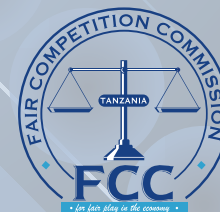




FAIR COMPETITION COMMISSION



ANNUAL REPORT & AUDITED ACCOUNTS

20
18/19



In memory of **Mr. Felix G. Kibodya** (Advocate),
Commissioner who diligently served at
The Fair Competition Commission
from 21/06/2016 to 31/05/2019

CORPORATE INFORMATION



PARENT MINISTRY

Permanent Secretary
Ministry of Industry and Trade,
The Government City,
Mtumba Area,
P. O Box 2996, DODOMA.

AUDITORS



Controller and Auditor General

National Audit Office
P.O. Box 9080,
Dar es Salaam, Tanzania

BANKERS



Bank of Tanzania (BOT)

Head Office: 2nd Mirambo Street 11884
P.O Box 2939
Dar es Salaam, Tanzania

NBC Ltd

Head Office: Sokoine Drive/Azikiwe Street,
P.O. Box 1863,
Dar es Salaam, Tanzania.

CRDB Bank Plc

Head Office: Azikiwe Street,
P.O. Box 268,
Dar es Salaam, Tanzania.

SECRETARY TO THE COMMISSION



Head of Legal Unit

Victoria House, 2nd Floor,
Plot No. 37, Regent Estate, Bagamoyo Road,
P.O. BOX 7883,
Dar es Salaam, Tanzania

LETTER OF TRANSMITTAL

Honourable Minister,

I am humbled and honoured to submit to you the Annual Report of the Fair Competition Commission (FCC) for the year ended 30th June 2019 that is prepared in accordance with the requirement of section 81 of the Fair Competition Act No. 8 of 2003.

The Annual Report, which includes the Audited Financial Statements, summarizes the Commission's activities carried out during the year under review, achievements made and challenges facing the Authority.

I submit.



Prof. Humphrey P. B. Moshi
CHAIRMAN OF THE COMMISSION
JUNE, 2020



Hon. Innocent Luga Bashungwa (MP)
Minister for Industry and Trade

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LIST OF ABBREVIATIONS AND DESCRIPTIONS

Fair Competition Commission
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AG	Attorney General	MP	Member of Parliament
BOT	Bank of Tanzania	MTEF	Media Term Expenditure Frame work
CAG	Controller and Auditor General	NBC	National Bank of Commerce
CMA	Capital Market Authority	NBS	National Bureau of Statistics
CPA	Certified Public Accountant	NCD	Non-Communicable Disease
CPSP	Certified Procurement and Supplies Professional	OPRAS	Open Performance Review and Appraisal System
CRB	Contractors Registration Board	PMU	Procurement Management Unit
EABL	East African Breweries Limited	PMS	Performance Management System
FCA	Fair Competition Act No. 8 of 2003	PPA	Public Procurement Act
FCC	Fair Competition Commission	PPRA	Public Procurement Regulatory Authority
FCPA-PP	Fellow-Certified Public Accountant-Public Practice	RCC	Regional Consultative Council
FCT	Fair Competition Tribunal	SBL	Serengeti Breweries Limited
GePG	Government electronic Payment Gateway	SFCC	Standard Form Consumer Contracts
GMS	Government Mailing Service	SP	Strategic Plan
GSO	Government Security Office	SUMATRA	Surface and Marine Transport Regulatory Authority
HRRC	Human Resources and Remuneration Committee	ZFCC	Zanzibar Fair Competition Commission
ICDs	Inland Container Depots	TANROADS	Tanzania National Roads Agency
ICT	Information and Communication Technology	TBL	Tanzania Breweries Limited
IPSAS	International Public Sector Accounting Standards	TANePS	Tanzania National e-Procurement System
LATRA	Land Transport Regulatory Authority	TFF	Tanzania Federation of Football
MBA	Master of Business Administration	TRA	Tanzania Revenue Authority
MMA	Merchandise Marks Act, 1963	TUGHE	Trade Union of Government and Health Employees
MIT	Ministry of Industry and Trade	VAT	Value Added Tax

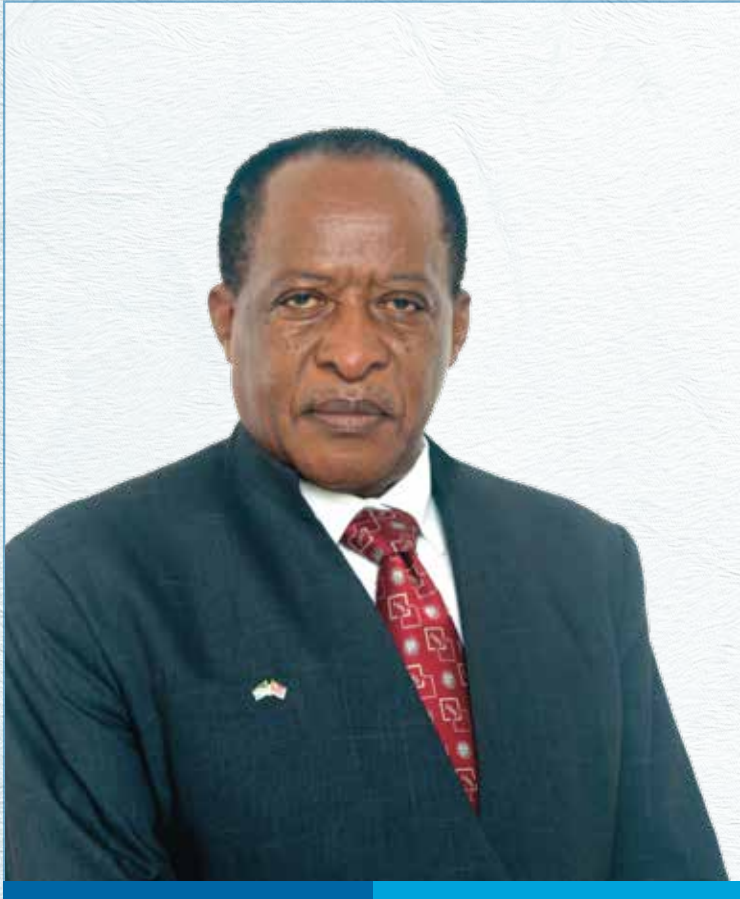
GLOSSARY OF TERMS

For the purposes of this report, the meaning of the following terminology is explained below:

- “Abuse of dominance”** refers to engaging in prohibited practices as proscribed in section 10 of the FCA.
- “Advocacy”** refers to activities aimed at the promotion of voluntary compliance to the FCA, through non-enforcement mechanisms.
- Chief Inspector** Means an Inspector appointed under section 2A of MMA
- Commission** refers to the Fair Competition Commission established by section 62 of FCA.
- “Counterfeit”** refers to goods available as a result of counterfeiting or piracy, and includes any means used for the purposes of counterfeiting or piracy as proscribed in section 2 (c) of the MMA.

- “Enforcement”** refers to the investigation, prosecution and determination of anti-competitive, misleading and deceptive; and counterfeiting conducts as prohibited by the FCA and MMA respectively.
- “Exemptions”** refers to the granting of exemptions for anti-competitive agreements and mergers for a specific period of time provided under Sections 12 and 13 of the FCA respectively.
- “Public interest”** refers to the consideration of economic factors as prescribed in Sections 12 (1)(b) and 13 (1) (b) of the FCA, in the evaluation of exemptions for anti-competitive agreements and mergers respectively.





Prof. Humphrey P. B. Moshi - **CHAIRMAN OF THE COMMISSION**

Introduction

On behalf of the Members of Commission, I am honoured to submit this annual report summarizing the Commission's performance for the Financial Year ending 30th June 2019.

The Commission is established under section 62(1) of the FCA, 2003 with the object of enhancing the welfare of the people of Tanzania, as a whole, by promoting and protecting effective competition in markets and preventing unfair and misleading market conduct. The Commission consists of non-executive Chairman who is appointed by the President of the United Republic of Tanzania, three non-executive members and the Director General who are appointed by the Minister responsible for the Commission. In order to fulfil its oversight responsibilities effectively, the Commission has established two (2) Committees. These are the Audit and the Human Resources and Remuneration Committees.

The Commission prepares its annual reports in compliance to section 81 of the FCA. This being the first Annual Report under my Chairmanship, I am proud to present the performance report that depicts economic and social contributions in line with the Government's policy of transforming the country towards industrialized economy, under pinned by the National Development Vision 2025 and 2015 Election Manifesto of Chama Cha Mapinduzi. Such contributions have been made possible by a dedicated team of our staff who, with the quality leadership and relevant policies, regulations and rules, remained focused in ensuring that the ultimate objective of promoting and protecting effective competition in trade and commerce, while protecting consumers against unfair and misleading market conduct in Mainland Tanzania are stickily adhered to.

The Commission played its quasi-judicial and oversight roles by ensuring that the Annual Plan for the year ended 30th June, 2019 was focused on the implementation of the Strategic Plan (2018/19-2020/21) with the view of realizing the Vision: to be a leading institution in Africa which promotes efficient markets and consumer welfare.

It is with great sadness and sorrow that Mr. Felix G. Kibodya (Advocate) Commissioner and Chairman of the Human Resource and Remuneration Committee (HRRC) untimely passed away on 31st May, 2019. He diligently served the Commission from 21st June, 2016 with high confidence and competence in the Competition jurisdiction which he earned it when he served among the first members of the Fair Competition Tribunal (FCT). He championed establishment of staff incentive policies which are catalysts in retaining staff. His legacy will live to cherish the Commission.

Successes attained

The Commission has successfully contributed to the improvement of market conditions as a way of realization of a dream that every Tanzanian has: That is, to access quality goods and services at competitive prices. Also, the performance in this year is informed by the five strategic objectives as outlined in the 4th strategic plan 2018/2019-2020/2021, whose outcome included: Services Improved and HIV/AIDS Infections Reduced; National Anti-Corruption Strategy and Action Plan Enhanced and Sustained; Competition Protection and Promotion improved; Consumer Protection Enhanced; and Efficiency and effective Service Delivery Improved.

The achievements are evidenced by removal or reduction of anti-competitive conducts in the markets. In this regard, 73 merger applications were concluded, which is a 19.67% increase, when compared to the previous year. Further, abuse of market power conducts was dealt with in the tobacco market whereby final findings were issued to two out of five alleged cases. Likewise, anti-competitive agreements and prohibited agreements (price fixing) were not left untouched during the period. Indeed, the alleged conducts were investigated in the tobacco, steel, entertainment and hospitality, and fumigation markets. In the same vein, misleading and deceptive conducts were dealt with whereby 105 consumer complaints were attended to, while 107 Standard Form Consumer Contracts (SFCC) were registered. The Commission inspected 3,458 containers and found out that 146 containers were carrying counterfeit goods at the Dar es Salaam Port and Inland Container Depots (ICDs). Lastly, 31 raids were conducted in shops and godowns countrywide, which led to these operations compounded goods worth TZS 650 Million.

The Commission's revenue was TZS 10.15 billion which constituted both internal (own) (70.15%) and external (29.85%) sources. The expenditure for the year under review stood at TZS 12.52 billion which comprise administrative expenses, (57.23%) operating expenses (22.80%) and Government Consolidated funds (19.96%).

The Commission proudly contributed to the Government's Consolidate fund a total TZS. 2.5 billion.

The above achievements were complemented with the exercising of quasi-judicial powers of the Commission and the Chief Inspector in determining cases pertaining to infringement of the provisions of the FCA and MMA, respectively.

Challenges encountered and mitigation measures

Challenges

The Commission faced several challenges during the period under review. These included; Firstly, Inadequate Human Resource whereby the Commission had 64 staff against the optimal number of 125. Secondly, Insufficient knowledge and awareness on the consumer rights and obligation among the public and key stakeholders. This undermined consumer protection initiatives. Thirdly, Lack of Sustainable sources of funding arrangements. Indeed, the Commission's sources of funds are those of case settlements and fees, which are not sustainable. Fourthly, the continued prevalence of Counterfeits in the market remain a bottleneck in achieving the objective of a well-protected society.

Mitigation Measures

In addressing the challenges, the Commission adopted a number of strategies. They include: One, constantly engaging with the Government through the Central Establishment to ensure competent staff are transferred to the Commission from other public institutions as per applicable legislation. Two, enhance public knowledge on consumer protection and anti-counterfeit through scaling-up of education programs through media. Three, intent to review the FCC/CT Funding Regulations of 2010 with a view to ensure that the Treasury Registrar's office is part of the enforcement process.

In the coming years

The Commission's well-conceived strategy, coupled with the result achieved in 2018/19, are clear motivation to consolidate and move forward while having optimistic of an improved, operating environment. Bearing this in mind the plan for 2019/20 assumes enhanced consumer knowledge and awareness on their rights and obligation. Secondly, we plan to take our services closer to the stakeholders by opening and strengthening the zonal offices. Thirdly, expedite determination of competition complaints in the future. Fourthly, continue to boost the morale of the staff through targeted provision of incentives, including training. We strongly believe that motivated and committed human resource are critical in carrying - out successfully their tasks of research into strategic markets, investigation and enforcement.

Appreciation

It is with great pleasure, privilege and honour to be trusted to lead such a respectable institution, that is tasked to promote competition, protect consumers and fight counterfeits in the country's market. In this, my sincere appreciation goes to the Government, to His Excellency, Dr. John Pombe Joseph Magufuli, President of the United Republic of Tanzania, firstly to appoint me to chair the Commission and Secondly, for creating a conducive environment, which enabled the Commission to conduct its functions effectively and efficiently. I also, extend my appreciation to Hon. Innocent Lugha Bashungwa (MP) the Minister for Industry and Trade (MIT), for his support and assistance in ensuring the Commission achieves its mandate.

CHAIRMAN'S STATEMENT

I would like to thank Prof. Marcellina M. Chijoriga for completion of her three-year tenure as a Commissioner. Also, I would wish to congratulate Mr. Fadhili J. Manongi for his reappointment for the second three-year term as a Commissioner.

At this juncture, I would like to welcome on board the two newly appointed Commissioner Dr. Godwin Osoro and Mr. Jenard Bahati. I sincerely believe your contribution will provide valuable inputs in propelling the commission forward.

The Commission is also indebted to the contribution of the late Mr. Felix G. Kibodya (Advocate) who diligently served the Commission but sadly passed away on 31st May, 2019. May his soul continue to rest in external peace.

Finally, I would like to take this opportunity to congratulate members of the Audit and Human Resources and Remuneration Committees, the Management under the abled leadership of the Director General Dr. John K. Mduma,

members of Staff and other stakeholders for their unwavering commitment, dedication and hardworking. Indeed, these positive attributes have contributed to the Commission's good performance observed during the year under review. It is my sincere hope these attributes will be sustained in the future for the welfare of the Commission and Tanzanians.



Prof. Humphrey P. B. Moshi
CHAIRMAN OF THE COMMISSION

DIRECTOR GENERAL'S STATEMENT



Dr. John K. Mduma - **DIRECTOR GENERAL**

I am honoured and pleased to present the 11th Annual Report of the Fair Competition Commission (FCC) for the year ended 30th June 2019, which includes the Audited Financial Statements. The report summarizes activities carried out and achievements made and challenges faced by the Commission during the year under review.

The Commission is established under the FCA whose object is to enhance the welfare of people of Tanzania as a whole by promoting and protecting effective competition in markets and preventing unfair and misleading market conduct in Mainland Tanzania in order to increase efficiency in the production, distribution and supply of goods and services; promote innovation; maximize the efficient allocation of resources and protect consumers. The Commission also enforces the MMA, which provides the legal framework for fighting against counterfeit goods in the Mainland Tanzania.

