

The notes on pages 60 to 74 form part of these financial statements.

Competition Commission

Statement of Changes in Net Assets/Equity for the year ended 30 June 2021

	Revaluation Surplus	General fund	COMESA Reserve	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 July 2019	855,850	14,745,302	15,903,900	31,505,052
(Deficit) for the year	-	(14,359,198)		(14,359,198)
COMESA funds - net amount used (Refer Note 13)			(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
Balance as at 01 July 2020	855,850	(13,822,272)	15,800,911	2,834,489
Revalued items disposed	(266,855)	208,770		(58,085)
(Deficit) for the year		(4,268,759)		(4,268,759)
COMESA funds - net amount used (Refer Note 13)			(357,911)	(357,911)
Remeasurement loss on retirement benefit obligations		(1,822,004)		(1,822,004)
Balance as at 30 June 2021	588,995	(19,704,265)	15,443,000	(3,672,270)

The notes on pages 60 to 74 form part of these financial statements.

Competition Commission

Cash Flow Statement

for the year ended 30 June 2021

		Year ended 30 Jun 2021	Year ended 30 Jun 2020
	Note	Rs.	Rs.
CASHFLOW FROM OPERATING ACTIVITIES			
Net (deficit)/surplus for the year		(4,268,759)	(14,359,199)
Adjustments for:-			
Retirement benefit obligations	12	315,346	(680,744)
Depreciation and amortisation	8&9	1,345,692	1,509,584
Provision for refundable Leaves	11	1,846,860	235,835
(Gain)/Loss on disposal of fixed assets		(11,446)	(2,418)
Operating surplus/(Deficit) before working capital changes		(772,306)	(13,296,942)
(Increase)/decrease in receivables		(12,079,978)	238,103
(Increase)/decrease in prepayments		(200,441)	(182,244)
Increase/(decrease) in trade and other payables		(220,301)	136,649
Increase/(decrease) in employee benefits		220,155	809,667
Net Cash flow from operating activities		(13,052,870)	(12,294,767)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant, equipment	8	(302,414)	(266,103)
Proceeds from sale of equipment		12,782	9,000
Loans granted to staff	7	-	(622,170)
Loans refunded to Accountant General	6	(1,497,162)	(967,847)
Net Cash used in investing activities		(1,786,794)	(1,847,120)
CASH FLOW FROM FINANCING ACTIVITIES			
COMESA reserve	13	(357,911)	(102,989)
Loans repaid by staff	6&7	1,812,029	1,136,961
Net Cash flow from financing activities		1,454,118	1,033,972
Net increase/(decrease) in cash and cash equivalents		(13,385,546)	(13,107,915)
Cash and cash equivalents at the beginning of the year	5	19,488,124	32,596,039
		6,102,578	19,488,124
Cash and cash equivalents at the beginning of the year	4	6,102,578	19,488,124

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 60 to 74 form part of these financial statements.

Competition Commission

Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2021

	Original Budget	Revised Budget	Actual Amount	Financial Statement
Expenditures	Rs.	Rs.	Rs.	Rs.
Staff cost	30,747,010	33,077,927	28,534,440	30,904,207
Commissioners' fees	4,445,000	4,445,000	4,444,860	4,444,860
Training and Sponsorship	500,000	500,000	926,502	811,132
Public education and information programme	400,000	400,000	4,025	4,025
Overseas visits	840,000	840,000	-	-
Professional fees	4,094,000	5,194,000	2,487,261	2,337,261
Rent and utilities	3,657,641	3,657,641	3,555,990	3,630,706
Other operating expenses	1,817,900	1,817,900	1,689,579	1,807,343
Depreciation and amortisation				1,345,692
(Gain)/Loss on disposal of fixed assets				(11,446)
Gain/(Loss) on exchange rate	-	-	-	(1,887)
Capital expenditures	1,950,000	1,950,000	468,014	-
	48,451,551	51,882,468	42,110,671	45,271,893

The budget of the Competition Commission is prepared on a cash basis covering the period July to June annually and is approved by the Commission, prior to submission to the ministry.

