



# FAIR COMPETITION COMMISSION



## ***ANNUAL REPORT AND AUDITED ACCOUNTS FOR THE YEAR ENDED ON 30<sup>th</sup> JUNE, 2016***







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March, 2017

## Details of the Fair Competition Commission

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**Bankers:** National Bank of Commerce (NBC) Corporate Branch;  
CRDB Bank PLC – Azikiwe Branch

**Auditors:** Controller and Auditor General (CAG)



## Transmittal Letter



Hon. Charles Mwijage MP,  
*Minister for Industry, Trade and Investments*

**REF. NO: FCC/AB36/482/01/20**

Hon. Charles Mwijage (MP),  
Minister for Industry, Trade and Investments,  
P.O Box 9503,  
Dar es Salaam

Honorable Minister,

### **ANNUAL REPORT AND AUDITED ACCOUNTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2016**

Pursuant to section 81 of the Fair Competition Act, 2003, I hereby submit on behalf of the Commission, the Annual Performance Report and Audited Accounts of the Fair Competition Commission for the financial year ended 30<sup>th</sup> June 2016 as adopted by the Commission at its 61<sup>st</sup> ordinary meeting held on 1st March, 2017

Basically, this Report includes;

- i. Governance of the Commission.
- ii. Operational Review of the Commission for the Financial Year ending 30<sup>th</sup> June 2016.
- iii. The Report of the Controller and Auditor General on the Financial Statements for the year ended 30<sup>th</sup> June, 2016.

Yours sincerely,  
**FAIR COMPETITION COMMISSION**

A handwritten signature in blue ink, appearing to read 'Samuel M. Wangwe', written over a light blue grid background.

Prof. Samuel M. Wangwe  
**CHAIRMAN**

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## List of Abbreviations

<b>ACF</b>	African Competition Forum
<b>ACPA</b>	Association of Certified Public Accountants
<b>ADR</b>	Alternative Dispute Resolution
<b>AG</b>	Attorney General
<b>AOTTL</b>	Alliance One Tobacco (T) Limited
<b>ARSO</b>	The African Organisation Standardisation
<b>ATCL</b>	Air Tanzania Company Limited
<b>ATTT</b>	Association of Tanzania Tobacco Traders
<b>BRELA</b>	Business Registration and Licensing Agency
<b>BRN</b>	Big Results Now
<b>CAG</b>	Controller and Auditor General
<b>CPA</b>	Certified Public Accountant
<b>CPD</b>	Chief Parliamentary Draftsman
<b>DMPTL</b>	Dimon Morogoro Processors (T) Limited
<b>EABL</b>	East African Breweries Limited
<b>FCA</b>	Fair Competition Act
<b>FCC</b>	Fair Competition Commission
<b>FCPA-PP</b>	Fellow-Certified Public Accountant-Public Practice
<b>FCT</b>	Fair Competition Tribunal
<b>ICDs</b>	Inland Container Depots
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISSAI</b>	International Standards of Supreme Auditing Institution
<b>JTI</b>	Japanese Tobacco International
<b>MBA</b>	Master of Business Administration
<b>MITI</b>	Ministry of Industry, Trade and Investment
<b>MMA</b>	Merchandise Marks Act
<b>NBAA</b>	National Board of Accountants and Auditors
<b>NBC</b>	National Bank of Commerce
<b>PAA</b>	Public Audit Act
<b>PMU</b>	Procurement Management Unit
<b>PPA</b>	Public Procurement Act
<b>PPRA</b>	Public Procurement Regulatory Authority
<b>PSRC</b>	Presidential Parastatal Sector Reform Commission
<b>PSPTB</b>	Professional Supplies and Procurement Technician Board
<b>SBL</b>	Serengeti Breweries Limited
<b>TAOMAC</b>	Tanzania Association of Oil Marketing Companies
<b>TBC</b>	Tanzania Broadcasting Commission
<b>TBL</b>	Tanzania Breweries Limited
<b>TBS</b>	Tanzania Bureau of Standards
<b>TCAA</b>	Tanzania Civil Aviation Authority
<b>TCC</b>	Tanzania Cigarette Company
<b>TFF</b>	Tanzania Football Federation
<b>TFDA</b>	Tanzania Food and Drug Authority
<b>TIRA</b>	Tanzania Insurance Regulatory Authority
<b>TPLB</b>	Tanzania Premier League Board
<b>TRA</b>	Tanzania Revenue Authority
<b>USA</b>	United States of America

## 1.0 Vision, Mission and Core Values

Vision, Mission and Core Values of the FCC as stated in its five (5) years strategic plan 2013-2018:

### Vision

An integral and credible institution leading to the attainment of a well-functioning market economy and a better protected consumer.

### Mission

To promote and protect effective competition in markets and protect consumers from unfair and misleading market conduct.

### Core Values

The employees of the Commission are guided by the following core values;

- a) Integrity;
- b) Accountability;
- c) Independence;
- d) Confidentiality;
- e) Due process; and
- f) Professionalism.



## 2.0 Introduction

This is the 8<sup>th</sup> edition of the Annual Report of the Commission that presents its performance for the financial year ended 30<sup>th</sup> June 2016 and is prepared in compliance with Section 81 of the FCA.

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

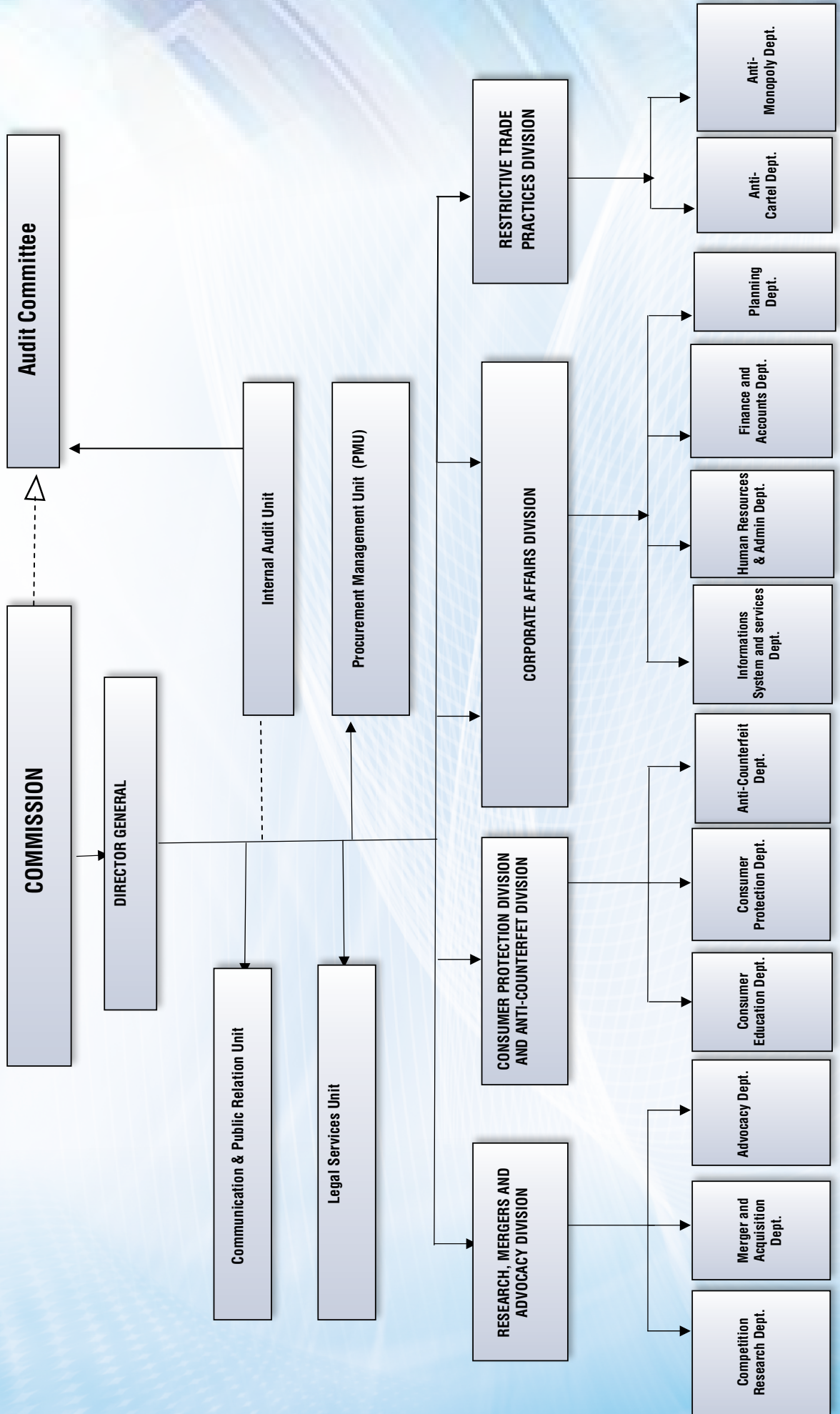
The Commission was established under the FCA 2003 and started operating in 2005 when the first Commissioners were appointed. The Commission opened its doors to the public on the 2<sup>nd</sup> of May, 2007 after attaining a critical mass of staff capable of shouldering the mandate of the Commission. The Commission enforces the FCA, as well as the MMA, 1963 as amended.

### Mandate

FCC is mandated to promote and protect effective competition in markets and protect consumers from unfair and misleading market conducts. Therefore, the FCC is a market supporting institution and its functions are as provided under Section 65 of the FCA and Section 12 of MMA as follows, to:

- i. promote and enforce compliance with the Act;
- 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 programmes, legislation and proposals for legislation so as to assess their effects on competition and consumer welfare and publicise 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 publicise the results of such investigations;
- vi. investigate policies, procedures and programmes of regulatory authorities so as to assess their effects on competition and consumer welfare and publicise 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 competition authorities of other countries;
- xi. examine goods, take samples and seize or detain any goods and any container receptacle, book, account or document relating to counterfeits; which the inspector has reasonable cause to believe may afford evidence of an offence against MMA.

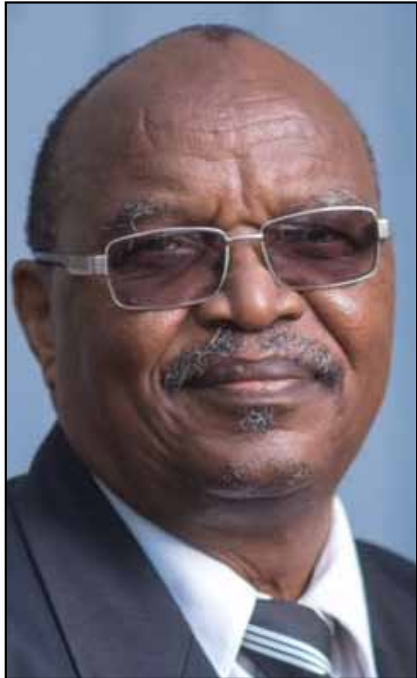
# 3.0 ORGANISATION STRUCTURE



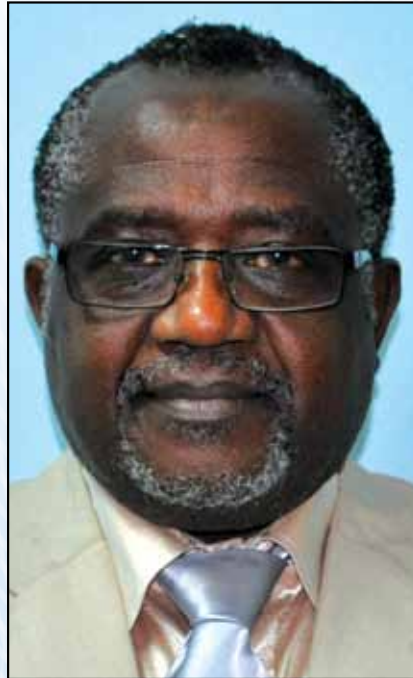


## 3.0 Commission and Management Structure

### Composition of the Commissioners as at 30<sup>th</sup> March, 2016



**Prof. Samuel M. Wangwe**  
*Chairman*



**Col. (Rtd) Abihudi Nalingigwa**  
*Vice-Chairman*



**Adv. Blandina Selle Gogadi**  
*Commissioner*



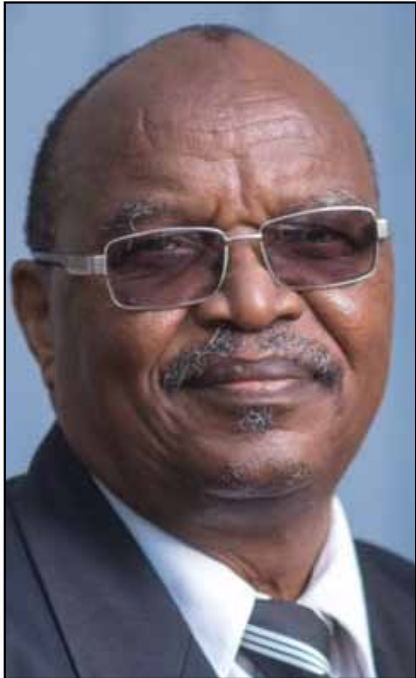
**Adv. Dr. Frederick Ringo**  
*Commissioner*