The overall performance of the Commission was generally good. The Commission has successfully undertaken various activities in relation to competition mandate, consumer protection and anti-counterfeit, with a clean audit report. Our performance this year is consistent performance for the Commission since its operationalization in May 2007 whereby the Commission ensures that the pieces of legislation it enforces are adhered to.

The performance in this year contributes to the achievement of the five strategic objectives as outlined in the 4th Strategic Plan (SP) 2018/2019-2020/2021. The strategic objectives included: Services Improved and HIV/AIDS Infections Reduced; National Anti-Corruption Strategy and Action Plan Enhanced and

Sustained; Competition Protection and Promotion improved; Consumer Protection Enhanced; and Efficiency and effective Service Delivery Improved. This year under review, is the second year of implementing the 4th years SP. The Commission developed its Action Plan with a focus of achieving the strategic objectives.

On improvement of Competition Protection and Promotion objective, the Commission successfully finalized research on major road construction projects in Tanzania Mainland. The results of the research suggested an advocacy approach in addressing the competition concerns in the sector. The findings were shared with sector stakeholders including the Tanzania Road Agency (TANROADS), Public Procurement Regulatory Authority (PPRA), Road Fund Board and Contractors' Registration Board (CRB) for their actions on the noted challenges in their frameworks. The Commission also initiated a market research in the fertilizer market. At the end of the year under review, the Commission had collected relevant data ready for analysis. The Commission in collaboration with Ministry of Industry and Trade (MIT) and Tanzania Revenue Authority (TRA), successfully conducted research on sanitary pads with view to understand the impact of VAT relief on prices of sanitary pads. The research findings and recommendations were submitted to the MIT for further actions. As a result, VAT was reintroduced on the sanitary pads as there were no price reduction after suspension of VAT on the product.

Also, the Commission successfully reviewed applications for entry and exit in the markets. The review aimed at ensuring all merger applications do not harm competition. A total of 73 merger applications (an increase of 20% from the previous year) in various markets were reviewed. The Commission continued

with monitoring of a merger between East Africa Breweries Ltd (EABL) and Serengeti Breweries Ltd (SBL) in beer market. The monitoring reports revealed the market been competitive, SBL became profitable company whereby its market share improved from 19.9% recorded in 2017 to 30% in the year under review. The Commission commenced investigation on four merger transactions alleged to be consummated without notification to the Commission. Two cases were finalized by way of settlement while the remaining two were under investigation.

Competition Advocacy Initiatives were also carried out in this year. They included trainings and seminars to members of Regional Consultative Council (RCC) in Dodoma and Mtwara regions, Universities and the Commissioners and members of staff of the Zanzibar Fair Competition Commission (ZFCC).

The Commission successfully investigated the price fixing in the green leaf tobacco markets which was initiated in 2016. During the year under review, two respondents among four applied for settlement and settlement negotiations were still in progress. With regards to anticompetitive agreement, the Commission issued Final Findings against two respondents. The remaining three respondents, applied for settlement whereby the negotiations were still in progress. Regarding abuse of dominance in the sector, the Commission issued Provisional Findings as well.

On enhancement of Consumer Protection objective, the Commission received and acted on one hundred and five (105) consumer complaints. The complaints were on financial services (66%), electronic goods (28%)

and others (6%). The Commission registered one hundred and seven (107) Standard Form Consumer Contracts (SFCC) from financial services and other subsectors. The registration of the contracts intended to remove all the terms and conditions which were misleading and deceptive. Also, the Commission conducted publicity and media engagement, exhibitions, Press conferences, production and dissemination of education materials in both traditional and social media, consumer clubs' trainings, and Commemoration of World Consumer Rights Day.

Further, the Commission made various achievements in combating counterfeits in the markets. The Commission, inspected, seized and compounded 146 containers with counterfeit goods in Dar es Salaam Port and Inland Container Depots (ICD's). Also, the Commission conducted thirty-one (31) anti-counterfeit raid operations in Dar es Salaam and up country. In both interventions, the compounded goods were disposed of as per the MMA.

The other three objectives were designed to improve efficiency and effective service delivery through management of financial and human resources and facilities.

On Human resources management, the Commission facilitated trainings to its employees on short and long courses including seminars and workshop. These included training on healthy (HIV/AIDS and Non-Communicable Diseases (NCD)), competition, consumer protection and professional matters. Also, to enhance integrity and anti-corruption culture staff background check were done by Government Security Office (GSO) to all staff. The trainings costed the

Commission TZS. 548,059,092 on short term while TZS. 13,500,000 was incurred on long term trainings for staff.

The Commission maintained its recruitment policy through a competitive and transparent process to ensure that the functions and duties of the Commission are performed efficiently and effectively. During the year, six staff were recruited by way of transferring them from other Government institutions making the number of staff to be 64, an increase of 6.67% from the previous year which was 60 staff.

The Commission Automated Performance Management System (PMS) which is Open Performance Appraisal System (OPRAS) and focused on its successful implementation throughout the year. The implementation of the automated PMS improved efficiency in managing performance management processes at the Commission.

In the year under review, the majority of the Commission's employees were members of the Tanzania Union of Government and Health Employees (TUGHE).

By year-end, the union's representation was 71.9% (46 members), which enabled it to continue as a union branch under the TUGHE constitution. Also, staff continued to participate in preparation of plans and got feedbacks through the workers' council.

The employer/employees' relationship was enhanced during the year

DIRECTOR GENERAL'S STATEMENT

under review. The employees continued to exercise their right to association through the TUGHE.

By year-end, the union's representation was 71.9% (46 members), which enabled it to continue as a union branch under the TUGHE constitution. Also, staff continued to participate in preparation of plans and got feedbacks through the workers' council.

No employees were dismissed during the reporting period. The Commission continued to take interventions to ensure information assets of the Commission is protected from all types of threats by formulating ICT security and acceptable use policies. Key business processes which include OPRAS and ICT asset tracking database were automated.

The Commission's revenue, which amounted to TZS 10.15 billion for this financial year (a decrease by 44.77% from the previous year), came from both internal (own) and external sources. The internal sources (TZS 7.12 billion) (70.15%) while the external sources (TZS 3.03 billion) (29.85%).

Revenue earned decreased by TZS 8.23 billion from TZS 18.38 billion in the previous year to TZS 10.15 billion a decrease of 44.77%. The decrease was

mainly due to the nature of the Commission's internal sources of income which are not predictable as they are mainly influenced by external factors (fines and case settlement fees).

The expenditure for the year under review stood at TZS 12.52 Billion which is a decrease by TZS 0.72 billion compared to previous year. The expenditure pattern was 57.23% been administrative expenses, operating expenses 22.80% while contribution to the consolidated funds 19.96% of the total expenditure.

Despite fall in revenue when compared to those of the previous year, the Commission continued to be a going concern and registered some achievements as discussed above.



Dr. John K. Mduma
DIRECTOR GENERAL

VISION, MISSION AND CORE VALUES

VISION

A leading institution in Africa which promotes efficient markets and consumer welfare.

MISSION

Enhancing competition and protecting consumers by preventing anticompetitive and deceptive business conducts to ensure inclusive economic growth

CORE VALUES

The management of Commission's operations is guided by a set of core values that define the organizational culture. These are Objectivity, Professionalism, Transparency, Integrity, Confidentiality and Consistency (OPTIC-C), elaborate as:

OBJECTIVITY	PROFESSIONALISM	TRANSPARENCY	INTEGRITY	CONFIDENTIALITY	CONSISTENCY
<p>Being a regulating institution, the Commission shall promote institutional independence and impartially when it comes to addressing cases related to competition, consumer protection and combating counterfeits.</p> <p>O</p>	<p>The Commission expects all employees to adhere to professional ethics in executing their functions. This entails applying befitting expertise and proven scientific, technical, economic and legal approaches, tools and processes in addressing cases related to competition, consumer protection and combating counterfeits.</p> <p>P</p>	<p>The Commission by embracing good governance principles seeks to ensure management and decision-making practices that are underlined by accountability, transparency, responsiveness, participation, equity and following the rule of law and institutional policies.</p> <p>T</p>	<p>The Commission shall promote consistency of its actions, values, methods, measures, principles, expectations, and outcomes. The honesty and truthfulness or accuracy of actions shall be openly promoted and shall provide its services with high integrity and commitment, and shall have zero tolerance to corrupt practices.</p> <p>I</p>	<p>The Commission shall handle all information especially for addressing cases related to competition, consumer protection and pursuing counterfeits with befitting confidentiality.</p> <p>C-</p>	<p>The Commission shall consistently make its decisions based on the law, internal policies and procedures</p> <p>C</p>

STRATEGIC OBJECTIVES

The Commission is determined to increase its contribution to national economic development and improve the welfare of Tanzania society through promotion and protection of effective competition in trade and commerce, protection of consumers from unfair and misleading market conduct, as well as, combating counterfeits.

The Commission has set out five strategic objectives in its Strategic Plan 2018/19 - 2020/21 with a view to enable better fulfillment of its mandate. The strategic objectives are as follows;



1 **Services Improved and HIV/AIDS Infections Reduced;**

2 **National Anti-Corruption Strategy and Action Plan Enhanced and Sustained;**

3 **Competition Protection and Promotion improved;**

4 **Consumer Protection Enhanced; and**

5 **Efficiency and effective Service Delivery Improved**



COMMISSION AND MANAGEMENT STRUCTURE

The Commission is the top decision-making and oversight body. The Director General is the overall overseer of the day to day activities of the Commission assisted by Divisional Directors and Heads of Units. There are also Heads of Departments who report to the Divisional Directors. The organization structure is as shown in figure 1 below.

THE COMMISSION

The Commission is the highest decision-making organ, established under Section 62(1) of the FCA, 2003. It consists of non-executive Chairman who is appointed by the President of the United Republic of Tanzania, three non-executive members and the Director General who are appointed by the Minister responsible for the Commission. So as to fulfil its oversight responsibilities effectively, the Commission has established two (2) Committees. These are the Audit and the Human Resources and Remuneration Committees.

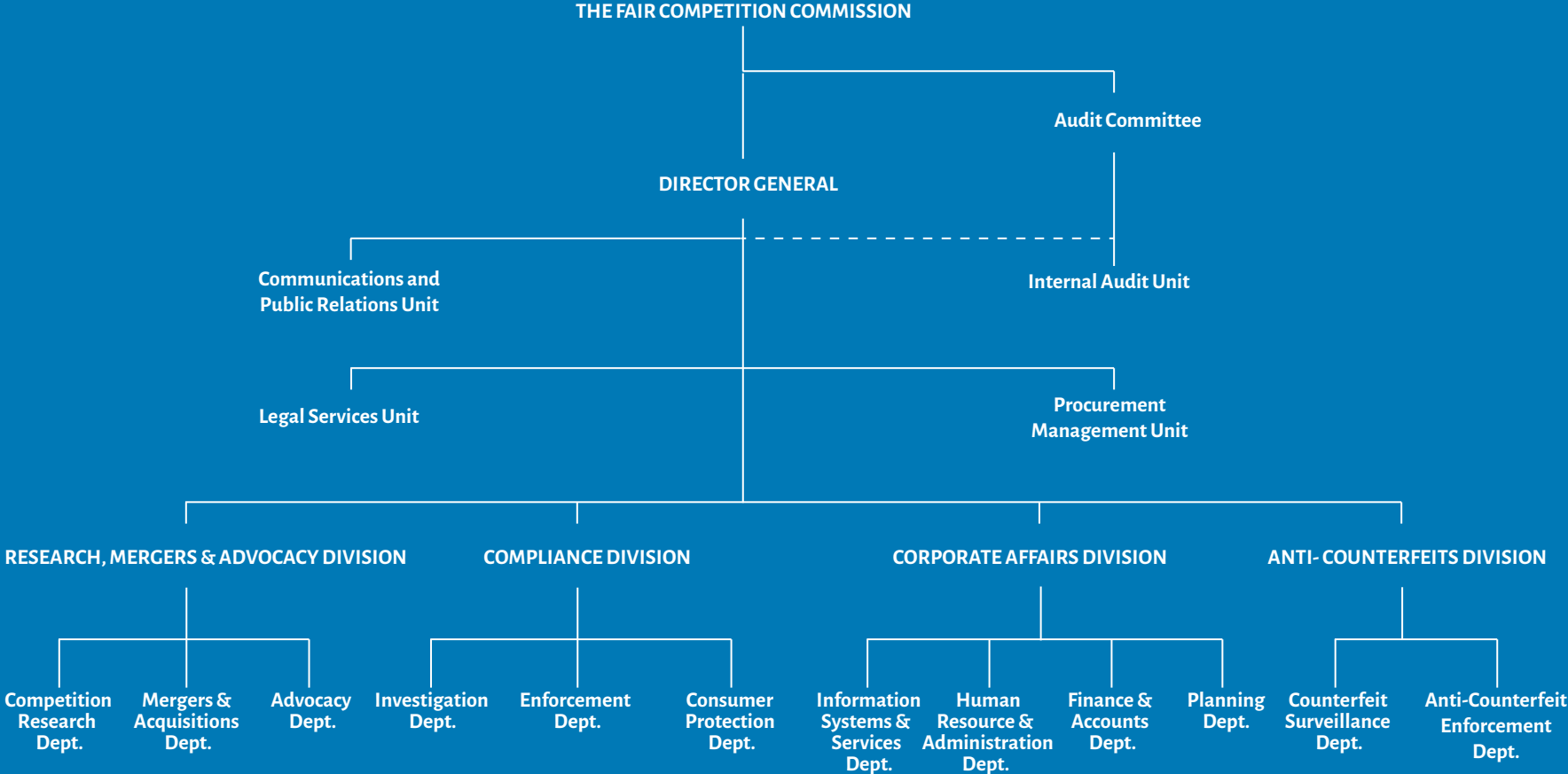
THE MANAGEMENT

The Commission has delegated the day to day operations to Management under the Director General. The Director General is the Chief Executive Officer of the Commission and is responsible for ensuring that the functions of the Commission are carried out competently and honestly. Pursuant to the provisions of Section 3 of the Second Schedule of the FCA 2003, the Director General is the Chief Executive Officer responsible for the day-to-day operations of the Commission subject to the directions of the Commission.

The Director General is also the Chief Inspector under the MMA.

The Director General is assisted by four Divisional Directors and four Heads of Independent Units.

ORGANIZATION STRUCTURE



1.0 INTRODUCTION

The Commission is established under section 62 of the FCA and started operating in 2005 when the first Commissioners were appointed. The Commission started officially serving the Tanzanian public on the 2nd of May, 2007 after attaining a critical mass of staff capable of kick starting its mandate under the FCA as well as the MMA.

Section 81 of the FCA requires the Commission to prepare its annual report in respect of the year up to the immediate preceding 30th June. This 11th Annual Report of the Commission presents performance for the financial year ended 30th June 2019.

The report contains a summary of the activities implemented by the Commission, achievements attained and challenges encountered during the year under review.

