



INTEGRATED REPORT

2014/2015

Back to **Basics**



The Competition Tribunal is one of three institutions established by the Competition Act 89 of 1998, to regulate competition between companies in the market place. Competition matters were previously regulated by the old Competition Board but in 1998 the democratic government of South Africa established a new framework of competition regulation creating three independent bodies replacing the Competition Board.

These were the Competition Commission, which investigates competition matters; the Competition Tribunal, which adjudicates competition matters; and the Competition Appeal Court, which hears appeals from the Competition Tribunal.

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Our Approach to Integrated Reporting

As mentioned in the chairperson's report, we have gone back to basics this year and given some thought to what we believe our stakeholders really want to know. Ultimately we think they want to know the extent to which we have delivered on the public mandate entrusted to us and what internal and external safeguards are in place to ensure that we continue to deliver on this mandate and do so efficiently, as well as the financial and other resources it took to achieve our outcomes this year. This context informed the drafting of our annual report this year.

Our mandate is to adjudicate competition cases brought to us by the Competition Commission (Commission) or the public. We heard 180 such cases this year. In part 2 of this report we highlight four of these cases that were noteworthy for their impact on the economy or for the new challenges they presented to the Tribunal. Our stakeholders can find more information on these and all other cases on our website, which remains the primary tool for communicating with the public.

Part 2 follows the guidance offered in the King III report on corporate governance and sets out the ways in which we manage risk, ethics, information technology and legal compliance. We also discuss how these safeguards are audited internally and externally. Part 2 begins, however, with an overview of our performance over the past year bearing in mind the goals the Tribunal set out to achieve. One of these goals concerns our interactions with our stakeholders and so we have discussed our stakeholders as part of our priorities and not within the corporate governance discussion.

This year we have also removed the pages upon pages of appendices that have always appeared at the end of our annual report opting to condense the data in those appendices into a few brief tables which appear later in the annual report and in the review of our performance information. In reducing the number of pages, we've saved approximately 20% on the costs of printing the annual report.

Since we are continuously developing our understanding of integrated reporting, we have added new features in this year's report in an effort to be more transparent and accountable. These include (1) a remuneration report which sets out our remuneration policy and pay model; and (2) a sustainability report which presents the effect of our contribution to the social and environmental wellbeing of our community.

Given that corporate governance principles require external assurance of our operations and reporting, it is important to note that aspects of our annual report are reviewed by the Tribunal's audit committee before being published and are the subject of Auditor-General's report. This assessment is included in part 1 of the annual report. The Tribunal's operations have also been assessed for corporate governance compliance and we set this out in more detail in part 2 of this report.

In printing our annual report we have used environmentally friendly paper and in that way reduced our impact on the environment and helped to preserve our natural resources.



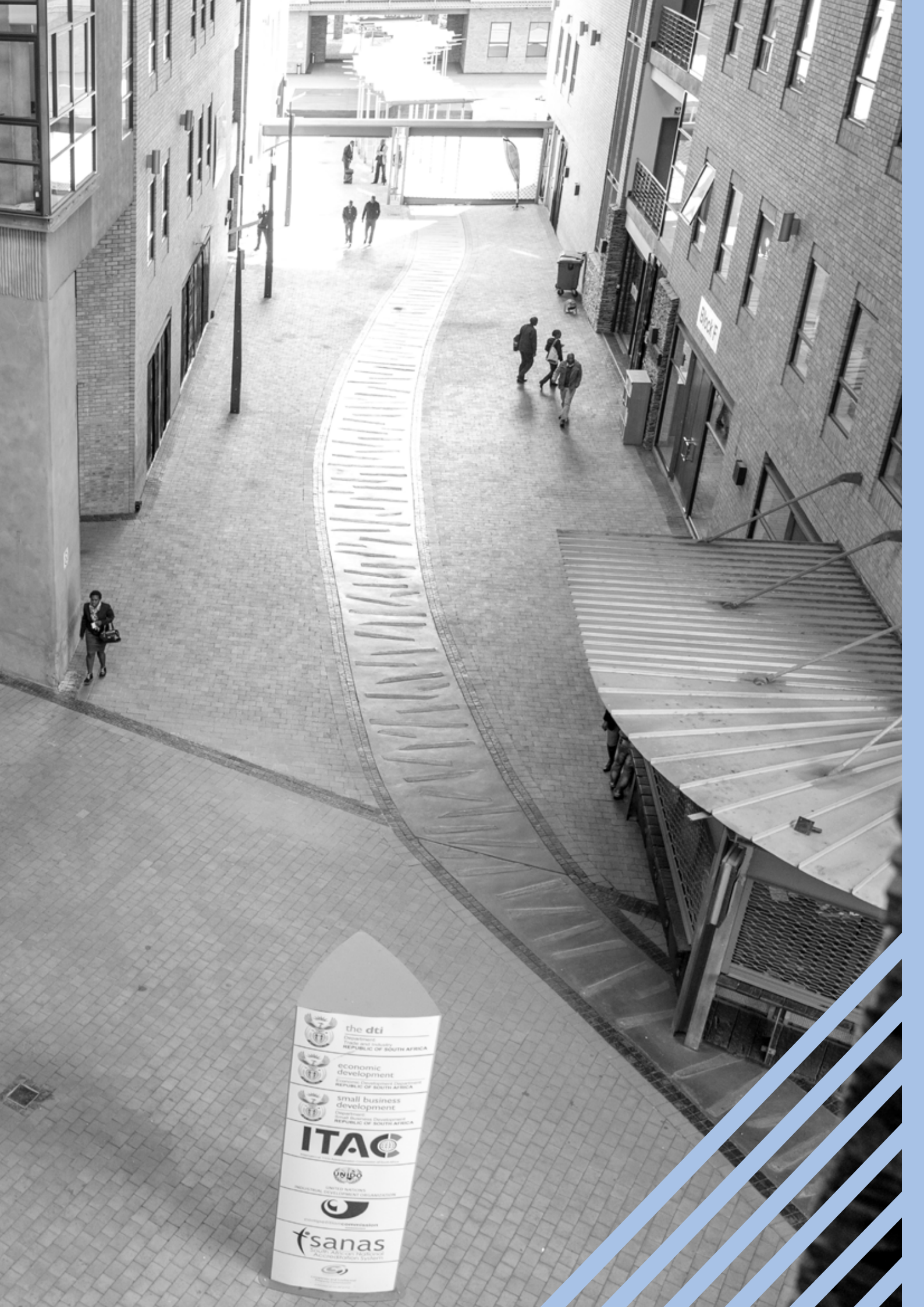
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Chairperson's Report



Norman Manoim, Tribunal chairperson

"If I could give our annual report this year a theme it would be "back to basics" because we have adopted the concept of materiality from King III's principles on governance and focused only on the key ways in which we use public resources to carry out our mandate within an ethical, accountable and sustainable framework. We think ultimately this is what our stakeholders would like to know."

1. Introduction

If I could give our annual report this year a theme it would be "back to basics" because we have adopted the concept of materiality from King III's principles on governance and focused only on the key ways in which we use public resources to carry out our mandate within an ethical, accountable and sustainable framework. We think ultimately this is what our stakeholders would like to know. Our approach to integrated reporting is fully set out on page 4 while my report outlines highlights arising from our core work and the challenges we continue to face.

This means that unlike last year's annual report, which was an exception because it was our 15th anniversary edition, we highlight only four of the 180 cases we heard over the year. These cases are noteworthy for their impact on the economy or for the new challenges they presented to the Tribunal in its 16th year of operation. Our stakeholders can find more information on these cases and all the other decisions we issue on our website, which is our primary tool for keeping the public informed about our core work.

Performance highlights

Table 1 on page 10 shows clearly that large mergers and consent orders agreements continue to make up the bulk of our work, together constituting 80.6% of our case load, although this does not necessarily reflect how much of our time goes into adjudicating these cases.

Merger activity on the rise

On average we've seen a steady increase in the number of large mergers that have come to be assessed before the Tribunal over the years. This trend is simply a reflection of the extent of consolidation and the growth in economic activity taking place in South Africa.

The Tribunal approved eight large mergers with employment conditions in the past financial year. Two mergers need special mentioning here, namely the offer by Lewis Stores to buy all the viable stores owned by Ellerrine's Beares division, as part of the African Bank failure, and the BB Investment Company of Adcock Ingram Holdings. Although neither of the mergers raised any competition concerns both raised important public interest concerns.

We heard the Ellerrines transaction on an expedited basis in light of the fact that it concerned a failing company which would result in a large number of job losses. The Tribunal imposed an employment condition preventing Lewis from retrenching any employee from viable stores as a result of the transaction and ordering Lewis to invite affected employees of the non-viable stores to apply for new positions at the viable stores that it bought. A total of 339 jobs were saved as a result of the transaction. The expedited basis on which the case was heard demonstrates that the public interest in employment can be of benefit to merging parties as well. This was the first time we had heard a merger where the target firm was under business rescue, the new procedure for saving ailing firms introduced by the amendments to the Companies Act in 2008 and which is more beneficial to employees than liquidation.

In a Tribunal first, on 19 August we approved the large merger between BB Investment Company and Adcock Ingram Holdings imposing a moratorium on any retrenchments, whether or not merger related, for a period of one year after the date of approval. This decision was significant for two reasons. First, we decided that mergers could have an impact on retrenchments even when they created no redundancies, if the policy of the

firm towards retrenchments post-merger was significantly different to what it might have been without the merger. In this case we found it was.

Second, we held that where there was no proper consultation with employees on the issue of whether retrenchments contemplated were merger specific or not, we would hold that consultation was inadequate. In the reasons we explained that because of certain pre-existing factors the distinction between merger specific and operational retrenchments had become blurred and so it was prudent to prohibit all retrenchments for a period. We fully explain the circumstances and judgment in this case on page 37 of this report.

It is also worth noting that in the past 15 years the Tribunal has placed employment related conditions on more than 29 mergers and prevented more than 3 803 job losses as a result of mergers.

Encouraging trends in settlement procedures

The increase in the number of consent orders or settlements the Tribunal heard this year bodes well for the administration of competition law in this country. In last year's annual report we demonstrated that a contested hearing on the construction cartel would have cost the tax payer R9.2 m – a cost which was averted by some of the parties opting to settle the matter. What remains for the Tribunal to assess then are the cases where there is a significant dispute of fact or law, ensuring that our resources are spent on the more significant cases. Instances of bid rigging in the construction industry continued to make a regular appearance in our settlement hearings. This year we confirmed nine more settlement agreements in this industry with a collective penalty of R81 019 820.73.

The construction industry settlements involved high value tenders between large firms that had been collusively rigged. In contrast this past year saw us hearing a large number of collusive bidding cases involving low value tenders by relatively small firms. However the extent of the behaviour revealed was disturbing. Although settlements continue to come in it is alleged that the practices involved 45 furniture removal companies. In respect of the number of firms involved and geographical scope this is the largest cartel uncovered. Customers affected include Eskom, the South African National Defence Force and the South African Police Services. A full update of the furniture removal settlements appears on page 30 of this report.

Chairperson's Report

Impacting our world

By far the case with the greatest potential to impact the economy in a substantial way was our decision in the Sasol case. On 5 June 2014 the Tribunal found Sasol Chemical Industries or SCI, a subsidiary of Sasol, had charged domestic customers excessive prices for purified propylene and polypropylene between January 2004 and December 2007. The Act makes it unlawful for a dominant firm to charge what it defines as an excessive price. An excessive price is defined as a price for a good or service that bears no reasonable relationship to its economic value. Cases such as these are complex and involve highly technical evidence. After a hearing that lasted 29 days and 4 418 pages of record the panel concluded that Sasol had contravened the Act and imposed a penalty of R205.2 m in the case of purified

propylene and R328.8 m in respect of polypropylene. The panel also imposed remedies for determining SCI's future pricing of both purified propylene and polypropylene that would see SCI's prices charged to local customers drop.

Sasol successfully appealed the Tribunal's decision to the Competition Appeal Court (CAC). However at the time of writing this report the Commission had appealed the decision to the Constitutional Court. This case is discussed further in the annual report.

Including the Sasol case and the consent orders mentioned above, the total amount of administrative penalties levied by the Tribunal during this financial year was R725 528 278.31.

Table 1: Cases decided in this financial year compared to recent years

Type of case	2010	2011	2012	2013	2014	2015
Large merger	52	54	80	69	97	98
Intermediate merger	-	1	5	7	-	4
Complaints from the Commission	2	3	2	4	1	2
Consent order	5	21	27	14	42	43
Complaints from a complainant	2	1	-	2	1	4
Interim Relief	-	2	-	-	3	1
Procedural matter	21	29	35	27	42	23
Exemption appeal	-	-	-	1	-	-
TOTAL	82	111	149	124	186	175

In with the new

For the first time since its inception the Tribunal has a fourth full-time member available to adjudicate cases. In the past we have only had three full-time members. The President re-appointed Yasmin Carrim, Andre Wessels and myself to serve on the panel and added Mondo Mazwai as a fourth full-time member. Ms Mazwai is a familiar face in competition circles, having served as a part-time Tribunal member immediately before her current appointment. Having her on board since August last year has meant that we are better able to attend to our ever increasing case load.

In addition, the President re-appointed Andiswa Ndoni and Medi Mokuena to serve as part-time members on the Tribunal panel.

The Tribunal now has nine members serving on its panel, four full-time and five part-time. A full report on the composition and remuneration of the Tribunal members appears in part 3 of this report.

At the time of writing this report we still had two vacant positions on the Tribunal and the appointment of a deputy chairperson. The executive which is responsible for making these appointments is aware of the situation.

Table 2: Analysis of activities

Type of case	Orders issued 2013/2014	Reasons issued 2013/2014	Orders issued 2014/2015	Reasons issued 2014/2015
Large merger	97	97	98	99
Intermediate merger	-	-	4	1
Complaints from the Commission	1	1	2	2
Consent order	42	-	43	-
Complaints from a complainant	1	1	4	3
Interim Relief	3	3	1	1
Procedural matter	42	28	23	11
TOTAL	186	130	175	117

Table 3: Merger status

Mergers decided	2013/2014	Percentages	2014/2015	Percentages
Approved	82	84.54 %	84	75.00 %
Approved with conditions	15	15.46 %	18	25.00 %
TOTAL	97	100.00%	102	100.00%

2. Accounting authority's responsibilities and approval

The accounting authority is responsible for the preparation, integrity and fair presentation of the financial statements of the Tribunal for the year ended 31 March 2015.

The financial statements presented on pages 50 to 85 have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 55 of the Public Finance Management Act (PFMA) to the extent as indicated in the accounting policies, and include amounts based on judgments and estimates made by management.

The accounting authority, in consultation with the executive committee, prepared the other information included in the annual report and is responsible for both its accuracy and its consistency with the financial statements.

The going concern basis has been adopted in preparing the financial statements. The accounting authority has no reason to believe that sufficient funding will not be obtained to continue with the official functions of the Tribunal. These financial statements support the viability of the Tribunal.

The accounting authority initially approved and submitted the financial statements to the Auditor-General South Africa on 28 May 2015.

Chairperson's Report

3. Nature of business

In terms of the PFMA the Tribunal is listed as a national public entity.

The Act provided for the establishment of three institutions constituted to promote and maintain competition in the economy and to ensure compliance with the Act's provisions.

The Tribunal has jurisdiction throughout South Africa and derives its mandate from the Act. The Commission is the investigative arm of the competition authorities while the Tribunal is the adjudicative arm. The Tribunal functions independently both of government and of the Commission. The Tribunal's decisions are enforceable on a similar basis to those of the High Court and are subject to appeal or review by the CAC.

The Tribunal has published details of the Act, the rules of procedure that govern the adjudicative process as well as decisions for cases on its website.

The Tribunal's main functions are to regulate mergers and to adjudicate cases concerning restrictive practices.

The members appointed by the President on a full-time or part-time basis during the period under review are as follows:

- Norman Manoim - Chairperson (full-time - reappointed in August 2014)
- Yasmin Carrim (full-time - reappointed in August 2014)
- Andreas Wessels (full-time - reappointed in August 2014)
- Mondo Mazwai (full-time - from August 2014)
- Andiswa Ndoni (part-time - reappointed in August 2014)
- Fiona Tregenna (part-time - appointed in April 2014)
- Imraan Valodia (part-time - appointed in January 2013)
- Anton Roskam (part-time - appointed in January 2013)
- Medi Mokuena (part-time - reappointed in August 2014)
- Takalani Madima (term ended in July 2014)
- Merle Holden (term ended in July 2014)

Matters are brought before the Tribunal by the Commission, but in certain circumstances private parties may engage the Tribunal directly. When a matter is referred to the Tribunal a panel consisting of three Tribunal members is constituted to hold hearings.

