2010 ANNUAL REPORT

CROSS•BORDER
ROAD TRANSPORT AGENCY

CROSS•BORDER
ROAD TRANSPORT AGENCY

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1. CHAIRPERSON'S FOREWORD

Mr Gilbert Phalafala
Chairperson

The Cross-Border Road Transport Agency is a key enabler in advancing regional economic growth and social development. The regional economy has experienced profound changes over the years that opened regional markets which in turn posed various opportunities for growth and greater integration within the region. We however remain mindful of the challenges within the cross-border road transport industry within a regional context and remain committed in advancing and positively impacting on matters pertinent to this industry.

Over the years an increasing volume of goods, services and people have been transported across South African's borders to our neighbouring countries within the region. The Agency plays a pivotal role in facilitating cross-border trade within the region thereby promoting socio economic development and regional integration. This role is not only aligned to the objectives of our government but also at the centre of regional objectives and initiatives.

The Agency has been through a trying time during the period under review due to the existence of a vacancy in the Office of the Chief Executive Officer since February 2009. This in turn has led to a leadership vacuum and the subsequent failure to address a number of operational and strategic issues. Despite this predicament, management still made significant progress in delivering on its strategic programmes as outlined in the performance report.

It is also important to note that the Agency operated under severe budgetary constraints which compromised its ability to secure and deploy adequate resources to effectively discharge its legislative mandate. This challenge continues to present a major risk to the future sustainability of the Agency and its ability to move with the required momentum in implementing its strategic programmes.

Various challenges faced by the Agency continuously manifest the need to significantly increase and strengthen its financial capacity in order to enable appropriate interventions.

I would like to take this opportunity to express my appreciation to both Minister S. Ndebele and former Minister J. Radebe for their support and leadership during the tenure of this Board, which term comes to an end during the new financial year. I furthermore would like to acknowledge the important work that the management team and staff are executing and would like to encourage a collective and innovative spirit in implementing the legislative mandate of the Agency and future strategic programmes.

A lot of work still lies ahead both nationally and regionally and I am confident that the Agency would rise to the occasion and live up to expectations.

Chairperson
G. Phalafala

The Agency plays a pivotal role in facilitating cross-border trade within the region thereby promoting socio economic development and regional integration.

Board Members

Mr. Gilbert Phalafala
Chairperson

Ms Nobuhle Ally
Deputy Chairperson

Mr. Bongisizwe Mpondo
Non-Executive Director

Mr. Hartley Dikgale
Non-Executive Director

Mr.LungeloTwalo
Non-Executive Director

Ms Maria du Preez
Non-Executive Director

Ms Brenda-Horne Ferreira
Non-Executive Director

Ms Thuli Letsoalo
Department of Transport
Representative

Mr. Sipho Khumalo
Chief Executive Officer

Mr. Gilbert Phalafala
Chairperson

Gilbert has held positions as Executive chairman of numerous Boards during 1993-1999 at Equity Logistics and Asset Management, Group Special Projects Manager at AECI LTD (1989-1992). He serves as a professional member of the Institute of Internal Auditors, fellow member of Chartered Institute of Business Management as well as fellow member of Chartered Institute of Secretaries and Administrators.

Gilbert holds a BComm from University of the North, Higher Diploma in Taxation Law, FCIS and FCIMB from the Institute of Chartered Secretaries and Administrators.

Ms Nobuhle Ally
Deputy Chairperson

Nobuhle is the founder of Planet Africa consulting company specializing in provision of management services and capacity building to Municipalities. She has held a number of distinguished positions in her career including Head of Advocacy and Research on Women and Children Rights for an NGO based at University of Kwazulu Natal and Administration Director at the then Indlovu Regional Council, Executive Director-SALGA.

She holds a number of qualifications including BSc degree from Kwazulu Natal University (1992), LLB postgraduate degree (1994) and was admitted as an attorney of Natal High Court (1997).

Nobuhle also served in the development of a guide document for children and women rights in KZN, Natal based NGO: Built Environment Support Group and is currently a Board member of Local Government SETA since 2005.

Mr. Bongisizwe Mpondo
Non-Executive Director

Bongisizwe is a Town Planner by training and has extensive experience in land use planning, regional planning (economic & spatial) and transportation planning. He worked as a Land Use Planning consultant before joining the CSIR where he was a Researcher & Transportation Planner covering the areas of Urban & Rural Transport Development, Tourism & Transport, Local Economic Development (LED) and Road Traffic Management. Whilst at the CSIR he served as Chairperson of the Divisional Transport Action Group (DTAG) at Transportek and also represented Transportek at the CSIR Black Forum (CBF) Committee. He later joined the Office of the Premier (Gauteng Provincial Government) where he served as the Director for Growth & Development. His next move was to the Road Freight Association as the Manager for Policy & Regulation. Bongisizwe is currently Managing Director of SAFIRI (Pty) Ltd, a professional services and investment firm.

He holds a BSc degree in Town and regional planning from Witwatersrand University and is currently pursuing M Phil in sustainable development and planning. He has further held the Directorship positions at the entities: Gauteng Transport Management Agency and African Tramways.

Mr. Hartley Dikgale
Non-Executive Director

Hartley is the executive director of Pamodzi Investment Holdings. Before taking up this position in 2003, he was Legal and Administrative Services Manager at Rand Water (Johannesburg); Senior Manager: Legal Affairs at ICASA; Legal Adviser at Old Mutual; Commercial Law lecturer at Vista University and Legal Adviser at Sanlam and lastly a teacher at Thulare High School Soweto.

He holds number of qualifications including a Masters Degree in Law with broad academic coverage in law and legal discipline with emphasis on constitutional law, commercial law, administrative law as well as business investments and fund management.

In addition, in the USA, Hartley studied Diploma in Telecommunication Senior Management at USTTI. He is also a member of Black Lawyers Association as well as Black Management Forum.

Apart from C-BRTA, his current directorships include Pamodzi Resources Pty Ltd, Foodcorp Pty Ltd, Kulungile Metals Pty Ltd and ISIS Pty Ltd.

Mr. Lungelo Twalo
Non-Executive Director

Lungelo is a founder of Buhle Waste located in Limpopo, a company involved in transportation and disposal of waste. He is responsible for overall management of the company. Before the inception of his company, Lungelo was an analyst computer programmer at BP (SA) in 1991. He left BP to join ANC as a financial systems manager until 1997.

He obtained a Masters Degree in Business Leadership at UNISA in 2006. In 1987 Lungelo was awarded a scholarship by Education Opportunities Council to study at University of Missouri-Columbia in the USA where he graduated with two degrees, BSc in Mathematics and BSc in Computer Science.

Ms Maria du Preez
Non-Executive Director

Maria joined SafcorPanalpina, the largest clearing and forwarding agent, since 1993 and moved through different departments and operations and she is now Regional Manager Gauteng.