1.1 MANDATE AND FUNCTIONS OF THE COMMISSION

The Commission is mandated to promote and protect effective competition in markets and protect consumers from unfair and misleading market conducts. Therefore, the Commission is a markets support institution and its functions are as provided under Section 65 (2) of the FCA as follows: -

- i. Promote and enforce compliance with the FCA;
- ii. Promote public knowledge, awareness and understanding of the obligations, rights and remedies under the Act and the duties, functions and activities of the Commission;

- iii. Make available to consumers information and guidelines relating to the obligations of persons under the Act and the rights and remedies available to consumers under the Act;
- iv. Carry out inquiries studies and research into matters relating to competition and the Protection of the interests of consumers; study government policies, procedures and programs, legislation and proposals for legislation so as to assess their effects on competition and consumer welfare and publicize the results of such studies;
- v. Investigate impediments to competition, including entry into and exit from markets, in the economy as a whole or in particular sectors and publicize the results of such investigations;
- vi. Investigate policies, procedures and programs of regulatory authorities so as to assess their effects on competition and consumer welfare and publicize the results of such studies;
- vii. Participate in deliberations and proceedings of government, government commissions, regulatory authorities and other bodies in relation to competition and consumer welfare;
- viii. Make representations to government, government commissions, regulatory authorities and other bodies on matters related to competition and consumer welfare;
- ix. Consult with consumer bodies, regulatory authorities, business organizations and other interested persons;
- x. Consult with the competition authorities of other countries; and
- xi. Also, the Commission under MMA is mandated to combat counterfeit goods in Tanzania Mainland.

1.2 OBJECTIVES OF THE REPORT

This annual report for 2018/19 fulfils the following objectives;

- i. To inform the public on Commissions performance in promotion and protection of competition, protection of consumers as well as the fight against counterfeits;
- ii. To educate stakeholders on competition, consumer protection and counterfeit related matters; and,
- iii. To comply with the requirement of Section 81 of the FCA.



2.1 THE COMMISSION

The Commission is the highest decision-making organ, established under Section 62(1) of the FCA, 2003. The Commission is constituted of five (5) members; the Chairman who is a non-executive appointed by the President of the United Republic of Tanzania, three non-executive members and the Director General appointed by the Minister responsible for the Commission.

The Commission has established two (2) independent Committees namely; the Audit Committee and the Human Resources and Remuneration Committee. During the year ended 30th June, 2019, the Commission held a total of twenty-three (23) meetings. Out of these, four (4) were ordinary meetings, two (2) were extraordinary meetings, one (1) was special meeting while sixteen (16) were case hearing meetings.

Tables 1 and 2 below presents the members of the Commission who are currently serving the Commission and those served by 30th June, 2019

TABLE 1: Current Members of the Commission

S/N	Name	Position	Qualification/Discipline	Nationality	Date of Appointment	Date of Tenure End	Age
1.	Prof. Humphrey P. Moshi	Chairman	PhD (Economics)	Tanzanian	30/10/2018	29/10/2021	66
2.	Mr. Fadhili J. Manongi	Commissioner	MA (Development Economics)	Tanzanian	15/08/2019	14/08/2022	65
3.	Dr. Godwin O. Osoro	Commissioner	PhD (Economics)	Tanzanian	15/08/2019	14/08/2024	44
4.	Mr. Jenard L. Bahati	Commissioner	MBA (International Business)	Tanzanian	15/08/2019	14/08/2024	46
5.	Dr. John K. Mduma	Commissioner and Director General	PhD (Economics)	Tanzanian	01/02/2018	31/01/2022	49

CORPORATE GOVERNANCE

Members of the Commission



1	Prof. Humphrey P. Moshi	Chairman
2	Mr. Fadhili J. Manongi	Commissioner
3	Dr. Godwin O. Osoro	Commissioner
4	Mr. Jenard L. Bahati	Commissioner
5	Dr. John K. Mduma	Commissioner & Director General

Table 2: Members of the Commission for the year 2018/2019

S/N	Name	Position	Qualification/Discipline	Nationality	Date of Appointment	Date of Tenure End	Age
1.	Prof. Humphrey P. B. Moshi	Chairman	PhD (Economics)	Tanzanian	30/10/2018	29/10/2021	66
2.	Prof. Marcellina M. Chijoriga	Commissioner	PhD (Economics & Business Administration)	Tanzanian	21/06/2016	20/06/2019	64
3.	Mr. Fadhili J. Manongi	Commissioner	MA (Development Economics)	Tanzanian	21/06/2016	20/06/2019	65
4.	Mr. Felix G. Kibodya*	Commissioner	LLM (Business Law) Advocate	Tanzanian	21/06/2016	20/06/2019	58
5.	Dr. John K. Mduma	Commissioner and Director General	PhD (Economics)	Tanzanian	01/02/2018	31/01/2022	49

* Mr. Felix G. Kibodya (Advocate) sadly passed away on 31st May 2019. May his soul Rest in Peace.



Prof. Humphrey P. B Moshi



Prof. Marcellina M. Chijoriga



Mr. Fadhili J. Manongi



Mr. Felix G. Kibodya



Dr. John K. Mduma

2.2 THE COMMITTEES OF THE COMMISSION

2.2.1 THE AUDIT COMMITTEE

During the year ended 30th June, 2019, the Audit Committee held seven (7) meetings of which four (4) were ordinary meetings and three (3) extraordinary meeting. The following were deliberations and recommendations of the committee during the period under review: -

- i. Reviewed and recommended for Commission's approval the Commission External Auditors' management letter and audit fees,
- ii. Reviewed and recommended for Commission's approval the Commission's Financial Statements for 2017/18

- iii. Reviewed and recommended for Commission's approval the Medium-Term Expenditure Framework (MTEF) and Action plan 2019/20,
- iv. Reviewed and recommended for Commission's approval internal audit reports,
- v. Reviewed and recommended for Commission's approval quarterly Commission's progress reports,
- vi. Reviewed and recommended for Commission's approval policy documents related for risk management, controls and governance process.

Tables 3 and 4 below presents the members who are currently serving the Committee and those served in the year 2018/2019 respectively.



Table 3: The current Members of the Audit Committee

S/N	Name	Position	Qualification/Discipline	Nationality	Date of Appointment	Date of Tenure End	Age
1	Mr. Jenard L. Bahati	Chairman	MBA (International Business)	Tanzanian	15/08/2019	14/08/2024	46
2	Mr. Fadhili J. Manongi	Member	MA (Development Economics)	Tanzanian	15/08/2019	14/08/2022	65
3	Mr. Juma A. Mhimbi	Member	MSC (Accounting and Development Finance), FCPA-PP	Tanzanian	18/05/2020	17/05/2023	66
4	Prof. Angelo M. Mapunda	Member	PhD (Laws)	Tanzanian	18/05/2020	17/03/2023	69



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4

1	Mr. Jenard L. Bahati	Chairman	3	Mr. Juma A. Mhimbi	Member
2	Mr. Fadhili J. Manongi	Member	4	Prof. Angelo M. Mapunda	Member

Table 4: Members of the Audit Committee for the year 2018/2019

S/N	Name	Position	Qualification/Discipline	Nationality	Date of Appointment	Date of Tenure End	Age
1.	Prof. Marcellina M. Chijoriga	Chairperson	PhD. (Economics & Business Administration)	Tanzanian	July, 2016	June, 2019	64
2.	Mr. Fadhili J. Manongi	Member	MA. (Development Economics)	Tanzanian	July, 2016	June, 2019	65
3.	Mr. Juma A. Muhimbi	Member	Msc. (Accounting and Development Finance), FCPA-PP	Tanzanian	April, 2017	March, 2020	66
4.	Prof. Angelo M. Mapunda	Member	PhD. (Law), Advocate	Tanzanian	April, 2017	March, 2020	69



1



2



3



4

1	Prof. Marcellina M. Chijoriga	Chairperson	3	Mr. Juma A. Muhimbi	Member
2	Mr. Fadhili J. Manongi	Member	4	Prof. Angelo M. Mapunda	Member

2.2.2 The Human Resources and Remuneration Committee

During the year ended 30th June, 2019, the Human Resources and Remuneration Committee held four (4) ordinary meetings. The following were deliberations and recommendations of the committee during the period under review: -

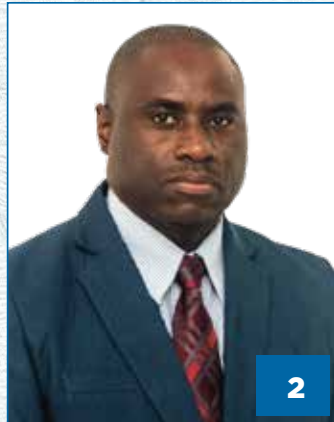
- i. Reviewed and recommended for Commission's approval the Commission periodic Human Resource reports.
- ii. Reviewed and recommended for Commission's approval the Commission performance management system.
- iii. Reviewed and recommended for Commission's approval the Commission training and internship guideline.

Tables 5 and 6 below shows the members of the HRRC who are currently serving the Committee and those served by 30th June, 2019 respectively.

Table 5: The current Members of the Human Resources and Remuneration Committee

S/N	Name	Position	Qualification/Discipline	Date of Appointment	Date of Tenure End	Age
1.	Mr. Fadhili J. Manongi	Chairman	MA (Development Economics)	15/08/2019	14/08/2022	65
2.	Dr. Godwin O. Osoro	Member	PhD (Economics)	15/08/2019	14/08/2024	44
3.	Mr. Julius K. Mganga	Member	MBA (Mini), Msc. Human Resource Management	01/10/2019	30/09/2022	59
4.	Mr. Kabeho A. Solo	Member	MA. Labour and Employment, PGD. in Business Management	01/10/2019	30/09/2022	64

CORPORATE GOVERNANCE



1	Mr. Fadhili J. Manongi	Chairman	3	Mr. Charles K. Mganga	Member
2	Dr. Godwin O. Osoro	Member	4	Mr. Kabehe A. Solo	Member

Table 6: Members of the HRRC for the year 2018/2019

S/N	Name	Position	Qualification/Discipline	Nationality	Date of Appointment	Date of Tenure End	Age
1.	Mr. Felix G. Kibodya	Chairman	LLM (Business Law) Advocate	Tanzanian	April, 2018	May, 2019	58
2.	Mr. Fadhili J. Manongi	Member	MA (Development Economics)	Tanzanian	April, 2018	June, 2019	65



1	Mr. Felix G. Kibodya	Chairman
2	Mr. Fadhili J. Manongi	Member

2.3 THE MANAGEMENT

The Commission has delegated the day to day operations to Management under the Director General. The Director General is the Chief Executive Officer of the Commission and is responsible for ensuring that the functions of the Commission are carried out competently and honestly. Pursuant to the provisions of Section 3 of the Second Schedule of the FCA 2003, the Director General is responsible for the day-to-day operations of the Commission subject to the directions of the Commission. The Director General is also the Chief Inspector under the MMA. The Director General is assisted by four Divisional Directors and four Heads of Independent Units as presented below: -

2.3.1 DIVISIONS

i. Compliance Division

The Division is responsible for conducting investigations in relation to anti-competitive agreements, abuse of dominance, un-notified mergers and consumer complaints. It is also responsible for enforcement of Commission decisions in relation to the FCA. The Division has three departments namely: Investigation, Enforcement and Consumer Protection.

ii. Research, Mergers and Advocacy Division

The Research, Mergers and Advocacy Division is responsible for carrying out inquiries, studies and research in matters relating to competition; conducting reviews of exemptions for agreement and mergers applications; conducting studies on government policies, procedures and programs;

legislation and proposals for legislation. It is also responsible for conducting investigations on policies, procedures and programs of regulatory authorities. Generally, it has a duty of promoting a competition culture in the economy. The Division has three departments namely: Competition Research, Mergers and Acquisitions and Advocacy.

iii. Anti-Counterfeit Division

The Anti-Counterfeit Division is responsible for combating counterfeit goods in markets. The Division has a duty of conducting surveillance in markets (godowns, retail shops and private premises) and monitoring counterfeits at entry points. The division also has a duty of conducting awareness campaigns on the effects of counterfeits in the economy. It is also responsible to liaise with other institutions and stakeholders on combating counterfeits and designing proper means of destroying counterfeits. The Division is divided into two departments namely: Anti-Counterfeit Surveillance and Anti-Counterfeits Enforcement.

iv. Corporate Affairs Division

The maintenance of all the operational systems of the Commission lies in the hands of the Corporate Affairs Division. This Division manages the Commission's human and financial resources, facilities and information technology. The Division is divided into four departments namely: Human Resource and Administration, Finance and Accounts, Planning as well as Information Systems and Services.

2.3.2 INDEPENDENT UNITS

i. Internal Audit Unit

The Commission has Internal Audit function that is guided by a philosophy of adding value to improve the operations of the Commission. It assists the Commission in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Commission's governance, risk management and internal control.

The Internal Audit activity is established by the Commission and its responsibilities are defined in the Internal Audit Charter as part of an oversight role. The Internal Auditor functionally reports to the Audit Committee of the Commission and administratively to the Director General.

ii. Legal Services Unit

The Commission has Legal Services Unit which acts as a Secretariat to the Commission. The Unit is also responsible for providing Legal Services to the Commission as a corporate body.

iii. Procurement Management Unit

The Commission has a Procurement Management Unit (PMU) established in accordance with the Public Procurement Act (PPA) of 2011 and its Regulations 2013 as amended 2016. The PMU is responsible for advising the management to ensure best value procurement and disposals.



Team of staff from Independent Units under the Director General's office i.e PMU, Internal Audit, Secretary to the Commission, Communication and Public Relations.

iv. Communication and Public Relations Unit

The Communications and Public Relation Unit is responsible for advising the Director General on Commission's Communications and Public Relations plans, programs and activities, and supervise the same in order to build a positive corporate image of the Commission.

Tables 7 and 8 below shows the current members of the Management and those served by 30th June, 2019 respectively.

Table 7: Current Members of Management

S/N	Name	Age	Qualifications	Designation
1.	Dr. John K. Mduma	48	PhD. (Economics)	Director General
2.	*Ms. Martha M. Kisyombe	58	MBA - Corporate Management, PGDL (Commercial Law), LLB, Advocate	Acting Director of Compliance
3.	Dr. Allan S. Mlulla	44	PhD. (Economics), LLM (Corporate and Commercial Law), Advocate	Director of Research, Mergers and Advocacy
4.	Mr. Godfrey M. Gabriel	44	MA (Economics and Statistics)	Director of Anti- Counterfeit
5.	Mr. Godfrey S. Machimu	42	MBA-Corporate Management, PGD-Financial Management, CPA (T)	Director of Corporate Affairs
6.	*Mr. Cyriacus M. Katunzi	48	MBA-Finance, CPA (T), CPSP, LLB.	Head of Internal Audit
7.	Mr. Laiton S. Mhesa	41	MBA, LLM - Intellectual Property, LLB, Advocate.	Acting Secretary to the Commission
8.	Mr. Ambokile E. Swilla	51	MBA-Corporate Management, CPSP.	Acting Head of Procurement Management Unit

*Ms. Martha M. Kisyombe was appointed Acting Director of Compliance from January 2020 following appointment of Dr. Deo J. Nangela Judge of the Tanzania High Court on 3rd November, 2019. Further Mr. Katunzi was appointed the HDIA from July, 2019.

