CROSS·BORDER
ROAD TRANSPORT AGENCY

Annual Report

2019-20

2030
NDP

RP393/2020
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PART A General Information

1. General Information of the Cross-Border Road Transport Agency

Nature of business and principal activities	Regulator of Cross-Border Road Transport
Registered office **Business address**	Eco Point Office Park Block A 350 Witch – Hazel Street Centurion Pretoria
Postal address	PO Box 560 Menlyn 0063 Pretoria South Africa
Telephone number	+27 12 471 2000
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Website address	www.cbrta.co.za
EXTERNAL Auditors	Auditor-General of South Africa
EXTERNAL ADDRESS	300 Middel Street Nieuwe Muckleneuk Pretoria 0001
Bankers	First National Bank 5th Floor, FNB Menlyn Place Cnr. Lois Avenue and Atterbury Menlyn, Pretoria, South Africa
Company/ Board Secretary	Vincent Mashale (ACIS)

2. List of Abbreviations/Acronyms

AGM	Annual General Meeting
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
ASCBOR	Annual State of Cross Border Operations Report
CBM	Collaborative Border Manager
C-BRTA	Cross-Border Road Transport Agency
C-BRTS	Cross-Border Road Transport System
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
COBIT	Control Objectives for Information and Related Technologies
COO	Chief Operations Officer
COTO	Committee of Transport Officials
COMESA	Common Market for Eastern and Southern Africa
CPIX	Consumer Price Index
DoT	Department of Transport
DPME	Department of Planning, Monitoring and Evaluation
EAC	East African Community
EXCO	Executive Committee
ICT	Information Communication Technology
ITIL	Information Technology Infrastructure Library
JC	Joint Committee
JRMG	Joint Route Management Group
LAP	Linking Africa Plan
MAR	Market Access Regulations
MinMEC	Ministers and Members of Executive Councils Meeting

MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NRTA	National Road Traffic Act
NTB	Non-Tariff Barrier
OCAS	Operator Compliance Accreditation Scheme
OGEFREM	Office de Gestion du Fret Multimodal Agency
PCOT	Portfolio Committee on Transport
PFMA	Public Finance Management Act
REC	Regional Economic Communities
REMCO	Remuneration Committee
RSA	Republic of South Africa
RTI	Road Transport Inspectorate
RTMC	Road Traffic Management Cooperation
SABOA	South African Bus Operators Association
SACBOA	South African Cross Border Operators Association
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAIPFA	South African International Passenger and Freight Association
SANRAL	South African National Roads Agency
SCM	Supply Chain Management
SMME	Small Medium and Micro Enterprises
TKC	Trans Kalahari Corridor
TVET	Technical Vocational Education and Training

3. Foreword by the Chairperson

Introduction

It has been an honour leading the Board of the Cross-Border Road Transport Agency (C-BRTA) over the past four years. Over this period the Agency has had to deal with some serious challenges, some of which it has found solutions to and some which remain. The most significant of the challenges that remain is one around the unsustainable funding regime, given that permit revenue is the single source of income for the Agency. To this end, the Agency is in discussions with the Department of Transport on a permit fee determination model, which will form the basis for permit fee increase going forward, with baseline review performed every five (5) years in line with the planning cycle or earlier when necessary.

In pursuit of its strategic goal to facilitate the unimpeded flow of cross-border road transport, the Agency has implemented the Market Access Regulatory (MAR) tool, a scientific mechanism that enables the Agency to consider the demand and supply dynamics on routes and corridors in its decision-making regarding the issuance of passenger transport permits. For the past two financial years, the Regulatory Committee (which is the Agency's quasi-judicial structure that considers permit applications), has utilised the MAR, in its decision-making to ensure that the routes in respect of which passenger permits are applied for are not over-saturated.

The Operator Compliance Accreditation Scheme (OCAS) remains a priority for the Agency. The Agency's envisages utilising the scheme as a predetermined risk profiling system that will allow the Agency to separate compliant operators from non-compliant ones, thus prioritising the seamless movement of compliant operators through the corridors. The scheme also aims to ensure a high level of compliance to regulatory requirements, thereby contributing to enhanced road safety and the reduction of accidents and fatalities on the roads.

The Agency remains committed to strategically positioning itself to promote regional integration and that of the African continent. To this end, the Agency has developed the Linking Africa Plan, which is the Agency's trademark transport and trade plan, as a tangible means to mobilise the relevant stakeholders towards unlocking increased regional trade as well as increasing trade within the African continent.

In the year under review, the Agency produced the Annual State of Cross Border Operations Report (ASCBOR), which has been shared with various stakeholders in the cross-border road transport environment. The ASCBOR details current information and trends on the trade and transport value chains in the SADC region and it is one of the value-add advisory tools intended to benefit our stakeholders. The report for 2019/20 financial year articulated on the state of cross-border road infrastructure (hard and soft infrastructure) and constraints facing cross-border operations in the Common Market for Eastern and Southern Africa (COMESA), Eastern African Community (EAC) and Southern African Development Community (SADC).

The ASCBOR also covers the state of regional integration and progress made toward integrating transport in the Tripartite (COMESA-EAC-SADC) region, progress on implementation of continental and regional programmes with a bearing on cross-border road transport and offers recommendations on reforms and action plans which may be useful in addressing the identified challenges.

The Agency also developed a country profiles for Tanzania and the Democratic Republic of Congo, which provide relevant and up-to-date information for cross-border transport operators and the general domestic industry who intend to pursue various opportunities in those countries. The country profiles focused on critical factors that have an impact on cross-border road transportation such as the state of cross-border trade and the transport industry in the country profiled, traffic volumes and the noteworthy features of the cross-border regulatory environment. The country profile reports also highlight economic opportunities and developments that may affect cross-border road transport operations and are therefore used to empower Small-Micro-Medium-Enterprises (SMMEs) entering the relevant cross-border market.

Strategic Relationships

The Agency recognises that cross-border road transport is transnational in its nature. In recognition of this, the Agency has continued to prioritise engagements with its stakeholders (domestic and regional) as per the Board-approved Stakeholder Management Plan. The stakeholders were engaged on various platforms including operator forums, Joint Route Management Group meetings and Joint Committees. The aim of these engagements was to deal with constraints that impede the free flow of passengers and goods between our borders and the rest of the region.

In the year under review, the Agency conducted an industry impact assessment of all the engagements that it had with transport and government stakeholders on various engagement platforms. It is pleasing that the assessment found that 99% of stakeholders were happy with the engagement platforms. The Agency will ascertain the reasons for those stakeholders who are not happy with the engagement platforms and endeavour to address their concerns.

The Agency continues to seek a lasting solution to the RSA/Lesotho impasse. In the year under review, the Agency participated in the National Ministerial Task Team (NMTT) which consists of representatives from the Department of Transport; the Free State Department of Police, Roads and Transport and the Lesotho Ministry of Public Works and Transport. The Provinces of KwaZulu- Natal and the Eastern Cape are also represented in the team. A draft bilateral agreement between the Republic of South Africa and the Kingdom of Lesotho has been drafted and is under consideration.

3. Foreword by the Chairperson (cont.)

Challenges faced by the Board

The impasse on the issuance of passenger permits for the RSA/Lesotho route remains unresolved. The impasse started in 1999 and has since been a challenge that affects and impedes normal passenger cross-border movements on the Lesotho/ RSA route. in February 2020, the Ministers of RSA and the Kingdom of Lesotho met to discuss and try to find solution to the impasse.

As at the end of March 2020 the Board has four vacancies and is as such not constituted in line with the provisions of the Cross-Border Road Transport Act (No. 4 of 1998). It must be pointed that the vacancies on the Board negatively affect the composition of the Regulatory Committee, which is a quasi-judicial structure established in terms of the Cross-Border Road Transport Act to adjudicate on permit applications. The filling of the Board vacancies is a matter for the Minister of Transport. This matter has been accordingly escalated to the Minister and the Department of Transport. The term of the current Board ended at the end of April 2019 and has been extended until further notice.

In December 2019 the first case of the coronavirus (COVID-19) was reported in the Wuhan province of China. The virus quickly spread across the world and in March 2020 the President of the RSA declared a national lockdown in an effort to slow down the rate of transmission of COVID-19 in the country. The national lockdown has resulted in a significant decrease in permit revenue for the Agency, while the expenditure has not seen a proportionate decrease. The Board is monitoring the situation and will implement appropriate cost containment measures, should it be necessary.

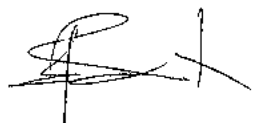
Conclusion

The Agency remains committed to delivering on its core mandate and to maintaining a high-performance culture underpinned by a robust internal control and risk management environment.

Acknowledgements

The Board sincerely thanks the Minister of Transport, Mr Fikile Mbalula for his guidance and direction, the of Deputy Minister of Transport, Ms Dikeledi Magadzi for her unwavering support, the entire leadership of the Department of Transport and the Portfolio Committee on Transport, which is led by Mr Mosebenzi Zwane.

I also wish to thank the collective of the Board and the leadership of the Agency under the Acting CEO, Mr Lwazi Mboyi as well as the entire staff of the C-BRTA. The Board would also like to thank, the previous acting CEOs, the late Mr Ronald Stuurman and Mr Collins Letsoalo for the sterling job they have done during their acting tenures.



Mr Mos Ramathe
Chairperson of the Board
Date: 30 September 2020

4. Chief Executive Officer's Overview

Introduction

It is an honour to present the Cross-Border Road Transport Agency's (C-BRTA) Annual Report for the Year Ended 31 March 2020 to the Parliament of the Republic of South Africa through the Minister of Transport, Mr Fikile April Mbalula. This Report is an honest reflection of the C-BRTA's efforts in facilitating the seamless movement of people and goods in the Southern African Development Community (SADC) for the period under review.

The measuring stick of our performance for the reporting period are the set objectives contained in our Annual Performance Plan (APP) for the 2019/20 Financial Year, as per the approval by the Board and tabled in Parliament by the Minister of Transport. The APP aspirations were fashioned to safeguard the implementation of our mandate as conferred by the Cross-Border Road Transport Act (No. 4 of 1998). The socio-economic regional integration of the SADC region continues to be the legitimate touchstone on which the bearing of our efforts can be justly evaluated.

The strategy-review process we embarked on during the financial year to align with the seven priorities of the sixth administration enabled the Agency to reflect implicitly on its role as the regulator of commercial cross-border movements. I can ascertain that going forward; we intend to bolster our regulatory outlook and competence to remain the leading international cross-border road transport regulator in the region. Through the four pillars of our mandate viz. Advisory, Facilitation, Regulation and Law Enforcement, we intend to fortify the implementation of the Linking Africa Plan (LAP) and its strategic interventions as a means to accelerate regional social and economic integration.

The region's industrialisation and socio-economic development hinges on the collective ability of its international-road-transport regulators to ensure the seamless movement of people and goods between ports of entry. To this end, we vigorously participate in the Cross-Border Road Transport Regulators Forum (CBRT-RF) to implement the Linking Africa Plan (LAP), and in our role as the Chairperson of the Forum, we have ensured that the Annual Work Plan prioritises the harmonisation of the region's road transport regulatory environment. Additionally, our vigorous participation on initiatives such as the Tripartite Transport and Transit Facilitation Program (TTTFP) and the African Continental Free Trade Area (AfCFTA), among others, has been prioritised to ensure that the Agency plays a role in whittling the discourse on international road transport and trade in the region.

Our commitment to resolving the operator constraints have resulted in us engaging cross-border stakeholders in various stakeholder fora and pursuing various engagements both locally and abroad to guarantee an unimpeded flow of goods and people. Our concerted efforts toward a resolution of the ongoing impasse on the movement of passenger cross-border operations between South Africa and the Kingdom of Lesotho enabled the Agency to pave significant in-roads

4. Chief Executive Officer's Overview (cont.)

toward a resolution to the impasse. A ground-breaking Memorandum of Understanding (MoU) was entered by the Free State South African National Taxi Council (SANTACO), Madiboho Taxi Forum (RSA/Lesotho border-town operators), International Cross Border Transport Organisation (ICBTO) and RSA/Lesotho Route Committee to regulate cross-border operations between all inland towns of South Africa going to the Kingdom of Lesotho. The implementation of the MoU anticipates a solution to the cross-border operations passenger impasse.

The Agency issued a total of 94 055 permits to operators for the period under review through the Cross-Border Road Transport System (CBRTS) permit issuing system. We have completed the development of the Integrated Cross-Border Management System (iCBMS) which will be implemented fully in the coming period. The enhanced functionality on the iCBMS will ensure seamless user experience for our operators and will prove the Agency adept at servicing our operators more efficiently.

In the period under review, the Agency produced Country Profile Reports for DRC and Tanzania as well as a comprehensive Annual State of Cross-Border Operations Report (ASCBOR), amongst other research reports, to disseminate information for use by stakeholders in the cross-border road transport environment and to advise the Minister of Transport on best practice policy interventions.

The Agency produced Section 39 (2) Reports for the period under review to advise the Regulatory Committee on the regulatory process and to aid decision making and intelligent law-enforcement operations. These Reports are compiled in conjunction with the Road Traffic Management Corporation (RTMC) in line with the inter-agency agreement between the two entities.

Towards the end of the financial year, South Africa experienced the novel coronavirus (Covid-19), a virus that has coerced the whole world into exploring a "new normal" that requires factoring in social distancing and restricted travel in conducting business operations. The Covid-19 pandemic has hit the global world hard and disrupted cross-border value chains. This obliges the Agency to learn new ways of conducting business and to build resilience and support cross-border operators through online platforms.

Further to the above, the compounding impact of developments in Maputo-Katembe Bridge and the Port of Walvis Bay, among others, require the agility of our regulatory practices to adapt to the evolving landscape of freight and passenger movements in the region. The Maputo-Katembe Bridge creates a much shorter route between Mozambique and South Africa and the expansion of Walvis Bay aims at offering efficient cost-effective service routes for trade with other partners in Africa. Our strategic projects in the development pipeline such as the Operator Compliance Accreditation System (OCAS) will position the Agency to better implement its mandate and support the competitiveness of the cross-border road transport industry through increased efficiencies. OCAS will effectively reduce operational constraints faced by the cross-border road transport industry, including multiple stoppages in corridors, delays, longer transit times, high costs, accidents and low productivity.

General financial review

The C-BRTA is entirely self-funded from permit tariff fees levied to cross-border operators. Being mindful of the risk associated with a single-income source, we have exercised prudent financial and cash flow management measures to mitigate significant financial risks and to ensure continued economic viability while remaining a going concern. Various cost-containment measures have enhanced the Agency's financial standing while supporting operational and strategic delivery.

The Agency increased permit tariffs by 4.7% for the year under review. The total permit revenue for the year was more than the budget due to a slight increase in the number of permits. In real terms, R204,352 million in permit revenue was recorded for the Financial Year Ending March 2020. Penalty income recorded for the financial year is R48,414 million, bringing total revenue to R252,766 million, including interest and other income. The penalty revenue is used to fund the law enforcement function being performed by the Road Traffic Management Corporation (RTMC) under a principal/agency relationship.

Spending trends of the public entity

The Agency's total expenditure for the Financial Year Ended March 2020 amounted to R231 519 million, consisting mainly of employee costs of R131,926 million and general expenditure of R78 177 million. Employee costs were R12,775 million below budget resulting from the implementation of cost-containment measures. The surplus of R27,711 million for the financial year will be retained to serve as a buffer for the Agency considering the impact of the Covid-19 pandemic.

Capacity constraints and Challenges

During the year under review, the Agency experienced instability at the executive management level with the Chief Executive Officer going on special leave and subsequently being placed on precautionary suspension pending a disciplinary enquiry. Two executive managers were also suspended and subjected to a disciplinary enquiry following the investigation of various allegations. Regrettably, another executive manager passed away while at the helm of the Agency as the Acting Chief Executive Officer. Despite these challenges, the Agency was able to maintain uninterrupted operations through a competent team of employees, including senior and executive managers. The results of our investment in human capital, competent hiring and retention strategies are evident in the overall organisational performance.

The Agency's employees are central to sustaining our high levels of service in fulfilling our legislative mandate. In the year under review, efforts were made, despite the Agency's financial constraints, to prioritise the filling of vacant positions critical for enhancing operations.

Discontinued activities

No discontinued operations took place during the year under review.

SCM processes and systems in place

The Agency continues to implement its approved Supply Chain Management (SCM) processes and systems. These are reviewed as and when is necessary to align with best practices and various National Treasury Instruction Notes and regulations on supply chain management as issued from time to time. The C-BRTA did not have unsolicited bid proposals for the period under review.

Reflecting on past performance

In the year under review, the Agency achieved 85,71% on pre-determined objectives.

The following achievements have been enumerated in the period under review:

- 94 055 cross-border permits were issued to facilitate the movement of goods and passengers in the region. This represents a 4.1% increase compared to the previous year.
- The Agency developed the Integrated Cross-Border Management System (iCBMS) during the year under review. The development phase was finalised and tested through a demonstration. The system is expected to be implemented during the current financial year.
- The Agency continued to implement the Market Access Regulation Tool and four reports were produced to advise the Regulatory Committee in the process of adjudicating on permit applications.
- The Operator Compliance Accreditation System (OCAS) registration platform was developed thus enabling the C-BRTA to pursue the implementation of the system in the coming period.
- Temporary permits were issued within the pre-determined turnaround times of one (1) day for both the front and the back office and enhanced service excellence to cross-border operators.
- Law Enforcement Reports (Section 39 (2) were produced to aid decision-making in permit issuance and to guide law-enforcement operations. This included twenty-eight (28) Route Surveys and Intelligence Reports which were shared with the Road Traffic Management Corporation (RTMC) for purposes of directing law enforcement.
- A stakeholder-management plan was implemented to support the effective engagement of stakeholders. An industry-impact assessment was conducted to ascertain the impact of stakeholder fora. The results indicated that stakeholders deemed these engagements as impactful to their cross-border operations.
- The Agency piloted the model to calculate transit times at the Kopfontein and Skilpadshek border

4. Chief Executive Officer's Overview (cont.)

posts and along the Trans-Kalahari Corridor as part of the Agency's Border Towns Initiative. A total of eighty-three (83) young people from the Ramotshiri-Moiloa Local Municipality and the Madibeng Local Municipality were trained as part of this initiative to contribute towards creating opportunities in the communities where cross-border operations transit along the transport corridor.

- An Annual State of the Cross-Border Operations Report (ASCBOR) was compiled to advise the Minister of Transport and other border stakeholders and to propose interventions to improve the cross-border industry. ASCBOR also serves as the Agency's value-add to cross-border operators conducting business between South Africa and countries of the SADC region and as a tool for the Minister of Transport in cross-border policy decision-making.
- Country Profiles for the Democratic Republic of Congo and Tanzania were developed. The Country Profiles seek to disseminate information useful to key stakeholders in the cross-border road transport environment, particularly cross-border road transport operators, regulatory authorities and trading parties with an interest in these countries. The Agency has published Country Reports for the whole of SADC, which have further been developed into handbooks for ease of access.

Acknowledgements

We extend a word of gratitude to the Minister of Transport, Mr Fikile April Mbalula for his leadership in the year under review as well as the support of the Deputy Minister of Transport, Ms Dikeledi Phillistus Magadzi and the Director-General of Transport, Mr Alec Moemi. The ongoing support and guidance from the Executive Authority has contributed positively toward the Agency's achievements.

I appreciate the guidance and the leadership of the C-BRTA Board of Directors under the chairpersonship of Mr Mos Ramathe.

We recognise the sterling oversight exercised over the Agency by the South African Parliament, through the Portfolio Committee on Transport under the leadership of Honourable Mosebenzi Zwane.

We acknowledge and pay tribute to the late Mr Ronald Stuurman, the Executive Manager: Regulatory Services who was also the Acting Chief Executive Officer, for his contribution to the Agency's success in the implementation of its mandate. Our gratitude also goes to Mr Collins Letsoalo, who steered the ship during turbulent times as acting Chief Executive Officer from July to November 2019.

The management and staff have shown an enormous amount of commitment through the varied experiences the Agency has faced, and we remain grateful for this fortitude. The Agency's achievements would not have been possible without the unwavering positive outlook that has been demonstrated at this level.

We remain thankful to our cross-border operators who are the essential cog in the machinery of our regional value chains that facilitate the socio-economic development of the SADC region.

The period under review has been challenging for the C-BRTA which has experienced changes within the composition of its Executive Committee. The ability of the C-BRTA to implement its commitments in the period under review despite these circumstances inspires confidence in the shared objective for the socio-economic development of the SADC region through efficient, harmonised and effective international road transport regulation for increased industrialisation and trade.

Mr Lwazi Mboyi
Chief Executive Officer (Acting)
Date: 30 September 2020

5. Statement of Responsibility and Confirmation of Accuracy for the Annual Report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor General.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by the National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP).

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in the financial statements. The Accounting Authority is also responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2020.

Yours faithfully

Mr Lwazi Mboyi
Chief Executive Officer (Acting)
Date: 30 September 2020

Mr Mos Ramathe
Chairperson of the Board
Date: 30 September 2020

6. Strategic Overview

Figure 1:Strategic Overview

Goal 1 Facilitate unimpeded flow of cross-border transport

Goal 2 Strategic positioning to promote integration of the African continent

Goal 3 Promote safe and reliable cross-border transport

Goal 4 Enhance organisational performance in order to improve sustainability

STRATEGIC OBJECTIVES

1. To introduce and implement regulated competition of cross border movements as pertaining to cross border movements
2. To improve compliance with road transport legislation
3. To establish and sustain strategic partnerships with stakeholders so as to enable the Agency to achieve its objectives
4. To proactively provide value added advisory services to the Minister of Transport and other relevant stakeholders on cross border matters in the transport sector
5. To proactively promote transformation and development of the cross-border industry
6. To ensure the financial viability and sustainability of the C-BRTA
7. To improve efficiencies in business operations

MISSION

We spearhead the unimpeded flow of Inter-State operations thereby facilitating sustainable social and economic development

VISION

The champion of free-flowing Inter-State operations

CORE VALUES - "ITREES"

Integrity, Transparency, Reliability, Efficiency, Effectiveness and Social responsibility

7. Legislative and Policy Mandates

The C-BRTA is a national public entity listed as Schedule 3A in terms of the Public Finance Management Act, No 1 of 1999 (PFMA).

7.1. Consitutional Mandate

In the execution of the Agency's mandate, the C-BRTA shall comply with the Constitution of the Republic of South Africa as the supreme law of the country with specific reference to the following sections:

- Section 9: Bill of Rights
- Section 41: Co-operative governance values;
- Section 195: Basic values and principles governing public administration; and
- Sections 231: International agreements.

7.2. Cross-Border Road Transport Act

The Cross-Border Road Transport Agency (C-BRTA) was established in terms of the Cross-Border Road Transport Act, Act 4 of 1998, as amended and places the following key responsibilities on the Agency:

- Improve the unimpeded transport flow by road of freight and passengers in the region;
- Liberalise market access progressively in respect of cross-border freight road transport;
- Introduce regulated competition in respect of cross-border passenger road transport:
- Reduce operational constraints for the cross-border road transport industry as a whole;
- Enhance and strengthen the capacity of the public sector in support of its strategic planning, enabling and monitoring functions: and
- To empower the cross-border road transport industry to maximise business opportunities and to regulate themselves incrementally to improve safety, security, reliability, quality and efficiency of services.