**Ms. Itika Hilda Mafwenga**  
*Commissioner*



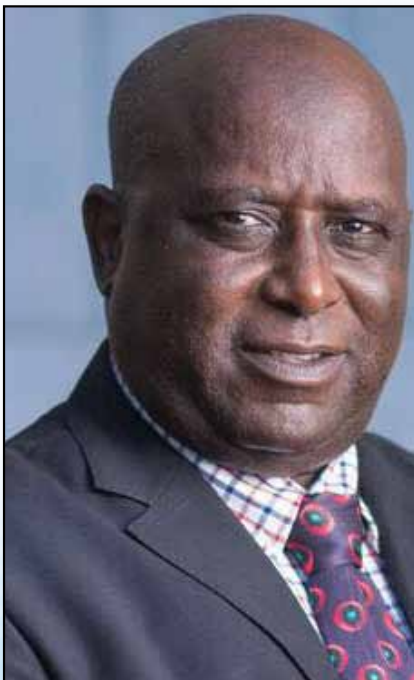
## Composition of the Commissioners as at 30<sup>th</sup> June, 2016



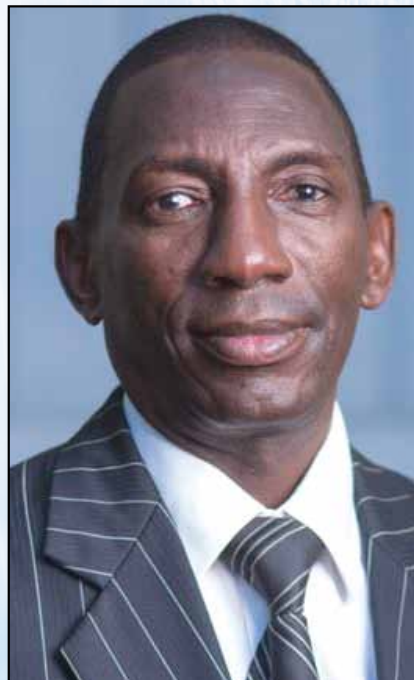
**Prof. Samuel M. Wangwe**  
*Chairman*



**Prof. Marcelina Chijoriga**  
*Vice - Chairman*



**Mr. Fadhili Manongi**  
*Commissioner*



**Adv. Felix Kibodya**  
*Commissioner*



**Adv. Dr. Frederick Ringo**  
*Commissioner*



## CHAIRMAN'S STATEMENT

I am greatly honoured to present to you the Annual Report and Audited Accounts of the Fair Competition Commission (FCC) for the financial year ended on 30<sup>th</sup> June, 2016. The report is published pursuant to section 81 of the Fair Competition Act, No. 8 of 2003 (CAP 285 RE 2002).

The Fair Competition Commission is an autonomous body corporate, established by the Fair Competition Act No. 8 of 2003 to promote and protect effective competition in trade and commerce and to protect consumers against unfair and misleading market conduct in Mainland Tanzania.

I am optimistic that it is the commitment and aspiration of the Government to see to it that achievements by the FCC are sustained and fully supported in order to be able to fulfil the long-term expectations of the National Development Vision 2025 of Tanzania graduating from a low income to a middle-income nation.

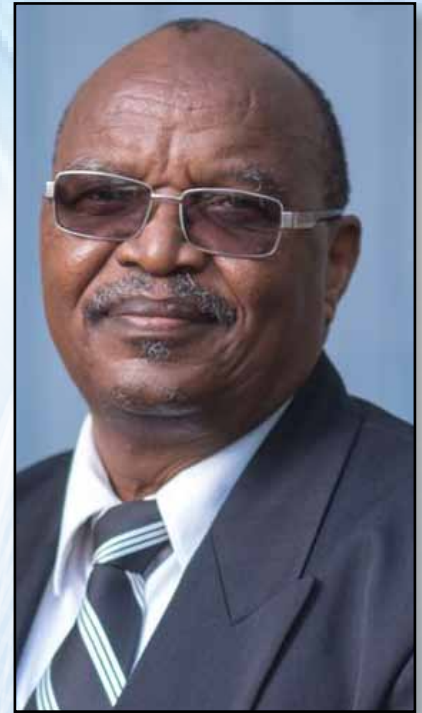
In the process of enforcing the Fair Competition Act (The FCA), the Commission has been granted quasi-judicial powers to determine cases pertaining to infringement of the provisions of that law. All cases are processed using the "Inquisitorial system" as opposed to the "Adversarial system" employed by ordinary courts of law and tribunals.

Likewise, the Commission is mandated to exercise an advocacy role vis-a-vis the Government, Sector Regulators, Public Agencies and other related institutions. Advocacy refers to non-judicial or administrative enforcement efforts such as the use of policy proposals, interventions in the legislative process, awareness programmes and influencing decisions aimed at aligning the conduct of the Government and its entities with the requirements of the FCA, competition principles and rules of conduct of a market-led economy.

I am equally honoured to report that the Commission reached several milestones in the determination of cases relating to the violation of competition principles in the economy. To mention just a few, the Commission dealt with cases in the Beverage, Tobacco, Insurance, Petroleum, Sugar, Cement, Soap and detergents, Cigarettes, Mining and Diary markets.

Finally, I would like to extend my sincere gratitude to the Members of the Commission, Management and all employees of the FCC for their commitment, dedication and hard work towards FCC's success in discharging its responsibilities. It is my endeavour to ensure that the FCC reaches greater heights in enforcing its mandate.

**Prof. Samuel M. Wangwe**  
CHAIRMAN



**Prof. Samuel M. Wangwe**  
*Chairman*

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**"I am equally honoured to report that the Commission reached several milestones in the determination of cases relating to the violation of competition principles in the economy"**

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## Composition of the Management as at 30<sup>th</sup> June, 2016



**Dr. Frederick Ringo**  
*Director General*



**Michael Shilla**  
*Director of Corporate Affairs*



**Dr. Deo Nangela**  
*Director of Restrictive Trade Practices*



**Dr. Allan Syril Mlulla**  
*Director of Research, Mergers and Advocacy*



**Ms. Grace Freedom Nicholas**  
*Acting Director of Consumer Protection and Anti-Counterfeits*



**Justin Aldo Nyenza**  
*Head of Anti-Monopolies (Deceased)*



**Shadrack M. Nkelebe**  
*Head of Anti-Cartels*



**Martha M. Kisyombe**  
*Head of Advocacy*



**Festo Kandonga**  
*Head of Human Resources and Administration*





**Bezil Ewala**  
*Head of Finance and Administration*



**Ambokile Swila**  
*Acting Head of Procurement Management Unit*



**Godfrey Machimu**  
*Head of Internal Audit*



**Salvator G. Chuwa**  
*Head of Anti-Counterfeits*



**Magdalena Utouh**  
*Head of Consumer Education*



**Crispin Mwebesa**  
*Secretary to the Commission and Head of Legal Unit*



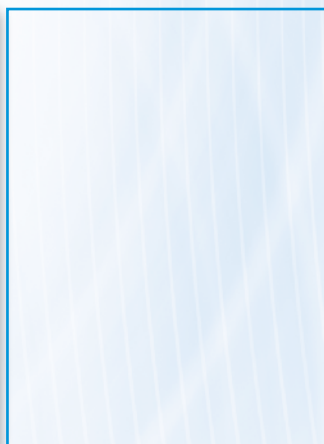
**Emmanuel E. Kaale**  
*Head of Information Systems and Services*



**Godfrey Gabriel**  
*Head of Competition and Market Research*



**Frank Mdimi**  
*Senior Communications and Public Relations Officer*



*Head of Mergers & Exemptions*  
**(Vacant)**



*Head of Planning Department*  
**(Vacant)**



## Director General's Statement

Since its inception in May, 2005, this is the eighth annual report of the Fair Competition Commission (FCC). The first Annual Report issued was for the year 2008/2009. The primary purpose of the Fair Competition Act, 2003 is to enhance people's welfare and achieving a high level of economic efficiency.

FCC serves as a market support institution charged with the responsibility of ensuring that markets in Tanzania remain competitive under the principles underlying a market economy. Therefore, FCC has the duty to ensure that all stakeholders, who include the Government, the business community and consumers - strike a fair deal through a competitive process. FCC also enforces the Merchandise Marks Act, 1963 as amended, which provides the legal framework for fighting against counterfeit goods in the Tanzanian market.

Since the 2013/2014 financial year, FCC shifted from its previous three-year strategic planning approach to a five-year plan so as to give it a longer-term focus. Hence in 2015/16, the FCC developed its third Annual Report of the five-year strategic plan 2013/13 – 2017/2018.

The focus of the third FCC Strategic Plan (2013/14-2017/18) is to enhance the visibility of the FCC through increased enforcement, as well as advocacy, to ensure voluntary compliance by the key stakeholders.

Key areas of the Strategic Plan are Competition Protection and Promotion; Consumer Protection and Consumer Education.

During the year under review, FCC handled a total of nineteen (19) cases, held four (4) Advocacy Awareness forums as well as thirteen (13) Public Awareness Programmes. The advocacy forums and public awareness programmes served to instill competition culture amongst the stakeholders reached, while at the same time informing them of the Commission's objectives, achievements and activities.

Similarly, as at 30<sup>th</sup> June, 2016 the Commission received and processed a total of forty two (42) merger applications and 2 applications for exemption of agreements.



**Dr. Frederick Ringo**  
*Director General*

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**“FCC serves as a market support institution charged with the responsibility of ensuring that markets in Tanzania remain competitive under the principles underlying a market economy.”**

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In a bid to continually protect consumers, FCC developed the Standard Form Consumer Contracts Regulations, 2014, that were published and came into force on 1<sup>st</sup> January, 2016, the Commission instigated intensive public awareness programmes on these regulations and it received, processed and registered a total of 67 Standard Form Consumer Contracts from various businesses in the financial year 2015/2016. The Commission also received and handled a total of 72 consumer complaints.

In a bid to undertake a nationwide consumer awareness programme, the FCC aired a total of 117 short TV commercials and 164 short radio commercials on consumer protection and anti-counterfeit issues. The same were aired in Tanzania Broadcasting Corporation's TV channel (TBC1), Radio station (TBC Taifa), Independent Television Ltd (ITV), Clouds FM Radio and Channel Ten Television of the African Media Group.

During the year under review, the Commission also conducted 11 anti-counterfeit "Raid" operations and regular inspections at entry points for goods (Dar es Salaam Port and its ICDs). During the regular inspections, the Commission seized 70 containers found to contain counterfeit goods. Goods worth TZS 649,510,000 were impounded, in both regular inspections and raid operations. The same were destroyed using environmental-friendly-destruction exercises, that is, using NEMC-approved destruction agents and processes. A number of businessmen were penalized for violation of the MMA. The Commission also undertook joint anti-counterfeit operations in collaboration with the Tanzania Police Force and other enforcement agencies (Operations Wipe-Out and Meerkat).

In effecting its corporate social responsibility role, the FCC Chief Inspector donated music instruments worth TZS 7 million to the Tanzania Prisons Force (Magereza) in a ceremony at Prisons Office Premises, hosted by its Commissioner General Johnson Minja at Ukonga, Dar es Salaam on 29<sup>th</sup> January, 2016. The Chief Inspector made the donation under powers conferred upon him by Regulation 55(3) of the 2008 Merchandise Marks Act Regulations, to choose to either destroy or donate seized counterfeit goods that are not hazardous.

I take this opportunity to thank those who supported the FCC including the Hon. Minister, the Permanent Secretaries MITI and the Board and staff of FCC. It is with this support that my office and FCC staff have relied upon to ensure the provisions of the FCA and MMA are enforced in an equitable and firm manner. To all of them I say "HAPA KAZI TU"

I sincerely entreat all our stakeholders and the general public to continue supporting the FCC in the furtherance of its objects and in surmounting the challenges it faces in its quest to level the business playing field and ensure that the Tanzanian consumer is fairly treated and protected and market competition is enhanced Thank you.