The Current Members of Management



- 1 **Dr. John K. Mduma**
- 2 **Ms. Martha M. Kisyombe**
- 3 **Dr. Allan S. Mlulla**
- 4 **Mr. Godfrey M. Gabriel**
- 5 **Mr. Godfrey S. Machimu**
- 6 **Mr. Cyriacus M. Katunzi**
- 7 **Mr. Laiton S. Mhesa**
- 8 **Mr. Ambokile E. Swilla**







Table 8: Members of Management for the year ended 30th June, 2018

S/N	Name	Age	Qualifications	Designation
1.	Dr. John K. Mduma	48	PhD. (Economics)	Director General
2.	Dr. Deo J. Nangela	47	PhD. (Commercial Law), LLM (Merit), Advocate	Director of Compliance
3.	Dr. Allan S. Mlulla	44	PhD. (Economics), MSc (Agricultural Economics), LLM (Corporate and Commercial Law)	Director of Research, Mergers and Advocacy
4.	Mr. Godfrey M. Gabriel	44	MA (Economics and Statistics)	Director of Anti- Counterfeit
5.	*Mr. Godfrey S. Machimu	41	MBA-Corporate Management, PGD-Financial Management, CPA (T)	Director of Corporate Affairs
6.	Mr. Laiton S. Mhesa	41	MBA, LLM - Intellectual Property, LLB, Advocate.	Acting Secretary to the Commission
7.	Mr. Ambokile E. Swilla	51	MBA-Corporate Management, CPSP.	Acting Head of Procurement Management Unit

*Mr. Godfrey S. Machimu was appointed the Director of Corporate Affairs in November, 2018, prior to this he was the Head of Internal Audit for the Commission.

CORPORATE GOVERNANCE

Members of Management by 30th June 2019

 1	 2	 3	 4	1 Dr. John K. Mduma
 5	 6	 7		2 Dr. Deo J. Nangela
				3 Dr. Allan S. Mlulla
				4 Mr. Godfrey M. Gabriel
				5 Mr. Godfrey S. Machimu
				6 Mr. Laiton S. Mhesa
				7 Mr. Ambokile E. Swilla

2.4 INTERNAL MONITORING SYSTEM

The Commission has established an Internal Monitoring System in line with relevant public-sector legislation, regulations, rules and procedures. The internal administrative monitoring system is achieved through, among other things, financial controls, Code of Conduct and Internal Audit function.

2.5 LITIGATION

During the year under review, the Commission was a party to one labour case at the Commission for Mediation and Arbitration (CMA).

2.6 FINANCE AND BUDGET ADMINISTRATION

The financial matters of the Commission are governed by the Public Finance Act, 2002, the Budget Act, 2015 and its Regulations and International Public Sector Accounting Standards (IPSAS). The Commission Action Plan and Budget for the period under review were prepared in line with the Three Years Strategic Plan of 2018/19 – 2020/21 and MTEF.

2.7 PROCUREMENT MANAGEMENT

The Commission has a Tender Board and a Procurement Management Unit (PMU) established in accordance with the Public Procurement Act 2011 (PPA) as amended. In order to improve efficiency, members of the Tender Board, Staff of the PMU and user departments attended various training programs conducted by the Public Procurement Regulatory Authority (PPRA). During the year under review, the Commission managed all procurements in accordance with PPA.

2.8 CODE OF CONDUCT

The Commission maintains a Code of Conduct that binds both members of the Commission and its employees. The Code underscores the non-tolerance on matters relating to fraud, corruption, abusive activities and such other matters as stated therein. All incidents of fraud and corruption are reported to appropriate authorities. During the year under review, there was no incident of fraud, corruption, or abusive conduct reported.

2.9 INTERNAL AUDIT AND RISK MANAGEMENT

The Commission has established an Internal Audit function pursuant to the requirements of Public Finance Regulations, 2001. The Unit reports functionally to the Audit Committee of the Commission and administratively to the Director General. During the period under review, the unit continued to assist the Commission and Management in ensuring that there is improvement in the effectiveness of risk management, control and governance processes in accordance with the Internal Audit Charter, Risk Based Annual Audit Plan and the International Professional Practices Framework-standards of auditing.

During the year under review, the Commission continued to implement its activities as per action plan. The following part presents key achievements attained and challenges.

3.1 KEY ACHIEVEMENTS

During the period under review, the Commission recorded success stories based on the strategic objectives as summarized below: -

3.1.1 Enhancement of Competition promotion

Under competition protection, the Commission enforces competition provisions to ensure competition principles are adhered to. This included investigation and enforcement of competition cases, investigate entry and exit to markets and conduct competition advocacy to strategic stakeholders: -

(a). Enforcement of competition cases

- i. **Tobacco Market:** The Commission continued with investigation on three (3) complaints in the Tobacco subsector. The complaints were on price fixing, anti-competitive agreements and abuse of dominance conducts.

During the period under review, the Commission successfully issued Provisional Findings on all three (3) alleged conducts to all Respondents. On anticompetitive agreement, the Commission advanced to issuance of Final Findings against two (2) out of five (5) respondents. The remaining three respondents applied for settlement negotiations and the same were granted by the Commission and immediately started.

- ii. **Steel Market:** The Commission initiated an investigation on the Steel subsector. The complaint was on price fixing in reinforcement bars production, distribution and sales in Mainland Tanzania.

During the period under review, the Commission collected relevant data from targeted stakeholders mainly; manufacturers, distributors, wholesalers and government institutions regulating the steel subsector. The Commission collected data in 6 selected regions mainly; Dar es Salaam, Coast, Dodoma, Arusha, Mwanza and Mbeya. Since the data were collected up to the closure of the financial year, the analysis of the collected data will be done in financial year 2019/2020.

- iii. **Entertainment (TV broadcasting) Industry:** The Commission continued with investigation on two (2) complaints in entertainment industry particularly on TV broadcasting. Both complaints were on alleged anti-competitive agreements. Basically, the registered complaints were on broadcasting rights with regard to Tanzania Premier League.

During the period under review, the Commission requested information from Tanzania Football Federation (TFF) which would be used in finalizing the investigation.

- iv. **Hospitality and fumigation industry:** Under these sectors, the Commission continued with investigation on abuse of dominant position as per the provision of Section 10 of the FCA. The players under these sectors were alleged to use their dominant position

powers to engage in anti-competitive practices such as restricting new entrants in the market as well as refusing to offer services to some customers.

In the period under review, statement of the case was issued on the fumigation to the Respondent. On hospitality complaint, information was summoned from various sources in order to establish among others market share and relevant market.

(b). Control of Monopoly Tendencies in the Market

Merger application reviews: The Commission in the period under review investigated seventy-three (73) mergers notifications from eleven (11) main sectors. These included agriculture, banking and insurance, energy, mining, health, tourism, manufacturing, telecommunications, construction, transport and logistic and other sectors. This was an increase of 19.67% compared to previous year whereby 61 merger applications were reviewed.

Further, the Commission continued to monitor mergers approved with conditions so as to ensure compliance with imposed conditions. A particular case of interest was a merger between East Africa Breweries Ltd (EABL) and Serengeti Breweries Ltd (SBL) in beer market which was approved with conditions in 2010. The approval conditions aimed at ensuring that no anti-competitive behavior or conduct arise out of the approved mergers.

During the year under review, as a result of monitoring, SBL's market share improved from 19.9% recorded in 2017 to 30%. Sales and profit exhibited

upward trend, and this enabled the company to continue paying dividends and corporate tax. Also, SBL was operating at around full current capacity while Dar es Salaam based plant was in expansion phase. This improved the beer market competitiveness.

(c). Competition Advocacy Initiatives

- i. **Awareness to strategic stakeholders:** The Commission conducted various programs on competition law and principles in an effort to raise competition awareness. This aimed at, among others, encouraging voluntary compliance of FCA and report on incidences of non-compliance among stakeholders in the public and private sectors. Further, the Commission conducted training to thirteen (13) Commissioners and staff of the Zanzibar Fair Competition Commission (ZFCC) on competition law. Through the sessions, the Commission successfully imparted knowledge on competition, consumer protection and anti-counterfeit which triggered the ZFCC to commence implementation of its legal mandate. With the same spirit of educating the public, the Commission conducted awareness seminars to 450 universities students (Dodoma and Mzumbe Universities) and the Regional Consultative Council (RCC) in Dodoma and Mtwara Regions.
- ii. **Review of legislations and programs:** The Commission reviewed and analyzed Concept Paper on Personal Data Protection Act, 2018 in July 2018 and identified some competition concerns relating to strengthening and entrenching the country's competitiveness and

position as proposed in the Act. The Commission advised the Ministry of Works, Transportation and Communications to act on the issues identified.

3.1.2 Consumers Better Informed and Protected

In ensuring that consumers in Tanzania are well informed and protected from unfair and misleading practices, the Commission made the following achievements during the period under review: -

- (a). **Handling Consumer Complaints:** The Commission received and acted on one hundred and five (105) consumer complaints. This was a decrease of 7.89% when compared to the complaints dealt with in the previous year. The complaints were on financial services (66%), electronic goods (28%) and others (6%). The Commission ensured that all complainants got remedies by way of refunds, replacement of goods or exchange.
- (b). **Registration of Standard Form Consumer Contracts (SFCC):** The Commission registered one hundred and seven (107) SFCC from financial services and other subsectors. This was the increase of 94.55% when compared to 55 SFCC registered in previous year. The registration of the contracts intended to remove all the terms and conditions which were misleading and deceptive.

Further, the Commission in collaboration with strategic stakeholders participated in preparation of National Quality Policy and National Financial Consumer Protection Framework.

- (c). **Publicity and Media Engagement:** The Commission conducted publicity and media engagement, exhibitions, Press conferences, production and dissemination of education materials in both traditional and social media, consumer clubs' trainings, and Commemoration of World Consumer Rights Day.

3.1.3 Prevalence of and Preference to Counterfeits Reduced

The Commission made the following achievements in combating counterfeits in the markets: -

- a. **Counterfeit Inspection:** The Commission, inspected, seized and compounded 146 containers with counterfeit goods in Dar es Salaam Port and Inland Container Depots (ICD's). This was a decrease of 70.92% when compared to the containers inspected, seized and compounded in the previous year. The compounded goods included electrical, electronics and building materials, among others.
- b. **Counterfeit Raids:** The Commission conducted thirty-one (31) anti-counterfeit raid operations in Dar es Salaam and up country. The operations led to seizure and compounding of various counterfeited products such as electrical appliances, electronics and building materials among others.

In both (a) and (b) hereinabove, the compounded goods were disposed of as per the MMA.

3.2 KEY CHALLENGES

The following are the key challenges encountered in the period under review and appropriate measures taken by the Commission: -

(a). Inadequate Human Resource.

Shortage of staff to adequately carry out the functions of the Commission had remained to be one of the biggest challenges to effectively implement the Commission's mandates.

(b). Insufficient knowledge and awareness.

The general public and key stakeholders lack knowledge on competition matters. As a result, the stakeholders cannot report on anti-competitive conducts which may be prevailing in the market. Also, consumer docility hindered consumer protection initiatives.

(c). Lack of Sustainable Source of Income.

Internal and external sources of fund were not predictable thus hampering the Commission's effective planning of its activities. The internal sources were mainly from competition cases and merger applications which could not be predicted.

(d). Prevalence of Counterfeits.

Consumers faced difficulties in identifying counterfeit good as they continued to prefer the same in the markets. Further, existence of many porous country borders contributed to the prevalence of counterfeit products in the country.

3.3 MITIGATING MEASURES

The Commission strives to mitigation the identified challenges through the following measures: -

- i. The Commission will continue to recruit new staffs that are already in the Government's pay roll by the means of transfer from other institution. The new recruits shall be exposed to trainings, mentoring and coaching so as to effectively use them to provide best result within the Commission in a short time possible.
- ii. The Commission will continue to promote public knowledge, awareness and understanding of competition, consumer protection and anti-counterfeit through increasing number of competition, consumer and anti-counterfeit education programs.
- iii. The Commission will review the FCA and FCC/FCT Funding Regulations to ensure sustainable funding of the Commission. Also, the Commission shall make use of Treasury Registrar's office in enforcement of the Funding Regulations.
- iv. The Commission shall continue to engage business communities through tailor made educational programs on their effects of counterfeit business. Consumer education shall be enhanced to ensure they know the effect of the same. Corroboration with other security organs shall be given emphasis to ensure porous borders are under watch.

During the period under review, the Commission performed various activities as per 2018/19 Action Plan. The status of implementation is presented below: -

4.1 COMPETITION RESEARCH

During the year under review, the Commission planned to finalize researches in road construction and fertilizer markets. Also, to conduct new research as it may be directed by the government in line with section 65 (e) of the FCA. The aim of undertaking research was to identify possible anticompetitive conduct in markets with a view to take enforcement and advocacy measures. The status of implementation is as explained hereunder.

4.1.1 Research on Road Construction Market

During the year under review, the Commission finalized research on major road construction projects in Tanzania Mainland. Under this research the focus was to identify bid rigging practices in tendering processes. The research identified some anticompetitive conducts in the subsector that among others included existence of joint venture arrangements between competitors in the industry. However, the conducts (joint ventures) were allowable under the public procurement legislation. The findings of the research were shared with sector stakeholders including the Tanzania National Road Agency (TANROADS), PPRA, Road Fund Board and Contractors' Registration Board (CRB) for their actions on the noted challenges in their frameworks. Follow-ups shall be done annually on the implementation of the recommendations.



4.1.2 Research on Fertilizer Market

During the year under review, the Commission planned to continue collecting data on fertilizer market in Tanzania Mainland. Under this research, the focus was on assessing the state of competition in inorganic fertilizer market in order to identify competition issues for enforcement and advocacy. Data was collected from manufacturer, importers, wholesalers/distributors and dealers in four regions including Dar es Salaam, Arusha, Kilimanjaro and Manyara. Collection of data on remaining three regions namely Mtwara, Mbeya and Katavi. Analysis of data shall be conducted in 2019/2020.

4.1.3 Research on Sanitary Pads

During the year under review, the Commission in collaboration with Ministry of Industry and Trade (MIT) and Tanzania Revenue Authority (TRA) initiated and finalized research on sanitary pads with view to understand the impact of VAT exemptions on prices of sanitary pads. The research identified that VAT exemptions did not lead to price deduction on sanitary pads against the intended purpose. The research findings and recommendations were submitted to the Ministry of Industry and Trade for further actions and informed one of the reforms, which were introduced by the Government through the Finance Act, 2019.



4.2 CONTROL OF MONOPOLY TENDENCIES IN THE MARKET

During the year under review, the Commission continued to receive and review notifications regarding mergers and exemptions of agreements as per Sections 11 and 12 of the FCA. The review of merger notifications aimed to ascertain whether the transaction was likely to have adverse effect on competition in the relevant market. The status of implementation is as explained hereunder.

4.2.1 Review of Merger Applications

The Commission reviewed 73 merger applications from 11 main sectors. Out of 73 reviewed merger applications, 61(84%) merger applications were approved without conditions, 11 (15%) were approved with conditions and 1(1%) merger application was abandoned, as the merging parties decided not to implement it as shown in figure 1 below. This was an increase of 20% compared to previous year due to compliance. The conditions attached to the merger applications intended to ensure anti-competitive behavior do not arise out of the intended mergers approved. In addition, the conditions intended to ensure protection of public interest. The merger applications were determined within the legal time frame with an efficiency turnaround time on average of 74 days per application. The Commission's prescribed benchmark is an average of 75 days. Figure 1 below describes the merger approval status while table 9 below present merger applications reviewed from different sectors for financial years 2018/2019 and 2017/2018.