7.3. National Land Transport Act (NLTA), 5 of 2009

The NLTA provides for the process of transforming and restructuring the national land transport system. It provides for the mandate of the three spheres of authority in the transport sector and confers mandate to these authorities to perform certain functions.

7.4. National Road Traffic Act (NRTA), 93 of 1996 as amended

This Act provides for road traffic matters which shall apply uniformly throughout the Republic of South Africa. The NRTA provides for traffic regulations that govern licensing of motor vehicles, operation of motor vehicles, vehicle roadworthiness, driver licensing and fitness.

7.5. Tourism Act, 3, of 2014

The Tourism Act provides for the development and promotion of sustainable tourism for the benefit of the Republic, its residents and its visitors. The Agency has the mandate to conduct law enforcement regarding compliance to road traffic regulations in the tourism sector.

7.6. Policy Mandate

Below is a table which represents policy mandates that the Agency is aligned to, over and above the applicable legislation as listed above:



REPUBLIC OF SOUTH AFRICA

Table 1: Policy Mandate

NATIONAL DEVELOPMENT PLAN (NDP)	
CHAPTER 7 POSITION ING SOUTH AFRICA IN THE WORLD	Objectives • Intra-regional trade in Southern Africa should increase from 7 percent of trade to 25 percent of trade by 2030. • South Africa's trade with regional neighbours should increase from 5 percent of our trade to 30 percent. Action • Implement a focused regional integration strategy with an emphasis on road, rail and port infrastructure in the region. • Reduce red tape, corruption and delays at border posts.
CHAPTER 13 BUILDING A CAPABLE STATE	Objectives • Staff at all levels has the authority, experience, competence and support they need to do their jobs. • Relations between national, provincial and local governments are improved through a more proactive approach to managing the intergovernmental system. • Clear governance structures and stable leadership enable state-owned enterprises (SOEs) to achieve their developmental potential. Action • Use assessment mechanisms such as exams, group exercises and competency tests to build confidence in recruitment systems. • Use placements and secondments to enable staff to develop the experience of working in other spheres of government. • Take a more proactive approach to resolving coordination problems and a more long-term approach to building capacity. • Adopt a less hierarchical approach to coordination so that routine issues can be dealt with on a day-to-day basis between mid-level officials. Use the cluster system to focus on strategic cross-cutting issues and the Presidency to bring different parties together when coordination breaks down. • Develop public interest mandates for SOEs. Improve coordination between policy and shareholder ministries by making them jointly responsible for appointing the boards. Ensure appointment processes are credible and that there is greater stability in appointments.

CHAPTER 14: FIGHTING CORRUPTION	Objective A corruption-free society, a high adherence to ethics throughout society and a government that is accountable to its people. Action • An accountability framework should be developed, linking the liability of individual public servants to their responsibilities in proportion to their seniority. • Clear rules restricting the business interests of public servants should be developed. • Corruption in the private sector is reported on and monitored by an agency like the Public Protector. • Restraint-of-trade agreements for senior civil servants and politicians at all levels of government. All corrupt officials should be made individually liable for all losses incurred because of their corrupt actions.

SADC PROTOCOL ON TRANSPORT, COMMUNICATIONS AND METEOROLOGY

- Develop harmonised road transport policy providing for equal treatment, non-discrimination and reciprocity.
- Liberalise market access for road freight operators.

BILATERAL AGREEMENTS BETWEEN SOUTH AFRICA AND MALAWI, MOZAMBIQUE, ZAMBIA AND ZIMBABWE

- Promote and facilitate cross-border road freight and passenger movement.
- Simplify existing administrative requirements through harmonisation of the transport system, standards and practices.
- Ensure compliance with regulations.

1996 WHITE PAPER ON TRANSPORT

Identifies the broad goal of transport, being to achieve smooth and efficient interaction that allows society and the economy to assume their preferred form and play a leadership role as a catalyst for development. The Paper also sets out the transport vision of the Republic to provide safe, reliable, effective, efficient and fully integrated transport operations and infrastructure which will best meet the needs of freight and passenger customers among others.

SACU MOU

Provides for facilitation and maintenance of effective road transport arrangements and equitable shares in road transportation with a view to supporting trade in the Customs Union. In this regard, the C-BRTA is working with other stakeholders to improve cross-border road transport operations across the SACU member states.

TRANS-KALAHARI CORRIDOR (TKC) MOU

Provides for promotion of effective and integrated management of the TKC. The TKC was established to improve regional trade and economic development through efficient transport. Improving the efficiency of transportation is brought about by reduction of constraints and bottlenecks whilst at the same time reducing externalities, improving market access and improving productivity.

INTERNATIONAL CONVENTION ON THE HARMONISATION OF FRONTIER CONTROLS OF GOODS, OF 1982

Designed to enhance the harmonisation and facilitation of efficient road transport movements.

CONVENTION ON ROAD TRAFFIC, OF 1968

Provides for the facilitation of road traffic and increasing road safety through the adoption of uniform road traffic rules.

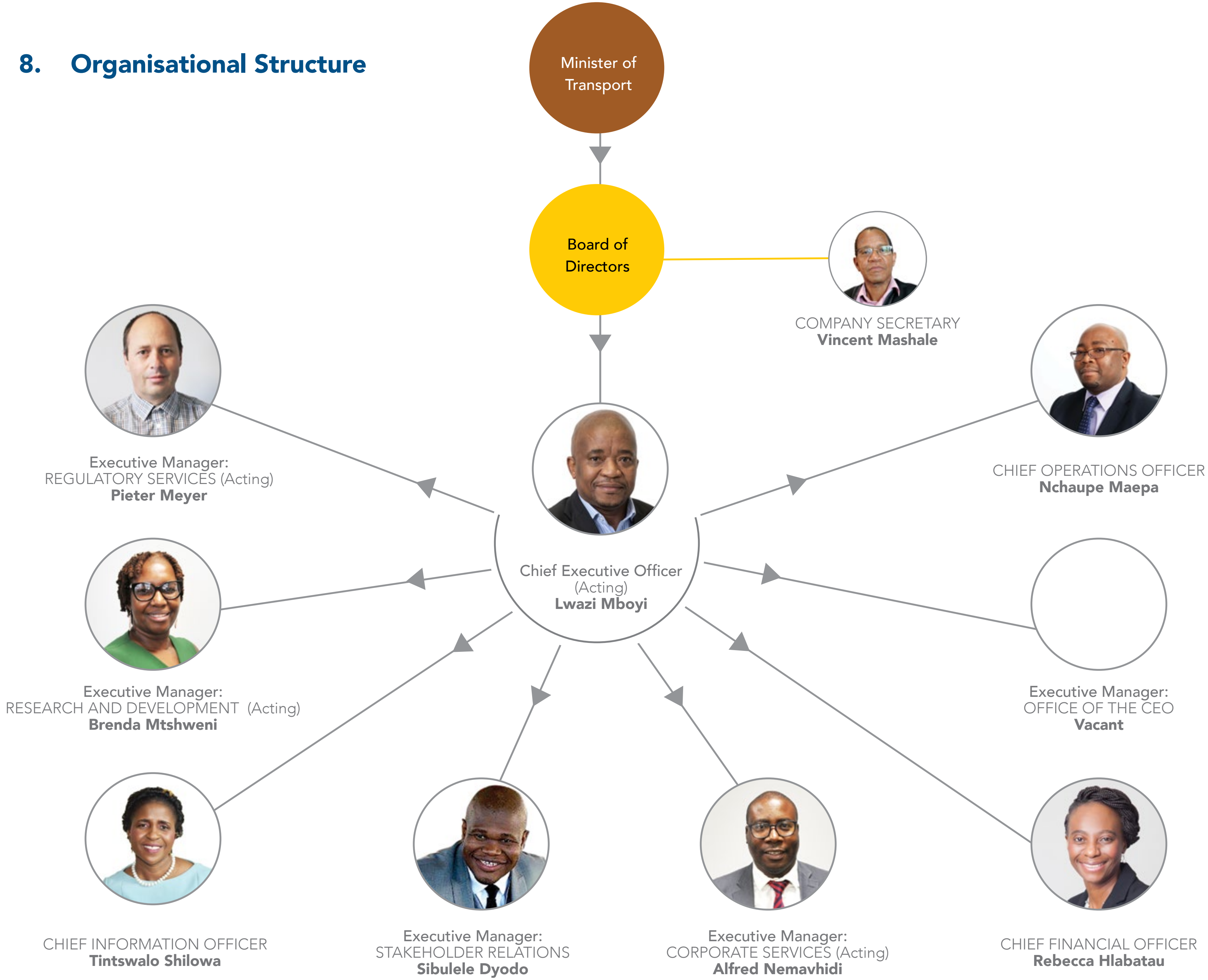
7.7 Links between APEX priorities and the C-BRTA's Strategic Objectives

In addition to the policies that were considered during planning, there were further observed seven Apex Priority areas that were adopted by the 6th Administration. The table below summarises the alignment of the C-BRTA strategic objectives to these priority areas.

Table 2: Links between APEX priorities and the C-BRTAs strategic objectives

APEX PRIORITY	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATORS	2019/20 TARGET
Advance nation-building and social cohesion, and a safe South Africa for all.	To improve compliance with the Road Transport Legislation	Developed and implemented Operator Compliance Accreditation Scheme	OCAS Registration Platform developed
Build a better Africa and World	To establish and sustain strategic partnerships with stakeholders to enable the Agency to achieve its objectives	Facilitated implementation of the SADC Protocol and Regional Agreements	Monitor implementation of SADC Protocol and Regional Agreements
	To proactively provide value- added advisory services to the Minister of Transport and other relevant stakeholders on cross border	Developed model to calculate transit and cost of delays at commercial border posts	Piloted Cross-Border Flow Calculator model in Trans-Kalahari Corridor
Renewing and building a Capable, Honest Developmental State and a Social compact.	To improve efficiencies in business operations	Percentage of temporary permits issued within pre-determined turn-around times	95% of compliant applications for temporary permits processed and issued within 8 hours for front office and 1 day for back office
		Developed and implemented a new Cross-Border Management System	Implemented prioritised interventions as per the Architecture Enterprise Plan
	To establish and sustain strategic partnerships with stakeholders to enable the Agency to achieve its objectives	Developed and implemented a Stakeholder Management Plan	Engage stakeholders in line with the Stakeholder Management Plan

8. Organisational Structure



9. Board Members

Mr Mosoeunyane Ramathe
Chairperson of the Board

Formal Qualifications
- B Com, Wits
- B Com Acc, Wits
- Chartered Accountant (SA)
- Diploma in Project Management (RAU)

Prof Jan Havenga
Deputy Chairperson of the Board

Formal Qualifications
- Doctorate of Philosophy in Logistics Management, University of Stellenbosch
- MBL (UNISA)
- BA Hons, (UOFS)

Ms Ignatia Sekonyela
Board member

Formal Qualifications
- Advanced Labour Law, UNISA
- Senior Management Development Programme, UP Business School
- Diploma HR, Damelin
- B A Honneurs Sielkunde, RAU
- B Cur Degree: Medunsa

Ms Keitumetse Mahlangu
Board member

Formal Qualifications
- B.PROC, University of Zululand
- LLB, University of Natal
- MAP, Wits Business School
- Certificate in Fraud Examination , UP
- Legislative Dtafting, Institute of Adavanced Legal Studies, Univ. of London

Mr Dennis Baloyi
Board member

Formal Qualifications
- M Sc (Town and Transport Planning)
- M Phil (Urban Studies)
- BA (Development Studies)

Mr Lucky Thekisho
Board member

Formal Qualifications
- BLC, LLB, LLM (Labour Law) (UP)
- Advanced Labour Law (CE@UP)
- Legislative Drafting (CE@UP)
- Environmental Law and Compliance (UJ)

9. Board Members (cont.)

Mr Msondezi Futshane

Department of Transport Representative

Formal Qualifications

- B Tech in Transportation Engineering (TUT)
- Transportation Management Diploma (RAU)
- Diploma in Advanced Project Management, Executive Education
- S4 in Civil Engineering (ND), Eastern Cape Technikon

Mr Lwazi Mboi

Chief Executive Officer (Acting)

Formal Qualifications

- B. Admin (Public Finance)
- Honours Industrial Psychology (University of KZN)
- Senior Executive Program (Wits & Harvard Business Schools)
- Africa Directors Program (USB and INSEAD)
- MPHIL Development Finance (Dissertation Outstanding)

PART B Performance Information

1. Auditor-General's Report: Pre-Determined Objectives

The AGSA performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management. Refer to page 69 of the Auditors Report that is published as Part E: Financial Information.

2. Situational Analysis

The C-BRTA continued to pursue the achievement of the objectives as set out in the 2015-20 Strategic Plan. As a major player facilitating trade in the region and in the African continent, the Agency is affected by market forces and any economic shifts that play out in the environment. Furthermore, there are internal factors that may assist or deter the Agency's ability to achieve its targets. The factors discussed below provide the users of this Annual Report with an overview of the context within which the Agency operated.

2.1. Service Delivery Environment

As an open economy, South Africa's economic fortunes are partly synchronised with fluctuations in global output and demand, trade, monetary shocks, capital flows, geo-political tensions, etc. Slowing global demand and trade tensions between major economies are also affecting trade, manufacturing, confidence and investment levels domestically. These factors, together with an unstable domestic economic environment, impact negatively on the business of the Agency, particularly as it relates to the volume of commercial freight vehicles plying their trade across the cross-border corridors. Lack of significant growth in the number of permits issued results in stagnant permit revenue levels, which is the only source of revenue for the Agency. A study on the reasons for the lack of growth in freight permits over the past few years was conducted and revealed that the rising cost of doing business experienced by our operators is a contributory factor, over and above the sluggish economic growth in the member states.

Successful stakeholder engagements through the various forums have assisted the Agency in averting several challenges experienced by cross-border operators. This includes efforts to address the Lesotho/RSA impasse that has lasted for the longest of time.

During the last month of the financial year, the country was hit by the COVID-19 pandemic that hugely affected the operations of the Agency and might lead to a significant revenue loss because of the decline in permit sales.

2.2. Organisational environment

During this reporting period, the Agency experienced leadership challenges resulting from the vacant position of the Chief Financial Officer (CFO), the precautionary suspension of the Chief Executive Officer and two other Executive Managers as well as the untimely death of the Executive: Regulatory Services which impacted negatively on the staff morale. These events took place during the first and second quarter of the financial year. Measures were put in place in the form of acting appointments on key leadership positions which ensured that the Agency continued to deliver on its mandate and achieve the annual performance plan and operational targets set. The position of the CFO was subsequently filled effective from 1 June 2020. The hosting of the Agency's Annual Performance Awards to recognise excellence and the implementation of the performance rewards for performance contributed towards the improved staff morale.

3. Strategic Outcome Oriented Goals

The table below provides a summary of progress made towards the achievement of the four (4) strategic goals that anchored the 5-year strategic plan of the Agency.

Table 3: Progress made towards the achievement of Strategic Goals

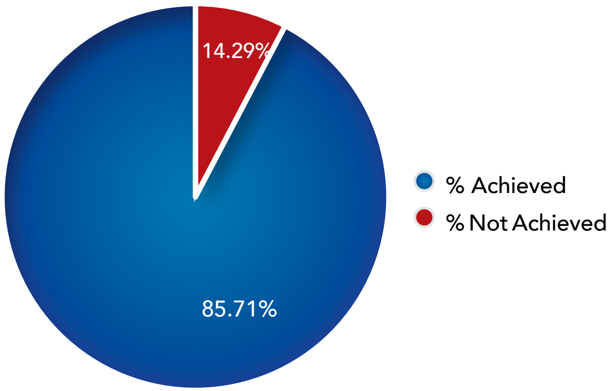
OUR VISION: The Champion of free-flowing interstate operations	
OUR MISSION: We spearhead the unimpeded flow of interstate operations thereby facilitating sustainable social and economic development	
STRATEGIC GOALS	**PROGRESS MADE TOWARDS THE ACHIEVEMENT OF GOALS**
1. Facilitate unimpeded flow of cross-border transport	To facilitate the unimpeded flow of cross-border transport, the Agency implemented the Market Access Regulation (MAR) tool to the demand and supply of the cross-border passenger transport. The tool was implemented on all the corridors with a view to continuously assess gaps for improvement purposes. Further to that, a model for the cross-border flow calculator was developed in the 2018/19 Financial Year and was piloted in two land border posts. During the 2019/20 Financial Year, the model was piloted on the Trans-Kalahari Corridor. It is anticipated that once fully implemented, the calculator will provide the cross-border stakeholders with information with respect to the cost of delays at the commercial border posts and be used to make decisions for the investments on the cross-border improvement initiatives.
2. Strategic positioning to promote integration of the African continent	The Agency continued to strategically position itself in the continent through the implementation of the Stakeholder Management Plan which included engagements on amongst others the following: • The Annual State of Cross-Border Report (ASCBOR), • Implementation of the SADC protocol and Regional Agreements through the CBRT-RF, Joint Committee and Joint Route Management Committees, and • Country Profiles. The Agency also continued with the implementation of industry development initiatives.
3. Promote safe and reliable cross-border transport	The Agency has conceptualised and is developing an Operator Compliance Accreditation Scheme (OCAS), which seeks to transform the how cross-border road transport is regulated. Once implemented, the OCAS will connect SADC countries through a coherent and harmonised regulatory regime separating compliant from non-compliant operators based on a predetermined risk profiling system thereby promoting safe and reliable transport. Having completed the national feasibility assessment and drafted the Regulations in the 2018/19 Financial Year, the Agency proceeded and developed OCAS Registration Platform during the year under review.
4. Enhance organisational performance to improve sustainability	The Agency has achieved great strides in enhancing organisational performance by improving its service offering to the operators. To that extent, the Agency issued temporary permits at an average of 99,42% within the predetermined timelines. The long-term permits are also processed within the prescribed governance processes. To improve sustainability, the Agency continued to explore the possibility of introducing new revenue streams. A business case for the commercialisation of information was developed and the implementation as per the project plan is underway. Furthermore, the levying of cross-border charges on foreign vehicles is being pursued through continuous engagements with various stakeholders including the Department of Transport, Department of Home Affairs, DIRCO amongst other stakeholders.

4. Performance Information by Programme

The Agency concluded the 2015-2020 Strategic Planning Cycle with an achievement of 85.71% reported for the 2019/20 financial year, representing twelve (12) out of fourteen (14) targets planned for the financial year. The target for the commercialisation of information was not achieved as the Agency was unable to source in expertise to assist with the development of the cross-border curriculum and registration of the training academy. The Integrated Cross-Border Management System (iCBMS) was developed, tested and its functionality was also demonstrated during the year, however piloting could not be done as intended due to the declaration of the state of national disaster due to Covid-19 towards the end of the financial year.

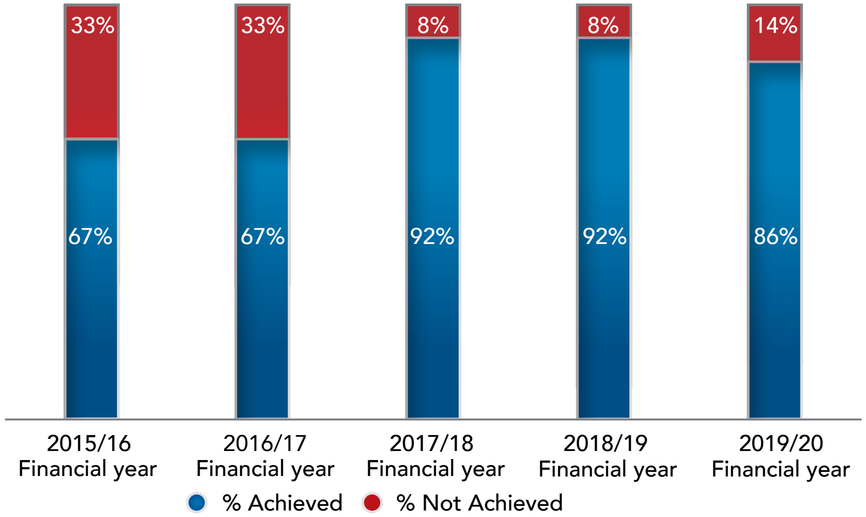
The graph below highlights the Agency's performance for 2019/20.

Figure 2: C-BRTA's 2019/20 Annual Performance



Below is a diagram that summarises annual performance for a period of 5 years:

Figure 3: C-BRTA's Actual Performance over 5 years



The Agency had a total of fourteen (14) Key Performance Indicators (KPIs) in the 2019/20 APP through which progress towards the achievement of strategic goals and objectives as well as execution of specific mandates as outlined in the C-BRT Act were to be measured. These indicators were executed through five (5) programmes listed below:

- **Programme 1:** Administration
- **Programme 2:** Regulatory Services
- **Programme 3:** Profiling Services
- **Programme 4:** Stakeholder Management
- **Programme 5:** Research and Advisory Services

The table below provides a summary of performance per each key performance indicator:

Table 4: Performance Summary Key performance indicators with achieved targets

NO.	KEY PERFORMANCE INDICATOR	2019/20 ANNUAL TARGET	ACTUAL ACHIEVEMENT
1.1.	Developed and implemented new revenue streams	Roll-out project plan for 'Sale of Information' revenue stream	Target not achieved The Agency developed a business case for the implementation of sale of information as a revenue stream. The project plan was developed through which the project will be implemented during the 2019/20 Financial Year. Some key deliverables in the project plan were not achieved due to the inability to appoint the Quality Development Facilitator. There were no responses to the 'request for proposal'.
1.2.	Developed and implemented new cross-border management system	Implemented prioritised interventions as per the approved EA plan	Target not achieved The iCBMS was developed during the year and functionality for the issuing of permits on the new system was demonstrated, however the system could not be piloted as intended owing to the declaration of the state of national disaster towards the end of the financial year.
1.3.	Developed permit fee regulations	Submitted Draft Permit Fee Determination Model to DoT	Target achieved The permit determination model was approved by Board and submitted to DoT during the last quarter of the financial year.
2.1.	Implemented scientific tool used by the Regulatory Committee to manage supply and demand of cross-border passenger transport	Developed 4 quarterly MAR implementation reports	Target achieved Four (4) MAR Implementation Reports were developed and approved during the year.
2.2.	Developed and Implemented Operator Compliance Accreditation Scheme (OCAS)	OCAS Registration Platform developed	Target achieved The OCAS Manual Registration Platform was developed and approved.
2.3.	Percentage of temporary permits issued within pre-determined turnaround times	95% of compliant applications for temporary permits processed and permits issued in front office within 8 hours 95% of compliant applications for temporary permits processed and permits issued in remote office within 1 day	Target achieved, A total of 44 687 temporary permits were processed in the front office during this financial year and 44 580 of those were issued within 8 hours resulting in a 99.86% being achieved. A total of 32 931 temporary permits were issued in the back office. 32 591 of those permits were issued within 1 day resulting to a 98.98% being achieved for the year under review.
3.1.	Number of operator and corridor profiling reports	4 Operator and Corridor Profiling (Section 39) reports submitted to EXCO for recommendation	Target achieved, Section 39 reports were successfully compiled and submitted to the EXCO and the Regulatory Committee.