**Dr. Frederick Ringo**  
**DIRECTOR GENERAL**



## 4.0 Corporate Governance

### 4.1 Commission

The Commission is the highest decision-making organ, established under Section 62(1) of the FCA, 2003. It consists of a Chairman who is appointed by the President of the United Republic of Tanzania, and four Commissioners including the Director General who are appointed by the Minister of Industry, Trade and Investments (MITI) who is responsible for the Commission.

### 4.2 Committees of the Commission

The committees of the Commission are established in accordance with Section 74 of the FCA, to assist the Commission in fulfilling its oversight responsibilities. Under the provision, the Commission established the Commission Audit Committee which initially consisted of three (3) members; one of them is a Commissioner and the chairperson of the Committee; and the other two are an advocate and an auditor from outside the Commission. Upon the establishment of the Commission Human Resources Committee, the Commission decided to add a Commissioner to the Audit Committee. The Secretary to the Commission is also the Secretary to the Audit Committee.

**Table 1: Members of Audit Committee**

S/No.	NAME	POSITION	DATE APPOINTED/ REAPPOINTED	EXIT DATE	QUALIFICATIONS
1.	Prof. Marcelina Chijoriga	Chairperson & Commissioner	26 <sup>th</sup> August, 2016	Todate	B.Com (Accounting), PgDip (Institutional Economics), MBA (Finance), PhD in Economics & Bus. Adm.
2.	Mr. Fadhili J. Manongi	Commissioner	26 <sup>th</sup> August, 2016	Todate	BA. Econ (Hons), PgDip Intergrated Multidiscip. Surveys, MA Dev. Econ.
3	Dr. Angelo Mapunda	Member	11 <sup>th</sup> June, 2014	Todate	LL.B (Hons), LL.M. Ph.D., Advocate of the High Court
4.	Mr. Juma Muhimbi	Member	11 <sup>th</sup> June, 2014	Todate	FCCA-PP
5	Dr. Deo Nangela	Secretary	26 <sup>th</sup> August, 2016	Todate	LL.B (Hons), LL.M. Ph.D., Advocate of the High Court

The Audit Committee supports the Commission in fulfilling its oversight responsibilities relating to internal control, risk management, financial management and compliance with laws and regulations. All committee members are non-executive persons who do not carry out any management responsibilities in the Commission.



Internal and external auditors have unrestricted access to the Committee and assist the Committee by providing assurance to it. The audit committee held four meetings in the period under review and executed its responsibilities per its approved Audit Committee charter. The Committee reviewed quarterly internal audit reports, internal and external audit plans, and the financial statements for the period ending 30<sup>th</sup> June, 2016.

During the period under review, the Committee held four meetings and made various recommendations to the Commission including but not limited to approval of the annual audited accounts, internal audit plan, internal audit reports and implementation of audit recommendations.

### **4.3 Code of Conduct**

The Commission maintains a Code of Conduct that binds both the members of the Commission and its staff. The Code of Conduct explicitly underlines that the Commission has zero tolerance on matters relating to fraud, corruption, abusive activities and such other matters stated therein. All incidents of fraud and corruption are reported to appropriate authorities. During the year under review, the Commission was not made aware of any incident of fraud, corruption or abusive conduct.

### **4.4 Internal Audit**

The Commission has an independent Internal Audit function which reports functionally to the Audit Committee of the Commission and administratively to the Director General. This Internal Audit function provides independent, objective assurance and consulting services to the Commission. The activities of the Internal Audit function were performed as per the Commission's Internal Audit Charter, Annual Internal Audit Plan and the International Professional Practices Framework (IPPF) of Internal Auditing. These included: The effectiveness and efficiency operations, compliance with applicable laws and regulations, safeguarding of the Commission's assets, and follow-up on implementation of internal and external audit recommendations

Audit reports were submitted to the Audit Committee for review and deliberated by the Commission, which gave guidance to Management on reported issues in line with the corporate governance structures of the Commission.

For the period under review, the Internal Audit function continued to assist the Commission and Management in ensuring that there is improvement in the effectiveness of control and governance processes.

### **4.5 Procurement**

The Commission has a Tender Board and a Procurement Management Unit (PMU) established in accordance with the Public Procurement Act (PPA) No. 7 of 2011 and its Regulations in Government Notice No. 446 of 2013. In order to comply with the requirements of the Public

Procurement Act and its related Regulations, staff of the Procurement Management Unit attended various training courses that were conducted by the Public Procurement Regulatory Authority (PPRA) and Procurement and Supplies Professionals and Technicians Board (PSPTB). Tenders were awarded by the Commission to various suppliers and service providers, for supply and provision of goods and services during the financial year 2015/2016. All tenders were awarded in compliance with the provisions of the Public Procurement Act 2011 and its Regulations of 2013.



## 5.0 Performance Highlights

The following table presents implementation of Key Result Areas at a glance.

**Table 2: Performance Highlights**

Key Result Area	Item Description	2015/16
Competition Protection and Promotion	Number of Cases Handled	19
	Number of Advocacy and Public Awareness Programmes	17
	Number of Mergers Applications Received and Dealt with	42
Consumer Protection	Number of Consumer Complaints Handled	72
Fight Against Counterfeits	Number of Containers seized	70

## 6.0 General Performance Review of the Commission

### 6.1 Staffing and Institutional Capacity Building

#### 6.1.1 Staffing

During the period under review, the Commission maintained its recruitment policy by following a competitive selection process pursuant to section 72(3) of the FCA. The Commission completed the recruitment process for the vacant position of Head of Human Resources and Administration and

secured approval to recruit 13 new staff and 10 staff to be promoted in the year under review.

During the same period, the Commission had 58 employees out of 85 in its approved establishment. Further, seven staff left the Commission during the report period, that is equivalent to a turnover of 12%. As the Commission continues to grow the number of staff required is expected to grow to meet the required manning level. Table 3 shows the number of staff as at 30<sup>th</sup> June, 2016

**Table 3: Number of Staff as at 30<sup>th</sup> June 2016**

ITEM	MALE	FEMALE	TOTAL
Staff compliment	42	16	58
Percentage	72	28	100

#### 6.1.2 Capacity Building

The Commission strives to employ (and retain) qualified, competent and motivated personnel by encouraging learning, career growth and professional development of its staff. It also recognizes that effective training and development offer benefits to the individual and the organization as a whole which ultimately contributes to a better achievement of the organizational goal. It is the policy of the Commission to ensure growth and development of its employees.

During the year under review, the Commission enhanced knowledge of its staff in relevant competition aspects, managerial and operational competencies. Most of the staff attended both local and international training on general management courses, technical and professional, advanced secretarial skills, advance drivers and office attendants' courses with the aim of imparting in employees important skills to enable execute their functions at a high standard.

### 6.2 Communication and Public Awareness Programmes

During the period under review, the Commission spearheaded public awareness as well as public relations efforts as stipulated in the 2015/2016 Action Plan, with a view to informing the public on activities being implemented by it and projecting a positive corporate image of the Commission to the public. Communication and public relations activities were undertaken aimed at raising public awareness on the mandate of the FCC, and its contribution to the economy through restricting anti-competitive conducts, providing better consumer protection services and undertaking requisite anti-counterfeit interventions to prevent unfair trade in the market. It entailed coordination and participation in trade fairs and exhibitions and the production and dissemination of educational materials. An expanded summary of activities implemented are provided hereunder.





*Head of Consumer Education, Ms. Magdalena Utouh (right) giving basic education on identifying counterfeit products to visitors to the FCC stall during ARSO Exhibition in Arusha in June, 2016*

### 6.2.1 Participation in Trade Fairs and Exhibitions

During this period the Commission participated in the following Trade Fairs and Exhibitions:

Farmers' Exhibitions 2015 held in Ngongo Grounds in Lindi Region from 30<sup>th</sup> July to 8<sup>th</sup> August, 2015,

ARSO Exhibitions held at the AICC Grounds in Arusha Region from 20<sup>th</sup> - 24<sup>th</sup> June, 2016; and 2016 Dar es Salaam International Trade Fairs held at the Mwalimu Nyerere Grounds in Dar es Salaam from June 28<sup>th</sup> to July 8<sup>th</sup>, 2016.

### 6.2.2 Dissemination of Corporate Communications and Educational Materials

During the same period under review, the Commission designed and produced various Corporate Communication and Educational Materials. These were disseminated at the premises of the Commission and at various publicity events including seminars, exhibitions, the FCC website and Trade Fairs.

### 6.2.3 Media Releases

Additionally, the Commission continued to inform the general public on its major decisions through Media Releases in various occasions, especially anti-counterfeit operations as well as public notices inviting stakeholders to raise issues,



if any, on received notifications for mergers and acquisitions.

### 6.3 Information Systems & Services

The Commission utilizes its ICT infrastructure and associated services including library information services to provide a corporate support function.

During the period under review, the FCC continued improving, maintaining and updating its website ([www.competition.or.tz](http://www.competition.or.tz)) to ensure that the public is provided with timely and accurate information. The website carries compliance requirements and inspection processes and standards accessible online. It also provides access to various publications such as decisions made by the Commission and other useful information.

A significant achievement during the year was the continued strengthening of ICT Infrastructure and governance emanating from review of ICT Policy and development of other important ICT related instruments. These were the results of ICT Needs Assessment and Gap Analysis conducted. This assessment helped to understand gaps and ascertain specific ICT requirements of the Commission to bring about improvement for the business, leading to improved business processes, improved information systems, improved computer applications and knowledge sharing.

### 6.4 Public Register

The Commission maintains a Public Register as required by Section 77(1) of the Fair Competition Act (No. 8 of 2003). The Register is maintained for public inspection at all the times during business hours at the Commission's headquarters. It contains the code of conduct adopted by the Commission, competition and consumer protection information and all decisions made by the Commission and published

in the Government gazette such as rules and procedures. The Public Register is accessible for public viewing in both physical (FCC library) and electronically through the website. The main objective of the register is to ensure that there is more transparency and to provide the public with accurate information on all activities of the Commission, particularly those pertaining to decisions on mandated obligations.

## 6.5 Financial Performance Review

### 4.3 Finance and Budget

The financial matters of the Commission are governed by the Public Finance Act, 2002 and internal financial regulations.

The Annual Action Plan and Budget of the Commission are prepared in accordance with the five years' Strategic Plan (2013/14-2017/18) of the Commission. The Annual Action Plan and Budget is approved by the Commission, and submitted to the Minister responsible for the Commission in compliance with the provisions of section 81 of the FCA. Resources used to implement the Annual Action Plan are derived from internal sources (fees), allocation from the Government and funds contributed by other Regulatory Authorities as provided under Section 78 of FCA. The outcome of the implementation of the annual action plan including the Accounts is presented to the Minister responsible for the Commission in an Annual Report in line with the provisions of section 81 of the FCA.

The Commission's operations are financed mainly through internally collected fees, funds collected from Regulatory Authorities and Government allocations.

Total operating income in 2015/16 amounted to TZS 7.1 billion indicating an increase of 9% when compared to the previous year as shown in Table 4.



**Table 4: Summary of Financial Performance**

Item	Amount Year Ended 30 <sup>th</sup> June, 2015 (TZS)	%	Amount Year Ended 30 <sup>th</sup> June, 2016 (TZS)	%	% Change Over Previous Year
<b>INCOME: from Internal Sources</b>					
Collected Income	2,922,560,789	44%	3,117,844,063	44%	7%
Funds from Regulatory Authorities	1,500,517,106	23%	1,754,804,983	25%	17%
Funds from the Government	1,830,317,995	28%	1,998,743,255	28%	9%
Other Income	304,773,268	5%	194,439,224	3%	-36%
<b>Total Income</b>	<b>6,558,169,158</b>	<b>100%</b>	<b>7,065,831,525</b>	<b>100%</b>	<b>9%</b>
<b>EXPENDITURE</b>					
Re-current Expenditure	6,425,246,715	100%	6,822,772,465	100%	6%
Capital Expenditure	0	0%	0	0%	0%
<b>Total Expenditure</b>	<b>6,425,246,715</b>		<b>6,822,772,465</b>		<b>6%</b>

## 6.6 Key Challenges

- a. Insufficient knowledge by general public and key stakeholders in understanding the concepts of competition. The Commission has continued to inform the public on its functions and the role of competition in the economy through various public awareness initiatives.
- b. Inadequate sources of funds; according to the FCA and FCC and FCT Funding Regulations 2010, the main sources of funds are;
  - i. Regulatory Authorities - this source is supposed to contribute 50% of the budget. However, it has fallen far short of the expected contributions. The Office of the Treasury Registrar has been made aware of this anomaly.
  - ii. Government subventions – this source is supposed to contribute 45% of the budget. It has been declining.
  - iii. Internal sources – this source is supposed to contribute 5% of the budget. However, it depends on factors that are beyond the control of the FCC such as fees collected from merger applications, standard form contract reviews and impounded counterfeits.
- c. The Commission faced office accommodation challenges such as frequent increases in rent and electricity bills.
- d. Political interference in the case decision making process.
- e. Consumer preference to buying counterfeit products that are cheaper, this has made the fight against counterfeits a daunting and challenging task.
- f. Existence of porous country borders has contributed to increased prevalence of counterfeit products in the country.
- g. Most consumers are reactive instead of being proactive when it comes to protecting their interest as they complain when the problem has occurred or do not complain at all.