Maria holds BCom and LLB degree from UNISA, MBA from Gordon Institute of Business Science as well as various industry specific courses.

Ms Brenda-Horne Ferreira
Non-Executive Director

Brenda is the founder and CEO of Maputo Corridor Logistics Initiative. She has held many distinguished positions throughout her career. Prior to the inception of MCLI in October 2003, she was Marketing Administration and Logistics Manager at Manganese Metal Company part of BHPBilliton Group in May 2001 - October 2003.

In addition, in Netherlands, Brenda served as Business Coordinator at Billiton Marketing.

She holds a Management Development Diploma from Post Graduate School of Business at Pretoria University, F.I.A.S.-Institute of trained account recorders, F.I.C.S.-Institute of Certified Bookkeepers as well as a certificate in Business Study-Institute of Administration and Commerce.

She attended a number of special courses including the Allen Professional Manager's Seminar, SAFTO Foreign Exchange Management Course, SAFTO Export Administration Course and Industrial Relations Course.

Ms Thuli Letsoalo
Department of Transport Representative

Thuli is the Director: Director for Performance Management & Analysis at the Department of Transport Responsible for Performance Management and Analysis of public entities reporting to the Department of Transport. She is a graduate of the University of the North and has obtained a Master of Science Development Planning (Msc-DP) at the University of Witwatersrand and completed course Masters of Management in Public and Development Management (MM- P&DM) at the School of Public and Development Management at the University of the Witwatersrand.

She currently serves as representative of the Department of Science and Technology representative on the Board of University of Venda Foundation.

Mr. Sipho Khumalo
Chief Executive Officer

With a Masters Degree in Public and Development Management (Wits), BA Honours Degree (Wits) as well as other specialized courses, Sipho has an extensive and well-rounded knowledge of the transport industry.

Highlights of his career include: CEO: Road Freight Association, Deputy Director General: National Department of Transport, General Manager: CSIR (Roads & Transport Technology) and Deputy Director: DOT (Research & Development).

Sipho also serves as Deputy Chairman: Gautrain Management Agency and is a member of the Black Management Forum (BMF).

2. CORPORATE PROFILE

The Cross-Border Transport Agency (the Agency) was established in terms of the Cross-Border Transport Agency Act 4 of 1998, as amended. The Agency has the legislative mandate to provide co-operative and coordinated advice, regulation, facilitation and law enforcement in respect of cross border road transport to both the public and private sector.

Vision

To be the leading Cross-Border Road Transport Regulator within the SADC region.

Mission

To regulate cross border road transport by providing an unsurpassed service through advising, facilitation and law enforcement.

Core Values

The Core values embodied by the Agency include:

- Integrity
- Transparency
- Reliability
- Efficiency
- Effectiveness
- Social Responsibility

Core Functions

The Agency renders the following functions in discharging its legislative mandate:

- Advise the Minister of Transport on issues relating to cross border road transport policy;
- Regulate access to the cross border road transport market through a permit administration process;
- Facilitate the establishment of co-operative and consultative relationships between public and private sector institutions with an interest in cross border road transport,
- Collection, process and disseminate cross border related information;
- Provide training, capacity building and promotion of entrepreneurship support to small, medium and micro-enterprises with an interest in cross border transport; and
- Monitor operator compliance through execution of law enforcement operations.

3. CHIEF EXECUTIVE OFFICER'S REPORT

Mr Sipho Khumalo
Chief Executive Officer

This review highlights the results of the Agency's performance against both its mandate and its strategic plan. The Agency's performance for the year under review clearly manifests an Agency that is in dire financial and operational distress which resulted amongst other in non-attainment of targets initially set. The performance of the Agency was further compromised by a leadership vacuum in that the position of Chief Executive Officer was vacant for the entire year under review.

Despite our commitment to effectively discharge and deliver on our legislative mandate and contribute towards the attainment of both our national and regional objectives, the Agency is still confronted with a myriad of challenges. These challenges include lack of visibility at border posts due to insufficient number of road transport inspectors; lack of operational equipment, including patrol cars; an unsustainable financial position due to insufficient permit fees and lack of government funding. Furthermore, the income generated from fines is inadequate, which is due to a gross shortage of inspectors. Our volatile financial position puts us in a position where we are unable to attract highly skilled resources, which in itself compromises our ability to deliver an effective and an efficient service delivery. Our computer system is almost obsolete, unable to cope with the demands expected of an internal control environment, which is the main cause of the plague of audit queries that the Agency has been subjected to.

Notwithstanding these challenges, we remain driven and committed. We are confident that we will be able to conquer the challenges facing us and deliver on our mandate. We will endeavor to improve the seamless and unimpeded flow of passengers and goods across our borders into the region in support of both our domestic and regional developmental, social and economic goals.

In the coming financial year the Agency will be re-aligned to better respond to its mandated roles and functions. A new strategic agenda is being developed which will ensure that the work of this Agency is responsive to the demands of our legislated functions. We will engage with the authorizing environment and the shareholder, the Ministry of Transport, to obtain agreement on the Agency's funding situation, its recapitalization needs and the development of standard operating procedures and models to better guide the work of this Agency. We will also endeavor to bring the right caliber of people and the requisite skills into the Agency and to exploit technological solutions to improve our effectiveness and our efficiencies.

In conclusion, I firstly want to express my sincere gratitude and appreciation to the Minister of Transport, Mr. S Ndebele, for his leadership and support. Secondly, to the members of the Board for their guidance and unwavering support in ensuring that the Agency stays on its strategic trajectory. My sincere appreciation to all our customers and industry stakeholders for their unwavering commitment and support in driving and promoting the agenda of the Agency. Lastly, I would like to commend the management team who kept the Agency on track often through turbulent times both at a strategic and operational level.

Sipho G. Khumalo
Chief Executive Officer

We remain driven and committed. We are confident that we will be able to conquer the challenges facing us and deliver on our mandate. We will endeavor to improve the seamless and unimpeded flow of passengers and goods across our borders

4. ORGANISATIONAL PERFORMANCE REPORT

4.1. Regulatory Function

The Agency has a legislative mandate to incrementally regulate market access to the cross-border road transport market by means of a permit regulatory regime. This Function plays an integral role in administrating the regulatory regime and facilitating trade within the region.

In discharging this mandate the function facilitates the following processes:

- Facilitation of the permit application processes within the legislative and regulatory frameworks;
- Advising and rendering a secretariat function for the Regulatory Committee; and
- Administration of the application and Regulatory Committee processes.

The income generated through permit administration is the core driver of income as per the Agency's legislative funding model. Despite not having reviewed the permit fee structure for a number of years the function realized an increase in income of 9.3% from R37 874 287 to R41 415 075 during the year under review.

The peak periods, i.e. Easter and festive season are the main drivers of permit income in respect of passenger transport operations. This is however to a lesser extent also driven by the existence of South African public holidays. Hereto follows a statistical overview of the annual income generated.