NO.	KEY PERFORMANCE INDICATOR	2019/20 ANNUAL TARGET	ACTUAL ACHIEVEMENT
3.2.	Implemented Law Enforcement Performance Monitoring Tool	Monitored law enforcement performance against targets	Target achieved, The law enforcement performance by the function at the RTMC was monitored throughout the financial year and progress report thereto noted by the EXCO on a quarterly basis.
4.1.	Developed and implemented stakeholder management plan	Engage Stakeholders in line with the Stakeholder Management Plan	Target achieved Stakeholders were engaged as per Stakeholder Management Plan and impact thereof assessed.
4.2.	Facilitated implementation of the SADC Protocol and regional agreements	Monitor implementation of the SADC protocol and regional agreements	Target achieved The implementation of the SADC protocol and other regional agreements was monitored throughout the financial year and an assessment conducted to evaluate the implementation.
5.1.	Number of Annual State of Cross-border operations reports (ASCBOR) submitted to the Minister and other relevant stakeholders	1 ASCBOR report to the minister and other stakeholders	Target achieved The Board approved ASCBOR was submitted to the Minister of Transport and published on the C-BRTA website for other stakeholders.
5.2.	Number of country profiles developed	2 country (DRC and Tanzania) profiles developed	Target achieved The DRC and Tanzanian Country Profiles were developed and approved during the financial year.
5.3.	Developed model to calculate transit and cost of delays at commercial border posts	Piloted Cross-Border Flow Calculator Model in 1 corridor (Trans Kalahari)	Target achieved, The Cross-border Flow Calculator Model was piloted at the Trans- Kalahari Corridor during the financial year.
5.4.	Developed and implemented Industry Development Strategy	Implemented Industry Development Strategy	Target achieved, All the Industry Development Initiatives were successfully implemented in line with the approved Implementation plan

4.1 Programme 1: **Administration**

4.1.1 Introduction

The purpose of this programme is to ensure effective leadership and administrative support to the C-BRTA on the delivery of its set objectives. This Programme comprises of three different line functions, namely; Corporate Services, Information and Communication Technology, as well as Finance and Supply Chain Management. Each one has a specific role as follows:

- Corporate Services provides professional advice and support that includes human resources, legal services and facilities management to enable and enhance business delivery. These services include developing and adopting strategies that are responsive to the business strategy and strategic tasks confronting the Agency.
- Finance and SCM provides financial and supply chain management to the Agency while ensuring compliance with statutory requirements and best practice models.
- Information and Communication Technology (ICT) provides information and communication technology support to the Agency while ensuring compliance with statutory requirements and best-practice models.

The programme drives the following strategic objectives:

- To ensure the financial viability and sustainability of the C-BRTA,
- To improve efficiency in business operations,
- To introduce and implement regulated competition of cross-border movements.

4.1.2 Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievement

The table below presents Programme 1 strategic objectives, key performance indicators, planned annual targets and actual performance of Administration Programme as well as deviation thereof:

Table 5: Administration performance against pre-determined

STRATEGIC OBJECTIVE:	**To ensure the financial viability and sustainability of the C-BRTA To improve efficiency in business operations To introduce and implement regulated competition of cross border movements**							
KPI NO.	**KEY PERFORMANCE INDICATOR**	**ACTUAL ACHIEVEMENT 2016/2017**	**ACTUAL ACHIEVEMENT 2017/18**	**ACTUAL ACHIEVEMENT 2018/19**	**PLANNED TARGET 2019/20**	**ACTUAL ACHIEVEMENT 2019/20**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20**	**COMMENT ON DEVIATION**
1.1.	Developed and implemented new revenue streams.	Target not achieved Meetings between the delegations of the Agency and the Department took place during the financial year and a task team established to execute the project. The consultation process with the Department is on-going.	Target not achieved The business case on levying of cross-border charges on foreign vehicles was consulted with various stakeholders amongst others being the DoT officials and presented at the Road Funding Workshop. The updated business case will be presented to the DoT EXCO for endorsement in the next financial year.	Target achieved A business case was developed and approved by the Executive Committee.	Roll-out project plan for 'Sale of Information' revenue stream.	Target not achieved The Agency could not appoint a Quality Development Facilitator (QDF). The service providers did not respond to the request for proposal.	A Project Plan could not be fully rolled out because other aspects of the plan were dependent on the appointment of the QDF.	The project will continue in the new financial year.

STRATEGIC OBJECTIVE:	To ensure the financial viability and sustainability of the C-BRTA To improve efficiency in business operations To introduce and implement regulated competition of cross border movements							
KPI NO.	**KEY PERFORMANCE INDICATOR**	**ACTUAL ACHIEVEMENT 2016/2017**	**ACTUAL ACHIEVEMENT 2017/18**	**ACTUAL ACHIEVEMENT 2018/19**	**PLANNED TARGET 2019/20**	**ACTUAL ACHIEVEMENT 2019/20**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20**	**COMMENT ON DEVIATION**
1.2.	Developed and implemented new cross-border management system.	Target not achieved. The procurement of the Enterprise Architecture (EA) is underway. The tender has been evaluated and adjudication is underway.	Target achieved. The EA and the Roadmap were completed and approved. The business case for the ICBMS was also submitted and approved by the EXCO.	Target not achieved. The specifications and terms of references for the iCBMS were reviewed and the tender was re-advertised in November and adjudicated in March 2019.	Implemented prioritised interventions as per the approved EA plan.	Target not achieved. The iCBMS was developed during the year and the functionality for the issuing of permits on the new system was demonstrated.	The system could not be piloted as intended owing to the declaration of the state of national disaster (Covid-19) towards the end of the financial year.	The piloting and the implementation of the new system are scheduled for the new financial year.
1.3.	Developed permit fee regulations.	N/A new indicator	Target Achieved. The Permit Tariff Determination Model was developed and informed the amended tariff regulations that were submitted to DoT for further publishing.	Target Achieved The draft permit fee tariff regulations were submitted to DoT. A project plan was presented to and approved by the Executive Committee during the first semester of 2018/19.	Submitted Draft Permit Fee Determination Model to DoT.	Target achieved. The permit model was approved by the Board and submitted to DoT during the last quarter of the financial year.	None, target achieved.	None, target achieved.

4.1.2.1 Narrative summary on programme performance information

- KPI 1.1: Developed and implemented new revenue streams

  This indicator was geared to drive the objective of ensuring the viability and financial sustainability of the Agency. The target for 2019/20 was to roll out the project plan for the 'Sale of Information' revenue stream which was not achieved. The key deliverable on the sale of information revenue stream was the establishment of a training academy that would necessitate the development of content and registration of the C-BRTA as a training academy. The specifications for the content developer and qualification development facilitator were finalised and sent out to potential bidders, however lack of response to a request for proposals resulted in delays in the appointment of the service providers and non-achievement of the annual target.

- **KPI 1.2: Developed and implemented new cross-border management system**

  In a quest to improve business efficiency and to quickly adapt to the ever-changing business needs, the Agency had set to implement prioritised Information Technology projects and initiatives as per the five-year approved digital Enterprise Architecture (EA) plan. The identified priorities entailed amongst others implementing an integrated cross-border management systems (iCBMS) that would eventually result in the digitisation of the end-to-end permit management processes through adopting the latest technology trends. The target for year 2019/20 relating to the piloting of the iCBMS was not achieved. The iCBMS project culminated in the development and the iterative testing of the new iCBMS system during the last quarter of the year. The initial piloting of the iCBMS was only performed on a small scale, whereby the end-to-end permit-issuing functionality of iCBMS and printing of a permit was demonstrated. The initially intended pilot could not take place due to the state of the national disaster that was declared towards the end of the financial year, which led to the adjustment of the project plan.

- **KPI 1.3: Developed permit fee regulations**

  The Agency achieved its target of developing a Permit Fee Determination Model, a model that was approved by the Board and submitted to DoT. The model is set to enhance the viability and sustainability of the Agency. It is anticipated that through this model, the Agency will have the ease of implementing permit fees in line with its cost structure.

4.1.3. Other Programme Priorities

- Information and Communications Technology (ICT)
  Other initiatives included the implementation of a technology platform (Microsoft Teams) that enhanced collaboration amongst employees and facilitated the ability to work from home, particularly during the lockdown period. The enhancement of the IT Governance Management, improvement of the Agency's security platform, continuous improvement of the current business processes in human resources and finance, are amongst other initiatives that the Agency undertook during the financial year.

- Finance and Supply Chain Management unit
  Monthly management accounts analysing the financial performance and position of the Agency were produced and presented to the Executive Committee. Quarterly Financial Reports were also produced and presented to relevant oversight structures. Supply Chain Management procured goods and services in line with the prescripts.

  The Internal Control Unit continued to monitor the implementation of mitigations plans to improve the control environment and to ensure non-recurrence of audit findings.

- Corporate Services
  - Human Capital Development
  During the year under review, the Agency successfully conducted skills audits and further implemented recommendations thereof. A separate phase with a special focus on regulatory services and profiling of employees who will be directly affected by the implementation of the Integrated Cross-Border Management System (iCBMS) project was also conducted.
  - Learning and Development
  Training and development are one of the culture change initiatives, and to that extent, the Agency continued to roll-out training as per the approved Annual Training Plan. This was aimed at improving employee competence and enabling the organisation to deliver on its strategic objectives as reflected in the Annual Performance and Operational Plans.

4.1.4. Strategy to overcome areas of underperformance

The project on the sale of information has been rolled over to the next financial year and recovery plans will be monitored closely.

4.1.5. Changes to planned targets

There were no changes made to planned targets.

4.1.6. Linking performance to budgets

Table 6: Expenditure: ADMINISTRATION

	2019/2020			2018/2019		
PROGRAMME	**BUDGET**	**ACTUAL EXPENDITURE**	**(OVER)/UNDER EXPENDITURE**	**BUDGET**	**ACTUAL EXPENDITURE**	**(OVER)/UNDER EXPENDITURE**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Administration	130 034	125 668	4 366	128 306	127 349	957

4.2 Programme 2: **Regulatory Services**

4.2.1. Introduction

This programme exists primarily for the regulation and administration of permits. It is responsible for regulating access to the cross-border road transport market by freight and passenger operators, through a permit administration regime. The programme is also tasked to ensure that operators comply with cross-border regulations, as well as the provisions of the bilateral and multi-lateral road transport agreements.

This programme has the following strategic objectives:

- To introduce and implement regulated competition of cross-border movements;
- To improve compliance with the Road Transport Legislation;
- To improve efficiencies in business operations.

4.2.2. Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievement

The table below presents Programme 2 strategic objectives, the key performance indicators, planned annual targets, actual performance and deviation thereof:

Table 7: Regulatory Services performance against pre-determined objectives

STRATEGIC OBJECTIVE:		**To ensure the financial viability and sustainability of the C-BRTA To improve efficiency in business operations To introduce and implement regulated competition of cross border movements**						
KPI NO.	**KEY PERFORMANCE INDICATOR**	**ACTUAL ACHIEVEMENT 2016/2017**	**ACTUAL ACHIEVEMENT 2017/18**	**ACTUAL ACHIEVEMENT 2018/19**	**PLANNED TARGET 2019/20**	**ACTUAL ACHIEVEMENT 2019/20**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20**	**COMMENT ON DEVIATION**
2.1	Implemented scientific tool used by the Regulatory Committee to manage supply and demand of cross-border passenger transport.	Target not achieved. The MAR model was piloted on the Zimbabwe and Malawi routes for a period of 6 months during the financial year. A post-pilot assessment for Zimbabwe was finalised. One for Malawi is yet to be finalised subject to engagements with the Ministry of Transport.	Target achieved. The Executive Committee considered and approved the refined model parameters. The Regulatory Committee had since tested the tool by using it as reference during the regulatory hearings.	Target achieved. Post-implementation assessment conducted.	Developed 4 quarterly MAR implementation reports.	Target achieved. Four (4) MAR Implementation Reports were developed and approved by the Executive Committee during the year.	None, target achieved.	None, target achieved.
2.2	Developed and Implemented Operator Compliance Accreditation Scheme (OCAS)	Target Achieved The Board approved the National Feasibility report	Target Achieved The Board approved the Draft Legislative Proposal and it was submitted to DoT.	Target Achieved OCAS Implementation Manuals were approved by the Executive Committee.	OCAS Registration Platform developed	Target achieved The OCAS Manual Registration Platform was developed and approved by the Executive Committee.	None, target achieved.	None, target achieved.

STRATEGIC OBJECTIVE:	To ensure the financial viability and sustainability of the C-BRTA To improve efficiency in business operations To introduce and implement regulated competition of cross border movements							
KPI NO.	**KEY PERFORMANCE INDICATOR**	**ACTUAL ACHIEVEMENT 2016/2017**	**ACTUAL ACHIEVEMENT 2017/18**	**ACTUAL ACHIEVEMENT 2018/19**	**PLANNED TARGET 2019/20**	**ACTUAL ACHIEVEMENT 2019/20**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20**	**COMMENT ON DEVIATION**
2.3	Percentage of temporary permits issued within pre-determined turnaround times.	N/A new indicator	Target achieved. 99.42% and 98.15% of compliant temporary permits were processed and issued in the front office within 1 day and remote office within 2 days respectively.	Target achieved. Achieved with a percentage of 99.73% at the front office and 98.96 for the back office.	95% of compliant applications for temporary permits processed and permits issued in front office within 8 hours 95% of compliant applications for temporary permits processed and permits issued in remote office within 1 day.	Target achieved. A total of 44 687 temporary permits were processed in the front office during this financial year and 44 580 of those were issued within 8 hours resulting in 99.86% being achieved. A total of 32 931 temporary permits were issued in the back office. 32 591 of those permits were issued within 1 day resulting in a 98.98% being achieved for the year under review.	The over-achievement results from mechanisms that were put in place to enhance efficiency in handling permits applications. Express lines are used for single applications whilst bulk applications are processed by the remote office. There were also no downtimes on the CBRTS permit system.	The Agency will continue to implement improvement mechanisms.

4.2.2.1 Narrative summary of programme performance

- KPI 2.1: Implemented scientific tool used by the Regulatory Committee to manage supply and demand of cross border passenger transport

This indicator, known as the Market Access Regulation (MAR) Tool was designed to enable the Agency to successfully regulate competition by balancing the demand and supply of permits pertaining to passenger transport. The target that was set for the financial year was achieved as four quarterly MAR Implementation Reports were developed and used in decision-making during the Regulatory Hearings to ensure that various cross-border routes are not oversaturated.

- KPI 2.2: Developed and implemented Operator Compliance Accreditation Scheme (OCAS)

OCAS is an intelligent risk-based profiling system that will be used to separate compliant from non-complaint operators with a view of prioritising the facilitation of seamless movement of compliant operators. Through the scheme, the Agency also intends to increase the chances of accomplishing the objective of improving compliance with road transport legislation. The OCAS Manual Registration Platform was the main target set for 2019/20. The Agency had already conducted research and developed OCAS implementation manuals in the past years. It is envisaged that the registration platform will enable registration of interested stakeholders to aid the piloting of the scheme. Once piloted, the scheme will run on a larger scale and gradually enhance compliance by cross-border operators and promote incrementally the quality regulations.

- **KPI 2.3: Percentage of temporary permits issued within pre-determined turn-around times**

The Agency continues to showcase its efficiency in permit issuance, specifically the temporary ones. This indicator is used to measure the efficiencies in the permit issuance to ensure that operators always receive quality service. For the year under review, the Agency was expected to achieve a percentage of no less than 95% of temporary permit applications that are issued within the pre-determined turnaround time. The target was successfully achieved as the Agency achieved above 95% for both front and back offices throughout the four quarters of the year.

4.2.3. Other Programme Priorities

A total of 94 055 permits were issued during the 2019/20 Financial Year. This represents an increase of 4.1% from the prior year's total of 90 217 permits. This increase is largely due to an increase of 15% in the number of taxi permits issued this financial year. Below is the detailed statistics on permits issued during this financial year per permit type and countries:

- Goods permits

Permits issued for goods operations decreased by 0.1% during the year under review, down from 62 995 to 62 930. Hereto follows a statistical overview of the goods permits issued per country.

Table 8: Goods Permit Statistics

COUNTRY	2019/20	2018/19	% MOVEMENT
Angola	186	163	12,4%
Botswana	8 263	7 886	4,6%
Democratic Republic of Congo	6 505	8 170	-25,6%
Kenya	4	0	100,0%
Lesotho	3 371	2 960	12,2%
Malawi	3 038	2 843	6,4%
Mozambique	9 514	8 843	7,1%
Namibia	4 920	4 931	-0,2%
Swaziland	5 018	4 978	0,8%
Tanzania	151	0	100,0%
Zambia	10 591	11 268	-6,4%
Zimbabwe	11 124	10 822	2,7%
Cabotage	245	131	46,5%
TOTAL	**62 930**	**62 995**	**-0,1%**

- Taxi Passenger Permit Statistics

Permits issued for taxi operations increased by 15% during the year under review, up from 22 494 to 26 469. Hereto follows a statistical overview of the taxi permits issued per country.

Table 9: Taxi Passenger Permit Statistics

COUNTRY	2019/20	2018/19	% MOVEMENT
Botswana	853	612	28,3%
Democratic Republic of Congo	04	02	50,0%
Lesotho	1 098	1 105	-0,6%
Malawi	20	46	-130,0%
Mozambique	9 172	8 741	4,7%
Namibia	102	164	-60,8%
Swaziland	771	706	8,4%
Zambia	14	26	-85,7%
Zimbabwe	14 435	11 092	23,2%
TOTAL	**26 469**	**22 494**	**15,0%**

- Bus Passengers Permit Statistics

Permits issued for bus operations decreased by 10.4% during the year under review, down from 1 999 to 1 810. Hereto follows a statistical overview of the bus permits issued per country.

Table 10: Bus Passengers Permit Statistics

COUNTRY	2019/20	2018/19	% MOVEMENT
Botswana	164	98	40,2%
Democratic Republic of Congo	6	08	-33,3%
Lesotho	149	125	16,1%
Malawi	131	191	-45,8%
Mozambique	257	252	1,9%
Namibia	41	35	14,6%
Swaziland	50	58	-16,0%
Zambia	42	49	-16,7%
Zimbabwe	970	1 183	-22,0%
TOTAL	**1 810**	**1 999**	**-10,4%**

- Tourist Permits Statistics

Permits issued to tourist operations increased by 4.1% during the year under review, up from 2 729 to 2 846. Hereto follows a statistical overview of the tourist permits issued for the region:

Table 11: Tourist Permit Statistics

COUNTRY	2019/20	2018/19	% MOVEMENT
Regional	2 768	2 676	3,3%
Cabotage	78	53	32,1%
TOTAL	**2 846**	**2 729**	**4,1%**

4.2.4. Strategy to overcome areas of underperformance

The Agency achieved all 2019/20 targets under this programme.

4.2.5. Changes to planned targets

There were no changes to planned targets.

4.2.6. Linking performance to budgets

Table 12: Expenditure: Regulatory Services

PROGRAMME	2019/2020 BUDGET	2019/2020 ACTUAL EXPENDITURE	2019/2020 (OVER)/UNDER EXPENDITURE	2018/2019 BUDGET	2018/2019 ACTUAL EXPENDITURE	2018/2019 (OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Regulatory services	25 080	20 272	4 808	19 798	18 337	1 461

4.3 Programme 3: **Profiling Services**

4.3.1. Introduction

This programme exists mainly to ensure compliance by operators with Road Transport Legislation and provisions of the Bilateral Agreements. The main aim is to enhance the safety of freight and passengers in the Southern African Region through compliance with relevant laws and regulations.

The programme generates law enforcement compliance intelligence through profiling of operators and routes verification. These profiles are based on the operational conduct of operators against regulatory requirements. Information is collected through vehicle inspections and prosecutions conducted by the Road Transport Inspectorate as well as profiling of operators with respect to the return of passenger lists, consignment notes and expired permits and other information-gathering approaches. The information gathered, and profiles of operators and routes are used by the Regulatory Committee to make informed decisions in considering permit applications.

This programme has the following strategic objective:

- To improve compliance with road transport legislation

4.3.2 Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievement

The table below presents the strategic objectives, key performance indicators, planned annual targets and actual performance of Profiling Programme and deviation thereof:

Table 13: Profiling Services performance against pre-determined Objectives

STRATEGIC OBJECTIVE:	**To improve compliance with road transport legislation**							
KPI NO.	**KEY PERFORMANCE INDICATOR**	**ACTUAL ACHIEVEMENT 2016/2017**	**ACTUAL ACHIEVEMENT 2017/18**	**ACTUAL ACHIEVEMENT 2018/19**	**PLANNED TARGET 2019/20**	**ACTUAL ACHIEVEMENT 2019/20**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20**	**COMMENT ON DEVIATION**
3.1	Number of operator and corridor profiling reports for decision making.	Target achieved. 4 Section 39 (2) Law Enforcement Reports have been noted during the financial year.	Target achieved. 4 Section 39 reports submitted to the Regulatory Committee for decision-making.	Target achieved. Four (4) Operator and Corridor Profiling (Section 39) Reports were considered by the Executive Committee and recommended to the Regulatory Committee.	4 Operator and Corridor Profiling (Section 39) reports submitted to EXCO for recommendation.	Target achieved. Four (4) Section 39 reports were successfully compiled and submitted to the EXCO for a recommendation.	None, target achieved.	None, target achieved.
3.2	Implemented Law Enforcement Performance Monitoring Tool.	Target achieved A 16% (234 136-272 247/100) increase in the number of inspections conducted was achieved for the financial year.	Not as set target	N/A new indicator	Monitored law enforcement performance against targets.	Target achieved. Monitored law-enforcement performance against targets.	None, target achieved.	None, target achieved.

4.3.2.1 Narrative summary of programme performance information

- **KPI 3.1: Number of operator and corridor profiling reports for decision making**

The Agency compiled Quarterly Operator and Profiling Reports that were discussed by the Executive Committee, and recommended them to the Regulatory Committee. In a bid to curb non-compliance to transport legislation, enhance road safety and to continuously regulate competition in the cross-border industry, the Agency continued to profile operators and corridors during the year under review. In line with that, the Agency compiles the Section 39 Report that is used as a reference for decision-making during Regulatory Hearings. The Section 39 Report gives a highlight of the following among other things:

- The return rate of expired permits in all categories (taxi, bus and freight permits),
- The number of vehicles operating without valid cross-border road transport permits on different routes Section 40((1) (a)).
- Notices of vehicles operating contrary to their permit conditions (e.g. failure to adhere to the timetable as stipulated and operating when they were not supposed to operate on specific days).
- Statistics on law-enforcement inspections and prosecutions.
- The number of vehicles issued with fines for un-roadworthy offences in contravention of Section 40((1)(p)) of the National Road Traffic Act.