In a merger case the Tribunal's decision will be to approve the merger, with or without conditions, or to prohibit the merger. In prohibited practice cases the Tribunal may, if it finds the Act has been contravened, impose any of a wide range of remedies, including the imposition of an administrative penalty and an order of divestiture.

4. Objectives and targets

Due to its quasi-judicial nature the Tribunal is precluded from setting pro-active objectives or embarking on focused interventions which target any particular sector or emphasise any specific criterion.

The only determinants of the Tribunal's case load are complaint referrals and notified mergers.

The Tribunal has no control over the number and types of cases brought before it and each case is adjudicated on its merits.

Performance against certain administrative objectives and legislated turnaround times follows later in this report.

We have fully achieved 12 of our 18 identified targets. Reasons for partial achievement of the remaining six targets is given later in the annual report however a further explanation is required to put this in context. It would be wrong to assume that all the targets are of equal significance.

Of the 18 targets we are required to meet, 11 relate to the core function of the Tribunal which is to hold hearings and adjudicate matters. The Tribunal successfully achieved eight of these. One of those not met related to the setting down of matters and two partially achieved relate to the issuing of orders or reasons. Delays in our turnaround times have occurred for any one of the following reasons:

- parties are not ready for a specified date or request that the matter be set down on a specific date;
- panel members are travelling and therefore unable to fully attend to the writing of reasons;
- matters are complicated and complex points of law need to be considered which may result in a decision only being issued at the same time that reasons are issued.

The remaining three targets not met relate purely to operational issues and do not adversely affect any stakeholders. To give one example, the failure to place decisions on our website within 24 hours, does not prejudice the parties to the case, who have the most interest in the outcome, as they receive the decisions directly from us on the day the decision is assented to.

Despite these minor shortcomings I am confident that the Tribunal staff are continuously striving to meet and improve on the set targets as well as make improvements where required.

5. Financial highlights and performance

	2015 R '000	2014 R '000
Other income	8	6
Investment income	951	999
Government grants and subsidies	18 100	16 945
Fees earned	13 289	10 856
Total revenue	32 348	28 806
Expenditure	(33 102)	(32 495)
Net surplus/(deficit)	(754)	(3 689)
Total assets	22 944	23 995
Total liabilities	2 534	2 830

Revenue for the year ended 31 March 2015 increased by 12.29%. Filing fee income increased by 22.41% while the grant received from the Economic Development Department (EDD) increased by 6.81%.

In terms of a memorandum of agreement existing between the two institutions, the Commission pays the Tribunal 30% of the filing fees received by the Commission for large mergers and 5% of the filing fees received for intermediate mergers.

During the current financial year total expenditure (net of capital expenditure) increased by 1.86%. The changes in expenditure are discussed more fully later in the annual report. Salaries account for 57.68% of total expenditure.

At the beginning of the financial year the Tribunal had accumulated surpluses of approximately R21.14 m and these have decreased by just under R1 m during the current financial year.

In terms of Section 53 (3) of the PFMA entities are not allowed to accumulate surpluses unless approved by the National Treasury.

The Tribunal has received permission to retain accumulated surpluses generated in prior financial years to fund the approved budget. The drawing down of these to fund budgeted expenditure is reflected in the Medium Term Expenditure

Framework (MTEF). The current financial year reflects an operating loss and it is therefore not necessary to request retention of an operating surplus.

While the Tribunal can and does receive income based on filing fees received by the Commission, it cannot rely on this as its sole income source and the Tribunal will therefore continue to reflect the drawing down of surpluses to fund budgeted expenditure but will simultaneously seek additional government funding to ensure sustainability of the institution in the foreseeable future.

6. Events subsequent to financial position date

No events took place between the year-end date, 31 March 2015 and the date on which the financial statements were signed that were sufficiently material to warrant disclosure to interested parties.

7. Executive committee members' emoluments

Employee costs

In terms of Treasury Regulation 28.1.1 the annual financial statements and the accounting authorities report must include the disclosure of remuneration in respect of the person in charge of the entity, the chief financial officer (CFO) and person's serving on the public entity's senior management. This disclosure is detailed in the related parties note (Note 26) in the annual financial statements which reflects the total annual remuneration (cost to company) received by the executive committee of the Tribunal. The chairperson, one full time member and the CFO have served on the executive committee at some point during the period under review.

Performance bonuses for staff members are payable for the year ending March 2015. These amounts are included in trade payables and reflected in the notes to the annual financial statements.

The Tribunal is responsible for its employees' contributions to group life insurance and these figures have been included in the stated total remuneration, as has any back pay received.

Chairperson's Report

Performance bonuses for staff members are reflected separately in the notes to the financial statements. Full-time Tribunal members do not receive performance bonuses.

Full time Tribunal members salaries are adjusted annually following adjustments made to the Judge President and Judges of the High Court. During the year under review full-time members were awarded an annual adjustment of 5% effective 1st April 2014. Full-time members whose five year contracts ended in July 2014 were paid out for any leave due to them at the end of the period as their contracts had terminated. The payment made to Tribunal members serving on the executive committee is disclosed in Note 26.

8. Number of employees

At the year-end the Tribunal's personnel complement consisted of four full-time Tribunal members and 23 full-time staff members and one intern on a year's internship programme. Note that Tribunal members are appointed for a five year period and are therefore not regarded as permanent employees.

9. Irregular and fruitless and wasteful expenditure

The Tribunal has disclosed fruitless and wasteful expenditure of R10 138.42 that pertains to penalties imposed by SARS on a Voluntary Disclosure Process (VDP) submission made by the Tribunal in the 2011/2012 financial year. The disclosure related to the incorrect application of perks tax on the contributions made by the Tribunal to employees for risk benefits. SARS in considering the VDP application determined that penalties were to be imposed on the amounts declared for each of the five years but waived interest charges.

The Tribunal has determined that a valid explanation for these penalties exists and in addition it is noted that they did not result because of negligence on the part of a staff member but rather due to the incorrect interpretation of required processes.

The Tribunal has disclosed irregular expenditure that pertains to expenditure for services budgeted for and essential for the Tribunal to fulfill its mandate. These services include project management services pertaining to major software development in the Tribunal over the three financial years (2012/2013, 2013/2014 and 2014/2015) that totals

R476 805.00 and the procurement of furniture in 2014/2015 to the amount of R208 630.74.

I am of the view that the COO followed correct procedures in respect of both of these categories of procurement in that the reasons for not obtaining competitive bids was motivated at the outset and reliance was placed on a provision in the legislation for the accounting authority to approve a deviation based on continuity in supply for both categories of procurement.

The only difference between the view of the Tribunal and that of the Auditor-General is the application of our discretion with regard to the facts concerning whether the supply of services was deemed continuous and whether it was impractical to obtain competitive bids on the basis that it was not cost-effective to manage and implement such a process.

10. Management fee paid to the Competition Commission

The Commission and the Tribunal share premises and certain services. In terms of a memorandum of agreement (MOA) signed between the two institutions the Tribunal pays a monthly management fee to the Commission for services related to the use of these premises.

The management fee for the period under review was R48 802.94 per month. The MOA and management fee are reviewed annually.

A unitary payment, based on amounts raised by the Department of Trade and Industry (the dti) and payable by the Commission, is made on a monthly basis by the Tribunal to the Commission in respect of the premises occupied by the Tribunal as well as related services provided by the dti. No formal written agreement exists between the dti and the Commission.

While the fee payable to the Commission for the unitary payment was reduced to R146 576.61 per month (due to a recalculation of space occupied) there were no substantial changes in the nature of the billing from the Commission for the year under review.

11. Address

Business address:

Building C (Mulayo Building)
The dti Campus
77 Meintjies Street
Sunnyside
0132

Postal address:

Private Bag X24
Sunnyside
0132

12. Going concern

The Tribunal recorded a deficit of R0.76 m and total assets exceeded total liabilities. The Tribunal is dependent on the EDD and National Treasury for the continued funding of operations.

The annual financial statements are prepared on the basis of accounting policies applicable to a going concern and that the EDD/National Treasury has neither the intention nor the need to liquidate or curtail materially the scale of the Tribunal.



Norman Manóim

Chairperson of the Tribunal

Date: 31 July 2015



Report of the Auditor-General to Parliament on the Competition Tribunal

Report on the financial statements

Introduction

1. I have audited the financial statements of the Competition Tribunal set out on pages 50 to 85, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of General Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's 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.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Competition Tribunal as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objective presented in the annual performance report of the entity for the year ended 31 March 2015:
 - Strategic Focus Area 1: Tribunal Hearings and Decisions on page 88.

9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).
11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objective:
 - Strategic Focus Area 1: Tribunal Hearings and Decisions

Additional matters

13. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Achievement of planned targets

14. Refer to the annual performance report in appendix A for information on the achievement of planned targets for the year.

Compliance with legislation

15. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Procurement and contract management

16. In some instances, goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.

Expenditure management

17. Steps taken to prevent irregular expenditure, as required by section 51(1) (b) (ii) of the Public Finance Management Act and Treasury Regulation 9.1.1, were in certain instances not effective.

Internal control

18. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matter reported below is limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Financial and performance management

19. The review and monitoring of compliance with applicable laws and regulations were ineffective in certain instances.



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Auditor-General

Pretoria

28 July 2015

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2015.

Table 4: Audit committee members and attendance

Name	Status of member	Number of meetings required to attend	Number of meetings attended	Fees received (excluding travel)
V. Nondabula (AC chairperson: term ended in October 2014)	Non-executive	4	3	R38 175.00
M. Ramataboe	Non-executive	4	4	R37 684.00
S. Gounden	Non-executive	4	4	R39 118.00
D. Thayser	Non-executive	4	3	R26 871.00
M. Moodley (appointed AC chairperson from November 2014)	Non-executive	4	3	R28 938.00
K. Soni (appointed in February 2015)	Non-executive	1	1	R8 268.00

The audit committee of the Tribunal (the committee) consists of the members listed above and is required to meet four times a year as stated in its approved terms of reference. During the year under review the committee held four meetings.

Audit committee responsibility

The committee reports that it has complied with its responsibilities arising from section 55 (1) of the PFMA and Treasury regulations 27.1.7 and 27.1.10(b) and (c).

The committee also reports that it has adopted appropriate formal terms of reference as approved by the accounting authority. The committee has regulated its affairs in compliance with its charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and

working capital are efficiently managed. In line with the PFMA and the King III report on corporate governance requirements, internal audit provides the committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors, the external audit report on the annual financial statements and the management letter of the Auditor-General, except for the matter reported in the external audit report, it was noted that no significant or material non-compliance with prescribed policies and procedures has been reported. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

The quality of in-year management and monthly and quarterly reports submitted in terms of the PFMA

Monthly and quarterly reports on performance information and the Tribunal's finances were presented and reported in

Report of the Audit Committee

committee meetings and were monitored throughout the year. The committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the accounting authority of the Tribunal in the year under review.

Evaluation of annual financial statements

The committee:

- reviewed and discussed the draft annual financial statements to be included in the annual report, with the Auditor-General and the accounting authority;
- reviewed and discussed the performance information with management;
- reviewed changes in accounting policies and practices; and
- reviewed the entities compliance with legal and regulatory provisions.

The committee would like to highlight that the Tribunal is highly dependent on the approval of the retention of accumulated surplus from National Treasury, as well as the approval of the annual grants from the EDD in order to maintain its going concern status.

Internal audit

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Tribunal and its audits.

Auditor-General of South Africa

We met with the Auditor-General to ensure that there were no unresolved issues.

Combined assurance

The Tribunal has developed a formalised combined assurance plan. The plan is currently evolving although having been implemented during the 2014 year. The current plan encompasses three lines of defence and the committee has received assurance from management as well as internal and external assurance providers that risks are being appropriately managed.



Mahendrin Moodley

Chairperson of the audit committee

Date: 31 July 2015

Report of the Risk Committee

The risk committee is a formal governance committee of the Tribunal. The committee is responsible for assisting the accounting authority in discharging its responsibilities concerning the governance of risk. It does this through a formal process which includes a system of risk management.

The risk committee adopted the appropriate formal terms of reference, as per its charter, and regulated its affairs in compliance with its charter in the discharge of its responsibilities as contained therein.

The risk committee charter includes the committee's responsibilities to:

- assist the accounting authority to review the risk management policy and recommend same to the accounting authority for approval;
- monitor the implementation of the risk management framework through systems and processes designed for that purpose, ensuring that:
 - *management disseminates the risk management policy and plan throughout the entity;*
 - *management causes the risk management plan to be integrated into the daily activities of the business;*
- based upon the reports of management, and any reviews by internal and external audits, express formally to the accounting authority their opinion on the effectiveness of risk management systems and processes;
- review the risk management report at each meeting, having particular regard to:
 - *ensuring that a process exists where risk management frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risk;*
 - *ensuring that a process exists where risk management assessments are performed on a continuous basis;*
 - *ensuring that management considers and implements appropriate risk responses;*
 - *ensuring that continuous risk monitoring by management takes place.*

In supporting this objective, the committee conducted the following activities:

- Overseeing the review of the entity's risk management policy.
- Reviewing procedures to ensure that the entity risk management framework was properly implemented throughout the operations and that the requisite training was undertaken.
- Reviewing the implementation of the risk management plan and assessing whether the implementation efforts were successful and consistent with desired outcomes.
- Assisting the accounting authority in determining the material strategic and operational risks, and the concomitant opportunities that could potentially impact negatively or benefit the entity.

The committee is satisfied that it complied with its charter which has been formalised to include principles contained in King III and which guides the committee in performing its duties. The committee further confirms that in the current period the Tribunal continued to rigorously manage its strategic and operational risks in order to achieve its mandate.

The serving committee members are:

Chairperson: Maemili Ramataboe

Members: Victor Nondabula
(term of office ended on 31 October 2014)
Sathie Gounden
Mahendrin Moodley
Dave Thayser
Kasturi Soni (appointed on 1 February 2015)

The membership of the committee is made up of the above mentioned five independent non-executive members and two members of executive management (A Wessels and J de Klerk). The external auditors as well as internal auditors have standing invitation to the meetings and have attended most of the meetings during the year.

The committee met four times during the year under review.



Maemili Ramataboe

Chairperson of the risk committee

Date: 31 July 2015



Part 2

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Performance Overview

“The Competition Tribunal has already applied most of the corporate governance principles enshrined in King III. In most cases where we have observed non-application of certain principles as detailed above, only explanations of deviations are required.” – PwC

Tribunal structure and processes

The Act provides for the establishment of the Tribunal and addresses administrative matters of the Tribunal. According to the Act, read with the PFMA, the Tribunal chairperson is the accounting authority for the Tribunal.

Section 35 of the Act makes provision for the appointment of staff, or contracting with other persons, to assist the Tribunal in carrying out its adjudicative functions. The Tribunal's support services in the form of administrative, logistic, research and financial management are provided by a secretariat which is headed by the office of the COO and consists of three division's namely case management, registry and corporate services.

Each division is headed by a manager who reports to the COO regarding operational matters. The managers are

responsible for managerial and administrative functions. The registry and case management division's report directly to the chairperson on matters pertaining to the adjudicative process. The head of corporate services, the registrar and the head of case management together with the COO form the operations committee (OPCOM). OPCOM assists the chairperson in fulfilling his role as accounting authority and has oversight responsibilities relating to strategy and budget, major personnel policies, operations and technology strategy, significant investments in support of these strategies and the establishment and maintenance of principles of good governance.

The role and limits of OPCOM's mandate are detailed in the OPCOM charter. The OPCOM, via the COO, reports to the executive committee (EXCO) or directly to the chairperson.



Rietsie Badenhorst (head of case management), Lerato Motaung (head of registry), Ann Slavin (head of corporate services) and Janeen De Klerk (COO). The department managers are responsible for managerial and administrative functions and together form the operations committee of the Tribunal



Priorities for the year

In the annual performance plan for 2014/2015 the Tribunal identified three strategic areas of focus would enable it to deliver on its mandate in the most effective way. We identified performance indicators for each strategic area and set targets for the achievement of each indicator. Table 5 below summarises the Tribunal's performance against each indicator. However a detailed performance matrix is attached as appendix A to this report.