Table 1: Permit Revenue

Month	2008/2009	2009/2010	% Movement
April	2 867 705	3 271 555	14 %
May	2 573 205	3 090 270	20 %
June	2 292 250	3 127 405	36 %
July	3 103 150	3 776 110	22 %
August	2 717 700	3 222 655	19 %
September	3 234 825	3 466 225	7 %
October	3 940 955	3 775 505	-4 %
November	3 829 145	4 041 915	6 %
December	3 390 690	3 252 250	-4 %
January	3 356 785	3 360 270	0 %
February	3 393 015	3 412 710	1 %
March	3 174 862	3 618 205	14 %
Total	37 874 287	41 415 075	9 %

The Agency experienced growth of 21% in respect of permits issued during the year under review from 88 252 to 106 819. Hereto follows a statistical overview of the different categories of permits issued per country.

Table 2: Permits issued for passenger transport (taxi)

Country	2008/2009	2009/2010	% Movement
Botswana	495	584	18 %
Lesotho	1 688	3 336	98 %
Malawi	5	17	240 %
Mozambique	3 052	5 195	70 %
Namibia	33	32	-3 %
Swaziland	485	484	0 %
Zambia	3	10	233 %
Zimbabwe	1 046	2 118	102 %
Total	**6 807**	**11 766**	**73 %**

Table 3:Permits issued for passenger transport (buses)

Country	2008/2009	2009/2010	% Movement
Botswana	859	992	15 %
Lesotho	2 995	3 958	32 %
Malawi	506	328	-35 %
Mozambique	5 088	6 612	30 %
Namibia	190	201	6 %
Swaziland	924	943	2 %
Zambia	288	227	-21 %
Zimbabwe	3 145	4 267	36 %
Total	**7 188**	**17 528**	**144 %**

There is an increase in permit applications for passenger transport to Lesotho in view of the upliftment of the moratorium, against the issuance of passenger permits to Lesotho, during the previous financial year. There were also material increases on the Mozambique and Zimbabwe routes that are mainly attributed to the migrant workforce originating from the two countries and the economic climate within Zimbabwe.

Table 4: Permits issued for freight transport

Country	2008/2009	2009/2010	% Movement
Botswana	11 517	11 355	-1 %
DRC	19	3 835	20084 %
Lesotho	5 554	6 263	13 %
Malawi	1 445	1 599	11 %
Mozambique	7 685	8 810	15 %
Namibia	8 699	8 928	3 %
Swaziland	8 259	8 904	8 %
Zambia	13 913	9 870	-29 %
Zimbabwe	12 195	12 317	1 %
Cabotage	1 982	3 089	56 %
Total	**71 268**	**74 970**	**5 %**

The upsurge in freight permits issued to the Democratic Republic of Congo is as a result of a shift in reporting principles. In the past, all freight transport destined for the Democratic Republic of Congo was reported under Zambia in view of South Africa's non-concluding bi-lateral road transport agreement with the Democratic Republic of Congo. Although the agreement is still not in place, these permits are issued to the borders between the Democratic Republic of Congo and Zambia. The shift in reporting principle therefore provides for a more precise indication of freight transport flows into the Democratic Republic of Congo.

Table 5: Permits issued for tourist operations

Country	2008/2009	2008/2010	% Movement
Regional	2 989	2 555	-14

Cross border passenger operations between South Africa and Lesotho are still not normalized and a great cause for concern in view of non-compliance to the provisions of the Southern African Customs Union Memorandum of Understanding (SACU MoU). Various interventions have since been executed in an effort to address and normalize these operations, i.e. the upliftment of a moratorium against the issuance of passenger permits to Lesotho and the referral of all outstanding applications. This matter was also elevated to the SACU Secretariat for guidance on resolving the matter amicably. The Agency hosted a SADC Indaba where this matter was debated at length and interventions agreed upon.

Performance against goals

The responsibility of this area is to regulate the cross border road transport industry by means of a permit application process.

Strategic Objectives	Programmes / Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual performance against goals	Recommended Corrective Action
Achieve full corporate governance, controls and compliance	Annual review and implementation of the Regulatory Policy.	% completion of the review process.	100%	80%	Review conducted policy was not submitted to the Regulatory Committee during the 2nd quarter for approval due to Regulatory Committee hearings.	The policy will be tabled for approval at the quarterly Committee meeting in June 2010.
	Review, implement and adopt systems process and policies	% implementation of systems policies and processes.	100%	75%	Service provider appointed to draft Regulatory Work-flow Process and Procedure.	Project to be finalised during May 2010.
		% reduction in qualified audit findings	100%	50%	A large number of the qualifications are of an institutional nature. The drafting of the work-flow processes will inform the institutional re-engineering process to be undertaken.	Project to be finalised during May 2010.

Strategic Objectives	Programmes / Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual performance against goals	Recommended Corrective Action
Sustain good financial performance	To increase permit tariffs.	Annual increase as per ministerial approval.	14%	80%	Submission prepared and submitted to the Ministry. Ministry responded by enquiring additional information from the Agency motivating the request for an increase.	Additional information provided to the Ministry. Waiting for Ministerial approval based on additional information. The information obtained from the business reengineering process will further inform the business model that is to be applied in requesting future increases.
	Re-design cross-border permits	% completion of feasibility study.	100%	25%	The high level review of the programme indicated an estimated expenditure of approximately R5m. The costs were viewed as excessive and this program should instead form part of new system requirements.	The process to be attended to as part of new user needs requirements.
		Implement new permit design.	0%	0%	Not Applicable	Not applicable
	To re-engineer the permit regulatory system	% completion of feasibility study	100%	25%	The feasibility study was not completed as it was established that the current system is not owned by the Agency as the Agency has no access to system source codes.	A new strategy was established to define business processes and perform a system analysis by focusing on user requirements.
		% completion of system design	50%	0%	Due to above, this initiative was abandoned. The process of documenting regulatory business processes took longer than envisaged.	System design processes will commence in May 2010.
		Installation/ testing/ implementation of new system	0%	0%	Only to be executed in the 2010/2011 financial year.	Not applicable
Turn the Agency around into a sustainable business	To increase accessibility of service to regional offices	% completion of feasibility of issuing permits via regional offices.	100%	50%	Changes in the CEO office delayed the progress of the project due to the outstanding finalisation of strategic direction	Not applicable.

Strategic Objectives	Programmes / Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual performance against goals	Recommended Corrective Action
Turn the Agency around into a sustainable business	To increase accessibility of service to regional offices	% completion of feasibility of issuing permits via regional offices.	100%	50%		
		Number of regional offices with extended regulatory functions	1	0	The Musina Regional Office will be used to pilot the project. The Beit Bridge Traffic Control Centre must be commissioned by SANRAL and an agreement will be finalised with SANRAL during 2010/2011.	The Beit Bridge Traffic Control Centre will be commissioned and is dependent on input from SANRAL.