- **KPI 3.2: Implemented Law Enforcement Performance Monitoring Tool**

The Agency successfully implemented the Law Enforcement Performance Monitoring Tool and compiled quarterly reports that highlighted the number of inspections per region against set targets.

For the year under review, a total of 317,413 inspections were conducted, constituting an increase of 39,095 when compared to the 2018/19 Financial Year. Prosecutions increased from 24,386 to 25,611 during the year under review, resulting in a 92% compliance rate.

4.3.3 Other programme priorities

Over and above the set annual targets, the Agency engaged in other law-enforcement-related activities aimed at improving compliance with the Road Transport Legislation. This section aims to highlight other initiatives that were undertaken during the year under review:

- **Profiled cross-border road transport operations to determine compliance and direct Law enforcement operations.**

  During the year under review, the Agency conducted route surveys where after Intelligence Reports were shared with RTMC for purposes of directing law-enforcement planning. These route surveys were conducted in Gauteng, Mpumalanga, Limpopo and North West provinces on various routes and at different taxi and bus ranks. Three (3) intelligence-based route verifications were conducted in Zimbabwe, Botswana, and Mozambique.

- **Joint Law Enforcement operations.**

  The Agency participated in forty-five (45) joint law-enforcement operations with law- enforcement authorities with the aim of identifying instances of non-compliance by operators as well as to collect intelligence on non-compliant areas.

  These operations were conducted in Gauteng, Limpopo, North West, Mpumalanga and KwaZulu-Natal. The areas included ports of entry, national roads, inner cities and neighbouring countries. Included in the neighbouring-country operations, are two (2) operations which were jointly planned and conducted through the Trans-Kalahari Corridor in Botswana and Namibia.

- **Road Safety**

  The Agency initiated and participated in several road safety initiatives during the year under review.

  These initiatives include but not limited to:

  - National Easter Road Safety Launch in Pietermaritzburg where the Minister of Transport also launched the EBAT Alcohol Test Machine,
  - Media release on the 2019 festive season road safety event held in Hatfield, Pretoria,
  - Implemented Operation Malayisha and roundtable discussions with operators from the industry in Menlyn, Pretoria.
  - Conducted a Fatigue Management Program jointly with Road Accident Fund in Musina,

- o Induction of the Minister of Transport in Musina on cross-border road safety and related programmes,
- o Hosted the Dangerous Goods Multi-stakeholder Meeting in response to the sulphuric acid incident that took place on the N2 in Pongola in the KwaZulu-Natal province,
- o Participated in the 3rd Ministerial Conference on Road Safety that took place in Sweden, focusing on the need for governments to intensify efforts in combating road fatalities,
- o Road safety ambassadors (10 people) were trained on ISO39001 Road Safety Management Standard.

4.3.4 Strategy to overcome areas of under performance

The programme achieved all the targets set for 2019/20 financial year.

4.3.5 Changes to planned targets

There were no changes made to the planned targets for this programme.

4.3.6 Linking performance to budgets

Table 14: Expenditure: Profiling Services

	2019/2020			2018/2019		
PROGRAMME	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Profiling Services	50 225	48 053	2 172	22 995	55 740	(32 745)

4.4 Programme 4: **Stakeholder Management**

4.4.1. Introduction

This programme ensures the development of partnerships with key role players within South Africa and SADC to enhance regional social integration and economic development. Its primary aim is to ensure collaboration with both the primary and secondary stakeholders within the industry with the objective of encouraging sectoral transformation.

The Programme facilitates regional integration through a structured campaign that seeks to influence the African agenda for change.

This programme has the following strategic objectives:

- To establish and sustain strategic partnerships with stakeholders thereby enabling the Agency to achieve its objectives.

4.4.2. Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievement

The table below presents the strategic objectives, key performance indicators, planned annual targets and the actual performance of the Stakeholder Management Programme and deviation thereof:

Table 15: Stakeholder Management performance against pre-determined Objectives

STRATEGIC OBJECTIVE: TO ESTABLISH AND SUSTAIN STRATEGIC PARTNERSHIPS WITH STAKEHOLDERS TO ENABLE THE AGENCY TO ACHIEVE ITS OBJECTIVES								
KPI NO.	**KEY PERFORMANCE INDICATOR**	**ACTUAL ACHIEVEMENT 2016/2017**	**ACTUAL ACHIEVEMENT 2017/18**	**ACTUAL ACHIEVEMENT 2018/19**	**PLANNED TARGET 2019/20**	**ACTUAL ACHIEVEMENT 2019/20**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20**	**COMMENT ON DEVIATION**
4.1	Developed and implemented stakeholder management plan.	N/A, new indicator	Target achieved. The Stakeholder Management Plan was developed and approved by Board. The Agency hosted an O.R Tambo International Indaba as part of the October Transport Month activities. Inputs from the Indaba were considered in the development of the Linking Africa Plan.	Target achieved. The Stakeholder Management Plan was implemented during the year and the Consolidated Stakeholder Engagements Outcomes Report was approved by the Board.	Engage Stakeholders in line with the Stakeholder Management Plan.	Target achieved. Stakeholders were engaged as per Stakeholder Management Plan and impact thereof assessed.	None, target achieved.	None, target achieved.

STRATEGIC OBJECTIVE: TO ESTABLISH AND SUSTAIN STRATEGIC PARTNERSHIPS WITH STAKEHOLDERS TO ENABLE THE AGENCY TO ACHIEVE ITS OBJECTIVES								
KPI NO.	KEY PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/18	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATION
4.2	Facilitated implementation of the SADC Protocol and regional agreements.	None, new indicator	Target achieved. The SADC workshop was held during the October Transport Month. A Transport Forum to fast track the implementation of the SADC Protocol was formed.	Target achieved. The Assessment Report on the level of compliance with the SADC Protocol and regional agreements was approved by the Executive Committee.	Monitor implementation of the SADC protocol and regional agreements.	Target achieved. The implementation of the SADC protocol and other regional agreements was monitored throughout the financial year and an assessment conducted to evaluate the implementation.	None, target achieved.	None, target achieved.

4.4.2.1 Narrative summary of programme performance information

- **KPI 4.1: Developed and implemented stakeholder management plan**

The Agency fully implemented all planned activities outlined in the Stakeholder Management Plan and further conducted an assessment to ensure that the desired impact of the plan is being achieved. The analysis on the engagement platforms shows that stakeholders are satisfied with the stakeholder-engagement platforms and that there is significant value derived by operators and government officials from all engagement platforms of the C-BRTA. This indicator is intended to assist the Agency to achieve its objective of establishing and sustaining strategic partnerships with stakeholders.

- **KPI 4.2: Facilitated the implementation of the SADC protocol and regional agreements**

The Agency facilitates the implementation of the SADC Protocol on Transport, Communications Meteorology through the Cross-Border Road Transport – Regulators Forum (CBRT – RF). In this regard, the Agency is progressively facilitating the implementation of chapters 5 and 6 of the SADC Protocol on Transport, Communications and Meteorology and regional agreements by monitoring compliance and implementation of Member States through the Cross-Border Road Transport Regulators Forum Action Plan. The Forum, which is the vehicle for implementation, elected its executive committee for a two-year term in February 2020 and South Africa was re-elected as chairperson and secretariat, Zambia as the deputy chairperson and Angola, DRC, Namibia and Malawi being the new EXCO members.

4.4.3. Other Programme Priorities

To drive the objective of establishing and sustaining strategic partnerships with its stakeholders, the Agency performed additional activities in line with its operational plan. The accomplishments include but not limited to the following:

- **Linking Africa Plan (LAP) Roundtable:**
  The C-BRTA developed the Linking Africa Plan to promote regional integration and the integration of the African continent. The LAP Annual Work Plan, which is a continental wide plan applicable to all Member States within SADC was presented, discussed and approved by all members of the Cross-Border Road Transport Regulators Forum

(CBRT-RF) at a meeting in Namibia during the last quarter of this financial year. LAP was further presented to DIRCO's AU Steering Committee and the African Union. There are on-going discussions with the African Renaissance and International Cooperation Fund, an entity of DIRCO, to work together in piloting some of the Linking Africa Plan projects with SADC counterparts.

- **Tripartite Transport and Transit Facilitation Programme (TTTFP):**
  During the year under review, the Agency participated in a TTTFP workshop on validation of design specifications for driver training and driving schools, driver test centres vehicle testing centres and weighbridges. The intention of the workshop was to adopt uniform standards towards a bid to harmonise driving training and driving schools, driver test centres, vehicle testing centres and weighbridges. Furthermore, during the year under review, the Agency together with the Department of Transport held consultation workshops with operators on the TTTFP particularly around the Multilateral Cross-Border Road Transport Agreement and the Vehicle Load Management Agreement. These two agreements are the legislative instruments that will be used to pilot quality regulation, promote, facilitate and expedite the liberalisation of road transport markets in the territories of the Member States and the Tripartite Region collectively.

- **RSA/Lesotho Cross Border Passenger Impasse:**
  The Agency facilitated the adoption of the RSA/ Lesotho Taxi Operator Implementation Programme that was adopted by the Madiboho Taxi Forum (Free State SANTACO), ICBTO and RSA/Lesotho Cross-Border Road Transport Route Committee. The adoption of the implementation programme was followed by the formation of a Joint Taxi Operators Group (JTOG) and subsequently the signing of an MoU that allowed for normal cross-border operations between RSA and Lesotho during the 2019 Festive Season.

  The ground-breaking Memorandum of Understanding was entered by ICBTO, RSA/Lesotho Corridor and the Free State SANTACO (Madiboho) to regulate festive season operations between all inland towns of South Africa going to the Kingdom of Lesotho. The MoU is also being used as a pilot instrument towards the normalisation of cross-border operations in the corridor.

- **Engagements with tour operators and large freight operators:**
  The one-on-one engagements between tour and large freight operators are enhancing relations between the Agency and its critical stakeholders. This is seen by an increase in attendance of meetings by freight operators and an increased in the number of tour-operator permits issued by the Agency.

- **Consulted Industry on Cross-Border Ranking Facilities:**
  The ranking facilities strategy was developed after consultations with the industry and the strategy will be used as a lobbying tool for the development of cross-border ranking facilities in municipalities with a view of ensuring that cross-border operators operate in well-serviced facilities that cater for their needs.

- **Industry Impact Assessment Tool:**
  In a bid to ensure that the Agency stays relevant to the industry and that the industry derives value from its various consultation platforms, an initiative to develop an assessment tool was taken. The Agency consulted primary (operators) and secondary (government) stakeholders on the tool and feedback was received from all the consulted stakeholders. The analysis found that out of most stakeholders assessed, on average 99% of the stakeholders are satisfied with the engagement platforms that are offered by the Agency. The Agency will endeavour to improve and ascertain the reasons for the dissatisfaction of the 1% with the engagement platforms and continue to maintain the high levels of satisfactions with the rest of the stakeholders.

4.4.4 Strategy to overcome areas of under performance

The programme achieved the target set for 2019/20.

4.4.5 Changes to planned targets

There were no changes made to the planned targets for this programme.

4.4.6 Linking performance to budgets

Table 16: Expenditure: Stakeholder Management

	2019/2020			2018/2019		
PROGRAMME	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Stakeholder Management	16 270	14 461	1 809	15 684	13 424	2 260

4.5 Programme 5: **Research and Advisory Services**

4.5.1. Introduction

The purpose of this programme is to provide advisory and strategic support to key industry stakeholders through the application of technical expertise and management of key projects and research initiatives. The research-based information that is generated by the programme serves as guidelines for policy development and decision-making across various functions within the Agency. The programme plays a vital role in enhancing the visibility of the organisation through pro-active sharing of information at key strategic platforms across the region.

This programme has the following strategic objectives:

- To proactively provide value-added advisory services to the Minister of Transport and other relevant stakeholders on cross-border matters in the transport sector.
- To proactively promote the transformation and development of the cross-border industry.

4.5.2. Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievement

The table below presents the strategic objectives, key performance indicators, planned annual targets and actual performance of the Research and Development Programme and deviation thereof:

Table 17: Research and Advisory performance against pre-determined Objectives

STRATEGIC OBJECTIVE: To proactively provide value-added advisory services to the Minister of Transport and other relevant stakeholders on cross border matters in the transport sector.
To proactively promote transformation and development of the cross-border industry.

KPI NO.	KEY PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/18	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATION
5.1	Number of Annual State of Cross-border operations reports (ASCBOR) submitted to the Minister and other relevant stakeholders.	Target achieved. 1 ASCBOR was submitted to the Minister of Transport and shared with other stakeholders on the C-BRTA's website.	Target achieved. The Board approved the Annual State of Cross-Border Report which was submitted to the DoT and published on the C-BRTA website for all other stakeholders.	Target achieved. The ASCBOR was produced and approved by the Board and submitted to the Minister of Transport, the DoT and shared with relevant stakeholders.	1ASCBOR submitted to the minister and other stakeholders.	Target achieved. The Board-approved ASCBOR was submitted to the Minister of Transport and published on the C-BRTA website for other stakeholders.	None, target achieved.	None, target achieved.
5.2	Number of country profiles developed.	Target achieved. 2 Country Profiles (Malawi and Lesotho) were developed and approved by the Board during the year.	Target achieved. 2 Country Profiles for Swaziland and Botswana were developed during the financial year.	Target achieved. Zambia and Namibia Country Profile Reports were compiled and approved by the Executive Committee.	2 country (DRC and Tanzania) profiles developed.	Target achieved. The DRC and Tanzanian Country Profiles were developed and approved during this financial year.	None, target achieved.	None, target achieved.

STRATEGIC OBJECTIVE:	To proactively provide value-added advisory services to the Minister of Transport and other relevant stakeholders on cross border matters in the transport sector. To proactively promote transformation and development of the cross-border industry.							
KPI NO.	KEY PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/18	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATION
5.3	Developed model to calculate transit and cost of delays at commercial border posts.	None, new indicator	Target achieved. The Cross-Border Flow Calculator concept document was approved by the Board.	Target achieved. The pilot reports were submitted and approved by the Executive Committee.	Piloted Cross-Border Flow Calculator Model in 1 corridor (Trans Kalahari).	Target achieved. The Cross-border flow calculator model was piloted at the Trans-Kalahari Corridor during the financial year.	None, target achieved.	None, target achieved.
5.4	Developed and implemented Industry Development Strategy.	None, new indicator	Target achieved. The Board approved the Industry Development Strategy which was submitted to the Minister of Transport. The draft cross-border road transport regulations were amended and submitted to the EXCO for noting.	Target achieved. Interventions as per the IDS project plan were implemented and the implementation report was approved by the Executive Committee.	Implemented Industry Development Strategy.	Target achieved. All the Industry development initiatives were successfully implemented in line with the approved implementation plan.	None, target achieved.	None, target achieved.

4.5.2.1 Narrative summary of programme performance information

- **KPI 5.1: Number of Annual State of Cross-border operations reports (ASCBOR) submitted to the Minister and other relevant stakeholders**

The 2019/20 ASCBOR articulates various elements including the operational constraints facing cross-border road transport operators along strategic road transport corridors in the SADC region, major trends and developments unfolding along strategic road transport corridors, the status of corridor performance monitoring in the SADC region and recommended interventions that can be implemented to improve corridor efficiency in the SADC region.

The Annual State of Cross-Border Operations Report (ASCBOR) which was approved by the Board provides advice and consolidated information to the Minister of Transport, the Department of Transport and other key stakeholders in the trade and transport value chains.

- **KPI 5.2: Number of country profiles developed or updated**
  The aim of Country Profile Reports is to provide a consolidated platform for the dissemination of information that is useful to key stakeholders in the cross-border environment, particularly cross-border road transport operators, regulatory authorities and trading parties with a view to improving business opportunities, operational efficiency, productivity and sustainability.

  The Agency achieved its target of compiling Country Profiles for the Democratic Republic of Congo (DRC) and Tanzania. The Country Profile Reports are published on the C-BRTA' website as part of its drive to proactively provide value-added advisory services to various stakeholders in the cross-border industry, particularly the cross-border operators.

- **KPI 5.3: Developed model to calculate transit and cost of delays at commercial border posts**
  The Agency developed a Cross-Border Flow Calculator in the 2017/18 Financial Year to determine transit times in cross-border corridors and at the border posts and has since piloted the calculator at selected major border posts in 2018/19. For 2019/20, the Agency piloted the Cross-Border Flow Calculator Model to determine transit times on the South African segment of the Trans-Kalahari Corridor. It is envisaged that the findings from this pilot will be useful in determining solutions that can be implemented to reduce transit times on the Trans-Kalahari Corridor.

  The pilot report was approved by the Executive Committee and shared with stakeholders during the last quarter of the year.

- **KPI 5.4: Developed and implemented Industry Development Strategy**
  The Agency set this indicator to fulfil its objective of promoting the transformation and development of the cross-border industry. The C-BRTA developed the Industry Development Strategy to empower the cross-border road transport industry to maximise business opportunities and to facilitate the provision of training, capacity building and the promotion of entrepreneurship generally and in respect of small, medium and micro-enterprises with an interest in cross-border road transport. The Strategy also addresses the need for the transformation of the cross-border operations to ensure that the industry is representative of the demographics of the country by bringing new players in the industry, targeting previously disadvantaged individuals. For the year under review, the Agency successfully carried out all the various activities that were set in the Industry Development Strategy Implementation Plan for the current financial year.

4.5.3. Other Programme Priorities

Over and above targets set in the APP, the Agency conducted various activities captured in its Operational Plan. Highlights of various projects that were achieved during 2019/20 include but not limited to the following:

- **Assessment of the Cost of Doing Cross-Border Business for Cross-Border Operators.**
  The Agency conducted research to estimate the cost of doing cross-border road transport business. This was conducted with a view to understanding the true cost of doing business in various corridors connecting South Africa to the region.

  The Agency conducted an assessment of the cost of doing business on the Maputo Development Corridor and Trans-Kalahari Corridor. The outcomes provide invaluable input towards providing advice to key stakeholders in the policy and corridor environments as well as cross-border operators. This will also be used to inform the Agency's decision-making processes and interventions aimed at reducing the cost of doing business and enhancing productivity in the sector.

- **Updated the Report on cross-border road transport and trade volumes between South Africa and neighbouring countries:** The Agency conducted research to establish cross-border road transport and trade volumes between South Africa and neighbouring countries. The report provides invaluable information with respect to trade by road transport and traffic volumes passing through respective border posts. This information is vital for purposes of providing advice to stakeholders and design, development and implementation of interventions aimed at improving the corridor capacity and performance. Beitbridge, Lebombo and Skilpadshek border posts carried the bulk of the goods that were exported and imported by road transport between South Africa and neighbouring countries.

- **Assessment of cross-border passenger infrastructure facilities at origin and destination points and key nodal points (Route assessments):** The Agency conducted an assessment of cross-border passenger infrastructure at origin and destination points on identified corridors as part of route profiling. The Route Assessment Reports provide invaluable information to the work of the Regulatory Committee with respect to making decisions on permit applications. The Reports are also used to provide advice to municipal authorities on matters pertaining to demand for cross-border road transport infrastructure, short-term and long-term planning. Furthermore, the report highlights infrastructure capacity on routes assessed, which provides information to operators on matters pertaining to market access and opening new routes.

- **Piloted Corridor Performance Indicators (CPI) on TKC Corridor:** The Agency assessed prioritised Corridor Performance Indicators with support from stakeholders on the corridor to assess corridor performance. This was done with a view to monitor corridor performance, identify bottlenecks and challenges that impede seamless cross-border movements and recommend interventions. The report highlights major bottlenecks that affect regional trade and cross-border road transport movements, such as unsynchronised border operating times, border posts not operating round the clock despite rising traffic volumes, unharmonised legislations and regulations and poor infrastructure conditions. The report provides both short-term and long-term interventions that should be implemented including harmonisation of legislative instruments, border operating hours and One-Stop Border Posts.

- **Publish relevant papers or Present at relevant conferences/ summits/ workshops:** During the year under review, the Agency presented and participated in conferences, seminars and workshops with a view to providing advice, share information and enhance the visibility of the Agency.

- **Permit Statistics Trend Analysis Report:** For purposes of understanding the market trends, the Agency conducted research and trend analysis for cross-border permits applications. This information is invaluable in strategic planning processes.

- **Border Towns Initiative:** During 2019/20, through this initiative, the Agency contributed towards skills development, training and job creation for youth in the border towns. The Agency through, this initiative was able to employ eighty-three (83) young people on fixed-term contracts from Lekgopung, Supingstad, Gopane, Dinokana, Lehurutshe, Zeerust, Bapong and Majakaneng municipalities. The youth were selected from these areas and trained to collect data for the Calculator Project on the Trans-Kalahari Corridor.

4.5.4. Strategy to overcome areas of under performance

There were no areas of under-performance for this programme.

4.5.5. Changes to planned targets

There were no changes made on the planned targets.

4.5.6. Linking performance to budgets

Table 18: Expenditure: Research and Advisory Services

	2019/2020			2018/2019		
PROGRAMME	**BUDGET**	**ACTUAL EXPENDITURE**	**(OVER)/UNDER EXPENDITURE**	**BUDGET**	**ACTUAL EXPENDITURE**	**(OVER)/UNDER EXPENDITURE**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Research and Advisory Services	24 108	23 066	1 042	11 037	9 197	1 840

PART C Governance

1. Introduction

The Cross-Border Road Transport Agency is a statutory body established in terms of the Cross-Border Transport Act, Act No. 4 of 1998, as amended ("C-BRT Act) and listed as a Schedule 3A Public Entity in terms of the Public Finance Management Act (PFMA), Act No. 1 of 1999.

The Agency is governed by the Board of Directors appointed by the Minister of Transport. The Board as the Accounting Authority provides strategic direction to the Agency and monitors the achievement of the mandate and strategic objectives.

2. Portfolio Committees Meetings

Table 19: Portfolio Committee Meetings

DATE	PARLIAMENTARY STRUCTURE	FOCUS	KEY ISSUES RAISED	PROGRESS UPDATE
October	Portfolio Committee of Transport (PCoT)	Presentation of Annual Report	The Annual Report was presented to the PCoT reflecting performance against predetermined objectives at an achievement level of 92% as well as unqualified audit opinion.	The Board continues to monitor progress against financial and non-financial performance through quarterly performance and financial reports.

3. The Executive Authority

In accordance with the PFMA reporting requirements, the Board submitted Quarterly Financial Reports, Performance Reports and compliance checklist to the Minister of Transport within 30 days of the end of each quarter. The Annual Report of the previous financial year, including audited Annual Financial Statements, were submitted to the Minister and presented at the Annual General Meeting held on 26 September 2019 where the Director-General was in attendance as a proxy for the Minister.

The Minister, through the Director-General, was also sensitised on the need to fill vacancies in the Board with requisite skills as required by the C-BRT Act.

4. The Board

4.1. Introduction

In accordance with the C-BRT Act, the Agency is represented and governed by the Board of Directors. The Board is the Accounting Authority in terms of the PFMA and is responsible for providing oversight and strategic direction to the Agency. Furthermore, the Board is committed to a high standard of business integrity, accountability and transparency. The Board reports to the Minister of Transport on a quarterly basis and annually on the overall performance of the Agency.