Our strategic focus areas reflect our priorities for the year. The first one, Tribunal hearings and decisions, is our *raison d'être* so it will always be important for us to set targets for ideal performance in this area and measure our achievements against this target. This focus area requires us to promote and maintain competition in South Africa by holding hearings and adjudicating matters brought before the Tribunal that pertain to large and intermediate mergers, interim relief cases, procedural matters, opposed as well as unopposed prohibited practices, within adopted delivery time frames. The Tribunal allocated 45.56% of its budget to hearings and decisions and has a total of 9 Tribunal members and 7 case management staff dedicated to fulfilling this function. Another priority for the Tribunal was stakeholder awareness. Beyond enforcement of the law, we want to encourage compliance with competition law for the benefit of consumers. We believe raising the levels of our various stakeholders' awareness of competition activities helps them to comply with the law. The Tribunal allocated 2.13% of its budget

to stakeholder awareness and has a communications officer dedicated to fulfilling this function.

The Tribunal's main stakeholders in its adjudicative function are the legal practitioners and their clients. In terms of its operational function, The Tribunal's main stakeholders are the EDD, National Treasury and Parliament. Our main channels of communication to our stakeholders are our websites, press releases and the government gazette. There are also legal requirements for reporting to the EDD, National Treasury and Parliament.

One of the most effective ways in which we communicate with a large number of stakeholders on our core mandate is through our media relations. We invite the media (and the public, through the media) to attend Tribunal hearings and give them access to non-confidential documents of interest to them. To take one example from the current financial year, the Tribunal's decision in the Sasol excessive pricing case was widely reported when the Tribunal handed down its finding on 5 June 2014. Following these news reports, on 24 October 2014, Sasol was called before Parliament's trade and industry portfolio committee to explain the pricing policy that it used for its polymer products. The parliamentary portfolio committee has been holding an ongoing colloquium on beneficiation, probing the reasons why upstream manufacturers such as Sasol and steel producer ArcelorMittal SA use import-parity pricing for their products, to the detriment of local beneficiation.

Performance Overview

Finally we want to ensure that we deliver an efficient service to our stakeholders, hence the third focus area: operational effectiveness. By equipping Tribunal staff with the skills and know-how they need to get the job done, we are better able to meet this objective. This objective applied to all the Tribunal's staff wherever training was identified as a need. We allocated 3.98% of our budget to training.

Performance against set targets

11 of the 18 (or 61.11%) targets we set pertain to the Tribunal's core mandate, Tribunal hearings and decisions. The remaining seven or 38.89% relate to stakeholder awareness and operational effectiveness. Of the 11 targets that pertain to our core mandate, we met or exceeded eight targets and partially achieved three of these. The reasons for partially achieving our set targets vary from case to case and are fully set out below.

- In the case of intermediate mergers, we were meant to issue 56% of our 'reasons for decision' within 20 business days of the order being issued. We were required to issue reasons in only one such matter this year and we did so beyond the 20-business-day target as the members responsible for drafting the reasons and the assisting case manager were both involved in protracted hearings in another matter. Moreover confidentiality claims by the parties to the case held up the release of our non-confidential reasons;
- 90% of our invitations to a pre-hearing in a prohibited practice case are meant to go out to litigating parties within 20 business days after the close of pleadings in a case. One out of the five invitations we sent out was sent three days late due to an administrative error;

Table 5: Summary of our strategic focus areas and performance this year

Strategic focus area	Strategic objective	Budget allocated	Budget spent	Number of performance indicators	Number of targets achieved or exceeded	Number of targets partially achieved
Tribunal hearings and decisions	To promote and maintain competition in South Africa by holding hearings and adjudicating matters brought before the Tribunal that pertain to large and intermediate mergers, interim relief cases, procedural matters, opposed as well as unopposed prohibited practices, within adopted delivery timeframes	R16 694 225.18	R16 480 001.68	11	8	3
Stakeholder awareness	To educate and to create awareness of competition matters by our stakeholders by communicating the activities and decisions of the Tribunal by way of the internet, press releases, the Government Gazette as well as internal publications, within adopted delivery timeframes.	R780 341.14	R803 769.48	6	3	3
Operational effectiveness	To enhance the expertise of Tribunal members and staff by sending them on planned international and local conferences as well as training courses.	R1 458 335.02	R1 000 326.33	1	1	0
Other expenses		R17 693 968.47	R15 195 167.74			
Total		R36 626 869.81	R33 479 265.23	18	12	6

- 80% of our orders and reasons for decision in prohibited practice cases are meant to be issued within 100 business days of the last hearing day. We issued two out of six reasons late because, in the first case, we requested further information and calculations from the parties after the hearing concluded. The size of the record and the complexity of the issues also placed an extra burden on adjudicating the case. The second case was also highly complex and the member responsible for drafting the reasons was sitting on other panels at the time.

Six of the 18 targets we set related to stakeholder awareness. We met or exceeded three of these and partially achieved the remaining three targets. The reasons are set out below.

- While 97% of our reasons for decision are meant to be posted on the Tribunal website within 24 hours of release, we posted 88% within the targeted time. This was because our website was being upgraded and therefore offline for some days

and there were delays due to confidentiality claims from the parties. It should be noted however that the parties to a case would have received the reasons before we put them on the website. Therefore these delays did not prejudice the parties with a direct interest in the matter in any way;

- We sent 93.7% (or 104 out of 111) of our merger decisions to the Government Gazette within 20 business days of the final decision while our target for this activity is 100%. This was due to an administrative oversight;
- We issued press releases in 90% (or 43 out of 48) of prohibited practice cases whereas our target is 100%. This was because prior discussions with the media indicated that there was little interest in these matters.

Appendix A fully sets out all our targets and the extent to which we met, exceeded or partially achieved our goals for the year.



Sibongile Moshoeshe and Nandi Mokoena communicate the Tribunal's decisions to various stakeholders

Managing Ethics in the Tribunal



Part-time Tribunal members: Imraan Valodia, Anton Roskam, Andiswa Ndoni, Fiona Tregenna and Medi Mokuena

The Tribunal embraces the four ethical values underpinning good corporate governance: responsibility, transparency, accountability and fairness. Various policies and procedures have been adopted to ensure that the Tribunal maintains its commitment to principles of honesty, integrity and independence.

The Tribunal's ethics framework covers two areas: our core work, which is everything to do with Tribunal hearings and decisions; and our operations, which is all the support functions necessary to carry out our hearings and decisions.

Ethics in our core work

When it comes to Tribunal hearings and decisions, our ethics framework aims to ensure that all our decisions are administered, heard and handed down fairly and without favour or prejudice. The Tribunal has taken the steps set out below to avoid conflicts of interest, maintain confidentiality and ensure the integrity of

the decisions handed down by the Tribunal. All of these principles are embodied in our enabling legislation, a code of conduct which forms part of the Tribunal's Human Resources (HR) manual and our conflict of interest policy. Internal procedures have been developed to ensure regular review and update of these policies.

Avoiding conflicts of interest

- All Tribunal members, management and case managers must annually disclose all their financial interests thus ensuring that any potential conflict is avoided;
- All part-time members hearing a particular case must declare on the daily court record that they have no conflict of interest in that specific case;
- Parties may object to the composition of a panel on grounds set out in the Act. No such objections were received in this financial year, however, in the two recorded instances that

took place in prior years, the Tribunal replaced the panel members after receiving objections from parties to a case;

- Gifts to the value of R300 or more have to be declared to the chairperson and recorded in the gift register maintained by the executive assistant in the office of the COO. This register is reviewed on a quarterly basis by the head of the corporate services division. No returns were recorded in this financial year, however in a prior year we have returned alcoholic beverages where the manufacturer concerned was a party in a Tribunal hearing;
- None of the Tribunal members undergo a performance assessment or performance review. This helps to ensure that no Tribunal member feels beholden to a principal when deliberating over a case. The Tribunal is, however, accountable to the public through Parliament and presents both its plans and outcomes to Parliament's portfolio committee on economic development annually.

Balancing transparency and confidentiality

- All Tribunal hearings are open to the public. However, the Tribunal will sometimes clear the room when confidential information is being presented;
- In terms of the Act, parties to a case may request that certain information be kept confidential, as defined in the Act. The Tribunal honours these requests and requires the same of all its service providers;
- Depending on the nature of their work, contracts signed by service providers to the Tribunal contain a clause obliging them not to disclose confidential information;
- Our reasons for decision are not posted on the website until the parties to a case have confirmed that they do not contain confidential information.

Safeguarding the integrity of our judgments

- The Tribunal panel comprises three members to ensure fairness in every decision. In the case of dissent, a majority and minority decision is possible. This requirement also helps to frustrate any efforts by parties to unduly influence the panel's members;
- It is an established rule and practice in Tribunal proceedings that no party to a case may address any single panel member at any time. Case related side-discussions take place in the presence of all three panel members and the remaining parties to a case;

- The Tribunal issues written reasons for its decisions which ensures that the panel's decisions are fully justified;
- Tribunal members are precluded from speaking to the media concerning Tribunal cases. This ensures that no single member's views are expressed about a particular case. Rather the parties to a matter and the public are exposed only to the panel's view on a matter, as expressed in a written judgment.

Ethics in support functions

All Tribunal staff members are required to complete a disclosure form that pertains to supply chain management. The form provides that, in order to avoid possible allegations of favouritism, it is a requirement that any person who is directly or indirectly involved in the implementation of the supply chain management policy and procedures declare his/her position in relation to the relevant supplier(s)/service provider(s) prior to the actual evaluation/adjudication of any price quotation/bid. The declaration is completed and submitted to the head of corporate services. Beyond this requirement, the Tribunal adheres to supply chain management principles as set out in the PFMA. This is explained further below.

The Tribunal has also adopted a zero tolerance stance on fraud and developed an anti-fraud charter as part of its fraud prevention plan. This is signed by the audit committee, the fraud prevention committee, Tribunal staff, Tribunal members and consultants appointed for more than three months. More information is given on the fraud prevention committee later in the report.

Monitoring the practice of ethics in the Tribunal

The risk committee in the Tribunal forms part of a wider risk management process and structure embedded within the Tribunal. Its functions are explained in the discussion on risk and fraud management below.

Many of the risks identified in the risk register, if not managed effectively, will have an impact on the credibility and integrity of the Tribunal and its adjudicative function. The risk committee plays an oversight role in ensuring that the risk management structure in the Tribunal has effective processes in place to ensure that risks are controlled effectively and mitigated.

The internal audit plan applied in the Tribunal is risk based and reviews undertaken audit these controls and/or our compliance to stated ethical practices and processes.

Managing Ethics in the Tribunal



Nkuli Mpepuka and Themba Chauke assist with various aspects of the Tribunal's adjudicative process

The furniture removal cartel:

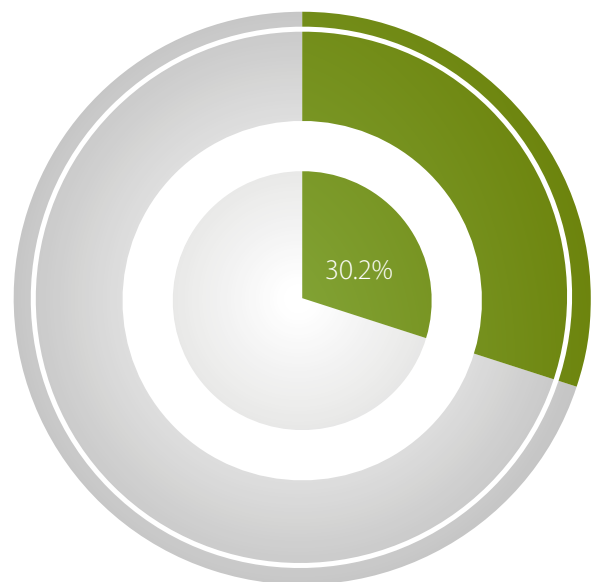
The largest conspiracy ever to appear in the Tribunal

In November 2010 the Commission initiated a complaint against eight furniture removal companies on suspicion of collusive tendering in the national market for the provision of furniture removal services. Upon further investigation the Commission found that the collusive practice was extremely widespread and was in fact generally accepted in the industry. Respondents referred to it as “normal practice”.

In light thereof the Commission increased the list of respondents to over 60 firms involving 3 500 relocation tenders during the period 2007 to 2012. The *modus operandi* followed by the cartel was to offer to obtain two other bids from “competitors” on behalf of the customer when requested for a quote. Company A would then request its two “competitors” to submit cover bids such that company A was all but guaranteed being awarded the work. Cover bids were submitted in respect of large tenders issued by, inter alia, Eskom, the South African National Defence Force, the South African Police Service and PPC.

During the financial year the Tribunal confirmed 13 settlement agreements involving the furniture removal cartel with penalties that ranged from R39 260.00 to R4 273 060.00, representing between 4 – 10% of the total turnover of the companies involved.

The furniture removal cartel accounted for 13 of the 43 settlement agreements the Tribunal confirmed this year.



- ▶ The furniture removal cartel
- ▶ Settlements confirmed in this financial year

Risk and Fraud Management

The PFMA and Treasury regulations require entities to implement a risk management strategy that is used to direct internal auditors' efforts and priorities and to determine the skills required of managers and staff to improve controls and manage risks. The strategy must be clearly communicated to all employees to ensure that it is incorporated into the language and culture of the Tribunal.

In compliance with the PFMA the chairperson, as the accounting authority, is responsible and accountable for the implementation of this strategy as well as directing and monitoring risk management activities and related

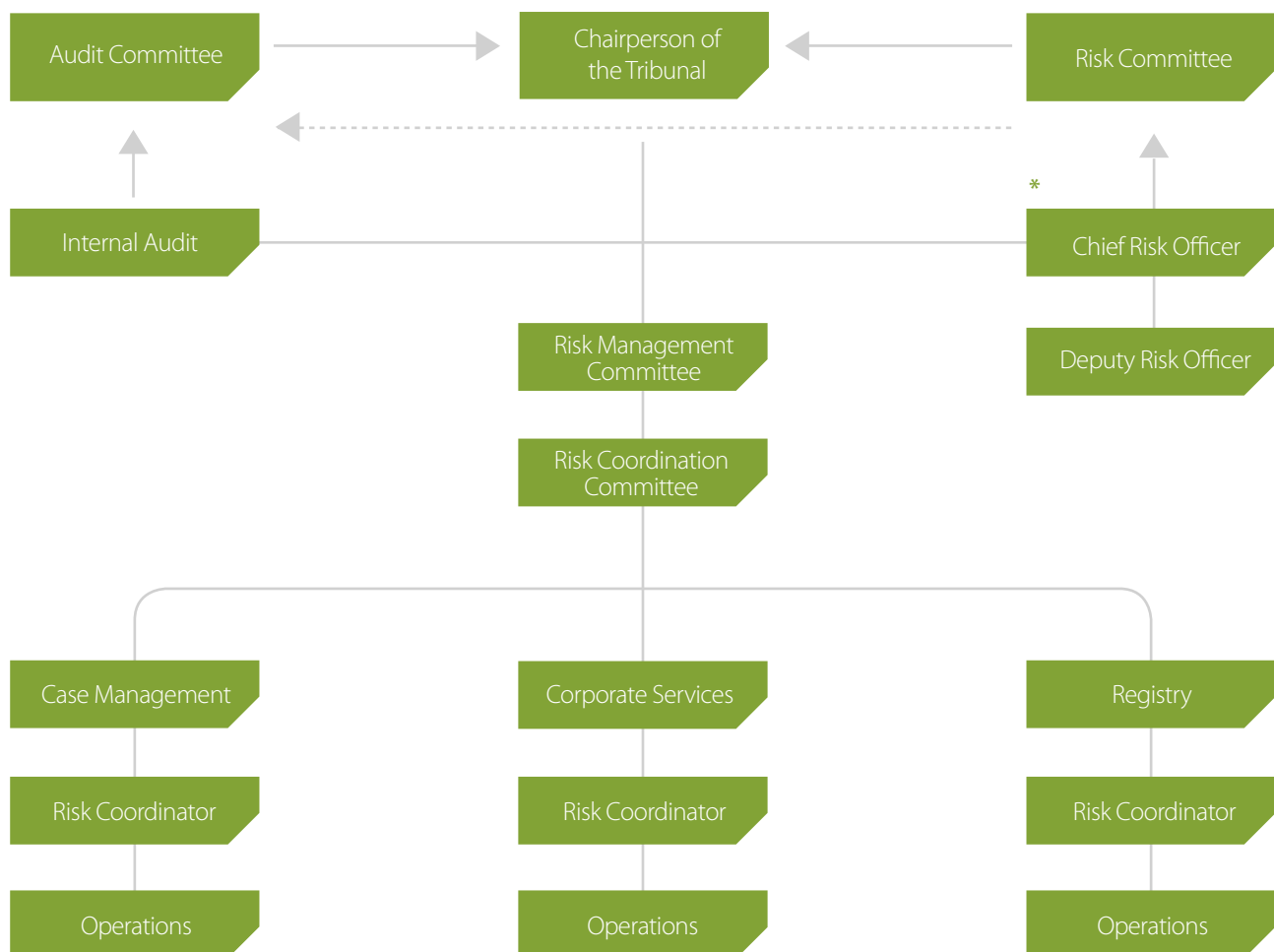
performance in a structured manner. The risks faced by the Tribunal are minimised if effective, efficient and transparent systems of financial and risk management, and internal control (operational and financial) are maintained.

