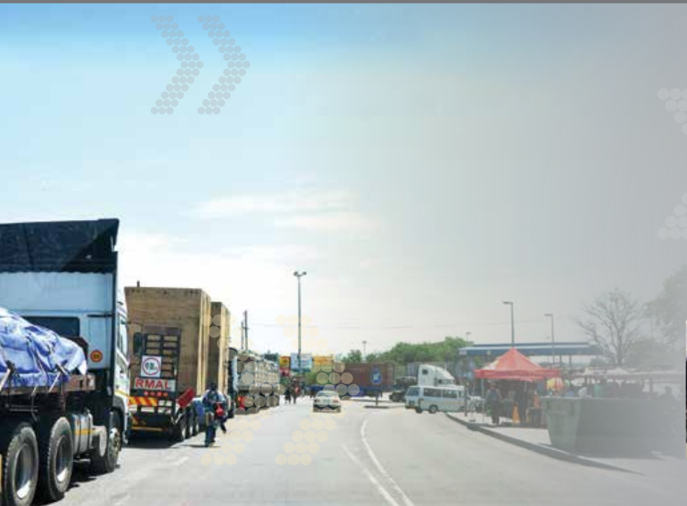
CROSS•BORDER
ROAD TRANSPORT AGENCY



Annual Report

2015•16

Improving the movement of people and goods

CROSS·BORDER
ROAD TRANSPORT AGENCY

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PART A

GENERAL INFORMATION

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

Registered name:	Cross-Border Road Transport Agency
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Telephone number:	+27 12 471 2000
Fax number:	+27 (0)12 369 8485
Website address:	www.cbrta.co.za
External auditors:	Auditor-General of South Africa
Bankers:	First National Bank 5th Floor, FNB Menlyn Place Cnr. Lois Avenue and Atterbury Menlyn, Pretoria, South Africa
Company/Board Secretary	Kethabile Mabe Executive Governance and Legal Services

2. List of Abbreviations/Acronyms

AGM	Annual General meeting
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
BBBEE	Broad Based Black Economic Empowerment
BCOCC	Border Control Operational Coordinating Committee
BMA	Border Management Agency
C-BRTA	Cross-Border Road Transport Agency
CBRTS	Cross Border Road Transport System
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
CONDEP	Container Depot
CPIX	Consumer Price Index
DoT	Department of Transport
DPSA	Department of Public Service and Administration
DRC	Democratic Republic of Congo
FID	Facilitation and Industry Development
FSB	Financial Services Board
FTC	Fixed Term Contract
IACF	Inter-Agency Clearing Forum
IPDP	Industry Partnership Development Programme
JC	Joint Committee
JRMG	Joint Route Management Group
MAR	Market Access Regulation
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
PCOT	Portfolio Committee on Transport
PFMA	Public Finance Management Act
PMS	Performance Management Systems
RAF	Road Accident Fund
RC	Regulatory Committee
REMCO	Remuneration Committee
RSA	Republic of South Africa
RTI	Road Transport Inspectorate
RTMC	Road Traffic Management Corporation
SACU	Southern African Customs Union
SADC	Southern African Development Community
SALGA	South African Local Government Association
SANRAL	South African National Roads Agency
SATC	South African Transport Conference
SCM	Supply Chain Management
SMME	Small Medium and Micro Enterprise
TKC	Trans Kalahari Corridor
TR	Treasury Regulations

3. Foreword by the Chairperson

Introduction

On behalf of the Board of the Cross-Border Road Transport Agency (C-BRTA), it is my privilege to present the Agency's Annual Report and Annual Financial Statements for the year ending 31 March 2016.

Despite the sustainability challenges that the C-BRTA continue to face under the tough global economic climate, the Agency continued to work hard towards improving the performance of the cross-border road transport industry. The primary target has been to ensure that constraints that hamper efficient cross-border movements are eradicated or, at least, reduced, thereby ensuring that the C-BRTA lives up to its broader goal of ensuring an unimpeded flow of cross-border road transport movements in the Southern African Development Community (SADC) region.

In line with the Agency's mandate, the C-BRTA continued to play a strategic role towards enhancing trade between South Africa and the rest of SADC member states. This is done by regulating market access through a permit administration regime. This trade facilitation also played a key role in driving socio-economic development and regional integration as enshrined in the National Development Plan (NDP) - Vision 2030. Furthermore, this is in line with commitments that the country made to fellow African countries as outlined in the SADC Protocol on Transport, Communication & Meteorology and bilateral cross-border road transport agreements which were concluded with respective countries such as Malawi, Mozambique, Zambia and Zimbabwe.

3. Foreword by the Chairperson (cont.)

High-level overview of the entity and performance in the cross-border road transport sector

It is encouraging to note that despite the global economic challenges whose impact was felt in South Africa and the rest of the African continent, the C-BRTA achieved an overall performance of 67% against pre-determined objectives during the 2015/16 Financial Year.

In the year under review, the C-BRTA continued to focus on improving the regulation of cross-border road transport movements, reduce the cost of doing business as well as improving safety and productivity in the cross-border industry within SADC region.

During the financial year, the major focus was on consolidating domestic and regional stakeholder support for the Agency and its programmes as well as designing the architecture for the Operator Compliance Accreditation Scheme (OCAS). OCAS seeks to address constraints faced by cross-border road transport operators, including delays, duplications, lack of harmonisation, and high costs of doing business. Relevant government departments, agencies and regulatory authorities were consulted and significant support for implementation of the scheme was achieved.

The Agency also commenced engagements with relevant stakeholders for the piloting of the Market Access Regulatory Tool - which is a scientific tool used by the Regulatory Committee to regulate competition in respect of passenger transport. This tool enables the Regulatory Committee to balance demand and supply for the issuance of passenger transport permits. Stakeholder consultations indicated, in principle, buy-in by regional counterparts.

The Agency developed a Business Case on Comprehensive Levying of Cross-Border Charges with a view to provide a platform for the Minister and the DoT to make a determination with regards to the implementation of cross-border charges for foreign cross-border road transport in reciprocity to the charges that are levied to South African cross-border road transport operators when traveling in respective SADC countries. This is provided for in the SADC Protocol on Transport, Communications and Meteorology (SADC Protocol) and Bilateral Cross-Border Road Transport Agreements. When implemented, the levying of cross-border charges by the country will be moving towards harmonising the regulatory framework in SADC as enshrined in the SADC Protocol.

To enhance the ease of doing business for our cross-border operators, the Agency developed two Country Profiles for Zimbabwe and Mozambique in the year under review. The country profiles focused on requirements for undertaking cross-border road transportation in the respective countries as well as providing intelligence on traffic trends and business opportunities.

The Board approved an anti-corruption strategy with a view to prevent fraud and corruption in line with the National Development Plan, which calls for zero tolerance for corruption by 2030. A number of initiatives to prevent fraud and corruption will continue to be rolled out in the 2016/17 financial year and beyond.

A litigation was lodged by some of the cross-border operators on the 2011 permit tarriff regulations. The Constitutional Court ruled in their favour, which resulted in the Agency experiencing financial challenges. As a result, the following key performance indicators were either scaled down or deferred in the year under review to facilitate financial contingency measures to service the operator refunds:

- Developed and implemented Operator Compliance Accreditation Scheme (OCAS);
- Initiatives to increase the C-BRTA's visibility, for example, the Cross-Border Indaba was not hosted;
- Improvement in organisational culture; and
- The development or implementation of the new permit system.

Strategic Relationships

During the financial year, the Agency engaged stakeholders through Joint Committees, Joint Route Management Committees and other relevant structures in the country and in the region with a view to ensure that operational constraints faced by cross-border operators are effectively addressed. In order to sustain these efforts, the Agency shall continue to strengthen strategic relationships in the country and with our counterparts in neighbouring countries, with a view to creating a conducive environment to address operational constraints in the cross-border industry.

The C-BRTA continued to partner and collaborate with the Border Management Agency (BMA) as a strategic player in the border management environment. In addition, a Memorandum of Understanding (MoU) was concluded with the Department of Home Affairs on areas of mutual cooperation to support the unimpeded flow of passengers and exchange of information as strategic players in the border and corridor environments. The Agency also finalised an MoU with the South African Police Service (SAPS). The main focus is the execution of joint law enforcement operations in respect of joint cross-border operations, sharing of resources, harmonising standard operating procedures and sharing of training facilities. The MoU will be signed in the coming financial year.

In order to address the constraints faced by operators, the Agency has finalised an MoU with Office de Gestion du Fret Multimodal (OGEFREM), a public entity under the Ministry of Transport in the Democratic Republic of Congo, which is mandated to manage cross-border freight movements. This MoU, which is scheduled to be signed in the new financial year, is expected to create a platform to formally discuss and address operator challenges in both countries.

Challenges faced by the Board

Permanently resolving the cross-border passenger transport regulatory challenges between the Republic of South Africa and the Kingdom of Lesotho continued to be a key area of focus for the C-BRTA. A Ministerial Task Team (MTT) has been set up to develop a lasting solution to the impasse and is currently working on a Programme of Action which is aimed at addressing the economic benefit-sharing model that is meant to address the major issues around market share through consultative processes. The MTT, as set up by the Honourable Ministers of Transport of South Africa and the Kingdom of Lesotho consist of representatives from the DoT, the Free State Department of Police, Roads and Transport; Lesotho Ministry of Public Works and Transport, the C-BRTA, KwaZulu-Natal and the Eastern Cape Provincial Governments.

The Agency continued to explore different modalities of dealing with the financial challenges, which created a financial obligation of R318 million. This amount has to be refunded to the operators and has affected the financials of the Agency. The Agency has developed a Turnaround Plan to ensure business continuity and sustainability of operations while servicing the financial obligation. This obligation is mainly serviced through savings generated by the implementation of cost containment measures and reprioritisation of projects. Internal measures were also introduced to optimise cash flow management.

Further, the C-BRTA 2014 Regulations as promulgated on 6 May 2014 are under Court processes by operators. If the Court rules in favour of the operators, an estimated liability exceeding R250 million (depending on the timing of the finalisation of the litigation) shall be created.

Medium to long-term goals of the C-BRTA

The C-BRTA looks forward to commencing the piloting of the Market Access Regulatory Tool impact assessment on three main corridors in the 2016/17 financial year. Thereafter, the Agency will refine the scientific tool to ensure that it responds to market dynamics.

The Agency will continue to focus on ensuring the financial and operational sustainability through pursuing and implementing alternative funding mechanisms. Engagements with the BMA Committee structures continue in order to influence other border stakeholders to adopt an operator value adding reform in the border environment.

The priority programmes in the Medium Term Strategic Framework (2014-2019) will include the continued roll-out of OCAS, MAR, providing advice to key industry players, and the development of a new permit system with a view to reduce permit applications processing time. We will continue to ensure that the Agency sustains a high-performance level in order to increase service delivery and being customer centric in its operations.

3. Foreword by the Chairperson (cont.)

Conclusion

Despite our financial sustainability challenges, we remain committed to making a positive contribution to the communities where we conduct cross border operations and being cognisant of the role of transport in the implementation of the Revised Regional Indicative Strategic Development Plan (RISDP) (2015-2020). As an Agency that does business in the region, we are fully aware of the contribution of transport to the economy. We will continue to align our initiatives with the African Union Agenda 2063 which aspires to have an integrated continent based on inclusive growth and sustainable development.

We remain optimistic in implementing a sustainable funding model for the C-BRTA. Our strategy of focusing on customers (cross-border operators) will continue to be at the core of all our activities. Our Board oversight to the C-BRTA will continue to be supported by high standards of corporate governance and will be benchmarked with best practices.

As the C-BRTA Board, we are confident that this Agency will continue delivering on its mandate, and supporting the government's broader objectives.

Acknowledgements

On behalf of the Board of the C-BRTA, I wish to extend our sincere gratitute to the Honourable Minister of Transport, Ms Dipuo Peters, her Deputy, the Honourable Sindisiwe Chikunga and the entire DoT team. We would also like to thank the Portfolio Committee on Transport for supporting the C-BRTA in its quest to fulfil its mandate. Special appreciation and gratitude goes to the C-BRTA staff, Senior Management and the Executive Team for their faithful belief and commitment to the Agency under the challenging environment and trying conditions we operate under. We would also like to thank various stakeholders in the domestic transport environment as well as in neighbouring countries for their continued efforts towards improving the cross-border road transport industry, for it is only when we all come together that we can surely address transport challenges faced by our esteemed operators in the region decisively.

Lastly, I would like to thank my fellow board members for providing wisdom, leadership and guidance to the Agency during this most challenging time.

Ms M Nkomo
on behalf of:
Ms P Pokane
Chairperson of the Board
28 July 2016

4. Chief Executive Officer's Overview

Introduction

I am humbled to present my sixth overview of the Cross-Border Road Transport Agency (C-BRTA) in my capacity as the Chief Executive Officer. The C-BRTA has attained solid results under challenging conditions in the operating environment, and under a tough economic climate that prevails in the country. Looking ahead, with its enhanced strategic positioning in recent years, the Agency will continue to build on the strategic thrust and creating value for the cross-border operators and stakeholders.

General financial review

With the Constitutional Court judgement of 12 May 2015 declaring the 2011 permit tariffs invalid, a financial obligation of R318 million relating to operator refunds was created in the Agency's financial books.

The request for financial assistance to settle the financial obligation which was submitted to the DoT was not successful. Since then the Agency has developed a Turnaround Plan to ensure business continuity and sustainability of operations while servicing the financial obligation, which is mainly serviced through savings generated through cost containment measures and reprioritisation of projects.

The Turnaround Plan focusses on various ways of remaining financially sustainable and identifying alternative revenue streams. It is envisaged that this Turnaround Plan will enable the C-BRTA to financially and operationally sustain its operations and deliver on its mandate.

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

In the year under review, permit revenue went up by 14% but was 4% short on the budgeted amount. The shortfall on the budgeted amount was due to lower tariffs on application fees discounted during the process of consultations with operators leading to the approval of the 2014 permit tariffs.

The penalty revenue went down by 8% compared to the same period last year and also recorded a negative variance of 11% from the budgeted figure. Expenditure on capital projects was deferred to provide for litigation claims against the Agency and the funds were reserved for operator refunds.

The Agency witnessed an improved financial performance compared to the same period last year. This was as a result of improved permit income collection, a reduction in staff compliment (vacant posts), and cost containment measures. The implementation of cost containment measures has seen a reduction in expenditure on travel and travel claims, internal audit fees, consulting costs and other discretionary expenditure.

A feasibility study was undertaken on the proposed revenue streams coming from the approved financial sustainability strategy. We continue to engage the Shareholder and the DoT for support to activate and implement the proposed revenue streams and agree on the processes. Of all the revenue streams assessed during the feasibility study, the cross-border charges and accreditation fees were the key streams that could be pursued.

Spending trends of the public entity

The Agency's overall spending was within budget for the 2015/16 financial year. With the introduction of cost containment measures: there was a reduction in consulting and legal fees, and in travel and accommodation expenses compared to the 2014/15 financial year. Capital expenditure was below its allocation largely because of the deliberate need to reserve the funds for operator refunds.

Capacity constraints and challenges

Human resource capacity constraints in the areas of Information Technology, Risk Management, Business Performance and Internal controls were experienced, leading to the overstretching of human resources in these functional areas to meet operational requirements. Recruitment processes are underway to finalise the filling of positions identified as critical.

The regulation of passenger cross-border operations between South Africa and the Kingdom of Lesotho remained a challenge in the year under review. The Ministers of Transport in the two respective countries set up a Ministerial Task Team (MTT) which included the Free State Department of Police, Roads and Transport, KwaZulu-Natal and the Eastern Cape provinces. The MTT's mandate is to develop and deploy a sound solution to restore harmonious cross-border passenger movements between South Africa and Lesotho.

The cause of the impasse is around the sharing of the market between legitimate cross-border operators and domestic (inter- and intra-provincial) operators that fall within the definition of cross-border road transport. This is in relation to the areas of operation and the proximity thereof to national land borders along the Eastern Cape, Free State and KwaZulu-Natal provinces.

The MTT continues to engage in parallel processes of development and consultation of an economic benefit-sharing model, which is meant to address the major issues around market share.

Discontinued activities

There were no discontinued activities during the year under review. However, the following key performance indicators were either scaled down or deferred in the year under review to facilitate financial contingency measures to service the operator refunds:

- Developed and implemented Operator Compliance Accreditation Scheme (OCAS);
- Initiatives to increase C-BRTA's visibility (The Cross-Border Conference was not hosted);
- Improvement in organisational culture; and
- The development or implementation of the new permit system.

New or proposed activities

With the financial challenges experienced by the Agency, no new proposed activities will be explored until the financial sustainability issue has been addressed. The Agency's activities will continue to be customer-focused to ensure the ease of business for our operators.

Collaborative partners will be sought to support the Agency in facilitating the unimpeded flow of cross-border traffic along the border corridors, and across the borders of South Africa.

Supply Chain Management

The C-BRTA continued to process procurement requirements in accordance with the relevant prescripts. Procurement of goods and services were done within the confines of the supply chain management prescripts and the contract management register was maintained with a view of preventing irregular expenditure.

The financial constraints facing the Agency resulted in some planned tenders not being advertised and awarded. The Agency only awarded an internal audit service tender in the financial year under review.

Reflecting on Past Performance

The past four years have seen the C-BRTA performance gain an upward momentum, despite the capacity and resource challenges that the Agency continues to grapple with. In the year under review, the Agency performed to the tune of 67% against pre-determined objectives, realising 16 targets in the financial year.

I also wish to highlight the following achievements:

- The Agency is leading the development of the Operator Compliance Accreditation Scheme (OCAS) in the SADC region. OCAS is a scheme that seeks to address constraints faced by cross-border road transport operators, including delays, duplications, lack of harmonisation, high costs of doing business. In 2015/16 financial year, the major focus was on consolidating domestic and regional stakeholder support, and the design architecture of the Scheme. The Agency consulted relevant domestic and regional national departments, agencies and regulatory authorities, and achieved significant support for implementation of the Scheme.

- The Agency also conducted benchmarking exercises in Australia, selected BRICS and African countries, with a view to improve the Design Framework and sub-systems of the Scheme. The findings from the exercise were utilised in the refinement process of the Scheme.

- Implementation of the Scheme will not only contribute to the attainment of the objectives of the NDP but also the sustainability, viability, reliability, dependability and productivity of transport services; and will also go a long way towards effectively addressing operational inefficiencies and constraints faced by the cross-border road transport industry.

- OCAS is a flagship project that will have significant impact on improving cross-border road transport in the SADC region. It will also significantly enhance: regional trade and regional integration; and address challenges faced by regulatory authorities and transport operators in South Africa and neighbouring countries.

- The Agency commenced engagements with relevant stakeholders for the piloting of the Market Access Regulatory (MAR) Tool - which is a scientific tool used by the Regulatory Committee to regulate competition in respect of passenger transport. This tool enables the Regulatory Committee to balance demand and supply in the issuance of passenger transport permits. Stakeholder consultations indicate, in principle, buy-in by the Agency's counterparts in the region.

  The MAR tool further assists the Agency to keep abreast of public transportation flows in each of the identified corridors. The intervention reduces passenger transport conflict and increases value for both transport operators and passengers in that it improves sustainability, dependability and reliability of transport services in line with the vision of the NDP.

- The Agency developed a Business Case on Comprehensive Levying of Cross-Border Charges. This should help the Minister make a determination with regards to the implementation of cross-border charges for foreign cross-border road transport in reciprocity to charges that are levied to South African cross-border road transport operators in respective

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

SADC countries. Reciprocity is provided for in the SADC Protocol on Transport, Communications and Meteorology (SADC Protocol) and Bilateral Cross-Border Road Transport Agreements.

It is envisaged that by levying cross-border charges, the country will be moving towards the following:

- harmonising the regulatory framework with the rest of SADC as enshrined in the SADC Protocol;
- enable strategic interventions to be implemented with a view to improve the overall cross-border road transport regulatory and operational environments;
- reduce the cost of doing business for South African cross-border road transport operators; and
- reduce funding shortfalls and generally improve the performance of the industry towards the attainment of the NPD objectives.

The Business Case is now with the DoT for their input and further guidance. When the levying of cross-border charges is implemented, it will generate adequate financial resources to sustain the C-BRTA. These charges relate to access fees and road-user fees.

- The Agency developed two Country Profiles in the year under review with the overall objective of providing up-to-date information to cross-border transport operators and the general domestic industry. The Country Profiles mainly focus on requirements for undertaking cross-border road transportation, the state of cross-border trade and transport industry, traffic volumes, cross-border regulatory environment, economic developments and opportunities, and developments that may affect cross-border road transport operations as well as new entrants to the industry, including Small-Micro-Medium-Enterprises (SMMEs).

- The C-BRTA law enforcement unit conducted 241 415 inspections in the 2015/16 financial year. Law enforcement is not only conducted to contribute towards greater compliance by the cross-border road transport industry but also to promote road safety in general, in the country.

- The Agency conducted two (2) rural community outreach programmes to empower rural women, youth and people with disabilities, to explore business opportunities in the cross-border road transport industry. In this regard two opportunities were identified in the freight industry for uptake.

- The Agency enhanced its efforts towards addressing operational constraints faced by cross-border road transport operators in the 2015/16 financial year. This was done through a collaborative and coordinated approach with domestic stakeholders (national departments, fellow regulatory agencies, provincial authorities, municipalities and metros as well as transport operators) and regional counterparts. The Agency engaged some stakeholders directly and others through established structures that include Joint Route Management Committees, Joint Committees, Operator associations / forums, and Stakeholder Consultative Forums amongst others. In this regard, over 65% of operator constraints identified and registered were effectively addressed, leading to a significant reduction in delays in corridors, reduction in the cost of doing business and improved productivity.

- In the year under reveiew, the C-BRTA, entered into a Memorandum of Understanding with the Department of Home Affairs, on areas of mutual cooperation to support the unimpeded flow of passengers and exchange information as strategic players in the border and corridor environments.

- It is also important to note that the mandate of the Agency directly responds to the need to promote regional integration and trade. This goes hand-in-hand with the need to reduce operational constraints. Furthermore, the Agency continued to support, and participate in the development and implementation of various domestic and regional interventions. The aim of the interventions was to facilitate seamless cross-border road transport movements in border corridors and border posts, particularly those that are focused on improving border post performance, improving and harmonising regulatory frameworks and standards, and enhancing transport market liberalisation.

- It is envisaged that through addressing operational constraints along border corridors in general and border posts in particular, the country will be able to enhance faster and cost effective economic interactions at domestic and regional levels.

- The Agency developed an anti-corruption strategy with a view to prevent fraud and corruption in line with the National Development Plan which calls for zero tolerance for corruption by 2030.

Audit Report matters in the previous year and how they would be addressed

To improve internal controls and good corporate governance, the Agency implemented and completed 93% of recommendations made by the Auditor-General of South Africa. Management has put controls in place to resolve the remaining findings within the ICT environment.

In relation to the 2015/16 internal audit findings, 61% were completed with 39% being in progress at the end of the year under review. Despite the capacity and resource challenges we are experiencing, we remain resilient and committed to improving internal controls with the aim of creating a clean administration.

Plans for the future to address financial challenges

To address financial challenges, we have an approved financial sustainability strategy. The strategy contains a number of cost containment measures and alternative revenue streams that the Agency seeks to pursue. The streams include introduction of cross-border charges and the acrreditation scheme. We continue to engage the Shareholder and the DoT to get their buy-in to support the activation of the proposed revenue streams.

We have also developed a Turnaround Plan which has aspects of cost containment to sustain the operations of the Agency and continue to service the financial obligation to operators as a result of the Constitutional Court judgement of May 2015, which favoured the cause of the cross-border operators. The Agency continues to implement cost containment measures and we are optimistic that all our plans will eventually deliver a lasting solution to address the financial sustainability challenge.