The Board is responsible for the following, amongst others:

- Monitoring and evaluate the implementation of strategies and the management of performance;
- Ensuring that appropriate policies are in place;
- Ensuring that the Agency complies with all relevant laws, regulations and government policy;
- Ensuring that risks of the organisation are properly managed and mitigated;
- Defining the levels of materiality;
- Assessing the effectiveness of the internal control environment;
- Setting the corporate governance systems;
- Ensuring sound ICT governance and effective and efficient use of IT systems;
- Recommending the appointment and reviewing the performance of the CEO; and
- Discharging legislative duties and exercise any power conferred to it by the C-BRT Act.

4.2 The role of the Board is as follows

The Board is primarily responsible for providing oversight and strategic direction and approves the five (5) year Strategic Plan, the Annual Performance Plan and the related budgets, which are submitted to the Minister of Transport and tabled in Parliament.

The Board further monitors the Agency's financial and non-financial performance on a quarterly basis through the Audit and Risk Committee. At every Quarterly Board Meeting, the Board considers the Quarterly Performance Report of the Agency which has been audited by the Internal Auditors. Where there is non-achievement of targets, management develops remedial actions to ensure recovery of non-achieved quarterly targets.

The Board further monitors compliance with all laws that are applicable that have an impact on the Agency's business. Where necessary, policies are developed and reviewed to align with the legislative requirements, thereby improving compliance with laws and regulations.

The Board meets four (4) times a year. Special meetings are convened as and when the need arises. Board meetings are scheduled in advance and members are provided with the necessary information well in time to prepare for the meeting. The Board meets with the Minister by arrangement. The Board presents the Annual Report, including the audited Annual Financial Statements, for the Minister's adoption at a scheduled Annual General Meeting (AGM). The Board and the Minister conclude an Annual Performance Agreement that sets out the roles and responsibilities of both parties. The Minister further approves the appointment of the Audit and Risk Committee members and confirms the appointment of internal auditors for the year.

4.3 Board Charter

The Board operates in accordance with the Board Charter, which it reviews on an annual basis. As recommended by the King Code, the Board Charter at a minimum sets out the following:

- The board's responsibility for the adoption of strategic plans,
- Monitoring of operational performance and management,
- Determination of policy processes to ensure the integrity of the public entity risk management and internal controls,
- Communication policy, and director selection, orientation and evaluation

It further sets out the roles, structures and functions of the Board and its various committees as well as procedures for Board meetings. It makes a provision for the evaluation of the Board's performance to ensure that it remains effective and addresses challenges that may be hampering its effectiveness.

The last evaluation of the Board, its committees and members' performance were conducted in 2018. In line with the recommendations of King IV that a Board evaluation is conducted every two years, it is envisaged that a Board evaluation will be conducted in 2020.

4.4 Composition of the Board

The C-BRT Act requires that the Board should comprise of twelve (12) members, of whom eleven (11) are non-executive members. As of 31 March 2020, a total of four (4) vacancies existed on the Board with the CEO being the only executive member.

There were no new appointments and terminations during the period under review.

The Chief Executive Officer is the only executive member on the Board. The Minister appoints the non-executive members for a term of three (3) years, as well as a Chairperson and a Deputy Chairperson from the non-executive members for a term of office not exceeding three (3) years. Non-executive members are eligible for re-appointment but for not more than three (3) consecutive terms of office. The Minister, after consultation with the Board, appoints the Chief Executive Officer for a period of five (5) years. As per King IV recommendation and in line with the C-BRT Act, the positions of the Chairperson and the Chief Executive Officer do not vest in one person.

BOARD MEMBERS

Table 20: List of Board Members, Qualifications, Area of Expertise and Other Directorships

MEMBER & DESIGNATION	DATE APPOINTED	DATE RESIGNED/ RETIRED	QUALIFICATIONS	AREA OF EXPERTISE	OTHER DIRECTORSHIPS	OTHER C-BRTA COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
Mr Mosoeunyane Ramathe **Chairperson of the Board and Regulatory Committee**	01 May 2016	N/A	• B Com, Wits • B Com Acc, Wits • Chartered Accountant (SA) • Diploma in Project Management (RAU)	Finance, Accounting and Corporate Governance	• Ramathe (Central) Inc • Ramathe Inc • Ramathe Ranti Joint Venture	• Regulatory Committee	5 out of 6
Prof Jan Havenga **Deputy Chairperson of Board and Regulatory Committee, Chairperson of Procurement Committee**	1 May 2016	N/A	• Doctor of Philosophy in Logistics Management, University of Stellenbosch • Master of Business Leadership (UNISA) • BA Hons, (UOFS)	Freight industry expert and Cross-Border freight analyst	• Gain Group (Pty) Ltd • Growth and Intelligence Network (Pty) Ltd	• Regulatory Committee, • Procurement Committee	5 out of 6
Ms Ignatia Sekonyela **Chairperson of Human Resources & Remunerations Committee**	1 May 2016	N/A	• Corporate Governance and Board Effectiveness (IODSA) • Advanced Labour Law (UNISA) • General Strategy Development (GIBS) • Project Management Certificate (GIBS) • Senior Management Program (UP Business School) • Diploma HR (Damelin) • B A Honneurs Sielkunde (RAU) • B Cur Degree (Medunsa)	Human Resources	• Zizamele Cebekhulu College/ • POPCRU	• Human Resources & Remuneration Committee	5 out of 6
Keitumetse Mahlangu **Member of Audit and Risk Committee**	1 May 2016	N/A	• B Proc, University of Zululand • LLB, University of Natal • MAP, Wits Business School • Certificate in Fraud Examination, UP • Legislative Drafting, Institute of Advanced Legal Studies, Univ. of London	Legal Services, Legislative Drafting, Corporate Governance and Investigations	• Seape-Mahlangu Attorneys • OHSC • Rental Housing Tribunal • Sedibeng Liquor Committee	• Audit and Risk Committee	4 out of 6

MEMBER & DESIGNATION	DATE APPOINTED	DATE RESIGNED/ RETIRED	QUALIFICATIONS	AREA OF EXPERTISE	OTHER DIRECTORSHIPS	OTHER C-BRTA COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
Mr Raymond Baloyi **Member of Human Resources and Remuneration Committee**	1 May 2016	N/A	• BA (Development Studies) University of East Anglia, Norwich (England)1978 • M Sc (Town and Transport Planning for developing Countries) • University of Wales for Science and Technology UWIST 1980 • M Phil Urban Studies, University of Aston, Birmingham, England 1985	Transport Planning, Public Transport Planning/ Management, Town Planning, Economic Development and Financial Literacy Training	• Nkukwana Development Cc • African Leadership Academy (NGO, Voluntary, no remuneration), Honeydew. • Ekukhuseleni-Tshireletso Homecare/ Hospice, Winterveldt	• Regulatory Committee, • Procurement Committee, • Human Resources & Remuneration Committee	6 out of 6
Mr Lucky Thekisho **Member of Human Resources and Remuneration Committee**	1 May 2016	N/A	• BLC, LLB, LLM (Labour Law), UP • Advanced Labour Law, CE@UP • Legislative Drafting, CE@UP • Environmental Law and Compliance, UJ	Legal and Compliance Labor Relations and Human Resources	• Lucky Thekisho inc	• Regulatory Committee, • Human Resources & Remuneration Committee	4 out of 6
Mr Msondezi Futshane **Shareholder Representative**	7 March 2017	N/A	• B Tech in Transportation Engineering (TUT) • Transportation Management Diploma (RAU) • Diploma in Advanced Project Management, Executive Education • S4 in Civil Engineering (ND), Eastern Cape Technikon	Transportation and civil engineering	• None	• Regulatory Committee	0 out of 6
Mr Lwazi Mboyi **Chief Executive Office (Acting)**	1 November 2019	N/A	• B. Admin (Public Finance) • Honours Industrial Psychology (University of KZN) • Senior Executive Program (Wits & Harvard Business Schools) • Africa Directors Program (USB and INSEAD) • MPHIL Development Finance (Dissertation Outstanding)	• Business Management and Strategy • Financial Management • Corporate Management • Corporate Governance	• CommCo (Pty Ltd) • LADOLOR (Pty) Ltd • Board Member at AMS Cape Town (Recently left the Board) • Amber Bay (Durban) – Serves on invitation	• All subcommittee of Board of C-BRTA	1 out of 1
Mr Sipho Khumalo **Chief Executive Office (Active up to 8 May 2019)**	1 April 2010	N/A	• Master’s in Public and Development Management • BA (Hons) • Global Executive Development Programme, GIBS	• Public Transport Management • Executive Leadership	• None	• Regulatory Committee, • Human Resources & Remuneration Committee	1 out of 1

4.5. Board Committees

Since the Board cannot attend to all the matters effectively, it has established Board committees in order to enhance its efficiency. The Agency currently has the following committees;

- Human Resources and Remuneration Committee
- Procurement Committee
- Regulatory Committee (also takes responsibility for Regulatory Hearings)
- Audit and Risk Committee

Table 21: C-BRTA Board Sub-committees

NAME OF BOARD COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Human Resources and Remuneration Committee The role of the Committee is primarily to assist the Board in the performance of its oversight functions relating to: i. the implementation and adherence to a sound human resources and remuneration philosophy, strategy and policy of the C-BRTA; ii. the maintenance of vigilant oversight of the management of the human resources function and remuneration practices; iii. the establishment of a formal and transparent procedure for developing a policy on executive remuneration and for the reviewing of remuneration packages for employees and the members of the Board; iv. the consideration of matters and the review of salaries against the benchmark for employees as well as the recommendation of such remuneration packages to the Board for approval; and v. generally managing all matters in relation to human resources and remuneration as may be determined by the Board from time to time.	4 out of 4 1 out of 1 3 out of 4 4 out of 4 1 out of 2 1 out of 1	4	Ms I Sekonyela Mr S Khumalo (active up 8 May 2019) Mr L Thekisho Mr R Baloyi Mr C Letsoalo (Acting CEO) (active from July to November 2019) Mr L Mboyi (Acting CEO Active from November 2019)
Procurement Committee The role and mandate of the Committee is to consider the recommendations/reports of the Bid Adjudication Committee and it is empowered to make a final decision award for all bids above a threshold of R 2 million. The Committee ensures that all bids above a threshold of two(2) million rands are: i. All necessary bid documents have been submitted; ii. Disqualifications are justified, and that valid and accountable reasons/motivations were furnished for passing over of bids; iii. To ensure that scoring has been fair, consistent and correctly calculated and applied; and iv. Bidders' declarations of interest have been taken cognisance of. v. Approval of bids that are recommended, (other than the one recommended by the Bid Evaluation Committee) vi. Considers and rules on all recommendations/reports regarding the amendment, variation, extension, cancellation or transfer of contracts initially awarded through an open bid process.	2 out of 2 2 out of 2	2	Prof J Havenga Mr R Baloyi

NAME OF BOARD COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Regulatory Committee It provides the required administrative, secretarial, research and technical assistance to the Board in support of the execution of its advisory, regulatory, faciliatory and law-enforcement functions with respect to the following: i. Regulates market access through a permit administration process; ii. Grant permits subject to certain terms and conditions; iii. Withdraw or suspend permits; iv. The Committee may withdraw, suspend or amend permit conditions when permit holder was convicted of a road transport / traffic offence; v. Assist the Board in the execution of its functions; vi. The Committee may consider all traffic or transport-related contraventions; vii. Maintenance of database for cross-border road transport operators; viii. Ensure equitable market access through transformation mechanisms; and ix. Liaises with internal and external regulatory authorities through an application referral process.	3 out of 3 2 out of 3 1 out of 1 2 out of 3 1 out of 3 0 out of 3 0 out of 1 0 out of 1	6	Mr M Ramathe Prof J Havenga Mr S Khumalo (active up to 8 May 2019) Mr R Baloyi Mr L Thekisho Mr M Futshane Mr C Letsoalo (Acting CEO) – (Active from July to November 2019) Mr L Mboyi (Acting CEO Active from November 2019)
Regulatory Hearings	6 out of 6 6 out of 6 1 out of 1 6 out of 6 2 out of 6 1 out of 6	6	Mr M Ramathe Prof J Havenga Mr S Khumalo (active up to 8 May 2019) Mr R Baloyi Mr L Thekisho Mr M Futshane
Audit and Risk Committee The Audit and Risk Committee ensures that the C-BRTA carries out its responsibilities as they relate to: Financial, management and other reporting practices; i. Strategic guidance and assistance with respect to accounting policies and procedures; ii. Internal controls and management of risks; iii. Monitoring of risk management policy and plan; iv. Compliance with laws, regulations and ethics; v. IT Governance; vi. Performance Information; vii. Responsibilities related to the Internal Audit function; viii. Financial reporting risks; ix. Fraud and IT risks as they relate to financial reporting, x. Sustainability Reporting and all related risks. xi. Combined assurance; and xii. Risk governance	3 out of 3 6 out of 7 7 out of 7 6 out of 7	4	Ms P Mzizi - (active up to July 2019) Mr P Fourie Mr A Wakaba Ms K Mahlangu

4.6. Board Remuneration

Refer to page Part E, Note 27 - Director's Eluments.

5. Risk Management

The Agency's Board takes overall responsibility and accountability for risk management. The Agency operated within the Board approved Enterprise-Wide Risk Management Framework that provides leadership and guides risk management activities within the Agency.

The Board, through the Audit and Risk Committee, has ensured that management regularly conducted risk assessments to determine the efficiency of response strategies to manage key risks. The Audit and Risk Committee advised the Agency on risk management and independently monitored the effectiveness of the system of risk management.

The Agency has established a Risk Management Forum that advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. Throughout the year, this Forum, together with management, identified new and emerging risks and these were reported to the Board and managed. The Board relied on the strategic risk register to monitor the effectiveness of such strategies and received assurance that the identified strategic risks are appropriately mitigated.

The materialisation of the risk of a pandemic, novel coronavirus outbreak, has assisted in the realisation of the value of risk management. The Agency has thus seen progress in its risk maturity and the management of risks which has translated into improved performance.

6. Internal Control Unit

Internal Control operates as an integral part of the financial management activities in the Agency. During the year under review, the focus of the internal control function has been to review progress made by management in addressing internal and external audit findings to prevent recurrence of similar findings. The activities are in line with the internal control framework to provide the Board and management with reasonable assurance that C-BRTA has a sound system of internal control.

For the year under review, 67% of the external audit findings were resolved as at the end of the financial year, constituting ten (10) of fifteen (15) external audit findings. Of the total of thirty-nine (39) internal audit findings, twenty (20) findings were resolved, constituting 51% and nineteen (19) findings constituting 49% are partially resolved/in progress.

7. Internal Audit and Audit Committees

7.1 Internal Audit

Key objectives of the Internal Audit Function

In line with the Public Finance Management Act (PFMA) and Treasury Regulations, the Cross-Border Road Transport Agency has established an Internal Audit Function. The Internal Audit Function provides assurance to the Board, through the Audit and Risk Committee, that the system of risk management, governance and control is appropriate, adequate, and effective to mitigate business risk. Furthermore, the function ensures that there is an improvement in the internal control within the Agency, as well as compliance with applicable legislation.

The Internal Audit Reports functionally to the Audit and Risk Committee and administratively to the Office of the Chief Operations Officer (OCOO).

7.2 Activities of the Internal Audit Function

The activities of the Internal Audit Function centred around the evaluation of the effectiveness of the internal control system of the Agency to ensure:

- The achievement of the Agency's strategic objectives,
- The efficiency and effectiveness of the Agency's operations,
- Safeguarding of the Agency's assets,
- The reliability and integrity of financial and non-financial information, and
- Compliance with laws and regulations

Internal Audit assisted management in identifying, evaluating and assessing significant organisational risks and provided reasonable assurance as to the adequacy and effectiveness of related internal controls, i.e. whether controls are appropriate and functioning as intended.

7.3. Summary of work done

The Internal Audit Function prepared a Three-year Strategic Plan and Annual Operational Audit Plan after the consideration of major risks facing the Agency. The plans were approved by the Audit and Risk Committee.

Progress against the Annual Audit Plan was reported on a quarterly basis. The Internal Audit Function executed and completed all the audits on the approved plan. Where controls were found to be deficient or not operating as intended, recommendations for enhancement or improvement were provided. Significant deficiencies were reported to the Audit and Risk Committee on a quarterly basis. Audits were performed, amongst others, in the following areas:

- Finance Discipline and Supply Chain Management
- Regulatory and Permits Issuance
- Stakeholder Management
- IT penetration testing
- Performance Information
- Strategic Planning

7.4 Audit and Risk Committee

Table 22: Audit and Risk Committee members

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	DATE APPOINTED	TERM ENDED	NO. OF MEETINGS ATTENDED
Ms P Mzizi	• Chartered Accountant (SA) • B Com Honours in Transport Economics, UNISA • B Com Honours – CTA, UNISA • BBusSci Finance Honours , UCT	External	17 May 2010	30 September 2019	3 out of 3
Mr P Fourie	• Chartered Accountant (SA) • B Com Honours, UP • Certificate in Theory in Accountancy, UP	External	1 March 2016	N/A	6 out of 7
Mr A Wakaba	• Master in Business Administration, Univ. of Stellenbosch • B Compt Honours, Univ. of Transkei • B Com (Accounting), Univ. of Transkei	External	1 March 2016	N/A	7 out of 7
Ms K Mahlangu	• B Proc, University of Zululand • LLB, University of Natal • MAP, Wits Business School • Certificate in Fraud Examination, UP • Legislative Drafting, Institute of Advanced Legal Studies, Univ. of London	External	1 April 2016	N/A	6 out of 7

8. Compliance with Laws And Regulations

The Compliance Function of the Cross-Border Road Transport (C-BRTA) is responsible for identifying potential risks in advance, analysing them and taking cautionary steps to reduce the risks. Combining and aligning compliance risk management elements contribute to improved insight and control of all compliance risks the institution is exposed to. Compliance risk management is part of the day-to-day business and operations and as a result, it is a recurring agenda item in the Board Meeting.

The compliance function monitors compliance with regulatory requirements and, where needed, aid and guide management. They are considered an integral part of the combined assurance process. The function meets with management to refine or rethink processes to ensure compliance. Compliance awareness takes place in the form of newsletters, workshops and presentations and is designed to increase awareness of and enhance compliance with applicable legislation.

In the last financial year, processes were reviewed and improved internal controls were implemented to ensure orderly and efficient conduct of business. Based on key laws that were effective as of 31 March 2020, there were no material areas of non-compliance other than those relating to vacancies in the Board.

There were no findings of non-compliance, sanctions or prosecutions for non-compliance by other regulators.

9. Fraud And Corruption

The Agency has a zero-tolerance approach towards fraud, corruption and unethical conduct and has created platforms that make it easy to report such incidents. Incidents can be reported using any of the following reporting channels:

Public Service Commission hotline at 0800 701 701;
Email ethics@cbrta.co.za;
Log on to C-BRTA website and report on the "Report fraud tab"; and
Report directly to officials of the Integrity Management Unit.

All reports received are treated with confidentiality and can be made anonymously. Reported incidents are independently evaluated by officials in the Integrity Management Services (IMS) business unit and where appropriate investigated internally and/ or referred to the appropriate parties. During the 2019/20 financial period, IMS rolled out fraud and corruption implementation plans which include various interventions to promote a strong ethical culture and to curb fraud and corruption. The Agency also hosted an anti-corruption day in November.

10. Minimising Conflict of Interest

C-BRTA officials are required to make annual financial declarations and declare any conflict of interest as and when it arises. Financial declarations are reviewed and analysed by IMS. Whenever a potential conflict is identified, an enquiry is registered by IMS and the matter investigated further. During the 2019/20 financial period, financial declaration forms submitted by employees were reviewed by IMS and there were no adverse findings made.

Each division has a dedicated gift register in which the employees record and declare gifts received from external parties. The divisional gift registers are reviewed by IMS quarterly and any transgressions of the gift policy are investigated.

11. Code of Conduct

The Agency has a code of conduct that promotes ethical and exemplary conduct by all officials. Training awareness sessions about ethical conduct are conducted by Integrity Management Services at regular intervals. Breaches of the C-BRTA code of conduct are investigated followed by appropriate disciplinary measures These are reported to governance structures quarterly.

12. Health Safety and Environmental Issues

The Agency has an OSH committee that monitors compliance with the Occupational, Safety and Health Act. Towards the end of the financial year under review, the country was confronted by the Covid-19 pandemic, which necessitated the invocation of the Business Continuity Plan to mitigate against the risk of spread of the virus at the workplace. As a result, some employees worked from home while those at work were provided with the Covid-19 Protective Personal Equipment.

13. Company Secretary

The Company Secretary assists the Board Chairperson in determining the Annual Board Plan as well as raise matters that may warrant the attention of the Board. One of the roles is ensuring the Board is always aware of their legislative duties and responsibilities. This includes ensuring that the minutes of all Shareholders Meetings, Board Meetings and the meetings of any committees of the directors are properly recorded. Furthermore, liaise with the Minister's office regarding Board activities and provides administrative support to the Board and its committees.

14. Social Responsibility

The C-BRTA believes in promoting a culture of reading amongst the youth. However, most youth in rural areas have no access to reading material. It is for this reason that the Agency embarked on a book-collection drive in celebration of the Mandela Day. The books were to benefit the pupils attending the surrounding schools in terms of school projects as well as enable them to be well-versed in general knowledge topics.

The Agency consulted all the municipalities it had an MoU with, to identify a suitable youth centre or library to donate the books to. The identified centre had to be easily accessible to the pupils, students and community members. With this project, the C-BRTA and Chief Albert Luthuli Municipality collaborated to develop and improve the Ekulindeni community where during the Youth Month; the C-BRTA staff collected and donated books to Ekulindeni Community Library. The books were handed over in a joyous celebration on Mandela Day.

The Ekulindeni Community Library is in a village near the Oshoek Border Post in Chief Albert Luthuli Municipality. The library caters to the needs of five schools in that community. Books donated included academic, recreational and child-storytelling books.

15. Audit and Risk Committee Report

We are pleased to present the report of the C-BRTA Audit and Risk Committee (“the Committee”) for the financial year ended 31 March 2020.

Membership and Attendance

The Committee comprises of two (2) independent non-executive members and one (1) non-executive member of the Board. The members of the Committee and the record of their meeting attendance are listed hereunder. The Committee has adopted formal terms of reference which sets out its responsibilities. During the year under review, 7 (seven) meetings were held, of which three (3) were special meetings. The attendance record of different members is as detailed below. Except where otherwise indicated, apologies were tendered and absences noted for meetings not attended.