The Tribunal has adhered to these requirements by adopting an enterprise-wide approach to risk management that includes all identified risks in a structured and systematic process.

The Tribunal's risk management framework is reviewed annually and details the responsibilities and requirements in terms of risk assessment, control and governance.

Risk management structures and responsibilities

The following structures have been established in terms of the Tribunal's risk management framework:



***The chief risk officer is responsible for the execution of the risk reporting process.**

Risk and Fraud Management

The Tribunal has applied a tiered structure of risk reporting which includes amongst others:

- The risk coordination committee or RCC, which submits a quarterly report to the risk management committee (RMC). This report contains all identified risks on the risk register. It also covers the control improvement action plans, the effectiveness of the risk responses as well as any risk incidents and/or losses.
- The RMC reviews and approves the quarterly report submitted by the RCC and recommends its approval to the risk committee (RC).
- The RC in addition to reviewing and approving the quarterly report reviews the manner in which the Tribunal implements and embeds its risk management strategies

and practices within the Tribunal. The RC and the internal auditors play an advisory and supporting role to provide assurance that risks are being managed rigorously and that the internal audit plan is risk-based and is implemented and monitored accordingly.

Risks identified in this year

Table 6 reflects the top ten risks identified by the Tribunal in this financial year. The complete risk register contains 19 risks, the extent of our exposure to each risk, the effectiveness of our controls and the responsible risk owner. It also includes a log in which we assign an action owner, target dates and track our progress in addressing actions identified to improve control effectiveness.



Table 6: Top ten risks identified by the Tribunal in this year

Risk	Category
Insufficient funding from EDD	Financial stability
Limited office space	Safety
Dependence on the dti's IT infrastructure and service delivery	Information technology
Lack of /untimely approval of strategic submission to EDD	Regulatory / statutory / legal
Business interruption	Business continuity planning
Poor corporate governance or business ethics and regulatory compliance	Regulatory / statutory / legal
Ineffective and untimely reporting to EDD	Regulatory / statutory / legal
Procurement fraud	Fraud and theft
Loss of physical assets	Fraud and theft
Inadequate information security	Information integrity and reliability



Fraud prevention

As part of its risk management strategy the Tribunal has adopted a fraud prevention plan and appointed a fraud prevention committee (FPC).

The FPC functions as a committee of EXCO in respect of all duties assigned to it as set out in a fraud committee charter. The charter provides terms of reference that deal with the membership, authority, responsibilities and procedural rules of the FPC.

The EXCO and FPC are required to annually review and approve the charter.

The report of the FPC is a standard item on the agenda of audit committee and risk committee meetings. In addition the Tribunal's fraud prevention plan details the FPC's responsibilities in terms of investigating and reporting potential fraud in the Tribunal.

Should a member of the FPC be suspected of fraud or reported on the fraud line service as a suspect, such a member may not form part of the committee until the matter is resolved.

Risk and Fraud Management

Saving jobs in furniture retail

The first business rescue merger to appear before the Tribunal

Lewis Stores acquired 63 Beares stores from Ellerines as part of business rescue proceedings instituted on 7 August 2014 in terms of the new Companies Act. The transaction was filed with the Tribunal on 6 November 2014. On request from the parties the Tribunal heard the merger on an urgent basis on 12 November 2014 and approved it on the same day.

The Commission found that the transaction would lead to a geographic overlap in 50 stores out of the 63 that

were being acquired which would lead to Lewis having a monopoly in Belfast, Hoedspruit, Howick and Kakamas with regard to furniture stores having a national footprint.

However in light of the reality that, without the transaction, Beares would exit the market as a competitor the Commission concluded that it was unlikely that the transaction would lead to a lessening of competition. Moreover, there were substantial public interest factors that justified approving the merger. If Beares were to be liquidated, 1 159 employees would be retrenched. Approving the transaction meant that fewer retrenchments would take place since the transaction offered an opportunity to save 393 jobs and would create 126 new positions comprising drivers and assistant drivers at the 63 stores.

Fast facts on public interest



12

Number of cases that raised public interest issues this year



8

Number of orders with employment conditions



1 658

Number of jobs saved or retrenchments delayed this year



3 803

Number of jobs saved in the last 15 years



Maggie Mkhonto provides catering services for the Tribunal and part-time Tribunal members during hearings

Governance of Information Technology (IT) in the Tribunal



Policies and IT governance structures in place

During the current financial year the Tribunal has focused on updating the IT governance framework to be compliant with the Corporate Governance of Information and Communication Technology Framework (CGICT) as prescribed by the Department of Public Service and Administration (DPSA).

The framework sets out how the Tribunal implements the principles expounded by COBIT (Control Objectives for Information and Related Technologies) developed by ISACA (Information Systems Audit and Control Association) and covers the following topics:

- IT governance structures;
- IT governance processes, that is: planning, organising, acquiring, implementing, delivering, supporting, monitoring and evaluating;
- IT governance communications.

In order to give effect to this framework, the Tribunal has implemented the following IT policies:

- IT disaster recovery plan;
- e-mail usage policy and procedure;
- internet usage policy and procedure;
- domain and software access policy and procedure;
- hardware access policy and procedure; and
- information security manual.

All Tribunal staff have signed an “acknowledge receipt” form included in the IT policies acknowledging the Tribunal’s IT policies and committing to adhere to stipulated IT practices.

The IT strategic framework is being reviewed and updated to ensure that the Tribunal addresses its vision for a fully-developed, robust IT infrastructure and that IT is involved in strategic decisions and planning.

IT highlights for the year

The Tribunal is always looking to further enhance its IT security, especially around the safety and security of applications and domain access control. In the past financial year the Tribunal replaced its primary security suite with a more advanced toolset. The new toolset provides mobile device security as well as the ability to fully encrypt e-mail messages sent to recipients outside the Tribunal’s domain.

The Tribunal makes use of an electronic case management system (CMS) to store, organise and file its case documents. The electronic system replaced a large number of paper based procedures within the Tribunal and is now seen as a critical business application. The CMS is currently undergoing a second phase of enhancements in functionality and performance. Although the new phase is still under construction, it promises to deliver much needed features to better the system as a whole.

In addition to the CMS the Tribunal makes use a business intelligence reporting tool called QlikView. This reporting tool generates real-time reports by reading the information provided on the CMS database. There are three reports currently used by the Tribunal. These reports were customised to fit the exact requirements of the Tribunal. The three reports look at and review case target measures, case performance according to timeframes set and costs for each case.

Compliance with Laws and Standards

The table below sets out the most important legislation the Tribunal is required to adhere to and other areas of compliance which guide us in our day to day activities.

Table 7: Guidelines and their application to our daily work

Legislation or guideline	Application in our day-to-day activities
The Competition Act	The Tribunal's functions, powers, activities and procedures are prescribed by the Act and the rules of the Tribunal. Our compliance is monitored quarterly by the EDD.
The PFMA and Treasury Regulations	These prescribe requirements for accountable and transparent financial management. Our compliance is monitored quarterly by EDD.
Occupational Health and Safety (OHS) Act	An OHS committee is operative in the Tribunal and compliance with required legislation is monitored by the executive committee and the risk committee.
Levies and taxes	The Tribunal has registered for and meets its obligations in respect of the required and legislated levies and taxes.
Ethics	The Tribunal embraces the four ethical values underpinning good corporate governance: responsibility, transparency, accountability and fairness. Various policies and procedures have been adopted to ensure that the Tribunal maintains its commitment to high standards of integrity, ethics and compliance to principles of honesty, integrity and independence.
Internal audit	The Tribunal outsources its internal audit function for a period of three years. The internal audit function, is defined in an internal audit charter and is conducted in accordance with an internal audit plan that is developed and approved by the audit committee.
External audit	The annual audit of the Tribunal is, in accordance with the PFMA, conducted by the Auditor-General. The objective of the audit is to provide an independent opinion on the financial statements of the Tribunal and report findings regarding predetermined objectives, compliance with laws, regulations and internal controls. See the Auditor-General's report in part 1 for his detailed findings.



Paddy Froude, Matome Modiba and Bellah Kekana ensure that the Tribunal complies with procurement, safety and human resource guidelines respectively

Encouraging thorough consultation on job losses

Tribunal imposes a one-year ban on retrenchments at Adcock

On 19 August 2014 the Tribunal approved an acquisition by Adcock Ingram Holdings of a 34.5% shareholding in BB Investment Company, a wholly owned subsidiary of Bidvest Group. There were no competition concerns arising from the merger but the deal raised employment concerns which came about as a result of Adcock embarking on a restructuring exercise. In this exercise, Adcock had initially identified a total number of 51 positions as being redundant.

However, the Commission was later informed by Bidvest that it intended to implement a turnaround strategy upon completion of the merger that could institute further retrenchments over and above the 51 positions. In order to safeguard any further negative effects on employment that would be introduced by Bidvest after the merger, the Commission recommended that the Tribunal approve the transaction subject to a condition that would limit the number of retrenchments at Adcock to only the 51 employees identified and that it impose a moratorium on “merger specific retrenchments” for a

period of three years. The Commission also alleged that Bidvest had already acquired control over Adcock before filing the merger.

After examining the facts before it, the Tribunal found that Bidvest had at least acquired material influence over Adcock before filing the transaction with the Commission and therefore concluded that the further retrenchments were merger specific. The Tribunal consequently approved the merger on condition that Adcock would not retrench any employees for one year from the day the deal was approved.

This decision was significant for two reasons. First, the Tribunal decided that mergers could have an impact on retrenchments even when they created no redundancies, if the policy of the firm towards retrenchments post-merger was significantly different to what it might have been without the merger. In this case the Tribunal found it was. Second, the Tribunal held that where there was no proper consultation with employees on the issue of whether retrenchments contemplated were merger specific or not, it would hold that consultation was inadequate. In the reasons the Tribunal explained that because of certain pre-existing factors the distinction between merger specific and operational retrenchments had become blurred and so it was prudent to prohibit all retrenchments for a period.

Compliance with Laws and Standards

Fast facts on the Adcock case



1

Number of days in the hearing



144

Number of transcript pages



R43 573.99

Cost of the hearing



Yasmin Carrim, a full-time Tribunal member, participated as a panel member on several cases this year

Auditing the Tribunal's Work Internally and Externally

Internal audit function

The Tribunal established an internal audit function in terms of section 51(1)(a)(ii) of the PFMA, read with Treasury regulation 27.2.2, under the control and direction of the audit committee. Due to our small size, the Tribunal's internal audit function is outsourced for periods of three years at a time, after engaging in a tender process to select an appropriate service provider. In this financial year, the function was performed by PwC South Africa (PwC). Their three year period ended in March 2015. The names, qualifications and positions of each member of the Tribunal's internal audit team are set out below.

1. **Vincent Mamburu** - CIA (Certified Internal Auditor), CRMA (Certified Risk Management Auditor) - Engagement partner
2. **Herman Muller** - CA(SA) Chartered Accountant SA, CIA, CCSA (Certification in Control Self Assessment) - Engagement Director
3. **Michelle Spencer** - CIA - Engagement Manager
4. **Veneta Eftychis** - CA(SA), CISA (Certified Information Systems Auditor) - Engagement IT Senior Manager
5. **Mapule Masemola** – B Comm (Hons) Internal Auditing - Internal Auditor
6. **Mogomotsi Molapo** – B Comm (Hons) Internal Auditing - Internal Auditor
7. **Mahlatse Nkoana** – B Comm (Hons) Internal Auditing - Internal Auditor
8. **Noluthando Vilakazi** – B Comm (Hons) Internal Auditing - Internal Auditor

The internal audit function reports administratively to the accounting authority and functionally to the audit committee.

The purpose, authority, terms of reference, objectives, powers, duties and responsibilities of the internal audit function are formally defined in an internal audit charter and provide for the independence of the internal audit function and the powers of the function regarding access to records and personnel.

The internal audit is risk based. In order to ensure proper coverage and to minimise duplication of effort, the internal audit function co-ordinates its activities with other internal and external providers of assurance (combined assurance). Internal

audit reports are reviewed by the audit committee and are discussed with the Auditor-General, where applicable.

The internal audit function is at all times conducted in accordance with the internal audit standards prescribed by the Institute of Internal Auditors (IIA). The audit work complies with the professional standards of conduct as provided for in the code of ethics of the institute.

The outsourced firm develops an annual internal audit plan that balances risk and compliance. In developing the plan the following were taken into consideration:

- discussions with the COO;
- the Tribunal's strategic and operational risk profile;
- the Tribunal's core business processes; and
- the Tribunal's operating environment.

Internal audits are identified and prioritised based on those areas identified as high risk as well as areas where the Tribunal may be seeking to improve internal controls.

The internal audit plan is reviewed annually and presented to the audit committee for final approval.

Corporate governance review in this financial year

In terms of the approved internal audit plan for the year ending 31 March 2015, PwC conducted a review of the corporate governance process and application of King III principles within the Tribunal. PwC's report on this review recorded the findings and recommended possible ways in which the Tribunal could improve on corporate governance processes and practices to achieve substantial adherence to the King III principles. PwC conducted their assessment by holding discussions with management and staff members during July, August, September and October 2014. They obtained evidence by performing a walkthrough of controls, by enquiry and through inspection of key documents and reports.

A high level summary of PwC's conclusions is set out in the table below, together with the Tribunal's intended actions going forward. PwC's overall conclusion was that *"The Competition Tribunal has already applied most of the corporate governance principles enshrined in King III. In most cases where we have observed non-application of certain principles as detailed above, only explanations of deviations are required."*

Auditing the Tribunal's Work Internally and Externally

Table 8: PwC review of Tribunal's corporate governance compliance

Principle	Recommendation	Intended actions
Ethical leadership and corporate citizenship	Update the code of conduct as well as the audit and risk committee charters to include compliance of committee members with the Tribunal's code of conduct	Consider including a section in the relevant manual and/or charter that deals with ethical requirements of the audit and risk committees
Boards and directors	Governance framework should explain the reason for not setting out performance agreements for the accounting authority	Accepted
	The succession plan should include all key positions identified during the Tribunal's restructuring and should identify officials to act in the key positions when current holders vacate them	Accepted
	Include an explanation or disclosure in the annual report regarding the fact that annual assessments are not required as the Tribunal does not have directors	Accepted but likely to be included in framework as opposed to the annual report
	Management should strive to find a balance between the costs versus benefits of performing background checks for committee members	Reference checks are feasible and cost effective while other background checks may not necessarily add value
Audit committees	Audit committee should be responsible for the performance assessment of the chief audit executive or (CAE) and internal audit function, and ensure the internal audit function is subject to an independent quality review	Accepted
	Results of the performance assessment of the internal audit function should be communicated with the audit and risk committees	
	Evidence of these evaluations should be retained for future reference	
Compliance with laws, codes, rules and standards	Management should consider developing a legal compliance policy and ensure the employees responsible for compliance have the necessary skills, experience and training	Noted, however, the responsibility for compliance is already incorporated in the job description of the COO. In addition the governance framework deals with legal compliance and addresses relevant legislation. In light of this, where feasible the recommendations will be implemented.
Governing stakeholder relationships	Framework or communication policy should be updated to include the designations within the organisation that are tasked with communicating with the various stakeholders and the frequency with which communication should take place. This plan must be communicated with all staff	Accepted. Management will consider whether this document should be communicated to all staff or only to certain levels of staff

External audit function

The audit of the books and records of account, financial statements and financial management of the Tribunal takes place in terms of section 188 of the Constitution, read with sections 4(3) (a), 15 and 20 of the Public Audit Act, 2004, and section 40(10) of the Act. As such it is conducted by the Auditor-General, in accordance with international standards on auditing which incorporate generally accepted auditing standards.

The annual audit is conducted with reference to an audit engagement letter and audit strategy.

The audit engagement letter outlines the agreement on:

- the terms of the audit engagement as well as the nature and limitations of the annual audit; and
- the respective responsibilities of the auditor and the accounting authority regarding the annual audit.

Remuneration in the Tribunal

The audit strategy also provides management and those charged with governance with an overview of the planned scope, timing and cost of the audit.