## 7.0 Key Performance Areas

Pursuant to section 80(2) of the FCA the Commission has adopted the following key performance indicators which form the basis for evaluating the performance of the Commission during the year 2015/16. The performance indicators were divided into three key result areas namely Competition Protection and Promotion, Consumer Protection and Fight against Counterfeits goods in the market as follows:

### **a) Competition Protection and Promotion**

In its first key result area, the Commission has planned to continue with the execution of its mandate by dealing with anticompetitive agreements, abuse of dominance, control of mergers and acquisition, advocacy and appeals as a result of Commission decisions.

### **b) Consumer Protection**

In its second key result area, the Commission has planned to continue with its effort to:

finalize consumer protection regulations (including ADR), receive and register standard form consumer contracts and review and resolve consumer complaints.

Further, the Commission planned to prepare and implement a Consumer Awareness Strategy in order to impart knowledge on consumer rights and obligations.

### **c) Fight Against Counterfeits**

In its third key result area, the Commission continued with the execution of its mandate under MMA, 1963 by conducting and carrying out various activities in the market, to identify, compound and destroy counterfeit goods in its Consumer protection campaign in the market.



## 8.0 Performance in its Core Functions

The Commission is charged with functions of competition promotion and protection. In effect, the functions are grouped into three operational areas which are: Research, Mergers and Advocacy, Restrictive Trade Practices and Consumer Protection.

### 8.1 Research, Mergers and Advocacy

During the period under review, the Commission conducted competition studies, controlled mergers and exemptions and promoted competition through advocacy programmes so as to enhance competition culture in the economy.

#### 8.1.1 Research and Studies

The Commission in collaboration with Ministry of Agriculture, Food Security and Cooperatives conducted research study in the tobacco sub-sector with a view to identifying competition bottlenecks in the sector. As result of the research findings, the Commission initiated an investigation in the sector and subsequently, issued a case statement and provisional findings to the tobacco buying companies that were alleged to have violated the provisions of Fair Competition Act. These provisional findings were published in widely circulating newspapers to allow any interested party to join the case(s).

During same period, the Commission continued to implement other study initiatives by conducting competition and market studies in steel and construction markets, with a view to identify competition bottlenecks in the markets and provide

recommendations accordingly. The studies are on-going.

#### 8.1.2 Control of Mergers and Exemptions

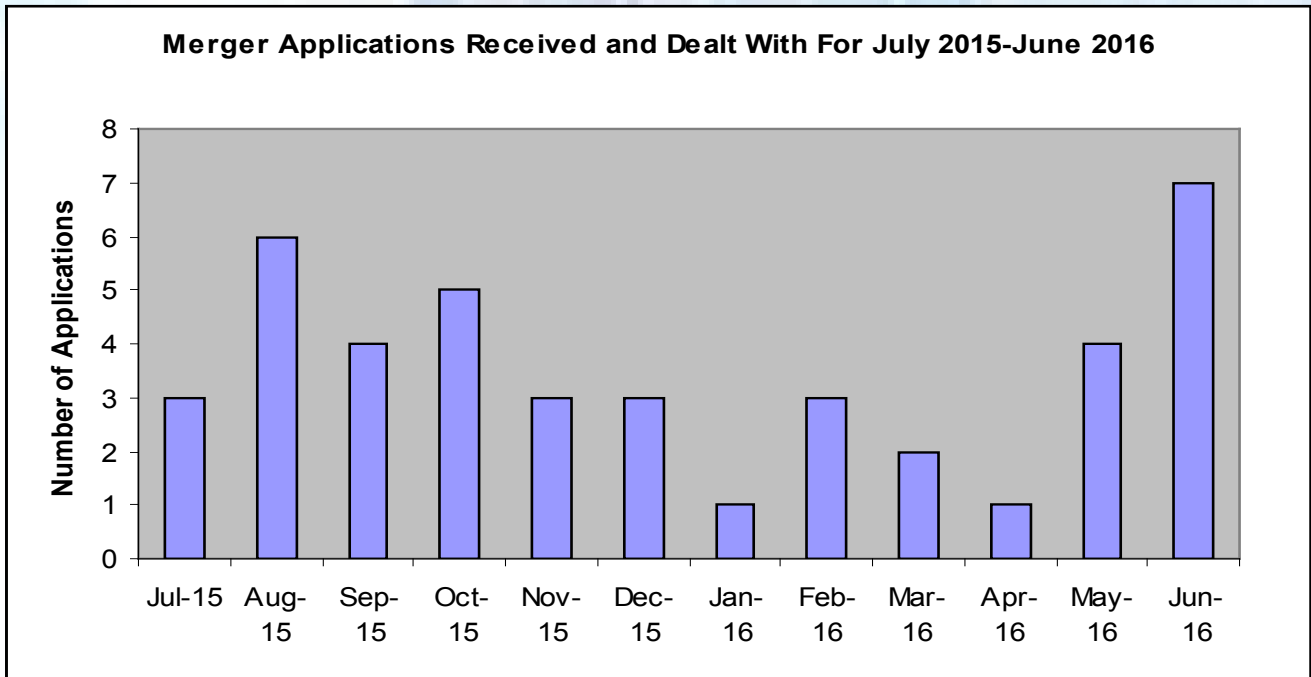
During the same period, the Commission received 42 mergers applications, out of which 35 were approved without conditions and 7 applications, were approved with conditions.

Also, the Commission received 2 applications of exemption of agreements. In those transactions, an application for exemption between Emirates and Dubai Aviation Corporation was withdrawn while that between ATCL Customers and the Public Sector was forwarded to the Tanzania Civil Aviation Authority (TCAA) due to the fact that the matter was outside the jurisdiction of the Commission.

Further, during the same period the Commission continued to monitor compliance with merger conditions in respect of two mergers previously approved with conditions these are; Catalyst F&B and Chai Bora Limited as well as East African Breweries Limited (EABL) and Serengeti Breweries Limited (SBL). The Commission also continued to monitor two exemptions relating to the agreement between Kenya Airways and Koninklijke Luchtvaart Maatschappij N.V. These transactions are on-going.

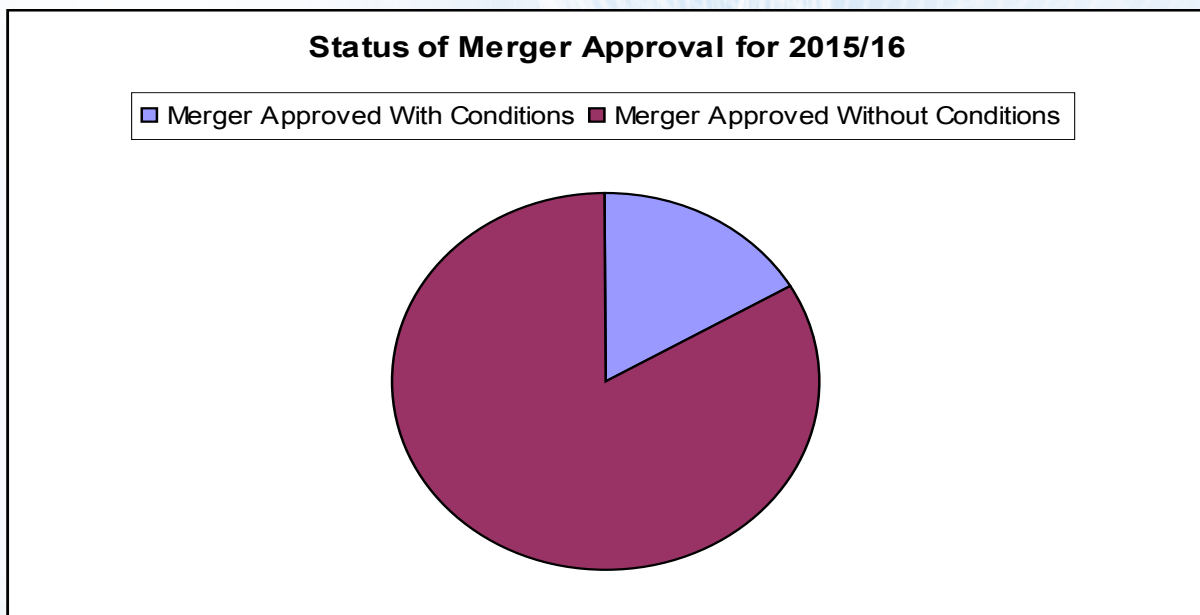
A summary of the handling of merger applications received by the Commission is reported as follows:

**Figure 1: Trend of Merger Applications for 2015/16**



The summary of merger determinations by approval categories are as follows:

**Figure 2: Merger Determination for 2015/16**



**8.1.3 Competition Advocacy**

The Commission prioritized competition promotion to comply with the FCA that directs the Commission among other things to enhance public knowledge awareness and

understanding of competition culture in the economy. This activity was implemented by effecting education to identified stakeholders. The Commission conducted education/ consultations missions to universities in



order to equip students with technical and practical experience and business and law firms in order to attain voluntary compliance with the FCA and MMA to safeguard consumer welfare.

During the period under review, the Commission conducted advocacy sessions for the following institutions:

**i. AEL Mining Services Tanzania:** the Commission conducted advocacy seminar on Competition Law and Policy Awareness with a view to equip participants with competition principles and their applicability in mining operations in Tanzania.

**ii. Awareness Seminar to Law Firms** on “Control and Change of Control” in regulation of mergers and acquisitions. The targeted participants for the workshop were the law firms who practice and work with FCC in mergers and acquisitions notifications. The objective of the workshop was to provide a comprehensive perspective on the interpretation of the phrase “change of control” as provided for under Section 2 of the Fair Competition Act, 2003 (“FCA”) regarding the definition of a “merger”.

**iii. Outreach Programme with universities and media.**

**a. Universities of Saint Augustine of Mwanza and and Sokoine in Morogoro:** Advocacy Training Sessions on Competition Policy and Law. This activity was designed for undergraduate and masters law students majoring in law and business studies in order to equip

them with technical and practical experience.

## 8.2 Restrictive Trade Practices

During this period under review, the FCC dealt with restrictive trade practices by combating and preventing anti-competitive agreements, abuse of dominance and un-notified mergers so as to protect competition.

### 8.2.1 Combating and Preventing Anti-Competitive Agreements

The Commission initiated one investigation concerning the broadcasting industry resulting from an exclusive Broadcast License Agreement that was entered between the Tanzania Football Federation (TFF), Tanzania Premier League Board (TPLB), and Azam Media Ltd. The Commission is continuing to investigate on the matter.

The Commission also continued to investigate anticompetitive conducts in seven other industries which are cement, petroleum, TABOA, construction, sugar, insurance and tobacco. The matters are at different level of implementation. A summary of nature of the conducts is as follows:

**(i) To investigate and enforce measures against a cartel in the cement market by June 2016**

The Commission planned to investigate the cement market and take appropriate legal action against suspected culprits in the industry. The investigation activity is still on-going.



**(ii) To investigate and enforce measures against a cartel in the petroleum market by September 2016**

The Commission also investigated potential anticompetitive conducts in the petroleum market. The Commission is preparing its Final Findings.

**(iii) To investigate and enforce measures against a cartel in TABOA by June 2016**

The Commission also planned to investigate and enforce measures against cartel in TABOA for alleged anticompetitive conducts in the market. The investigation activity is on-going.

**(iv) To investigate and enforce measures against Bid Rigging in the Construction industry by June 2016**

Further, the Commission, in an effort to address bid rigging conduct, commenced investigation in the construction industry in Tanzania in order to assess bid rigging in the market. The investigation activity is on-going.

**(v) To Investigate a suspicious cartel in the sugar industry**

The Commission also planned to investigate and enforce measures against cartel in sugar for alleged anticompetitive conducts in the market. The investigation activity is on-going.

**(vi) To Investigate a suspicious cartel in the insurance sector**

Further, the Commission conducted a preliminary investigation in insurance sector and established that there was a prima facie cartel case worth pursuing. To that effect, Respondents were served with the *Statement of the Case* in line with Rule 12(3) of the FCC Procedure Rules,

2013 for the purpose of commencing a full investigation. However, the process was stalled following intervention by the office of the Attorney General (AG) in response to a request for legal advice from the *Tanzania Insurance Regulatory Authority* (TIRA) regarding the mandate of the FCC's investigations. The matter has since then been adjourned *sine die* awaiting the AG's response.