Figure 1: Status of Approved Mergers

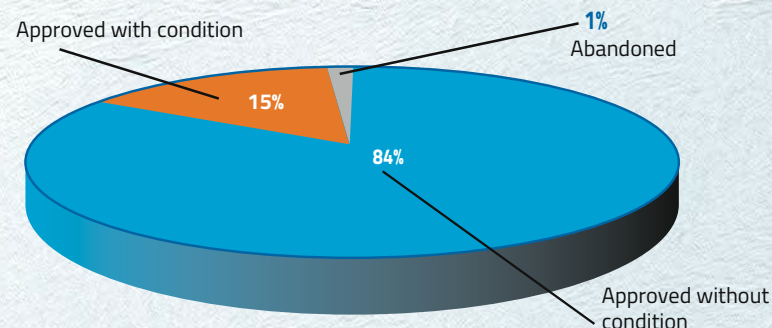


Table 9: Number of merger applications reviewed by Sector for 2017/2018 and 2018/2019

SN	Sector	No. of Application in FY 2017/2018	No. of Application in FY 2018/2019	Variance (%)
1.	Agriculture	8	10	0.25
2.	Banking and Insurance	15	10	- 0.33
3.	Energy	17	17	-
4.	Mining	-	3	100.00
5.	Health	-	10	100.00
6.	Tourism	2	3	0.50
7.	Manufacturing	4	8	1.00
8.	Telecommunications	8	8	-
9.	Construction	2	-	- 100.00
10.	Transport and Logistics	-	3	100.00
11.	Others sector	5	1	- 0.80
TOTAL		61	73	0.20

4.2.2 Monitoring of Merger Approved with Conditions

The Commission monitored compliance of mergers approved with conditions so as to monitor compliance with the imposed conditions. The approval conditions aimed at ensuring that no anti-competitive behavior or conduct arise out of the approved mergers.

During the year under review, the Commission monitored a merger between EABL and SBL in beer market which was approved with conditions in 2010. The result of monitoring revealed that, SBL's market share improved from 19.9% recorded in 2017 to 30%. Sales and profit exhibited upward trend, and this enabled the company to continue paying dividends and corporate tax. Also, SBL was operating at around full current capacity while Dar es Salaam based plant was in expansion phase. This improved the beer market competitiveness.



Serengeti Breweries Limited (SBL), has registered tremendous growth in productivity and market value chain, thereby enhancing various stakeholders through direct and in-direct (spin-off effect). Pictured is SBL's Moshi plant, one of the three SBL brewery plants currently undergoing major facelift, including capacity expansion. Other plants are the Dar es Salaam (whose capacity expansion has been completed) and Mwanza plant.

4.2.3 Un-notified Mergers

To ensure compliance with the FCA, Section 11 (2) requires the merging firms to notify the Commission in case of any proposed transaction that meets merger notification threshold. For the period under review, the Commission commenced investigation on four merger transactions alleged to be consummated without notification to the Commission. The alleged conducts were in the hospitality sector (2), manufacturing (1) and in the financial sector (1). Two cases were finalized by way of settlement while the remaining two were under investigation as shown in the table 10 below.

Table 10: Un-notified Merger Transactions settled

S/N	Respondent	Sector	Place of Occurrence	Status
1.	Akiba Commercial Bank	Financial	Local	Settlement reached
2.	Bilila Lodge Investments Limited	Hospitality	Local	Settlement reached

4.3 COMPETITION ADVOCACY

The Commission promote competition culture in the economy through advocacy initiatives in line with Section 65(2)(c), (f) and (h) of the FCA. This aimed at, among others, encouraging voluntary compliance of FCA and report on incidences of non-compliance among stakeholders in the public and private sectors. During the year under review, Competition Advocacy was done to the following stakeholders:

4.3.1 Training to Stakeholders

In an effort of enhancing collaboration between Tanzania Mainland and Zanzibar, the Commission conducted training to the Commissioners and members of staff of the ZFCC on competition law. Through the sessions, the Commission successfully imparted knowledge on competition, consumer protection and anti-counterfeit which triggered the ZFCC to commence implementation of its legal mandate.



FCC Stakeholders participating in a stakeholder consultation on 21st June 2019 being a part of activities undertaken by the Commission to commemorate the 2019 Public Service Week. Various stakeholders including Corporate Law Firms, Banks and Financial Institutions as well as members of the business community participated in the session including representatives from the Tanzania Chamber of Industries and Agriculture (TCCIA), Confederation of Tanzania Industries (CTI), Tanzania Business Community Organisation (TBCO)

4.3.2 Advocacy Seminars

During the period under review, the Commission conducted competition advocacy seminar to members of RCC in Dodoma and Mtwara regions. A total of 300 members participated in the two seminars. The aims of the seminars among others were to impact knowledge to RCC members on competition, consumer protection and anti-counterfeit.

Also, the Commission conducted the training session to Dodoma and Mzumbe Universities in Dodoma and Morogoro Regions respectively. The training sessions were attended by 450 undergraduate and post graduate degree candidates majoring in law and business studies. The advocacy sessions aimed at imparting knowledge on competition and consumer protection issues to students who are targeted to be competition and consumer protection ambassadors in the markets.

With the same spirit, the Commission also, conducted advocacy sessions while commemorating World Competition Day on 5th December, 2018. The sessions involved about 79 participants from business community in Dodoma Region and 900 university students from Dodoma University. The global theme for the year was “Digital Economy Innovation and Competition”.

4.3.3 Legislation Review

The Commission reviewed Government policy and legislations so as to identify provisions which may contravene competition principles as per section 65(h) of the FCA.

During the year under review, the Commission reviewed and analyzed Concept Paper on Personal Data Protection Act, 2018 and identified some competition concerns relating to strengthening and entrenching the country's competitiveness position as proposed in the Act. The Commission advised the Ministry of Works, Transportation and Communications to take action on the issues identified.

4.4 ANTI-COMPETITIVE AGREEMENTS (UNDER SECTION 9 OF THE FCA)

During the period under review the Commission continued with investigation of anti-competitive agreements (price fixing) in the steel and field green leaf tobacco markets.

On steel investigation, the Commission collected relevant data from targeted stakeholders mainly; manufacturers, distributors, wholesalers and government institutions regulating the steel subsector. The Commission collected data in 6 selected regions mainly; Dar es Salaam, Coast, Dodoma, Arusha, Mwanza and Mbeya.

Regarding tobacco investigation on price fixing which was initiated in 2016, Provisional Findings were issued against respondents in complaint No. 13 of 2016. In the period under review two respondents among four applied for settlement and settlement negotiations were still in progress.



The team making up the Division of Competition and Market Research, Mergers and Aquisitions and Competition Advocacy (DRMA).

4.5 ANTI-COMPETITIVE AGREEMENTS (UNDER SECTION 8 OF THE FCA)

In the period under review, with regards to anticompetitive agreement, the Commission issued Final Findings on complaint No. 11 of 2016 on tobacco sub-sector against two respondents out of five respondents. The remaining three respondents, applied for settlement discussions. The Commission agreed and granted the respondents' request for settlement. Settlement negotiations were still in progress.

In addition, two other complaints regarding anti-competitive agreement in the entertainment (TV broadcasting) sector were investigated. During the period under review, the Commission requested for documents from TFF which would help the Commission to accomplish its investigation on the alleged conduct.

4.6 ABUSE OF DOMINANCE POSITION

In the period under review, the Commission issued Provisional Findings against Complaint No. 11 of 2015 on Tobacco subsector. The Commission found both respondents in violation of section 10 (1) of the FCA (abuse of dominant position).

Also, the Commission continued with investigation of abuse of dominant position as per Section 10 of the FCA in hospitality and fumigation industry. In this regard, data collection was conducted on the hospitality complaint while statement of the case was issued to the respondents on fumigation industry's complaint.

4.7 APPEALS RESULTING FROM COMMISSION'S DECISIONS

The Commission continued to defend its decisions which were appealed against, as well as appearing in all applications instituted in various Courts and the Tribunal. In the period under review, four appeals were before the Tribunal.

4.8 CONSUMER PROTECTION

In an effort to protect consumers in Tanzania from unfair and misleading practices, the Commission handled consumer complaints, conducted consumer education and awareness sessions to the public; and reviewed and registered Standard Form Consumer Contracts. Details of consumer protection issues carried out under the reporting time are detailed below: -

4.8.1 Consumer Complaints Handled





The team making up the Compliance Division .

OPERATIONAL PERFORMANCE REVIEW

During the period under review, the Commission received and acted on one hundred and five (105) consumer complaints. This was a decrease of 7.89% when compared to the complaints dealt with in the previous year. The complaints were on financial services (66%), electronic goods (28%) and others (6%). The Commission redressed 91(86.667%) complaints by way of refunds, replacement of goods or exchange while 8 (7.619%) were under investigation and 3(2.857%) were transferred to other competent institutions. The remaining 3(2.857%) complaints were rejected for lack of evidence. The breakdown of the complaints received, nature of complaints handled and their redress status are presented in Figures 2, 3 and 4 below.

Figure 2: Areas with Consumer Complaints

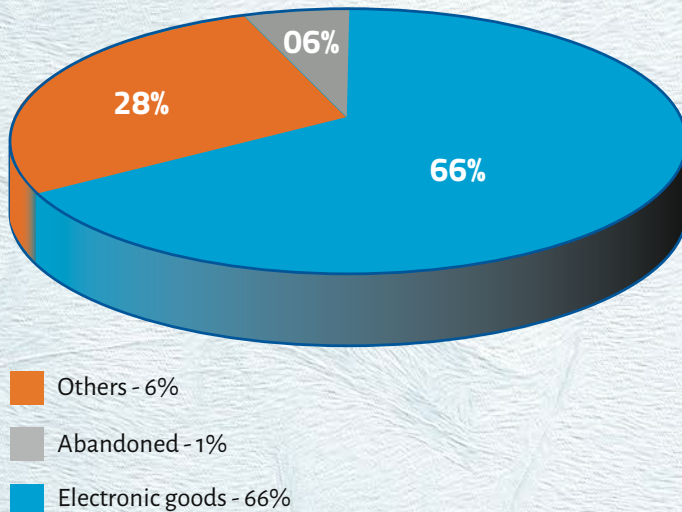


Figure 3: Categories of Consumer Complaints Handled

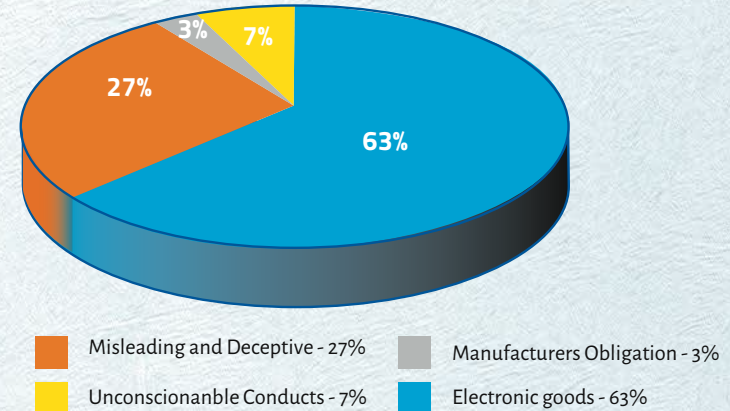
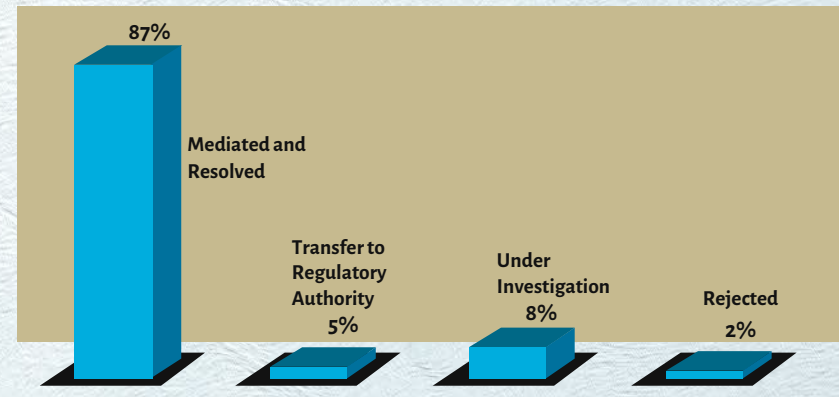


Figure 4: Redress Status of consumer complaints



4.8.2 Consumer Education

The Commission continued to conduct consumer education programs in order to inform the public on consumer rights and obligations as well as protecting consumers against unfair business markets practices. The Commission also, continued to educate the public on the effects of counterfeit products in line with the MMA.

During the period under review, the Commission conducted publicity and media engagement, Press Conferences and production and dissemination of education materials in both traditional and social media. Further, the Commission conducted training to ten (10) primary school consumer clubs in Morogoro and Dodoma and trained stakeholders during commemoration of World Consumer Rights Day in Arusha. The programs targeted various stakeholders, including Zonal, Regional Crime Officers (RCOs), Officer Commanding Criminal Investigation Departments (OC-CIDs), business community, primary schools, media reporters and the general public. The program imparted knowledge on various consumer protection and anti-counterfeit legislation.

4.8.3 Registration of Standard Form Consumer Contracts

Standard Form Consumer Contracts (SFCC) is agreements that employ standardized, non-negotiated provisions. They are usually in pre-printed forms, drafted by or on behalf of one party to the transaction usually the party with superior bargaining power who routinely engages in such transactions. Major concern in relation to the SFCC is the potential for service provider to trick or abuse consumers.

During the period under review, the Commission registered one hundred and seven (107) Standard Form Consumer Contracts from financial services and other subsectors. The registration of the contracts intended to remove all the terms and conditions which were misleading and deceptive.

4.8.4 Collaborations with Consumer Protection Stakeholders

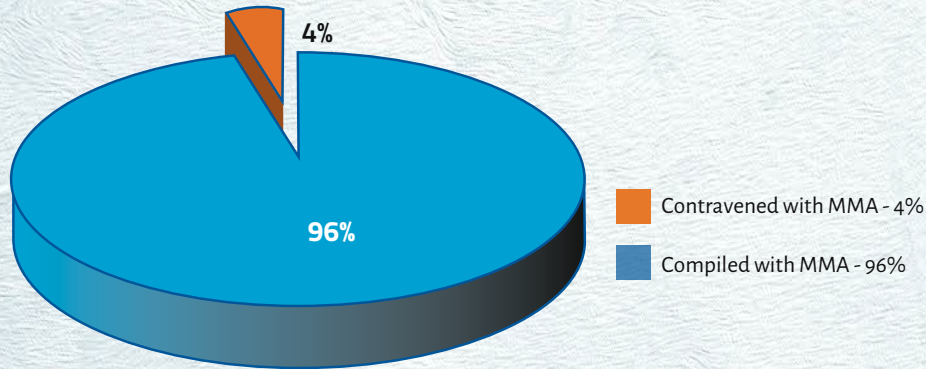
The Commission has continued to engage strategic stakeholders in enhancing consumer protection in the country. In the period under review, the Commission in collaboration with strategic stakeholders participated in preparation of National Quality Policy and National Financial Consumer Protection Framework.

4.8.5 Combating Counterfeits in the Market

The Commission continued to control the misuse of marks and trade descriptions in relation to merchandise in line with the MMA. The aim was to protect consumer from deceptive market conducts as well as protecting owners of intellectual property rights.

During the year under review, the Commission carried out inspections at the Dar es Salaam port and Inland Container Depot (ICDs). The inspections were conducted daily, whereby 3,458 containers were inspected and out of these containers, 146 equivalents to 4% were found with goods contravening the provision of the MMA as depicted in figure 5 below. The compounded goods were disposed as per the MMA.

Figure 5: Containers Inspected



Also, the Commission continued to conduct counterfeit raid operations throughout the country. During the period under review, thirty-one (31) anti-counterfeit raid operations were conducted in Dar es Salaam and up country. The operations led to seizure and compoundment of various counterfeited products such as electrical appliances, electronics and building materials among others. The compounded goods were disposed as per the MMA. The details of compounded goods are as shown in Table 11 below.