Table 23: Summary of Committee Meetings Held

	15 APRIL 2019	21 MAY 2019	16 JULY 2019	16 OCTOBER 2019	20 NOVEMBER 2019	27 JANUARY 2020	16 MARCH 2020	TOTAL ATTENDANCE
Ms P Mzizi	✓	✓	✓	N/A	N/A	N/A	N/A	3 out of 3
Mr PS Fourie	×	✓	✓	✓	✓	✓	✓	6 out of 7
Mr A Wakaba	✓	✓	✓	✓	✓	✓	✓	7 out of 7
Ms K Mahlangu	✓	✓	×	✓	✓	✓	✓	6 out of 7
✓ Present	× Apology	A Absent	N/A Not Applicable, Contract Ended					

Committee Responsibility

The Committee reports that it has complied with its responsibilities arising from section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.1. The Committee also reports that it has adopted appropriate formal terms of reference and regulated its affairs in compliance with the terms of reference.

The Committee is satisfied that it has discharged its responsibilities as set out in its terms of reference.

The Effectiveness of Internal Control

The Committee confirms that the system of internal control applied by the Agency over financial and risk management is effective, efficient and transparent. In line with the PFMA and King IV, Internal Audit provides the Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by risk management processes, as well as the identification of corrective actions and suggested enhancements to controls and processes. From the various reports of the Internal Auditors and the Auditor-General South Africa, no matters were reported that indicate material deficiencies in the system of internal control or any deviations. Accordingly, the Committee can report that the system of internal control over financial and performance reporting as well as compliance with laws and regulations for the period under review, was efficient and effective.

The Committee is also satisfied with the content and the quality of quarterly reports prepared and issued by the management of the Agency during the year under review. The Committee is also satisfied with the progress recorded by the Accounting Authority in terms of its oversight responsibilities as well as addressing the reported weaknesses within human resources governance as well as the effectiveness and weaknesses of the cross-border law enforcement function under the existing SLA of principal/agency relationship.

Evaluation of Financial Statements

The Committee has:

- reviewed and discussed the audited financial statements with Management and the Chief Executive Officer (Acting) which was thereafter reported to the Accounting Authority;
- reviewed the Auditor-General South Africa's Management Report and management's responses thereto;
- reviewed the Agency's compliance with legal and regulatory provisions;
- reviewed the information on predetermined objectives to be included in the annual report; and
- reviewed the going concern assessment as reported to the Accounting Authority

Risk Management

The Committee has concluded that the Agency is at a Level 3 Maturity rating: Level 3 Maturity rating is defined as there being an indication that a common risk assessment/ response framework is in place which is based on ISO 31000, Agency `s wide view of risk is provided to executive management and there are adequate action plans implemented in response to high priority risks. The Committee is, therefore, satisfied with the effectiveness of the Agency's risk management process. With the support of The Institute of Risk Management South Africa, the Agency is in the process of developing its Risk appetite framework for ultimate approval by the Accounting Authority. The Committee is also satisfied with the content and the quality of the various COVID-19 related risk management reports prepared and issued by the management of the Agency during this reporting period.

Internal Audit

The Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks applicable to the Agency in its audits. The following internal audit work was completed during the year under review:

- Legislative compliance review;
- Stakeholder management and communications;
- Information technology review: system penetration testing;
- Strategic plan review;
- Review of the annual performance plan;
- Supply chain and contract management review;
- Financial discipline review;
- Regulatory / Permits review;
- Risk management and governance review;
- Performance information review; and
- Follow-up reviews of reported External and Internal audit findings.

The following were reported as areas of concern:

- Inaccuracies related to the debtors' balance and debtors ageing;
- Inconsistencies in the procurement plan;
- Control weaknesses surrounding the return of consignment notes, passenger lists and return of expired permits; and
- Certain information technology penetration weaknesses.

Auditor's Report

The Audit Committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues. The Committee has also reviewed the implementation plan for audit issues reported in the prior year and is satisfied that the matters have been adequately resolved.

The Committee concurs and accepts the conclusions of the Auditor-General South Africa on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General South Africa.

Mr PF Fourie

Chairperson: C-BRTA Audit and Risk Committee

Date: 30 September 2020

PART D Human Resource Management

1. Introduction

The Human Resources function is the engine of the Agency as it drives the organisational change and leadership development. In its quest to a culture of high performance, the Agency successfully hosted the 3rd Annual Performance Award in November 2019.

Priorities and impact thereof

The Human Resource Management priorities for the year under review included rolling out training interventions in response to the gaps identified during the skills audit exercise conducted in the previous year. The Agency continued to implement the Internship Program to give graduates an opportunity to gain work experience and a bursary program for employees was also implemented for the year under review. The implemented interventions enabled the Agency to maintain a high level of performance and achievement of operational targets and mandate.

Workforce planning framework and key strategies

With the limited financial resources, few critical positions such as that of the Chief Financial Officer and Manager: Revenue were prioritised for filling during the financial year and the recruitment process was initiated before the end of the financial year. Where critical positions could not be filled within a short period, acting appointments were made to ensure that the key objectives are not compromised.

Employee performance management framework

The Agency implemented an Automated Performance Management System that was used for the first time for performance contracting of the 2019/20 Financial Year as well as Mid-Year Performance Reviews. The implementation of this automated performance management system is a great achievement and improves record keeping of portfolio of evidence in a cost-effective manner.

Employee wellness programmes

Employee wellness programs play a significant role in ensuring that health risks of employees and their personal life challenges that could impact on their capacity to function optimally are attended to by professionals. The Agency has appointed a service provider with various professionals to attend to the employees' needs as and when required. In its drive to promote employee wellness, the Agency organised the following awareness programmes:

- Motivational talk on Women's Day,
- Health Wellness Day in December where in health risk assessments were conducted for employees.

Policy development

The Human Resource division continued to monitor the implementation of the various Human Resource Policies and where gaps were identified, the policies were reviewed. For the 2019/20 Financial Year, the review of the Leave Policy and Cellphone Allowance Policy were finalised.

Highlight achievements

The Agency prides itself for prioritising the development of its human capital. A total of a hundred and thirty (130) employees were put through training during the reporting period and bursaries were awarded to employees who met the set criteria for further studies. A rigorous organisational and individual performance assessment for the 2018/19 Financial Year was conducted and finalised resulting in payment of performance incentives for deserving employees.

Challenges faced by the Agency

The Agency is not operating on an optimum organisational structure due to limited funding and the limited human resources are over-stretched to ensure that the organisational goals are met. The Agency has a vacancy rate of 38%, meaning that it is operating with a 62% staff complement.

Future HR Plans

The Agency is geared to enhance its organisational culture wherein its entire workforce adheres to set values and practices that promote integrity and ethical behaviour while maintaining high-performance levels. The Agency further aspires to be counted amongst the best organisations to work for through the implementation of a clearly defined employee value proposition.

2. Human Resource Oversight Statistics

Table 24: Personnel Cost by Programme

PROGRAMME	TOTAL EXPENDITURE PER PROGRAMME (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF EXP. (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Administration	121 223	74 629	61.56%	72	1037
Profiling	20 272	18 295	90.25%	34	538
Regulatory Services	57 249	10 965	19.15%	24	457
Stakeholder Management	14 289	12 020	84.12%	13	925
Research and Development	14 469	12 352	85.37%	10	1 235
Total	227 502	128 261	56.38%	153	838

Table 25: Personnel Cost by Salary Band

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	17 574	13.70%	5	3514,80
Senior Management	26 763	20.63%	18	1486,80
Professional qualified	34 840	27.16%	33	1 055,80
Skilled	31 346	24.44%	55	569,93
Semi-skilled	16 570	12.92%	36	460,28
Unskilled	1 168	0.90%	6	194,67
Total	128 261	100%	153	838,31

Table 26: Performance Rewards

PROGRAMME	PERFORMANCE REWARDS R'000	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST PER PROGRAMME (R'000)
Administration	3 553	74 629	4.76%
Regulatory Services	1 334	18 295	7.29%
Profiling	634	10 965	5.78%
Stakeholder Management	531	12 020	4.42%
Research and Advisory Services	776	12 352	6.28%
Total	6 828	128 261	5.32%

Table 27: Training Costs Programme

DIRECTORATE/BUSINESS UNIT	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE (R'000)
Administration	74 629	1 217	1.63%	67	18
Regulatory Services	18 295	78	0.43%	25	3
Profiling	10 965	186	1.70%	16	12
Stakeholder Management	12 020	129	1.07%	13	10
Research and Development	12 352	210	1.70%	9	23
Total	128 261	1 820	1.42%	130	14

Table 28: Statistics Per Programme

PROGRAMME	2018/2019 NO. OF EMPLOYEES	APPROVED POSTS	2019/2020 NO. OF EMPLOYEES	2019/2020 VACANCIES	% OF VACANCIES
Administration	79	121	72	49	40.49%
Regulatory Services	34	48	34	14	29.17%
Profiling	24	40	24	16	40%
Stakeholder Relations	11	18	13	5	27.78%
Research and Development	10	21	10	11	52.38%
Total	158	248	153	95	38.31%

Table 29: Statistics Per Level

LEVEL	2018/2019 NO. OF EMPLOYEES	2019/2020 APPROVED POSTS	2019/2020 NO. OF EMPLOYEES	2019/2020 VACANCIES	% OF VACANCIES
Top Management	9	10	5	5	50%
Senior Management	18	20	18	2	10%
Professional qualified	35	59	33	26	44.07%
Skilled	56	107	55	52	48.60%
Semi-skilled	34	46	36	10	21.73%
Unskilled	6	6	6	0	0
Total	158	248	153	95	38.31%

The vacancy rate for all positions from senior manager and below is as the result of limited funding and implementation of cost containment measures resulting in a situation where only prioritised positions are filled. The vacancy rate at the level of top management was due to leadership instability experienced during the financial year. Acting appointments were made at the level of top management to ensure that service delivery is not negatively affected.

Employment changes

Table 30: Employment Changes

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	9	0	4	5
Senior Management	18	0	0	18
Professional qualified	35	1	3	33
Skilled	56	0	1	55
Semi-skilled	34	3	1	36
Unskilled	6	0	0	6
Total	158	4	9	153

Reasons for staff leaving

Table 31: Reasons for Staff Leaving

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	1	11.11%
Resignation	6	66.67%
Dismissal	1	11.11%
Retirement	1	11.11%
Ill-health	0	0
Total	9	

Of the six (6) employees who resigned, four (4) received better offers aligned to their career advancement and would therefore not accept counter offers, while two (2) employees were under-going disciplinary hearings due to alleged misconduct. The seven (7) employees whose contracts expired were interns and were temporarily appointed against filled positions. Where vacant positions were prioritised for filling, the process of filling the vacancy was initiated.

Labour Relations

Table 32: Labour Relation Statistics

REASON	NUMBER
Verbal Warning	0
Written Warning	2
Final Written warning	2
Dismissal	1

Table 33: Equity Target and Employment Equity Status (Male)

	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
LEVELS	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	4	0	0	0	0	0	0	0
Senior Management	8	0	0	0	0	0	2	0
Professional qualified	14	4	1	0	1	0	1	0
Skilled	14	3	0	0	1	0	0	0
Semi-skilled	9	0	1	0	0	0	0	0
Unskilled	2	0		0		0	0	0
Total	51	7	2	0	2	0	3	0

Table 34: Equity Target and Employment Equity Status (Female)

	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
LEVELS	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	1	0	0	0	0	0	0	0
Senior Management	6	0	0	0	2	0	0	0
Professional qualified	13	8	1	0	0	0	2	0
Skilled	36	5	2	0	1	0	1	0
Semi-skilled	21	0	2	0	0	0	3	0
Unskilled	4	0	0	0	0	0	0	0
Total	81	13	5	0	3	0	6	0

Table 35: People Leaving with Disabilities

LEVELS	DISABLED STAFF			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
Total	0	0	0	0

Explanations: The variance between the target and current is due to most of the positions that were targeted during the development of the EE Plan not being filled because of reprioritisation of positions because of limited funding.

PART E Financial Information

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Abbreviations

C-BRTA	Cross-Border Road Transport Agency (the Agency)
RTMC	Road Traffic Management Corporation
FNB	First National Bank (South Africa)
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act (Number 1 of 1999)
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
TR	Treasury Regulations (of the PFMA)
IPSAS	International Public Sector Accounting Standards
AGSA	Auditor-General South Africa
AFS	Annual Financial Statements
ARC	Audit and Risk Committee (of the board)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
SARS	South African Revenue Services

Accounting Authority's responsibilities and Approval

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. Auditor General South Africa is engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, it sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Agency and all employees are required to maintain the highest ethical standards in ensuring the Agency's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Agency is on identifying, assessing, managing and monitoring all known forms of risk across the Agency. While operating risk cannot be fully eliminated, the Agency endeavours to minimise it by ensuring that appropriate controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficiencies.

During the first quarter of the year 2020, the country and the world at large experienced a COVID 19 pandemic, which has resulted in the President of the Republic declaring the national lockdown in response to the pandemic. The lockdown has resulted in the C-BRTA not being able to operate in full capacity during April 2020. As the lockdown continues, albeit at a reduced scale, the business of the C-BRTA, which is primarily funded from the permit fee tariffs charged to cross-border transport operators, has been affected. Consequently, the permit fee collection has declined. However, Accounting authority has reviewed cost containment measures proposed by managament and is satisfied thet they are adequate to mitigate against the loss of revenue. The Accounting Authority has also reviewed the Agency's cash flow forecast for the year to 31 March 2021 and, considering this review and the current financial position, it is satisfied that the Agency has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the Agency is a going concern.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the Auditor-General South Africa and their report is presented on page 69.

The annual financial statements set out on page 72 to 113, as examined by the Auditor-General South Africa which have been prepared on the going concern basis, approved by the Accounting Authority on 30 July 2020 and were signed on its behalf by:

Mr M Ramathe	**Mr L Mboyi**
Chairperson of the Board	Chief Executive Officer (Acting)
Pretoria	30 September 2020

Report of the Auditor-General to Parliament on Cross-Border Road Transport Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Cross Border Road Transport Agency set out on pages 72 to 113, which comprise the statement of financial position as at 31 March 2020, 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 to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cross Border Road Transport Agency as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act (PFMA) of South Africa, 1999 (Act no. 1 of 1999).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 30 of the financial statements, which indicates how the Covid-19 pandemic has affected the public entity to date, and results in certain material uncertainties related to the future financial position, performance and cash flows of the public entity. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. The main sources of revenue of the entity is application fees, permit fees and penalty income generated from the cross border road transport industry. The pandemic has caused a significant reduction of cross border activity hence an impact on the revenue of the entity. Management has described in the note the steps that they plan to take to mitigate against the impact of the pandemic on the revenue of the entity.

Emphasis of matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Subsequent event

9. I draw attention to the note 31 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on the public entity's performance and cash flows. Management has also described how they plan to deal with these events and circumstances.

Responsibilities of the Accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. 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 on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2020:

Programmes	Pages in the annual performance report
Programme 2 – Regulatory Services	30 – 33

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
    - Programme 2 – Regulatory Services

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. Refer to the annual performance report on pages 21 to 44 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Report on the audit of compliance with legislation

Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
22. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

23. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the foreword by the Chairperson of the Board, the acting CEO's overview, the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Other reports

28. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
29. At the date of this report an investigation is still being carried out by the Accounting Authority relating to alleged conduct of the substantive Chief Executive Officer. The impact, if any, on the financial statements of Cross Border Road Transport Agency can only be determined once the investigation has been concluded.

Auditor-General

Pretoria

30 September 2020

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's re port, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of Cross Border Road Transport Agency to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Statement of Financial Position as at 31 March 2020

	NOTE(S)	2020 R	2019 R
Assets			
Current Assets			
Receivables from exchange transactions	6	2,479,366	1,956,522
Receivables from non-exchange transactions	7	3,981,164	5,064,326
Cash and cash equivalents	8	99,803,709	78,144,571
		106,264,239	**85,165,419**
Non-Current Assets			
Property, plant and equipment	3	9,276,344	7,759,035
Intangible assets	4	9,837,735	1,237,382
		19,114,079	**8,996,417**
Total assets		**125,378,318**	**94,161,836**
Liabilities			
Current liabilities			
Other financial liabilities	20	-	804,134
Payables from exchange transactions	10	15,910,868	11,974,635
Payables from non-exchange transactions	11	7,280,662	6,666,035
Provisions	9	7,602,097	7,879,239
		30,793,627	**27,324,043**
Non-current liabilities			
Employee benefit obligation	5	3,803,000	3,768,000
Total Liabilities		**34,596,627**	**31,092,043**
Net Assets		**90,781,691**	**63,069,793**
Accumulated surplus		90,781,691	63,069,793

Statement of Financial Performance

	NOTE(S)	2020 R	2019 R
Revenue from non-exchange transactions	12	252,766,654	399,163,163
Other income	13	447,729	644,634
General expenses	18	(78,177,261)	(77,625,090)
Employee costs	15	(131,926,271)	(126,314,489)
Depreciation and amortisation	21	(3,470,216)	(3,399,621)
Assets written off and impaired	21	(442,100)	(259,184)
Operating lease rental	21&20	(11,403,447)	(11,002,525)
Increase in provision for impairment of receivables	17	(5,734,270)	(5,099,705)
Operating surplus	21	**22,060,818**	**176,107,183**
Interest received	14	6,017,080	5,230,054
Finance costs	16	(366,000)	(347,000)
Surplus for the year		**27,711,898**	**180,990,237**

Statement of Changes in Net Assets

	ACCUMULATED SURPLUS R	TOTAL NET ASSETS R
Balance at 01 April 2018	**(117,920,444)**	**(117,920,444)**
Surplus for the year	180,990,237	180,990,237
	180,990,237	180,990,237
Balance at 01 April 2019	**63,069,793**	**63,069,793**
Surplus for the year	27,711,898	27,711,898
Balance at 31 March 2020	**90,781,691**	**90,781,691**

Cash Flow Statement

	NOTE(S)	2020 R	2019 R
Cash flows from operating activities			
Receipts			
Sale of goods and services		253,774,701	237,549,170
Payments			
Employee costs		(132,127,813)	(124,676,280)
Suppliers		(91,974,813)	(98,290,915)
Permit refunds		-	(1,305,367)
		224,102,664	(224,272,562)
Net cash flows from operating activities	22	**29,672,037**	**13,276,608**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(4,897,965)	(3,397,090)
Purchase of other intangible assets	4	(9,132,014)	(454,648)
Interest Income		6,017,080	5,230,054
Net cash flows from investing activities		**(8,012,899)**	**1,378,316**
Net increase/(decrease) in cash and cash equivalents		**21,659,138**	**14,654,924**
Cash and cash equivalents at the beginning of the year		78,144,571	63,489,647
Cash and cash equivalents at the end of the year	8	**99,803,709**	**78,144,571**

Statement of Comparison of Budget and Actual Amounts

BUDGET ON ACCRUAL BASIS	APPROVED BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL AMOUNTS ON COMPARABLE BASIS R	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL R	REFERENCE
Statement of Financial Performance						
Revenue						
Revenue from non-exchange transactions						
Permit revenue	203,193,676	-	**203,193,676**	204,352,108	**1,158,432**	(a)
Other income	675,315	-	**675,315**	447,729	**(227,586)**	(b)
Interest received - investment	5,723,130	-	**5,723,130**	6,017,080	**293,950**	(c)
Total permit revenue and interest	**209,592,121**	**-**	**209,592,121**	**210,816,917**	**1,224,796**	
Penalty income						
Fines	39,596,000	**-**	**39,596,000**	48,414,546	**8,818,546**	(d)
Total revenue	**249,188,121**	**-**	**249,188,121**	**259,231,463**	**10,043,342**	
Expenditure						
Employee costs	(144,701,464)	-	**(144,701,464)**	(131,926,271)	**12,775,193**	(e)
Operating costs	(57,753,103)	-	**(57,753,103)**	(51,535,059)	**6,218,044**	(f)
Depreciation and amortisation	(3,667,482)	-	**(3,667,482)**	(3,470,216)	**197,266**	
Finance costs and interest expense	-	-	**-**	(366,000)	**(366,000)**	
Administration fee - RTMC	(39,596,000)	**-**	**(39,596,000)**	(43,779,919)	**(4,183,919)**	(g)
Total expenditure	**(245,718,049)**	**-**	**(245,718,049)**	**(231,077,465)**	**14,640,584**	
Operating surplus	3,470,072	-	3,470,072	**28,153,998**	**24,683,926**	
Assets written-off and impaired	-	-	-	(442,100)	**(442,100)**	
Surplus before taxation	**3,470,072**	**-**	**3,470,072**	**27,711,898**	**24,241,826**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**3,470,072**	**-**	**3,470,072**	**27,711,898**	**24,241,826**	

Explanation of variances

(a) Permit revenue

Permit revenue was more than budget during the year due to slight increase in number of permits issued.

(b) Other income

Other income was less than budget for the year. This was due to fewer insurance claims of computer equipment than previously experienced. The budget assumptions were based on previous experience.

(c) Interest received on investments

Interest income was 21% more than budgeted, which was due to more surplus cash reserves being invested in call and fixed deposits during the financial year.

(d) Fines

Fines income was more than budget at year-end. This was mainly due to an increased number of inspections conducted during the year than anticipated.

(e) Employee costs

Employee costs were less than budget due to vacant positions, with most positions not filled due to cost containment measures implemented. Only critical positions were filled during the financial year.

(f) Operating costs

Operating costs were less than budget at year-end. This was due to cost containment measures having been implemented.

(g) Administration fee - RTMC

Administration fee was more than budgeted for. This was mainly due to more inspections conducted during the financial year than had been anticipated.

Accounting Policies

1. Basis of preparation and presentation of the annual financial statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

Recognition of Penalty Income

Permit income is recognised with reference to the process of issuing permits. In line with GRAP 23, permit revenue is treated as revenue from non-exchange transactions.

Recognition of Penalty Income

The recognition of penalty income is based on all information available to management at the reporting date. In line with GRAP 23, it is treated as revenue from non-exchange transactions.

Defined benefit obligations

The value of benefit obligations is determined by actuaries and it is based on the market conditions as well as assumptions at the reporting date.

Fair value

The value for which an asset could be exchanged or a liability settled in a market-related transaction.

Use of estimates and judgements

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made judgements as outlined in note 1.4.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonable be expected to be influenced in making and evaluating decisions.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Agency.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the Agency will continue to operate as a going concern for at least the next 12 months. Management is not aware of material uncertainties related to events or conditions that may cast significant doubt upon the organisation's ability to continue as a going concern. Assessment was conducted on the impact of COVID 19 on the going concern and based on the assessment conducted, the management is satisfied that the Agency has or has access to adequate resources to continue in operational existence for the foreseeable future.

1.3 Comparatives

Prior year

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors which relate to prior periods have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Budget comparatives

Budget information in accordance with GRAP 1 and 24 has been provided in a separate disclosure note to these annual financial statements.

1.4 Significant judgements 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 judgement 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 judgements include:

Trade receivables and other receivables

The Agency assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

The measurement of receivables is derived after consideration of the allowances for doubtful debts. Amounts receivable outstanding for more than 12 months are deemed to be impaired and a provision is made accordingly.

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The Agency uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Agency for similar financial instruments.

Accounting Policies (cont.)