**(vii) To investigate and enforce measures against misconduct in the Tobacco sub sector**

The Commission also planned to investigate and enforce measures against cartel in tobacco for alleged anticompetitive conducts in the market. The investigation activity is on-going.

**Memorandum of Understanding (MoU) with other Government Authorities**

Additionally, during the period under review, the Commission, prepared and executed Memoranda of Understanding with Public Procurement Regulatory Authority (PPRA), Business Registration and Licensing Agency (BRELA), Tanzania Foods and Drugs Authority (TFDA) and the Tanzania Bureau Standards (TBS) in order to strengthen working relationship with these Government authorities, especially in complementing and ensuring effective discharge of the functions established by their parent laws.

**8.2.2 Abuse of Dominance**

During the period under review, the Commission continued to investigate three suspicious abuses of dominance conducts in film, alcoholic beverage and tobacco industries. The matters are in different stages of implementation as further detailed below.



The summary of nature of the conducts is as follows:

**i. Investigation on Abuse of Dominance in Film Industry- (FCC / Complaint/ No1 / 2015 ) - (Predatory Pricing)**

This Complaint concerned charges against on predatory pricing by an alleged dominant player in film industry. The investigation on the matter is on-going.

**ii. Investigation on Abuse of Dominance in Alcoholic Beverages - FCC/ Complaint No. 3 of 2009 (Exclusive dealing)**

This is an on-going investigation on exclusive dealing in Alcoholic Beverages market exercised by one Mabibo Beers Wines and Spirits which was aided by Tanzania Revenue Authority. The matter was adjourned sine die waiting for decision of the Court of Appeal of Tanzania as the Respondent had lodged Revisionary Proceedings at the Court

seeking for necessary orders regarding the jurisdiction of both the FCC and the FCT in this matter.

**iii. Investigation on Abuse of Dominance in Tobacco Sub Sector- FCC/ Complaint. No. 11/2015**

This Complaint concerned charges on tobacco sub sector in relation to the abuse of dominance by certain tobacco buying companies in Tanzania. The investigation on the matter is on-going.

**8.2.3 Un-notified Mergers**

The Commission dealt with eight matters related to un-notified mergers. Out of eight cases, the Commission reached amicable settlement in two cases, issued case statements on one case, Provisional Findings on four cases and decided not to proceed with one case. Markets affected were cement, chemical, energy, transport, insurance and tobacco industries.

**Table 5. Un - notified Mergers**

**Transactions**

S/N	COMPLAINT NO.	RESPONDENTS	PLACE WHERE THE TRANSACTION OCCURRED
1.	FCC/Comp. 1 of 2013	CATALYST C&C HOLDINGS	GLOBAL
2.	FCC/Comp. 4 of 2013	TANGA CEMENT COMPANY	GLOBAL
3.	FCC COMP. No. 5 OF 2013	IPTL (PAP/ VIPEM)	LOCAL
4.	FCC COMP. No. 2 OF 2015	IPTL (PAP/ PIPERLINK)	LOCAL
5.	FCC/ COMP. 3/ 2015	ICEA LION GENERAL INSURANCE (T) LTD	GLOBAL
6.	FCC/Comp. 2 of 2013	WENTWORTH RESOURCES LTD	GLOBAL
7.	FCC/COMP. No. 5/2014	SIMON GROUP LIMITED (UDA)	LOCAL
8.	FCC COMP. No. 2 OF 2010	ALLIANCE ONE TOBACCO TANZANIA LIMITED (DIMON)	GLOBAL



## 8.2.4 Proceeding with Prosecution of Appeals pending at the Fair Competition Tribunal, the High Court and the Court of Appeal

During the year under review, the Commission continued to represent and defend its cases before the Fair Competition Tribunal, the High Court and the Court of Appeal of Tanzania. A total of six (6) cases were handled by the before the Fair Competition Tribunal, High Court of Tanzania and Court of Appeal of Tanzania. Details of the cases are as summarized below:

### A. Cases before the Fair Competition Tribunal during the FY 2015/2016

- **FCT Appeal No. 5 of 2013** by Toyota Tshusho where Toyota appeal against the decision of the Fair Competition Commission dated 4th April 2013 in respect of a merger application FCC/M&A/13/2012 between Toyota Tshusho Corporation and CFAO (Alliance Motors Limited). The appeal was argued by way of written submission and the FCT upheld the decision of the FCC.
- **FCT Appeal No. 6 of 2013** by Toyota Tshusho where Toyota appeal against the decision of the Fair Competition Commission dated 4th April 2013 in respect of a merger application FCC/M&A/14/2012 between Toyota Tshusho Corporation and CFAO (CFAO). The appeal was argued by way of written submission and the FCT upheld the decision of the FCC and the Respondent was ordered to pay cost.
- **FCT Application No. 8 of 2013** by *Mabibo Beer Wines and Spirits and Tanzania Revenue Authority against FCC, Lucas Mallya t/a Baraka Stores and S H Amon Enterprises*. In 2010 and 2011, Mabibo and TRA (in this matter the Necessary Party) filed three appeals before the FCT in relation to the FCC Complaint No.3 of 2009 which was by then initiated *de novo* at the order of Court of Appeal. These were Tribunal Appeal No.8 of 2010; Tribunal Appeal No 9 of 2010; and Tribunal Appeal No.5 of 2011. The three FCT appeals were consolidate and, by consent of all the parties to these appeals, on the 19<sup>th</sup> September, 2011 the FCT ordered the proceedings in respect of Complaint No.3 of 2009, to be remitted to the FCC for hearing on merit, because the powers to investigate an alleged conduct are vested on the FCC. While FCC was proceeding with the investigation of Complaint No.3 of 2009, Mabibo filed **Application No. 2 of 2013** before the FCT where preliminary objections were raised and argued. The FCT adjourned the matter and informed the parties that a ruling was to be delivered on notice.
- **FCT- Application No.8 of 2013**  
While the ruling was pending before the FCT, Mabibo filed another Application and registered it as **Application No. 2 of 2013** which was later registered as **Application No.8 of 2013** by the FCT. This application was objected by the FCC on the grounds that it was a tactic to frame



multiple proceedings and create confusion. After due submissions, the matter was reserved for ruling on notice. On 24<sup>th</sup> May, 2014, the FCT delivered a ruling on **Application No. 8 of 2013** and struck out the matter with costs, reserving, however, its reasons was to be delivered at a future date to be notified to the parties. The matter is still pending (*sine die*) as the Applicant (Mabibo Wines & Spirits) has referred the matter to the Court of Appeal for revision.

- **FCT Taxation Reference No. 8 of 2014**

The FCT delivered a ruling on the **FCT-Application No. 2 of 2013** whereby it upheld the FCC preliminary objections and struck out the matter with costs. Following the FCT's ruling on *FCT-Application No. 2 of 2013*, the Respondents (i.e., the **FCC, M/S Baraka Stores** and **S.H Amon**) filed their Applications for bills of costs before Honourable FCT Registrar as the Taxing Master. The Taxing Master's ruling was delivered and awarded the FCC and *Baraka Stores* a total amount of 10 million TZS each, as costs. *Baraka Stores* was dissatisfied with the award of the Taxing Master and referred the matter before Honourable Chairperson (FCT Taxation Reference No. 8 of 2014). This matter is still pending to-date.

## **B. Commission's cases before the High Court**

The Commission had one pending matter before the High Court of Tanzania,

Commercial Division. This case involved **M/S Associated Investment & Services Limited vs FCC** (*High Court Commercial Case No. 122 of 2012*). The case emanated from a procurement transaction for the partitioning of the FCC's office at Ubungo Plaza in 2010. During the year under review, the matter at the high Court gave judgement against the FCC and the judgement has been compromised and settled.

## **C. Commission's Case before the Court of Appeal**

During the year under review, four cases were pending at the Court of Appeal. These were:

- **Miscellaneous Civil Revision No. 108 of 2013 between the Fair Competition Commission Vs Tanzania Breweries Limited & 2 Others.**

This case involves an application preferred by the FCC, for revision of the decision of the FCT. The matter is still pending at the Court of Appeal.

- **Misc. Civil Appeal No. 113 of 2012 Between Tanzania Cigarette Company (TCC) Ltd vs The Fair Competition Commission and the Hon. Attorney General**

This was an appeal preferred by the TCC against FCC and the Attorney General following the TCC's defeat at the High Court in Miscellaneous Civil Cause No, 31 of 2010 challenging, among others, the constitutionality of FCC's mandate in carrying out its functions under section 69 of the Fair Competition Act. Following a settlement deed signed in respect of FCC/Complaint No. 1 of 2008 (was pending at the FCC against the TCC), the TCC withdrew its Appeal from the court



of Appeal and entered into a Settlement Agreement with the FCC.

- **Misc.Civil Application No. 111 of 2015** (*Application for revision of the proceedings judgement and decree in Appeal No.5 of 2014 of Fair Competition Tribunal at Dar es Salaam dated 29<sup>th</sup> April 2015 and delivered on the 29<sup>th</sup> April 2015 in the Tribunal Appeal No. 5 of 2014*).

This is an appeal preferred by *M/S Tanga Fresh Ltd vs the FCC* following a decision by the FCT that upheld the decision of the FCC in Tribunal Appeal No. 5 of 2014. The FCC is still waiting for the Court of Appeal's directives as to the notice of appeal and memorandum of appeal that were never served upon the FCC by Tanga Fresh Ltd.

- **Civil Application No.132 of 2015**

A case between Mabibo Beer Wine and Spirits Ltd the Fair Competition Commission, Lucas Pius Mallya T/A Baraka Store S.H. Amon Enterprises Co. Ltd and Tanzania Revenue Authority (TRA) (as Necessary Party). These are revision proceedings preferred by *M/S Mabibo Wines & Spirits Ltd* requesting the Court to revise the decisions of the Fair Competition Tribunal dated 24<sup>th</sup> April 2015 in *Tribunal Application No. 8 of 2013* and the proceedings pending in *Tribunal Taxation Reference No.8 of 2014* and set aside and/quash of all the proceedings and all orders made in the *Tribunal Application No. 8 of 2013* and in the proceedings pending in *Tribunal Taxation Reference No.8 of 2014*. The date of hearing of this case is to be set by notice to the parties.

### 8.3 Consumer Protection

During this period, the Commission continued to execute its mandate entrusted

under section 65 of FCA, 2003 by carrying out consumer protection initiatives with particular emphasis on formulation of a friendlier legal framework in order deal with consumer problems. The following are some of activities that were conducted during the year under review: Handling of complaints, develop mechanism for review and registration of Standard Form Consumer Contracts, received and registered Standard Form Consumer Contracts, continue formulation of Consumer Protection Regulations. A summary of the activities are presented below:

#### 8.3.1 Consumer Complaint Handling

Further, the Commission handled 72 consumer related complaints, most of which were on electronic consumer products. About 95% of the received complaints were resolved amicably whereby complainants were fully redressed. The remaining 5% were transferred to other Government agencies dealing with consumer complaints.

#### 8.3.2 Review and registration of Standard Form Consumer Contracts

During the same period under review, the Commission developed mechanisms for the review and registration of Standard Form Consumer Contracts as per Standard Form (Consumer Contracts) Regulations, 2014. Standard Form (Consumer Contracts) Regulations, 2014 and Standard Form (Consumer Contracts) Regulations, 2014. A popular version was developed and uploaded on the Commission website for public consumption.

Further, during the period under review, the Commission received and registered 67 Standard Form Consumer Contracts from various business entities with view to ensure that the Standard Form Consumer Contracts are free of unfair and misleading terms that harm consumers.



### 8.3.3 Consumer Complaint Handling Rules (Including ADR)

During the period under review, the Commission improved the draft Consumer Complaint Handling Rules (Including ADR). The draft Rules are in suspense pending the passing in parliament of the amendments to the Fair Competition Act, No. 8 of 2003 that seek to grant FCC the ability to handle consumer matters as an alternative form of disputes settlement to courts of law. The Commission developed and submitted the Terms of Reference for the National Consumer Protection Policy for comments to MITI before engaging a consultant.

### 8.4 Consumer Education

During the period under review, the Commission finalized its Consumer Awareness Strategy in order to guide implementation of consumer education and awareness activities. The Strategy was designed to promote consumer awareness and education initiatives and forging partnership with key stakeholders. The objective being the enhancing of competitive markets where knowledgeable and informed consumers will enable market forces to work effectively and contribute towards market efficiencies.