Table 11: List of compounded goods

SN.	DESCRIPTION	VALUE
1.	Electronics	370,652,000
2.	Stationary	32,008,000
3.	Liquor	70,000
4.	Shoes	120,690,000
5.	Spare parts	13,620,000
6.	Lubricant	3,165,000
7.	Cosmetics	5,097,500
8.	Building materials	89,500,000
9.	Home appliance	14,400,000
10.	Fishing Material	483,000
TOTAL		649,685,500

Source: FCC



Environmental friendly - counterfeit destruction exercise in Kisarawe district in June 2019



The team making up the Division of Anti-Counterfeit.

CORPORATE SERVICES

The Corporate Services provides the following corporate support functions to the Commission: Human Resource Management, Finance and Accounts; Planning and Information and Communications Technology (ICT). In this financial year the

Commission maintained all the usual corporate services functions, but to fulfil its vision of becoming a leading institution in Africa, it prioritized the areas described below.



FCC Corporate Division Team

5.0 SUPPORTING OUR HUMAN RESOURCES

The Commission depends heavily on its human resources and must thus continually develop its them in order to deliver on its mandate. The objectives of the Human Resources function are to foster an employee-oriented organization, a high-performance culture that emphasizes empowerment, quality, productivity, goal attainment, the recruitment and the ongoing development of a professional workforce. In the period under review, these human resource goals were attained through an integrated human resource management system as follows: -

5.1 CAPACITY BUILDING

In order to ensure quality and competent work force is retained, the Commission provided training programs and workshop/seminar to facilitate continuous professional development of its employees. For the year under review, the Commission spent TZS. 548,059,092 on short term learning and development initiatives. The following short-term training programs and Workshop/Seminar were facilitated as shown in table 12 below.

Table 12: Short term training programs attended

S/N	Type of Program	Number of Program	Number of Staff Attended		Total Number of Staff Attended
			Male	Female	
1.	General Management Course	4	24	13	37
2.	Professional Course	2	12	3	15
3.	Records Management	2	0	2	2
4.	Secretarial Course	2	0	2	2
5.	Advance Drivers Course	1	6	0	6
6.	Office Attendance Course	1	1	1	2
7.	Workshop/Seminar	5	7	2	60

In line with its aspiration to support the development of its staff, the Commission supports staff to not only perform their duties, but also to grow as individuals. In 2018/19, two employees benefited from the long term training whereby TZS. 13,500,000 was spent. The courses attended were Master in Laws (LLM) and Master in Business Administration (MBA).

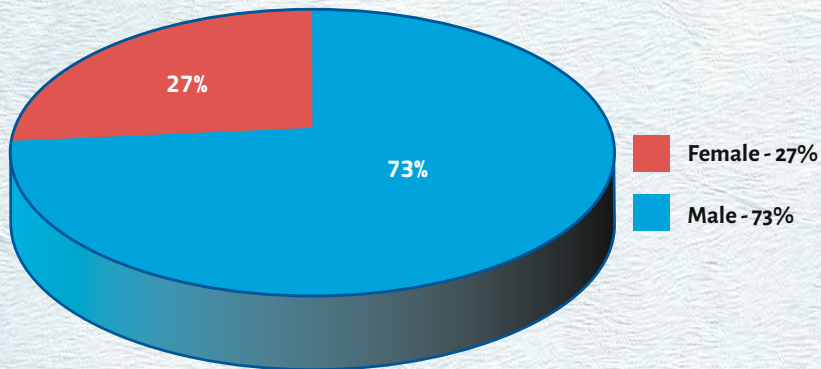
5.2 RECRUITMENT AND RETENTION

The Commission maintained its recruitment policy through a competitive and transparent process to ensure that the functions and duties of the Commission are performed efficiently and effectively.

During the period under review, the Commission recruited six (6) competent staff by the way of transferring them from other Government institutions. All the recruited staff were oriented with the intention of equipping them with knowledge, values and code of conduct relating with the Commission.

The total number of staff for the period was sixty-four (64), an increase of 6.67% from the previous year which was 60 staff. The gender composition for the period was such that forty-seven (47) were male and seventeen (17) were female equivalent to 73% and 27% respectively as shown in the Figure 6 below.

Figure 6: Commission Staffing Composition as at 30th June 2019



As at end of the financial year under review, the members of staff were 64. No resignation was recorded for the period. The Commission's effort towards a healthy and motivated staff retention rate yielded positive results in that staff obtained and retained with a zero staff turnover in the year under review.

5.3 PERFORMANCE MANAGEMENT

The Commission is committed to an effective performance management system (OPRAS), and to providing the right environment and resources for all employees to perform to their full potential – to enable a high-performance culture. Performance management is a continuous process, performed throughout the year to ensure the Commission's strategic priorities and organizational performance are aligned on target.

5.4 EMPLOYEE RELATIONS

In the year under review, the majority of the Commission's employees were members of the Tanzania Union of Government and Health Employees (TUGHE).



FCC underscores and facilitates labour organisations activities in the spirit of having in place motivated staff. FCC has a TUGHE branch at the workplace, a workers council and participates in annual May Day celebrations as seen in the picture.

By year-end, the union's representation was 71.9% (46 members), which enabled it to continue as a union branch under the TUGHE constitution. Also, staff continued to participate in preparation of plans and got feedbacks through the workers' council.

No employees were dismissed during the reporting period.

5.5 INFORMATION AND COMMUNICATION TECHNOLOGY

The Commission has in place ICT governance and management structures which includes, reporting relationship, staffing, formulation of relevant ICT policies, procedures and systems designed to provide governance and management of ICT infrastructure.

During the period under review, the Commission continued to take interventions to ensure information assets of the Commission is protected from all types of threats by formulating ICT security and acceptable use policies. Also, key business processes which include performance management (OPRAS) and ICT asset tracking database were automated. The automation has improved efficiency and effectiveness in discharging duties. In addition, timely and accurate provision of information to the public through the website was ensured by undertaking regular updates.



In addition to ordinary internet and network connectivities for all technical officials, The FCC is fully compliant with modern Government ICT related policies including TANEPS, GePG, E-Office and the GMS. These are over and above the accounting packages, these instruments, have enabled FCC services to be virtually accessible from anywhere in the country at the click of a button.

5.6 FINANCIAL MANAGEMENT AND PLANNING

The Finance and Accounts; and Planning functions provides financial management and asset management support services. The key financial management services performed in the year under review includes budget development, implementation and monitoring, financial reporting and performance management.

Emphasis is placed on continuously improving the budget process in a manner that reflects the strategic priorities of the Commission, cash flow management, timeous financial reporting and ensuring that policies and activities comply with regulatory frameworks and guidelines. Compliance with statutory and regulatory frameworks remains an important focus as well as improving the data analysis and reporting functions.

In its continuous pursuit to maintain a clean audit, the Commission enhanced its internal control processes which led to unqualified audit opinion for the year under review.

The Commission's revenue, which amounted to TZS 10.15 billion for this financial year, came from both internal (own) and external sources. The internal sources (TZS 7.12 billion) (70.15%) been: merger application fees, case settlement fees, standard form contracts, Counterfeit Penalty Fees and Counterfeit Investigation Fees. The external sources (TZS 3.03 billion) (29.85%): Government subvention (TZS 1.03 billion) and Regulatory Authorities (TZS 2.00 billion).

Revenue earned decreased by TZS 8.23 billion from TZS 18.38 billion in the previous year to TZS 10.15 billion in this year which represents a decrease of 44.77%. The decrease was mainly due to the nature of the Commission's internal sources of income which are not predictable as they are mainly influenced by external factors (fines and case settlement fees).

The expenditure for the year under review stood at TZS 12.52 Billion which is a decrease by TZS 0.72 billion compared to previous year. The expenditure pattern was such that staff and administrative expenses were 57.23% of the total expenditures. The operating expenses which mainly relates to investigation and enforcement of competition, consumer and counterfeit complaints constituted 22.80%. The Commission also contributed to the consolidated funds TZS 2.5 billion equivalent 19.96% of the total expenditure.

Details of the Commission's financial performance are as shown in Table 13 below.

Table 13: Financial performance for the year ended 30th June 2019

Description	2018/2019(TZS)	2017/2018(TZS)	Increase/(Decrease)
Internal Income Sources Earned	6,643,084,071	14,836,116,696	-55.22
Funds from Regulatory Authorities	1,027,458,564	1,424,137,791	-27.85
Funds from the Government	1,998,487,512	1,739,759,146	14.87
Other Income	483,500,895	382,615,400	26.37
Total Revenue	10,152,531,042	18,382,629,033	-44.77
Staff Expenses	3,866,366,928	3,375,425,729	14.54%
Administrative Expenses	3,300,968,322	2,801,027,971	17.85%
Operating Expenses	2,579,501,555	1,832,474,072	40.77%
Depreciation	276,262,766	233,691,250	18.22%
Transfer to Consolidated Fund	2,500,000,000	5,000,000,000	-50.00%
Total Expenditure	12,523,099,571	13,242,619,022	-5.43%

Source: FCC

**ANNUAL AUDITED
FINANCIAL STATEMENT 2018/2019**



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STATEMENT OF COMMISSIONERS' RESPONSIBILITY

The Commissioners are responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Financial Position as at 30th June, 2019, the Statement of Financial Performance, the Statement of Changes in Equity, the Statement of Cash Flows and Statement of Comparison of Budget and Actual Amounts, for the year ended 30th June, 2019 and the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Public Sector Accounting Standards (IPSAS).

The Commissioners' responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Commissioners have assessed the Commission's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the financial years ahead.

SIGNATURE:

NAME:

DESIGNATION:



Prof. Humphrey P. Moshi
COMMISSION CHAIRMAN

10.03.2020

DATE:



Dr. John K. Mduma
DIRECTOR GENERAL

10.03.2020

DECLARATION OF THE DIRECTOR OF CORPORATE AFFAIRS


FAIR COMPETITION COMMISSION (FCC) AS AT 30TH JUNE, 2019.

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under the Directors' Responsibility statement on an earlier page.

I Godfrey S. Machimu, being the Director of Corporate Affairs of the Fair Competition Commission (FCC) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30th June, 2019 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Fair Competition Commission (FCC) as on that date and that they have been prepared based on properly maintained financial records.

Signature: 

Name: Godfrey S. Machimu

Position: Director of Corporate Affairs

NBAA Membership No.: ACPA 2272

Date: 10.03.2020

INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

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The Chairman of the Commission,

Fair Competition Commission,
P O Box 7883,
DAR ES SALAAM

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF FAIR COMPETITION COMMISSION FOR THE YEAR ENDED 30TH JUNE, 2019

Unqualified Opinion

I have audited the financial statements of Fair Competition Commission (FCC), which comprise the Statement of Financial Position as at 30th June, 2019, and the Statement of Financial Performance, the Statement of Changes in Net Assets, the Cash Flow Statement and the Statement of Comparison of Budget and Actual Amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Fair Competition Commission (FCC) as at 30th June 2019 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). 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 Fair Competition

Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, 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.

Emphasis of Matter

Without qualifying my opinion, I draw attention to Note 25 of the financial statements, which indicate that the Commission has pending legal cases filed by former employee and other persons. The ultimate outcome of the cases cannot presently be determined, and no provision for any liability that may result has been made in the financial statements. Initial estimates indicate that the Commission may be obliged to pay a sum of TZS 1.93 billion if the cases will be ruled in favour of the plaintiffs.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and our 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

INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

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 on the other information 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.

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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, 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 entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

unless management intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 audit 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 ISSAI 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.

In addition, Sect. 10 (2) of the PAA No.11 of 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Sect. 48(3) of the Public Procurement Act No.7 of 2011 (as amended in 2016) requires me to state in my annual audit report whether or not the audited entity has complied with the provisions of the Law and its Regulations.

INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

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Report on Compliance with Procurement Legislation

Compliance with Public Procurement Act, 2011 (as amended in 2016)

In view of my responsibility on the procurement legislation, and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that Fair Competition Commission (FCC) procurement has generally complied with the requirements of the Public Procurement Act No.7, 2011 (as amended in 2016) and its related Regulations of 2013 (as amended in 2016).



Charles E. Kichere
CONTROLLER AND AUDITOR GENERAL

National Audit Office
Dodoma, Tanzania.

12th March, 2020

STATEMENT OF FINANCIAL POSITION

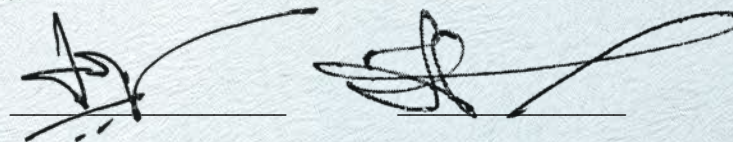
AS AT 30TH JUNE, 2019

Fair Competition Commission
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	NOTE	30.06.2019 (TZS)	30.06.2018 (TZS)
ASSETS			
Current Assets			
Debtors and Prepayments	5	3,436,005,833	987,013,340
Short Term Investments	6	2,923,077,000	6,076,475,300
Cash and Bank Balance	7	2,860,264,973	4,312,441,982
Total Current Assets		9,219,347,806	11,375,930,622
Non-current Assets			
Property, Plant and Equipment	8	1,416,444,932	1,619,169,173
Intangible Assets	9	1	1
Total Non-Current Assets		1,416,444,933	1,619,169,174
TOTAL ASSETS		10,635,792,739	12,995,099,796
LIABILITIES			
Current Liabilities			
Creditors and Accruals	10	440,693,122	429,657,140
NET ASSETS		10,195,099,617	12,565,442,656
EQUITY			
Capital Funds	11	840,787,963	840,787,963
Accumulated Surplus	12	9,354,311,654	11,396,613,466
Revaluation Reserve	13	0	328,041,227
TOTAL EQUITY		10,195,099,617	12,565,442,656

Notes to the Financial Statements on pages 69-82 form an integral part of the financial statements.

SIGNATURE:



NAME:

Prof. Humphrey P. B. Moshi

Dr. John. K. Mduma

DESIGNATION:

CHAIRMAN OF THE COMMISSION

DIRECTOR GENERAL

DATE:

10.03.2020

10.03.2020

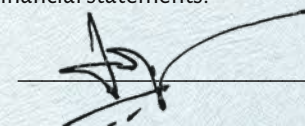
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2019

Fair Competition Commission
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	NOTE	30.06.2019 (TZS)	30.06.2018 (TZS)
REVENUE			
Revenue from non-exchange transactions			
Fees	14	6,643,084,071	14,836,116,696
Funds from Regulatory Authorities	15	1,027,458,564	1,424,137,791
Funds from the Government	16	1,998,487,512	1,739,759,146
Total Revenue from non-exchange transactions		9,669,030,147	18,000,013,633
Revenue from exchange transactions			
Other Revenue	17	483,500,895	382,615,400
Total Revenue from exchange transactions		483,500,895	382,615,400
Total Revenue		10,152,531,042	18,382,629,033
LESS: EXPENSES			
Staff Expenses	18	3,866,366,928	3,375,425,729
Administrative Expenses	19	3,300,968,322	2,801,027,971
Operating Expenses	20	2,579,501,555	1,832,474,072
Depreciation	8	276,262,766	233,691,250
Transfer to Consolidated Fund	22	2,500,000,000	5,000,000,000
Total Expenses		12,523,099,571	13,242,619,022
Surplus/(Deficit) for the Year		(2,370,568,529)	5,140,010,011

Notes to the Financial Statements on pages 69-82 form an integral part of the financial statements.