Events after the reporting date

As at 31 March 2016, the Board had six (6) vacancies and these vacancies were filled on 01 May 2016.

Economic Viability

The current financial position of the Agency is a challenge as it reflects that the Agency's total liabilities exceed its assets. The excess of liabilities over assets has been due to the Constitutional Court judgement that was in favour of some cross-border operators and rendered the 2011 Permit Tariff Regulations invalid with effect from 1 April 2011. The judgement compelled the Agency to provide for refunds to the affected cross-border operators.

The Annual Financial Statements have been prepared based on going concern basis, which 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.

Acknowledgements

I wish to express my sincere appreciation for the ongoing support and guidance from the Minister of Transport, Mme Dipuo Peters, Deputy Minister of Transport, umama, uSindisiwe Chikunga and the Director-General of Transport.

I also wish to acknowledge and appreciate the unwavering support of the South African Parliament, through the Portfolio Committee on Transport under the leadership of Mme Dikeledi Magadzi.

I further take this opportunity to register my gratitude to the non-executive members of the Board and Executive management team who diligently and consistently exercise all efforts to safeguard the mandate of the C-BRTA.

I would also like to express my sincere gratitude to all the employees of the C-BRTA who continue to surprise me with the resilience and commitment to ensure the operations of the C-BRTA are a success, despite the sustainability challenges we have.

Mr SG Khumalo
Chief Executive Officer
28 July 2016

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 is 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 National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practise (GRAP), including any interpretations, guidelines and directions issued by the Accounting Standards Board.

The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal controls, which 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 AGSA is 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 C-BRTA for the financial year ended 31 March 2016.

Yours faithfully

Mr SG Khumalo
Chief Executive Officer
28 July 2016

Ms M Nkomo
on behalf of:
Ms P Pokane
Chairperson of the Board
28 July 2016

6. Strategic Overview

6.1. Vision

The leading road transport trade facilitation Agency within the region.

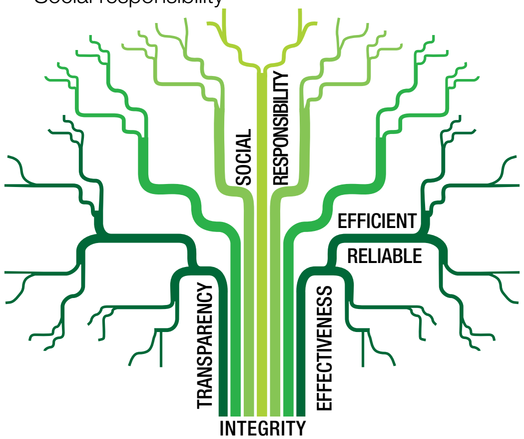
6.2. Mission

To spearhead social and economic development within the SADC region through facilitating unimpeded cross-border road transport movements.

6.3. Values

The following values are the core pillars of the Agency's organisational culture: 'ITREES'

- Integrity
- Transparency
- Reliability
- Efficiency
- Effectiveness
- Social responsibility



The Cross-Border Road Transport Agency (C-BRTA) exists to improve the flow of passengers and freight by road transport in the region, introduce regulated competition in cross-border road transport, reduce operational constraints for the cross-border road transport industry as a whole to enhance transport trade and facilitation, provide oversight and monitoring functions, and build industry partnerships to strategically reposition the C-BRTA.

6.4. Strategic Objectives

To improve its business processes, the C-BRTA adopted the following eleven (11) medium term strategic objectives:

Table 1: C-BRTA Strategic Objectives

C-BRTA STRATEGIC OBJECTIVES	
1.	To introduce and implement regulated competition of cross border movements
2.	To promote efficiencies in permit issuing so as to reduce the cost of doing business for our operators
3.	To improve compliance with road transport legislation
4.	To establish and sustain strategic partnerships with stakeholders so as to enable the Agency to achieve its objectives
5.	To proactively provide value-added advisory services to the Minister of Transport and other relevant stakeholders on cross border matters in the transport sector
6.	To promote the C-BRTA's reputation
7.	To position the C-BRTA brand to ensure visibility and awareness
8.	To develop, implement and sustain a high performance culture in the organisation
9.	To ensure financial viability and sustainability of the C-BRTA
10.	Integration of ICT systems
11.	To prevent fraud and corruption

7. Legislative and other Mandates

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

7.1. Constitutional Mandate

In the execution of the Agency's functions, and in line with the founding legislation, the C-BRTA shall comply with the Constitution of the Republic of South Africa with specific reference to the following sections:

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

7.2. Legislative and Policy Mandates

7.2.1 **Cross-Border Road Transport Act, 4 of 1998,** provides the Agency with the mandate to improve the unimpeded flow of movement of freight and passengers by road 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 to 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.

7.2.2 The **National Land Transport Act, 5 of 2009,** provides for the process of transforming and restructuring the national land transport system. In essence 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 that includes regulation.

7.2.3 **National Road Traffic Act, 93 of 1996,** as amended, provides for road traffic matters which shall apply uniformly throughout the Republic of South Africa. The NRTA in essence provides for traffic regulations that govern licensing of motor vehicles, operation of motor vehicles, vehicle road worthiness, driver licensing and fitness.

7.2.4 The **National Development Plan** identifies the transport sector as one of the major economic pillars for the economic development of the Republic of South Africa. The Plan asserts that South Africa's development is affected by what happens in the region and the world, and its success will depend on the country's understanding and response to such developments.

It also asserts the need to overcome poor transport links and infrastructure networks, as well as tariff and non-tariff barriers, high cost of doing business in the region as key imperatives that should be overcome if the region is to attract investment and improve trade.

7.2.5 **Tourism Act, 3, of 2014,** provides for the development and promotion of sustainable tourism for the benefit of the Republic of South Africa, its residents and its visitors. The C-BRTA regulates market access to the tourism transport sector through a permit regime. The Agency also has the mandate to conduct law enforcement with regards to compliance to road traffic regulations in the tourism sector.

7.2.6 The **SADC Protocol on Transport, Communications and Meteorology,** provides for the integration of regional transport, communications and meteorology networks. In essence, for road transport, the objective of the Protocol is to make it as easy as possible for cross-border road transport operators to move from one country to the next through the reduction of non-tariff barriers, improving harmonisation of standards, provision of adequate infrastructure with the intention of improving efficiency, and facilitating both road transport and trade in the region. The Protocol also provides for interventions and actions which responsible authorities or regulatory authorities in the member states, at operational level should perform towards improving cross-border movements.

7.2.7 **Hazardous substances Act, 15 of 1973,** that provides for control of substances which may cause injury or ill health to, or death of human beings during handling and transportation. Thus, the Act provides for conditions of carriage and transportation of such hazardous goods through border corridors, division of such substances or products into groups in relation to the degree of risk, prohibition and control of the importation, manufacturing, sale, use, operation, application, modification, disposal or dumping of such substances and products and other matters connected therewith.

7.2.8 **Bilateral Agreements** concluded between South Africa and Malawi, Mozambique, Zambia and Zimbabwe, which provide for the promotion and facilitation of international road freight and passenger services. The Agreements provide for formal acknowledgement of the need for the said countries to facilitate cross-border road transport movements, the conditions of carriage of goods and passengers, the need for harmonisation of standards, vehicle documentation and the establishment of Joint Route Management Committees and Joint Committees. They also provide for the need for equal treatment of transport operators and reciprocity between two member states.

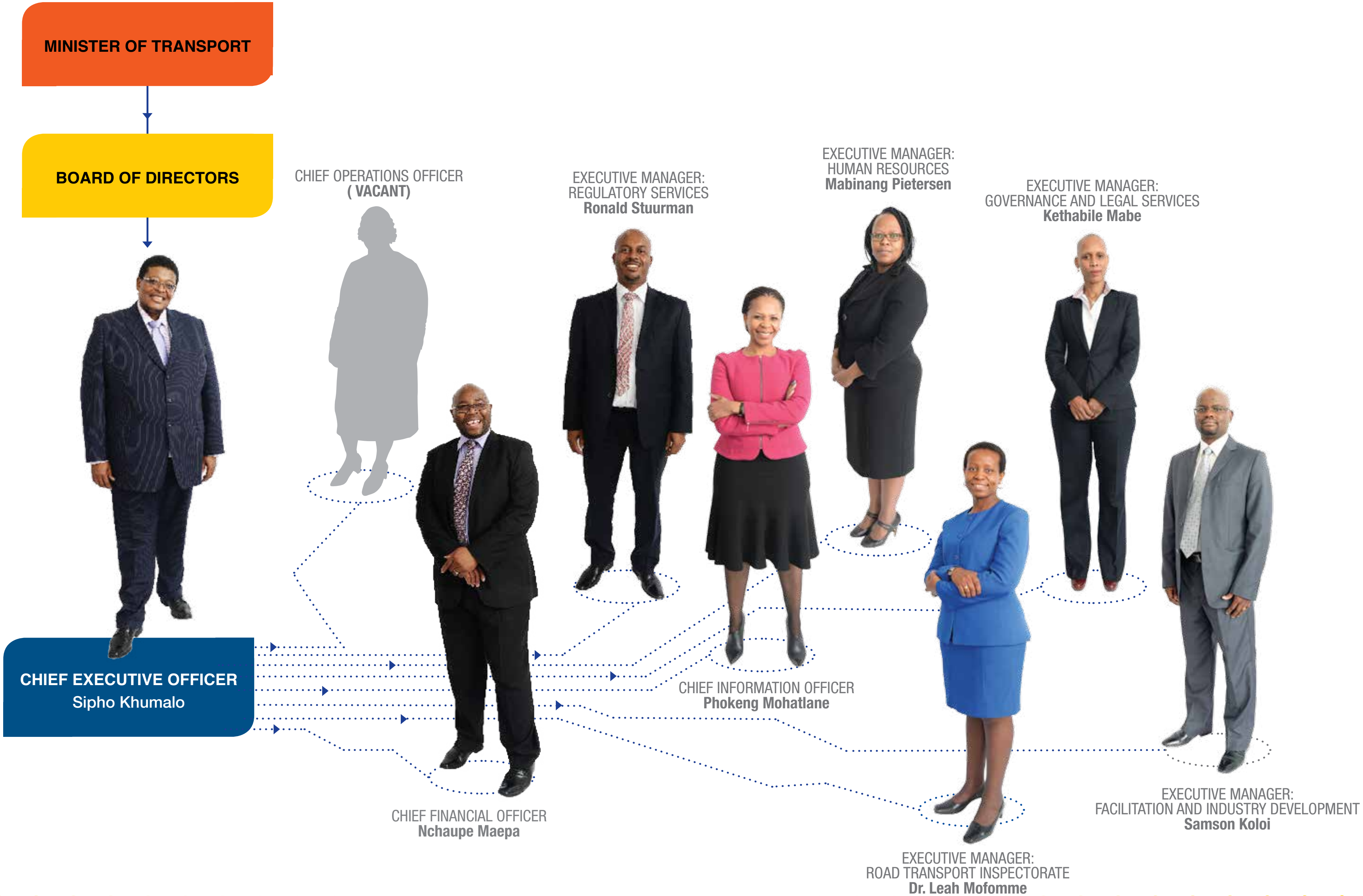
7.2.9 The **1996 White Paper on Transport** identifies the broad goal of transport being to achieve smooth and efficient interaction that allows society and the economy to assume their preferred form. Transport also plays a leadership role as a catalyst for development. The Paper also sets out the transport vision of the Republic of South Africa as being the provision of safe, reliable, effective, efficient, and fully integrated transport operations and infrastructure, which will best meet the needs of freight and passenger customers among others.

7.2.10 The **SACU MoU,** provides for the facilitation and maintenance of effective road transport arrangements, and in particular, equitable shares in road transportation with a view to support trade within the Customs Union. The C-BRTA works towards a common goal of improving cross border road transport operations with a view to improve the transport sector.

7.2.11 The **Trans Kalahari Corridor (TKC) MoU,** provides for promotion of effective and integrated management of the TKC. The TKC was established with a view 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 impediments and improving market access and improving productivity.

7.2.12 South Africa is also a signatory to some international conventions which were designed to enhance the harmonisation and facilitation of efficient road transport movements. These conventions are: (a) the **International convention on the harmonisation of frontier controls of goods, of 1982,** which aims to improve international movement of goods by all modes of inland transport; and (b) the **Convention on road traffic, of 1968,** which provides for the facilitation of road traffic, and increasing road safety through the adoption of uniform road traffic rules. As the Agency implements its mandate, the Agency considers the provisions of these conventions.

8. Organisational Structure



9. Board Members

Ms Pamela Pokane

Chairperson of the Board

Qualifications

- Social Science, Urban Development Studies, Graduate of York University in Toronto, Canada
- Post Graduate Diploma in Management Development at the University of Witwatersrand
- Various professional certificate courses

Membership

Member of the Institute of Directors
Regulatory Committee (Chairperson)

Ms Maleho Nkomo

Deputy Chairperson

Qualifications

- BCom, University of South Africa (Unisa)
- BCom (Hons), Unisa
- Senior Executive Programme, Harvard University (USA)
- MCom Organisational Strategy – University of KwaZulu-Natal (UKZN)

Membership

Member of the Institute of Directors
Human Resources and Remuneration Committee
Regulatory Committee (Deputy Chairperson)

Mr Trevor Bailey

Board member

Qualifications

- BA, UKZN
- BA Law, UKZN
- Master of Law *(cum laude)* [Alternate Dispute Resolution, Constitutional and International Human Rights Law]

Membership

Member of the Institute of Directors
Human Resources and Remuneration Committee
Procurement Committee
Regulatory Committee

Mr Moses Scott

Board member

Qualifications

- Teachers Diploma – Rand Teachers College

Membership

Member of the Institute of Directors
Regulatory Committee
Audit & Risk Committee

9. Board Members (cont.)

Mr Wayne Smith

Board member

Qualifications

- Matric – Harrismith High School

Membership

Member of the Institute of Directors
Regulatory Committee
Human Resources and Remuneration Committee

Adv. Seeng Letele

Board member

Qualifications

- BA Law, National University of Lesotho (Lesotho)
- LLB, National University of Lesotho (Lesotho)
- LLM Labour Law, Queens University (Canada)
- Management Advancement Programme, Wits Business School
- MBA, Bond University (Australia)

Membership

Member of the Institute of Directors
Audit and Risk Committee
Regulatory Committee

Mr Nala Mhlongo

Board member

Qualifications

- Chartered Management Accountant, CIMA
- Chartered Accountant, South Africa (CA (SA)
- Advanced Taxation Certificate, Unisa
- BCom, University of the Western Cape
- BCom (Hons), University of the Western Cape

Membership

Member of the Institute of Directors
Audit and Risk Committee (Chairperson)
Procurement Committee

Mr Gordon Noah

Board member

Qualifications

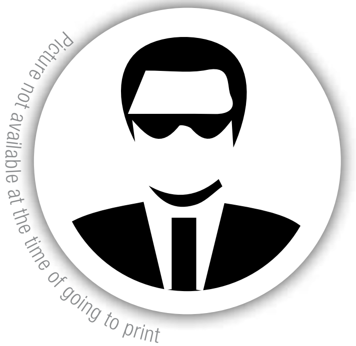
- BSc - UNISA
- Marketing Management - UNISA
- Local Government (LG) University of Pretoria
- Management Tools Diploma – University of Pretoria
- Certificate inTime Management (TM) University of Pretoria
- Certificate in Communication – UNISA

Short courses

- Sales and Marketing Certificate (DELTA)
- Salesmanship Honours Certificate (M.I.T.)
- Fundraising Planning & Management Certificate (Downs, Murray International)
- International Salesmanship Honours Certificate TI (M.I.T.)
- Local Government Laedership Programme (N.1.T.L)
- Management of Technology Certificate (N.1.T.L)
- Marketing Management Certificate (Executive Education)

Membership

Member of the Institute of Directors
Human Resources and Remuneration Committee (Chairperson)
Audit and Risk Committee



Mr John Mabhida
Board member

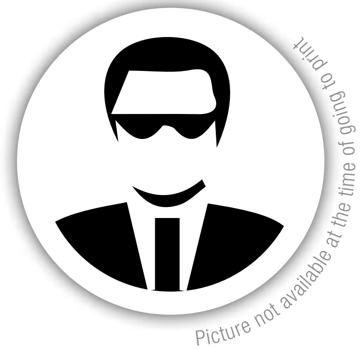
Qualifications
- National Diploma in Policing

Membership
Audit and Risk Committee Member
Social and Ethics Committee

Ms Reitumetse Masemola
Board member

Qualifications
- BEng (Civil Engineering)
- BEng Hons (Technology Management)

Membership
Audit and Risk Committee Member
Regulatory Committee
Social and Ethics Committee



Mr Ben Deysel
Board member

Qualifications
- Matric

Membership
Regulatory Committee
Procurement Committee

Mr Charles Setsubi
Board member

Qualifications
- MA (Education)
- Advanced Diploma (Political Science)

Membership
Human Resources and Remuneration Committee
Social and Ethics Committee

9. Board Members (cont.)

Mr Sinethemba Mngqibisa

Department of Transport Representative

Qualifications

- National Diploma Medical Technology (Clinical Pathology) – Edendale Technical Institute
- National Diploma Medical Technology (Medical Microbiology) – Edendale Technical Institute
- Certificate in Labour Law – University of Natal, Pietermaritzburg
- BCom, Unisa
- Postgraduate Diploma in Transport Management, RAU
- BCom (Hons) Transport Economics, Unisa
- Certificate in Project Management, RAU

Membership

Member of the Institute of Directors
Regulatory Committee

Mr Sipho Khumalo

Board member

Qualifications

- BA (Hons)
- Masters in Public and Development Management
- Global Executive Development Programme, Gordon Institute of Business Science
- Other specialised courses

Membership

Member of the Institute of Directors
Human Resources and Remuneration Committee
Regulatory Committee

PART B

PERFORMANCE INFORMATION

1. Auditor's Report: Pre-determined Objectives

The AGSA currently 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 Pre-determined Objectives is included in the report to management, with material findings being reported under the Pre-determined Objectives heading in the Report on other legal and regulatory requirements section of the Auditor's Report.

Refer to page 82 of the Report of the Auditor's Report, published as Part E: Financial Information.

2. Situational Analysis

2.1. Service Delivery Environment

Organisations do not exist in a vacuum. They exist within a myriad of factors such as economic and social factors. It is in this context that the C-BRTA takes cognisance of the economic imperatives within its operating environment. South Africa's ailing economy, with expected growth of about 0.7% for 2016 naturally affects all sectors of the economy, including the cross-border road transport industry. South Africa has been reported amongst the worst economic performers in sub-Saharan Africa. Inflation rose from 4.8% in November to 5.2% in December 2015, hitting the highest reading in over a year.
The South African Rand continued on its downward trend and reached a new record low in early January 2016, which ultimately affects operators doing business in the region in terms of exchange rate volatility. The Chinese economy has also slowed down affecting commodity prices.

It is in such an environment that the importance of the National Development Plan (NDP) becomes paramount, as it presents an opportunity for South Africa to attain faster economic growth through raising employment levels. The NDP, thus, serves as a broad, multi-dimensional framework aimed at changing the development trajectory of South Africa and amplifies the importance of global economic shifts, technology, globalisation, climate change and African economic growth as notable trends for South Africa.

In 2015, South Africa's Gini Coefficient was reduced to 0.59, from a base of 0.7 in 2008. This measure indicates the level of inequality in our society. It thus magnifies the need for wealth distribution in the country. South Africa has in this regard made fantastic progress in reducing its Gini Coefficient, more than any developing state. The call for a developmental and transformative state is therefore justifiable. The NDP highlights a path for the developmental state to tackle the root cause of poverty and inequality. The role of transport and specifically cross-border road transport is that of a catalyst in the social and economic development of any country and region.

The vision for the Southern African region is one of the highest possible degree of economic cooperation, mutual assistance where necessary, and joint planning of regional development initiatives, leading to integration consistent with socio-economic, environmental and political realities. The SADC region has adopted a development integration approach which seeks to address infrastructure and barriers to growth and development. South Africa has significant interests in the region and in regional integration. Since 1994 the South African government has regarded the Southern African region as the most important priority in terms of international relations strategy.

The C-BRTA will continue to improve the overall performance and spearhead social and economic development within the SADC region through facilitating unimpeded cross-border road transport movements. The Agency, however, realises the need for change. It notes that in order to remain relevant and sustainable, the era of business-as-usual has elapsed. The quest for technological advancement and operational efficiency presents a promise of value-add not only to the organisation but to the operators at large.

The C-BRTA has taken an active role in comprehending the environment in which it operates. The table below reflects the environmental scan undertaken in order to remain relevant and responsive in the execution of the C-BRTA mandate to the benefit of its stakeholders:

ENVIRONMENTAL ASPECT	FACTORS AFFECTING THE OPERATING ENVIRONMENT
POLITICAL	The constant change in senior office bearers of our counterparts affects cross-border operations, decision continuity and administration more often. The areas that get affected include the following: • The review and amendment of bilateral agreements; • The desired harmonisation of operating procedures and legislative frameworks; • The roll-out of major projects which requires regional support; and • The demand and supply of cross-border transport services. The C-BRT Act was amended in 2008 but it lags behind in terms of enabling the Agency to drive initiatives with high impact in the cross-border industry. The changes on the ground advocate that the C-BRT Act needs to be amended, hence a proposal for a mandate review has been completed.
ECONOMIC	The Agency is working on proposals to enhance revenue streams. The global economy continues to recover from the impact of the 2008 financial crisis. However, the recovery has been sluggish in some economies and this has impacted the domestic and regional economies and trade volumes. The sound monetary and fiscal policy regime in the country shredded off the worst impacts of the global financial crisis. This culminated in stabilisation of the domestic economy. The country has capitalised on this to expand exports to the rest of the SADC region, thus demand for cross-border road transport has been on an increase. The lack of harmonisation of regulatory instruments, operating procedures and standards in the region has potential to continue increasing the cost of doing business by transport operators' standards. The rise in regional trade has positive impact in terms of prospective industry growth which potentially will increase the demand for cross-border permits.
SOCIAL	The changes in migration patterns could affect passenger transport demand in the region. Currently this is in favour of South Africa. The safety of inspectors on the border corridors is a matter of concern as they are not properly equipped to deal with possible attacks by criminals. The impact of HIV among drivers has a likelihood of reducing driver wellness.

ENVIRONMENTAL ASPECT	FACTORS AFFECTING THE OPERATING ENVIRONMENT
TECHNOLOGICAL	The inadequate IT infrastructure in the Agency compromises the Agency's ability to integrate with external systems, communicate effectively both internally and externally. Without the correct IT infrastructure, implementation of business intelligence systems linking to other national systems is also compromised. The revamping of the C-BRTA website creates an opportunity for greater accessibility. Lagging behind industry technological acquisition and development threatens integration ability of the Agency to other systems. The rise in social networking and communication technologies presents an opportunity for the Agency to enhance communication and information dissemination. The deployment of best practice border management systems in the region like One Stop Border Posts will improve border crossing times. The SADC region is advocating for market liberalisation and deployment of voluntary accreditation schemes. This will improve the need for balanced regulatory control and transport movement facilitation in the region. This will also improve productivity and efficiency in the industry.