For the year ended 30 June 2021, the Competition Commission suffered another severe cut in the grant obtained from the Ministry of Finance, Economic Planning and Development, whereby only Rs28.50m were received; expenditures were met partially from the funds available under the COMESA reserves.

In the above comparison, the actual amount column provides the amount spent on capital expenditure, while in the Financial Statement, which is prepared on an accrual basis, the depreciated amount of capital items are presented.

Reasons for variances between Original and Revised Budgets, and variances between Revised Budget and Actual Amounts are provided in notes 20 and 21 respectively. Note 22 provides the Reconciliation Statement of Actual with Financial Statements Amounts.

The notes on pages 60 to 74 form part of these financial statements.

Competition Commission

Notes to the Financial Statements for the year ended 30 June 2021

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 anticompetitive 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

- (i) IPSAS 41 - Financial Instrument (Effective 1 January 2023)

IPSAS 41: Financial Instrument will be effective for annual period starting in 1 January 2023. The objective of the new IPSAS is to establish new requirements for measuring and recognising financial instrument in replacement of IPSAS 29. The Competition Commission has not applied the standard in the Financial Statements.

- (ii) IPSAS 42 - Social Benefits (Effective 1 January 2023)

IPSAS 42: Social Benefits will be effective as from 1 January 2023 and the objective is to help users of financial statements to assess the nature of social benefits provided by an entity, the features of the operation of social benefit scheme and the impact of social benefits on the entity's financial performance, financial position and cash flows. The Competition Commission has not applied the standard in 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 2021

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 of 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 comprise 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 2021

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 are 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 are 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 2021

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 2021, the Competition Commission had 22 employees: 21 were employed on a permanent and pensionable basis with 1 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. Remeasurements 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 2021

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 made into the National Pension Scheme (NPS) and the Contribution Sociale Généralisée (CSG) on behalf of 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 their respective terms and conditions 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, and 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 2021, a sum of Rs 1m had been approved for the settlement of possible legal charges and damages relating to a case lodged against the former Executive Director, Dr. Sean Ennis, during the performance of his duty. As 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 2021

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 Jun 2021	Year ended 30 Jun 2020
	Rs.	Rs.
Cash at bank	6,076,896	19,458,680
Cash in hand	17,561	15,452
Petty cash balance	8,121	13,992
	6,102,578	19,488,124

No interest is earned on bank deposits; the fair value of cash is Rs6,102,578 (2020: Rs19,488,124).

Competition Commission

Notes to the Financial Statements for the year ended 30 June 2021

6. Staff car loan, via Accountant General

Opening balance
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 Jun 2021	Year ended 30 Jun 2020
Rs.	Rs.
1,815,044	2,782,891
(1,497,162)	(967,847)
317,882	1,815,044
317,882	814,514
-	1,000,530
317,882	1,815,044

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 Jun 2021	Year ended 30 Jun 2020
Rs.	Rs.
453,056	
-	622,170
(314,867)	(169,114)
138,189	453,056
138,189	314,867
-	138,189
138,189	453,056

8. Property, plant and equipment

Cost

	Furniture & fittings Rs.	Office equipment Rs.	IT equipment Rs.	Motor vehicles Rs.	Total Rs.
At 01 July 2020	2,269,937	1,572,094	2,953,640	5,470,150	12,265,821
Additions	-	302,414	-	-	302,414
Disposal	(27,720)	(214,290)	(35,166)	-	(277,176)
At 30 June 2021	2,242,217	1,660,218	2,918,474	5,470,150	12,291,059

Depreciation

At 01 July 2020	1,459,697	1,192,441	1,720,897	1,637,255	6,010,290
Charge for the year	141,289	83,126	423,152	683,769	1,331,336
Disposal	(27,258)	(214,290)	(34,129)	-	(275,677)
At 30 June 2021	1,573,728	1,061,277	2,109,920	2,321,024	7,065,949

Net book value

At 30 June 2020	810,240	379,653	1,232,743	3,832,895	6,255,531
At 30 June 2021	668,489	598,941	808,554	3,149,126	5,225,110

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 2021

9. Intangible assets

IT Software

Cost

At 01 July 2020

Disposal

At 30 June 2021

Amortisation

At 01 July 2020

Charge for the year

Disposal

At 30 June 2021

Net book value

At 01 July 2020

At 30 June 2021

Rs.