4.2. Law Enforcement Function

The Road Transport Inspectorate consists of seven regional offices and executes law enforcement activities on all major corridors and commercial border posts throughout the country. The function is at the core of the Agency's legislative mandate and responsible for the monitoring of on-going compliance by cross border road transport users.

The Road Transport Inspectorate has the mandate to:

- Ensure the enforcement of the provisions of the Agency's empowering legislation;
- Ensure the enforcement of the provisions of any other legislation that confers certain right and duties upon the Inspectorate, i.e. National Road Traffic Act, National Land Transport Act, etc.; and
- Support the Board and the Regulatory Committee in the performance of their functions.

The overall financial and operational performance of the function has improved during the year under review. There was an overall increase in operational activity by 13% which in turn translated in an increase of 50% in penalty income. The operational activities and penalty income statistics are depicted below:

Table 6: Operational Activities

Activities	2008/2009	2009/2010	% Movement
Inspections	56 434	59 880	6 %
Prosecutions	9 627	14 470	50 %
TOTAL	**66 061**	**74 350**	**13 %**

Table 7: Penalty revenue

ACTIVITIES	2008/2009 R	2009/2010 R	% Movement
Prosecutions	7 882 209	12 020 411	52 %
Cabotage	274 900	287 500	5 %
Overloading	204,900	332 700	62 %
TOTAL	8 362 009	12 641 611	51 %

Performance against goals

The responsibility of this area is to monitor operators' compliance to the Act and permit conditions.

Strategic Objectives	Programmes or Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual Performance against target	Recommended Corrective Action/Intervention (if target for the period was not met)
Achieve full corporate governance, controls and compliance	Develop and implement standard operation procedures in prosecution.	% development of standard operating procedures.	100%	80%	Standard Operating Procedures have been developed.	An internal Policy Workshop is to be scheduled during June 2010 to approve all draft policies.
		% implementation of Standard operating procedures.	0%	0%	SOP's to be implemented during 2010/2011 financial year.	Not applicable
	Develop and implement standard training manual.	% development of standard training manual.	100%	100%	Training manual developed in conjunction with RTMC. The manual was approved and accredited by SETA.	Not applicable.
		% implementation of standard training manual.	25%	0%	Training manual accredited by SETA – curriculum to be introduced to traffic colleges by mid 2010.	Training of the inspectors to be conducted during the 2010/2011 financial year.
Sustain good financial performance.	Management, control and operation of Beitbridge Traffic Control Centre.	Increase in penalty income.	100%	0%	The Beit Bridge Traffic Control Centre was to be commissioned on 1 May 2009. As a result of project delays the facility is yet to be commissioned. SANRAL has now appointed Bakwena to manage the facility.	The commission date of the facility is dependent upon SANRAL. The facility was not commissioned as originally planned due to unforeseen delays and will be commissioned on 1 June 2010. The Agency is required to sign an agreement with SANRAL to operate from the facility. A multi-party agreement will be concluded with SANRAL, Limpopo Department of Transport and Bakwena to delineate operational activities at the facility.

Strategic Objectives	Programmes or Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual Performance against target	Recommended Corrective Action/Intervention (if target for the period was not met)
	Improve visibility of inspectorate.	% roll-out of inspectors' uniform.	100%	80%	The roll-out of uniforms was delayed due to the non performance of the appointed supplier that has subsequently been addressed.	All outstanding uniforms will be delivered by 28 May 2010
		% roll-out of equipment.	50%	50%	All equipment acquired and rolled-out.	Not applicable.
		No. establishment of permanent inspection checkpoints.	10	0	Consultation with SANRAL is outstanding.	Re-assess the programme and ascertain implementation plan by 31 May 2010.
		Pilot of branded vehicles.	5	0	Budget restrictions have delayed this project and the inability to obtain sponsorships.	Re-assess the funding of this programme.

4.3. Facilitation Function

The Facilitation function is mandated by the legislative framework to perform a facilitatory role in ensuring the effective implementation of the road transport agreements concluded between South Africa and SADC member states. Facilitation is also mandated to facilitate the conclusion of future agreements with member states within the SADC region.

The most pressing challenge in the year under review was the facilitation efforts towards normalisation of cross-border (taxi) transport between South Africa and Lesotho, as well as increasing awareness among operators on the importance of compliance with the Cross-Border Road Transport Amendment Act, Act 12 of 2008. A significant achievement in the period was the lifting of the Ministerial moratorium on the issuance of the permits between South Africa and Lesotho which occurred during March 2009.

Performance against goals

The responsibility of this area is to ensure the successful implementation and maintenance of the bilateral and multilateral agreements within SADC / SACU region. In addition, this area must establish and maintain road transport agreements in a manner that would allow for the movement of goods and passengers in the shortest and most cost effective manner with the least impediments across the SADC region.

Facilitation must establish and maintain road transport agreements in a manner that would allow for the movement of goods and passengers in the shortest and most cost effective manner with the least impediments across the SADC region.

Strategic Objectives	Programmes or Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual Performance against Target	Recommended Corrective Action
Achieve full corporate governance, controls and compliance	Review and implementation of bi-lateral and multilateral agreements reviewed at SADC Indaba	ToR's of structures established in terms of S 35 of CBRT Act as amended and SADC agreements finalised	50%	0%	Terms of reference completed, awaiting approval by the Board.	ToR's to be circulated to Member States for comments and to move for adoption.
	Resolving of outstanding issues affecting cross-border operations with Member States	Intensified interactions with affected stakeholders regularly to address issues, Monthly and quarterly reports on JC, JRMG and RMG	40%	20%	Minimal participation of stakeholders at meetings and ineffective corridor and route based structures	Meeting resolutions to be monitored and implemented within time frames
	High-level strategic interactions at SADC/ SACU levels to address harmonization of laws.	Attendance and participations at SADC meetings.	100%	80%	Non attendance, inconsistency and lack of participations at Regional Structures (SADC and SACU)	Full participation and engagement at regional forums
	Negotiations of Agreements (Angola, DRC and Tanzania), by 2011	Engagement Plan with targeted countries, towards 100% concluded agreements is in place	50%	10%	Only the activity plan was completed and approved	Communicate the plan to DoT, to obtain protocol procedures. Follow up with DoT and action
	Normalization of cross-border operations between RSA and Lesotho	Implementation of RMG, JRMG and JC structures	50%	10%	Lack of cooperation from Free State Officials and operators, affecting the smooth flow of passenger traffic between SA and Lesotho	Follow up on Ministerial intervention submission. Parties to engage on coordinated law enforcement operations

4.4. Research and Development Function

The Research and Development Division was established in February 2009 with the appointment of a Research and Development Manager. The Division consists of three Statistics Officers who report to the Statistics Manager who in turn reports to the Research and Development Manager. The Statistics Division previously fell under the Regulatory Division until February 2009.