The Auditor-General presents the audited annual financial statements to the accounting authority and to the audit committee and discusses the audit findings as reported in the management letter and management responses, as provided by EXCO. Included in the reports is the audit opinion of the Auditor-General on the financial statements. In addition the Auditor-General reports to the audit committee on any unresolved and policy matters resulting from the audit inspection.

The COO, as the CFO for the Tribunal, is responsible for co-ordinating an action plan for resolving audit findings, in consultation with the audit steering committee and approval of the chairperson.

The audit steering committee that consists of the COO, the head of corporate services, the financial officer, representatives from the Auditor-General as well as representatives from the outsourced external auditors discusses matters pertaining to the external audit being undertaken and monitors progress against the agreed external audit plan.

Remuneration in the Tribunal

The remuneration policy

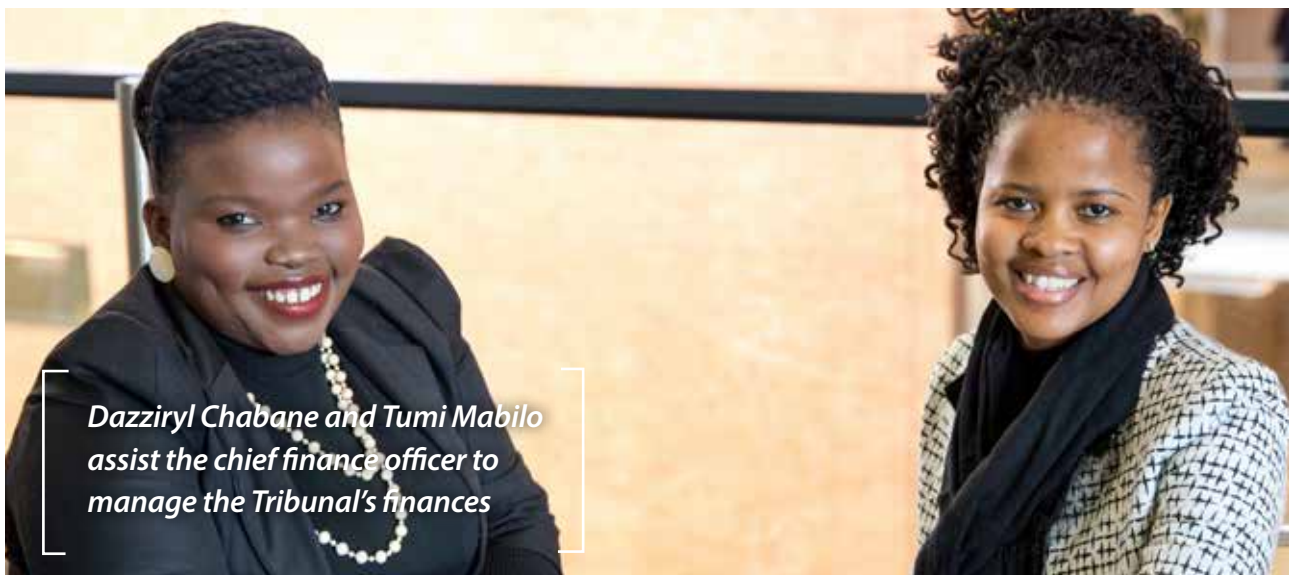
The Act authorises the chairperson of the Tribunal to appoint staff and, in consultation with the minister of the EDD and the

minister of finance, determine the remuneration, allowances, benefits and others conditions of employment for employees. Pursuant to this the Tribunal has developed a remuneration policy which aims, amongst other things, to:

- identify the most appropriate markets against which the Tribunal will benchmark itself;
- remunerate and reward in line with the designated market, allowing the Tribunal to maintain market related payroll costs;
- achieve fairness and equity;
- recognise individual contribution to achieving the Tribunal's objectives and motivates high levels of performance;
- achieve high levels of performance.

The policy applies to full-time permanent employees of the Tribunal and those employed full-time on contract for longer than a year. It sets out the Tribunal's salary scale and provides for annual salary adjustments. The policy also covers the Tribunal's approach to reward and recognition.

According to the policy, the Tribunal's HR officer is responsible to report to the OPCOM on a quarterly basis if any internal or external developments require that the policy be revised and such changes must be effected within three months of the review cycle. Notwithstanding the above it is the head of corporate services' responsibility to ensure that, at a minimum, the policy is reviewed and updated in line with the review cycle indicated in our policy life cycle document. The policy will only be amended with the approval of the executive committee.



Dazziryl Chabane and Tumi Mabilo assist the chief finance officer to manage the Tribunal's finances

Remuneration in the Tribunal

Encouraging ethical pricing

Tribunal imposes R534 m fine on SCI for excessive pricing

On 05 June 2014, following a 29 day hearing, the Tribunal found that Sasol Chemical Industries (SCI), a subsidiary of Sasol, Ltd had contravened the Act by charging domestic customers excessive prices in two vertically integrated markets, namely purified propylene and polypropylene, between the period January 2004 and December 2007. Purified propylene, produced from feedstock propylene, is an input in the production of polypropylene. Polypropylene is a key input for converters who manufacture industrial and household plastic products.

The Tribunal found that the support and protection SCI received from the State in the past contributed to SCI becoming a low cost producer of purified propylene and one of the lowest cost

polypropylene producers in the world. The Tribunal further found that the purified propylene prices charged by SCI to its only external customer and competitor at the propylene level, Safripol, was to Safripol's detriment and inhibited its ability to effectively compete with SCI. In addition, SCI's locally charged polypropylene prices had a significant adverse effect on the local plastic converters and caused them harm during the complaint period.

The Tribunal imposed a penalty of R205.2 m for purified propylene and R328.8 m for polypropylene. The Tribunal also imposed remedies for determining SCI's future pricing of both propylene and polypropylene that would see SCI's prices charged to local customers drop.

The CAC subsequently overturned the Tribunal's decision. However, at the time of writing this report, the Commission had appealed the decision to the Constitutional Court.

Fast facts on the Sasol case



29

Number of days in the hearing



4 418

Number of transcript pages



R 1,071m

Cost of the hearing



Andreas Wessels was among the panel members that heard the Sasol case in this financial year

Our Social and Environmental Impact

The increased emphasis and focus on integrated reporting has resulted in annual reports that include financial and sustainability in one report. Through integrated reporting stakeholders are informed of the extent to which entities operations affect the environment and community it operates in and similarly how the environment and community affect the entities operation.

A complete definition of sustainability would include environment, economic and social sustainability. The Tribunal being a public entity is limited in its ability to engage in corporate social investment and not being a manufacturer will have limited negative impact on the environment. Nevertheless we have tried in a small way to address these issues and to make whatever limited contribution we can as set out below.

Environmental sustainability – the ability to maintain the indefinite use of renewable and non-renewable resources. To this end the Tribunal has continued with its recycling effort initiated in 2010 and for the period under review has recycled a total of 2 171.06 kilograms of material. These materials include tin, paper, plastic and electronic equipment. This represents an increase of 92.35% over last year. In addition we continue to use paper in the office that is classified as environmentally friendly or recycled and encourage staff to print economically (for example back to back or 2 pages on 1). See table 9 below.

A “green policy” which promotes awareness of the need to preserve the environment and recycle waste materials is approved and in place. The table below reflects the breakdown of the material recycled by weight per item.

Economic sustainability – the entity’s ability to support defined levels of production or business activity. Part 2 of this report addresses the Tribunal’s performance against the key performance indicators identified for each identified strategic objective while part 3 reflects the financial results and provides a commentary on the results.

Social responsibility – refers to the entity’s obligation to act in a way that benefits the society at large. It implies maintaining

a balance between material economic development and the welfare of society and environment. Social responsibility also includes adherence to ethical principles. Part 2 of this report addresses ethics and ethical behaviour in the Tribunal. As a public entity the Tribunal is limited in its ability to make any monetary contribution that would qualify as corporate social responsibility. We have however, as an organisation, continued to make some small contribution towards the well-being of the broader community.

During the period under review the Tribunal adopted Tshwaraganang Orphanage Centre as its social responsibility project. The orphanage is situated in Hammanskraal and was brought to life by Mama Catherine in 2006. Mama Catherine having accommodated orphaned children in her own home since 2002 found an abandoned stand and created the home. The home is registered as an NGO and currently has 64 children whose ages range from under a year to their early 20’s. The home has 4 female volunteers who cook, clean and look after the children and 2 male volunteers who assist with gardening and other maintenance. These volunteers stay and assist at the home on a full time basis without any form of income.

As we are unable to use public funds to provide support, staff have in their personal capacity assisted by:

- purchasing pre-paid electricity and groceries for the home;
- collecting and donating second hand clothing;
- buying toys, clothes, school bags and stationery items for Christmas; and
- donating fleecy blankets made by the Ratang Bana (“Love the kids”) grannies.

Ratang Bana is an NGO in Alexandra Township where grandmothers looking after their orphaned grandchildren make blankets to generate income.

The Tribunal itself donated metal waste bins, which were no longer being used, to the home.

Table 9: Material recycled by the Tribunal this financial year

	Plastic	Tin	Glass	Electronic equipment	Paper	Total
Total Weight (kg’s)	17.50	9.70	26.06	17.80	2 100.00	2 171.06

Part 3

Financial Overview

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Block C

Mulayo

Financial Management

In the period under review the Tribunal's budget reflected estimated expenditure of R36.64 m and estimated revenue (generated from aliquot fees, interest and an EDD grant) of R29.15 m.

It was anticipated that the budget shortfall of R7.49 m would be met by using a portion of accumulated surpluses of R21.14 m held at the end of the 2013/2014 financial year.

Actual revenue for the year amounted to R32.35 m and was made up as recorded in the following table:

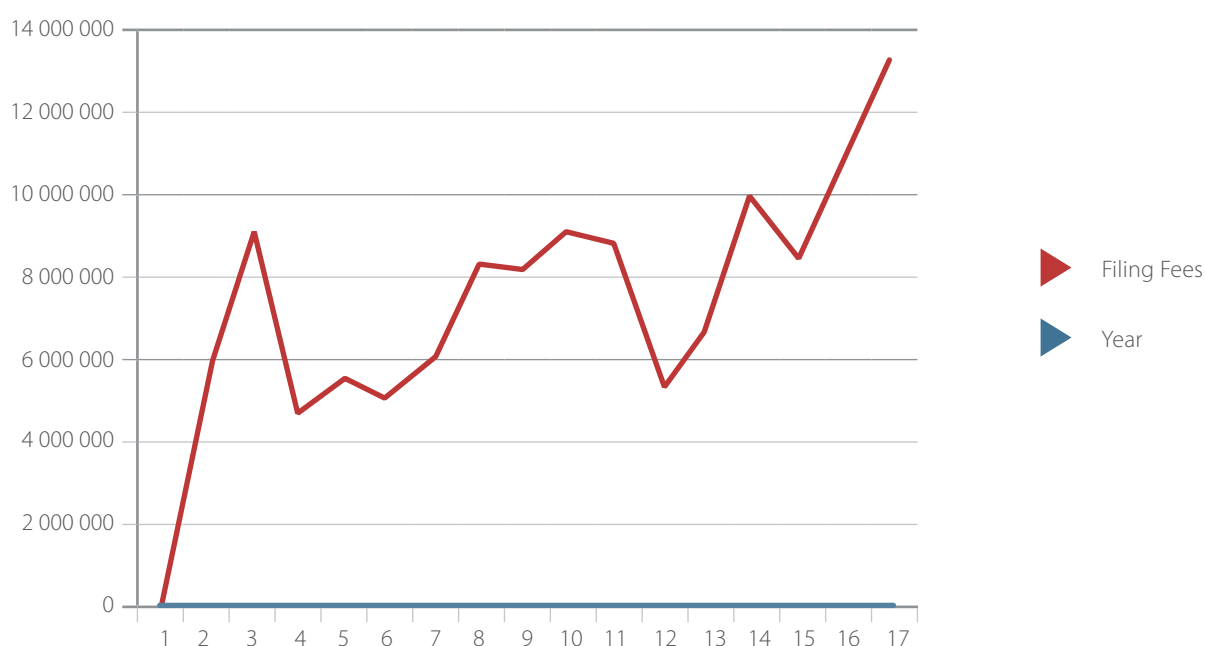
Table 10 : Tribunal's total income over three years

Category	Amount (R 'm)	Percentage (2015)	Percentage (2014)	Percentage (2013)
Government grants	18.10	55.95	58.83	62.35
Filing fees	13.29	41.08	37.70	33.22
Other income	0.96	2.96	3.47	4.43
Total income	32.35	100	100	100

The grant received from the EDD increased by 6.81% over that of the previous year and accounted for 55.95% of the Tribunal's revenue in the year under review. Filing fees received in terms of the MOU with the Commission increased by 22.41% from those of the previous year and accounted for 41.08% of the Tribunal's revenue.

Budgeting accurately for revenue generated from filing fees is very difficult as both the Commission and the Tribunal are unable to predict the volume of mergers that will be notified in a year. The graph below illustrates the fluctuations in filing fees evident over the last 16 years.

Diagram 1: Fluctuations in filing fees received over the last 16 years



The Tribunal received National Treasury's approval to use current accumulated funds to cover budgeted expenses. It is expected that these will be depleted by the end of the 2017/2018 financial year and it will therefore be necessary to look to the EDD and the Treasury for larger annual grants from 2018/2019 onwards.

In the year under review the Tribunal under spent its total budget (exclusive of capital expenditure) by 6.32%.

Total expenditure (net of capital expenditure) for the period increased by 1.86% from R32.49 m to R33.10 m.

The table below illustrates the nature of expenditure incurred by the Tribunal and the percentage change in each category in the year under review. It must be noted that the expenditure reflected in the table below includes expenditure incurred by the CAC. The Tribunal is responsible for the administrative budget of the CAC.

Table 11 : Expenditure incurred in this financial year

Expenditure Category	2014/2015		2013/2014	
	R'm	%	R'm	%
Personnel	19 095	57.69	16 170	49.76
Compliance costs	1 739	5.26	1 797	5.53
Administrative expenses	3 007	9.08	3 436	10.56
Travel and subsistence	412	1.24	638	1.96
Unitary payments to the dti	1 759	5.31	1 652	5.08
Professional services	2 411	7.28	3 859	11.87
Staff training	1 337	4.04	1 427	4.39
Fees paid to part-time financial members	3 342	10.10	3 526	10.85
Total	33 102	100	32 495	100

Expenditure on compliance costs includes the cost of the internal and external audit and the costs associated with oversight committees such as the audit committee and the risk committee.

Professional services includes payments to the Commission in terms of the MOU in place with the Tribunal, transcription services, legal fees, public relations and finance related consulting services.

Expenditure trends reflect a decrease in expenditure over the two years in all categories except personnel and unitary payments.

Two factors contributed towards the increase in personnel expenses and they are as follows:

- The Tribunal, in awarding cost of living adjustments, is guided by the public sector increases. In 2014/2015 the increase awarded was higher than budgeted and therefore the higher than expected personnel costs;
- In 2013/2014 we implemented the findings of an organisational assessment in the Tribunal which saw an additional eight people being employed from October 2013. The restructuring was necessary as an increase in workload (more than treble growth in our budget and core function) was not matched by a concomitant increase in our administrative and registry staff. The period under review was the first year in which the full staff complement were in place for an entire financial year – hence the increase in personnel expenses.

Financial Management

During the period under review the Tribunal made a conscious decision to reduce the number of representatives sent to international conferences and workshops and to tone down the nature of internal workshops and conferences held. Despite keeping expenditure on this line item constant with that of last year we have still been able to ensure that the required training and representation at international meetings is achieved. Staff and full-time members spent 146.5 days in training.

Panels of three are required to adjudicate on matters brought before the Tribunal. These panels consist of full-time and part-time members.

Part-time members sitting on a panel receive a fee for each day a hearing is held and a fee for each preparation day allocated to a matter. If part-time members are requested to write decisions the same daily fee becomes applicable. In some instances a hearing may be cancelled shortly before it begins or while a

case is part heard. Part-time Tribunal members receive a daily fee if the notice of cancellation given was insufficient for them to take up non-Tribunal work.

Fees paid to part-time Tribunal members for attendance, preparation and decision writing decreased by 5.21% this year.

This decrease in fees received is a result of a 6.99% decrease in the total number of days part-time members were paid for. Part-time members were paid for a total of 414.50 days of work, whereas in the previous year this figure was 388.50. The eight part-time members were each paid for an average of 48.19 days per annum. The daily fee of R7 000.00 paid to part-time members has remained unchanged since 2007.

The table below shows the distribution of person days for part-time members over the past two years.