ENVIRONMENTAL ASPECT	FACTORS AFFECTING THE OPERATING ENVIRONMENT
ENVIRONMENTAL	The increasing demand for environmentally friendly vehicles in the sector creates an opportunity for enforcement by the Agency. The general move towards paperless business operations in the cross-border sector emphasises the need for moving in the same direction by the Agency in response to lowering the carbon foot print. There is a rise in the emergence of vehicles that are not roadworthy, second hand imported vehicles by SADC counterparts with which South Africa has bilateral agreements. Due to reciprocity these vehicles enter South Africa, increasing the risk of accidents and incidents. There is potential emigration of operators applying for permits in other countries. The advancement of transportation and trade facilitation programmes in the region creates opportunities for improving cross-border road transport operations and regulation. Regional orientation towards movement facilitation over regulatory control requires a review of the mandate of the Agency and its counterparts in the region. Ideally this should start with the SADC Protocol cascading to other regional and bilateral agreements. Increased COMESA-EAC-SADC coordination efforts are likely to enhance resolution of long standing cross-border road transport challenges. Harmonisation of third part insurance needs to be accelerated to take away the burden of double insurance by operators. Various initiatives towards eliminating non-tariff barriers championed by regional secretariats and member states will improve cross-border road transport movement. The establishment of a Single Transport Economic Regulator may need the Agency to review its business model. The current funding model for the Agency is not sustainable. The Agency recently lost a case on the 2011 Permit Tarrif Regulations, and operators are also challenging the legitimacy of the recent Regulations. The financial sustainability of the Agency is at risk as it will be difficult to implement increments despite rising operating expenditure.

ENVIRONMENTAL ASPECT	FACTORS AFFECTING THE OPERATING ENVIRONMENT
REGULATORY & LEGAL	The recent Regulations on immigration may affect cross-border road traffic between South Africa and some SADC countries. The Mandate Review process presents the Agency with an opportunity to provide input to the review process. The thrust of this process is value-add to transport operators. The lack of harmonisation of regulatory instruments, operating procedures and standards in the region has a potential to continue increasing the cost of doing business by transport operator standards. It affects the effectiveness and efficiency of the regulatory environment in regard to industry regulation. It further creates unnecessary non-tariff barriers to operators. The disharmony between national, regional and international regulatory and legislative environment creates difficulties in the administration and regulation of the cross-border road transport sector. The SADC region is advocating for a single permit in the region. Should this succeed, the revenue source of the Agency will be at risk. Alternative revenue streams will be required. There is no shared understanding of the C-BRT Act and other related Acts in the transport sector. This leads to contestation of the mandate of the Agency and disputes in regard to areas of scope and jurisdiction, duplication and overlapping mandates. The bilateral agreements are out-dated and require review in order to capacitate regulatory authorities to deliver on their respective mandates in line with policy directives.

2.2. Organisational Environment

The Cross-Border Road Transport Agency (C-BRTA) has assessed its organisational environment in the previous year and asserts the following reflection:

STRENGTHS	WEAKNESSES
• The Agency has expert skills in relation to cross-border road transport matters • Existence of governance structure • Regional thought-leadership on Cross-Border matters	• Unknown brand • Infant performance management systems • Poor IT infrastructure • Lack of integrated internal IT systems • Inefficient support services • Lack of implementation of succession planning policies • Centralised permit system.
OPPORTUNITIES	**THREATS**
• Introduction of an accreditation scheme (OCAS) to promote smooth operations at across borders • Building a strong brand • Selling of research information • Establishing a cross-border data bank • Provide real time information to transport industry • Implement a route adherence system • Establish a cross-border training academy • Establish web-based operator forum • Establishment of international ranking facilities • Procurement and establishment of impounding facilities • Exploring Limpopo bridge as possible revenue stream (collective one that will cover an opportunity of expanding our revenue stream) • Development of standards for cross-border vehicles • Administration of cross-border road user charges • Development and regulation of cross-border standards • Electronic collection of fines (give one that will collectively cover the use of technology to do business) • Implementation of smart law enforcement project • Management of weigh bridges at border posts	• Unsustainable funding model • Policy decision on a single police service (RTI) • Lack of regional political will with regards to harmonisation • Possible spill-over of the Lesotho/Free State cross-border passenger transport regulation challenges • Fraud and corruption • Inability of the Agency to meet operators' expectations

The SWOT analysis identifies, in simple terms, where the C-BRTA is positioned with regard to trends, developments and the broader environment in which it operates. The analysis also identifies the Agency's strengths and weaknesses, as well as the threats and opportunities concerning the Agency's future.

2.3. Key Policy Developments and Legislative Changes

A policy decision for the establishment of a single traffic and law enforcement authority will see the migration of the C-BRTA law enforcement unit to the Road Traffic Management Coporation (RTMC).

2.4. Strategic Outcome Oriented Goals

To improve its business processes, the C-BRTA adopted five (5) medium term strategic goals and they are as follows:

- **Strategic Goal 01 – Enhance organisational performance**
  Appropriate performance management and reward policies are in place and are implemented to strengthen and achieve the organisational goals and objectives.

- **Strategic Goal 02 – Facilitate unimpeded flow of cross-border transport**
  During the period under review, the C-BRTA participated and played influential roles in the Border Management Agency (BMA) and other corridor structures to facilitate the unimpeded flow of cross-border transport. Stakeholder Forums continued to be used as a platform to engage stakeholders with interest in cross-border transportation, discussing ways in which the movement of transport can be enhanced.

  Key stakeholders were engaged during the financial year which led to the facilitation of signing of an MoU with the Department of Home Affairs and the finalisation of the MoU with the Office de Gestion du Fret Multimodal (Office for the Management of Multimodal Freight - OGEFREM). These MoUs will now be signed in the new financial year on mutually suitable dates.

- **Strategic Goal 03 – Promote safe and reliable cross-border transport**
  A smart law enforcement strategy was developed to gather intelligence to promote safe and reliable cross-border transport.

  Consultations on the Operator Compliance Accreditation Scheme (OCAS) continued with regional and domestic stakeholders. Regional stakeholders are still going to undertake internal consultations on the implementation of OCAS. The OCAS scheme will improve the safety and reliability of cross-border transport.

- **Strategic Goal 04 – Promote regional integration**
  Engagements with SADC member states continued to address matters of harmonisation of rules, procedures and standards among the member countries.

  Bilateral meetings, Joint Committees (JCs) and Joint Route Management Groups (JRMGs) were used in the year under review as a platform to jointly address operator concerns, Non-Tariff Barriers (NTBs) and other related challenges to improve inter-regional trade and integration.

- **Strategic Goal 05 – Strategic positioning to enhance organisational sustainability**
  A feasibility assessment on the revenue streams proposed in the approved financial sustainability strategy was undertaken. The project on the New Limpopo Bridge in Musina stalled due to delays in finalising the agreement between the Republic of South Africa and Zimbabwe. The matter has been escalated to the Director-General of the DoT for intervention.

  The Business Case on the Comprehensive Levying of Cross-border charges has been submitted and presented to the DoT. It is envisaged that when this is implemented, the cost of the cross-border permit will be reduced, thus reducing the cost of doing business for operators.

3. Performance Information by Programme

The activities of the C-BRTA are organised into five (5) programme areas. The five programme areas are aligned to the strategic objectives in the form of a performance scorecard that measures the achievements against the set objectives. The five (5) core functional areas are the following:

A. Regulatory Services
B. Road Transport Inspectorate
C. Facilitation and Industry Development

D. Administration

- Office of the Chief Executive Officer
- Human Resources Management
- Finance and Supply Chain Management (SCM)
- Governance and Legal Services
- Chief Information Office (CIO)

This section outlines the C-BRTA's performance for the financial year 2015/16.

The Agency's overall achievement of its predetermined objectives for the 2015/16 financial year is 67%. During the period under review the Agency encountered some challenges in its ability to deliver on its annual performance targets that are articulated in its Annual Performance Plan.

Table 2: Expenditure

	2015/2016			2014/2015		
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**
Regulatory Services	20,509	16,706	3,803	27,053	23,608	3,445
Road Transport Inspectorate	83,545	72,617	10,928	77,639	81,826	(4,187)
Facilitation and Industry Development	19,190	14,401	4,789	20,047	10,713	9,334
Administration	117,490	92,449	25,041	89,217	88,568	649
Total	**240, 735**	**194,559**	**46, 176**	**213,956**	**204,715**	**9,241**

3.1. Programme 1: Regulatory Services

3.1.1. Introduction

The Regulatory Services Division is responsible to regulate and control access to the cross-border road transport market of freight and passengers. The regulation is based on a permit administration regime, which is anchored on the principles of reciprocity, similar treatment, non-discrimination and extraterritorial jurisdiction. The objective of the regulation is to improve and promote social and economic development and regional integration through progressive liberalisation of the cross-border freight market and by means of the introduction of regulated competition within the cross-border passenger market.

The Division is also tasked with ensuring compliance to the Agency's empowering and related legislation as well as the provisions of the bi- and multi-lateral road transport agreements. It is worth noting that the latter agreements are attached to the Transport Deregulation Act, as amended, that consequently accords the provisions of the agreements the same status as domestic law.

3.1.2. Divisional Executive Summary

The Regulatory Services Division had a total of four (4) performance indicators during the financial year 2015/16. Two (2) of the four (4) performance targets were achieved. The piloting of the Market Access Regulation Model on three (3) main corridors could not be achieved as a result of internal consultations with the regional states that have been consulted. The following states have been consulted: Botswana, Malawi, Mozambique, Namibia, Swaziland and Zimbabwe. Follow-up consultations will be conducted in the 2016/17 financial year in order to ensure that agreement is obtained to pilot the model.

The Regulatory Services Division issued a total of 82 009 permits during the period under review, which translates into an increase of 3 125 permits or 3.96% year-on-year. There was an increase of 4.5% for goods and 5.8% for taxi passenger permits respectively during the year under review compared to the same period in the previous financial year. Permits for bus passengers conveyance decreased by 5.6% and tourists by 23.17 %, respectively, compared to the same period in the previous financial year.

3.1.3. Strategic Objectives

- To introduce and implement regulated competition of cross-border movements
- To promote efficiencies in permit issuing so as to reduce cost of doing business for cross-border operators
- To improve compliance with road transport legislation

3.1.4. Operational Performance

3.1.4.1. Summary of permits issued in the year

Permits issued for freight carriers increased by 4.5% during the year under review, up from 62 647 to 65 615. Hereto follows a statistical overview of the freight permits issued per country.

Table 3: Goods Permit Statistics

COUNTRY	2015/16	2014/15	% MOVEMENT
Angola	188	200	(6)%
Botswana	8 264	7 875	4.71%
DRC	4 757	3 536	25.67%
Lesotho	3 824	3 896	(1.88)%
Malawi	2 322	1 809	22.09%
Mozambique	10 356	11 299	(9.10)%
Namibia	6 231	6 648	(6.69)%
Swaziland	5 251	5 355	(1.98)%
Zambia	13 401	12 391	7.54%
Zimbabwe	10 984	9 599	12.61%
Cabotage	37	39	(5.4)%
TOTAL	**65 615**	**62 647**	**4.5%**

Permits issued for taxi operations increased by 5.8% during the year under review, up from 11 663 to 12 354. Hereto follows a statistical overview of the taxi permits issued per country.

Table 4: Taxi Passenger Permit Statistics

COUNTRY	2015/16	2014/15	% MOVEMENT
Angola	01	0	100%
Botswana	537	430	19.82%
DRC	09	02	77.77%
Lesotho	1 418	2 093	(47.60)%
Malawi	58	25	56.90%
Mozambique	5 335	4 907	8.02%
Namibia	120	81	32.5%
Swaziland	529	539	(1.90)%
Zambia	29	35	(20.69)%
Zimbabwe	4 318	3 521	18.46%
TOTAL	**12 354**	**11 633**	**5.8%**

Permits issued for bus operations decreased by 5.6% during the year under review, down from 2 234 to 2 115.

Hereto follows a statistical overview of the bus permits issued per country.

Table 5: Bus Passengers Permit Statistics

COUNTRY	2015/16	2014/15	% MOVEMENT
Botswana	89	116	(30)%
DRC	08	18	(125)%
Lesotho	347	410	(18.5)%
Malawi	232	128	44.83%
Mozambique	328	319	2.74%
Namibia	45	43	4.44%
Swaziland	80	71	11.25%
Zambia	21	82	(290.47)%
Zimbabwe	965	1 047	(8.50)%
TOTAL	**2 115**	**2 234**	**(5.6)%**

Permits issued to tourist operations decreased by 18.8% during the year under review, up from 2 370 to 1925. Hereto follows a statistical overview of the tourist permits issued for the region:

Table 6: Tourist Permit Statistics

COUNTRY	2015/16	2014/15	% MOVEMENT
Regional	1 899	2 341	(18.9)%
Cabotage	26	29	(11.54)%
TOTAL	**1 925**	**2 370**	**(18.8)%**

Table 7: Regulatory Performance against Pre-determined Objectives

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLANNED TARGET 2015/16	ACTUAL ACHIEVEMENT	COMMENT
To introduce and implement regulated competition of cross-border movements	Implemented scientific tool used by the Regulatory Committee to manage supply and demand cross-border passenger transport	Approved framework Adopted scientific tool Piloted and refined scientific tool	Piloted and fully implemented scientific tool on three (3) main corridors	Consultations executed with Botswana, Mozambique, Namibia, Swaziland and Zimbabwe	The countries that have been consulted are still having their internal consultation on the proposed piloting of the scientific tool
	Developed Business Case for integrated regulatory framework to reduce passenger transport conflict	None - new indicator	Board approved Business Case on Integrated Regulatory Framework	Board approved Consultation Report; Integrated Regulatory Framework and Legislative Reform Proposal	N/A
To promote efficiencies in permit issuing so as to reduce cost of doing business for cross-border operators	Issue front and remote office temporal permits within pre-determined turnaround times	None - new indicator	90% Issued front office permits within 1 day 90% Issued remote office permits within 3 working days	Turnaround time for issuance of permits within benchmark timeframes.	N/A
To improve compliance with road transport legislation	Developed and Implemented Operator Compliance Accreditation Scheme (OCAS)	Consultation and approved business rules and standards	Consultation with key stakeholders EXCO approved Feasibility Report EXCO approved revised OCAS ICT TOR for appointment of System developer	Consultation with key stakeholders Updated Feasibility Report EXCO approved revised OCAS ICT TOR for appointment of Service Provider	Revised OCAS ICT TOR for appointment of Service Provider were approved in the new financial year

Achieved or exceeded   Partially achieved   Not achieved

3.1.5 Strategy to overcome areas of under performance

The piloting of the Market Access Regulation Model on three (3) main corridors could not be achieved as a result of internal consultations with the regional states that have been consulted.

The following states have been consulted: Botswana, Malawi, Mozambique, Namibia, Swaziland and Zimbabwe. Follow-up consultations will be conducted in the 2016/2017 financial year in order to ensure that agreement is obtained to pilot the model.

3.1.6 Changes to planned targets

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

3.1.7 Linking performance to budgets

Table 8 : Expenditure: Regulatory Services

	2015/2016			2014/2015		
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**
Regulatory Services	20,509	16,706	3,803	27,053	23,608	3,445

3.2. Programme 2: Road Transport Inspectorate (RTI)

3.2.1. Introduction

The purpose of the programme is to ensure compliance by cross-border operators with all cross-border road transport legislation as well as to the SADC Protocol. The strategic intent of the function is to support the safety of freight and passengers in the Southern African Region through compliance with relevant laws and regulations. RTI is comprises two sub-divisions through which it delivers its mandate. The sub-divisions are as follows:

- **Law Enforcement –** this sub-division is a core functional area within RTI. It conducts vehicle road transport inspections for compliance with requisite vehicle standards and norms. These inspections ensure that all vehicles conducting cross-border road transport business comply with minimum road safety standards as provided for in the RSA transport legislation and related Road Transport Agreements. Operators and drivers who are found to be non-compliant are prosecuted and at times vehicles impounded or scrapped off the road. The competitive advantage of the programme is the strategic deployment of the inspectorate and collaboration with all law enforcement agencies in the country and SADC. The sub-division is also responsible for partnering with strategic and critical stakeholders within the fraternity to ensure efficient and effective delivery by the Road Transport Inspectorate.
- **Law Enforcement Profiling –** this sub division is a strategic function within RTI. The sub-division collects information from vehicle inspections, vehicle prosecutions, passenger lists, consignment notes and other information gathering approaches to create law enforcement business intelligence. This function assists RTI management to make informed and intelligence driven decisions in conducting law enforcement operations and investigations. Various databases are developed in the sub-division for management of the Inspectorate. The Profiling Unit is also responsible for generating reports on law enforcement information on a route basis, traffic flows and operator profiles. The reports are submitted to the Regulatory Committee to assist them in decisions related to regulating the industry.

3.2.2. Divisional Executive Summary

The Road Transport Inspectorate (RTI) Division had a total of four (4) performance indicators during the financial year 2015/16. Two (2) of the four (4) performance targets were achieved. Following a Constitutional Court judgement against the Agency, cost containment measures had to be put in place. This led to deployment plans being amended in order to cater for minimum deployment whilst other critical targets were deferred to the 2016/17 financial year.

Permanent deployments were successfully made at two (2) new borders namely Lebombo and Ramatlabama. The annual inspection target of 222 988 was exceeded by 18 427. There were 124 joint law enforcement initiatives conducted with other law enforcement agencies. The significant increase in the number of inspections conducted was largely attributed to RTI partnership with other law enforcement agencies.

As part of its internal controls, a Standard Operating Procedure (SOP) was developed and audits conducted at all regional offices. A complaints management SOP was also developed in order to improve external customer satisfaction levels.

3.2.3. Strategic Objectives

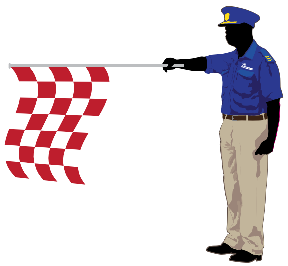
- To improve compliance with road transport legislation

3.2.4. Operational Performance

Table 9: RTI Performance against Pre-determined Objectives

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLANNED TARGET 2015/16	ACTUAL ACHIEVEMENT	COMMENT
To improve compliance with road transport legislation	Developed and operationalised smart law enforcement strategy	Approved framework	EXCO approved Smart-law Strategy Piloted smart law enforcement tool Acquire staff and physical equipment	Smart law strategy approved by EXCO Smart law enforcement tool developed and piloted Staff (profliling officers) recruited and trained	Physical equipment (smart law gadgets) could not be acquired due to cost containment measures that had to be taken in the financial year
	Number of borders with permanently deployed Inspectors within 2km proximity from major borders	Deployed inspectors to two (2) borders	Deployed inspectors to four (4) Borders	Successfully deployed inspectors at Lebombo and Ramatlabama	Permanent deployment not fully achieved at Vioolsdrift and Ficksburg due to resource constraint experienced by the Division
	Percentage increase in the number of inspections conducted	None – new indicator	5% increase in the number of inspections conducted (annual target of 222 988)	241 415 inspections were conducted resulting in the target being exceeded by 18 427	More inspections were conducted at the joint-law operations during the peak periods and Intervention teams were established and deployed at busy corridors
	Number of key findings report on inspections and prosecutions as approved by the Executives	None – new indicator	EXCO signed-off Quarterly reports on key findings from inspections and prosecutions	EXCO approved inspection and prosecution findings tool Three (3) reports on key findings signed off by EXCO	N/A

Achieved or exceeded **Partially achieved** **Not achieved**



3.2.5 Strategy to overcome areas of under performance

Due to limited resources impacting on overall targets, contingency measures will be put in place to address resource replacement challenges.

3.2.6 Changes to planned targets

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

3.2.7 Linking performance to budgets

Table 10: Expenditure: Road Transport Inspectorate

	2015/2016			2014/2015		
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**
Road Transport Inspectorate	83, 545	72,617	10,928	77,639	81,826	(4,187)

3.3. Programme 3: Facilitation and Industry Development (FID)

3.3.1 Introduction

The purpose of the Facilitation and Industry Development (FID) Division is to establish and maintain co-operative and consultative relationships and structures with key stakeholders in South Africa and in the SADC region. This is done with a view to removing impediments and operational constraints experienced by operators along the border corridors, so as to improve the unimpeded flow by road of freight and passengers in the region. In addition, FID monitors the implementation of cross-border road transport agreements with SADC counterparts to ensure that cross-border operations are based on reciprocity, similar treatment and non-discrimination.

The Division also exists to add value to cross-border road transport operations by facilitating the provision of training, capacity building and the promotion of entrepreneurship generally and, in particular, small, medium and micro-enterprises with an interest in cross-border road transport.

3.3.2. Divisional Executive Summary

The Facilitation and Industry Development (FID) managed to achieve all and exceed some of the annual targets for the financial year. This level of performance can be attributed to close supervision, streamlined processes and clear procedures introduced.

In an effort to improve the unimpeded flow of freight and passenger movements in the region and to reduce operational constraints for the cross-border road transport industry as a whole, the Facilitation Unit focused their energy in leveraging the existing stakeholder relationships in the border environment to find resolutions or escalation of 65.63% of the reported operator constraints.

The taxi segment of the cross-border industry does experience conflicts from time to time in the form of disputes within taxi association or between two taxi associations. The Operator Relations Unit of the Division contained a number of these disputes within months of reporting the conflicts, and achieved a resolution rate of 87.5%. It must be noted that conflict in the cross-border industry constitutes an impediment to the free flow of passengers in the region.

The Division maintained databases of stakeholders which were updated on an on-going basis as and when new relationships were established. To strengthen relationships, collaboration and partnership with these stakeholders, consultative forums were convened with a view to jointly address challenges faced by cross-border operators. To this objective, FID continued to participate in border and corridor networks at domestic and regional levels. The Division ensured that the implementation of bilateral and multilateral road transport agreements that the Republic of South Africa signed with its counterparts in the SADC region was monitored to ensure reciprocity, similar treatment and non-discrimination.

In delivering added value to cross-border operators, especially those classified as small, medium and micro enterprises, the Industry Development Unit facilitated a number of training, capacity building and entrepreneurship interventions for the operators in the passenger segment of the cross-border industry.

As part of supporting the Minister of Transport on the empowerment of women, youth and people with disabilities, the Agency hosted two rural outreach initiatives, one aimed at informing high school learners from informal settlements around Mamelodi in Gauteng on the possible career opportunities in cross-border road transport, and the other targeting women and youth from villages around Zeerust in North West on opportunities in cross-border road freight and tourism operations.

3.3.3. Strategic Objectives

- To establish and sustain strategic partnerships with stakeholders so as to enable the Agency to achieve its objectives

3.3.4. Operational Performance

The operational performance of the Division is discussed below.

3.3.4.1. Operator constraints addressed or escalated and consistently followed-through as recorded in the constraints register

The Division is specifically tasked to address operational constraints for the cross-border road transport industry and promote the unimpeded flow of freight and passengers between South Africa and her neighbouring Southern Africa Development Community (SADC) member states. The Division is further tasked to ensure that bilateral and multilateral road transport agreements are implemented in order to improve the flow of cross-border road transport between South Africa and her neighbouring states.

All reported constraints were recorded in the Constraints Register to ensure proper monitoring. Of the thirty two (32) constraints and barriers that were reported, twenty one (21) were successfully resolved or escalated to relevant authorities and ministries responsible for road transport in SADC member states. This accounts for 65.63% success rate of resolution of operator constraints addressed during the course of the year.