SIGNATURE:



NAME:

Prof. Humphrey P. B. Moshi

DESIGNATION:

CHAIRMAN OF THE COMMISSION

DATE:

10.03.2020

SIGNATURE:



NAME:

Dr. John K. Mduma

DESIGNATION:

DIRECTOR GENERAL

DATE:

10.03.2020

STATEMENT OF CHANGES IN EQUITY/NET ASSETS FOR THE YEAR ENDED 30TH JUNE, 2019

Fair Competition Commission
Annual Report & Audited Accounts | 2018/2019

Particulars	Capital Funds (TZS)	Accumulated Surplus(TZS)	Revaluation Reserve(TZS)	Total (TZS)
Balance as at 01.07.2017	840,787,963	6,384,910,504	0	7,225,698,467
Prior Year Re-instatement-Debtors (Note 12)	0	(200,000,000)	0	(200,000,000)
Prior Year Re-instatement-Creditors (Note12)	0	71,692,951	0	71,692,951
Surplus/(Deficit)For the Year	0	5,140,010,011	0	5,140,010,011
Revaluation Surplus for the Year	0	0	328,041,227	328,041,227
Balance as at 30.06.2018	840,787,963	11,396,613,466	328,041,227	12,565,442,656
Balance as at 01.07.2018	840,787,963	11,396,613,466	328,041,227	12,565,442,656
Surplus/(Deficit)For the Year	0	(2,370,568,529)	225,490	(2,370,343,039)
Revaluation Surplus for the Year	0	328,266,717	(328,266,717)	0
Balance as at 30.06.2019	840,787,963	9,354,311,654	0	10,195,099,617

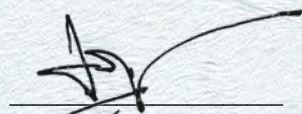
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DATE:



Prof. Humphrey P. B. Moshi

CHAIRMAN OF THE COMMISSION

10.03.2020



Dr. John K. Mduma

DIRECTOR GENERAL

10.03.2020

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE, 2019

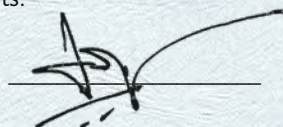
Fair Competition Commission
Annual Report & Audited Accounts | 2018/2019

	NOTE	2018/2019 (TZS)	2017/2018 (TZS)
A: CASHFLOW FROM OPERATING ACTIVITIES			
CASH RECEIPTS	24		
Fees		5,447,530,170	14,239,293,181
Cash Received from Regulatory Authorities		694,746,507	1,173,120,567
Cash Received from the Government		1,998,487,512	1,739,759,146
Cash Received from Other Revenue		280,490,999	205,499,449
		8,421,255,188	17,357,672,343
CASH PAYMENTS	25		
Staff Expense Paid		(3,834,147,747)	(3,532,205,731)
Administrative Expenses Paid		(3,250,479,809)	(2,936,363,038)
Operating Expenses Paid		(2,650,947,772)	(1,485,640,237)
		(9,735,575,328)	(7,954,209,006)
Net cash Flows from Operating activities		(1,314,320,140)	9,403,463,337
B: CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	8	(73,538,530)	(427,042,431)
Prepayments- motor-vehicles and land	5	(717,716,639)	0
(Increase)/Decrease in Short-Term Investment	6	3,153,398,300	(2,576,479,583)
Net cash Flows from investing activities		2,362,143,131	(3,003,522,014)

	NOTE	2018/2019 (TZS)	2017/2018 (TZS)
C: CASHFLOW FROM FINANCING ACTIVITIES			
Transfer to Consolidated Fund	22	(2,500,000,000)	(5,000,000,000)
Net cash flow from financing activities		(2,499,774,510)	(5,000,000,000)
NET INCREASE /(DECREASE IN CASH AND CASH EQUIVALENT (A+B+C))		(1,452,177,009)	1,399,941,323
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR		4,312,441,982	2,912,500,659
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	7	2,860,264,973	4,312,441,982

Notes to the Financial Statements on pages 69-82 form an integral part of the financial statements.

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Prof. Humphrey P. B. Moshi

Dr. John. K. Mduma

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CHAIRMAN OF THE COMMISSION

DIRECTOR GENERAL

DATE:

10.03.2020

10.03.2020

STATEMENT OF COMPARISON OF BUDGETED AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2019

Fair Competition Commission
Annual Report & Audited Accounts | 2018/2019

Descriptions	Original Budget	Final Budget	Actual amount	Non-Cash Transactions	Actual Cash	Variance	Variance	Reasons note 23
	30 th June 2019 TZS	30 th June 2019 TZS	on accrual basis 30 th June 2019 TZS		Amounts 30 th June 2019 TZS	30 th June 2019 TZS	%	
REVENUE								
Fees Collected by the Commission	11,146,747,068	10,141,397,069	6,643,084,071	456,892,412	6,186,191,659	3,955,205,410	39%	(a)
Funds Allocated to Commission From Regulatory Authorities	2,140,000,000	1,021,000,000	1,027,458,564	583,729,282	443,729,282	577,270,718	57%	(b)
Funds Allocated to Comm. From Parliament	2,836,770,728	2,836,770,728	1,998,487,512		1,998,487,512	838,283,216	30%	(C)
Other income	400,000,000	400,000,000	483,500,895	171,364,100	312,136,795	87,863,205	22%	(d)
Total Income	16,523,517,796	14,399,167,797	10,152,531,042	1,211,985,794	8,940,545,248	5,458,622,549	38%	
RECURRENT EXPENDITURE ACTIVITIES								
Staff expenses	4,998,670,329	4,410,591,467	3,866,366,928		3,866,366,928	544,224,539	12%	(e)
Administrative expenses	7,929,597,467	6,912,476,330	3,464,767,672		3,464,767,672	3,447,708,658	50%	(f)
Sound Financial Acquisition	495,750,000	495,750,000	304,325,600		304,325,600	191,424,400	39%	(g)
Competition Promotion Operations	1,099,100,000	,042,100,000	866,258,228		866,258,228	175,841,772	17%	(h)
Consumer Protection & Anti counterfeit	1,144,400,000	957,900,000	687,888,119		687,888,119	270,011,881	28%	(i)
Consumer & Counterfeit Education	856,000,000	580,350,000	557,230,258		557,230,258	23,119,742	4%	(j)
Other Expenses (Depreciation)			276,262,766		276,262,766			
TOTAL RECURRENT EXPENDITURES	16,523,517,796	14,399,167,797	10,023,099,571	-	10,023,099,571	4,652,330,992	30%	

Continued

STATEMENT OF COMPARISON OF BUDGETED AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2019

Fair Competition Commission
Annual Report & Audited Accounts | 2018/2019

Descriptions	Original Budget	Final Budget	Actual amount	Non-Cash Transactions	Actual Cash	Variance	Variance %	Reasons note 23
	30 th June 2019 TZS	30 th June 2019 TZS	on accrual basis 30 th June 2019 TZS		Amounts 30 th June 2019 TZS			
Transfer to Consolidated Fund				2,500,000,000		2,500,000,000		
TOTAL FINANCING ACTIVITIES					2,500,000,000			
CAPITAL EXPENDITURE ACTIVITIES								
Property, Plant and Equipment and Prepayments					791,255,169			
Investment					(3,153,398,300)			
TOTAL CAPITAL EXPENDITURE ACTIVITIES					(2,362,143,131)			
TOTAL EXPENDITURE					9,873,432,197			
Net Increase/(Decrease) in Cash and Cash Equivalents					(1,452,177,009)			
Cash and Cash Equivalents at Beginning of the Period					4,312,441,982			
Cash and Cash Equivalents at end of the Period					2,860,264,973			

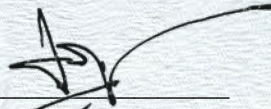
Notes to the Financial Statements on pages 69-82 form an integral part of the financial statements.

SIGNATURE:

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DESIGNATION:

DATE:



Prof. Humphrey P. B. Moshi
CHAIRMAN OF THE COMMISSION

10.03.2020



Dr. John K. Mduma
DIRECTOR GENERAL

10.03.2020

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: REPORTING ENTITY

Fair Competition Commission (FCC) is a market support institution established by the Fair Competition Act (FCA) No.8 of 2003. FCC administers implementation of the FCA and the Merchandize Mark Act. FCC is entrusted with promotion and protection of effective competition in trade and commerce, protection of consumers from unfair and misleading market conduct and to provide for other related matters. FCC became operational in May, 2007 when it attained a critical mass of staff to discharge its mandate in the economy. At inception, FCC prepared the first three years strategic plan for the period 2007/08-2009/10, which focused on areas of training, advocacy, consumer protection and public awareness and anti-counterfeits. The Privatization and Private Sector Development Project of World Bank mostly the plan. The project ended in September 2009 and FCC reverted to Government financing through Parliamentary allocations as its main source of financing.

NOTE 2: BASIS OF PREPARATION

Statement of compliance

Fair Competition Commission's financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS).

Basis of Measurement

The financial statements have been prepared in accordance to the historical cost model and accrual bases and budget is prepared on

cash basis, unless stated otherwise. The cash flow statement is prepared using the direct method.

Functional and presentation currency

These financial statements are presented in Tanzanian Shillings (TZS), which is the Commission's functional and presentation currency.

Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 3.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to both periods presented in these financial statements.

a) Foreign Currency transactions

Assets and Liabilities expressed in foreign currencies are translated into Tanzanian shillings at the rates of exchange prevailing on the balance sheet date. Transactions during the year are translated at the rate ruling at the date of the transaction. Gains or losses on exchange are dealt with in the statement of financial performance.

b) Government grants and subvention

Government grants received for capital expenditure by the Commission are classified as capital grants in the statement of financial position and amortized to the income statement over the life of the asset acquired while grants received from the Government for operating expenses are treated as re-current income and credited in the Statement of financial performance. Government grants are recognized only when there is reasonable assurance that (i) the Commission will comply with any conditions attached to the grant and (ii) the grant will be received. Grants are recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

c) Commission fees

Commission's revenues are recognized on an accrual basis in the accounting period in which the Commission receives them.

d) Interest income

Interest income is recognized on time proportion bases, which consider the effective yield on the asset over the period it is

expected to be held. Interest from short term investments of deferred building fund is deferred to comply with IPSAS 9.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at bank. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash at bank and investment with short term maturity of not more than 90 days.

f) Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either held-to-maturity, fair value through profit or loss, or available-for-sale.

Short-term investments are from matured building fund Fixed Deposits and readily marketable and are held for more than one year until when the decision to build the intended building will be accomplished.

g) Property, Plant and Equipment

The property, plant, and equipment (PP&E) account, also known as tangible fixed assets, represents the non-current, physical, illiquid assets that are expected to generate long-term economic benefits for the Commission.

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and Impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Commission and its cost can be measured reliably. The costs of the day-to-day serving of property and equipment are expensed in the statement of financial performance as incurred.

h) Depreciation

Depreciation is recognized as in the statement of financial performance on a straight-line basis over the estimated useful lives of

each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as stated:

Building	2.5%
Office furniture and equipment	12.5%
Office equipment	12.5%
Computer and related equipment	33.3%
Motor vehicles	25.0%

i) Computer software

Software acquired by the Commission is stated at cost less accumulated amortization.

Expenditure on internally developed software is recognized as an asset when the Commission is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in the statement of financial performance on a straight-line basis over the estimated useful life of the software, from the date that it is available for use for the next three years.

The assets' residual values and useful lives are reviewed and adjusted prospectively if appropriate at the end of each reporting period.

j) Provisions

A provision is recognized if, as a result of a past event, the Commission has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

k) Employee benefits

Employee benefits are accounted for as follows:

i. Defined contribution plans

The Commission makes statutory Contributions to the Social Security Funds. The Commission's obligations in respect of contributions to such funds are 15% of the employees' gross emoluments.

Contributions to these pension funds are recognized as an expense in the period the employees render the related services.

ii. Termination benefits

Termination benefits are recognized as an expense in the year when it becomes payable. Termination benefits are determined in accordance with the Tanzanian Labor Law.

iii. Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Commission has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

l) Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first in first out method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated selling price in the open market less applicable selling expenses.

m) Debtors and prepayments

Debtors and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.

A provision for impairment of debtors is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recorded in the income statement.

Bad debts are written off after all steps to recover them have failed and after authorization and approval from the relevant Commission.

n) Impairment

At each balance sheet, the entity reviews the carrying amounts of its tangible and intangible 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). An impairment loss is recognized if the amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

NOTE 4: RISK MANAGEMENT

(a) Introduction and overview

The Commission has exposure to the following risks from its use of financial instruments:

- i. Credit risk
- ii. Liquidity risk
- iii. Market risks
- iv. Currency risk

This note presents information about the Commission's exposure to each of the above risks, the Commission's objectives and the policies and procedures for measuring and managing risk.

RISK MANAGEMENT

Risk management framework

The Governing Commission has overall responsibility for the establishment and oversight of the Entity's risk management framework. All Commission committees have both executive and non-executive members and report regularly to the Commission on their activities.

The Commission's risk management policies are established to identify and analyses the risks faced by the Commission, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in operating conditions and

services offered. The Commission, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Internal Audit is responsible for monitoring compliance with the Commission's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Commission. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee of the Commission.

(a) Credit risk

Credit risk is the risk of financial loss to the Commission if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Commission's debtors and other receivables.

The Commission gets most financing from the Government with minimal credit risk. The commission revenues are always received in advance from clients. This minimises the credit risk for the Commission.

(b) Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations from its financial liabilities.

The Commission's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Commission's reputation.

The finance and administration department maintain a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities as well as cash and bank balances to ensure that sufficient liquidity is maintained within the Commission as a whole.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor / issuer's credit standing) will affect the Commission's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Commission cash flow Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates and the fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

Fair Competition Commission
Annual Report & Audited Accounts | 2018/2019

The Commission's exposure to market risk is minimal because the Commission holds no loans.

(d) Currency risk

The Commission is exposed to currency risk on purchases that are denominated in a currency other than the functional currency i.e. TZS. The currencies in which Commission's transactions are primarily denominated other than the functional current is the USD.

There was no exposure to currency risk at this financial year

NOTE 5: DEBTORS AND PREPAYMENTS

	30.06.2019 (TZS)	30.06.2018 (TZS)
Prepayments and Advances	717,716,639	0
Interest Receivables	71,005,846	39,360,051
Income Receivable – Others	456,892,412	396,823,515
Income Receivable- Regulator	583,729,282	251,017,225
Staff Debtors	1,310,248,733	174,763,729
Other Receivables	363,222,216	191,858,115
Sub Total	3,502,815,128	1,053,822,635
Less: Provision for Doubtful Debts	(66,809,295)	(66,809,295)
TOTAL	3,436,005,833	987,013,340

NOTE:

The increase is a result of increase in staff debtors from TZS 174.8 million to TZS 1.3 billion resulting from introduction of housing loans to staff including land and motor-vehicle repayment of TZS 717.7million.