Table 12: Distribution of person days over two years

Category	2015	2014	% change
Hearing days (including cancelled days)	201	214.50	-6.29
Preparation days	159	164	-3.04
Decision writing	25.50	36	-29.16
Total days	385.50	414.50	6.99

In the year under review the Tribunal heard 180 matters over 107 hearing days, whereas in the previous year 188 matters were heard over 120 days. This represents a decrease of 4.44% in the volume of cases and a 16.40% decrease in the number of hearing days. The average number of days per hearing was 1.68 days as compared to 1.57 days in the previous period.

As indicated earlier in this section a panel consists of three Tribunal members. The table below illustrates the allocation of hearing days expressed as person days between full-time and part-time members.

Table 13 : Allocation of hearing days between full-time and part-time members

Days	2015	%	2014	%
Hearing days	107		120	
Person days, full-time members	141	44.06	211	53.01
Person days, part-time members	179	55.93	187	46.98
Total person days	320	100	398	100
Per Tribunal member	29.09		36.18	

In addition to the fees explained earlier Tribunal members are paid a “retainer” for the reading of Tribunal and CAC decisions and other relevant decisions/articles they may be referred to thus ensuring they stay abreast of international and competition law. The fee is equivalent to ten days (based on one day per month for the months February to November each calendar year) and is paid in two equal tranches – the first being at the beginning of the Tribunal’s financial year (April) and the second six months later (September). The retainer represents 14.79% of the fees paid to Tribunal members.

The electronic case management system implemented in February 2013 allows the Tribunal to track the costs associated with each matter on the Tribunal roll during the period under review.

The cost of disbursements per year are reflected in the table below.

The disbursements include all variable costs associated with the adjudicative process but they do not include the salaries of full-time members or case managers. The table also includes the costs associated with the part-time panel members with personnel costs referring to the payments made to part-time members for preparation and decision writing and panel costs which refers to the payments made to part-time members for attending the hearing. These figures indicate that the average variable cost of a matter brought before the Tribunal was approximately R21 000.00 in 2015 and approximately R23 000.00 in 2014.

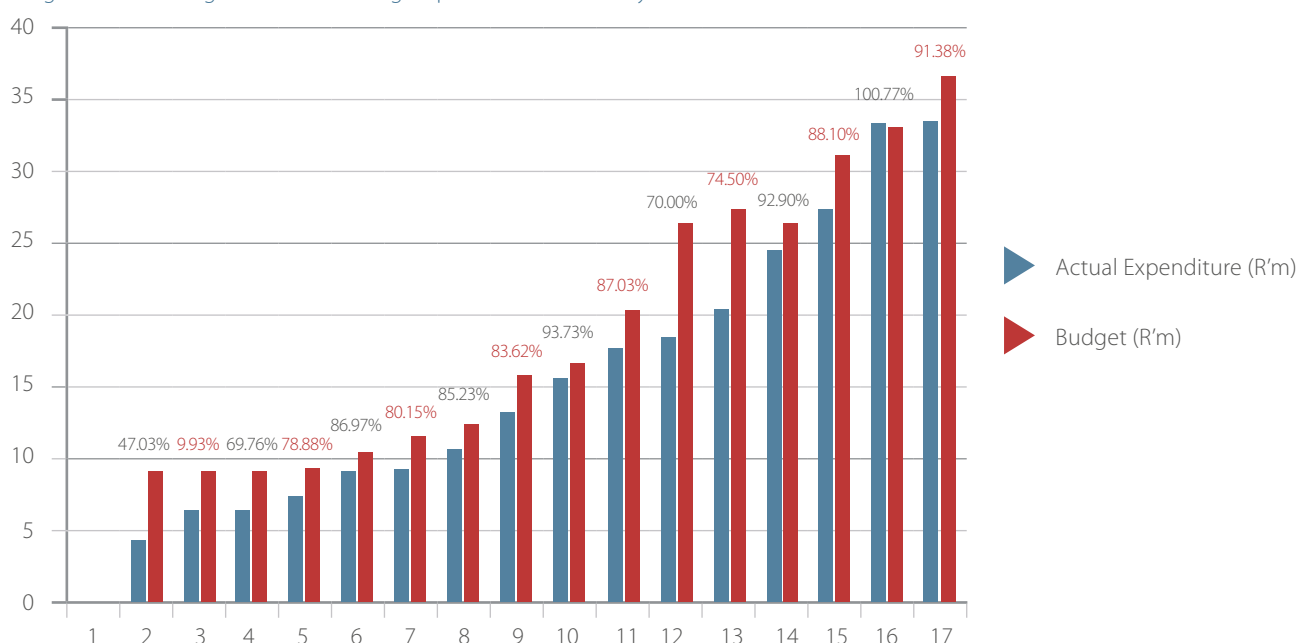
Table 14 : Variable costs of the adjudicative process.

	Disbursement costs	Panel costs	Personnel costs	Total cost	No of matters heard	Average cost per matter
	R'000	R'000	R'000	R'000		R'000
2015	805	1 603	1 321	3 729	180	20.72
2014	1 311	1 535	1 335	4 181	188	22.24

Earlier in this section we note that the Tribunal underspent its budget. Budgeting accurately is difficult as it is difficult to predict the number of cases that will be heard in a year. In its initial years

of operation the Tribunal experienced large budget variances, but in recent years actual expenditure has been more closely aligned to the budget.

Diagram 2: Percentage of Tribunal's budget spent over the last 16 years



Statement of Financial Position

for the year ended 31 March 2015

	Note(s)	2015 R'000	2014 Restated* R'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	17 722	19 586
Receivables from exchange transactions	3	1 355	521
Inventory	4	55	30
		19 132	20 137
NON-CURRENT ASSETS			
Property, plant and equipment	5	1 049	1 291
Intangible assets	6	2 763	2 567
		3 812	3 858
Non-current assets		3 812	3 858
Current assets		19 132	20 137
TOTAL ASSETS		22 944	23 995
LIABILITIES			
CURRENT LIABILITIES			
Payables from exchange transactions	7	1 974	1 880
Finance lease obligation	8	75	205
Provisions	9	485	686
		2 534	2 771
NON-CURRENT LIABILITIES			
Finance lease obligation		-	59
		-	59
Non-current liabilities	8	-	59
Current liabilities		2 534	2 771
TOTAL LIABILITIES		2 534	2 830
Assets		22 944	23 955
Liabilities		(2 534)	(2 830)
NET ASSETS		20 410	21 165
NET ASSETS			
Accumulated surplus		20 410	21 165

Statement of Financial Performance

for the year ended 31 March 2015

	Note(s)	2015 R'000	2014 Restated* R'000
REVENUE			
Revenue from exchange transactions			
Fees earned	10	13 289	10 856
Other income	11	2	5
Interest received - investment	12	951	999
Gains on disposal of assets		6	1
Total revenue from exchange transactions		14 248	11 861
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	13	18 100	16 945
		14 248	11 861
		18 100	16 945
TOTAL REVENUE		32 348	28 806
EXPENDITURE			
Personnel costs	14	(19 095)	(16 170)
Administrative expenses	15	(5 263)	(5 384)
Depreciation and amortisation	16	(745)	(1 087)
Impairment loss	17	(67)	-
Finance costs	18	(15)	(27)
Debt impairment	19	(5)	-
Other operating expenses	20	(7 912)	(9 827)
TOTAL EXPENDITURE		(33 102)	(32 495)
Operating Deficit		(754)	(3 689)
Deficit for the year		(754)	(3 689)

Statement of Changes in Net Assets

for the year ended 31 March 2015

	Accumulated surplus R'000	Total net assets R'000
Opening balance as previously reported	24 814	24 814
Prior period error -2012/2013 (see Note 34)	40	40
Balance at 01 April 2013 as restated*	24 854	24 854
Deficit for the year	(3 689)	(3 689)
Opening balance as previously reported	21 174	21 174
Prior year error -2013/2014 (see Note 34)	(10)	(10)
Balance at 01 April 2014 as restated*	21 164	21 164
Deficit for the year	(754)	(754)
Balance at 31 March 2015	20 410	20 410

Cash Flow Statement

for the year ended 31 March 2015

	Note(s)	2015 R'000	2014 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants		18 100	16 945
Interest income		951	999
Other receipts		12 456	11 137
		31 507	29 081
Payments			
Employee costs		(19 095)	(16 171)
Suppliers		(13 312)	(14 804)
Finance costs		(15)	(27)
		(32 422)	(31 002)
Net cash flows from operating activities	22	(915)	(1 921)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(325)	(486)
Proceeds from sale of property, plant and equipment	5	7	3
Purchase of other intangible assets	6	(440)	(540)
Net cash flows from investing activities		(758)	(1 023)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in/repayment of finance leases		(191)	65
Net cash flows from financing activities		(191)	65
Net increase/(decrease) in cash and cash equivalents		(1 864)	(2 879)
Cash and cash equivalents at the beginning of the year		19 586	22 465
Cash and cash equivalents at the end of the year	2	17 722	19 586

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2015

	Approved budget	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000
STATEMENT OF FINANCIAL PERFORMANCE			
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Fees earned	9 880	13 289	3 409
Other income	-	2	2
Interest received - investment	1 170	951	(219)
TOTAL REVENUE FROM EXCHANGE TRANSACTIONS	11 050	14 242	3 192
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Government grants & subsidies	18 100	18 100	-
TOTAL REVENUE	29 150	32 342	3 192
EXPENDITURE			
Personnel	(19 894)	(19 095)	799
Depreciation and amortisation	(1 171)	(745)	426
Impairment loss/ Reversal of impairments	-	(67)	(67)
Finance costs	-	(15)	(15)
Bad debts written off	-	(5)	(5)
Administrative expenses	(5 767)	(5 263)	504
Other operating expenses	(8 505)	(7 912)	593
TOTAL EXPENDITURE	(35 337)	(33 102)	2 235
Operating deficit	(6 187)	(760)	5 427
Gain on disposal of assets and liabilities		6	6
ACTUAL AMOUNT ON COMPARABLE BASIS AS PRESENTED IN THE BUDGET AND ACTUAL COMPARATIVE STATEMENT	(6 187)	(754)	5 433

Note: The Tribunal's MTEF submission reflects a drawing down of accumulated funds to cover the budget shortfall and as these accumulated funds are not reflected as revenue it appears as if we budget for a deficit.

Refer to Note 30 - Reconciliation between Budget and Statement of Financial Performance to see descriptions of budget variances and to the annual report for further explanations of variances.

Accounting Policies

for the year ended 31 March 2015

1. Basis of Preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention.

All figures have been rounded to the nearest thousand Rand.

1.1 Presentation Currency

These financial statements are presented in South African Rands, which is the functional currency of the Competition Tribunal.

1.2 Revenue

Revenue from Exchange Transactions

Filing fees

Filing fees in respect of mergers are recognised when the Competition Commission informs us that these amounts are now due to us. The Commission recognises these filing fees when the case is filed with them, any cases paid for but not filed or those that lapse for the periods stipulated in the Competition Act are refunded by the Commission to the parties. Any fees due by the Commission to the Tribunal but not yet received are reflected as receivables by the Tribunal.

Revenue on filing fees is recognised as economic benefits compulsorily receivable or receivable by entities, in accordance with laws or regulations, established to provide revenue to government, excluding fines or other penalties imposed for breaches or laws or regulations.

Interest income

Revenue is recognised as interest accrues using the effective interest rate.

Other income

Other income is recognised on an accrual basis.

Revenue from Non-Exchange Transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions refers to transactions where the Tribunal received revenue from another entity without directly giving approximately equal value in exchange. Both annual appropriation and statutory appropriation from the National

Accounting Policies

for the year ended 31 March 2015

Revenue Fund is classified as non-exchange revenue.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies as recognition as an asset and there is no liability to repay the amount in the event of non-performance.

Government grant

Government grants are recognised in the year to which they relate, once reasonable assurance has been obtained that all conditions of the grants have been complied with and the grant has been received and there is no liability to repay the amount in the event of non-performance. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

1.3 Going Concern Assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.4 Significant Judgments and Sources of Estimation Uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

Provision for accumulated leave

Management took the number of annual leave days due per employee as at year end and estimated a value for this provision by multiplying the number of days due per employee by an estimated value for the daily wage per employee as reflected in the payroll software.

Amortisation of internally generated software

The Tribunal developed an electronic document management software system that was officially signed off in February 2013 and became fully operative from this date. All development costs associated with this development (development costs, legal fees, technical support, project management etc.) were capitalised and the entire cost is amortised over 5 years from this "go live date".

Phase 2 of this project has begun and it will not be treated as a separate asset. All costs associated with this phase will be capitalised and amortised as incurred.

1.5 Property, Plant and Equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Accounting Policies

for the year ended 31 March 2015

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value from the day that the asset is available for use.

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

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	Between 5 and 8 years
Office equipment	Straight line	Between 5 and 18 years
IT equipment	Straight line	Between 3 and 10 years
Other leased assets	Straight line	Period of lease

The residual value, the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Accounting Policies

for the year ended 31 March 2015

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Intangible Assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, internally generated	Between 5 and 15 years
Computer software, other	Between 5 and 15 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

Accounting Policies

for the year ended 31 March 2015

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount. Such difference is recognised in surplus or deficit when the intangible asset is derecognised.

1.7 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility in the case of a financial asset.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Accounting Policies

for the year ended 31 March 2015

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

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade payables	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Accounting Policies

for the year ended 31 March 2015

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability, other than those subsequently measured at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value;
- Financial instruments at amortised cost; or
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

Short term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Reclassification

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment and uncollectability of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Accounting Policies

for the year ended 31 March 2015



If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Accounting Policies

for the year ended 31 March 2015

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Leased assets

Leases of assets are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as assets at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to surplus or deficit.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

Leases under which the lessor effectively retains the risks and benefits of ownership are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Inventory

Inventory is initially measured at cost except where the inventories are acquired at no cost, or for a nominal cost, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventory are measured at the lower of cost and current replacement cost where they are held for:

- an investment in a residual interest that meets the requirements for reclassification. distribution at no charge or for a nominal charge; or
- an investment in a residual interest that meets the requirements for reclassification. consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventory comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition.

The cost of inventory of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

Accounting Policies

for the year ended 31 March 2015



The cost of inventory is assigned using the weighted average cost formula. The same cost formula is used for all inventory having a similar nature and use to the entity.

When inventory is sold, the carrying amounts of the inventory is recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write down of inventory to net realisable value or current replacement cost and all losses of inventory are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventory, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

When inventories are donated or issued to other entities for no cost/nominal values, inventories shall be measured at the lower of cost and net realisable value.

1.10 Impairment of Non-cash Generating Assets

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Identification

When the carrying amount of a non-cash generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Value in use

Value in use of non-cash generating assets is the present value of the non-cash generating assets remaining service potential.

The present value of the remaining service potential of a non-cash generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

Accounting Policies

for the year ended 31 March 2015

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash generating asset is adjusted in future periods to allocate the non-cash generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.11 Employee Benefits

Short term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid annual leave), are recognised in the period in which the service is rendered and are not discounted.

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

Pension and post retirement benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The entity operates a defined contribution plan for all its employees.

Contributions to the defined contribution plan are charged to the statement of financial performance in the year to which they relate.

1.12 Provisions and Contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the obligation at the reporting date.

Where the effect of time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating expenditure.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Accounting Policies

for the year ended 31 March 2015



Contingent assets and contingent liabilities are not recognised.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or;
- non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised, because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

1.13 Comparative Figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Reclassification may arise from a change in accounting policy, correction of a prior period error or a reclassification of expenditure.

1.14 Fruitless and Wasteful Expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Irregular Expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements is recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end is recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Accounting Policies

for the year ended 31 March 2015

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements is updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register is updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant programme/expenditure item, is disclosed as such in the note to the financial statements and is updated accordingly in the irregular expenditure register.

1.16 Budget Information

The approved budget is prepared on the accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2014 to 31/03/2015.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.17 Related Parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1.18 Events after Reporting Date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Accounting Policies

for the year ended 31 March 2015

1.19 Standards in Issue not yet Effective

Standards in issue but not yet effective, are disclosed in the financial statement as well as the impact on the financial statements in future periods. Refer to note 33.

1.20 Accumulated Surplus

The entity's surplus or deficit for the year is accounted for in the accumulated surplus in the statement of changes in net assets.

The accumulated surplus/deficit represents the net difference between total assets and total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments relating to income and expenditure are debited/credited against accumulated surplus when retrospective adjustments are made.

1.21 Offsetting

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is required or permitted by a Standard of GRAP.