The following successes are highlighted:

- Robberies of cross-border buses on the N1 highway in Limpopo: The Agency reported the matter to the security cluster in Limpopo province where a task team was established, led by the Provincial Commissioner of Police. Through investigations, suspects were arrested and convicted.
- Delays at Container Depot in Zimbabwe: Progress was made in addressing a long-standing challenge of delays caused by inspections at the Container Depot (CONDEP) on the Zimbabwean side of Beitbridge border post. The Zimbabwean Revenue Authority committed to revising the processes at the depot. This ensured that commercial vehicles are referred to CONDEP within twelve hours (compared to the five to six days alleged by cross-border operators) of entering the parking yard, failing which vehicles would be released to ensure that no vehicle would spend the night in the depot waiting for inspections the next day.
- Ranking facilities in Namibia: South African operators were struggling to find ranking facilities in Windhoek since the privately owned facility used by Namibian operators was congested. This affected their permit applications as they could not be approved without a letter confirming availability of such facilities. While Namibian authorities are busy addressing this chronic challenge, it was agreed that South Africa would continue to issue temporary permits to allow South African operators to continue with their operations.
- Ranking facilities in Musina: Bus operators from Zimbabwe were illegally using a filling station in close proximity to the border post as a ranking facility. This was not received well by border authorities due to security related risks that came with such operations. Cooperation and joint effort by the C-BRTA, Musina Municipality and Limpopo Provincial DoT ensured that land was identified for interim ranking facilities and operations were moved from the filling station to the new facility. The provincial department is working on developing a permanent multimodal facility in Musina.

With all the successes that can be reported on the resolution of constraints, the long outstanding challenge of Third Party Insurance where South African operators entering Mozambique, Zambia, Zimbabwe and Malawi are required to buy additional insurance cover even though they have made arrangements before leaving South Africa still persists. The Agency has engaged these countries bilaterally to find a solution. The constraint has been escalated to the DoT, Treasury and the Financial Services Board (FSB) which represents South Africa at the SADC Finance Secretariat. The FSB tabled the matter at the last SADC Committee of Insurance, Securities and Non-banking Financial Authorities (CISNA) meeting in Maputo, the report of which is still to be received.

3.3.4.2. Resolution of passenger transport conflicts registered and resolved within 6 months

The Division makes interventions where disputes within and between associations cannot be resolved at that level. Where FID interventions are not successful, conflicts are escalated to the Regulatory Committee for a decision. The Division resolved 87.5% of conflicts reported during the year, and one conflict has been referred to the Zimbabwean authorities for resolution at JRMG level, since the conflict is between the South African and Zimbabwean associations.

3.3.4.3. Development of primary and secondary stakeholder databases

Through consistent monthly updates, the Division has successfully developed a database that comprises various stakeholder categories as follows;-

- Operator Relations Stakeholders;
- Corridor Development Stakeholders;
- Stakeholder Relations; and
- Industry Development Stakeholders.

  – **Number of stakeholder forums facilitated**

  The Agency consults and maintains relationships with relevant international, national and provincial authorities, and private sector stakeholders. Stakeholder forums are platforms meant to facilitate the unimpeded flow of freight and passenger transport in the SADC region, and to this end, the C-BRTA held the Joint Route Management Group (JRMG) meetings with Namibia and Zimbabwe. JRGM meetings are a platform where authorities from two countries convene a joint meeting of operators from both countries to discuss and resolve challenges affecting cross-border operations between the two countries. The output of the JRMG feeds into the Joint Committee (JC) meetings where senior officials from the countries concerned make resolutions on the matters raised in the JRMG.

  To this end, the C-BRTA, supported by relevant border authorities and provincial departments in South Africa, held JRMG and JC meetings with Namibia and Zimbabwe. At local government level, a municipal workshop was held with a group of municipalities in the West Rand District Municipality in Gauteng. The objective of the workshop was to afford them information on how the cross-border legislation and policies are implemented to minimise conflicts within passenger transport and ensure fair accessibility to ranking infrastructure.

  A number of consultations were convened with passenger operators, which amongst others, focused on identifying mechanisms to allow improvement of strategy used to engage operators. In addition, the Agency hosted a dinner event where the Minister of Transport delivered a key note address and interacted with cross-border taxi operators.

3.3.4.4. Opportunities created in the freight industry

Two feasibility reports were completed, creating opportunities that were linked to two specific companies. The two opportunities were on transporting cornices to Swaziland and groceries to Zimbabwe. The Division also consulted with six (6) other small businesses interested in cross-border freight operations. Five (5) out of the six (6) potential freight operators consulted were women-owned enterprises. The Agency continues to assist, empower and encourage women owned businesses to participate actively in the economy through cross-border operations.

3.3.4.5. Initiatives facilitated for the incubation of the established cooperatives

Incubation in this case refers to the training and mentoring initiatives for the two cooperatives that the Agency helped to establish in the previous financial year. The Agency contracted service providers to offer the following incubation initiatives:

- **Understanding Business Model -** The training offered the participants the opportunity to develop critical thinking in identifying and solving problems, in and around the business environment.
- **Marketing and Communication Plan Assessment - ** The process assisted cooperatives on how to draft marketing and communication plans, which involved bringing all the different parts of a marketing plan together into a document that can be used as a guide during the implementation of the project.
- **Co-operatives Business Ethics –** The intervention equipped the participants to recognize non-compliance situations in and around the business environment. It ensured that delegates could demonstrate initiative in recommending and applying corrective measures in accordance with relevant legislation, regulations, policies and procedures within the entity.
- **Financial Management –** The training included topics such as managing finances; importance of insurance; and record keeping for small businesses.

In addition to the incubation initiatives, the Division convened a number of meetings with the two cooperatives to guide them and monitor progress.

3.3.4.6. Rural community outreach on cross-border opportunities

The purpose of the outreach programmes was to reach out to communities in rural areas where information is not readily available. The idea was to inform them about opportunities related to the cross-border road transport industry.

The Division successfully hosted two rural community outreach events addressing different audiences. In partnership with the Mamelodi Initiative Foundation, the Agency targeted high school learners from informal settlements in and around Mamelodi. The focus was on career opportunities in transport, with an emphasis on different career paths in the cross-border industry.

The highlight of the October Transport Month was the outreach event in Zeerust, North West Province. The event was hosted in response to the call by the Minister of Transport to focus on women and youth empowerment in transport. The targeted audience were the youth and women from the villages in the five municipalities of the Ngaka Modiri Molema District Municipality. The objective was to inform and educate the Zeerust community, particularly women and youth about possible cross-border business opportunities in freight and tourism. In addition, the Agency mobilised the support of the national and provincial departments as well as agencies that presented on the financial and developmental assistance offered to small businesses and start-ups.

Table 11: FID Performance against Pre-determined Objectives

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLANNED TARGET 2015/16	ACTUAL ACHIEVEMENT	COMMENT
To establish and sustain strategic partnerships with stakeholders so as to enable the Agency to achieve its objectives	Percentage of operator constraints addressed or escalated and consistently followed-through as recorded in the constraints register	None - new indicator	65% resolution of operator constraints, demonstrated escalation and consistent follow through of registered constraints beyond C-BRTA mandate	65.63% of constraints resolved or escalated	The percentage was increased by tight management control and improved escalation mechanism
	Percentage resolution of passenger transport conflict registered and resolved within 6 months	None - new indicator	65% resolution of passenger transport conflicts registered and resolved within 6 months	87.5% resolution was achieved	The Agency received cooperation from the taxi associations involved as well as from the new NCBTO committee which is supportive to the work of the Division. The newly drafted conflicts resolution framework streamlined the procedures.
	Number of Industry Partnership Development Plan (IPDP) recommendations implemented	None - new indicator	Development of a primary and secondary stakeholder database 4 quarterly stakeholder forum reports	Primary and secondary databases developed and updated 4 stakeholder forums meeting conducted	N/A
	Number of opportunities created for women/ youth/ people with disabilities within the cross-border freight industry	None - new indicator	2 opportunities created in the freight industry	2 freight opportunities researched and facilitated	N/A
	Number of empowerment initiatives facilitated	Establish and incubate 2 co-operatives targeting women, youth and people with disability	2 initiatives: Facilitate the incubation of the established cooperatives 2 rural community outreach on cross-border opportunities	4 initiatives facilitated	Two additional initiatives were a response to the request for a refresher training and the budget could accommodate the request

Achieved or exceeded **Partially achieved** **Not achieved**

3.3.5. Other achievements

In addition to the targets above, the following activities were also undertaken by the Division:

3.3.5.1. Development and maintenance of appropriate stakeholder consultative networks and establishment of appropriate stakeholder consultative forums with a view to facilitate the unimpeded flow of cross-border transport

The Division plays a role of creating consultative networks and forums with a view to advance the interests of cross-border operators as well as to influence decisions that will support the Agency's objectives. The following forums and networks were used effectively to maintain relationships with key stakeholders:

- Engagements with individual freight operators to improve interaction and understanding of their challenges on different cross-border corridors. This was meant to close the gap created by the poor attendance at operator forums by freight operators. For the year under review, a total of ten operators were visited. This has proven to be a fruitful exercise as operators raised significant issues which were mostly addressed to their satisfaction. Input acquired during these engagements assists in guiding the Agency on enhancing operator value.
- Bilateral engagements with national and provincial departments and agencies with interest in cross-border road transport were used to influence operations, processes and decision affecting cross-border operators. It is worth noting that the Agency established a new relationship with the South African Local Government Association (SALGA), a relationship to be used to address ranking facility challenges in municipalities.
- The Agency participated in the Border Management Agency structures at local, provincial and national levels, as well as in the Inter-border structures where border stakeholders meet with their neighbouring counterparts to discuss and resolve challenges impacting negatively on border operations.
- Engagements with Operator Route Committees - This is a platform that is mostly and effectively used by taxi operators. All committees that have been formed were active in the past year. The Namibia Route Committee took the lead as a model of collaboration between the bus, freight and taxi operators who participate equally in the Committee. A total of eleven route committee meetings were convened.

It must be noted that engagements with the Lesotho Route Committee have not taken place due to the developments on the corridor. The matter is being addressed by the Minister of Transport through the Ministerial Task Team consisting of the DoT, C-BRTA, Lesotho authorities, and Departments of Transport in Free State, KwaZulu-Natal and Eastern Cape.

3.3.5.2. Monitoring of implementation of cross-border road transport agreements with SADC counterparts to ensure reciprocity, similar treatment and non-discrimination

The Agency uses platforms such as Joint Route Management Group meetings, Joint Committee meetings and bilateral engagements with counterpart countries to monitor the implementation of bilateral and multilateral road transport agreements. It is through these platforms that constraints facing cross-border operators are addressed and resolved. For this purpose, the Agency held bilateral engagements with Zimbabwe, Namibia, Botswana and Mozambique. The recently reported constraints have been referred in writing to authorities in Malawi and Zambia.

3.3.5.3. Collection, processing and dissemination of relevant cross-border road transport information

It is the function of the Agency to gather relevant information relating to cross-border operations and inform South African cross-border operators of the latest developments which could affect their operations. Information on the outbreak of diseases, new regulatory and legislative requirements, changes in processes and procedures were communicated to operators as and when received.

3.3.5.4. Implementation of strategies to encourage the cross-border road transport industry to become more self-regulatory

The objective is to contribute to the development of cross-border operators in the management, governance and institutionalisation of taxi associations and structures.

The election of the National Cross-Border Taxi Organisation (NCBTO) was the highlight of the year under review, given that since the interim committee was formed in 2010, the industry had failed to elect a committee within a year as it was initially agreed. Although the new committee faced challenges, there has been great improvement in the leadership provided by the new NCBTO committee to the cross-border taxi industry.

Other institutional development efforts include the following;-

- Developed a framework for promotion of industry self-regulation;
- Support to the newly established N4 Corridor Women's Forum and the commencement of processes to establish forums for the Lesotho, Swaziland, Botswana and Zimbabwe routes;
- Drafting and adoption of the Customer Charter by the cross-border taxi operators; and
- Drafting of a Memorandum of Understanding between DoT and the NCBTO. Consultations are undertaken before the document can be finalised.

3.3.5.5. Facilitation of the provision of training, capacity building and the promotion of entrepreneurship

The purpose is to facilitate the provision of training, capacity building and the promotion of entrepreneurship generally in respect of small, medium and micro-enterprises with an interest in cross-border road transport. In fulfilling this objective, the Agency assesses the capacity and training needs of the small business engaged in cross-border road transport, and encourage development in this regard. A number of initiatives were undertaken during the year under review. Training and capacity building initiatives targeting cross-border passenger operators included:

- A workshop offered by the Road Accident Fund (RAF) for passenger operators with the aim of equipping them with the knowledge and understanding of RAF processes and products;
- A workshop offered by the Department of Home Affairs on immigration requirements and processes between South Africa and Namibia; and
- The Agency trained passenger operators on presenting their permit applications during the Regulatory Committee hearings with an emphasis on proving the need for cross-border services on a targeted route.

3.3.6. Strategy to overcome areas of under performance

There were no areas of under performance.

3.3.7. Changes to planned targets

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

3.3.8 Linking performance to budgets

Table 12: Expenditure: Facilitation and Industry Development

PROGRAMME	2015/2016 BUDGET R'000	2015/2016 ACTUAL EXPENDITURE R'000	2015/2016 (OVER)/UNDER EXPENDITURE R'000	2014/2015 BUDGET R'000	2014/2015 ACTUAL EXPENDITURE R'000	2014/2015 (OVER)/UNDER EXPENDITURE R'000
Facilitation and Industry Development	19,190	14,401	4,789	20,047	10,713	9,334

3.4. Programme 4: Administration

3.4.1. Office of the Chief Executive Officer (CEO)

3.4.1.1. Introduction

The main purpose of the Division is to provide strategic support by driving initiatives within the areas of strategic projects, research and project management in the C-BRTA to enable the organisation to achieve its objectives and goals.

The Division is also responsible for Business Performance and Communication within C-BRTA. This Division also provides oversight on performance monitoring and evaluation to ensure that a sound performance culture is embedded within the organisation.

3.4.1.2. Divisional Executive Summary

The Office of the Chief Executive Officer had a total of five (5) performance indicators during the financial year 2015/16 and three (3) indicators were achieved.

The Division provided support to various external stakeholders in the cross-border and transport industry, participated in various Technical Steering Committees and Task Teams, the National Transport Forum of the DoT and conferences in the financial year under review. The Division provided, supported and participated in these structures or platforms with the broader goal of providing value-added advice to stakeholders, advancing the harmonisation agenda and increasing the visibility and awareness of the Agency.

3.4.1.3. Strategic Objectives

- To proactively provide value-added advisory services to the Minister of Transport and other stakeholders on cross-border matters in the transport sector;
- To promote the C-BRTA's reputation;
- To position the C-BRTA's brand to ensure visibility and awareness; and
- To introduce and implement regulated competition as pertaining to cross-border movements.

3.4.1.4. Operational Performance

3.4.1.4.1. Annual State of Cross-Border Operations Report

The main aim of the Annual State of Cross-Border Operations Reports (ASCBORs) is to provide the Minister of Transport, the DoT and other stakeholders with relevant information that will facilitate informed decision-making in cross-border related matters as well as areas where the Minister's intervention may be required. Essentially, the ASCBORs articulate major operational issues in the cross-border road transport industry, assess operations on the ground against legislative and regulatory prescripts, reflect on best practices in the trade and transport environments, and identify opportunities, gaps and challenges to both operators and industry regulators, and corridor developments.

The reports also provide solutions and recommendations that can be implemented to overcome challenges and optimise opportunities in the cross-border road transport industry. Thus, the reports are advisory tools to key stakeholders in policy, strategic, regulatory and operational environments within the cross-border environment. It is envisaged that resolving the challenges will lead to seamless and unimpeded flow of traffic along regional corridors, reduction of constraints and the cost of doing business, improvement in productivity, reliability, dependability, industry sustainability and stability of the sub-sector.

The Unit achieved all set targets for the ASCBORs in the financial year, and the reports were submitted to the Office of the Minister of Transport, the DoT and relevant industry stakeholders as planned.

3.4.1.4.2. Development of Country Profile Reports

The main aim of Country Profiles was to provide a consolidated assessment of prioritised countries' regulatory framework to which South African cross-border road transport operators are subjected in the course of doing business, major emerging issues in respective countries, corridor conditions, business opportunities, freight markets, trade volumes, operator requirements, cross-border transport document requirements and road user charges among other parameters. The Unit delivered the Country Profile Reports for Mozambique and Zimbabwe in the financial year as planned. The reports were also submitted to the Office of the Minister of Transport, DoT and relevant industry stakeholders as planned.

3.4.1.4.3. Percentage achieved on client satisfaction survey conducted on freight and passenger (taxis and buses) operators

The Customer Services unit ensures that satisfactory levels of services are geared towards the customers and that adequate levels of responsiveness and quality are embedded within the Agency's operational culture. Customer satisfaction surveys thus serve to express, in terms of percentages, the number of customers whose experience with the Agency and/or its services, meet or exceed satisfaction goals. The surveys were mainly conducted with operators visiting the Help Desk Area and others from consultations with operators. The survey results for the financial year 2015/16 resulted in an annual overall percentage of 72.3%.

Customers have proved to be generally satisfied with the level of services the Agency offers. However, a lot still needs to be done to keep on improving customer satisfaction levels. Greater emphasis will be put to address customer complaints and further improve levels of customer satisfaction whilst reaching a bigger customer base.

3.4.1.4.4. Number of initiatives to increase visibility of the Agency

The Division was required to participate in relevant conferences and prepare and present papers in areas related to cross-border road transport. The major aim of this undertaking was to profile the work of the Agency, enhance the Agency's visibility as well as to acquire knowledge that would be useful to the business of the Agency.

The Unit aimed to present at least 1 paper at conferences each quarter. Against this target, the Unit presented five (5) papers in Semester 1 and six (6) papers in Semester 2. Thus, effectively 11 papers were presented at various conferences. However, the cross-border conference could not be hosted due to cost containment measures that had to be taken in the financial year.

3.4.1.4.5. The Business Case on Comprehensive Levying of Cross Border Charges

The main purpose of developing the Business Case on Comprehensive Levying of Cross-Border Charges was to develop a business case that would inform the determination of proposed cross-border charges that will be recommended for application in South Africa, viability, resource requirements and operational interventions. The recommendations in the Business Case will go a long way towards harmonisation of regulatory standards between South Africa and the rest of the SADC countries and reducing the cost of doing business for South African cross-border road transport operators.

The Unit achieved all set targets for the Business Case in the financial year. The Business Case report was submitted to the Office of the Minister of Transport and DoT as planned.

Table 13: Office of the CEO Performance against Pre-determined Objectives

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLANNED TARGET 2015/16	ACTUAL ACHIEVEMENT	COMMENT
To proactively provide value-added advisory services to the Minister of Transport and other stakeholders on cross-border matters in the transport sector	Number of Annual State of Cross-border operations reports (ASCBOR) submitted to the Minister and other relevant stakeholders	1 Cross-border corridor road transport report	2 Annual State of the Cross-Border Operations Report (ASCBOR) to the Minister	1 ASCBOR submitted to the Minister	The target was achieved in the new financial year
	Number of country profiles developed or updated	None - new indicator	2 country (Zimbabwe and Mozambique) profile developed and published	2 country (Zimbabwe and Mozambique) profile developed and published	
To promote the C-BRTA's reputation	Percentage achieved on client satisfaction survey conducted on freight and passenger (taxis and buses) operators	63% achievement on client satisfaction survey conducted	65% customer satisfaction achieved	72.3% customer satisfaction achieved	Significantly higher results due to improved performance from the Regulatory Division except for queue delays
To position the C-BRTA's brand to ensure visibility and awareness	Number of initiatives to increase C-BRTA's visibility	None - new indicator	4 papers presented at transport conferences Hosted Cross-border conference	Eleven (11) presentations in total were done	Cross-border conference could not be hosted due to cost containment measures that had to be taken in the financial year
To introduce and implement regulated competition as pertaining to cross-border movements	Developed business case on comprehensive levying of cross-border charges	None - new indicator	Consultation and development of Business Case on comprehensive levying of cross-border charges	Consultations conducted and Business Case on comprehensive levying of cross-border charges developed	N/A

Achieved or exceeded **Partially achieved** **Not achieved**

3.4.1.5. Other achievements

In addition to the targets above, the following activities were also undertaken by the Research and Strategic Projects Unit:

3.4.1.5.1. Profiling of Dry Ports in Gauteng: The Case of City Deep

The project was aimed to profile the dry ports in Gauteng Province and assessing the impacts of dry ports on cross-border road transport. The scope for the financial year was limited to City Deep. The report provides invaluable information in regard to cross-border traffic generated from the dry port and interventions that may be implemented to enhance the operations of the dry port within the broader goal of enhancing seamless cross-border road transport movements.

The Unit achieved all set targets for the Strategic Research Project consisting of the Concept Paper, Research into the management of the dry port, Assessment of Traffic Volumes and Goods at the dry port and the approved Final Research Report.

3.4.1.5.2. Role and Impact of Cross-Border Transport in the Development of South Africa's Economy

The main aim of the project was to establish the role and contribution of the cross-border road transport to the development of South Africa's economy. The objective was to establish the significance of cross-border transport to South Africa's development. Such information will be of value particularly for strategic planning purposes and advising stakeholders in the country where and when key decisions are made at policy, strategic and operational levels across all spheres of government.

The Unit achieved all set targets for the Strategic Research Project consisting of the Framework Development and the approved Final Research Report.

3.4.1.5.3. Strategic Positioning of Durban Port in SADC

The main aim of the project was to identify challenges culminating in inefficiencies at the Port of Durban. This would then inform interventions that may be implemented to make the Port of Durban efficient and induce long term sustainability to the generation of cross-border road traffic while also enabling productivity gains to the local and regional economies.

The Unit achieved the set targets for the Strategic Research Project which consisted of the Framework Development and the approved Final Research Report.

3.4.1.5.4. Development of Model to Determine Cost of Doing Business for Cross-Border Freight and Passenger Operators on North South Corridor

The main aim of the project was to develop a scientific model that can be used to estimate the cost of doing business on the North-South Corridor. The model will be used by the Agency and any other interested parties to estimate the cost of doing business in the cross-border road transport industry.

The Unit achieved all set targets for the Strategic Research Project in the form of the Framework Development and the approved Final Research Report.

The Unit also executed various tasks in assigned Technical Committees and Task Teams that include the DoT Project Technical Steering Committees, Border Management Agency (BMA) Task Teams and the National Transport Forum. The major achievement was contribution towards the DoT's review of the White Paper on Transport Policy (1996) and the National Freight Logistics Strategy (2005), and development of Green Paper on Roads Policy and Rail Policy, the Multi-Modal Planning and Integration Bill as well as supporting the work of the National Transport Forum and the BMA Task Teams.

3.4.1.6. Strategy to overcome areas of under performance

There were no areas of under performance.

3.4.1.7. Changes to planned targets

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

3.4.1.8. Linking performance to budgets

Table 14: Expenditure: Office of the Chief Executive Officer

	2015/2016			2014/2015		
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*	117,490	92,449	25,041	89,217	88,568	649

****Administration (Office of the CEO, CIO, Finance, Governance & Legal Services and HR & Admin)***

3..4.2. Human Resources And Administration Services

3.4.2.1. Introduction

The purpose of the Division is to provide professional advice and related services, human resources and facilities management to enable and enhance business delivery. These services will include developing and adopting strategies that are responsive to the business strategy and strategic tasks confronting the Agency.

3.4.2.2. Divisional Executive Summary

The Human Resources and Administration Division has not achieved the target set for the year due to cost containment measures after the Constitutional Court judgement.

The Division's achievements for the year were performance management contracting. By the end of the financial year, all eligible employees had performance agreements/contracts as well as training and development in that the revised training target was exceeded. In other instances, progress has been made but delivery on the target has not been in full.

In the main, lack of divisional performance has been on talent management initiatives with talent mapping/pools not identified as well as career pathing and succession planning not concluded. The cause of non-performance has been capacity/skill deficiencies. Individual accountability will be focused on in the next year by breaking down the performance targets into measurable outcomes on a monthly basis.

In addition, other routine HR activities such as recruitment, management of employee relations, employment, usual business partnering to assist other Divisions to deliver on their planned activities and targets were undertaken.