4.4.1. Core Functions of Division

The core functions of this Division when taking the Agency's mandate into consideration are:

1. **Statistics**: Provide statistical reports to assist the Regulatory Committee in regulating access to the market in respect of cross-border road transport.
2. **Information collection**: Assist the Regulatory Committee by collecting and managing information gathered from the permit conditions documents such as actual trips undertaken and the number of passengers.
3. **Compliance information**: Collecting and managing information on general compliance with permit conditions (passenger lists, consignment notes and expired permits).
4. **Advisory capacity**: Dissemination of any useful information, advice or research findings.
5. **Database**: Maintaining a database with internal and external information on the field of cross-border road transport.

4.4.2. Achievements

Restructuring of information flow within the statistics division

During the past year, there has been a successful restructuring of the information flow within the statistics division. Every officer was allocated a role in the information flow chain and given responsibility for specific aspects of the process. This process has led to a more efficient use of human resources and electronic systems and increased the turn-around time of data output within the division and ensured a decrease in information loss by the statistics division. With the new information flow, the division is able to access information faster and present it in a user-friendly way. This information can now be disseminated to stakeholders informing them about the industry of cross-border road transport and specifically about the Agency's market.

Redesign of Monthly Book Report

The Monthly Report Book that provides information to the Regulatory Committee for decision-making has been redesigned during the year under review. The book is more user-friendly and stakeholders have been requesting the book for their own operational use. The information in the book presents summarised information although detailed information is still presented but in a more structured way. The information is mainly used to determine whether to grant applying operator permits on specific routes and in this way regulating the access to the market whilst protecting the business interests of existing operators.

Capturing of Freight information

Freight information has never been captured before by the Statistics Division. With the restructuring of the information flow process, the new structure allowed the division to capture freight information from consignment notes received. The information can now be collected, managed and disseminated. This information is crucial to establish which traffic flows the Agency is facilitating over the borders as well as information about the frequency of these trips. This information will in future contribute to the databank of the Agency and can be disseminated to other stakeholders.

4.4.3. Challenges and Future Developments

The challenges and future developments faced by this unit are listed below.

Table 8: Challenges and future developments

Challenge/Future development	Development: 6 months	Development: 12 months
Limited advisory capability	Develop human capital to increase competency (training, etc)	Increase research capacity and participation (training, project participation, etc)
Electronic systems	Increase the use of electronic systems to manage and disseminate information	Contribute to the knowledge base of the transport and border industry
Insufficient analysis of statistics	Statistic Officers to do statistical analysis with less focus on data capturing	Provide useful information to the industry
Route studies not completed	Route studies in progress	Complete route studies

Performance against goals

Strategic Objectives	Programmes or Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual performance against target	Recommended Corrective Action/Intervention (if target for the period was not met)
Establish a sound knowledge management system	Knowledge Management Strategy	Strategy in place	100%	100%	On target	Not applicable
	Establish Information Database/ MIS system	Database in place	50%	50%	On target	Not applicable
	Developing a Manual system to capture receipt of consignment notes and passenger lists for penalty purposes.	System in place	100%	100%	System has been developed and implemented. System to be revaluated continuously in future to guide further development and/or additions.	Not applicable

Strategic Objectives	Programmes or Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual performance against target	Recommended Corrective Action/Intervention (if target for the period was not met)
	New capturing system for consignment notes	% of consignment notes captured	25%	50%	50% of the system for capturing consignment notes has been done; continuous evaluation and adoption in progress to further develop the system. System adapted to integrate penalty system.	Prepare business case for electronic systems that will eliminate or reduce manual capturing methods. s
Establish a sound knowledge management system	New capturing system for passenger lists	% of passenger lists captured	50%	75%	Already implemented system; system under continuous evaluation and adoption; system to be adapted to enable penalty processes	Prepare business case to consult on electronic systems that will complement manual systems
	Establish a fully functional library and record system	100% fully functional library	25%	0%	Target not met due to a lack of capacity and resources.	Programme to be reassessed
	Conduct a route audit and study	Number of routes audits completed	100%	50%	Target not met due to operational constraints	Assistance with SCM process in order to procure services for study
	Transport analysis report	Report distributed	1	0	Target not met due to a lack of capacity and resources.	New information will be captured and an MIS established before analysis.
Turn the Agency around into a sustainable business	Development of a BBEEE strategy and training of SMMEs	% development of the strategy	100%	0%	Target not met due to a lack of capacity and resources.	Programme to be reassessed

4.5. CORPORATE REPORT

4.5.1. HUMAN RESOURCES

The responsibility of this area is to introduce or encourage a performance culture within the C-BRTA as well as manage the performance management system underpinned by an inculcated culture of performance within the C-BRTA.

Performance Against goals

Strategic Objectives	Pro-grammes or Initia-tives	Key Per-formance Indicators	Target For the period	Actual For the Period	Actual performance against target	Recommended Cor-rective Action/Inter-vention (I target for the period was not met)
Achieve full corporate gover-nance, controls and compli-ance	Design a Work-place Skills Plan	WSP Com-pleted	100%	100%	On-target	N/A
		Implement WSP	100%	60%	Workshop on Skills Audit project feedback delayed and planned for June 2010	Implement Training intervention per Skills Audit feedback
	Develop a comprehen-sive Em-ployment Equity Plan	Employ-ment Equity Plan in place	100%	10%	To be finalised by July 31 2010 in preparation for reporting in Octo-ber 01 2010	Revive and educate EE committee on iden-tification of EE related issues and develop a resolution mechanism
	Revision of existing HR policies	Updated HR policies	100%	100%	On-target	On-going
Sustain good finan-cial perfor-mance	Providing a sustainable Corporate Admin Support: Facilities Manage-ment provision ensuring of-fice accom-modation for Head Office and regional offices	% reloca-tion of physical facilities: • Head office for C-BRTA relocated • Ratio-nalized Regional Offices (Uping-ton)	80%	10%	50% of activity to be finalised by 31 August 2010	Revaluate and redress project deficiencies and deliver as out-comes. Head office move to be finalised by 31 July 2010
Establish a sound knowledge manage-ment system	Basic HR Information System re-organised & completed	Contribut-ing towards a well-structured MIS, through a well-de-signed HR information System	100%	90%	100% would be realised on establish-ment of interrelated organisational system	Identify, through business process re-engineering project, a more compatible sys-tem that is interrelated to other support func-tion systems, which will serve as a hub for policies, procedures and system manuals
Introduce/ encourage a perfor-mance driven culture	Configure, design & structure a perfor-mance manage-ment program	Designed, developed, & imple-mented PMS pro-gram	100%	10%	Delayed conclusion of basic interventions, preceding PMS (Skills Audit & Job Evalua-tions)	Performance contracts to be in place by 30 June 2010

Strategic Objectives	Programmes or Initiatives	Key Performance Indicators	Target For the period	Actual For the Period	Actual performance against target	Recommended Corrective Action/Intervention (I target for the period was not met)
	Skills Audit, Performance Contracts & Job Descriptions	Administrative activities towards PMS system	100%	50%	Performance contracts to be in place by 30June 2010	Finalise evaluation and design of Job descriptions by 18 June 2010
	Employee Assistance Program (EAP)	Enhancing employee motivational levels	25%		Delayed conclusion of Basic Interventions, preceding implementation of EAP (employee survey on required EAP interventions)	System to be effected by 30 June 2010
		Employee perception survey	25%	10%		Collate feedback from employees by 15 June 2010
		C-BRTA Team-building interactions	50%	20%		Organise entire C-BRTA team building by 30 September 2010
	Improving skills levels of the C-BRTA workplace	Training & Development Plan implemented	100%	80%		Deliver training interventions per skills audit feedback
Turn the Agency around into a sustainable business	Reduction of audit queries	Re-engineer systems and processes to improve performance	100%	100%		On-going. Timeous address of all audit queries.