NOTE 6: SHORT TERM INVESTMENTS

	30.06.2019 (TZS)	30.06.2018 (TZS)
Treasury Bills	2,923,077,000	6,076,475,300
TOTAL	2,923,077,000	6,076,475,300

NOTE 7: CASH AND BANK BALANCES

	30.06.2019 (TZS)	30.06.2018 (TZS)
NBC (TZS)	72,897,813	(93,795,045)
NBC (USD)	299,728,311	291,977,917
CRDB Government OC (TZS)	218,950,455	586,515,149
CRDB Anti-Counterfeit (TZS)	17,218,792	126,059,688
Petty Cash Fund	243,554	130,000
BOT Collection Account (0681)	1,148,910,012	2,284,683,237
BOT Account (1021)	21,671,036	21,671,036
BOT Account (1061)	60,000,000	80,000,000
BOT Account (USD)	1,015,200,000	1,015,200,000
NMB GePG	5,445,000	0
TOTAL	2,860,264,973	4,312,441,982

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

Fair Competition Commission
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NOTE 8: PROPERTY, PLANT AND EQUIPMENT

Particulars	Office Furniture	Fixtures and Fittings	Office Equipment	Building	Computers and Other Related Hardware	Motor Vehicles	Total
Cost/Valuation	TZS	TZS	TZS	TZS	TZS	TZS	TZS
As at 01.07.2018	180,913,098	294,102,870	165,135,098	371,000,000	205,444,102	402,574,000	1,619,169,168
Additions During the Year	11,128,501	20,054,929	9,374,100		32,981,000	-	73,538,530
As at 30.06.2019	192,041,599	314,157,799	174,509,198	371,000,000	238,425,102	402,574,000	1,692,707,698
Accumulated Depreciation							
As at 01.07.2018	-	-	-	-	-	-	-
Charge During the Year	23,409,419	38,225,197	21,501,150	14,840,000	77,643,500	100,643,500	276,262,766
As at 30.06.2019	23,409,419	38,225,197	21,501,150	14,840,000	77,643,500	100,643,500	276,262,766
NET BOOK VALUE							
As at 30.06.2019	168,632,180	275,932,602	153,008,048	356,160,000	160,781,602	301,930,500	1,416,444,932
As at 01.07.2017							
Opening balance	107,749,097	343,345,506	152,798,510	345,600,000	149,419,456	0	1,098,912,568
Additions During the Year	12,515,375	-	27,334,776	-	78,015,233	309,177,047	427,042,431
Asset revaluation adjustment- Cost	3,518,420	(98,034,290)	(56,751,809)	11,000,000	(178,172,152)	(201,603,042)	(520,042,873)
Depreciation charge	(21,018,150)	(49,017,145)	(27,133,865)	(14,400,000)	(122,122,090)	-	(233,691,250)
Asset revaluation adjustment- Depreciation	78,148,356	97,808,799	68,887,487	28,800,000	278,303,655	295,000,000	846,948,298
As at 30.06.2018	180,913,098	294,102,870	165,135,099	371,000,000	205,444,101	402,574,005	1,619,169,173

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

Fair Competition Commission
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NOTE 9: INTANGIBLE ASSETS

DESCRIPTION	Accounting Package (SAP 1)	TOTAL
COST	TZS	TZS
At 1 st July 2018	42,421,083	42,421,083
Purchases for the Period	0	0
Review for impairment	1	1
At 30th June 2019	42,421,084	42,421,084
ACCUMULATED AMORTIZATION		
At 1 st July 2018	42,421,083	42,421,082
Charge for the Period	0	0
Adjustment	0	0
At 30th June 2019	42,421,083	42,421,083
NET BOOK VALUE		
At 30th June 2019	1	1
At 30th June 2018	1	1

An intangible asset is identified if it is separable or arising from binding arrangement.

The commission reassessment of accounting package (SAP 1) is that although its value is known and potential attributable to Commission is certain but the fact that it is arising from unbinding arrangement the token value of TZS 1 has been assigned for recognition.

NOTE 10: CREDITORS AND ACCRUALS

	30.06.2019 (TZS)	30.06.2018 (TZS)
Trade Creditors	166,913,259	238,584,971
Other Creditors	4,931,895	4,931,895
Gratuity Payable	107,741,414	75,522,233
Accrued Expenses	93,176,586	28,488,331
Taxation Payable	67,929,968	82,129,710
TOTAL	440,693,122	429,657,140

NOTE 11: CAPITAL FUNDS

Capital funds of TZS 840,787,963 is made up of initial capital that FCC received as grant/assistance from PSRC when the Commission was beginning its operations in 2007. The Capital fund was mainly in the form of Assets made up of furniture, equipment and computers and accessories and cash that was initially provided by World Bank through PSRC for running day to day activities of the Commission. It was also made up of two motor vehicles that were bought by the Government and handled to FCC. The FCC was also availed part of Azikiwe office building. This was not recognized in the books earlier on as there was no proof of ownership.

The Capital structure for the period under review is as presented in the table below:

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	30.06.2019 (TZS)	30.06.2018 (TZS)
Cash	303,588,043	303,588,043
Two Motor vehicles	17,643,750	17,643,750
Furniture and Equipment	106,567,186	106,567,186
Computers and Accessories	52,988,984	52,988,984
Office building	360,000,000	360,000,000
TOTAL	840,787,963	840,787,963

NOTE 12: ACCUMULATED SURPLUS

	30.06.2019 (TZS)	30.06.2018 (TZS)
Balance as at 01.07.2018	11,396,613,466	6,384,910,504
Prior year adjustment Re-instatement- Adjustment of wrongly created 2017/2018 Receivable	0	(200,000,000)
Adjustment of Non Existing Accounts Payable 2017/2018	0	71,692,951 (128,307,049)
	11,396,613,466	6,256,603,455
* Adjustment during the year	225,490	0
Revaluation adjustment	328,041,227	0
	328,266,717	0
Surplus/(Deficit) For the Year	(2,370,568,529)	5,140,010,011
Balance as at 30.06.2019	9,354,311,654	11,396,613,466

*Note:

The adjustment resulted from the revaluation loss on furniture during the revaluation of assets in the financial year 2017/2018 which was wrongly posted twice in the books of accounts

NOTE 13: REVALUATION RESERVE

Revaluation of Property and Equipment was performed in June, 2018 by M/s Speratus Stanslaus Kazaura a fully register and licensed Valuer based on the depreciated replacement cost (DRC) after taking physical verification of all assets. The arising revaluation surplus which amounted to TZS 327,130,914 was credited to revaluation reserve. During the year, the revaluation reserve was written off as per Government circular number 2 of 2018/2019 which required government institutions to use cost model in presentation of financial statements.

NOTE 14: FEES EARNED BY THE COMMISSION

	2018/2019 (TZS)	2017/2018 (TZS)
Counterfeit Penalty Fees	911,325,521	3,690,138,434
Merger Application & Exemption Fees	4,715,258,044	4,690,849,397
Counterfeit Investigation Fees	39,409,320	39,589,873
Tender Fees	1,000,000	0
Counterfeit Special Operations	0	25,130,000
Counterfeit destruction fees	5,250,000	17,404,000
Case Settlements	914,084,975	6,324,395,802
Standard Form Contracts	56,256,211	40,425,000
Competition Case Fines	500,000	8,184,190
TOTAL	6,643,084,071	14,836,116,696

Note:

The decrease is a result of increase in compliance and hence drop of counterfeit penalty fees and case settlements.

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NOTE 15: FUNDS FROM REGULATORY AUTHORITIES

Funds from Regulatory Authorities represent funds that are contributed to FCC as per The Fair Competition (Commission and Tribunal) Funding Regulations, 2010. The regulations were meant to provide way that will be used to Finance FCC and FCT from income generated by the Regulatory Authorities that are centered on same consumers that FCC and FCT are mandated to institute. During the year 2018/2019 the contributions were as follows: -

	2018/2019 (TZS)	2017/2018 (TZS)
EWURA	507,458,564	644,137,791
TCRA	400,000,000	300,000,000
SUMATRA/LATRA	0	360,000,000
TCAA	120,000,000	120,000,000
TOTAL	1,027,458,564	1,424,137,791

LATRA was established after repeal of the SUMATRA in March of 2019.

NOTE 16: FUNDS FROM THE GOVERNMENT

These are funds that FCC is allocated from the Government by the Parliament and are disbursed through the Ministry of Industries, Trade and Investments (MIT) of which FCC is one of its institutions. The summary of fund allocated from Government during the year under review is as follows: -

	2018/2019 (TZS)	2017/2018 (TZS)
Personnel Emoluments (PE)	1,989,199,512	1,730,335,146
Other Charges (OC)	9,288,000	9,424,000
TOTAL	1,998,487,512	1,739,759,14

NOTE 18: STAFF EXPENSES

	2018/2019 (TZS)	2017/2018 (TZS)
Net Salaries	1,497,301,426	1,336,676,609
PAYE	455,000,158	441,686,223
PPF	52,955,362	234,535,624
PSPF	16,899,536	67,902,057
GEPF	1,884,600	7,538,400
LAPF	19,890,413	62,095,499
NSSF	3,067,944	3,581,752
PSSSF	282,737,232	0
Sub Total	2,329,736,671	2,154,016,164
Leave Pay	192,881,311	183,508,289
Extra Duties & Overtime	136,797,945	198,459,008
Acting Allowance	182,001,507	192,001,940
Separation Allowance	195,596,564	0
Staff Terminal Benefit	48,053,725	11,635,828
Airtime Allowance	128,450,000	116,142,800
Responsibility Allowance	63,650,000	63,500,000
Housing Allowance	194,445,000	179,240,000
Utility Allowance	93,130,000	85,325,000
Transport Allowance	214,224,205	185,996,700
Furniture Allowance	82,000,000	0
Entertainment Allowance	5,400,000	5,600,000
TOTAL	3,866,366,928	3,375,425,729

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NOTE 20: OPERATING EXPENSES

	2018/2019 (TZS)	2017/2018 (TZS)
Competition Research Studies	226,981,052	12,795,000
Competition Advocacy	152,845,926	64,163,000
International Competition Workshop	57,873,950	116,810,993
Merger Compliance Machinery	117,989,500	60,870,000
Corporate Communication & Education Materials	71,894,116	84,868,762
Trade Fairs & Exhibition	70,058,000	53,146,262
Consumer Protection	292,927,492	43,857,900
Consumer & Counterfeit Education	253,008,511	204,430,350
Competition Investigation - Cartel Monopoly	368,441,750	241,577,136
Competition Case Enforcement	0	10,483,333
Competition Legal Forums (EAC, SADC)	5,750,000	34,269,410
Commissioners Meetings (Extraordinary & Statutory)	232,481,000	247,358,740
Competition Legal Advisory Services	114,020,000	1,361,839
Case Completion Fees	58,000,000	0
Counterfeit Inspections, Monitoring & Raids	461,308,458	627,742,323
Counterfeit National / International Forums	1,750,000	0
Counterfeit Destructions	83,271,000	28,739,024
Counterfeit Baseline Survey	10,900,800	0
TOTAL	2,579,501,555	1,832,474,072

NOTE 21: REINSTATEMENT OF BALANCE

Income Receivable and Trade Creditors have wrongly been carried forward in previous years with some non-existing balances.

Balances amounting to TZS 200,000,000 and TZS 71,692,951 in respect of Income Receivable and Trade Creditors respectively are retrospectively being corrected and Accumulated surplus has been adjusted and restated.

The effects of reinstatements on the financial statements are summarized below: -

	Income Receivable – Others TZS	Trade Creditors TZS	Accumulated surplus TZS
Balance brought forward	596,823,515	310,277,922	11,524,920,515
Prior year adjustments			
-Income Receivable – Others	(200,000,000)	0	(200,000,000)
-Trade Creditors	0	(71,692,951)	71,692,951
Restated Balance	396,823,515	238,584,971	11,396,613,466

NOTE 22: TRANSFER TO CONSOLIDATED FUND

During the year under review an amount of TZS 2,500,000,000 was transferred to the Government Consolidated Fund. The amount was remitted following a request from the Treasury.

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NOTE 23: EXPLANATIONS OF THE DIFFERENCE BETWEEN BUDGET AND ACTUAL AMOUNT IN COMPARABLE BASIS

The approved budget was developed on cash basis for the period between 1st July 2018 to 30th June, 2019. The variances between original and final budget; and actual amounts are explained below;

- a). Fees earned by the Commission, were below the budgeted amount due to unpredictability of the Commission's revenue sources. The fees included projections for case settlement which were not concluded during the period.
- b). Regulatory Authorities were not able to disburse the fully amount set by FCC budget but only what they committed to fund.
- c). Government did not give Other Charge (OC) funds as allocated in the approved budget and PE were less than budgeted.
- d). Returns on short term investment decreased due to less investment done during the year.
- e). Staff were not increased as per plan, the number of staff were 65 out of 75 expected.
- f). Insufficient fund collected limited expansion of the Commission to fully-fledged Dodoma and Tanga office operation. The proposed incentive scheme to enhance staff welfare which await Treasury Registrar guideline on implementation of incentive scheme which is yet to be released.
- g). Insufficient fund due to under realized of revenue.
- h). Postponement of some activities due to insufficient funds.
- i). Preparation of Consumer policy not started waiting MIT go ahead.

NOTE 24: CASH RECEIPTS-REVENUE

	Fees TZS	Regulatory Authorities TZS	Government Subvention TZS	Other Revenue TZS
Amount in the Statement of Financial Performance	6,643,084,071	1,027,458,564	1,998,487,512	483,500,895
Increase in Interest Receivables	0	0	0	(31,645,795)
Increase Income Receivable – Others	(60,068,897)	0	0	0
Increase in Income Receivable - Regulator	0	(332,712,057)	0	0
Increase in Staff Debtors	(1,135,485,004)	0	0	0
TOTAL	5,447,530,170	694,746,507	1,998,487,512	280,490,999

NOTE 25: CASH PAYMENTS-EXPENSES

	Staff Expenses TZS.	Administrative Expenses TZS.	Operating Expenses TZS.
Amount in the Statement of Financial Performance	3,866,366,928	3,300,968,322	2,579,501,555
Decrease in Trade Creditors	0	0	71,671,712
Increase in Gratuity Payable	(32,219,181)	0	0
Increase in Accrued Expenses	0	(64,688,255)	0
Adjustment	0	0	(225,495)
Decrease in Taxation Payable	0	14,199,742	0
TOTAL	3,834,147,747	3,250,479,809	2,650,947,772

NOTE 26: RELATED PARTY TRANSACTIONS

The Commissioners and senior management personnel together constitute the governing and management of the Fair Competition Commission (FCC) respectively. The aggregate remuneration and the number of members of the Commission and Management are:

Members of the Commission

S/N	DESCRIPTION	Number of Persons	2018/19 TZS	2017/18 TZS
1.	Fees	5	18,800,000	17,100,000
2.	Sitting Allowances	5	23,250,000	21,000,000
3.	Case hearing	5	40,500,000	70,650,000
4.	Case completion fee	6	58,000,000	-
TOTAL			140,550,000	108,750,000

Senior Management

S/N	DESCRIPTION	Number of Persons	2018/19 TZS	2017/18 TZS
1.	Salary and Allowances	5	685,071,056	603,071,056
2.	Pension Funds Contributions	5	73,751,840	73,751,840
TOTAL			758,822,896	676,822,896

The Senior Management consists of the Director General and Divisional Directors.

NOTE 27: CONTINGENT LIABILITIES

There were five cases against the Commission and tax dispute whose total claims amounted to approximately TZS 1.93 billion at the year end. Details of the cases are:

- One labor matter before the Commission for Mediation and Arbitration between the former Commission's employee and the Commission, the total claim is approximately to TZS 1.00 billion.
- Matters at the Court of Appeal of Tanzania arising out of competition enforcement, the total claim amounts to TZS 0.10 billion.
- Matters at the High Court of Tanzania arising out of competition enforcement, the claim is approximately to TZS 0.02 billion.
- Four (4) competition cases at the Fair Competition Tribunal, the total claim amounts to TZS 0.20 billion.
- Tax dispute with Commission General on payment of Skills and Development Levy (SDL) aroused from Tax assessment.

NOTE 28: COMPARATIVE FIGURES

Previous year's figures have been restated and re-grouped wherever considered necessary to make them comparable with current year's figures.

NOTE 29: THE DATE OF AUTHORIZATION FOR FINANCIAL STATEMENT

The date of authorization of these financial statements is March, 2020.



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