3.4.2.4. Strategic Objectives

- To develop, implement and sustain a high performance culture in the organisation.

3.4.2.3. Operational Performance

Table 15: Human Resources Performance against Pre-determined Objectives

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLANNED TARGET 2015/16	ACTUAL ACHIEVEMENT	COMMENT
To develop, implement and sustain a high performance culture in the organisation	Percentage improvement in the organisational culture	None	Conduct survey and obtain 64% satisfaction levels	Snap survey was conducted internally	Delivery on the APP target was deferred as a result of cost-containment measures employed subsequent to Constitutional Court judgement

Achieved or exceeded **Partially achieved** **Not achieved**

3.4.2.5. Strategy to overcome areas of under performance

The underperformance was as a result of a considered decision by management to mitigate risks associated with the organisational financial liability of over R350 million. Therefore underperformance was expected in this target. Notwithstanding, an internal snap culture survey was conducted as a dipstick measure on employee engagement and to further highlight areas that need to be focused on. This survey had a high participation rate and provided key feedback on overall employee engagement and satisfaction. The results of this survey have been used to inform the HR plan for the next financial year.

3.4.2.6. Changes to planned targets

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

3.4.2.7. Linking performance to budgets

Table 16: Expenditure: Human Resources Management

	2015/2016			2014/2015		
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*	117,490	92,449	25,041	89,217	88,568	649

Administration (Office of the CEO, CIO, Finance, Governance & Legal Services and HR & Admin)

3.4.3. Finance and Supply Chain Management

3.4.3.1. Introduction

The purpose of this Division is to ensure provision of financial and supply chain management to the Agency and its line functions while ensuring compliance with statutory requirements and best practice models.

3.4.3.2. Divisional Executive Summary

The key performance indicators for the year ending March 2016 was the feasibility report on the various proposed new revenue streams as well as the development of a Business Case on Beitbridge Border Modernisation Project. The financial sustainability strategy was finalised in the first quarter of the year and the feasibility study was conducted on various revenue streams identified. The feasibility report was finalised and approved by the Board in its meeting of January 2016. The two key streams that are considered feasible to sustainably fund the operations of the Agency are the introduction of cross-border charges and accreditation fees. The business case for the introduction of cross-border charges was finalised and discussed with officials from the DoT and it is anticipated that more engagements will take place with a view of activating this stream.

The Business Case on Beitbridge Modernisation Project was finalised during the year and was submitted to the DoT, however the required legislative reform process was not initiated as the role of the Agency on the collection of user access fees on the bridge is still to be clarified.

3.4.3.3. Strategic Objectives

- To ensure the financial viability and sustainability of the C-BRTA.

3.4.3.4. Operational Performance

The Division had two (2) performance indicators dealing with the financial sustainability of the Agency. The first performance indicator was the approved feasibility report on the various revenue streams identified in the financial sustainability strategy and the second indicator was the submission of an approved Business Case on Beitbridge Modernisation Project.

3.4.3.4.1. Business case on Beitbridge Border Modernisation Project

The aim of the Beitbridge Modernisation Project was to position the C-BRTA as a collecting Agency of the user access fees on the New Limpopo Bridge. This is part of the financial sustainability strategy as this would enable the Agency to diversify its revenue though the levying of an administration fees.

The Business Case on Beitbridge Modernisation Project was finalised during the year and was submitted to the DoT. Various engagements were held with SANRAL on the implementation of the project as it has a mandate on national road infrastructure.

3.4.3.4.1. Feasibility Study on proposed new revenue streams

The financial sustainability strategy was finalised in the first quarter of the year and the feasibility study was conducted on various revenue streams identified in the strategy. The feasibility report was finalised and approved by the Board in its meeting of January 2016. The two key streams that are considered feasible to sustainably fund the operations of the Agency are the introduction of cross-border charges and accreditation fees.

A detailed research on the introduction of cross-border charges and a comprehensive business case on cross-border charges was finalised and approved by the Board. Initial discussions on the introduction of cross-border charges were held with officials from the DoT and further engagements are planned in this regard.

Another key stream coming out of the financial sustainability strategy was the introduction of accreditation fees. This stream is based on the proposed move towards quality regulations and it is supported by Operator Compliance Accreditation Scheme. It is anticipated that the proposed quality regulations regime and the SADC liberalisation agenda might impact negatively on the current permit regime and related permit revenue. This revenue stream (accreditation fees) is therefore considered as part of the long-term strategy for funding of the Agency's operations.

With the Constitutional Court judgement of 12 May 2015 declaring the 2011 permit tariff invalid, the liability of R318 million relating to operator refunds was created in the financial books of the Agency. The request for financial assistance from the DoT to assist in settling this liability was not successful and the Agency has developed a Turnaround Plan to ensure business continuity and sustainability of operations while servicing the liability. The liability is mainly serviced through savings generated by the implementation of cost containment measures and reprioritisation of projects.

Monthly management accounts are produced and used to monitor financial performance and position of the Agency as well as its cash flow.

3.4.3.5. Other Achievements

The Supply Chain Management Unit continues to process procurement requirements in accordance with the relevant prescripts. Procurement of goods and services were done within the confines of the supply chain management prescripts and contract management register maintained with a view of preventing incurrence of the irregular expenditure.

The financial constraints facing the Agency resulted in some planned bids not being advertised and awarded, with only the bid for internal audit services being awarded in the financial year.

The officials within the Unit attended training sessions arranged by the National Treasury in preparation for the migration to the Central Supplier Database that is managed by the National Treasury.

Table 17: Finance and SCM Performance against Pre-determined Objectives

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLANNED TARGET 2015/16	ACTUAL ACHIEVEMENT	COMMENT
To ensure the financial viability and sustainability of the C-BRTA	Developed financial sustainability strategy/ model	Approved strategy	Conducted feasibility study on proposed new revenue streams	The feasibility study on various revenue streams was conducted in the last quarter and the feasibility report was approved in the Board meeting of January 2016	N/A
	Developed Business Case on Beitbridge Border modernisation project (BBMI)	None - new indicator	Submission of Board approved business case	The Business Case on Beitbridge Border Modernization Initiative was completed in and submitted to the DoT	N/A

Achieved or exceeded **Partially achieved** **Not achieved**

3.4.3.6. Strategy to overcome areas of under performance

The Agency will engage with the DoT to clarify the role of the Agency on the possible collection of user access fees on the New Limpopo Bridge.

3.4.3.7. Changes to planned targets

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

3.4.3.8. Linking performance to budgets

Table 18: Expenditure: Finance and SCM

	2015/2016			2014/2015		
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*	117,490	92,449	25,041	89,217	88,568	649

***Administration (Office of the CEO, CIO, Finance, Governance & Legal Services and HR & Admin)**

3.4.4. Office of Chief Information Officer

3.4.4.1. Introduction

The purpose of the IT Division is to provide ICT support to the Agency and ensure that technology adds value to the business and its stakeholders through the introduction of efficiencies.

3.4.4.2. Divisional Executive Summary

Information and Communications Technology (ICT) cuts across all aspects, components and processes in business, and is therefore not only an operational enabler for an organisation but an important strategic asset which can be leveraged to create opportunities and to improve stakeholder relations and internal operational efficiencies.

The C-BRTA adopted an operator value-oriented strategy. Through this strategy, the Agency undertook to deliver value to its stakeholders, more especially to the cross-border operators whom are the primary customers. Inherently, ICT would play a key role in delivering this value to identified stakeholders. ICT's contribution to the C-BRTA's business success and capabilities is thus articulated in the C-BRTA IT Strategy adopted within the financial year.

The Division had two (2) performance indicators to deliver in the financial year and was able to deliver one (1). The plans to develop a new permit system for the core business had to be deferred to the 2016/17 financial year due to budget constraints. However the Division was able to partner with a transaction advisor who assisted in defining the specifications and terms of reference for sourcing a new permit system implementation partner in the new financial year of 2016/17.

3.4.4.3. Strategic Objectives

- Integration of ICT systems

Table 19: Office of the Chief Information Technology Services Performance against Pre-determined Objectives

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLANNED TARGET 2015/16	ACTUAL ACHIEVEMENT	COMMENT
Integration of ICT systems	Developed and implemented new permit system	Business requirements and Bid Specifications and requirements for the new permit system finalised and to be quality checked by the transactional advisor	Developed and piloted new permit system at Head Office	Defined New Permit System Requirements and Specifications	Implementation did not commence as planned. Budget was deferred to the 2016/17 financial year
	Uptime percentage on business critical systems	None - new Indicator	97% uptime	98.92% achieved	Improved IT operations controls

Achieved or exceeded **Partially achieved** **Not achieved**

3.4.4.4. Strategy to overcome areas of under performance

Budget allocation for the New Permit System has been provided and plans to develop a new system will commence in the new financial year as planned.

3.4.4.5. Changes to planned targets

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

3.4.4.6. Linking performance to budgets

Table 20: Expenditure: CIO

	2015/2016			2014/2015		
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*	117,490	92,449	25,041	89,217	88,568	649

Administration (Office of the CEO, CIO, Finance, Governance & Legal Services and HR & Admin)

3.4.5. Governance and Legal Services

3.4.5.1. Introduction

The purpose of the Division is to establish sound corporate governance systems by providing guidance to the Board and its sub-committees, monitor and report on compliance matters, conduct investigations, prevent fraud and corruption, provide legal support and advisory services, facilitate internal audits, and risk management.

3.4.5.2. Divisional Executive Summary

In the financial year under review, the Governance and Legal Services Division recorded 100% achievements of its target. The main focus was the establishment of the anti-corruption framework within the Agency following a decision to take a different outlook on fraud and corruption. The Division focused on ensuring that appropriate policies and processes are developed not only to prevent fraud and corruption within the Agency but to improve good ethical behaviour. The Board approved the Anti-Corruption Strategy and the Integrity Management Framework. Campaign activities were carried out within the C-BRTA with the aim of raising awareness of the newly developed policies and to assure staff as well as stakeholders that the Agency has adopted a zero tolerance to corrupt and unethical behaviour.

As part of strengthening its Corporate Governance Framework the Board reviewed all its governance charters such as the Board Charter, the Audit and Risk Committee Charter and the Human Resources Charter. This review saw the Board resolving to review the composition of its Audit and Risk Committee to increase the number of members independent from the Board of Directors to majority.

3.4.5.3. Strategic Objectives

- To prevent fraud and corruption

3.4.5.4. Operational Performance

3.4.5.4.1. Legal Services

The Legal Services Unit provided legal support to all Divisions through legal opinions, interpretation of legislation, drafting and negotiating of agreements such as Service Level Agreements and Memorandums of Understanding. With the refund of operators settlements, agreements were negotiated and concluded with operators in accordance with the resolution of the Board.

3.4.5.4.2. Litigation Matters:

a) Review Application: 2014 Regulations

The Minister of Transport published the Permit Fee Regulations, 2014, in terms of the Cross-Border Road Transport Act, Act No. 4 of 1998, as amended in order to respond to the challenges brought about by the litigation matter contesting the validity of 2011 Regulations.

The 2014 Regulations are currently challenged for Constitutional validity by operators in two separate Court Applications. The Minister is cited in both applications as the first Respondent while the Agency is the second Respondent. The Agency has instructed its attorneys to oppose both applications to declare the 2014 Regulations invalid. The Agency is working with the DoT in opposing these applications. The matters are pending.

Table 21: Governance and Legal Services Performance against Pre-determined Objectives

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLANNED TARGET 2015/16	ACTUAL ACHIEVEMENT	COMMENT
To prevent fraud and corruption	Number of Implemented fraud and corruption prevention initiatives	None - new Indicator	Developed anti-corruption strategy Developed integrity management framework	Developed anti-corruption strategy Developed integrity management framework	N/A

Achieved or exceeded | Partially achieved | Not achieved

3.4.5.5. Strategy to overcome areas of under performance

There were no areas of under performance

3.4.5.6. Changes to planned targets

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

3.4.5.7. Linking performance to budgets

Table 22: Expenditure: Governance and Legal Services

	2015/2016			2014/2015		
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*	117,490	92,449	25,041	89,217	88,568	649

***Administration (Office of the CEO, CIO, Finance, Governance & Legal Services and HR & Admin)**

4. Revenue Collection

Table 23: Revenue Collection

PROGRAMME	2015/2016 BUDGET	2015/2016 ACTUAL REVENUE	2015/2016 (OVER)/UNDER REVENUE	2014/2015 BUDGET	2014/2015 ACTUAL REVENUE	2014/2015 (OVER)/UNDER REVENUE
	R'000	R'000	R'000	R'000	R'000	R'000
Permit Revenue	199, 205	190, 868	8, 337	184,792	166,798	17,994
Penalty	35, 761	31, 935	3, 826	23,848	34,571	(10,723)
Total	234, 966	222, 803	12, 163	208,640	201,369	7,271

The permit revenue is four percent (4%) short of the budgeted amount. The final quarter of the year saw an increased preference for five-year and one-year permits compared to the shorter term permits. The lower tariff for permit application fees, discounted during the promulgation of 2014 permit tariff regulations, also impacted on the permit revenue. The Agency started with the process of promulgating new permit tariffs and it is anticipated that the new permit tariffs will be implemented during the next financial year.

Penalty revenue recorded a negative variance of eleven percent (11%) for the current financial year. This is mainly due to the decline in the number of prosecutions while the number of inspections was within target.

The Agency developed a financial sustainability strategy during the year and feasibility studies conducted on various identified streams, which will be pursued during the 2016/17 financial year.

5. Capital investment

Table 24: Capital investment

PROGRAMME/ACTIVITY/ OBJECTIVE	2015/2016 BUDGET	2015/2016 ACTUAL EXPENDITURE	2015/2016 (OVER)/UNDER EXPENDITURE	2014/2015 BUDGET	2014/2015 ACTUAL EXPENDITURE	2014/2015 (OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Leasehold improvement	5, 600	-	5,600	3,300	505	2,795
Computer Equipment	3, 786	245	3,541	1,586	2,160	(574)
Furniture & Fittings	2, 037	84	1,953	2,037	931	1,106
Office Equipment	614	468	126	3,155	2,507	648
Motor Vehicles and trailers	1, 400	321	1,079	400	-	400
Computer Software	9, 524	146	9,524	9,522	342	9,180
Other law enforcement equipment	2, 539	-	2,539	-	-	-
Other intangibles (trademarks, patents, etc.)	4, 500	-	4,500	-	-	-
Total	30,000	1,264	28,862	20,000	6,445	13,555

The Agency maintains an asset register containing all its assets and conducts asset verification at least twice a year. Most of the capital expenditure was deferred to service the litigation claims by operators against the Agency resulting from the Constitutional Court judgement rendering the 2011 Permit Regulations invalid. The decision to defer the acquisition of planned assets and redirect the funds to service the operator refunds resulted in the capital budget being underspent.

GOVERNANCE

PART C

1. Introduction

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

In terms of the C-BRT Act, the Minister of Transport has appointed the Board of Directors to govern and represent the Agency. The Board as the Accounting Authority, provides the Agency with strategic direction and monitors achievement in terms of the goals and strategic objectives.

2. Portfolio Committee Meetings

Table 25: Portfolio Committee Meetings

DATE	PARLIAMENTARY STRUCTURE	FOCUS	KEY ISSUES RAISED	PROGRESS UPDATE
21 April 2015	Portfolio Committee on Transport (PCOT)	Presentation of the C-BRTA Strategic Plan 2015-2020 and Annual Performance Plan 2015/16 to the Portfolio Committee on Transport.	The Committee noted the presentation on the Strategic Plan and Annual Performance Plan.	The Committee noted the presentation on the Strategic Plan and Annual Performance Plan.
11 August 2015	PCOT	Briefing by the National Ministerial Task Team (NMTT) on the RSA/ Lesotho Cross-Border	The Committee raised the need to fast-track the resolution of this long outstanding impasse to promote trade and diplomatic relations between RSA and Lesotho. The DoT was called upon to update the Committee on the legislative review process and timeframes. The Committee assigned the NMTT to develop a Communication Strategy to enable the PCOT to provide support at constituency level.	The Ministers of Transport in the two respective countries set up a Ministerial Task Team (MTT) which included the Free State Department of Police, Roads and Transport, KwaZulu-Natal and the Eastern Cape Provinces. The MTT's mandate is to develop and deploy a sound solution to restore harmonious cross-border passenger movements between South Africa and Lesotho. All official communication on the RSA/Lesotho impasse is issued by the DoT on behalf of the C-BRTA.

DATE	PARLIAMENTARY STRUCTURE	FOCUS	KEY ISSUES RAISED	PROGRESS UPDATE
15 October 2015	PCOT	Briefing by Public Entities of the DoT on their Annual Reports and Financial Statements for 2014/15 including the Reports of the Auditor-General on the Financial Statements and Performance Information for 2014/15	The C-BRTA was applauded for the unqualified A-G Report.	The C-BRTA received a clean audit opinion from the Auditor-General of South Africa. The only issue raised was the emphasis of matter relating to the status of the C-BRTA as a going concern and the uncertainty on the pending court case pertaining to the Permit Tariff Regulations of 2014 which is currently subject to Court processes.
			The implementation of reciprocity was a welcomed development that was long overdue.	A Business case on the comprehensive levying was developed. Currently it is with the DoT to lead the process.
			The Committee raised concerns on:	
			• Implications of the Constitutional Court judgement; • Alternatives of the user pay principle and status of engagements with the Minister of Transport; • Approach for dealing with the deficit;	Developed a turnaround plan
			• IT governance that required improvement;	Appointed the Chief Information Offiicer to address IT governance
			• On the Free State/ Lesotho cross-border passenger operations, the Committee highlighted that it had plans to engage the Portfolio Committees of Police and International Relations and then inform the NMTT after the engagement;	The Ministerial Task Team (MTT) is implementing a programme of action and reporting to Ministers of Transport of RSA and the Kingdom of Lesotho.
			• The CEO was commended for transforming the C-BRTA.	

3. The Executive Authority

The Minister of Transport is the Executive Authority to which the Board of Directors, as the Accounting Authority, reports and account to in terms of the performance of the Agency. The Minister and the Board conclude an annual performance annually to regulate their relationship. In terms of the performance agreement concluded, the Executive Authority requires the Board to report on a quarterly basis on matters related to organisational performance and any other matter as the parties may agree.

In the year under review, the Board submitted to the Minister all four (4) quarterly performance as well as quarterly financial reports, within a month following the end of quarter. Although the Minister had raised concern regarding the second quarter performance, the Agency was able to provide the Minister with a Business Recovery Plan indicating measures put in place to remedy the situation and improve the level of performance.

Upon the handing down of the Constitutional Court judgment which required that the Agency make a provision to discharge a financial liability amounting to approximately R318m, the Board requested a bailout from the DoT. The effect of the Constitutional Court judgement was that the Agency was technically insolvent in that its liability exceeded its assets. The Agency could not obtain financial relief from the DoT. The Minister then directed the Board to develop a Turnaround Plan indicating how the Agency would remain sustainable despite the financial liability. The Board adopted the Turnaround Plan and submitted it to the Minister.

In an Annual General Meeting (AGM) held in September 2015, the Minister received and adopted the audited Annual Report and audited Annual Financial Statements of the Agency for the financial year 2014/15.

On 2 February 2016 the Board submitted to the Minister the APP for the financial year 2016/17 for consideration and approval. The APP together with the Board's performance agreeement were signed by the Minister and the Chairperson of the Board, before the beginning of the new financial year.

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 Public Finance Management Act (PFMA), and is responsible for providing oversight to the Agency. The Board is committed to 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:

- Controlling and governing the Agency;
- Providing strategic direction and setting financial objectives;
- Ensuring policies are in place;
- Monitoring the performance of the Agency;
- Managing the risks;
- Assessing the effectiveness of internal controls environment;
- Recommend the appointment and review the performance of the CEO;
- Set the corporate governance system;
- Define its level of maturity; and
- Discharging any legislative duty and exercise any power given to it by the C-BRT Act.

4.2. The Role of the Board

The Board is primarily responsible for providing strategic direction to the Agency. The Board develops the five (5) year Strategic Plan and the APP of the Agency in accordance with the PFMA. In terms of the PFMA, the Board is the Accounting Authority for the Agency and has the responibility to report to the Minister of Transport on the performance of the Agency.

The Board and the Minister conclude an annual performance agreement which sets out the role and resposbilities of both parties and govern the relationship between them. The Board further approves the budget of the Agency and monitors the Agency's financial performance through the Audit and Risk Committee quarterly. At every quarterly Board meeting, the Board considers the quarterly performance report of the Agency, audited by Internal Auditors. Where there is non achievement of targets, the management team develops remedial action to ensure that by the end of the following reporting quarter all deliverables of the previous quarter are met.

The Board meets at least four (4) times in a year, however, as the need arises, a special meeting may be convened. Board meetings are scheduled in advance and members of the Board are provided with requisite information well in time to prepare for the meeting. The Board further meets with the Minister on arrangement and have a scheduled AGM at which the Board presents the audited Annual Report including the audited Annual Financial Statements for the Minister's approval and adoption.

4.3. Board Charter

The Board operates in accordance with the Board Charter that the Board reviews and adopts on an annual basis. The Charter sets out the Board's responsibilities, duties and procedure for Board meetings. The Charter further makes provision for the evaluation of the Board's performance to ensure that it remains effective and addresses challenges that may be hampering its effectiveness.

4.4. Composition of the Board

In accordance with the Cross-Border Road Transport Act, the Board comprises twelve (12) members. It is a unitary Board which functions in terms of the C-BRT Act and the Board Charter. The Chief Executive Officer is the only Executive Director of the Board and the other eleven (11) members are Non-Executive Directors all of whom are appointed by the Minister of Transport. Although the C-BRTA provides for alternate members of the Board, the Minister has not appointed such.

The Board's appointment is for a period of three (3) years and the members may be re-appointed for a further period of three (3) years. The Minister, after consultation with the Board, appoints the CEO for a period of five (5) years. As per King III recommendation and in line with the C-BRT Act, the positions of the Chairman and the CEO do not vest in one person. As at 31 March 2016 there were six (6) vacancies on the Board. Six (6) new Board members were appointed by the Minister with effect from 1 May 2016. Induction is conducted for new Board members to ensure that they are brought up to speed soon after their appointment, and to prepare them to discharge their fiduciary duties and responsibilities efficiently.

The Board has approved the delegation of authority which sets out the categories of decisions that require approval of the Board committees, CEO and other levels within the Agency, while reserving other powers to the Board. The Board has established committees comprising Board members, and in the case of Audit and Risk Committee, members independent from the Board and the Agency. Each committee operates based on the terms of reference that have been adopted by the Board and are reviewed on an annual basis. There are three committees, namely Audit and Risk, Human Resources and Remuneration and Procurement Committee. The Regulatory Committee is a statutory Committee established in accordance with the C-BRT Act.