4.5.2. MARKETING AND COMMUNICATIONS

The Marketing and Communications Function is responsible for the full spectrum of marketing activities and communications relations within the Agency.

Achievements realised by the Marketing and Communications Function included an approved communications policy and the promotion and creation of awareness. This was done through:

- The coordination of a SADC Indaba that raised awareness of the activities and functions of the Agency;
- Participation in provincial Road Safety workshops for the operators;
- Participation in key stakeholder events such as the 2009 NEPAD Summit; and
- Through continuous media publicity.

The division has established a broad database of the industry where continuous communication is channelled through regular email newsflashes and a quarterly newsletter publication.

As part of improving client services to the cross-border permit applicants, regular client service surveys are conducted to assist in continuous improvements.

In terms of promoting the brand of the Agency, a partnership has been established with all cross-border operators to carry the logo of the Agency on their vehicles as identification of cross-border vehicles.

Performance against goals

Strategic Objectives	Programmes or Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual performance against target	Recommended Corrective Action
Achieve full corporate governance, controls and compliance	Branding campaign in support of implementation of the C-BRTA Amendment Act.	Customer service surveys	2	2	Surveys ongoing through suggestion boxes and website. Report tabled at MANCO and HR	Not applicable
	Positioning the Agency as an organization committed to service excellence	Participation in National Transport Month & Arrive Alive Campaigns	100%	100%	Report tabled at MANCO.	Not applicable
	SADC Indaba on road transport	Stakeholder partnerships	1	1	Report tabled to the office of the CEO and circulated to all stakeholders	Facilitation Division to be involved with coordination of speakers and substance for event.
	Educating the stakeholders on the C-BRTA Amendment Act.	Transport Stakeholder workshops in five provinces – increased awareness	2	2	Instability at management level and also changes at Provinces - registrar office.	Consultation process and plan will develop and followed up by new encumbered executives in Facilitation division.
	Amend & Update Communication & Marketing policy in line with legislative mandate	Approved Marketing & Communication policy.	1	1	Approved on 24 October 2009	Not applicable
Turn the Agency Around into a Sustainable Business	Market and promote key projects, activities and future plans of the Agency.	Promotion & branding Plan completed.	1	1	On target, plan available within the unit	
		Implementation	100	50%	Resources not available	

Strategic Objectives	Programmes or Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual performance against target	Recommended Corrective Action
	To lobby support – financial and other – potential donors & sponsors, DoT.	SADC Indaba and report	100%	100%		
		Forged partnerships with private and public stakeholders	1	1	On target	
Introduce / encourage a Performance Driven Culture	To improve internal and external communications with staff, inter-divisional, clients, stakeholders, media.	Moving borders – external newsletter (quarterly)	4	4	Performance on target	Performance on target
		Market survey	0	0	Instability at management level.	Not applicable.
		Website	100%	100%	On target.	Not applicable
		Launch a staff newsletter (quarterly publication)	1	0	Lack of capacity.	Not applicable.
		Public email address	1	1	on target	
		Established inter-divisional interfaces and meetings (monthly)	6	6		Continuous improvements
Introduce / encourage a Performance Driven Culture	To profile the Agency as a promoter for economic growth and development.	Participation at industry forums (SABOA, Taxi conferences / workshops).	50%	50%	On target	
	2010 FIFA World Cup	FIFA Strategy Plan.	100%	100%	On target	

4.5.3. FINANCE

During the current financial year, the Agency had to comply with General Recognised Accounting Practices for the first time, which resulted in the following changes in the financial position:

- Reserves for R2,0 million being transferred to Accumulated Surplus;
- Provisions (liabilities) reclassified as trade and other payables.

The Statement of Financial Performance, Changes in Net Assets and the Cash Flow Statement remained unchanged.

The retention of the accumulated surplus of R8.9 million was approved by National Treasury as per Public Finance Management Act (PFMA) Section 53(3) as amended. The surplus will be used for acquiring capital assets during the 2010/ 2011 financial year.

Revenue increased by 17% to R54.1 million and the surplus decreased by R6, 1 million. Finance income increased by 18% due to an increase in investment from R13, 1 million to R16,9 million. The increase in consulting services includes an increase in the payment of legal advisors.

Cash movement decreased from R9, 4 million to R3, 6 million when compared to the previous year. Cash on hand also increased by 27% to R16, 9 million compared to R13, 3 million in 2009.

On review of previous year working papers, it was found that there were items on the fixed asset register that were incorrectly depreciated as useful lives were inconsistently applied as per the accounting policy. As a result, depreciation amounts in prior years were restated that automatically implied a restatement in the loss on sale of assets.

The penalty income was also restated as it was incorrectly classified as income received in advance in prior years.

Performance against goals

The responsibility of this area is to assist the Accounting Officer to discharge the duties of effective financial management including sound budgeting process, operation of internal controls and timely production of financial reports.

Strategic Objectives	Programmes or Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual performance against target	Recommended Corrective Action
Establish sound knowledge management system	Implement financial management – basic as per National Treasury Regulations	% of implementation plan	100%	46%	Implementation Plan	Key Performance Indicators as per National Treasury be measured on monthly basis for all staff especially while we are finalizing the policies and procedures.

Strategic Objectives	Programmes or Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual performance against target	Recommended Corrective Action
	Improve SCM processes as per National Treasury guidelines (SCM interns	% reduction of queries relating to SCM of both internal and Auditor General	100%	80%	The Supply Chain Management. The outstanding items: - Contract Management and appointment of bid members, signings of code of reporting conducts, appointment of accountant and practitioners and reporting systems of SCM.	Appointment process of Accountant and Supply Chain Practitioners will completed by 31 May 2010. All outstanding will be addressed by 31 July 2010.
Sustain Good financial performance and Financial Values	Develop and implement policy and procedures on financial misconduct	% completion of development	100%	100%	On target	Not Applicable
		% completion of implementation	35%	35%	On target	Not Applicable.
	Develop and implement revenue and debt collection policy with implementation plan	% completion of development	100%	100%	The draft policy has been circulated to all executives.	Not Applicable.
		% completion of implementation	40%	40%	On target	Not Applicable
Establish sound knowledge management system	Develop and implement project plans on CBRTS	% completion of development	100%	100%	The project plan was revised.	Not Applicable.
		% completion of implementation	40%	30%	The implementation of the project plan commenced late due to feasibility study not completed.	The project will be on track by 31 May 2010.