The Commission also prepared and produced TV spots and jingles and aired the same in different media stations with the aim of sensitizing the businesses community on consumer rights and responsibilities. It is anticipated this would inculcate into the Business Community a sense of consumer protection in their processing and selling of goods and services. The initiative was also aimed to instill to business community with sense of protecting consumer whilst sensitizing them on the danger of selling and buying counterfeit goods or goods that lack rules of origin as well as social, economic and legal consequences arising from such selling.

Further, during the period under review the Commission organized and conducted a seminar for education stakeholders in Dar es Salaam region. The objective of the seminar was to sensitize education stakeholders on consumer protection issues and to forge partnerships with relevant institutions mandated to prepare educational curricula in order to spearhead and facilitate inclusion of consumer issues in primary and secondary curriculum with the aim of preparing a pro-active Tanzania generation from early age. Further the aim of the seminar was to chart out methodology on how to establish consumer clubs in primary and secondary schools as part of non-formal education in order to promote awareness on consumer rights, remedies and obligations at the said levels.

The Commission also participated in the organization and commemoration of the World Consumer Rights Day event that is held on the 15<sup>th</sup> March, every year. The said event for the period under review was held in Mtwara region where about 500 hundred participants from tertiary institutions, secondary schools, civil societies, government institutions were sensitized on consumer protection issues through seminars. Further to that, media campaigns and exhibitions were conducted with the aim of reaching out to the general public in the said region on the same issues.

The Commission also prepared a guide to help the business community understanding the effects of trading in counterfeit products and means of fighting counterfeit products in the market. The purpose of the guide was to enlighten commercial companies and traders involved in the manufacturing, importing and selling of products on the legal framework in order to sensitize them to refrain from such practices of trading in counterfeit products.



During the same period, the Commission prepared and publicized a Notice on Standard Form (Consumer Contract) Regulations 2014 in widely circulating newspapers in order to raise awareness of the general public on the existence and implementation date of the said regulations.

## **8.5 Fight Against Counterfeits**

During the period under review, the Commission continued to execute its mandate entrusted under the MMA, 1963 which requires the Commission to control the use of marks and trade descriptions in relations to merchandise. The Commission prioritized the counteracting of counterfeit goods in the market and the destruction of condemned counterfeit goods. It also held several meetings to brief the Mult-sectoral Task Force a Counterfeit goods combat operations.

### **8.5.1 Anti-Counterfeits Campaigns**

The Commission in collaboration with different brand owners conducted 11 raids

in Dar es Salaam, Moshi, Arusha, Mwanza And Kahama.

Brands involved in these operations, among other include: Electric Cables, Caltex Oil, Channel Watches and Clove Oil Products. Kiwi, Konyagi, CAT, Channel, Oryx, Baygon and Tan-Uk, Balaji, Nokia and Tecno.

Likewise, the Commission continued the monitoring of counterfeit goods in Dar es Salaam Port and Inland Container Depots (ICDs) where, 70 containers suspected to contain counterfeit products were seized for contravening the provisions of the Merchandise Marks Act, 1963, as amended.

Further, during the period under review, the Commission handled 40 various consumer complaints, as a result of which about 98% of complainants were compensated.



## 9.0 Declaration of Conflict of Interest

According to Section 66 of FCA, members and employees of the Commission are required to declare any conflict of interest that has a pecuniary or other interest that

conflict with proper performance of his/her duties. During the period under review, two cases of conflict of interest were reported.

## 10. Conclusion and Future Outlook

The decisions of any Competition Authority are meant to support Government efforts to eradicate poverty and the creation of an enabling environment to attract investments so as to enhance the welfare of the people of Tanzania.

The Commission aims at taking measures to achieve the necessary impact to the economy which is to increase economic efficiency in the production, distribution and supply of goods and services and the effective protection of consumers. Specifically, by undertaking the following;

i. To continue implementing the FCC Strategic Plan 2013/14-2017/18 that guides the Commission's operations for the remaining period.

ii. To develop guidelines and other tools in order to enhance performance, transparency and impartiality of the organization in line with Big Results Now (BRN) initiatives.

iii. To continue building the capacity of the staff in order to equip them with necessary skills and knowledge to enhance the organization's performance.

iv. To strengthen working relationship with Government institutions and other stakeholders.

v. To continue strengthening efforts to implement advocacy, public awareness and other outreach programmes for the benefits of consumers, Government, business community.



# 11. Report of the Controller and Auditor General

## AUDIT REPORT ON THE FINANCIAL STATEMENTS

**To:** Chairman,  
Fair Competition Commission,  
P.O. Box 7883,  
Dar es Salaam,  
**Tanzania.**

**RE: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF FAIR COMPETITION COMMISSION FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

### Introduction

I have audited the financial statements of the Fair Competition Commission which comprises of the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows, Statement of Comparison of Budgets and Actual Amounts, Accounting Policies and notes to the Financial Statements for the year ended 30<sup>th</sup> June, 2016 as shown in pages 22 to 45 of this report.

### Commissioners Responsibility for the financial statements

The Commissioners are responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (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 as per the Statement of Commissioners` responsibility on the Financial Statements enclosed in this report as set out on page 17.

### Responsibilities of the Controller and Auditor General

My responsibility as an auditor is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI) and such other procedures I considered necessary in the circumstances. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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



In addition, Sect. 10 (2) of the Public Audit Act (PAA) No. 11 of 2008 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and expenditures of public monies have been properly authorized.

Further, Sect 48(3) of the Public Procurement Act No.7 of 2011 and Regulation 269 (1) of the Public Procurement Regulations 2013 require me to state in my annual audit report whether or not the auditee has complied with the provisions of the Law and its Regulations.

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

### **Unqualified opinion**

In my opinion, the financial statements present fairly, in all material respects the financial position of the Fair Competition Commission as at 30<sup>th</sup> June, 2016, and of its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) and comply with the Fair Competition Act (FCA) No. 8 of 2003 requirements.

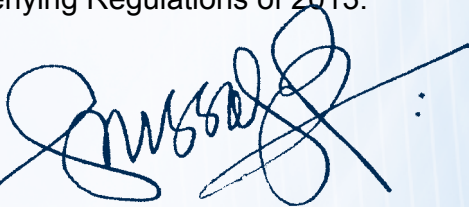
### **Emphasis of Matter**

Without qualifying my opinion, I draw the attention of the users of this report to note 25 to the financial statements that the Commission has lawsuit whose hearings and proceedings are in progress. The claim has potential liabilities for the Commission of TZS 1,000,000,000 of which potential liability has not been provided for in the financial statements as the ultimate outcome for these cannot be sufficiently determined.

### **Report on Other Legal and Regulatory Requirements**

#### **Compliance with Procurement Legislation**

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



Prof. Mussa J. Assad

**CONTROLLER AND AUDITOR GENERAL**

**NATIONAL AUDIT OFFICE**

Dar es Salaam, TANZANIA



3<sup>rd</sup> March, 2017



**STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE, 2016**

	NOTE	30.06.2016 TZS.	30.06.2015 TZS.
<b>ASSETS</b>			
<b>Current Assets</b>			
Debtors and Prepayments	5	<b>592,915,742</b>	712,811,553
Short Term Investments	6	<b>9,022,843,757</b>	5,733,719,276
Cash and Bank Balance	7	<b>4,037,117,640</b>	1,121,294,838
<b>Total Current Assets</b>		<b><u>13,652,877,139</u></b>	<b><u>7,567,825,667</u></b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	8	<b>294,037,338</b>	390,752,091
<b>Total Non-Current Assets</b>		<b><u>294,037,338</u></b>	<b><u>390,752,091</u></b>
<b>TOTAL ASSETS</b>		<b><u>13,946,914,477</u></b>	<b><u>7,958,577,758</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Creditors and Accruals	9	<b>417,269,091</b>	311,212,630
<b>NET ASSETS</b>		<b><u>13,529,645,386</u></b>	<b><u>7,647,365,128</u></b>
<b>EQUITY</b>			
Capital Funds	10	<b>480,787,963</b>	480,787,963
Accumulated Surplus		<b>1,333,352,786</b>	1,090,293,726
Deferred Building Fund	11	<b>11,709,825,622</b>	6,070,604,424
Revaluation Reserve	12	<b>5,679,015</b>	5,679,015
<b>TOTAL EQUITY</b>		<b><u>13,529,645,386</u></b>	<b><u>7,647,365,128</u></b>

Notes to the Financial Statements on pages 30 to 48 form an integral part of the financial statements. Independent auditors' report on pages 21-23.

SIGNATURE:



NAME:

Prof. S. M. Wangwe

DESIGNATION:

COMMISSION CHAIRMAN



Dr. F. Ringo

DIRECTOR GENERAL

DATE:






**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

<b>REVENUE</b>	<b>NOTE</b>	<b>2015/2016 TZS.</b>	<b>2014/2015 TZS.</b>
<b>Revenue from non-exchange transactions</b>	<b>13</b>	<b>3,117,844,063</b>	2,922,560,789
Fees			
Funds from Regulatory Authorities	<b>14</b>	<b>1,754,804,983</b>	1,500,517,106
Funds from the Government	<b>15</b>	<b>1,998,743,255</b>	1,830,317,995
<b>Revenue from exchange transactions</b>	<b>16</b>	<b><u>194,439,224</u></b>	<u>304,773,268</u>
Other Revenue			
Total Revenue		<b>7,065,831,525</b>	6,558,169,158
<b>LESS:EXPENSES</b>			
Staff Expenses	<b>17</b>	<b>3,516,750,443</b>	2,917,201,657
Administrative Expenses	<b>18</b>	<b>1,994,504,823</b>	1,962,106,320
Operating Expenses	<b>19</b>	<b>1,140,519,714</b>	1,388,197,808
Depreciation	<b>8</b>	<b>170,997,485</b>	157,740,930
Total Expenses		<b><u>6,822,772,465</u></b>	<u>6,425,246,715</u>
Surplus/(Deficit) During the Year		<b>243,059,060</b>	132,922,443
Accumulated Surplus /(Deficit) B/F		<b><u>1,090,293,726</u></b>	<u>957,371,283</u>
Accumulated Surplus/(Deficit) C/F		<b><u>1,333,352,786</u></b>	<u>1,090,293,726</u>

Notes to the Financial Statements on pages 29 to 47 form an integral part of the financial statements. Independent auditors' report on pages 22-24.

SIGNATURE:



NAME:

Prof. S. M. Wangwe

DESIGNATION:

COMMISSION CHAIRMAN



Dr. F. Ringo

DIRECTOR GENERAL

DATE:

01/03/2017

01/03/2017



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

Particulars	Capital Funds TZS.	Retained Earnings TZS	Deferred Building Fund TZS.	Revaluation Reserve TZS.	Total TZS.
Balance as at 01.07.2014	480,787,963	957,371,283	5,369,947,155	5,679,015	6,813,785,416
Surplus/(Deficit) During the Year	0	132,922,443	0	0	132,922,443
Deferred Building Fund	0	0	700,657,269	0	700,657,269
Revaluation Surplus	0	0	0	0	0
<b>Balance as at 30.06.2015</b>	<b><u>480,787,963</u></b>	<b><u>1,090,293,726</u></b>	<b><u>6,070,604,424</u></b>	<b><u>5,679,015</u></b>	<b><u>7,647,365,128</u></b>
Balance as at 01.07.2015	480,787,963	1,090,293,726	6,070,604,424	5,679,015	7,647,365,128
Deferred Building Fund	0	0	5,639,221,198	0	5,639,221,198
Surplus/(Deficit) During the Year	0	243,059,060	0	0	243,059,060
<b>Balance as at 30.06.2016</b>	<b><u>480,787,963</u></b>	<b><u>1,333,352,786</u></b>	<b><u>11,709,825,622</u></b>	<b><u>5,679,015</u></b>	<b><u>13,529,645,386</u></b>

Notes to the Financial Statements on pages 29 to 47 form an integral part of the financial statements. Independent auditors' report on pages 22-24.