4.5. Board Meetings

Total attendance relates to the number of meetings that the member was scheduled to attend

MEMBER	DATE								TOTAL ATTENDANCE
	29/04/2015	28/05/2015	28/07/2015	21/09/2015	28/10/2015	27/11/ 2016	28/01/2016	22/03/2016	
Ms P Pokane	✓	✓	✓	✓	✓	×	✓	✓	7 out of 8
Ms M Nkomo	✓	✓	×	✓	✓	×	×	✓	5 out of 8
Mr S Khumalo	✓	✓	✓	✓	✓	✓	✓	✓	8 out of 8
Mr N Mhlongo	✓	×	o	o	o	o	o	o	1 out of 2
Mr T Bailey	✓	×	✓	✓	✓	×	✓	✓	6 out of 8
Adv S Letele	✓	✓	✓	o	o	o	o	o	3 out of 3
Mr S Mngqibisa	✓	×	✓	✓	✓	×	✓	✓	6 out of 8
Mr G Noah	✓	✓	✓	o	o	o	o	o	3 out of 3
Mr W Smith	✓	✓	✓	✓	✓	✓	✓	✓	8 out of 8
Mr M Scott	✓	×	×	✓	✓	✓	✓	✓	6 out of 8
Mr N Mabhida	o	o	o	✓	×	✓	o	o	2 out of 3
Ms K Masemola	o	o	o	✓	✓	×	o	o	2 out of 3
Mr C. Setsubi	o	o	o	✓	✓	✓	o	o	3 out of 3
Mr B. Deysel	o	o	o	✓	✓	✓	×	o	3 out of 4

✓ Present × Apology o Not a member (during period)

4.6. Audit and Risk Committee

The Audit and Risk Committee comprises five (5) members, three (3) members who are independent from the Board and two (2) who are Non-Executive Directors of the Board. The CEO, CFO, CIO and the Programme Manager responsible for performance monitoring have standing invitation to all committee meetings. The internal and external auditors have unrestricted access to the Chairperson of the Committee. The Committee plays an oversight role on behalf of the Board on matters such as the performance review, financial reporting, effectiveness of internal controls systems, audit processes and compliance monitoring. The Committee appoints Internal Auditors and reviews the effectiveness of the internal audit function.

The Committee meets at least five (5) times annually and as the need arises, a special meeting may be convened. The Committee usually meets once prior to a Board meeting.

MEMBER	DATE							TOTAL ATTENDANCE
	20/04/2015	16/05/2015	30/05/2015	17/07/2015	16/10/2015	22/01/2016	02/03/2016	
Mr N Mhlongo	✓	✓	✓	o	o	o	o	3 out of 3
Mr S Khumalo	✓	×	✓	✓	✓	✓	✓	6 out of 7
Mr G Noah	✓	✓	✓	×	o	o	o	3 out of 4
Mr M Scott	✓	×	×	✓	✓	✓	✓	5 out of 7
Ms P Mzizi	✓	✓	✓	✓	✓	✓	✓	7 out of 7
Mr T Bailey	o	o	o	✓	×	o	o	1 out of 2
Ms M Nkomo	o	o	o	×	✓	o	o	1 out of 2
Mr J Mabhida	o	o	o	o	o	✓	o	1 out of 1
Mr A Wakaba	o	o	o	o	o	×	✓	1 out of 1
Mr P Fourie	o	o	o	o	o	o	✓	1 out of 1

✓ Present × Apology o Not a member (during period)

4.7. Human Resources and Remuneration Committee

The Committee meets at least four (4) times in a year and operates in terms of approved Terms of Reference. The Committee is responsible for review of Human Resources policies, approval of the Human Resources plan and monitoring of employee performance and reward.

MEMBER	DATE					TOTAL ATTENDANCE
	16/04/2015	16/07/2015	14/10/2015	20/01/2016	01/03/2016	
Ms M Nkomo	✓	×	✓	✓	✓	4 out of 5
Mr T Bailey	✓	✓	✓	✓	×	4 out of 5
Mr W Smith	✓	✓	✓	✓	✓	5 out of 5
Mr S Khumalo	✓	✓	✓	✓	✓	5 out of 5
Mr G Noah	✓	×	o	o	o	1 out of 2
✓ Present × Apology o Not a member (during period)						

4.8. Procurement Committee

The Committee meets when there are tenders that are above the agreed monetary threshhold. The CFO and the Senior Manager: Supply Chain Management have a standing invitation to the Committee.

MEMBER	DATE		TOTAL ATTENDANCE
	16/11/2015	01/03/2016	
Ms M Nkomo	o	✓	1 out of 1
Mr M Scott	✓	✓	2 out of 2
Mr W Smith	✓	✓	2 out of 2
Mr T Bailey	✓	o	1 out of 1
Mr B Deysel	✓	o	1 out of 1
Mr E Mabhida	×	o	0 out of 1
✓ Present × Apology o Not a member (during period)			

4.9. Regulatory Committee

The Committee is a statutory Committee established in terms of the C-BRT Act. Its membership is prescribed in the constitutive legislation. The Committee meets at least four (4) times to consider matters of a strategic nature and at least every alternate month for operator permit application hearings.

4.9.1. Regulatory Committee meetings

MEMBER	DATE						TOTAL ATTENDANCE
	22/7/2015	20/10/2015	27/10/2015	7/12/2015	21/1/2016	11/2/2016	
Ms P Pokane	✓	✓	✓	✓	✓	✓	6 out of 6
Ms M Nkomo	✓	✓	✓	✓	×	✓	5 out of 6
Mr W Smith	✓	×	✓	✓	✓	✓	5 out of 6
Mr M Scott	✓	✓	✓	✓	✓	✓	6 out of 6
Mr S Khumalo	✓	×	✓	✓	✓	✓	5 out of 6
Mr B Deysel	o	o	✓	✓	✓	o	3 out of 3
Ms R Masemola	o	✓	✓	o	o	o	2 out of 2
Mr T Bailey	×	×	×	✓	×	✓	2 out of 6
Mr S Mngqibisa	✓	✓	✓	✓	×	✓	5 out of 6
✓ Present × Apology o Not a member (during period)							

4.9.2. Regulatory hearings

MEMBER	DATE								TOTAL ATTENDANCE
	22/7/2015	27/10/2015	7/12/2015	21/1/2016	11/2/2016	7/12/2015	21/1/2016	11/2/2016	
Ms P Pokane	✓	✓	✓	✓	✓	✓	✓	✓	8 out of 8
Ms M Nkomo	✓	✓	✓	✓	✓	×	×	×	5 out of 8
Mr W Smith	✓	✓	✓	✓	✓	✓	✓	✓	8 out of 8
Mr M Scott	✓	✓	✓	✓	✓	✓	✓	✓	8 out of 8
Mr S Khumalo	✓	✓	×	✓	✓	✓	✓	✓	7 out of 8
Mr B Deysel	o	o	o	o	✓	✓	✓	o	3 out of 3
Ms R Masemola	o	o	o	o	✓	o	o	o	1 out of 1
Mr T Bailey	✓	✓	×	×	×	×	×	✓	3 out of 8
Mr S Mngqibisa	✓	✓	✓	✓	✓	✓	×	×	6 out of 8
✓ Present × Apology o Not a member (during period)									

5. Risk Management

Management of risk is critical to the achievement of Strategic objectives. The Board appreciates that the Agency is exposed to a variety of risks that can have a financial, operational or reputational impact. In order to effectively manage risks, the Board has approved a Risk Management Strategy which outlines how the Board identifies key strategic risks and how appropriate responses are developed to manage such risks.

During the annual strategic planning process conducted by the Board, the Board conducts risk assessment with the view of identifying new risks that the Agency is facing and developing appropriate responses to mitigate such risks. The Audit and Risk Committee has been mandated by the Board to review the effectiveness of the Agency's Risk assessment process and prioritisation of Strategic Risks identified by the Board. In discharging this responsibility, the Audit and Risk Committee adopts a Risk Implementation Plan. The Committee provides oversight over risk management and advises the Board on risk management matters.

With the implementation of a risk implementation plan, the impact thereof on performance has ensured that the planned Agency outcomes do not expose the C-BRTA to unacceptable levels of risk. Further the use of resources has been consistent with the Agency's priorities.

The Executive Committee of the Board serves as the Risk Management Committee. Risk management is a standing item in the EXCO agenda. The management team determines actions required to mitigate the risks. Furthermore, the management team is responsible for monitoring progress of actions to address strategic risks, and is supported through the internal audit programme. The Board takes the overall responsiblity and accountability for risk management.

The risk management process is continuous and key risks are reported to the Audit and Risk Committee, and the Board. The management team further identified operational risks within their Divisions. The Agency has made significant progress with regard to execution of management action plans which were determined to manage the risks. Although the risks remain stable, appropriate mitigating strategies adopted have yielded positive results.

6. Internal Controls

Sound and effective internal control systems are fundamental to the Agency's quest for sound corporate governance and sustainability. During the year under review, the Unit focused on monitoring the implementation of audit recommendations and other action plans, to resolve the internal and external audit findings and ensure that similar audit findings do not recur. The Agency maintains a tracking register of all audit findings and uses this register for monitoring the implementation of audit recommendations and agreed action plans.

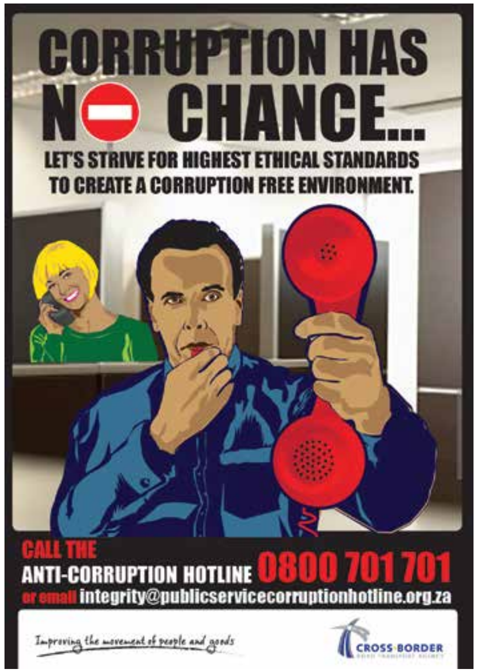
Overall, action plans have been fully implemented on ninety three percent (93%) of the external audit findings during the financial year under review. Seven percent (7%) relate to two audit findings within the IT environment, and plans are in place to resolve these findings, and some areas mitigating controls are put in place while pursuing permanent solutions. Sixty one (61%) percent of the internal audit finding have been fully implemented with thirty nine percent (39%) being in a process of being implemented.

7. Internal Audit

The Internal Audit function falls within the purview of the Audt and Risk Committee. The Board has resolved to appoint an external service provider to provide internal audit services. The Agency will conclude a Service Level Agreement with the internal auditors and monitors the implementation of the audit plan. The Internal Audit team has a standing invitation to all the meetings of the Audit and Risk Committee. The Internal Audit team further provides assurance on quarterly perfromance information. In the financial year under review their ad hoc services included reviewing draft policies before they are submitted to the Board for approval.

8. Compliance with Laws and Regulations

Compliance with legislation is the responsibility of the Board. The Board has identified pieces of legislation that the Agency must comply with and that the management team develop a compliance matrix for each statute and report on the level of compliance annually. On a quarterly basis the Audit and Risk Committee considers complaince reports and report to the Board. Specific interventions are developed where there has been areas of non compliance and the management monitors progress on implementation of action plans agreed upon.



9. Fraud and Corruption

The Agency supports and fosters a culture of zero tolerance on fraud and corruption in all its activities. All fraud and corruption incidents are investigated and followed upon employing all remedies available within the full extent of the law, as well as the application of appropriate prevention and detection controls.

The Agency has developed the Anti-Corruption Strategy and Integrity Management Framework which have been adopted by the Board. The Agency is currently using the Public Service Commission's National Anti-Corruption Hotline for reporting of fraud and corruption incidents starting from April 2016.

The Agency encourages employees and stakeholders to anonymously disclose incidents of fraud and corruption without any fear of victimisation. The Agency guaranteed protection of all whistle blowers who disclose fraud and corruption incidents, in line with the Protected Disclosure Act, Act 26 of 2000 that came into effect on 16 February 2001.

All fraud and corruption incidents received will be reported to the Board on a quarterly basis.

10. Minimising Conflict Of Interest

The Agency keeps a gift register in which employees discloses gifts received. The code of conduct and the Integrity Management Framework guides employees on how to disclose conflict of interest. Supply Chain Management personnel sign a code of conduct that incorporates the disclosures of interest. There are systems in place for Senior management and the Board to declare any conflict of interest that may arise in their decision-making process.

11. Code Of Conduct

The Board has adopted a Code of Conduct which is reviewed on an annual basis. The Code of Conduct sets out the values and behavioural patterns required from employees and the Board.

12. Health Safety and Environmental Issues

The Facilities and Services Unit responsible for the health, safety and environmental duties experienced challenges however; strides were made to address major problem areas as outlined below:

- To ensure safety of data and security of the server room, added security measures were put in place with the mounting of a burglar gate, the construction of a cooling platform to augment the air-conditioning system as well as introducing an improved fire-proofing solution;
- For continued electricity needs, especially in relation to critical server room requirements, in light of regular load shedding that was experienced at the beginning of the financial year, a service provider was appointed for routine maintenance and refuelling of the generator as a back-up power source;

- In relation to revenue collection, specifically the collection of fines, a need was identified for office-space to house additional banking officers at Head office. Additions and changes were made to the office-layout to accommodate another cash office. Similar additions will be made to regional offices that did not have cash offices in the course of the new financial year;
- To ensure a safe and ambient working environment, a diagnostic exercise on all air-conditioning units at Head office was undertaken, some units were replaced and some were serviced; and
- To curb security breaches, as reported in the last financial year, a biometric system was introduced. While this has reduced incidents significantly, challenges with the system were experienced in relation to access reporting specifically for key entrances such as the server room. During this reporting period, the Division concluded the appointment of a new service provider in relation to the management and servicing of the biometric system.

13. Company Secretary

The Company Secretary is responsible for:

- providing guidance to directors of the Board, collectively and individually, with regards to their duties, responsibilities and powers;
- making directors aware of any law relevant to or affecting, the Agency;
- ensuring that minutes of all shareholder meetings, Board meetings and the meetings of any Committees of the directors are properly recorded;
- ensuring that the Board complies with legislative prescripts;
- providing administrative support to the Board and its Committees;
- Liaising with the Minister's office regarding Board activities and requests; and
- Advising the Board on legal matters.

14. Social Responsibility

14.1 The Profiling Inspectors Training Programme

The Agency recruited eleven (11) previously dis-advantaged youths and women for a seven-month Training Programme focusing on the basics of the profiling role within the C-BRTA. The objective of this programme was to expose trainees to a corporate experience, while being paid a monthly stipend. All trainees wrote their summative assessment and were found competent. These trainees will all be appointed to longer term employment with the Agency in the next financial year in a drive to contribute to job creation which particularly targets young people.

14.2. Participation in transport related career exhibitions

A series of career exhibitions targeted mainly at high school learners took place nationally under the auspices of the DoT. The primary aim was to equip the youth and learners with the necessary knowledge on career options as well as strategies for employment search that they can leverage for their career advancement. The Agency participated in the following exhibitions organised through the DoT:

- Career Guidance Information session – National DoT – 17 July 2015
- Northern Cape Career Expo – Kimberley – 23 July 2015
- Remote Schools Career Expo – Empangeni – 15 October 2015
- Career Expo for the Girl Child – Upington – 19 October 2015
- Career Expo – Volksrust – 17 December 2015

15. Audit and Risk Committee Report

Report of the Audit and Risk Committee

We are pleased to present our final report for the financial year ended 31 March 2016.

Audit and Risk Committee Members and Attendance

The Audit and Risk Committee consists of the members listed hereunder and should meet at least four times per annum as per its approved terms of reference. During the current year, seven (7) meetings were held by the Audit and Risk Committee. Apologies were tendered for meetings not attended. During the financial year, membership of the Committee was revised twice due to resignation of Board members. These members were appointed into the Committee by their virtue of being members of the Board and their resignations necessitated the appointment of new members.

MEMBER	DATE						
	20/04/2015	16/05/2015	30/05/2015	17/07/2015	16/10/2015	22/01/2016	02/03/2016
Ms P Mzizi (Chairperson with effect from 01 November 2015 - 31 March 2016)	✓	✓	✓	✓	✓	✓	✓
Mr NA Mhlongo (Chairperson with effect from 01 April 2015 and resigned on 30 June 2015)	✓	✓	✓	o	o	o	o
Mr AG Noah (resigned 31 July 2015)	✓	✓	✓	×	o	o	o
Mr MC Scott	✓	×	✓	✓	✓	✓	✓
Mr JE Mabhida (appointed 28 October 2015 and retired 23 January 2016)	o	o	o	o	o	✓	o
Mr P Fourie (appointed 01 March 2016)	o	o	o	o	o	o	✓
Mr A Wakaba (appointed 01 March 2016)	o	o	o	o	o	o	×
Ms MMD Nkomo (Chairperson with effect from 01 July 2015 to 01 November 2015)	o	o	o	×	✓	o	o
Mr TA Bailey (Appointed 01 July 2015 and retired 01 November 2015)	o	o	o	✓	×	o	o

✓ Present × Apology o Not a member (during period)

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 51 (1) (a) (ii) of the Public Finance Management Act,1999 (Act No 1 of 1999) (PFMA) and Treasury Regulation 3.1.

The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

In line with the PFMA and Treasury Regulation 27.1.8, the Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by evaluating internal controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement. From the various reports of the Internal Auditors and reports of the Auditor-General South Africa it was noted that no matters were reported indicating material deficiencies in the system of internal controls.

Through our analysis of audit reports and engagement with the Agency we can report that the system on internal controls for the period under review was adequate and effective.

Based on the quarterly reviews performed, the policies and procedures on fraud and risk management have been approved. However implementation is still in progress so it can be concluded that the fraud and risk management processes still needs improvement.

In-Year Management and Quarterly Reporting

It can be confirmed that the Agency has reported to the Executive Authority as is required by the PFMA.

Evaluation of Financial Statements

The Audit and Risk Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the Annual Report;
- Reviewed the Auditor-General South Africa's management report and management's responses thereto;
- Reviewed the Agency's compliance with legal and regulatory provisions; and
- Noted that there were no significant adjustments resulting from the external audit.

Internal Audit

The Audit and Risk Committee is satisfied that the Internal Audit function operated effectively during the year under review. The Audit and Risk Committee also notes that the required improvements in the risk management system mentioned above would have a positive impact on the effective implementation of the risk based audit approach.

Auditor-General of South Africa

The Audit and Risk Committee has met with the Auditor-General South Africa to ensure that there are no unresolved matters.

We have reviewed the Agency's implementation plan to address audit issues reported in the previous year and we are satisfied that matters have been adequately resolved.

The Audit and Risk 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 annual financial statements be accepted and read together with the report of the Auditor-General South Africa.

General

Signed on behalf of the Audit and Risk Committee by:

Ms. P Mzizi CA (SA)
Chairperson
28 July 2016

HUMAN RESOURCES

PART D

1. Introduction

The Agency stepped into 2015/16 with a different set of challenges that had major implications for the Human Resources & Administration Division. As a result of the outcome of the Constitutional Court judgement in the litigation matter with CARS, delivery on the Division's APP target for 2015/16 was deferred as part of the cost containment measures that the Executive Committee put in place in June 2015. The main APP target was deferred due to financial constraints.

Other major challenges for the period under review include, but are not limited to:

- The organisational realignment process of 2014/15 created a sense of insecurity and contributed to an increased search for new employment opportunities among the majority of "marketable" members of staff. Furthermore, the outcome of the Constitutional Court judgement further added to the sense of insecurity for some employees. This is clearly visible from the relatively high attrition rate in comparison to previous years; and
- Challenges with employment relations particularly in RTI where efforts to manage escalating travel reimbursement costs resulted in an uncooperative workforce launching a push-back to operational requirements for extended working-hour arrangements (beyond 7:00 – 16:00) and work on weekends. A collective agreement had to be entered into that would regulate work outside of the standard Agency hours for RTI staff.

Notwithstanding the above-noted challenges, the Division continued with different activities such as recruitment, management of employee relations, partnering to assist Divisions to deliver on their planned activities and targets.

Some of the achievements of the year include:

- The target for training and development of staff was exceeded in that over 33% of identified training needs were addressed through various training courses;
- 100% of eligible employees signed-off on performance agreements/contracts;
- Approval of revisions on some of the HR policies;
- Qualifications of all executives and senior managers were verified in line with a directive from the shareholder; and
- A successful Annual Wellness Day, including regional outreach through a partnership with the newly appointed service provider, was conducted.

The HR Plan for the new financial year was approved by the Board before the end of the period under review. This should put the Division on a better footing to achieve its set APP targets for the new year.

2. Human Resource Oversight Statistics

Table 26: Personnel Cost by Programme

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF EXP. (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Regulatory Services	16,675	14,541	87%	36	404
Road Transport Inspectorate	72,617	57,300	79%	143	401
Facilitation and Industry Development	14,401	12,470	87%	12	1,039
Administration*	92,449	54,896	59%	85	646
TOTAL	196,174	139,207	71%	276	504

**Administration (Office of the CEO, CIO, Finance, Governance & Legal Services and HR & Admin)*

1 – Number excludes all Fixed Term contractors except Senior Manager: Research and Strategic Projects

Table 27: Personnel Cost by Salary Band

	PERSONNEL EXPENDITURE	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
*Board of Directors	1,553	1%	14	111
Top Management	13,470	10%	8	1,684
Senior Management	15,310	11%	12	1,276
Professional qualified	29,722	21%	36	827
Skilled	77,588	56%	212	366
Semi-skilled	147	0%	1	147
Unskilled	1,417	1%	14	114
TOTAL	139,207	100%	297	469
**The total number includes board of directors, fixed term contractors and temporary employees*				

Table 28: Performance Rewards

PROGRAMME	PERFORMANCE REWARDS (R'000)	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000)
Top Management	177	13, 470	1.31%
Senior Management	524	15, 310	3.42%
Professional qualified	1,120	29,722	4.10%
Skilled	2,758	77,588	3.55%
Semi-skilled	0	147	0.00%
Unskilled	17	1,417	1.20%
TOTAL	4,696	137,654	3.41%
No performance bonuses were paid for FY2015/16, however, accrued bonus for FY13/14 was paid in the year under review.			

Table 29: Training Costs

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
Regulatory Services	14,541	15	0,1%	31	0,48
Road Transport Inspectorate	57,300	81	0,1%	55	1,47
Facilitation and Industry Development	12,470	12	0.1%	28	0,43
Administration	54,896	933	1,7%	103	9,06
TOTAL	139,207	1,333	0.7%	217	6,40
As a result of the cost reduction, the training budget was revised and reduced significantly.					

Table 30: Employment and Vacancies

PROGRAMME	2014/15 NO. OF EMPLOYEES	2015/16 APPROVED POSTS	2015/16 NO. OF EMPLOYEES	2015/16 VACANCIES	% OF VACANCIES
Regulatory Services	43	45	36	9	20%
Road Transport Inspectorate	180	195	143	52	27%
Facilitation and Industry Development	24	25	12	13	52%
Administration	94	140	76	64	46%
TOTAL	341	405	267	138	34%

** Permanent role in the Office of Chief Operations Officer occupied by a Fixed Term Contractor*

LEVELS	2014/15 NO. OF EMPLOYEES	2015/16 APPROVED POSTS	2015/16 NO. OF EMPLOYEES	2015/16 VACANCIES	% OF VACANCIES
Top Management	8	9	8	1	1%
Senior Management	16	22	12	10	6%
Professional qualified	49	75	34	39	25%
Skilled	264	312	313	104	68%
Semi-skilled	1	1	1	0	0%
Unskilled	3	11	13	0	0%
TOTAL	341	430	281	154	36%

While the vacancy rate is high, on the back of the Constitutional Court judgement a decision was taken to place a moratorium on recruitment except for identified critical and prioritised positions. Further to this, all new appointments are on Fixed Term Contract of employment. This has had an effect on our recruitment success.