Impairment testing

The Agency reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

A provision is recognised when the Agency has a legal or constructive obligation arising from a past event that will probably be settled, and a reliable estimate of the amount can be made. Long-term provisions are determined by discounting the expected future cash flows to their present value. The increase in discounted long-term provisions as a result of the passage of time is recognised as a finance expense in the statement of financial performance. Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

Post retirement benefits

The present value of the post retirement obligation depends on factors that are determined on an actuarial basis using assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The Agency determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the medical aid obligations. In determining the appropriate discount rate, the Agency considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related post-employment medical aid liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 5.

Effective interest rate

The Agency used the average interest rate of 6.75% to discount future cash flows. The rate was influenced by the prevailing current prime rates as well as the yield of the government bonds during the year.

Allowance for doubtful debts

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

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 Agency; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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, the 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). 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 because 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.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment is 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.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 - 12 years
Motor vehicles	Straight line	4 - 7 years
Office equipment	Straight line	5 - 12 years
IT equipment	Straight line	3 - 9 years
Leasehold improvements	Straight line	lease period
Signage	Straight line	10 - 15 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Agency. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The Agency assesses at each reporting date whether there is any indication that the Agency expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Agency revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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.

Accounting Policies (cont.)

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 identifiable if:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Agency or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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 Agency; and
- the cost or fair value of the asset can be measured reliably.

The Agency 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.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.
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.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	1 - 12 years

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

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 the initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectible.

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.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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.

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.

Accounting Policies (cont.)

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.

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.

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.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The Agency 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
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Employee related receivables	Financial asset measured at fair value
Cash and cash equivalents	Financial asset measured at amortised cost

The Agency 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
Operating lease liability	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost
Retirement benefit obligation	Financial liability measured at amortised cost

Initial recognition

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

The Agency recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Agency establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an Agency calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The Agency does not reclassify a financial instrument while it is issued or held unless it is:

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

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the Agency reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

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.

Impairment and uncollectibility of financial assets

The Agency 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 a financial asset 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 with an allowance account. The amount of the loss is recognised in surplus or deficit.

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.

Accounting Policies (cont.)

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 Agency derecognises financial assets using trade date accounting.

The Agency derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the Agency transfers to another party substantially all the risks and rewards of ownership of the financial asset; or
- the Agency, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Agency:
    - derecognise the asset; and
    - recognise separately any rights and obligations created or retained in the transfer.

If, because of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the Agency recognise the new financial asset, financial liability or servicing liability at fair value.

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 Agency 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 Agency by way of a non-exchange transaction is 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.

Dividends or similar distributions 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 Agency 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.

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

Receivables from non exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in Surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 12 months overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced using an allowance account, and the amount of the deficit is recognised in Surplus
or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The Agency is exempted from Corporate Tax obligations in line with section 10 (1)(A)(i) of the Income Tax, 1962 (Act number 58 of 1962).

1.9 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.

When a lease includes both land and buildings elements, the Agency assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, 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.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Accounting Policies (cont.)

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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.

1.10 Inventories

The Agency keeps no material inventories. The items of stationery and computer consumables are expensed immediately once purchased.

1.11 Segment information

The Agency is organised and reports based on the basis of five programmes namely: Administration, Regulatory services, Profiling services, Stakeholder management as well as Research and Advisory services. These programmes are treated as cost centres for the purposes of cost control and resource allocation, the existing set up and operations do not warrant segmental reporting.

1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.
Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

- the period over which an asset is expected to be used by the Agency; or
- the number of production or similar units expected to be obtained from the asset by the Agency.

Identification

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

The Agency 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 Agency estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the Agency recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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.

Reversal of an impairment loss

The Agency assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non- cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Agency estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, 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.

1.13 Employee benefits

Short-term employee benefits

Employee benefits are all forms of consideration given by the Agency in exchange for service rendered by employees. A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting Agency, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting Agency's own creditors (even in liquidation) and cannot be paid to the reporting Agency, unless either:

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the Agency to reimburse it for employee benefits already paid.

Accounting Policies (cont.)

Termination benefits are employee benefits payable as a result of either:

- the Agency's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The Agency measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Agency recognises the expected cost of bonus, incentive and performance related payments when the Agency has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment. Post-employment benefit plans are formal or informal arrangements under which the Agency provides post-employment benefits for one or more employees.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Agency pays fixed contributions into a separate Agency (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the Agency during a reporting period, the Agency recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the Agency recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Agency's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.
Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested and are otherwise amortised on a straight- line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the Agency is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The Agency provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

1.14 Provisions and contingencies

Provisions are recognised when:

- the Agency has a present obligation because of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential 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 present obligation at the reporting date.

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

Accounting Policies (cont.)

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 or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).
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.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

No obligation arises as a consequence of the sale or transfer of an operation until the Agency is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

1.15 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Agency has transferred to the purchaser the significant risks and rewards of ownership of the goods;

- the Agency retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Agency; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest received

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Agency, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.17 Revenue from non-exchange transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the Agency can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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.

Permit issue fees

Revenue is recognised on the issuing of permits and measured based on regulated tariffs in accordance with the Cross-Border Road Transport Agency Act (Act No. 4 of 1998). Permit fees are treated as revenue from non-exchange transactions in line with GRAP 23.

Application fees

Application fees are non-refundable and recognised on receipt of amounts.

Penalty revenue

Penalties are economic benefits received by entities / agencies as determined by a court or other law enforcement body because of the breach of laws or regulations. Revenue from penalty income is recognised when notices are issued. Assets arising from issued fines are measured at the best estimate of the inflow of resources to the Agency. Where fines imposed are subjected to a further judicial collection process, the Agency allocates the probability of fine amounts being written off or reduced by courts based on prior year trends as contemplated in IGRAP1. Consequently, the Agency allocate the following to test the probability of penalty revenue in estimating the amount to be regcognised:

- Court reductions - when amount of fine is reduced by courts;
- Court withdrawals - where fines are withdrawn; and
- Struck off the roll - where matters are struck off the roll by the courts.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Agency satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Agency.

When, as a result of a non-exchange transaction, the Agency recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised, it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs, or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the Agency and the fair value of the assets can be measured reliably.

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

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

1.20 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.

1.21 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 (PFMA); 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 must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required except for updating the note to the financial statements.

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

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 must be 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 must be 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 must thereafter be 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 must also be updated accordingly.

If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.22 Research and development expenditure

Expenditure on research is recognised as an expense when it is incurred.

An asset arising from development 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.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

1.23 Budget information

The Agency is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the Agency shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives. The approved budget covers the fiscal period from 01 April 2019 to 31 March 2020.
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.

1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

The Agency 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 Agency, including those charged with the governance of the Agency in accordance with legislation, in instances where they are required to perform such functions.

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

Transactions with related parties are disclosed.

1.25 Events after the 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).

Accounting Policies (cont.)

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.

Monetary and non-monetary transactions with a significant impact to the performance, position or functioning of the Agency after the reporting date are brought to the attention of users of financial statements.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IGRAP 108 - Statutory receivables

The effect of the adoption has resulted in additional disclosure of statutory receivables as detailed in note 7.

2.2 Standards and Interpretations early adopted

The Agency has not adopted any standard of GRAP or intepretations in the current year that are not yet effective.

2.3 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 2020 or later periods:

IGRAP 1 Applying the probability test on initial recognition revenue (amendments).

This Interpretation provide guidance on how an entity applies the probability test on the initial recognition of revenue from exchange or non-exchange transactions.

The new amendments to the Interpretation will not impact on how the Agency applies IGRAP1 as the emendments merely provides additional clarity on the definitions and application of IGRAP1.

The entity expect to adopt the emendments to Intepretation from 01 April 2020.

There is no effect on the annual financial statements for the year ended 31 March 2020.

IGRAP 20 Accounting for adjustments to revenue.
This Intepretation clarifies the accounting for adjustments to a) exchange and non-exchange revenue charged in terms of legislation or similar means, as a result of completion of completion of a review, appeal or objection process. The adoption of the intepretation may result in the adjustment to revenue being treated as error as contemplated in GRAP 3, instead of being treated solely as change in estimates.

The entity expect s to adopt the Intepretation from 01 April 2020. The initial impact of the adoption is not known at this stage. There is no effect on the annual financial stataements for the year ended 31 March 2020.

3. Property, plant and equipment

	2020			2019		
	COST/ VALUATION R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST/ VALUATION R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Furniture and fixtures	3,523,132	(2,553,802)	969,330	3,539,381	(2,259,595)	1,279,786
Office equipment	2,727,733	(2,223,465)	504,268	3,239,575	(2,667,994)	571,581
Computer equipment	11,898,694	(7,401,715)	4,496,979	11,898,667	(6,370,943)	5,527,724
Leasehold improvements	10,154,700	(6,964,725)	3,189,975	6,964,720	(6,716,118)	248,602
Motor Vehicles	479,846	(476,234)	3,612	479,846	(469,013)	10,833
Signage	153,933	(41,753)	112,180	153,933	(33,424)	120,509
Total	**28,938,038**	**(19,661,694)**	**9,276,344**	**26,276,122**	**(18,517,087)**	**7,759,035**

Reconciliation of property, plant and equipment - 2020

	OPENING BALANCE R	ADDITIONS R	WRITTEN OFF R	DEPRECIATION R	IMPAIRMENT LOSS R	TOTAL R
Furniture and fixtures	1,279,786	9,774	-	(310,128)	(10,102)	969,330
Office equipment	571,581	183,012	-	(193,436)	(56,888)	504,269
Computer equipment	5,527,724	1,515,204	(85,322)	(2,170,838)	(289,789)	4,496,979
Leasehold improvements	248,602	3,189,975	-	(248,602)	-	3,189,975
Motor Vehicles	10,833	-	-	(7,222)	-	3,611
Signage	120,509	-	-	(8,329)	-	112,180
	7,759,035	**4,897,965**	**(85,322)**	**(2,938,555)**	**(356,779)**	**9,276,344**

Reconciliation of property, plant and equipment - 2019

	OPENING BALANCE R	ADDITIONS R	WRITTEN OFF R	DEPRECIATION R	IMPAIRMENT LOSS R	TOTAL R
Furniture and fixtures	1,624,631	-	-	(317,567)	(27,278)	1,279,786
Office equipment	820,044	233,373	-	(471,137)	(10,699)	571,581
Computer equipment	4,875,074	2,822,016	(178,146)	(1,948,159)	(43,061)	5,527,724
Leasehold improvements	92,692	243,843	-	(87,933)	-	248,602
Motor Vehicles	47,713	-	-	(36,880)	-	10,833
Signage	28,929	97,858	-	(6,278)	-	120,509
	7,489,083	**3,397,090**	**(178,146)**	**(2,867,954)**	**(81,038)**	**7,759,035**

Notes to the Annual Financial Statements (cont.)

4. Intangible assets

	2020			2019		
	COST/ VALUATION R	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST/ VALUATION R	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Computer software	**14,952,617**	**(5,114,882)**	**9,837,735**	**5,820,603**	**(4,583,221)**	**1,237,382**

Reconciliation of intangible assets - 2020

	OPENING BALANCE R	ADDITIONS R	AMORTISATION R	TOTAL R
Computer software	1,237,383	9,132,014	(531,662)	9,837,735

Reconciliation of intangible assets - 2019

	OPENING BALANCE R	ADDITIONS R	AMORTISATION R	TOTAL R
Computer software	1,314,402	454,648	(531,667)	1,237,383

5. Employee benefit obligations

Defined benefit plan

The Agency has in place a post-employment medical benefit plan to which 13 members (2019: 15 members) belong. It is made up of members of the Government Employee Medical Scheme as well as Medihelp. The most recent actuarial valuations of the post medical benefit obligation were carried out on 31 March 2020 by Mr. N. Fourie, a fellow of the Actuarial Society of South Africa. The present value of the post medical aid obligation, and the related current service costs, were measured using the projected unit credit method.

Post retirement medical aid plan

The plan and liability is with respect to members transferred to RTMC as well as existing continuing members who are no longer in the employ of the Agency who qualify for continuation health care costs. The employees received a fixed subsidy of R1,406 per month for unmarried members and R2,812 for married members towards their medical aid subscriptions, regardless of number of children or the medical aid the member belongs to. The subsidy amount will only increase when the government increases the capped amount. Medical inflation is expected to exceed general inflation by 1% per annum in the long term. The liability as calculated by the actuaries is an estimate of the cost of these subsidies, based on assumptions regarding the future experience, and does not influence the actual cost of the subsidies. The actual cost will be determined by the actual experience in the future.

The amounts recognised in the statement of financial position are as follows:

	2020 R	2019 R
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(3,803,000)	(3,768,000)

The valuation results show a liability in respect of accrued service equal to R3,803,000 (2019: R3,768,000). Total interest cost and service costs for the period from 1 April 2019 to 31 March 2020 were R366,000 and R24,000 respectively. The liability is a long-term estimation of amounts due from the Agency towards its obligation (subsidy) to the affected members. There are no plan assets to meet the obligation. The contribution by the employer towards the 13 employees is limited to R2,812 per retired employee per month.

	2020 R	2019 R
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	(3,768,000)	(3,860,000)
Benefits paid	231,187	226,054
Net expense recognised in the statement of financial performance	(266,187)	(134,054)
	(3,803,000)	**(3,768,000)**
Net expense recognised in the statement of financial performance		
Current service cost	(24,000)	(27,000)
Interest cost	(366,000)	(347,000)
Actuarial (gains) losses	123,813	239,946
	(266,187)	**(134,054)**
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	Yield curve	Yield Curve
Medical cost trend rates	CPI + 1%	CPI + 1%

A nominal and real zero curve as at 31 March 2020 supplied by the JSE was used to determine a discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, the prevailing yield at the time of performing our calculations is used.

The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. These increases are considered not to be sustainable and have assumed that medical aid contribution increases would outstrip general inflation by 1% per annum over the foreseeable future.

The Consumer price index (CPI) used is assumed to be the difference between nominal and yield curves.

Defined contribution plan

It is the policy of the Agency to provide retirement benefits to all its permanent employees. A defined contribution provident fund, and a pension fund, all of which are subject to the Pensions Fund Act, 1956 (Act No. 24 of 1956) exist for this purpose. The Agency is under no obligation to cover any unfunded benefits.

6. Receivables from exchange transactions

	2020 R	2019 R
Deposits and prepayments	1,560,852	1,553,210
Receivable from related party (Note 26)	918,514	403,312
	2,479,366	**1,956,522**

Deposits are amounts paid as surety to service providers as well as prepayments and deferred expenditure for services still to be received such as licence fees paid in advance. An analysis of these financial assets has been performed individually to assess any levels of impairment. The services from the service providers are ongoing. The Agency holds no collateral on the financial assets.

Notes to the Annual Financial Statements (cont.)

7. Receivables from non-exchange transactions

	2020 R	2019 R
Statutory receivables	3,753,924	4,853,567
Other receivables	201,384	58,363
Staff debtors	25,856	152,396
	3,981,164	**5,064,326**

Statutory receivables included in receivables from non-exchange transactions above are as follows:

	2020 R	2019 R
Fines	3,753,924	4,853,567
Total receivables from non-exchange transactions	**3,981,164**	**5,064,326**

Statutory receivables general information

Transaction(s) arising from statute

Section 18 (1) (b) of the Cross-Border Road Transport Act, 4 of 1998 ("the Act"), requires the Agency to finance its operating and capital costs from, among others, money collected from the imposition of fines in terms of the said Act. In implementing its law enforcement function, section 40 of the Act requires the national road transport inspectors impose a fine to operators who contravene the provisions of the C-BRTA Act. Consequently, statutory receivables arises when the entity issues a fine. Thus, statutory receivables consist of fines issued but not yet paid by the cross-border road transport operators.

Determination of transaction amount

In terms of section 43 of the C-BRT Act, the amount of fine imposed in respect of a case tried with regard to an offence contemplated in the Act is determined by a magistrate's court within jurisdiction where the offence was committed. There is no standard fee for fines imposed. All fines are determined by magistrates based on the impact and circumstances of each jurisdiction.

Interest or other charges levied/charged

Interest is not charged on outstanding fines.

Basis used to assess and test whether a statutory receivable is impaired

At each year-end, the entity assesses the appropriateness of carrying amount of statutory receivables. As a result, assessment is made as to any indication that a statutory receivable, or a group of statutory receivables, may be impaired. In doing so, the following indicators are considered:

(a) All operators that have been placed under or applied for liquidation or sequestration;
(b) Where the operators have ceased operating;
(c) All accounts indicated as in-active accounts on the system;
(d) Accounts handed over to debt collectors and/or power of attorney;
(e) When a formal arrangement is made on arrears debt;
(f) Where receivables are past due payment date and there are delays in payment; and
(g) Where receivables have been outstanding for over twelve months.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, an entity shall measure the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, shall be reduced, either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, an entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

Discount rate applied to the estimated future cash flows

The Agency applied a discount rate of 6.75% to to the estimated future cash flows. This discount was determined with reference to the yield of the R208 South African government bond as at the reporting date.

Other receivables from non-exchange transactions

Other receivables are amounts due from staff in respect of petty cash transactions.

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. None of the financial assets that are fully performing have been renegotiated during the year.

Receivables from non-exchange transactions impaired

As of 31 March 2020, an additional trade and receivables from non-exchange transactions of R 5,734,270 (2019: R 5,099,705) were impaired and provided for. The overall provision balance was therefore increased from R10, 630,421 to R16,364,691 for the year under review. The impaired debtors were outstanding for more than 12 months. These outstanding debtors consist mainly of the pending notices on infringements that have either not gone through the courts or which have gone through the courts but not yet paid by the operators. The creation and release of provision for impaired receivables have been included in operating expenses. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Agency does not hold any collateral as security.

Reconciliation of provision for impairment of receivables from non-exchange transactions

	2020 R	2019 R
Opening balance	10,630,421	5,530,716
Provision for impairment	5,734,270	5,099,705
	16,364,691	**10,630,421**

The creation and release of provision for impaired receivables have been included in operating expenses. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Agency does not hold any collateral as security.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2020 R	2019 R
Cash on hand	5,773	3,271
Bank balances	4,024,504	4,401,174
Short-term deposits	95,773,432	73,740,126
	99,803,709	**78,144,571**

Notes to the Annual Financial Statements (cont.)

9. Provisions

Reconciliation of provisions - 2020

	OPENING BALANCE R	ADDITIONS R	UTILISED DURING THE YEAR R	REVERSED DURING THE YEAR R	TOTAL R
Provision for staff performance bonuses	7,838,639	7,051,637	(6,827,075)	(461,104)	7,602,097
Provisions refundable fines	40,600	-	-	(40,600)	-
	7,879,239	7,051,637	6,827,015	501,704	7,602,097

Reconciliation of provisions - 2019

	OPENING BALANCE R	ADDITIONS R	UTILISED DURING THE YEAR R	REVERSED DURING THE YEAR R	TOTAL R
Provision for permit fees claimable	164,021,935	-	(1,305,367)	(162,716,568)	-
Provision for staff performance bonuses	6,108,431	6,723,341	(4,993,133)	-	7,838,639
Provisions for refundable fines	170,100	-	-	(129,500)	40,600
	170,300,466	6,723,341	(6,298,500)	(162,846,068)	7,879,239

Provision for staff performance bonuses

The staff performance bonus provision was provided at a maximum of 6% (2019: 6%) of gross remuneration for the year ended March 2020. Performance bonus is payable to qualifying employees.

Provisions for refundable fines

Provisions for refundable fines relates to provision for liability in respect of penalty income raised in prior periods which is refundable to operators.

10. Payables from exchange transactions

	2020 R	2019 R
Trade payables	2,313,189	4,731,748
Accrued leave pay	5,403,827	4,758,991
Accrued bonus	907,865	777,905
Workman's compensation accrual	513,960	829,256
Other accrued expenses	6,772,027	876,735
	15,910,868	**11,974,635**

11. Payables (non-exchange transactions)

	2020 R	2019 R
Permit and penalty fees refundable	**7,280,662**	**6,666,035**

Payables relate to payments received in advance from operators.

12. Revenue from non-exchange transactions

	2020 R	2019 R
Permit issue fees	162,495,498	154,805,849
Permit application fees	41,856,610	39,996,021
Revenue from prescription of claims	-	162,716,567
Penalty income	48,414,546	41,644,726
	252,766,654	**399,163,163**

13. Other Income

	2020 R	2019 R
Postage, administrative and general item charges	175,713	320,938
Actuarial gains	123,813	239,946
Insurance refunds	148,203	83,750
	447,729	**644,634**

14. Interest received

	2020 R	2019 R
Bank	**6,017,080**	**5,230,054**

The Agency has cash investments yielding an average of 7,1% (2019: 7,8%) per annum.

15. Employee related costs

	2020 R	2019 R
Basic salaries	102,611,797	97,235,014
Performance bonus (note 9)	6,590,533	6,723,342
Medical aid - company contributions	3,556,656	3,291,075
Unemployment Insurance Fund	297,107	294,872
Workman's Compensation	140,838	550,289
Leave pay provision charge	1,341,239	880,878
Pension and provident fund contribution	13,001,884	12,527,339
Long-service incentive	490,012	922,800
13th cheques	3,556,457	3,551,888
Car allowance	339,748	336,992
	131,926,271	**126,314,489**

Notes to the Annual Financial Statements (cont.)

16. Finance costs

	2020 R	2019 R
Interest charges	366,000	347,000

17. Debt impairment

	2020 R	2019 R
Debt impairment	5,734,270	5,099,705

Impairment amount is made up of provisions for long outstanding fines collected by the courts and not yet paid to the Agency as well as notices issued and not yet finalised. The amount expensed is the increase in the financial year under review.

18. General expenses

	2020 R	2019 R
Advertising, publicity, marketing and branding	935,342	1,417,278
Audit fees (note 19)	3,575,059	3,761,062
Bank charges	1,676,181	1,629,777
Cleaning and office supplies	598,631	531,067
Service fee (Note 25)	43,779,919	37,026,850
Consulting and legal fees	4,387,943	5,720,871
Catering and employee wellbeing	877,361	935,455
Corporate gifts and donations	464,746	682,294
Insurance	321,029	306,257
Conferences and seminars	829,691	517,547
IT expenses	2,371,273	2,046,330
Resource materials, magazines, books and periodicals	3,513	277
Motor vehicle expenses	8,825	5,002
Placement fees	64,429	499,042
Printing and stationery	2,178,239	2,357,696
Repairs and maintenance	363,948	330,542
Security	402,864	654,446
Staff welfare	291,228	883,045
Subscriptions, publications and membership fees	2,699,315	1,894,281
Telephone and fax	2,142,232	2,405,911
Training and development	1,820,429	2,288,745
Travel and accommodation expenses	6,567,220	9,568,967
Small tools	26,282	104,122
Electricity and water	1,336,838	1,124,882
Settlement costs and other	-	358,131
Document storage expenses	376,340	320,302
Relocation expenses	78,384	254,911
	78,177,261	**77,625,090**

19. Auditors' remuneration

	2020 R	2019 R
External audit	2,381,145	1,832,096
Internal audit	1,193,914	1,928,966
	3,575,059	**3,761,062**

20. Operating lease rental

Office Lease

The Agency entered into a major operating lease agreement with Erf 49 Menlyn (Proprietary) Limited for a period ranging from one to five years commencing 01 February 2010 and terminating on 31 January 2015. Additional office space was leased from the same landlord for periods ranging from 13 months to 4 years but all ending 31 January 2015 again. On expiry, the leases were extended for another two years to expire on 31 January 2017, and a further renewal has since been made and to expire end of March 2020. The leases are for buildings one, three, four and five at Glen Manor Office Park, 138 Frikkie de Beer Street, Menlyn, Pretoria.