4.5.4. LEGAL SUPPORT

The Legal Support Function was established during October 2008 with the core responsibility to manage and ensure compliance to all mandatory obligations imposed by the legislative framework within which the Agency is operating. To that extent the function had to oversee, manage, mitigate and monitor all legal, risk and compliance related matters and to render a support function within the Agency.

The full establishment of the function never got off the ground due to severe resource constraints that resulted in a serious limitation on the implementation and delivering of predefined strategic programmes.

One of the major challenges during the year under review was to ensure the full implementation of the Cross-Border Road Transport Amendment Act, 12 of 2008.

The responsibility of this area is to assist the organisation with legal advice, risk management and to ensure that the Agency is compliant in all respective legislative areas in line with good governance principles.

Performance against goals

Strategic Objectives	Programmes / Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual performance against target	Recommended Corrective Action
Achieve full corporate governance, controls and compliance	Review Risk Management Framework and Policy.	% completion of framework and policy.	100%	100%	The policy and framework was approved by the Board on 24 October 2009.	Not applicable.
		% implementation of policy.	100%	0%	Delay due to the lack of capacity and internal auditors were only appointed late February 2010.	Internal Auditors appointed.
	Review Anti-Fraud and Corruption Policy.	% completion of framework and policy	100%	100%	The Policy and framework was approved by the Board on 24 October 2009.	Not Applicable
		% implementation of policy	100%	0%	Lack of capacity and budget allocation.	Budget allocation and enforcement of implementation.
	Introduce risk management controls.	Establishment of Risk Management Committee	100%	100%	TOR was approved by the Board on 24 October 2009.	Not applicable.
		Number of Quarterly Meetings	2	0	The internal auditors will first conduct workshops on the risk management process where after management will have structured meetings.	Workshop to be scheduled.
	Develop a compliance manual.	% completion of manual	100%	80%	Compliance Manual developed – to be approved by MANCO and the Board.	Manual to be approved by MANCO and ratified by the Board.
		Management workshop	100%	0%	Draft Manual completed – to be workshopped with internal stakeholders and approved by MANCO.	Policy to be workshopped prior to approval – workshop to be scheduled during June 2010.
		% implementation of manual.	100%	0%	Policy only to be implemented after approval process.	Policy to be approved by MANCO.
Achieve full corporate governance, controls and compliance	Develop a contract management policy.	% completion of policy.	100%	80%	Draft policy compiled– to be work-shopped with internal stakeholders prior to Policy being submitted for approval by MANCO.	Policy to be workshopped prior to approval – workshop to be scheduled during June 2010.

Strategic Objectives	Programmes / Initiatives	Key Performance Indicators	Target for the Period	Actual for the Period	Actual performance against target	Recommended Corrective Action
		% implementation of policy.	100%	0%	Policy to be implemented once approved by MANCO.	Not Applicable.
	Develop a legal assistance policy.	% completion of policy	100%	80%	Draft policy compiled – to be work-shopped with internal stakeholders prior to Policy being submitted for approval by MANCO.	Policy to be work-shopped prior to approval – workshop to be scheduled during June 2010.
		% implementation of policy.	100%	0%	Policy to be implemented once approved by MANCO.	Not Applicable
Turn the Agency around into a sustainable business.	Establishment of divisional functions.	Recruitment of staff.	50%	0	Recruitment process suspended due to financial constraints.	Not Applicable
	Risk assessment.	% completion of assessment.	50%	10%	Risk management workshop to be conducted by internal auditors	Workshops will be conducted before 31 May 2010 and process completed 30 June 2010.
	Compliance assessment.	% completion of assessment.	50%	0	To be executed after approval of the Policy Manual.	Policy Manual to be approved by MANCO prior to execution of the assessment.
	Provision of corporate legal support	% development of regulations.	100%	20%	A service provider was appointed. Discussion document and first draft regulations submitted.	Project to be finalised during the 2010/2011 financial year.
	Configure, design and implement management system (contracts, compliance and risk).	% development.	50%	0%	Process dependent upon the overall organisational IT system design and development.	Organisational IT system design to be finalised and approved during 2010/2011 financial year.
		% implementation.	0%	0%	Implemented once overall system design is approved and implemented.	Not applicable.
	Develop a virtual legal information hub/centre.	% design and development.	50%	0%	Process dependent upon the overall organisational IT system design and development.	Organisational IT system design to be finalised and approved during the 2010/2011 financial year.
		% implementation.	0%	0%	Implemented once overall system design is approved and implemented.	Not applicable.

5. CORPORATE GOVERNANCE

5.1. Statement of Responsibility

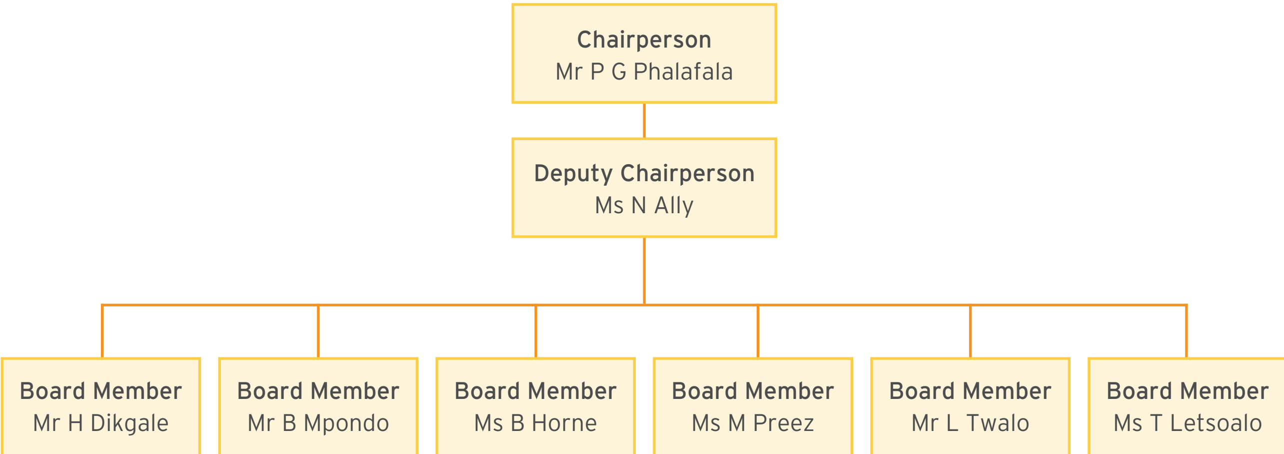
The members of the Board of the Agency have committed themselves to the principles of transparency, integrity and openness.