375,250

(231,690)

143,560

288,616

14,356

(173,767)

129,205

86,634

14,355

10. Trade and other payables

Trade creditors

Accruals

**Year ended
30 Jun 2021**

Rs.

91,534

16,000

107,534

**Year ended
30 Jun 2020**

Rs.

156,932

170,904

327,836

11. Employee Benefits Obligation

Current liabilities - Payable within one year

Provision for gratuity

Provision for passage benefits

Provision for refundable leaves (*see below*)

Refundable leaves payable:

Current liabilities - Payable within one year

Non-current liabilities - Payable after one year

**Year ended
30 Jun 2021**

Rs.

123,042

1,786,731

1,470,250

3,380,024

1,470,250

10,530,883

12,001,134

**Year ended
30 Jun 2020**

Rs.

123,042

1,287,359

1,749,468

3,159,869

1,749,468

8,684,023

10,433,491

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 2021

12. Retirement benefit obligations

(a) Defined Benefit Pension Plan

The Competition Commission operates a defined benefit pension 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 2021 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

Year ended 30 Jun 2021

Year ended 30 Jun 2020

Rs.

35,268,584	29,378,487
(21,217,196)	(17,464,449)
14,051,388	11,914,038

Amounts recognised in statement of comprehensive income:

Service Cost:

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

1,785,045	1,484,821
(655,078)	(724,949)
78,652	45,214
416,882	(35,931)

P&L Charge

1,625,501	769,155
------------------	----------------

Remeasurement

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

2,396,352	14,939,061
(574,348)	(730,685)
1,822,004	14,208,376

Total

3,447,505	14,977,531
------------------	-------------------

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

11,914,038	(1,613,594)
1,625,501	769,155
(1,310,155)	(1,449,899)
1,822,004	14,208,376

At end of year

14,051,388	11,914,038
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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 2021

12. Retirement benefit obligations (cont'd)

(a) Defined Benefit Pension Plan (cont'd)

Reconciliation of the present value of defined benefit obligation

Present value of obligation at start of year
Current service cost
Interest cost
(Benefits paid)
Liability (gain)/loss
Present value of obligation at end of year

Year ended 30 Jun 2021	Year ended 30 Jun 2020
Rs.	Rs.
29,378,487	15,850,652
1,785,045	1,484,821
1,145,761	618,175
562,939	(3,514,222)
2,396,352	14,939,061
35,268,584	29,378,487

Reconciliation of fair value of plan assets

Fair value of plan assets at start of year
Expected return on plan assets
Employer contributions
Employee contributions
(Benefits paid + other outgo)
Asset (loss) / gain

17,464,449	17,464,246
728,879	654,106
1,310,155	1,449,899
655,078	724,949
484,287	(3,559,436)
574,348	730,685
21,217,196	17,464,449

Fair value of plan assets at end of year

Distribution of plan assets at end of year

Percentage of assets at end of year
Government securities and cash
Loans
Local equities
Overseas bonds and equities
Property

Jun-21	Jun-20
54.80%	61.70%
2.80%	3.00%
11.80%	10.10%
30.10%	24.60%
0.50%	0.60%
100.00%	100.00%

Total

Additional disclosure on assets issued or used by the reporting entity

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

Jun-21	Jun-20
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%

Components of the amount recognised in NAE

Asset experience gain/(loss) during the year
Liability experience gain/ (loss) during the year

Jun-21	Jun-20
574,348	730,685
(2,396,352)	(14,939,061)
(1,822,004)	(14,208,376)

Expected employer contributions for year ending 30 June 2022: **Rs 1,269,000**
The weighted average duration of the defined benefit obligation is 25 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 2021

12. Retirement benefit obligations (cont'd)

(a) Defined Benefit Pension Plan (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 Jun 2021	Year ended 30 Jun 2020
	Rs.	Rs.
Discount rate	5.00%	3.90%
Future salary increases	3.00%	2.40%
Future pension increases	2.00%	1.40%
Mortality before retirement	Nil	A 6770 Ultimate Tables
Mortality in retirement	PA (90) Tables (Rated down by 2 years)	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 analyses 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 7.4 million (increase by Rs 10.1 million) 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 6.0 million (decrease by Rs 4.8 million) if all assumptions were held unchanged.

- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 0.8 million (decrease by Rs 0.8 million) 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.

(b) Defined Contribution Pension Plan

The contribution of the Competition Commission to the defined contribution pension scheme for the year ended 30 June 2021 is Rs 359,903.79 (Rs 256,706.55 for year ended 30 June 2020).

Competition Commission

Notes to the Financial Statements for the year ended 30 June 2021

13. COMESA Reserve

	Year ended 30 Jun 2021	Year ended 30 Jun 2020
	Rs.	Rs.
Opening balance	15,800,911	15,903,900
Amount received during the year	12,125,415	6,977,246
Amount used during the year	(12,483,326)	(7,080,235)
Closing balance	15,443,000	15,800,911

The COMESA Reserve comprises 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 2020/2021, no project as defined under the COMESA rules was undertaken. As in 2019/2020, due to the severe budget cut suffered again in Government Grant in 2020/2021, an amount of Rs12,483,326 were used from the COMESA Reserve to meet operational expenses. Nonetheless, the overall funds used during both years will be refunded by the Ministry of Finance, Economic Planning and Development in 2021/2022 and the reserve restored.

During 2021/2022, an amount of equivalent to some Rs 12.2 million (USD 287,196) relating to period April 2020 to June 2021 were received from COMESA.

14. Staff cost

	Year ended 30 Jun 2021	Year ended 30 Jun 2020
	Rs.	Rs.
Salary	18,102,097	18,791,471
Allowances	2,006,789	6,342,532
End of Year Bonus	1,447,229	1,457,090
Travelling	1,998,207	1,969,756
Pension	3,655,406	1,592,496
Gratuities	493,520	493,520
Passage benefits	770,357	758,123
Refund of leaves	1,814,403	1,797,651
Staff Insurance Schemes	445,252	389,347
Staff Welfare	140,780	117,800
Stipend to Trainees	30,167	(1,968)
	30,904,207	33,707,818

The major decrease in allowances is caused mainly by (i) a severance allowance of Rs3.9m, which was paid in 2019/20, and (ii) a reduced amount of performance bonus paid, i.e. Rs0.5m lesser in 2020/21.

The increase in pension is due to (i) the movement in the defined benefit pension scheme, whereby the provision in 2020/21 has increased by Rs1.0m, and (ii) the introduction of CSG, which has increased pension cost by Rs1.1m

15. Rent and utilities

	Year ended 30 Jun 2021	Year ended 30 Jun 2020
	Rs.	Rs.
Electricity	314,090	306,180
Telephone	313,034	304,409
Office Rent	2,759,892	2,759,892
Parking facilities	243,690	224,535
	3,630,706	3,595,016

Competition Commission

Notes to the Financial Statements for the year ended 30 June 2021

16. Other operating expenses

	Year ended 30 Jun 2021	Year ended 30 Jun 2020
	Rs.	Rs.
Advertising	139,380	137,724
Fuel and motor vehicle expenses	218,448	232,335
Office repairs and maintenance	118,292	19,867
Cleaning services	233,455	229,140
Insurance	9,208	22,290
Stationeries and consumables	284,114	560,328
Books, Periodicals and Publications	50,306	70,078
Postage	35,046	29,283
Bank charges	31,917	20,533
Other office expenses	184,869	322,001
IT Expenses	502,307	605,241
	1,807,342	2,248,820

A major share of the increase in office repairs and maintenance, i.e. some Rs80k, relates to the office heavy duty printer/photocopier/scanner, whereby spare parts having reached end of life had to be replaced.