SIGNATURE:  .....  
 NAME: Prof. S. M. Wangwe  
 DESIGNATION: COMMISSION CHAIRMAN  
 DATE: 01/03/2017

SIGNATURE:  .....  
 NAME: Dr. F. Ringo  
 DESIGNATION: DIRECTOR GENERAL  
 DATE: 01/03/2017



**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

	<b>2015/2016 TZS</b>	<b>2014/2015 TZS</b>
<b>A: CASHFLOW FROM OPERATING ACTIVITIES</b>		
<b>CASH RECEIPTS</b>		
Fees	<b>3,117,844,064</b>	2,922,560,789
Cash Received from Regulatory Authorities	<b>1,754,804,983</b>	1,500,517,106
Cash Received from the Government	<b>1,998,743,255</b>	1,830,317,995
Cash Received from Other Income	<u><b>314,335,035</b></u>	<u>234,306,464</u>
	<u><b>7,185,727,336</b></u>	<u>6,487,702,354</u>
<b>CASH PAYMENTS</b>		
Staff Expense Paid	<b>(3,463,619,243)</b>	(2,917,201,657)
Administrative Expenses Paid	<b>(1,941,579,563)</b>	(2,061,623,581)
Operating Expenses Paid	<u><b>(1,140,519,714)</b></u>	<u>(1,388,197,808)</u>
	<u><b>(6,545,718,520)</b></u>	<u>(6,367,023,046)</u>
<b>Net Cash Flow from Operating activities</b>	<u><b>640,008,816</b></u>	<u>120,679,308</u>
<b>B: CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Assets	<b>(74,282,733)</b>	(70,126,876)
(Increase)/Decrease in Short-Term Investments	<u><b>(3,289,124,479)</b></u>	<u>(624,416,551)</u>
	<u><b>(3,363,407,212)</b></u>	<u>(694,543,427)</u>
<b>Net Cash Flow from investing activities</b>		
<b>C: FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) of Deferred Building Funds	<u><b>5,639,221,198</b></u>	<u>700,657,269</u>
<b>Net Cash Flow from financing activities</b>	<u><b>5,639,221,198</b></u>	<u>700,657,269</u>
<b>NET INCREASE / (DECREASE IN CASH AND CASH EQUIVALENT (A+B+C))</b>	<b>2,915,822,802</b>	126,793,150
<b>CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR</b>	<u><b>1,121,294,838</b></u>	<u>994,501,688</u>
<b>CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>	<u><b>4,037,117,640</b></u>	<u>1,121,294,838</u>

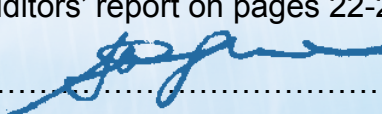
Notes to the Financial Statements on pages 29 to 47 form an integral part of the financial statements. Independent auditors' report on pages 22-24.

SIGNATURE: .....

NAME:

DESIGNATION:

DATE: .....

  
Prof. S. M. Wangwe  
COMMISSION CHAIRMAN

01/03/2017

  
Dr. F. Ringo  
DIRECTOR GENERAL

01/03/2017

## STATEMENT OF COMPARISON OF BUDGETS AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016

	Budget	Actual	Difference	Difference
	2015/2016	2015/2016	2015/2016	In
	TZS	TZS	TZS	%
<b>Cash brought forward</b>	1,350,000,000	1,121,294,838	288,705,162 U	16.9
<b>REVENUE</b>				
Fees	2,870,607,616	3,117,844,064	247,236,448 F	8.6
Funds from Regulatory Authorities	1,700,000,000	1,754,804,983	54,804,983 F	3.2
Funds from the Government	2,498,200,089	1,998,743,255	(499,456,835) U	(19.9)
Other Revenue	142,025,000	194,439,224	52,414,224 F	36.9
	<b><u>7,210,832,705</u></b>	<b><u>7,065,831,525</u></b>	<b><u>(145,001,179) U</u></b>	<b><u>(17.4)</u></b>
<b>Total</b>	8,560,832,705	8,187,126,364	(373,706,341) U	(4.3)
<b>EXPENSES</b>				
<b>Staff Expenses</b>	3,669,269,248	3,516,750,443	152,518,805 F	4.1
<b>Administrative Expenses</b>				
Goods and Services	2,590,820,326	1,520,138,428	1,070,681,898 F	41.3
Rent	480,000,000	474,366,395	5,633,605 F	1.1
<b>Operating expenses</b>				
Competition Protection Operations	854,587,000	587,192,984	267,394,016 F	31.2
Consumer Protection Operations	655,768,000	407,698,230	248,069,770 F	37.8
Commissioners Expenses	158,200,000	145,628,500	12,571,500 F	7.9
<b>Other Expenses</b>	152,188,131	170,997,485	(18,809,354) U	(12.3)
	<b><u>1,820,743,131</u></b>	<b><u>1,311,517,199</u></b>	<b><u>509,225,932 F</u></b>	<b><u>27.9</u></b>
<b>Total Expenses</b>	<b><u>8,560,832,705</u></b>	<b><u>6,822,772,465</u></b>	<b><u>1,738,060,240 F</u></b>	<b><u>20.3</u></b>
<b>Surplus for the period</b>	<u>-</u>	<b><u>1,364,353,899</u></b>	<b><u>1,364,353,899</u></b>	

U = Unfavourable Difference

F = Favourable Difference


Notes to the Financial Statements on pages 29 to 47 form an integral part of the financial statements. Independent auditors' report on pages 22-24.

SIGNATURE: .....

NAME:

DESIGNATION:

DATE: .....

  
Prof. S. M. Wangwe  
COMMISSION CHAIRMAN

01/03/2017

  
Dr. F. Ringo  
DIRECTOR GENERAL

01/03/2017



# 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 and accrual bases, 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 Entity'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 comprehensive income.

#### **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 Comprehensive Income. Government grants are recognized only when there is reasonable assurance that (a) the Commission will comply with any conditions attached to the grant and (b) 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 a cash basis in the accounting period in which the Commission receives them.

#### **d) Interest income**

Interest income is recognized on a time proportion basis, which takes into account the effective yield on the asset over the period it is expected to be held. Interest from Fixed Deposit 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.



## **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. These include Office furniture and fixtures, Office equipment

Computers and related equipment and Motor vehicles.

### ***(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 labour, 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 recognised as profit or loss as incurred.

## **h) Depreciation**

Depreciation is recognized as profit or loss 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:

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

### ***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 as profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use.

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 Labour 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 for 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:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risks
- (d) 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 analyse 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 maintains 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.

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**

	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>TZS.</b>	<b>TZS.</b>
Prepayments and Advances	-	160,096,308
Interest Receivables	<b>252,362,605</b>	267,724,164
Subvention Receivable	-	99,155,361
Staff Debtors	<b>299,180,102</b>	144,462,685
Other Receivables	<u><b>54,102,215</b></u>	<u>54,102,215</u>
<b>Sub Total</b>	<b>605,644,922</b>	725,540,733
<b>Less: Provision for Doubtful Debts</b>	<u><b>(12,729,180)</b></u>	<u>(12,729,180)</u>
<b>TOTAL</b>	<u><b>592,915,742</b></u>	<u>712,811,553</u>

Increase in Staff Debtors for year 2015/16 is due to the policy adopted by the Commission of assisting its staff financially by granting recoverable

Salary advance when they get problems and need financial assistance.

**NOTE 6: SHORT TERM INVESTMENTS**

Short term Investments comprise of a principal of TZS 3,900,000,000 from East Africa Breweries Limited that had accumulated to TZS 5,733,719,276 up to 30<sup>th</sup> June, 2015 due to interest earned and a principal of TZS 2,250,000,000 from Tanzania Cigarette Company (invested in 2015/16). Both investments earned interest of TZS 1,039,124,481 in total for the year 2015/16. As a result, Short Term Investments stood at TZS 9,022,843,757 as at 30<sup>th</sup> June, 2016. The balance has been arrived at as follows:-

<b>Bank Invested</b>	<b>Particulars</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
		<b>TZS</b>	<b>TZS</b>
ECO Bank	Principal	5,733,719,276	5,109,302,725
	Interest received & reinvested in 2015/16	<u>856,400,555</u>	<u>624,416,551</u>
<b>Sub Total</b>		<u><b>6,590,119,831</b></u>	<u><b>5,733,719,276</b></u>
Bank M	Principal	2,250,000,000	0
	Interest received & reinvested in 2015/16	182,723,926	0
<b>Sub Total</b>		<u><b>2,432,723,926</b></u>	<u><b>0</b></u>
<b>TOTAL</b>		<u><b>9,022,843,757</b></u>	<u><b>5,733,719,276</b></u>



**NOTE 7: CASH AND BANK BALANCES**

	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>TZS.</b>	<b>TZS.</b>
NBC (TZS)	<b>585,926,944</b>	326,716,353
NBC (USD)	<b>335,235,306</b>	573,159,557
CRDB Government OC (TZS)	<b>186,049,291</b>	(8,148,662)
CRDB Anti-Counterfeit (TZS)	<b>248,499,784</b>	108,658,970
NBC FDR	<b>123,029,326</b>	119,876,200
Petty Cash Fund	<b>50,989</b>	1,032,420
BOT Collection Account	<b><u>2,558,326,000</u></b>	-
<b>TOTAL</b>	<b><u>4,037,117,640</u></b>	<b><u>1,121,294,838</u></b>

**NOTE 8: PROPERTY, PLANT AND EQUIPMENT**

PARTICULARS	OFFICE FURNITURE AND EQUIPMENT	FIXTURES AND FITTINGS	OFFICE EQUIPMENT	COMPUTERS AND OTHER RELATED HARDWARE	MOTOR VEHICLES	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS
Cost/Valuation As At 01.07.2015	141,067,936	182,689,824	82,746,580	143,336,460	310,000,000	859,840,800
Additions During the Year	700,000	0	32,404,572	41,178,161	0	74,282,733
<b>Cost/Valuation As At 30.06.2016 - (A)</b>	<b>141,767,936</b>	<b>182,689,824</b>	<b>115,151,152</b>	<b>184,514,621</b>	<b>310,000,000</b>	<b>934,123,533</b>
<b>Accumulated Depreciation As At 01.07.2015</b>	<b>40,014,628</b>	<b>110,678,275</b>	<b>23,476,210</b>	<b>81,794,596</b>	<b>213,125,000</b>	<b>469,088,709</b>
Charge During the Year	16,699,658	22,836,228	17,371,076	36,590,523	77,500,000	170,997,485
<b>Accumulated Depreciation As At 30.06.2016 - (B)</b>	<b>56,714,286</b>	<b>133,514,503</b>	<b>40,847,287</b>	<b>118,385,119</b>	<b>290,625,000</b>	<b>640,086,195</b>
<b>NET BOOK VALUE AS AT 30.06.2016 (A-B)</b>	<b>85,053,650</b>	<b>49,175,321</b>	<b>74,303,865</b>	<b>66,129,502</b>	<b>19,375,000</b>	<b>294,037,338</b>
NET BOOK VALUE AS AT 30.06.2015	101,053,308	72,011,549	59,270,370	61,541,863	96,875,000	390,752,091



**NOTE 9: CREDITORS AND ACCRUALS**

	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>TZS.</b>	<b>TZS.</b>
Trade Creditors	<b>192,036,087</b>	155,582,160
Other Creditors	<b>4,931,895</b>	4,931,895
Gratuity Payable	<b>135,807,701</b>	82,676,501
Accrued Expenses	<b><u>84,493,408</u></b>	<u>68,022,074</u>
<b>TOTAL</b>	<b><u>417,269,091</u></b>	<u>311,212,630</u>

**NOTE 10: CAPITAL FUNDS**

Capital fund TZS 480,787,963 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 summary of grant/assistance received is as follows:

<b>Particulars</b>	<b>Amount TZS.</b>
Cash	<b>303,588,043</b>
Two Motor vehicles	<b>17,643,750</b>
Furniture and Equipment	<b>106,567,186</b>
Computers and Accessories	<b><u>52,988,984</u></b>
<b>TOTAL</b>	<b><u>480,787,963</u></b>

**NOTE 11: DEFERRED BUILDING FUND**

The Building Funds comprises of opening balance of TZS 6,070,604,424 which is the sum of short term investment of a principal of TZS 3,900,000,000 from East Africa Breweries Limited and its accrued interest of TZS 2,170,604,424. It also comprise of TZS 4,500,000,000 that was received from Tanzania Cigarette Company as settlement for a competition case in 2015/16 and TZS. 1,139,221,198 being interest amount earned and accrued for the year 2015/16 in short term investments. As a result, Deferred Building Fund Stood at TZS 11,709,825,622

as at 30<sup>th</sup> June, 2016. The funds were received as settlement for competition cases and the plan is to apply them for the construction of an office building in the future. The funds will be recognized in the Statement of Financial Performance on a periodic basis, throughout the entire useful life of the building to be constructed. The recognition into income statement will be done by debiting the deferred building fund account and crediting the income statement with an amount equal to depreciation expense amount for each year until the building is fully depreciated. This will enable matching of depreciation expense against the income recognized as per IPSAS 23 and IPSAS 17.