Notes to the Annual Financial Statements

for the year ended 31 March 2015



	2015 R'000	2014 R'000
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2. Cash and Cash Equivalents

Cash and cash equivalents comprise cash that is held with registered banking institutions and are subject to insignificant interest rate risk. The carrying amount of these assets approximates their fair value.

There are no restrictions of the use of cash.

Cash on hand	2	3
Cash at bank	17 720	19 583
	17 722	19 586

3. Receivables from Exchange Transactions

Receivables	1 199	293
Prepayments	126	228
Other debtors	30	-
	1 355	521

Trade receivables are unsecured, bear no interest and are expected to be settled within 30 days of date of invoice and therefore approximate fair value.

4. Inventory

Consumable stores (office stationery and office refreshments)	55	30
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5. Property, Plant and Equipment

	2015			2014		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	649	(252)	397	564	(298)	266
Motor vehicles	210	(88)	122	210	(82)	128
Office equipment	73	(53)	20	74	(43)	31
IT equipment	1 030	(597)	433	1 069	(465)	604
Leased assets	1 160	(1 083)	77	1 155	(893)	262
	3 122	(2 073)	1 049	3 072	(1 781)	1 291

Notes to the Annual Financial Statements

for the year ended 31 March 2015

5. Property, Plant and Equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	266	212	-	(70)	(11)	397
Motor vehicles	128	-	-	(6)	-	122
Office equipment	31	-	(1)	(10)	-	20
IT equipment	604	108	-	(255)	(24)	433
Leased assets	262	5	-	(190)	-	77
	1 291	325	(1)	(531)	(35)	1 049

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	235	101	(2)	(68)	266
Motor vehicles	150	-	-	(22)	128
Office equipment	42	-	-	(11)	31
IT equipment	663	123	-	(182)	604
Leased assets	186	262	-	(186)	262
	1 276	486	(2)	(469)	1 291

Pledged as security

During the financial year no property, plant or equipment was pledged as security.

The Tribunal has not entered into any contractual commitments to acquire assets.

Assets subject to finance lease (Net carrying amount)

Leased assets	75	264
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Notes to the Annual Financial Statements

for the year ended 31 March 2015

6. Intangible Assets

	2015			2014		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3 712	(949)	2 763	3 356	(789)	2 567

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	2 567	440	(214)	(30)	2 763

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	2 645	540	(618)	2 567

Pledged as security

During the financial year no intangible assets were pledged as security.

The Tribunal has not entered into any contractual commitments to acquire any intangible assets.

7. Payables from Exchange Transactions

Creditors	186	56
Accrued bonus	935	699
Other accruals	853	1 125
	1 974	1 880

Trade payables are unsecured, bear no interest and are expected to be settled within 30 days of date of invoice and therefore approximate fair value.

Notes to the Annual Financial Statements

for the year ended 31 March 2015

	2015 R'000	2014 R'000
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8. Finance Lease Obligation

Minimum lease payments due

- within one year	78	223
- in second to fifth year inclusive	-	63
	78	286
less: future finance charges	(3)	(22)
Present value of minimum lease payments	75	264

Present value of minimum lease payments due

- within one year	75	205
- in second to fifth year inclusive	-	59
	75	264
Non-current liabilities	-	59
Current liabilities	75	205
	75	264

The Tribunal is leasing photocopiers and data cards on finance leases and there are no restrictions imposed on the Tribunal in terms of these leases. The obligation under the finance lease is secured by the lessor's title to the leased asset. The lease can be extended for a further period after the initial period has expired.

9. Provisions

Reconciliation of provisions - 2015

	Opening balance	Additions	Reversed during the year	Total
Leave provision	686	485	(686)	485

Reconciliation of provisions - 2014

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Leave provision	544	686	(73)	(471)	686

Notes to the Annual Financial Statements

for the year ended 31 March 2015

	2015 R'000	2014 R'000
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10. Fees Earned

Fees earned	13 289	10 856
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These fees relate to filing fees in respect of mergers received from the Competition Commission.

11. Other Income

Recoupment of printing cost	2	5
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12. Investment Income

Interest received

- Bank deposits	951	999
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13. Government Grant and Subsidies

Economic Development Department	18 100	16 945
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14. Personnel

Basic salaries	10 184	7 118
Performance awards	863	337
Medical aid - company contributions	538	349
Statutory contributions	227	213
Insurance	172	106
Other salary related costs	131	105
Defined contribution pension plan expense (see Note 23)	801	504
Executive committee members' emoluments	6 179	7 438
	19 095	16 170

Notes to the Annual Financial Statements

for the year ended 31 March 2015



	2015 R'000	2014 R'000
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15. Administrative Expenses

Audit committee members' fees	285	171
Risk committee members' fees	125	108
Audit committee training	33	102
Audit committee meeting expenses	24	8
Fraud prevention committee	20	38
General and administrative expenses	1 353	1 297
External audit fees	735	827
Internal audit fees	517	543
Travel and subsistence	412	638
Unitary payments for building occupation	1 759	1 652
	5 263	5 384

16. Depreciation and Amortisation

Depreciation

Furniture and fittings	70	68
Motor vehicles	6	22
Office equipment	10	11
Computer equipment	255	182
Leased assets - office equipment	190	186
	531	469

Amortisation

Computer software	214	618
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17. Impairment of Assets

Impairments

Property, plant and equipment	35	-
<i>This impairment arose from the disposal of redundant and broken furniture, office and computer equipment. The impairment value reflected is the remaining book value or the residual value of the asset after any revenue received for disposal has been taken into account. Any profit on disposal is reflected in the Profit from disposal of asset account.</i>		
Intangible assets	30	-
<i>This impairment arose from the disposal of redundant software.</i>		
Inventories	2	-
<i>This impairment arose due to the disposal of redundant stationery.</i>		
	67	-

Notes to the Annual Financial Statements

for the year ended 31 March 2015

	2015 R'000	2014 R'000
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18. Finance Costs

Finance leases	17	29
Fair value adjustments on payables/receivables	(2)	(2)
	15	27

19. Debt Impairment

Bad debts written off	5	-
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20. Other Operating Expenses

Consultants, contractors and special services	2 411	3 859
Staff training and development	1 337	1 427
Fees paid to part-time Tribunal members	3 342	3 526
Legal fees	43	271
Maintenance, repairs and running costs	769	660
Fruitless and wasteful expenditure	10	84
	7 912	9 827

21. Trade Payables - Terms and Conditions

Trade payables (exclusive of accruals) are paid within 30 days of date of invoice.

During the period under review there were no breaches of contracts or agreements held with the Tribunal and it was not necessary to negotiate any new terms with suppliers.

22. Cash Generated from Operations

(Deficit) / surplus for the year	(754)	(3 689)
Adjustments for:		
Depreciation and amortisation	745	1 087
Gain on sale of assets and liabilities	(6)	(1)
Impairment deficit	67	-
Debt impairment	5	-
Movements in provisions	(201)	142
Changes in working capital:		
Inventory	(25)	(12)
Receivables from exchange transactions	(835)	276
Debt impairment	(5)	-
Payables from exchange transactions	94	276
	(915)	(1 921)

Notes to the Annual Financial Statements

for the year ended 31 March 2015



2015 R'000	2014 R'000
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23. Employee Benefit Obligations

Defined contribution plan

The Competition Tribunal Pension Fund, which is governed by the Pensions Fund Act of 1956, is a compulsory defined contribution plan for all employees in the Tribunal. The fund is administered by Sanlam Retirement Fund Administrators. The Competition Tribunal is a participating employer on the Sanlam Umbrella Fund. The scheme offers the members various investment options for their pension fund contributions. As an insured fund, the Sanlam Umbrella Fund and thus the Competition Tribunal as participating employer, complies with regulation 28 of the Pension Fund Act of 1956. (see Note 14).

24. Income Tax Exemption

The Tribunal is currently exempt from Income Tax in terms of section 10 (1) (a) of the Income Tax Act, 1962.

25. Financial Risk Management

The main risks arising from the Tribunal's financial instruments are market risk, liquidity risk and credit risk.

Credit risk

The Tribunal trades only with recognised, creditworthy third parties. It is the Tribunal's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Tribunal's exposure to bad debts is not significant. The maximum exposure is the carrying amounts as disclosed in Note 3. There is no significant concentration of credit risk within the Tribunal.

With respect to credit risk arising from the other financial assets of the Tribunal, which comprise cash and cash equivalents, the Tribunal's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The Tribunal's cash and cash equivalents are placed with high credit quality financial institutions therefore the credit risk with respect to cash and cash equivalents is limited.

Exposure to credit risk

The maximum exposure to credit risk at the reporting date from financial assets was:

Cash and cash equivalents	17 722	19 586
Other receivables	1 199	293
	18 921	19 879

Concentration of credit risk

The Tribunal's cash is either held in an ABSA current account or invested with the Corporation for Public Deposits passed on internal cash flow requirements.

The maximum exposure to credit risk for financial assets at the reporting date by credit rating category was as follows:

Notes to the Annual Financial Statements

for the year ended 31 March 2015

2015	Rated and government R'000	Unrated R'000
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Cash and cash equivalents	17 722	-
Other receivables	-	1 199

2014	AA and government R'000	Unrated R'000
------	----------------------------	------------------

Cash and cash equivalents	19 586	-
Other receivables	-	293

The following table provides information regarding the credit quality of assets which may expose the Tribunal to credit risk:

2015	Neither past due nor impaired R'000	Past due but not impaired - less than 2 months R'000	Past due but not impaired - more than 12 months R'000	Carrying value R'000
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Cash and cash equivalents	17 722	-	-	17 722
Other receivables	1 199	-	-	1 199

2014	Neither past due nor impaired R'000	Past due but not impaired - less than 2 months R'000	Past due but not impaired - more than 12 months R'000	Carrying value R'000
------	---	---	--	-------------------------

Cash and cash equivalents	19 586	-	-	19 586
Other receivables	293	-	-	293

Market risk

Market risk is the risk that changes in market prices, such as the interest rate, will affect the value of the financial assets of the Tribunal.

Interest rate risk

The Tribunal is exposed to interest rate changes in respect of returns on its investments with financial institutions and interest payable on finance leases contracted with outside parties.

The Tribunal's exposure to interest risk is managed by investing surplus funds in the Corporation for Public Deposits as the interest rate is favourable and still allows easy access to funds both in terms of movement from and movement to.

Notes to the Annual Financial Statements

for the year ended 31 March 2015

Sensitivity Analysis

	Change in Investments	Increase/(decrease) in net surplus for the year	
		Upward change	Downward change
2015			
Cash and cash equivalents	1.00%	177	(177)
Finance lease	1.00%	1	(1)
2014			
Cash and cash equivalents	1.00%	196	(196)
Finance lease	1.00%	2	(2)

Liquidity risk

Liquidity risk is the risk that the Tribunal would not have sufficient funds available to cover future commitments. The Tribunal regards this risk to be low, taking into consideration the Tribunal's current funding structures and availability of cash resources.

The following table reflects the Tribunal's exposure to liquidity risk from financial liabilities:

2015	Carrying amount R'000	Total cash flow R'000	Contractual cash flow within 1 year R'000	Contractual cash flow between 1 and 5 years R'000
Finance lease obligation	75	75	75	-
Payables	1 974	1 974	1 974	-
2014	Carrying amount R'000	Total cash flow R'000	Contractual cash flow within 1 year R'000	Contractual cash flow between 1 and 5 years R'000
Finance lease obligation	293	293	205	88
Payables	1 880	1 880	1 880	-

Notes to the Annual Financial Statements

for the year ended 31 March 2015

	2015 R'000	2014 R'000
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Financial instruments

The following table shows the classification of the Tribunal's principal instruments together with their carrying value:

Financial instrument	Classification	Carrying amount	Carrying amount
Cash and cash equivalents	Financial asset measured at cost	17 722	19 586
Receivables	Financial asset measured at fair value	1 199	293
Payables	Financial liabilities measured at fair value	1 974	1 880
Finance leases	Financial liabilities measured at amortised cost	75	264

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

Financial assets at fair value

Receivables	1 199	293
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Financial liabilities at fair value

Payables	1 974	1 880
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Financial liabilities at amortised cost

Finance leases	75	264
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Financial assets at cost

Cash and cash equivalents	17 722	19 586
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26. Related Parties

Related party

The Competition Commission
The Department of Trade and Industry
Economic Development Department

Relationship

Public entity in the National Sphere
National Department in the National Sphere
National Department in the National Sphere

Note: Amounts that were paid to state departments and public entities are disclosed below.

The Competition Tribunal is a public entity that falls within the oversight responsibility of the Economic Development Department and contributes towards the achievement of the objectives of the Economic Development Department and overall Government strategies. The entities listed below are also part of the Economic Development Department's oversight responsibilities, against which no transaction has occurred:

- Industrial Development Corporation (IDC);
- Small Enterprise Finance Agency (Sefa); and
- International Trade Administration Commission (ITAC).

Notes to the Annual Financial Statements

for the year ended 31 March 2015



	2015 R'000	2014 R'000
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26. Related Parties (continued)

Related party balances

Amounts included in trade payables regarding related parties

The Department of Trade and Industry	5	9
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Amounts included in trade receivables regarding related parties

The Competition Commission	1 175	285
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Related party transactions

The Competition Commission

Filing fees received as at year end	12 112	10 855
Facility fees paid as at year end	2 345	2 171
Employee costs received as at year end	101	119
Employee costs paid as at year end	-	63
Administrative costs paid as at year end	100	50

The Department of Trade and Industry

Administrative costs paid as at year end	56	50
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Economic Development Department

Grants received as at year end	18 100	16 945
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Full-time member/Chairperson: N Manoim

Package	2 174	2 071
Statutory contributions	22	20
Other salary related contributions	55	53
Leave paid out at end of contract	142	-
	2 393	2 144

Full-time member: Y Carrim

Package	2 025	1 929
Statutory contributions	20	19
Other salary related contributions	53	50
Leave paid out at end of contract	104	-
	2 202	1 998

Notes to the Annual Financial Statements

for the year ended 31 March 2015



	2015 R'000	2014 R'000
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26. Related Parties (continued)

Chief Operating Officer: J de Klerk (COO)

Package	1 409	1 273
Performance bonus	123	172
Statutory contributions	16	14
Other salary related contributions	35	32
	1 583	1 491

27. Fruitless and Wasteful Expenditure

Payment to South African Revenue Services	10	84
	10	84

The Tribunal has the period under review disclosed fruitless and wasteful expenditure of R10 138,42 that pertains to penalties imposed by SARS on a Voluntary Disclosure Process (VDP) submission made by the Tribunal in the 2011/2012 financial year. The disclosure related to the incorrect application of perks tax on the contributions made by the Tribunal to employees for risk benefits. SARS in considering the VDP application determined that penalties were to be imposed on the amounts declared for each of the 5 years but waived interest charges.

The Tribunal has determined that valid explanations for these penalties exist and in addition it is noted that they did not result because of negligence on the part of a staff member but rather due to incorrect interpretation of required processes.

28. External Audit Fee

External audit fees	735	827
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29. Comparative Figures

Fraud prevention committee expenses were included as part of other operating expenses in 2013/2014. In 2014/2015 they were reclassified to be included as part of administrative expenses. The effect of this reclassification is reflected in Note 34 together with the prior period error disclosure.

Notes to the Annual Financial Statements

for the year ended 31 March 2015



	2015 R'000	2014 R'000
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30. Reconciliation between Budget and Statement of Financial Performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net deficit per the budget	(754)	(3 689)
Adjusted for:		
Fair value adjustments	(2)	2
Impairments recognised/reversed	66	-
Profit/loss on the sale of assets	(6)	(1)
Printing recoupment and insurance refund	(2)	(5)
Transfer from retained income	7 488	5 764
Adjustments for items reflected as capital expenditure on budget:		
Leased equipment	(149)	(203)
Capital expenditure	(1 301)	(501)
Income under/(in excess of) budget:		
Filing fees from the Commission	(3 409)	(1 081)
Interest received	219	(399)
Over/(under) expenditure on budget:		
Personnel	(799)	(1 153)
Part-time Tribunal member fees	245	438
Local training	(57)	(286)
Overseas training	(442)	(203)
Professional services	(707)	827
Recording and transcription services	157	-
Recruitment costs	(33)	458
Administrative expenses	23	(229)
Facilities and capital	(318)	514
Competition Appeal Court	(219)	(253)
Net (deficit) surplus per approved budget	-	-

Notes to the Annual Financial Statements

for the year ended 31 March 2015

	2015 R'000	2014 R'000
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31. Irregular Expenditure

Opening balance	-	-
Add: Irregular expenditure – current year	425	-
Add: Irregular expenditure prior years	261	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
Amounts awaiting condonation	686	-

Analysis of expenditure awaiting condonation per age classification

Current year	425	-
Prior years	261	-
	686	

Details of Irregular Expenditure – Current year

	Disciplinary steps taken/criminal proceedings	
Procurement of consulting services	None required	477
Procurement of furniture	None required	209
		686

32. Changes in Accounting Policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.

33. New Standards and Interpretations

33.1 Standards and Interpretations Early Adopted

There are no standards and interpretations that the entity has chosen to early adopt.