Table 31: Employment Changes

SALARY BAND	EMPLOYMENT AT BEGINNING OF THE PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	7	2	1	8
Senior Management	13*	0	2	12**
Professional qualified	36	7	8	34
Skilled	216	14	17	213
Semi-skilled	1	0	0	1
Unskilled	3	11	1	13**
TOTAL	276	32	29	276

** A fixed term contractor employed in a permanent role was not included*

*** Includes replacements for employees on maternity leave and secondment*

Table 32: Reasons for Staff Leaving

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	2	1%
Resignation	19	7%
Dismissal	1	1%
Retirement	2	1%
Ill-health	0	0
Expiry of contract	19	7%
Other	0	0
TOTAL	43	16%

Due to some uncertainties as the result of the Concourt judgement, the Agency experienced an increase in natural attrition as seen above at 7%.

Table 33: Labour relations: misconduct and disciplinary action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	0
Written Warning	3
Final Written Warning	0
Dismissal	1

A year on year reduction on employee relations, this can be attributed to HR being proactive in handling employee relations.

Table 34: Equity Target and Employment Equity Status

For some occupational levels, employment equity targets had already been met, hence there were no targets set in the financial year under review. In other cases there was no intention to hire staff due to the recruitment moratorium, and therefore the targets were not achieved.

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	3	0	1	0	0	0	0	0
Senior Management	5*	0	0	0	0	0	1	0
Professional qualified	14*	0	1	1	4	1	3	0
Skilled	80	4	4	1	3	1	11	1
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	2	0	0	0	0	0	0	0
TOTAL	104	4	6	2	7	2	15	1
** Total inclusive of fixed term employees*.								

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	4	0	0	0	0	0	0	0
Senior Management	4	1	0	1	2	0	0	0
Professional qualified	11	1	1	1	0	1	1	1
Skilled	100	4	5	1	1	1	7	0
Semi-skilled	2	0	0	0	0	0	0	0
Unskilled	11	0	0	0	0	0	0	0
TOTAL	132	6	6	3	3	2	8	1

LEVELS	DISABLED STAFF			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	1	0	0
Skilled	1	0	1	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	1	1	1	0

FINANCIAL INFORMATION

PART E

Index

The following supplementary information does not form part of the annual financial statements and is unaudited:

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
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 of South Africa
AFS	Annual Financial Statements
ARC	Audit and Risk Committee (of the board)
CEO	Chief Executive Officer
CFO	Chief Financial Officer

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 Agency as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor General of 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 they are ultimately responsible for the system of internal financial control established by the Agency 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 infrastructure, 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.

The Accounting Authority has reviewed the Agency's cash flow forecast for the year to 31 March 2017. In light of the Agency losing the Constitutional Court matter that compels it to refund some Cross Border Road Transport Operators a portion of their permit fees from the permit revenue collected between April 2011 and November 2013, the balance of its liabilities exceed assets. The Agency is a public entity created by an Act of Parliament (Cross Border Road Transport Act 4 of 1998 as amended) with a sole mandate of providing cooperative and coordinated advice, regulation, facilitation and law enforcement in respect of cross border road transport by the private and public sectors. Furthermore, the Department of Transport has been sensitised about the probable need to support the Agency should it not be able to discharge its commitments (financially) in the new financial year and beyond. Further, the Agency has developed a plan to ensure that it remains a going concern and has engaged in cost containment measures and taken measures to conserve generated cash to refund Cross Border Road Transport Operators who claim refunds from the Constitutional Court judgement matter. After a review of the current financial position, the board is satisfied that the Agency has access to adequate resources to continue in operational existence for the foreseeable future despite the constrained financial position prevailing currently as a result of the judgement.

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

The auditors are responsible for independently reviewing and reporting on the Agency's annual financial statements. The annual financial statements have been examined by the Auditor General of South Africa and their report is presented on page 81.

The annual financial statements set out on pages 83 to 86, which have been prepared on the going concern basis, were approved by the board on 28 July 2016 and were signed on its behalf by:

Ms M Nkomo
on behalf of:
Ms P Pokane
Chairperson of the Board
Pretoria

Mr S G Khumalo
Chief Executive Officer
Pretoria

Report on the Financial Statements

Introduction

1. I have audited the financial statements of the Cross Border Road Transport Agency set out on pages 85 to 122, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amount for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No 1 of 1999) (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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cross-Border Road Transport Agency as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Going concern

8. Note 29 to the financial statements indicates that the Agency's total liabilities exceeded its total assets by R220 335 194. These conditions, along with other matters as set forth in note 29, indicate the existence of a material uncertainty that may cast significant doubt on the entity's ability to operate as a going concern.

Significant Uncertainties

9. As disclosed in note 25 paragraph 3 to the financial statements, the entity is the defendant in a court case and is opposing the claim. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Report on other legal and regulatory requirements

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

Report of the Auditor-General to Parliament on Cross-Border Transport Agency (cont)

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2016:
    - Programme 1: Regulatory services on page 32
    - Programme 2: Road Transport Inspectorate on page 35
    - Programme 3: Facilitation and Industry Development on page 41
    - Programme 4: Office of the CEO on page 47
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
    - Programme 1: Regulatory services
    - Programme 2: Road Transport Inspectorate
    - Programme 3: Facilitation and Industry Development
    - Programme 4: Office of the CEO

Additional matter

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

Achievement of planned targets

16. Refer to the annual performance report on page(s) 29 to 59 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

17. I identified a material misstatement in the annual performance report submitted for auditing. The material misstatement was on the reported performance information of Facilitation and Industry Development. As management subsequently corrected the misstatement, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

18. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

19. I considered internal control relevant to our audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria
31 July 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of Financial Position **as at 31 March 2016**

	NOTE(S)	2016 R	2015 R
Assets			
Current Assets			
Receivables from exchange transactions	6	1,134,487	1,233,816
Receivables from non-exchange transactions	7	1,381,853	1,934,950
Cash and cash equivalents	8	112,235,379	109,005,093
		114,751,719	**112,173,859**
Non-Current Assets			
Property, plant and equipment	3	8,491,941	9,535,112
Intangible assets	4	627,223	1,193,987
		9,119,164	**10,729,099**
Total assets		**123,870,883**	**122,902,958**
Liabilities			
Current liabilities			
Operating lease liability	22	299,266	97,161
Payables from exchange transactions	10	12,755,613	15,415,009
Provisions (non-exchange transactions)	11	267,471,128	348,694,990
Payables (non-exchange transactions)	12	47,195,935	-
Provisions	9	13,852,139	12,739,021
		341,574,081	**376,946,181**
Non-current liabilities			
Employee benefit obligation	5	2,632,000	1,634,000
Total liabilities		**344,206,081**	**378,580,181**
Net assets		**(220,335,198)**	**(255,677,223)**
Net assets			
Accumulated deficits		**(220,335,194)**	**(255,677,223)**

Statement of Financial Performance **as at 31 March 2016**

	NOTE(S)	2016 R	2015 R
Revenue	13	222,803,251	201,368,566
Other income	14	2,141,024	452,101
Operating expenses		(194,559,237)	(204,715,572)
Operating surplus / (deficit)	16	**30,385,038**	**(2,894,905)**
Interest received	19	6,571,921	5,536,844
Finance and interest costs	20	(1,614,930)	(220,001)
Surplus for the year		**35,342,029**	**2,421,938**

Statement of Changes in Net Assets

	ACCUMULATED DEFICIT R	TOTAL NET ASSETS R
Balance at 01 April 2014	**(258,099,161)**	**258,099,161)**
Changes in net assets		
Surplus for the year	2,421,938	2,421,938
Total changes	2,421,938	2,421,938
Balance at 01 April 2015	**(255,677,223)**	**(255,677,223)**
Changes in net assets		
Surplus for the year	35,342,029	35,342,029
Total changes	35,342,029	35,342,029
Balance at 31 March 2016	**(220,335,194)**	**(220,335,194)**

Cash Flow Statement

	NOTE(S)	2016 R	2015 R
Cash flows from operating activities			
Receipts			
Sale of goods and services		225,429,686	202,565,801
		225,429,686	202,565,801
Payments			
Employee costs		(136,728,657)	(131,920,471)
Suppliers		(59,873,138)	(69,280,321)
Permit refunds		(30,457,759)	(11,761,015)
		(227,059,554)	(212,961,807)
Net cash flows from operating activities	23	**(1,629,868)**	**(10,396,006)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1,118,838)	(6,102,441)
Purchase of other intangible assets	4	(145,994)	(341,555)
Interest income		6,571,921	5,536,844
Net cash flows from investing activities		**5,307,089**	**(907,152)**
Cash flows from financing activities			
Finance costs and Interest paid		(446,930)	-
Net increase/(decrease) in cash and cash equivalents		**3,230,291**	**(11,303,158)**
Cash and cash equivalents at the beginning of the year		109,005,093	120,308,251
Cash and cash equivalents at the end of the year	8	**112,235,379**	**109,005,093**

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
Statement of Financial Performance					
Revenue					
Revenue from non-exchange transactions					
Permit issue fees	157,372,270	-	**157,372,270**	151,201,010	**(6,171,260)**
Permit application fees	41,833,135	-	**41,833,135**	39,667,341	**(2,165,794)**
Other income	-	-	**-**	2,121,024	**2,121,024**
Donations	-	-	**-**	20,000	**20,000**
Interest received - investment	5,768,193	-	**5,768,193**	6,571,921	**803,728**
Total revenue from exchange transactions	**204,973,598**	**-**	**204,973,598**	**199,581,296**	**(5,392,302)**
Penalty income					
Fines	35,761,452	**-**	**35,761,452**	31,934,900	**(3,826,552)**
Total revenue	240,735,050	**-**	**240,735,050**	**231,516,196**	**(9,218,854)**
Expenditure					
Personnel	(161,071,382)	-	**(161,071,382)**	(139,206,721)	**21,864,661**
Relocation expenses	(680,000)	-	**(680,000)**	(285,831)	**394,169**
Depreciation and amortisation	(6,370,743)	-	**(6,370,743)**	(2,807,879)	**3,562,864**
Finance costs and interest expense	-	-	**-**	(1,614,930)	**(1,614,930)**
Lease rentals on operating lease	(9,200,000)	-	**(9,200,000)**	(9,338,645)	**(138,645)**
Impairment of receivables	-	-	-	103,800	**103,800**
Document storage	(200,000)	-	**(200,000)**	(229,662)	**(29,662)**
Repairs and maintenance	(150,000)	-	**(150,000)**	(131,071)	**18,929**
General Expenses	(63,062,925)	-	**(63,062,925)**	(42,602,108)	**20,460,817**
Total expenditure	**(240,735,050)**	**-**	**(240,735,050)**	**(196,113,047)**	**44,622,003**
Operating surplus	-	-	-	**35,403,149**	**35,403,149**
Assets written-off and impaired	-	-	-	(61,120)	**(61,120)**
Surplus before taxation	**-**	**-**	**-**	**35,342,029**	**35,342,029**
Actual Amount on Comparable	**-**	**-**	**-**	**35,342,029**	**35,342,029**
Basis as Presented in the Budget and Actual Comparative Statement					

Supplementary Information to the Budget and Actual Amounts

	ACTUAL	BUDGET	VARIANCE	COMMENT REFERENCE
Income and Operating expenditure				
Permit revenue	190,868,351	199,205,405	(8,337,054)	Comment (a)
Penalty revenue	31,934,900	35,761,452	(3,826,552)	Comment (b)
Other income	2,141,024	-	2,141,024	Comment (c)
Interest received	6,571,921	5,768,193	803,728	
Employee costs	(139,206,720)	(161,071,382)	21,864,662	Comment (d)
Training and development	(1,333,713)	(3,184,617)	1,850,904	Comment (e)
Internal audit	(1,678,458)	(1,750,000)	71,541	
External audit	(2,184,959)	(2,800,000)	615,041	
Travel and accomodation	(16,568,680)	(10,578,999)	(5,989,681)	Comment (f)
Printing & stationery	(2,426,351)	(2,016,000)	(410,351)	
Consulting costs	(703,027)	(9,405,000)	8,701,973	Comment (g)
Legal fees	(2,910,683)	(3,258,697)	348,014	Comment (g)
Vehicle & Equipment leasing costs	-	(6,420,000)	6,420,000	Comment (f)
Advertising, marketing & rebranding	(164,881)	(7,490,090)	7,325,209	Comment (h)
Communications	(4,736,536)	(3,186,252)	(1,550,284)	
IT expenses	(1,981,255)	(2,352,253)	370,998	
Operating leases	(9,338,645)	(9,200,000)	(138,645)	
Water & Electricity	(1,191,860)	(1,025,492)	(166,368)	
Other operating costs	(8,940,523)	(10,675,525)	1,735,003	
Depreciation & amortisation	(2,807,879)	(6,320,743)	3,512,864	Comment (i)
	35,342,026	**-**	**35,342,026**	
Capital expenditure				
Property, plant and equipment	(1,118,838)	15,976,000)	14,857,162	Comment (j)
Intangible assets	(145,994)	(14,024,000)	13,878,006	Comment (j)
	(1,264,832)	**(30,000,000)**	**28,735,168**	

a) Permit Revenue

After consultation with industry during the review of 2014 tariffs (applicable during the year), the Agency revised permit application fees downwards by an average of 5%. The lower rates resulted in under-performance against the budget, there is a shortfall of R8, 3 million against the budget.

b) Penalty Revenue

Due to an improved presence in the corridors, the rate of compliance was higher and number of prosecutions lower than anticipated by the budget figures hence the shortfall.

c) Other Income

The Agency received refunds from SARS and managed to re-negotiate non-payment of some 5 year permit refunds. These were not budgeted for.

d) Staff costs (made up of gross remuneration, pension, 13th cheque savings, medical costs, UIF and other staff related costs)

Overall, R22 million was saved on staff overheads due to some funded positions that were not filled and reduced expenditure, reduced performance bonus provision as well as corresponding leave provision.

e) Training and development

A decision was taken to reduce discretionery expenditure and some bursaries deferred. Training activities were also curtailed thus reducing on the line item.

f) Travel, accommodation and vehicle leasing

The fleet lease agreement was not pursued during the financial year, hence the bill for travel claims remained high. The savings realised on the leasing line item were utilised to compensate for travel. A decision was taken to avoid contracted expenditure.

g) Consulting and legal fees

Savings on consulting fees and professional services was due to the Agency's decision to use internal capacity in areas that were initially planned to be outsourced (such as corruption and fraud investigations and some research projects). Legal fees were lower than budgeted due to the lower number of legal matters handled during the year.

h) Marketing costs

Core marketing programmes relating to re-branding were deferred to the next financial year due to financial constraints.

i) Depreciation and amortisation

Depreciation and amortisation was significantly below the budget. This was due to lower capital expenditure and acquisition of non-current assets.

j) Capital expenditure

Reprioritisation of expenditure led to deferrement of the implementation of the new permit issuance system and delays in the construction of a new website, hence savings on capital expenditure budget. A decision was taken to conserve cash to refund Operators hence purchase of items of Property, Plant and Equipment was deferred.

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. The basis of preparation of the annual financial statements is consistent with that of the previous financial year.

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

The recognition of penalty income is based on all information available to management at the reporting date.

Defined benefit obligations

The value of benefit obligations is determined by actuaries and 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.

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

These accounting policies are consistent with the previous period.

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.

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 presented 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 and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit. The Agency 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.

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 accordingly made.

Fair value estimation

The fair value of financial instruments that are not traded in an active market 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. 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.

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 a number of factors that are determined on an actuarial basis using a number of 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

Accounting Policies (cont.)

denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension 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 9% - 10% to discount future cash flows.

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, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

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

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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 - 5 years
Office equipment	Straight line	5 - 12 years
IT equipment	Straight line	3 - 9 years
Leasehold improvements	Straight line	3 - 5 years (lease period)
Minor plant	Straight line	10 years
Signage	Straight line	10 - 15 years

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

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

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

1.6 Intangible assets

An asset is identifiable if it either:

- 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

Accounting Policies (cont.)

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	Useful life
Computer software	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 an 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 that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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.

Derecognition is the removal of a previously recognised financial asset or financial liability from the Agency'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, 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 Agency 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 Agency.

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 Agency.

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

Liquidity risk is the risk encountered by the Agency 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.

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 Agency 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
Receivables due from receiver of revenue	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 (exchange transactions)	Financial liability measured at amortised cost
Other payables (non-exchange transactions)	Financial liability measured at amortised cost
Retirement benefit obligations	Financial liability measured at amortised cost

Accounting Policies (cont.)

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

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

Financial assets measured at cost:

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

Derecognition

Financial assets

The 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 of 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, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the Agency obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the Agency recognises 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 are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

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

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

Accounting Policies (cont.)

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 through the use of 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.

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. 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 so as 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 - 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 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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 held with the primary 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:

(a) the period of time over which an asset is expected to be used by the Agency; or

(b) 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 Agency 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.

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.

Accounting Policies (cont.)

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.

1.12 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 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.

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 cellphones) 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.

Post-employment benefits: 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 recognise 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.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the Agency recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

The Agency accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the Agency’s informal practices. Informal practices give rise to a constructive obligation where the Agency has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the Agency’s informal practices would cause unacceptable damage to its relationship with employees.

The amount determined as a defined benefit liability may be negative (an asset). The Agency measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in Surplus or deficit.

The Agency determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The Agency recognises the net total of the following amounts in Surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;

Accounting Policies (cont.)

- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The Agency uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The Agency recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.
Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled. The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect 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 post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.13 Provisions and contingencies

Provisions are recognised when:

- the Agency has a present obligation as a result 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 of 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.

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 deficits.

1.13 Provisions and contingencies (continued)

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 the Agency:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a 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 25.

1.14 Commitments

Items are classified as commitments when the Agency 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 Agency – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 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 Agency 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.

Courier and priority mail
Revenue is recognised on receipt of charges from the operators and measured on the basis of the receipted amount.

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

Accounting Policies (cont.)

Interest received

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends 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.

1.16 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.

Fines are economic benefits or service potential received or receivable by the Agency, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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).

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 as a consequence of the breach of laws or regulations. Revenue from penalty income is recognised when a J14 (or an admission of guilt) is issued by the relevant court.

Assets arising from issued fines are measured at the best estimate of the inflow of resources to the Agency.

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 entity 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.

1.17 Borrowing costs

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

1.18 Comparative figures

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

1.19 Fruitless and wasteful expenditure

Fruitless expenditure is defined in section 1 of the PFMA as 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.

1.20 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) the 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 with the exception of updating the note to the financial statements.

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

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 expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 Conditional grants, donations and other receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Agency has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Accounting Policies (cont.)

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 and is separately identifiable.
- 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, which are 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 01/04/2015 to 31/03/2016.

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 has been included in the Statement of comparison of budget and actual amounts in line with GRAP 24.

The annual financial statements and the budget are on the same basis of accounting, however a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements to highlight unbudgeted expenditure items incurred. Refer to note 33.

1.24 Related parties

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 considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the Agency.

Transactions with related parties are disclosed.

1.25 Events after the reporting date

Monetory 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 / or adopted in the current year

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

STANDARD/ INTERPRETATION	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT
GRAP 18: Segment Reporting	01 April 2015	No impact
GRAP 105:Transfer of Functions Between Entities Under Common Control	01 April 2015	No impact
GRAP 106:Transfer of Functions Between Entities Not Under Common Control	01 April 2015	No impact
GRAP 107: Mergers	01 April 2015	No impact

2.2 Standards and Interpretations early adopted

The Agency has chosen to early adopt the following standards and interpretations:

STANDARD/ INTERPRETATION	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT
GRAP 20: Related Party Disclosures	01 April 2016	Disclosure notes

2.3 Standards and interpretations issued, but not yet effective

The Agency has not applied the following standards and interpretations, which have been published and are mandatory for the Agency's accounting periods beginning on or after 01 April 2016 or later periods:

STANDARD/ INTERPRETATION	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT
GRAP 109: Accounting by Principals and Agents	01 April 2017	Penalty income
GRAP 108: Statutory Receivables	01 April 2016	Penalty income

Once effective, the new GRAP (108) will influence and alter the current treatment of Penalty Income, necessitating a change in current revenue policy. The gross revenue will be based on notices issued rather than issuance of J14s or Admission of Guilty as is currently the case. This may lead to increased adjustments and impairments to the gross Penalty Revenue figures due to compliance revisions. A database for all notices issued will be maintained for completeness. The Courts will be treated as Agents in line with GRAP 109.

Notes to the Annual Financial Statements (cont.)

3. Property, plant and equipment

	2016			2015		
	COST/VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST/VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
Furniture and fixtures	4,596,092	(1,677,943)	2,918,149	4,579,212	(1,254,772)	3,324,440
Office equipment	3,862,166	(1,805,189)	2,056,977	3,750,077	(1,383,323)	2,366,754
Computer equipment	8,061,884	(5,171,148)	2,890,736	8,194,045	(5,040,418)	3,153,627
Leasehold improvements	6,720,877	(6,527,067)	193,810	6,720,877	(6,294,495)	426,382
Motor Vehicles	793,634	(416,004)	377,630	472,266	(267,990)	204,276
Signage	79,475	(24,836)	54,639	79,475	(19,842)	59,633
Total	**24,114,128**	**(15,622,187)**	**8,491,941**	**23,795,952**	**(14,260,840)**	**9,535,112**

Reconciliation of property, plant and equipment - 2016

	OPENING BALANCE	ADDITIONS	DISPOSALS	OTHER CHANGES, MOVEMENTS	DEPRECIATION	TOTAL
Furniture and fixtures	3,324,441	84,007	(10,934)	(19,792)	(459,573)	2,918,149
Office equipment	2,366,754	468,112	(2,302)	19,792	(795,379)	2,056,977
Computer equipment	3,153,628	245,350	(47,884)	(5,769)	(454,589)	2,890,736
Leasehold improvements	426,382	-	-	-	(232,572)	193,810
Motor Vehicles	204,276	321,369	-	-	(148,015)	377,630
Signage	59,631	-	-	-	(4,992)	54,639
	9,535,112	**1,118,838**	**(61,120)**	**(5,769)**	**(2,095,120)**	**8,491,941**

Reconciliation of property, plant and equipment - 2015

	OPENING BALANCE	ADDITIONS	DISPOSALS	DEPRECIATION	IMPAIRMENT LOSS	TOTAL
Furniture and fixtures	2,829,647	930,504	-	(435,710)	-	3,324,441
Office equipment	470,437	2,507,299	(2,461)	(564,031)	(44,490)	2,366,754
Computer equipment	2,826,256	2,159,747	(43,311)	(1,789,064)	-	3,153,628
Leasehold improvements	1,481,453	504,891	-	(1,559,962)	-	426,382
Motor vehicles	298,729	-	-	(94,453)	-	204,276
Signage	64,823	-	-	(5,192)	-	59,631
	7,971,345	**6,102,441**	**(45,772)**	**(4,448,412)**	**(44,490)**	**9,535,112**

4. Intangible assets

	2016			2015		
	COST/VALUATION	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST/VALUATION	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
Computer software	4,713,078	(4,085,855)	627,223	4,567,084	(3,373,097)	1,193,987

Reconciliation of intangible assets - 2016

	OPENING BALANCE	ADDITIONS	AMORTISATION	TOTAL
Computer software	1,193,987	145,994	(712,758)	627,223

Reconciliation of intangible assets - 2015

	OPENING BALANCE	ADDITIONS	AMORTISATION	TOTAL
Computer software	1,668,228	341,555	(815,796)	1,193,987

5. Employee benefit obligations Defined benefit plan

The plan and liability is with respect to members currently employed 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 receive a fixed subsidy of R2,017 per month towards their medical aid subscriptions.

Post retirement medical aid plan

The Agency has in place a post employment medical benefit plan to which 14 members (2015:12 members) belong. It is made up of members of the Government Employee Medical Scheme as well as Medihelp. The Agency's contribution is limited to a monthly contribution of R2,017 per person per month (2015: R1,014). Medical inflation is expected to exceed general inflation by 3% per annum.

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.

Notes to the Annual Financial Statements (cont.)