In summary the movement of Deferred Building Fund is as follows:-

Particulars	30.06.2016	30.06.2015
	TZS	TZS
Balance B/F	6,070,604,424	5,369,947,155
Additions/Increase during the year		
- Amount for competition case settlement from TCC	4,500,000,000	-
- Interest amount earned and accrued for the year	1,139,221,198	700,657,269
	<u>5,639,221,198</u>	<u>700,657,269</u>
Balance C/F	<u>11,709,825,622</u>	<u>6,070,604,424</u>

## NOTE 12: REVALUATION RESERVE

Revaluation of Property and Equipment except Fixtures and Fittings was performed in October, 2012 by M/s TKA Company Limited in association with M/s Roots General Agency Company Limited, qualified property valuers, based on the depreciated replacement cost. The arising revaluation surplus which amounted to TZS 5,679,015 was credited to revaluation reserve.

## NOTE 13: FEES

	2015/2016	2014/2015
	TZS.	TZS.
Counterfeit Penalty Fees	299,560,561	180,560,930
Merger Application & Exemption Fees	2,762,887,503	2,686,799,859
Counterfeit Investigation Fees	31,500,000	49,500,000
Tender Fees	-	700,000
Counterfeit Special Operations	6,000,000	5,000,000



Counterfeit destruction fees	<b>100,000.00</b>	-
Case Settlements	<b>6,696,000</b>	-
Standard Form Contracts	<b><u>11,100,000</u></b>	-
<b>TOTAL</b>	<b><u>3,117,844,064</u></b>	<b><u>2,922,560,789</u></b>

## NOTE 14: 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 2015/2016 the contributions were as follows:-

<b>Regulatory Authority</b>	<b>2015/2016 TZS.</b>	<b>2014/2015 TZS.</b>
EWURA	<b>976,004,983</b>	771,617,106
TCRA	<b>300,000,000</b>	300,000,000
SUMATRA	<b>358,800,000</b>	328,900,000
TCAA	<b><u>120,000,000</u></b>	<u>100,000,000</u>
<b>TOTAL</b>	<b><u>1,754,804,983</u></b>	<b><u>1,500,517,106</u></b>

## NOTE 15: 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 receipts from MIT during the year under review is as follows:-

	<b>2015/2016 TZS.</b>	<b>2014/2015 TZS.</b>
Personnel Emoluments (PE)	<b>1,995,315,039</b>	1,823,497,097
Other Charges (OC)	<b><u>3,428,216</u></b>	<u>6,820,898</u>
<b>TOTAL</b>	<b><u>1,998,743,255</u></b>	<b><u>1,830,317,995</u></b>

**NOTE 16: OTHER INCOME**

	<b>2015/2016</b> <b>TZS.</b>	<b>2014/2015</b> <b>TZS.</b>
Interest on Investment	3,983,553	7,986,071
Rent Income	146,436,000	224,678,000
Gain in Exchange fluctuation	<u>44,019,671</u>	<u>72,109,197</u>
<b>TOTAL</b>	<u>194,439,224</u>	<u>304,773,268</u>

**NOTE 17: STAFF EXPENSES**

	<b>2015/2016</b> <b>TZS.</b>	<b>2014/2015</b> <b>TZS.</b>
Gross Salaries	2,089,044,901	2,036,748,713
Pension Contribution	282,773,096	134,670,240
Leave Pay	183,499,658	168,356,368
Extra Duties & Overtime	111,886,623	99,012,910
Acting Allowance	65,537,761	45,394,074
Gratuity	91,357,305	-
Separation Allowance	76,877,443	3,375,000
Airtime Allowance	142,358,000	128,209,352
Responsibility Allowance	44,550,000	45,500,000
Housing Allowance	147,690,703	55,285,000
Utility Allowance	64,845,211	-
Transport Allowance	<u>216,329,742</u>	<u>200,650,000</u>
<b>TOTAL</b>	<u>3,516,750,443</u>	<u>2,917,201,657</u>

**NOTE 18: ADMINISTRATIVE EXPENSES**

	<b>2015/2016</b> <b>TZS.</b>	<b>2014/2015</b> <b>TZS.</b>
ICT Maintenance	68,588,021	26,975,617
ICT Development and Trainings	530,000	8,102,325
Library Expenses	6,845,168	1,995,898
Audit & Financial Reporting	86,550,000	85,653,100
Budgeting and Funding	86,690,000	97,179,808
Recruitment	42,326,561	33,854,897
PMU and Tender Board	32,250,388	35,885,000
Advertisement	53,695,440	6,305,315
Medical Cost	183,587,833	114,943,698
Staff Welfare & Social Responsibility	161,288,000	186,110,454
Statutory Commissioner Fee	10,800,000	10,800,000
Group Life Insurance Expenses	22,610,521	14,028,451
Staff Professional Training & Fees	130,210,430	173,789,000
Air Travel Tickets	119,370,000	138,886,970



Other Admin Exp.	<b>70,710,413</b>	99,619,688
Training Costs	<b>33,576,000</b>	16,410,000
Internal Audit Expenses	<b>12,485,505</b>	36,598,300
Attending Dodoma Sessions	<b>24,456,700</b>	44,098,000
Electricity	<b>25,791,989</b>	42,168,881
Fuel Expenses-Vehicles	<b>102,353,692</b>	83,175,614
Repairs & Maintenance	<b>24,132,126</b>	15,745,890
Rent	<b>474,366,395</b>	482,110,414
Printing	<b>963,600</b>	8,983,900
Stationery	<b>28,091,491</b>	37,748,500
Telephone & Fax	<b>7,370,607</b>	15,824,958
Office Cleanliness	<b>12,269,640</b>	13,136,140
Office Consumables	<b>15,428,492</b>	6,703,702
Newspapers	<b>19,668,400</b>	19,564,100
Internet & TV	<b>6,230,091</b>	11,429,419
Security	<b>14,174,600</b>	11,291,400
Records Management	<b>151,000</b>	2,600,000
Taxes	<b>108,752,274</b>	71,210,964
Bank Charges	<b>8,189,446</b>	9,175,917
<b>TOTAL</b>	<b><u>1,994,504,823</u></b>	<b><u>1,962,106,320</u></b>

## NOTE 19: OPERATING EXPENSES

	<b>2015/2016</b>	<b>2014/2015</b>
	<b>TZS.</b>	<b>TZS.</b>
Competition Research Studies	<b>76,133,988</b>	75,759,500
Competition Advocacy	<b>31,350,000</b>	131,351,536
International Competition Workshop	<b>253,197,053</b>	464,356,273
Merger Compliance Machinery	<b>43,058,063</b>	48,891,352
Corporate Communication & Education Materials	<b>54,641,306</b>	76,163,800
Trade Fairs & Exhibition	<b>20,121,000</b>	14,714,000
Consumer Protection	<b>8,700,000</b>	21,832,000
Consumer Forums	<b>0</b>	5,550,000
Consumer & Counterfeit Education	<b>159,312,600</b>	29,583,297
Competition Cartel & Monopoly Investigation	<b>177,103,880</b>	24,738,825
Competition Legal Forums (EAC & SADC)	<b>0</b>	10,286,750
Commissioners Meetings (Extraordinary & Statutory)	<b>133,228,500</b>	129,945,627
Competition Legal Advisory Services	<b>6,350,000</b>	11,800,000
Case Completion Fees	<b>12,400,000</b>	0
Counterfeit Inspections, Monitoring & Raids	<b>164,353,324</b>	327,805,370
Counterfeit National/ International Forums	<b>0</b>	7,702,906
Counterfeit Destructions	<b>570,000</b>	7,716,572
<b>TOTAL</b>	<b><u>1,140,519,714</u></b>	<b><u>1,388,197,808</u></b>

## NOTE 20: INTANGIBLE ASSETS

The cost of accounting package (SAP 1) TZS 42,421,083 was amortized fully during the year 2015/16. The Commission will reassess the useful life of Intangible Assets in the year 2016/17 and adjust prospectively as per IPSAS 31 due to the fact that the related intangible asset is still in use and will continue to be in use for unforeseeable future.

## NOTE 21: DIFFERENCES BETWEEN BUDGET AND ACTUAL INCOME:

Increase of 9% from the budget of actual fees collected by the Commission was mainly caused by more compliance of firms that merged to notify FCC as the law required.

Decrease of 20% from the budget of actual funds allocated from the Government was mainly caused by the Government failure to remit funds to the Commission as per plan.

### EXPENSES:

Decrease of 41% from the budget of actual goods and services expenses paid was caused mainly by reduced expenditure as per 5<sup>th</sup> phase government initiatives and less procurement made.

Decrease of 31% from the budget of actual competition protection operations was mainly due to lack of staff to accomplish tasks that were budgeted for.

Decrease of 38% from the budget of actual consumer protection operations was mainly caused by postponing most of upcountry anti-counterfeit operations compared to what was budgeted for.

## NOTE 22: RESTATEMENT OF BALANCES

- 22.1 An amount of TZS. 69,678,121 relating to withholding tax on interest matured from the Fixed Deposit investments was inadvertently not booked in the books for year 2014/15. The amount is now retrospectively corrected in line with IPSAS 3. The bookings affect Accumulated Surplus and Deferred Building Fund brought forward in 1<sup>st</sup> July, 2015.
- 22.2 An amount of TZS.1 relating to amortization of Intangible Assets was under booked in the previous years now retrospectively corrected. The bookings affect Accumulated Surplus and Intangible Assets brought forward in 1<sup>st</sup> July, 2015.
- 22.3 An amount of TZS. 82,676,501 relating to gratuity payable was not booked in the previous years now retrospectively corrected. The bookings affect Accumulated Surplus and Gratuity Payable account brought forward in 1<sup>st</sup> July, 2015.

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

### Accumulated Surplus:

Particulars	TZS.
Balance Brought Forward as at 01.07.2015	1,242,648,349
Withholding Tax	(69,678,121)
Amortisation of Intangible Asset	(1)
Gratuity Expenses	(82,676,501)
<b>Balance Carried Forward as at 01.07.2015</b>	<b><u>1,090,293,726</u></b>



**Deferred Building Fund:**

Particulars	TZS.
Balance Brought Forward as at 01.07.2015	6,000,926,303
Withholding Tax Expense	69,678,121
<b>Balance Carried Forward as at 01.07.2015</b>	<b><u>6,070,604,424</u></b>

**Gratuity Payable:**

Particulars	TZS.
Balance Brought Forward as at 01.07.2015	0
Gratuity expense	82,676,501
<b>Balance Carried Forward as at 01.07.2015</b>	<b><u>82,676,501</u></b>

**Intangible Assets:**

Balance Brought Forward as at 01.07.2015	1
Amortization	<u>(1)</u>
<b>Balance Brought Forward as at 01.07.2015</b>	<b><u>0</u></b>

**NOTE 23: 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:

	Particulars	Number of Persons	2015/16 TZS	2014/15 TZS
1	<b>Governing Commission Members remunerations</b>			
(i)	Fees	3	10,800,000	10,800,000
(ii)	Sitting Allowances	4	35,527,600	64,972,813
(ii)	Case hearing	4	97,700,900	64,972,814
	<b>SUB TOTAL</b>		<b>144,028,500</b>	<b>140,745,627</b>

	Particulars	Number of Persons	2015/16 TZS	2014/15 TZS
2	<b>Senior Staff Remuneration</b>			
(i)	Salary and Allowances	5	549,230,234	488,204,652
(ii)	Pension Funds Contributions	4	54,293,955	40,720,466
	<b>SUB TOTAL</b>		<b>603,524,189</b>	<b>528,925,118</b>

The senior staff consists of the Director General and Divisional Directors.

## NOTE 24: POST BALANCE SHEET EVENTS

Balances as at 30<sup>th</sup> June, 2016 representing Short Term Investments of TZS 9,022,843,757 and Fixed Deposits Account of TZS 123,029,326 plus interest earned thereafter were transferred to the Treasury and BOT Account respectively after the balance sheet date. Furthermore, BOT Collection Bank Account which as at 30<sup>th</sup> June, 2016 reflected a balance of TZS 2,558,326,000 was subsequently invested in Treasury Bills. The Summary of the transactions is as shown here below:-

### Particulars

Transfers of Short Term Investments and Fixed Deposit Balances to Treasury

### Amount TZS

9,560,493,413

Investment of a balance in BOT Collection Bank Account in Treasury Bills

2,558,326,000

### TOTAL

**12,118,819,413**

## NOTE 25: CONTINGENT LIABILITIES

There is one case against the Commission whose total claims amounted to approximately TZS 1,000,000,000 at the year end.

## NOTE 26: CAPITAL COMMITMENTS

As at 30<sup>th</sup> June, 2016; the Commission had committed TZS 11,709,825,622 (2014/15 TZS 6,070,604,424) for the construction of its office building.

## NOTE 27: COMPARATIVE FIGURES

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