Notes to the Annual Financial Statements

for the year ended 31 March 2015

	2015 R'000	2014 R'000
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33.2 Standards and Interpretations Issued, but not yet Effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment reporting	01 April 2015	Impact still to be assessed
• GRAP 20: Related parties	01 April 2016	Being used as a basis

33.3 Standards and Interpretations Issued, but not yet Effective

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2015 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 105: Transfers of functions between entities under common control	01 April 2015	No impact
• GRAP 106: Transfers of functions between entities not under common control	01 April 2015	No impact
• GRAP 107: Mergers	01 April 2015	No impact
• IGRAP 11: Consolidation – Special purpose entities	01 April 2015	No impact
• IGRAP 12: Jointly controlled entities – Non monetary contributions by ventures	01 April 2015	No impact
• GRAP 6 (as revised 2010): Consolidated and separate financial statements	01 April 2015	No impact
• GRAP 7 (as revised 2010): Investments in associates	01 April 2015	No impact
• GRAP 8 (as revised 2010): Interests in joint ventures	01 April 2015	No impact
• GRAP 32: Service concession arrangements: grantor	01 April 2016	No impact
• GRAP108: Statutory receivables	01 April 2016	No impact
• IGRAP 17: Service concession arrangements where a grantor controls a significant residual interest in an asset	01 April 2016	No impact
• Directive 11: Changes in measurement bases following the initial adoption of standards of GRAP	01 April 2016	No impact

Notes to the Annual Financial Statements

for the year ended 31 March 2015

	2015 R'000	2014 R'000
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34. Prior Period Errors

In considering the useful life and residual value of assets at year end there were certain assets whose useful life should have been extended in 2013/2014. The required adjustments were made in the current financial year. Hence the prior period error. The prior period error for the period up to and including 2012/2013 was R40 004.71 and for 2013/2014 was R11 256.24.

During the current financial year it was determined that there was an error in the calculation of a finance lease. The effect of this error was to decrease lease expenses in the prior year by R1 216.48, increase the short term lease liability by R955.62 and reduce finance costs by R260.86. This adjustment was paid in 2014/2015 as a prior period error.

In addition it was determined that in 2013/2014 a prime rate adjustment was anticipated and this anticipated increase resulted in an increase in cost of the leased asset and the non-current finance lease liability. This adjustment never took place and in the 2014/2015 this adjustment of R29 160.49 was reversed.

In the prior period the category "other operating expenses" included fraud prevention committee expenses (R 38 150.45) these were reclassified to form part of administrative expenses.

The correction of the error(s) results in adjustments as follows:

Decrease in cost of leased asset	-	29
Decrease in non-current finance lease liability	-	29
Decrease in depreciation	-	30
Decrease in accumulated depreciation	-	30
Increase in current finance lease liability	-	1
Decrease in finance costs	-	1
Decrease in other operating expenses	-	38
Increase in administrative expenses	-	38

Statement of financial position

	Balance as previously reported	Prior period error	Restated balance
Non-current finance lease liability	88	(29)	59
Property plant and equipment	1 289	29	1 318
Current finance lease liability	(204)	(1)	(205)
	1 173	(1)	1 172

Statement of financial performance

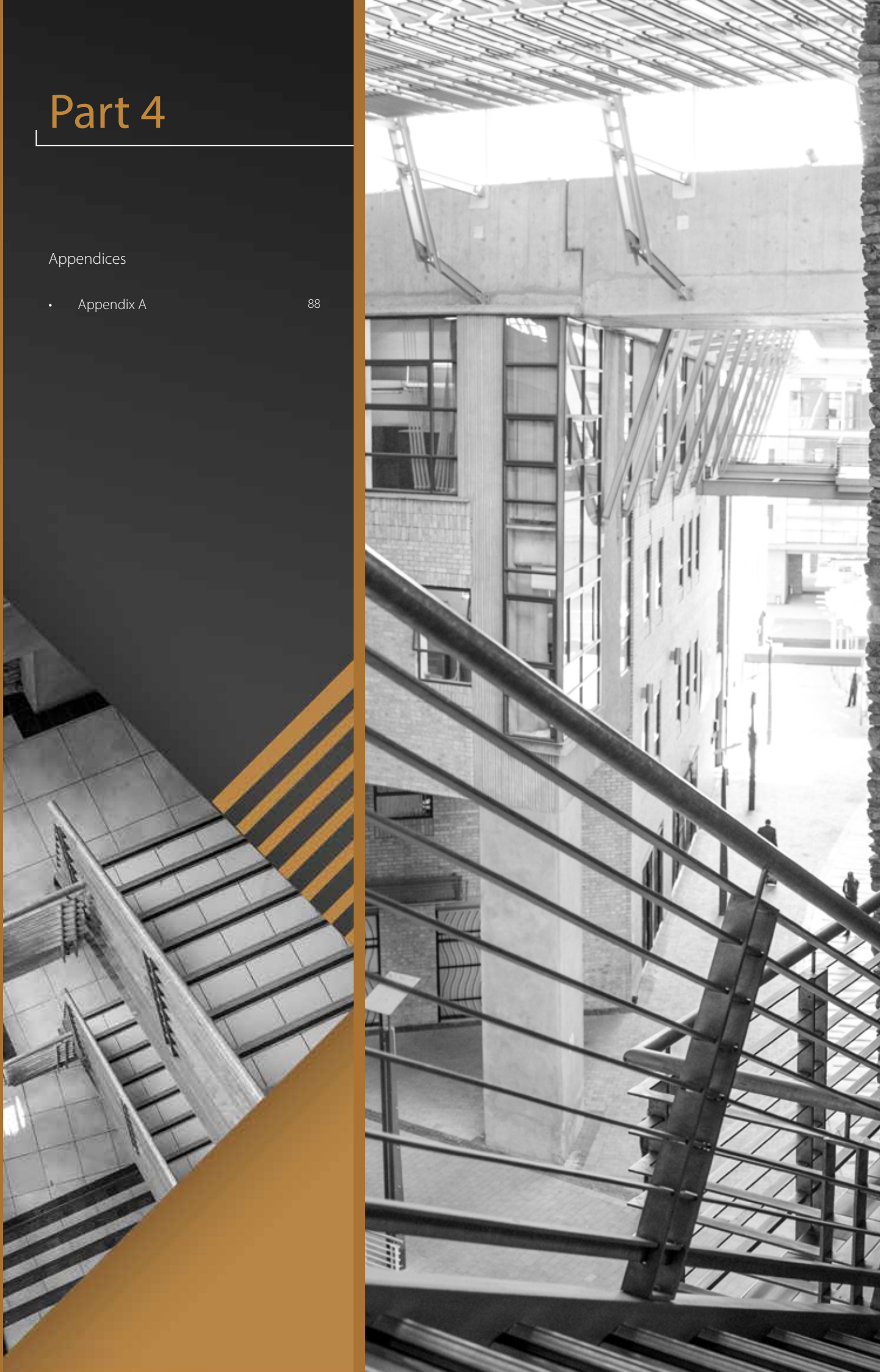
	Balance as previously reported	Reclassification	Prior period error	Restated balance
Depreciation - 2013/2014	(1 077)	-	(10)	(1 087)
Depreciation - 2012/2013	(555)	-	40	(515)
Finance costs - 2013/2014	(28)	-	1	(27)
Administrative expenses - 2013/2014	(5 345)	(38)	(1)	(5 384)
Other operating expenses - 2013/2014	(9 865)	38	-	(9 827)
	(16 870)	-	30	(16 840)

Part 4

Appendices

- Appendix A

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Performance Matrix

Strategic Focus Area 1:	Tribunal Hearings And Decisions			Total	Reason For Deviations
	Prior year budget	R18 294 005.60	Current budget	R16 694 225.18	Budget divided equally across 4 quarters
	Prior year actual	R16 128 374.80	Actual expenditure	R16 455 266.80	It is difficult to accurately predict the costs associated with the adjudicative process
Goal Statement:	Hold hearings and adjudicating matters brought before the Tribunal				
Strategic Outcome:	Promote and maintain competition within South Africa through the implementation of the Competition Act				
Strategic Objective	Output	Performance Indicators	Annual Target	Prior year annual performance	Annual performance
To promote and maintain competition within South Africa by holding hearings and adjudicating matters brought before the Tribunal that pertain to large and intermediate mergers, interim relief cases, procedural matters, opposed as well as unopposed prohibited practices within the adopted delivery timeframes.	Large Mergers:				
	Merger notices	Merger set down (heard) in accordance with delivery timeframes	75% of mergers heard within 10 business days of the filed merger	74%	Target exceeded for the year (78 of 98 heard)
	Orders	Orders issued to parties in accordance with the delivery timeframes	98% of orders issued within 10 business days of the last hearing date	100%	Target exceeded for the year (98 of 98 orders issued)
	Reasons for Decision documents	Reasons for Decisions issued to parties in accordance with the delivery timeframes	56% of "reason for decisions" issued within 20 business days of order being issued	82%	Target exceeded for the year (84 of 99 reasons issued)

Strategic Objective	Output	Performance Indicators	Annual Target	Prior year annual performance	Annual performance	Deviations
To promote and maintain competition within South Africa by holding hearings and adjudicating matters brought before the Tribunal that pertain to large and intermediate mergers, interim relief cases, procedural matters, opposed as well as unopposed prohibited practices within the adopted delivery timeframes.	Requests for consideration (Intermediate mergers):					
	Merger notices	Merger set down(heard) in accordance with delivery timeframes	75% of mergers heard within 10 business days of receiving the Commissions record	100%	75%	Target met for the year (3 of 4 heard)
	Orders	Orders issued to parties in accordance with the delivery timeframes	98% of orders issued within 10 business days of the last hearing date	No orders were issued	100%	Target exceeded for the year (4 of 4 orders issued)
	Reasons for Decision documents	Reasons for Decisions issued to parties in accordance with the delivery timeframes	56% of "reason for decisions" issued within 20 business days of order being issued	No reasons were issued during the target period	0%	Target not met for the year (0 of 1 reasons issued) Reasons were issued in 1 matter only. The writing member and the case manager were involved in protracted hearings in another matter and confidentiality claims by third parties contributed to the delay
To promote and maintain competition within South Africa by holding hearings and adjudicating matters brought before the Tribunal that pertain to large and intermediate mergers, interim relief cases, procedural matters, opposed as well as unopposed prohibited practices within the adopted delivery timeframes.	Opposed Prohibited Practices:					
	Notice of set-downs	Pre-hearing invitations sent to parties in accordance with the delivery timeframes	90% of pre-hearing invitations sent to parties within 20 business days of close of pleadings	100%	80%	Target not met for the year (4 of 5 invitations issued) (This was due to an administrative error in 1 matter where the invitation was late by 3 days)
	Orders and reasons for decision documents	Orders and reasons for decisions issued to parties in accordance with the delivery timeframes	80% of orders and reasons for decisions issued within 100 business days of the hearing date	50%	67%	Target not met for the year (4 of 6 orders/reasons issued) There was a delay with one matter in the first quarter that was related to further requests for calculations (based on various assumptions); the complexity of the matter; the length of the actual hearing and the size of the record; as well as the large number of disputes between the respective industrial, financial and economic experts of the parties. With regard to the matter delayed in the 3rd quarter the member writing the reasons was also sitting on panels and as it was a complex matter the writing was delayed)
	Consent Orders:					
	Orders	Orders issued to parties in accordance with the delivery timeframes	75% of consent orders issued within 10 business days of the last hearing date	98%	100%	Target exceeded for the year (43 of 43 orders issued)

Performance Matrix

Strategic Objective	Output	Performance Indicators	Annual Target	Prior year annual performance	Annual performance	Deviations
To promote and maintain competition within South Africa by holding hearings and adjudicating matters brought before the Tribunal that pertain to large and intermediate mergers, interim relief cases, procedural matters, opposed as well as unopposed prohibited practices within the adopted delivery timeframes.	Procedural Matters:					
	Orders	Orders issued to parties in accordance with the delivery timeframes	85% of orders issued within 20 business days of the last hearing date	83%	87%	Target exceeded for the year (20 of 23 orders issued)
	Interim Relief:					
	Reasons for Decision documents	Reasons for Decisions issued to parties in accordance with the delivery timeframes	85% of "reasons for decisions" issued within 20 business days of the last hearing date	0%	100%	Target exceeded for the year (1 of 1 reasons issued)

Strategic Focus Area 2:	Stakeholder Awareness		Prior year figures	Total	Reason For Deviations	
	Prior year budget	R651 937.80	R780 341.14	R780 341.14	Budget divided equally across 4 quarters	
	Prior year actual	R319 629.91	Actual expenditure	R870813.53	Marginal overspending due to higher than expected cost of living adjustments and marginal overspending on a website upgrade	
Goal Statement:	Communicate the activities and decisions of the Competition Tribunal effectively					
Strategic Outcome:	Educate and create awareness of Competition Matters to the Tribunal's stakeholders					
Strategic Objective	Output	Performance Indicators	Annual Target	Prior year annual performance	Annual performance	Deviations
To educate and to create awareness of competition matters to our stakeholders by communicating the activities and decisions of the Competition Tribunal by way of the internet, press releases, the Government Gazette as well as internal publications within the adopted delivery timeframes.	"Reasons for Decision" documents	Turnaround time for all the "reasons for decisions" to be posted on the website after release	97% of reasons for decisions posted on the Tribunal website within 24 hours of release	69%	88%	Target not met for the year (Reasons were posted late on the website due to various reasons - the website was being upgraded and was offline for a few days; there was a technical error on the website and there are delays due to confidentiality challenges.)
	Tribunal Tribunes produced	Three Tribunal Tribunes distributed by 31 March 2015	Three Tribunal Tribunes distributed by 31 March 2015	3	3	Target met for the year
			Tribunal Tribunes distributed to 50 stakeholders per issue by 31 March 2015	86	55	Target exceeded for the year

Performance Matrix

Strategic Objective	Output	Performance Indicators	Annual Target	Prior year annual performance	Annual performance	Deviations
To educate and to create awareness of competition matters to our stakeholders by communicating the activities and decisions of the Competition Tribunal by way of the internet, press releases, the Government Gazette as well as internal publications within the adopted delivery timeframes.	Notice of final merger decisions	Merger decisions published in the Government Gazette	100% of the merger decisions issued sent to the Government Gazette for publishing within 20 days of the final decision	94%	94%	Target not met for the year. (7 of 111 decisions were sent to the printers late due to administrative oversight)
	Press releases	Press releases of final decisions in merger cases issued to the media	Press releases issued for 75% of the final decisions in mergers issued by the Tribunal each quarter	98%	100%	Target exceeded for the year (102 press releases for 102 merger decisions)
	Press releases	Press releases of final decisions in prohibited practice cases issued to the media	Press releases issued for 100% of the final decisions in prohibited practice cases issued by the Tribunal each quarter	100%	90%	Target not met for the year. (43 press releases for 48 prohibited practice decisions) (We failed to send a press release for 4 complaint referrals and 1 consent order as prior discussions with the media indicated that there was little interest in these matters.)

Strategic Focus Area 3	Operational Effectiveness				Total	Reason For Deviations
	Prior year budget	R1 581 789.49	Current budget	R1 458 335.02		
	Prior year actual	R1 042 829.88	Actual expenditure			
Goal Statement:	Enhance the expertise of Tribunal staff				R1 458 335.02	Budget divided equally across 4 quarters
	Improve the service of the Tribunal to our customers				R1 000 326.33	The Tribunal made a concious decision not to send staff to international conferences/workshops thus resulting in underspending on this line item
Strategic Outcome:	Strengthen the Tribunal's organisational capability and performance to deliver on its legislative mandate					
Strategic Objective	Output	Performance Indicators	Annual Target	Prior year annual performance	Annual performance	
To enhance the expertise of Tribunal members and staff by sending them on planned International as well as local conferences and training courses.	Training feedback form	Conferences and training courses attended	Tribunal members and research staff attend 75% of the budgeted international and national conferences/workshops and training courses by 31 March 2015	144.12%	130.56%	Target exceeded for the year

Notes