With the expiry of the lease at 31 March 2020, the Agency has entered into a new lease agreement with Centurion Vision Development (Proprietary) Limited for a period of five years commencing on 01 April 2020 and terminating on 31 March 2025. Occupation was delayed by two months due to Covid-19 lockdown. The lease is in respect of the building known as Eco Point Office Park situated at Erf 3060 Highveld Ext 70 Township J.R Gauteng.

The significant leasing arrangements include:

- The leases shall escalate annually on 1 March of each year by 7.5%; and
- There are no renewal options and there are no restrictions imposed on the leases.

Photocopiers

The Agency leases printing and photocopier machines under non-cancellable operating leases for three years expiring 31 July 2022.

The significant leasing arrangements include:

- The rental amount fixed for the duration of the minimum lease period;
- Upon the termination of lease term, lease may be renewed at the request of the Agency at a reduced rental amount (minimum of 80% of the rental) for a rental period to be agreed by the parties; and
- There are no restrictions imposed on the leases.

Motor Vehicle

The Agency has leased motor vehicle for law enforcement purposes under non-cancellable operating leases for three years expiring 26 January 2023.

The significant leasing arrangements include:

- There are no escalations on the lease; and
- There are no renewal options and there are no restrictions imposed on the leases.

	2020 R	2019 R
Future minimum lease payments due		
- within one year	10,978,606	9,463,130
- in second to fifth year inclusive	49,883,377	-
	60,861,983	**9,463,130**

Notes to the Annual Financial Statements (cont.)

21. Operating surplus

Operating surplus for the year is stated after accounting for the following:

	2020 R	2019 R
Operating lease charges		
Premises		
• Contractual amounts	10,721,959	10,551,714
Equipment		
• Contractual amounts	681,488	450,811
	11,403,447	**11,002,525**
Assets written off and impaired assets	(442,100)	(259,184)
Amortisation on intangible assets	531,661	531,667
Depreciation on property, plant and equipment	2,938,555	2,867,954
Employee costs	131,926,271	126,314,489

22. Cash (used in) / generated from operations

	2020 R	2019 R
Surplus	27,711,898	180,990,237
Adjustments for:		
Depreciation and amortisation	3,470,216	3,399,621
De-recognition of non-current assets	442,100	259,184
Interest received	(6,017,080)	(5,230,054)
Debt impairment	5,734,270	5,099,705
Movements in operating lease liability	(804,134)	(114,896)
Movements in retirement benefit assets and liabilities	35,000	(92,000)
Changes in working capital:		
Receivables from exchange transactions	(522,844)	(608,177)
Increase in impairments	(5,734,270)	(5,099,705)
Other receivables from non-exchange transactions	1,083,162	1,066,117
Payables from exchange transactions	3,936,237	(4,593,817)
Provisions	(277,142)	(162,421,226)
Payables (non-exchange transactions)	614,624	621,619
	29,672,037	**13,276,608**

23. Commitments

Authorised capital expenditure

	2020 R	2019 R
Already contracted for but not provided for		
• Property, plant and equipment	1,157,074	-
• Intangible assets	19,040,024	26,382,356
	20,197,098	**26,382,356**
Total capital commitments		
Already contracted for but not provided for	20,197,098	-
Not yet contracted for but authorised by members	-	26,382,356
	20,197,098	**26,382,356**
Authorised operating expenditure		
Already contracted for but not provided for		
• General expenses	20,713,237	28,233,344
• Internal audit expenses	1,080,690	2,589,198
• Office lease	73,474,810	-
	95,268,739	**30,822,542**
Total operational commitments		
Already contracted for but not provided for	95,268,739	30,822,542

24. Contingencies

An employee has filed a claim of defamation against the Agency and is claiming R800,000 (plus legal costs). The matter is being opposed and the Agency's lawyers are confident the matter will be dismissed.

There is also a pending litigation against the Agency lodged by some Cross-Border Road Transport Operators against the 2014 permit tariffs Regulations that became effective on the 8th of May 2014. The operators allege that the Regulations are invalid on procedural and substantive grounds. They are seeking that the Regulations be set aside. A similar matter has recently been finalised in the High Court in favour of the Agency and the Agency is applying for this matter to be struck off the roll. However, litigants have submitted a proposal for the settlement in terms of which the matter will be struck off the roll and each party bears its cost. The proposal was accepted by management but not yet finalised. It is estimated that the Agency's own legal cost will be R100 000.

A member of the public (a Cross-Border Road Transport operator) has made a R100,000 claim against the Agency for unlawful arrest. The Agency is defending itself against the claim and management is confident that the chances of the claim succeeding are remote.

In another matter a member of the public is claiming R3.8 million in respect of injury and damages to his motor vehicle having been involved in an accident with one of the Agency's employees. The Agency is again defending itself and believes the chances of the lawsuit succeeding are remote.

A matter with a supplier appointed to supply promotional material which was delivered and paid for. The supplier is claiming non-payment due do change in bank account details. The estimated cost of claims is R118, 184,05 plus legal costs. Pleadings have been settled and filed. The Agency is of the view that it has a good chance that the matter will be ruled in its favour.

A matter in respect of a review application by the Agency against the ruling of the CCMA in favour of a former employee who was dismissed for misconduct. A reliable estimate cannot be made of the estimated cost of the review outcome.

Contingent assets

Subsequent to the disciplinary proceedings having been initiated against a former employee, civil proceedings have commenced against a supplier to recover an amount of R251,392 (plus legal costs). According to Agency's legal advisors, it is probable that the proceedings will result in the recovery of the full amount.

25. Accounting by Principals and Agents

The Agency is a party to a principal-agent arrangement.

At the beginning of the financial year ended 31 March 2018, RTMC was appointed to perform the law enforcement function (Road Transport Inspectorate (RTI)) on behalf of the Agency. This was also done in order to utilise existing and established resources (economy of scale) to run the RTI law enforcement function efficiently and effectively, pending the legislative review.

Pursuant to this decision, a binding arrangement was entered into between the Agency and the RTMC in terms of which the latter will undertake the law enforcement function (Road Transport Inspectorate) on behalf of the former with the following significant terms agreed upon:

- The functions of the RTI as provided for in Section 39 of the C-BRT Act, 1998 are now performed by the RTMC
- All the employees of the RTI and their employment contracts were transferred to RTMC, resulting in RTMC being the new employer for the employees concerned.
- RTMC to operationalise the role and functions of the RTI as envisaged in the C-BRT Act, 1998 subject, inter-alia, to the following, at a minimum:
    - The mandate of the C-BRTA as contained in the C-BRT Act, 1998, remains vested in the C-BRTA,
    - The Chief Executive Officer of the C-BRTA remains vested with the powers as set forth in Section 37 (1)(a) of the C-BRT Act, 1998, and only personnel appointed as the national RTI by the Chief Executive Officer of the C-BRTA may exercise the powers and perform the functions of the RTI in terms of the C-BRT Act, 1998,

Notes to the Annual Financial Statements (cont.)

- The powers conferred upon the Board of the C-BRTA generally, and specifically in terms of Section 23 and 37 (2) of the C-BRT Act, 1998, remain vested in the Board of the C-BRTA, and the Board of the C-BRTA may from time to time issue directives to the RTMC in respect of the performance of the RTI function in order to ensure that the Board of the C-BRTA fulfils its mandate as required in terms of the C-BRT Act, 1998,
- The Agency pays the RTMC service fee not exceeding the amount of penalty income collected,

Further to the terms and conditions of the agreement as indicated above, the C-BRTA incurred certain expenses, including operating leases for the regional offices, on behalf of the RTMC as part of the transitional measures. The total amount of the expenses incurred is disclosed in **note 26.**

In terms of the agreement, the following transactions are undertaken by the RTMC with transport operators on behalf of the C-BRTA:

- Inspection and enforcement of road transport rules and regulations;
- Issue of fines and collection of penalty income

The Agency is the Principal in the arrangement and this assessment was based on the fact that the mandate and the responsibility for the function as contemplated in section 39 of the C-BRT Act remains with the Agency while the RTMC undertakes the function on its behalf. Also significant is the fact that the Agency directs the RTMC how it should carry this function. Risks associated with the execution of the function remains with the Agency. There are no assets and/or liabilities under custodianship of the RTMC that belong to the Agency. Should the arrangement with RTMC be cancelled, the C-BRTA will provide resources for the RTI function and fund the function from the penalty income so generated.

Amount incurred by the Agency consist of the following:

	2020 R	2019 R
Service fee		
Administration fee	43,779,919	37,026,850

26. Related parties

	2020 R	2019 R
Related party balances		
Loan accounts - Owing (to) by related parties		
Department of Justice	-	(2,844)
Department of Justice	-	(151,320)
Road Transport Management Corporation	918,514	403,312
Department of Transport	(409,302)	-
Airports Company of South Africa SOC	(1,247,677)	-
Related party transactions		
Services rendered by related parties		
Government Printing Works	678,418	706,160
Department of Justice	197,585	126,494
RTMC	43,779,919	37,026,850
Expenses incurred on behalf of related parties		
RTMC	-	1,021,415

The Department of Justice provides legal services to the Agency while the Government Printing Works supplies sensitive stationery and gazetting. The two entities were established to provide services to government agencies and departments like the Cross Border Road Transport Agency.

RTMC provides law enforcement function on behalf of the C-BRTA. Furthermore, certain contracts such as leasing of regional offices were honoured by the C-BRTA on behalf of the RTMC as part of the transition process.

The Department of Transport seconded an official to take the role of Acting Chief Executive Officer for a period 15 July 2019 to 31 October 2019. As a substantive employer, the department paid the official remuneration which is recoverable from C-BRTA.

Airport Company of South Africa seconded an official to take the role of Acting Chief Executive Officer from 01 November 2019. As a substantive employer, the company paid the official remuneration which is recoverable from C-BRTA.

27. Key Management Information (Directors' emoluments)

Non-Executive

	EMOLUMENTS R	RE-IMBURSIVE EXPENDITURE R	TOTAL R
2020			
Mr. M Ramathe (Chairperson - appointed 01 May 2016)	227,689	20,358	248,047
Mr. RD Baloyi (appointed 01 May 2016)	186,414	5,639	192,053
Prof JH Havenga (appointed 01 May 2016)	186,414	11,628	198,042
Mr. LL Thekisho (appointed 01 May 2016)	186,414	394	186,808
Ms. KS Mahlangu (appointed 01 May 2016)	186,414	2,874	189,288
Ms. DI Sekonyela (appointed 01 May 2016)	186,414	268	186,682
	1,159,759	**41,161**	**1,200,920**

	EMOLUMENTS R	RE-IMBURSIVE EXPENDITURE R	TOTAL R
2019			
Mr. M Ramathe (Chairperson - appointed 01 May 2016)	216,435	8,611	225,046
Mr. RD Baloyi (appointed 01 May 2016)	177,200	6,163	183,363
Prof JH Havenga (appointed 01 May 2016)	177,200	10,593	187,793
Mr. LL Thekisho (appointed 01 May 2016)	177,200	2,185	179,385
Ms. KS Mahlangu (appointed 01 May 2016)	177,200	4,810	182,010
Ms. DI Sekhonyela (appointed 01 May 2016)	177,200	-	177,200
	1,102,435	**32,362**	**1,134,797**

Notes to the Annual Financial Statements (cont.)

Remuneration of Executive Management

	ANNUAL REMUNERATION R	TRAVEL, CAR AND CELLPHONE ALLOWANCE R	PERFORMANCE BONUS AND VARIABLE PORTION R	ACTING ALLOWANCE, TERMINATION LEAVE AND OTHER EXPENSES R	TOTAL R
2020					
Chief Executive Officer	2,994,425	65,316		-	3,059,741
Acting Chief Executive Officer (Appointed: 1 November 2019)	-	-	-	1,247,677	1,247,677
Executive: Regulatory Services (Deceased 28 June 2019)	544,394	39,985	270,041	158,237	1,012,657
Chief Financial Officer (Resigned 30 May 2019)	311,081	14,244	-	26,105	351,430
Chief Operating Officer	2,324,137	49,212	167,484	3,800	2,544,633
Executive: Corporate Services	1,880,217	20,050	-	112,309	2,012,576
Executive: Research and Development	2,093,388	29,628	110,873	24,281	2,258,170
Executive: Stakeholder Relations	1,917,141	28,212	138,155	96,745	2,180,253
Acting Chief Executive Officer (Appointed 15 July 2019; Contract ended 31 October 2019)	-	-	-	409,302	409,302
Chief Information Officer	2,162,174	27,300	155,813	3,580	2,348,867
Acting Chief Financial Officer	-	-	-	36,351	36,351
Acting Executive: Regulatory Services	-	-	-	89,390	89,390
Acting Executive: Corporate Services	-	-	-	23,211	23,211
	14,226,957	**273,947**	**842,366**	**2,230,988**	**17,574,258**

Remuneration of Executive Management

	ANNUAL REMUNERATION R	TRAVEL, CAR AND CELLPHONE ALLOWANCE R	PERFORMANCE BONUS AND VARIABLE PORTION R	ACTING ALLOWANCES AND OTHER PAYMENTS R	TOTAL R
2019					
Chief Executive Officer	2,994,425	181,845	291,834	-	3,468,104
Executive: Regulatory Services	2,119,784	91,567	-	8,134	2,219,485
Chief Financial Officer (resigned 31 July 2017)	466,621	6,366	-	-	472,987
Chief Operating Officer - (Appointed 01 February 2017)	2,286,974	30,362	-	171,523	2,488,859
Executive: Corporate Services (appointed 1 April 2017)	1,873,030	28,326	-	22,856	1,924,212
Executive: Research and Development	2,057,946	107,062	-	7,897	2,172,905
Executive: Stakeholder Relations (appointed 1 June 2017)	1,886,486	100,931	-	-	1,987,417
Executive: Office of the CEO (appointed 1 August 2017)	1,886,486	32,267	-	-	1,918,753
Chief Information Officer (appointed 21 November 2017)	2,127,600	35,184	-	-	2,162,784
Executive: Strategic Support (resigned 30 September 2014)	-	-	144,776	-	144,776
	17,699,352	**613,910**	**436,610**	**210,410**	**18,960,282**

Service contracts

The Executive Managers are subject to written employment agreements. The employment agreements regulate the duties, remuneration, allowances, restraints, leave and notice periods of these executives. None of these service contracts exceed five years.

Notes to the Annual Financial Statements (cont.)

Independent Non-Executive Audit & Risk Committee Members remuneration

	EMOLUMENTS R	RE-IMBURSIVE EXPENDITURE R	TOTAL R
2020			
Ms. P Msizi (Chairperson) - term ended 30 September 2019	124,148	325	124,473
Mr. PS Fourie (Chairperson)	199,316	750	200,066
Mr. AP Wakaba	176,606	-	176,606
	500,070	**1,075**	**501,145**

	EMOLUMENTS R	RE-IMBURSIVE EXPENDITURE R	TOTAL R
2019			
Ms. P Mizi (Chairperson)	451,196	4,958	456,154
Mr. PS Fourie	411,268	2,457	413,725
Mr. AP Wakaba	380,351	-	380,351
	1,242,815	**7,415**	**1,250,230**

28. Change in estimate

Penalty income

During the previous financial year, the Agency had made an estimate of the amount of the penalty notices issued which were likely to be reduced by the courts when the traffic fines are finalised by the courts in line with IGRAP1. However, the actual amount reduced by courts differed from the estimated amount. The effect of change in the current year is as follows:

	2020 R	2019 R
Increase in penalty income	670,169	57,445
Increase in receivables from non-exchange transactions	(670,169)	(57,445)
Increase/(decrease) in surplus	-	-

The effect in future periods could not be reasonably determined

29. Risk management

Financial risk management

The Agency's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Agency's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Agency's financial performance. The Agency does not use derivative financial instruments to hedge risk exposures. Risk management is carried out by management under policies approved by the Accounting Authority.

Liquidity risk

The Agency's risk to liquidity is a result of the funds available to cover future commitments. The Agency manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

The Agency has some interest-bearing assets in the form of investments in the money market in the form of fixed term deposits. However, its income and operating cash flows are substantially independent of changes in market interest rates.

Capital risk management

The Agency's objectives when managing capital are to safeguard the Agency's ability to continue as a going concern in order to provide services to the South Africa public and benefits for other stakeholders. The capital structure is currently free of any long term debt except for the retirement benefit obligation relating to medical costs for some former and current employees. As a state owned entity, the Agency has no desire to maintain a highly geared capital structure.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Agency only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Most of the Agency's debtors are Magisterial Courts within South Africa.

30. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Agency to continue as a going concern is dependent on the ability of the Agency to meet these obligations as they are lodged. The going concern basis presumes the funds will be available to finance future operations and that the realisation of assets and liabilities and other contingent obligations will occur in the ordinary course of business.

During the first quarter of the year 2020, the country and the world at large experienced a COVID 19 pandemic, which has resulted in the President of the Republic declaring the national lockdown in response to the pandemic. The lockdown has resulted in the C-BRTA not being able to operate in full capacity during April 2020. As the lockdown continues, albeit at a reduced scale, the business of the C-BRTA, which is primarily funded from the permit fee tariffs charged to cross-border transport operators, has been affected. Consequently, the permit fee collection has declined, and the original budgeted income is not expected to be realised. As a result, the entity revised its expenditure estimate in order to mitigate against the reduction in permit revenue and the following expenditure were reduced, among others:

- Not filling some vacant positions;
- Delaying the implementation of salary increases for staff;
- Withholding bonuses for the financial year ending 31 March 2021;
- Cutting significantly on travelling expenditure;
- Cutting significantly on consulting fees.

Although uncertainties still exist as to the extent of COVID infections and government response, it is not expected that the Government will implement hard lockdowns to close the economy and thus permit income is still expected to be generated.The financial statements were prepared on the basis that Parliament, represented by the Department of Transport has neither the intention nor the need to liquidate nor curtail materially, the scale of the Agency's operations. Consequently, managament is of the view that the entity has sufficient cash reserves to mee financial obligations as they become due and thus the annual financial statatements were prepared on a going concern basis.

The year under review recorded a surplus of R27,711,898 **(2019: R180,990,237).**

31. Events after the reporting date

Appointment of Chief Financial Officer

The C-BRTA has appointed a permanent Chief Financial Officer effective from 01 June 2020. The appointment is expected to enhance capacity of the executive management and bring much needed stability in the Supply Chain Management unit.

Relocation to new leased premises

With the expiry of the lease at 31 March 2020, the Agency has entered into a new lease agreement with Centurion Vision Development (Proprietary) Limited for a period of five years commencing on 01 April 2020 and terminating on 31 March 2025. Occupation was delayed by two months due to Covid-19 lockdown. The lease is in respect of the building known as Eco Point Office Park situated at Erf 3060 Highveld Ext 70 Township J.R Gauteng. There was no impact on the annual financial statement for the financial year ended 31 March 2020. As the appointment occured before year end, the total amount of lease for the lease period has already been disclosed as commitment under note 23.

COVID 19 Pandemic

In early 2020 the COVID 19 panemic has adversely affected many nations across the globe . Countries have implemented various measures aimed at containing the spread of the virus which inadvertently affected the economic activities. Measure implemented by South African Government included lockdown as well as closure of cross border passenger movements which has impacted the cross border road transport industry.

The Agency generates over 81% of its revenue from issuing of permits to operators in the industry. The government has implemented a risk-based approach to easing the current lockdown. The lockdown regulations has resulted in the reduction on revenue during the period to August 2020. For the month of April 2020 when the country was under hard lockdown, the agency generated only 31% of the budgeted permit revenue. This improved to 76% in May 2020 when the country moved to level three lockdown. The revenue generation has since improved to 91% in the month of August 2020. Lockdown regulations are expected to be eased even further in the foreseable future, allowing cross border industry to operate at near full capacity. However, some businesses are not expected to recover to full capacity due to the long lasting impact of COVID 19 on economic activity in general. Consequently, it is envisaged that the total revenue for the year to 31 March 2020 would be reduced to R177 million, 18% less than budgeted revenu of R216 million. Management will implement cost cutting measures as stated in note 30 to mitigate agains the loss of this revenue.

32. Irregular expenditure

	2020 R	2019 R
Opening balance as previously reported	123,170	-
Opening balance as restated	123,170	-
Add: Irregular Expenditure - current	-	123,170
Less: Amount written off - current	(123,170)	-
Closing balance	**-**	**123,170**

Amounts condoned

After the enquiry/investigations, the Board adopted the management recomendation to condone an amount of R123 170 from the balance of irregular expenditure as it was determined that no person was liable in law for the recovery of irregular expenditure as the Agency did not suffer losses or damages and that the services were rendered.

33. Reconciliation between budget and statement of financial performance

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

	2020 R	2019 R
Net surplus per the statement of financial performance	27,711,898	180,990,237
Adjusted for:		
Assets written off and impairments	442,100	259,184
Finance charges and interest expense	366,000	347,000
Consulting and legal fees	(6,669,046)	1,026,715
Other operating and general expenses	451,002	504,036
Depreciation and amortisation	(197,266)	(949,948)
Employee costs	(12,775,193)	(11,985,799)
Penalty income	(8,818,546)	(41,644,726)
Prescription of claims	-	(162,716,567)
Administration fee - RTMC	4,183,919	37,026,850
Under/over recovery of budgeted revenue	(1,158,432)	28,985,160
Other income over-collected	227,586	(644,634)
Interest received	(293,950)	(937,444)
Net surplus per approved budget	**3,470,072**	**30,260,064**

Detailed Income Statement

	NOTE(S)	2020 R	2019 R
Revenue			
Permit issue fees		162,495,498	154,805,849
Permit application fees		41,856,610	39,996,021
Prescription of claims		-	162,716,567
Other income		447,729	644,634
Interest received		6,017,080	5,230,054
Total operating revenue		**210,816,917**	**363,393,125**
Transfer revenue			
Fines, Penalties and Forfeits		48,414,546	41,644,726
Total revenue	**12**	**259,231,463**	**405,037,851**
Expenditure			
Employee related costs	15	(131,926,271)	(126,314,489)
Depreciation and amortisation		(3,470,216)	(3,399,621)
Finance costs and interest	16	(366,000)	(347,000)
Lease rentals on operating lease		(11,403,447)	(11,002,525)
Debt Impairment	17	(5,734,270)	(5,099,705)
Assets writenoff and impaired		(442,100)	(259,184)
General Expenses	18	(78,177,261)	(77,625,090)
Total expenditure		**(231,519,565)**	**(224,047,614)**
Surplus for the year		**27,711,898**	**180,990,237**

* See Note

CROSS•BORDER
ROAD TRANSPORT AGENCY

Cross-Border Road Transport Agency

Annual Report 2019/20

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