	2016 R'000	2015 R'000
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(1,634,000)	(312,000)
Present value of the defined benefit obligation- partly or wholly unfunded	(998,000)	(1,322,000)
	(2,632,000)	**(1,634,000)**

The valuation results show a liability in respect of accrued service equal to R2,632,000. Total interest cost and service costs for the period from 1 April 2015 to 31 March 2016 were R137,000 and R5,000 respectively. The liability is a long term estimation of amounts due from the Agency towards its obligation (subsidy) to the affected members.

	2016 R'000	2015 R'000
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	(1,634,000)	(1,555,000)
Benefits paid	175,000	146,000
Net expense recognised in the Statement of Financial Performance	(1,173,000)	(225,000)
	(2,632,000)	**(1,634,000)**
Net expense recognised in the Statement of Financial Performance		
Current service cost	(5,000)	(5,000)
Interest cost	(137,000)	(143,000)
Actuarial (gains) losses	(1,031,000)	(77,000)
	(1,173,000)	**(225,000)**
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	9.91%	8.42 %
Medical cost trend rates	10.87 %	9.59 %
Expected increase in salaries	7.87%	6.59%

The assumed retirement age used was 60 years and a full subsidy will be paid to the members irrespective of the number of years' service.

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

	2016 R	2015 R
Deposits, prepayments and advances	**1,134,487**	**1,233,816**

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 on-going. The Agency holds no collateral on the financial assets.

7. Trade and other receivables

	2016 R	2015 R
Penalty revenue	2,395,350	3,298,550
Other receivables	441,297	185,894
Staff debtors	19,956	29,056
Provision for impairment	(1,474,750)	(1,578,550)
	1,381,853	**1,934,950**

Penalty revenue receivables are fines due from courts, whilst staff debtors relate to claims for the Agency's assets lost or recouped leave days. Other receivables are amounts due from the Receiver of Revenue and payments due from Operators.

Credit quality of trade and other receivables

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.

Trade and other receivables

Impairments

As of 31 March 2016, trade and other receivables of R103,800 that had been provided in prior years were reversed. The overall provision therefore decreased from R1,578,550 in the prior year to R1,474,750.

The impaired debtors were outstanding for more than 12 months.

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

	2016 R	2015 R
Opening balance	1,578,550	1,603,280
Provision for impairment / (reversal)	(103,800)	143,350
Amounts written off as uncollectible	-	(168,080)
	1,474,750	**1,578,550**

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:

	2016 R	2015 R
Cash on hand	20,000	20,000
Bank balances	20,244,868	18,486,058
Short-term deposits	91,970,511	90,499,035
	112,235,379	**109,005,093**

The carrying value as at the end of the period approximate the fair value due to the short-term nature of the financial instrument. Cash equivalents and short-term deposits are placed with high-credit quality financial institutions. The exposure to credit risk is the carrying amount of each class of cash and cash equivalents.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Notes to the Annual Financial Statements (cont.)

9. Provisions

Reconciliation of provisions - 2016

	OPENING BALANCE	ADDITIONS	UTILISED DURING DURING THE YEAR	TOTAL
Provision for staff performance bonuses	12,739,021	5,808,810	(4,695,692)	13,852,139

Reconciliation of provisions - 2015

	OPENING BALANCE	ADDITIONS	UTILISED DURING DURING THE YEAR	REVERSED DURING THE YEAR	TOTAL
Provision for staff performance bonuses	13,746,066	4,326,723	(5,203,463)	(130,305)	12,739,021

The staff performance bonus provision was provided at a maximum of 6% (2015: 8%) of gross basic remuneration for the year ended March 2016. Performance bonus is payable to qualifying employees. R7 million relates to the prior financial year for qualifying employees, and is still to be finalised.

10. Payables from exchange transactions

	2016 R	2015 R
Trade payables	2,432,308	3,881,035
Accrued leave pay	6,290,918	6,101,369
Accrued bonus	1,396,826	1,142,888
Workman's compensation accrual	1,216,889	1,052,834
Other accrued expenses	1,418,672	1,156,942
Statutory deductions	-	2,079,941
	12,755,613	**15,415,009**

11. Provisions (non-exchange)

	2016 R	2015 R
Permit fees received in advance and refundables	267,471,128	348,694,990

An amount of R211,503,464 **(2015: R318,511,140)** in the refundables relates to the provision due to Operators as a result of a Constitutional Court judgement to refund some Cross Border Road Transport Operators.

12. Payables (non-exchange transactions)

	2016 R	2015 R
Permit Income Claimed	**47,195,935**	-

Payables relate to the claims made by some of the Cross Border Road Transport Operators by the end of the financial year. Arrangements and terms for refunds have been agreed.

13. Revenue

	2016 R	2015 R
Permit issue fees	151,201,010	131,723,139
Permit application fees	39,667,341	35,074,582
Penalty income	31,934,900	34,570,845
	222,803,251	**201,368,566**
The amount included in revenue arising from non-exchange permit issuance transactions is broken down as follows:		
Permit issue fees	151,201,010	131,723,139
Permit application fees	39,667,341	35,074,582
	190,868,351	**166,797,721**
The amount included in revenue arising from non-exchange penalty transactions is as follows:		
Fines		
Penalty revenue	31,934,900	34,570,845

14. Other Income

	2016 R	2015 R
Postage,administrative and general item charges	411,266	452,101
Donations received	20,000	-
Refundable penalties (PAYE)	339,608	-
Refundable claims (5 year permits)	1,370,150	-
	2,141,024	**452,101**

15. General expenses

	2016 R	2015 R
Advertising, publicity, marketing and branding	164,881	568,692
Audit fees (note 21)	3,863,418	3,462,343
Bank charges	1,511,829	1,382,616
Cleaning & Office supplies	246,043	451,033
Consulting, professional fees and refunds	3,613,710	9,108,170
Catering and employee wellbeing	915,055	846,161
Corporate gifts and donations	416,091	323,335
Insurance	212,993	187,219
Conferences, seminars and other costs	486,994	995,946
IT expenses	1,981,255	2,554,905
Resource materials, magazines, books and periodicals	873	349
Motor vehicle expenses	3,822	2,000
Placement fees	538,852	388,625
Printing and stationery	2,426,351	2,040,484
Security	360,915	308,657
Staff welfare	188,564	128,152
Subscriptions and membership fees	1,780,874	1,544,195
Telephone, cellphones and fax	4,736,536	4,739,487
Training and development	1,333,713	631,692
Travel and accommodation expenses	16,568,680	26,682,227
Small tools	18,902	36,246
Electricity and water	1,191,860	1,051,582
Uniforms	39,897	677,833
	42,602,108	**58,111,949**

The amount for consulting, professional fees and refunds is made up of legal costs as well as consulting and contractor fees.

Notes to the Annual Financial Statements (cont.)

16. Operating surplus / (deficit)

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

	2016 R	2015 R
Operating lease charges		
Premises		
Contractual amounts	9,338,645	8,708,259
Assets written off and impaired assets	(61,120)	(90,262)
Amortisation on intangible assets	712,758	815,797
Depreciation on property, plant and equipment	2,095,121	4,448,412
Employee costs	139,206,721	131,999,216

17. Employee related costs

	2016 R	2015 R
Basic salaries	103,311,005	98,492,601
Performance bonus (note 9)	5,808,810	4,196,418
Medical aid - company contributions	5,002,911	4,523,408
Unemployment Insurance Fund	527,703	538,874
Workman's Compensation	524,176	427,040
Temp salaries	-	377,637
Leave pay provision charge	970,932	927,568
Pension and Provident Fund Contribution	15,094,214	13,621,820
Long-service awards	353,555	283,132
13th Cheques	4,933,670	4,867,184
Car allowance	2,259,297	3,350,648
Danger allowance	345,912	313,989
Night shift allowance	74,536	78,897
	139,206,721	**131,999,216**

18. Debt impairment

	2016 R	2015 R
Debt impairment / (reversal)	(103,800)	143,350

Impairment amount is made up of provisions for long outstanding court remittences due to the Agency. During the year, a net reversal of the impairments was reported.

19. Investment revenue

	2016 R	2015 R
Interest income		
Bank	6,571,921	5,536,844

The Agency has cash investments yielding an average of 6% (2015: 5%) per annum.

20. Finance and interest costs

	2016 R	2015 R
Interest charges	446,930	-
Finance costs	137,000	143,000
Actuarial gains	1,031,000	77,000
	1,614,930	**220,000**

21. Auditors' remuneration

	2016 R	2015 R
External audit	2,184,959	2,171,720
Internal audit	1,678,459	1,290,623
	3,863,418	**3,462,343**

22. Operating 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 procured 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. The leases are for buildings one, three, four and five at Glen Manor Office Park, 138 Frikkie de Beer Street, Menlyn, Pretoria. The significant leasing arrangements include;

- The leases shall escalate annually on 1 February of each year by 9%; and
- The Agency has renewal options and there are no restrictions imposed on the leases.

Further, the Agency has an operating lease for some photocopiers as well as the PABX system. The Agency also has office space for regional offices. Some of the regional offices are on short term contracts while others are over a period of 1 year but none in excess of 3 years.

	2016 R	2015 R
Operating lease liability		
Lease accrual	**299,266**	**97,161**

23. Cash (used in) / generated from operations

	2016 R	2015 R
Surplus	35,342,029	2,421,938
Adjustments for:		
Depreciation and amortisation	2,807,879	5,264,209
De-recognition of non-current assets	66,888	90,262
Finance costs and interest charges	446,930	-
Interest income	(6,571,921)	(5,536,843)
Debt impairment	(103,800)	143,350
Movements in operating lease assets and accruals	202,105	(423,572)
Movements in retirement benefit assets and liabilities	998,000	79,000
Movements in provisions	1,113,118	(1,007,045)
Changes in working capital:		
Receivables from exchange transactions	99,329	(279,533)
Increase in impairments	103,800	(143,350)
Other receivables from non-exchange transactions	553,097	1,024,667
Payables from exchange transactions	(2,659,395)	775,936
Provisions (non-exchange transactions)	(81,223,862)	(12,305,025)
Payables (non-exchange transactions)	47,195,935	(500,000)
	(1,629,868)	**(10,396,006)**

Notes to the Annual Financial Statements (cont.)

24. Commitments Authorised capital expenditure

Authorised capital expenditure

	2016 R	2015 R
Already contracted for but not provided for		
Property, plant and equipment	61,605	809,680
Total capital commitments		
Already contracted for but not provided for	61,605	809,680

This committed expenditure relates to IT infrastructure upgrade and will be financed by funds internally generated.

Authorised operating expenditure

	2016 R	2015 R
Minimum lease payments due		
- within one year	6,999,093	8,361,428
- in second to fifth year inclusive	149,878	5,257
	7,148,971	**8,366,685**

Operating lease payments represent rentals payable by the Agency for certain of its office properties. Leases are negotiated for an average term of two to three years and rentals escalate at an average of 9% per annum. No contingent rent is payable.

Commitments have been made to several suppliers of services for current expenditure amounting to R8,067,473 (2015 : R5,018,487).

25. Contingencies

There is a litigation matter that is currently on-going against the Agency relating to some disputes with Operators emanating from the impounding of their vehicles. The litigants allege that the Agency has acted unlawfully in impounding their vehicles and are seeking compensation for the loss of income as well as wrongful arrest. The litigants are seeking R10, 7 million from the Agency. The Agency's lawyers and management consider the likelihood of the action against the Agency being successful as unlikely.

Certain employees have made claims against the Agency for breach of contract and have made a claim of R51, 7 million as compensation. The Agency has filed a notice to oppose. The Agency believes that the chances of the applicants succeeding are unlikely. Another employee has also filed a claim of defamation against the Agency and is claiming R800, 000. The matter is also being opposed and the Agency's lawyers are confident the matter will be dismissed.

There is also a pending litigation matter 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. These Operators allege that the Regulations are invalid on procedural and substantive grounds. They are seeking that the Regulations be set aside. The Agency is opposing the application for the setting aside of these Regulations.

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 the chances of the claim succeeding are remote.

Contingent assets

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

26. Related parties

	2016 R	2015 R
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Government Printing Works	(5,257)	(34,242)
Related party transactions		
Department of Justice and Constitutional Development	146,852	1,064,054
Government Printing Works	253,565	413,839

The Department of Justice provides legal services to the Agency through the State Attorney, whilst the Government Printers supplies sensitive stationery and gazetting. The two are National Public entities are state owned and were set up to provide services to government agencies and departments like the Cross Border Road Transport Agency.

No transactions were entered into with the Department of Transport and any of the entities reporting to the Department.

Notes to the Annual Financial Statements (cont.)

27. Key Management Information (Directors' emoluments)

Non-Executive

	EMOLUMENTS	REIMBURSIVE EXPENDITURE	TOTAL
2016			
Ms. PE Pokane (Chairperson)	189,713	19,210	208,923
Ms. MMD Nkomo	155,324	6,246	161,570
Mr. AN Mhlongo (resigned 30 June 2015)	36,807	6,494	43,301
Mr. TA Bailey	155,324	9,312	164,636
Adv SC Letele (resigned 30 September 2015)	73,613	2,465	76,078
Mr. WB Smith	155,324	10,873	166,197
Mr. MCT Scott	155,324	18,150	173,474
Mr. AG Noah (resigned 31 July 2015)	49,075	5,266	54,341
Mr. RC Masemola (appointed 01 September 2015 and retired 30 November 2015)	38,831	493	39,324
Mr. JE Mabhida (appointed 01 September 2015 and retired 23 January 2016)	64,718	2,398	67,116
Mr. BC Deysel (appointed 01 September 2015 and resigned 28 January 2016)	64,718	13,707	78,425
Mr. SAC Setsubi (appointed 01 September 2015 and retired 30 November 2015)	38,831	5,685	44,516
	1,177,602	**100,299**	**1,277,901**

	EMOLUMENTS	REIMBURSIVE EXPENDITURE	TOTAL
2015			
Ms. P Pokane (Chairperson)	179,823	8,196	188,019
Ms. MMD Nkomo	147,226	6,688	153,914
Mr. AN Mhlongo	147,226	21,650	168,876
Mr. TA Bailey	147,226	12,387	159,613
Adv SC Letele	147,226	3,094	150,320
Prof WD Thwala (retired 30 April 2014)	11,607	4,297	15,904
Mr. WB Smith	147,226	4,287	151,513
Mr. MCT Scott	147,226	34,800	182,026
Mr. AG Noah	147,226	7,068	154,294
Ms. SO Mohammed (appointed 01 May 2014 and resigned 28 February 2015)	122,689	1,335	124,024
Mr. RA Dlamini (resigned 31 January 2015)	122,689	10,800	133,489
	1,467,390	**114,602**	**1,581,992**

Remuneration of Executive Management

	ANNUAL REMUNERATION	TRAVEL, CAR AND CELLPHONE ALLOWANCE	PERFORMANCE BONUS AND VARIABLE PORTION	ACTING ALLOWANCES AND OTHER PAYMENTS	TOTAL
2016					
Chief Executive Officer	2,366,117	65,316	155,681	88,925	2,676,039
Executive: Road Transport Inspectorate	1,637,815	71,988	-	29,741	1,739,544
Executive: Regulatory Services	1,369,635	120,923	-	92,219	1,582,777
Chief Financial Officer	1,361,912	120,456	-	3,023	1,485,391
Chief Operating Officer (resigned 26 June 2015)	495,187	107,823	-	43,212	646,222
Executive: Human Resources (appointed 01 July 2015)	882,539	20,549	-	23,975	927,063
Executive: Facilitation and Industry Development (appointed 01 May 2015)	1,245,113	27,159	51,695	46,221	1,370,188
Acting Executive: Facilitation and Industry Development	70,696	1,000	-	43,020	114,716
Executive: Corporate Governance (acted as Human Resources in April 2015)	1,452,840	24,066	-	13,372	1,490,278
Chief Information Officer	1,256,855	87,300	-	21,737	1,365,892
	12,138,709	**646,580**	**207,376**	**405,445**	**13,398,110**

	ANNUAL REMUNERATION	TRAVEL, CAR AND CELLPHONE ALLOWANCE	PERFORMANCE BONUS AND VARIABLE PORTION	ACTING ALLOWANCES AND OTHER PAYMENTS	TOTAL
2015					
Chief Executive Officer	2,234,294	94,585	144,149	-	2,473,028
Executive Road Transport Inspectorate (appointed 01 June 2014)	1,313,333	106,229	-	-	1,419,562
Executive: Regulatory & Legal Services	1,295,513	76,117	82,030	-	1,453,660
Chief Financial Officer	1,283,320	123,610	83,864	-	1,490,794
Chief Operating Officer - (appointed 01 April 2014)	1,744,448	83,722	-	35,051	1,863,221
Executive: Corporate Services (resigned 31 July 2014)	356,839	9,200	-	1,300,147	1,666,186
Executive: Facilitation and Industry Development (resigned 30 November 2014)	760,124	187,105	82,940	473,440	1,503,609
Acting Executive: Facilitation and Industry Development	803,247	99,392	-	79,533	982,172
Executive: Corporate Governance	1,371,381	37,759	-	124,933	1,534,073
Executive: Corporate Governance (resigned 12 July 2013)	-	-	79,624	-	79,624
Executive: Strategic Support (resigned 30 September 2014)	524,184	110,177	-	90,628	724,989
Chief Information Officer (appointed 01 February 2015)	200,607	14,550	-	-	215,157
	11,887,290	**942,446**	**472,607**	**2,103,732**	**15,406,075**

Notes to the Annual Financial Statements (cont.)

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.

28. Risk management

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. There is however, material short term liabilities due to some Cross Border Operators. The refunds are being negotiated by individual Operators as they come forward to lodge claims.

Financial risk management

The Agency's activities expose it to a variety of financial risks: these include fair value interest rate risk, cash flow interest rate risk credit risk and liquidity risk.

The Agency's overall risk management program focuses on the unpredictability of operational and financial markets and environment and seeks to minimise potential adverse effects on the Agency's financial performance. The Agency does not use derivative financial instruments to 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 other sources of funding.

Cash flow forecasts are prepared and are being monitored whilst a review of tariffs is being considered. Other sources of funding are also being explored.

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.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, investments 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 client base. Management evaluated credit risk relating to customers on an ongoing basis. Most of the Agency's debtors are Magisterial Courts within South Africa.

29. Going concern

We draw your attention to the fact that as at 31 March 2016, the Agency had accumulated deficits of R220,335,196 **(2015: R255,677,223)** and that the Agency's total liabilities exceeded its assets by (R220,335,194) **(2015: R255,677,223).**

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 excess of liabilities over assets has been due to the Constitutional Court judgement that ruled in favour of some cross-border hauliers and rendered the 2011 Permit Tariff Regulations invalid with effect from 01 April 2011. The judgement was handed down on 12 May 2015 and compelled the Agency to provide for the refunds to affected Cross Border Operators. The Agency is a public entity created by an Act of Parliament (CBRT Act 4 of 1998 as amended) with a sole mandate of providing for cooperative and coordinated advice, regulation, facilitation and law enforcement in respect of cross border road transport by the public and private sector. The Agency has to date paid R45 million towards these refunds.

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. The financial statements were prepared on the basis that the Department of Transport has neither the intention nor the need to liquidate nor curtail materially, the scale of the Agency's operations. The year under review recorded a surplus of R35, 342, 029 (2015: R2, 421, 938).

Further the Agency has put in place some contingent measures to ensure going concern. The following are some of the activities the Agency has initiated to ensure it meets its obligations in the foreseeable future;

- In a bid to curtail costs, the Agency has revised its Annual Performance Plans (APP) and reduced activities driving discretionary expenditure. The revision of the APP is not expected to compromise service delivery materially. Updated cash-flow forecasts are being prepared on a regular basis to reflect availability of funds and the impact of these cost containment measures;
- On an on-going basis, the Agency engages with creditors due for refunds for the Agency to be given time to consult and structure its cash-flows. In general, Operators have been agreeing staggered payments over four or more months with no interest accruing to ensure liquidity on the part of the Agency;
- The Executive Authority has been made aware of the current situation;
- Alternative funding models are being considered and will continue to be explored to diversify the revenue basis in line with the founding CBRT Act;
- Cash flow projections are performed monthly to schedule refunds to Operators as would be agreed without affecting the Agency's supplier payments whenever they fall due.

30. Events after the reporting date

On 1 May 2016, six members were appointed by the Minister to serve on the Agency's board. These are Ms. I Sekonyela, Mr. RD Baloyi, Mr. LL Thekisho, Ms. K Mahlangu, Professor J Havenga and Mr. M Ramathe.

Except for the appointments above, the Accounting Authority and Management are not aware of any matter or circumstance arising since the end of the financial year to the date of this report not otherwise dealt with in the financial statements which significantly affect the financial position of the company or the results of its operations that would require adjustments to or disclosure in the annual financial statements.

31. Fruitless and wasteful expenditure

	2016 R	2015 R
Opening balance	-	13,913
Less: amounts reversed	-	(10,051)
Less: amounts condoned	-	(3,862)
	-	**-**

No fruitless expenditure has been reported during the year under review.

32. Irregular expenditure

	2016 R	2015 R
Opening balance	457,259	1,747,763
Add: Irregular Expenditure - current year	-	534,938
Less: Amounts condoned	-	(1,825,442)
Less: Amounts recovered (not condoned)	(99,521)	-
	357,738	**457,259**

Analysis of expenditure awaiting condonation per age classification

	2016 R	2015 R
Current year	-	457,259
Prior years	357,738	-
	357,738	**457,259**

The irregular expenditure of R457,259 relates to transactions processed on the company credit card without appropriate approvals in prior years. Part of this expenditure has since been recovered.

Notes to the Annual Financial Statements (cont.)

33. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus with the actual surplus in the statement of financial performance:

	2016 R	2015 R
Net surplus per the statement of financial performance	35,342,029	2,421,938
Adjusted for:		
Loss on disposal of assets and impairments	61,120	233,612
Finance charges and interest expense	583,930	143,000
Fruitless and wasteful expenditure	-	1
Consulting and legal fees	(9,049,987)	(4,907,974)
Other operating and general expenses expenses	(11,759,420)	6,702,831
Depreciation and amortisation	(3,562,863)	1,038,298
Employee and board costs	(21,864,662)	(12,306,852)
Actuarial losses	1,031,000	77,000
Under-recovery of budgeted revenue	12,163,605	5,925,506
Other Income over-collected / (under-collected)	(2,141,024)	452,101
Interest income over-collected / (under-collected)	(803,728)	220,539
Net surplus per approved budget	**-**	**-**

Detailed Income Statement

	NOTE(S)	2016 R	2015 R
Revenue			
Permit issue fees		151,201,010	131,723,139
Permit application fees		39,667,341	35,074,582
Other income		2,121,024	452,101
Donations received		20,000	-
Interest received - investment		6,571,921	5,536,844
Penalty revenue		31,934,900	34,570,845
Total revenue		**231,516,196**	**207,357,511**
Expenditure			
Employee related costs	17	(139,206,721)	(131,999,216)
Relocation expenditure		(285,831)	(90,501)
Depreciation and amortisation		(2,807,879)	(5,264,209)
Finance costs and interest	20	(1,614,930)	(220,001)
Lease rentals on operating lease		(9,338,645)	(8,708,259)
Debt Impairment	18	103,800	(143,350)
Document storage costs		(229,662)	(174,991)
Repairs and maintenance		(131,071)	(132,835)
General Expenses	15	(42,602,108)	(58,111,949)
Total expenditure		**(196,113,047)**	**(204,845,311)**
Operating surplus	16	**35,403,149**	**2,512,200**
Assets written off and impaired		(61,120)	(90,262)
Surplus for the year		**35,342,029**	**2,421,938**

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Improving the movement of people and goods

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