17. Deficit/Surplus for the year

For the year ended 30 June 2021, the Competition Commission recorded a deficit of Rs4.27m due to the budget cut imposed by the Ministry of Finance, Economic Planning and Development, whereby it granted only Rs28.5m; the budget cut in the previous year brought a deficit of Rs14.36m.

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 Jun 2021	Year ended 30 Jun 2020
	Rs.	Rs.
Payable within one year	2,759,892	2,759,892
Payable after one year	689,973	3,449,865
	3,449,865	6,209,757

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 Jun 2021	Year ended 30 Jun 2020
	Rs.	Rs.
Total emoluments and benefits of key management personnel	8,939,266	8,331,925

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 2021

20. Statement Showing Reasons for Variances between Original and Revised Budget for year ended 30 June 2021

	Original Budget	Revised Budget	Difference	Explanation on differences
Expenditures	Rs.	Rs.	Rs.	Rs.
Staff cost	30,747,010	33,077,927	2,330,917	To cater for CSG and duty-free facilities
Commissioners' fees	4,445,000	4,445,000	-	
Training and Sponsorship	500,000	500,000	-	
Cooperation other authorities	-	-	-	
Public education and information programme	400,000	400,000	-	
Overseas visits	840,000	840,000	-	
Professional fees	4,094,000	5,194,000	1,100,000	Increase in the need for legal services on cases
Rent and utilities	3,657,641	3,657,641	-	
Other operating expenses	1,817,900	1,817,900	-	
Capital expenditures	1,950,000	1,950,000	-	
	48,451,551	51,882,468	3,430,917	

21. Statement Showing Reasons for Variances between Revised Budget and Actual Amount for year ended 30 June 2021

	Revised Budget	Actual Amount	Difference	Explanation on differences
Expenditures	Rs.	Rs.	Rs.	
Staff cost	33,077,927	28,534,440	4,543,487	Some benefits were not paid and savings on vacant position
Commissioners' fees	4,445,000	4,444,860	140	
Training and Sponsorship	500,000	926,502	(426,502)	More online courses and webinars were provided since overseas training could not be provided in view of the Covid-19 pandemic
Public education and information programme	400,000	4,025	395,975	Most advocacy activities were conducted through webinars in view of the Covid-19 pandemic
Overseas visits	840,000	-	840,000	No overseas travelling in view of the Covid-19 pandemic
Professional fees	5,194,000	2,487,261	2,706,739	Funds for law review remained unspent as the project was not completed
Rent and utilities	3,657,641	3,555,990	101,651	Less utilities usage
Other operating expenses	1,817,900	1,689,579	128,320	Decrease in requirements
Capital expenditures	1,950,000	468,014	1,481,986	Funds for Case Management System remained unspent as the project was not completed
	51,882,468	42,110,671	9,771,796	

Competition Commission

Notes to the Financial Statements for the year ended 30 June 2021

22. Statement Showing Reconciliation of Actual Amounts with Financial Statements for year ended 30 June 2021

Actual Expenditure as per Statement of Comparison of Budgets and Actual Amounts

Capital Expenditure

Rs.

42,110,671

(468,014)

41,642,657

Non-cash Items:

Increase in pension cost as per IPSAS 39

315,346

Provision for passage benefits

499,373

Provision for sick leave/vacation leave

1,567,643

Depreciation and amortised expenses

1,345,692

(Gain)/Loss on disposal of fixed assets

(11,446)

(Gain)/Loss on exchange rate

(1,887)

3,714,721

Accounting Adjustments:

Opening and closing accruals

(154,903)

Opening and closing prepayment

(34,841)

Opening and closing receivables

20,260

Creditors

83,998

(85,485)

Expenditure as per Statement of Financial Performance

45,271,893

COMPETITION COMMISSION

10th Floor, Hennessy Court, Pope Hennessy Street
Port Louis 11404

☎ 2112005 🖨 2113107

✉ info@competitioncommission.mu
🌐 www.competitioncommission.mu