The relationship between the Agency and the Minister of Transport is regulated by the Performance Agreement.

Financial Statements of the Agency have been prepared on an on-going basis and have been audited by the Office of the Auditor General who was given unrestricted access to the financial records and related data of the Agency.

5.2. The Board Organogram

Figure 1: Board organogram



The Agency has a unitary Board that comprises eight independent non-executive directors who have all been appointed by the Minister in terms of Section five (5) of the C-BRTA Act. The Board has the overall responsibility for corporate governance of the Agency. The CEO has a standing invitation to attend the Board meetings.

Meeting attendance by the Board for the reporting period 1 April 2010 to 31 March 2010 is tabulated below.

Table 9: Board meeting attendance statistics

Members	Attendance
Gilbert Phalafala	13 out of 13
Nobuhle Ally	9 out of 13
Bongi Mpondo	12 out of 13
Hartley Dikgale	10 out of 13
Maria Du Preez (Member was recalled and reinstated by Minister)	6 out of 13
Brenda Horne	11 out of 13
Lungelo Twalo (Member was recalled and reinstated by Minister)	4 out of 13
Thuli Letsoalo – DoT Representative (Member was appointed in January 2010)	1 out of 13
Helen Mnguni – DoT Representative (Member was recalled by Minister)	1 out of 13

5.3. Sub-Committees of the Board

The Sub-Committees have been established to assist the Board in discharging its functions and consist of the following structures:

5.3.1. Regulatory Committee

The Regulatory Hearings Committee has been established in accordance with Section 13 of the C-BRTA Act. The members of the committee include the Chairperson and Deputy Chairperson of the Board, members of the Board and the Chief Executive Officer. The Committee meets on a monthly basis to consider permit applications.

During the year under review, the Committee considered 2 311 applications, of which 1 844 applications were approved and 324 were rejected. A further 138 applications were postponed and 5 were withdrawn.

The Committee held 10 meetings and attendance of meetings is noted below:

Table 10: Regulatory Committee meeting attendance figures

Members	Attendance
Gilbert Phalafala	6 out of 10
Nobuhle Ally	9 out of 10
Bongi Mpondo	8 out of 10
Hartley Dikgale	7 out of 10
Maria Du Preez (Member was recalled and reinstated by Minister)	6 out of 10

5.3.2. Human Resources and Remuneration Committee

The Committee was established to assist the Board in implementing a sound human resources and remuneration strategy and policy of the Agency and to oversee management of human resources and remuneration practices.

The Committee attendance of meetings is noted below.

Table 11: HR Committee attendance statistics

Members	Attendance
Bongi Mpondo (was appointed chairperson from June 2009)	2 out of 3
Maria Du Preez	3 out of 3
Lungelo Twalo	2 out of 3
Thuli Letsoalo (Appointed January 2010)	1 out of 3
Helen Mnguni	1 out of 3

5.3.3. Audit Committee

The Committee has been established to assist the Board and Executive Management in carrying out their functions as prescribed in the Public Finance Management Act, 1999 (Act 1/1999) and the prevailing Treasury Regulations.

In terms of the PFMA the Audit Committee is required to meet at least twice a year; following the resignation of two members of the Committee; two vacancies were created and a recruitment process for the appointment of new members to fill the vacancies commenced after the financial year end. Meeting attendance is noted below.

Table 12: Audit Committee attendance figures

Members	Attendance
Mitesh Patel	3 out of 3
Sanjay Ranchhoojee	2 out of 3
Brenda Horne	1 out of 3
Lungelo Twalo	1 out of 3

6. FINANCIAL OVERVIEW

6.1. REPORT BY THE CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

In terms of its obligations according to Treasury Regulations 27.1.10, the Audit and Risk Committee reports as follows in respect of the financial year ended 31 March 2010:-

Meetings & Attendance

The Audit and Risk Committee for the C-BRTA was established in accordance with the requirements of Section 38(1) (a) (ii) and 77 of the Public Management Act. During the most part of the year under review, the Audit and Risk Committee comprised of two members.
The Audit and Risk Committee met three times during the year for ad-hoc purposes and to review the financial statements for the year ended 31 March 2009.

Audit and Risk Committee Attendance

Members	Attendance
Mitesh Patel	3 out of 3
Sanjay Ranchhoojee	2 out of 3
Brenda Horne	1 out of 3
LungeloTwalo	1 out of 3

Audit and Risk Committee Responsibility

As highlighted by the Auditor General's Report, the Audit and Risk Committee did not comply with its responsibilities arising from Section 38 (1) (a) (ii) of the PFMA and Treasury Regulation 27.1.8. The Audit and Risk Committee only had two ad-hoc meetings during the year and could not discharge its responsibilities as regulated therein.

The Effectiveness of Internal Control

The system of internal control was evaluated by the Auditor General, and in a number of cases the quality of the implementation and execution of control and work procedures were not in an acceptable standard. This is evident from reported instances of non-conformity with prescribed internal control and best practice.
Due to the fact that the Audit and Risk Committee was not functional for most part of the year, no oversight function was performed on the internal control environment.
No internal audit work was carried out during the last six months of the financial year.

Leadership Vacuum

Certain senior posts (including the Chief Executive Officer's role) were vacant for most part of the year and substantially affected the effectiveness of the internal control environment.

Internal Audit

The contract for the internal auditors ended on 30th September 2009 and no internal audit work was carried out during the second six months of the year.

Monthly and Quarterly Reports Submitted in terms of the PFMA and the Division of Revenue Act

The Audit and Risk Committee did not review or approve any of the monthly and quarterly reports prepared and issued by the Accounting Authority and CBRTA during the year under review.

Recovery Plan: - Going Forward

For the ensuing 2010 /11 financial year, a significant turn-around strategy is required to ensure a sound Corporate Governance environment including the implementation and monitoring of internal controls. Shortly after the year under review, the following actions were taken to remedy these weaknesses

- A new Chief Executive Officer was appointed on 1 April 2010;
- The Audit and Risk Committee was strengthened (three new audit committee members were appointed in May 2010) and has already met twice during the new financial year.
- New internal auditors commenced on 1 April 2010
- The Audit and Risk Committee is in the process of approving the revised Charters for the Audit and Risk Committee and Internal Audit functions.
- A comprehensive action plan to eliminate the current audit qualifications has been implemented and is consistently monitored by the Audit and Risk Committee.
- The draft annual risk assessment has been done and presented to the Audit and Risk Committee

Immediate intervention by Management:

- Management has developed action plans to strengthen the overall Corporate Governance environment within the Agency including detailed plans to address all significant audit findings.
- Strategies have been developed to improve the overall internal control environment.
- Plans have been implemented to eliminate all back-logs of the Audit and Risk Committee responsibilities as well as the Internal Audit responsibilities.

Evaluation of Annual Financial Statements

The Audit and Risk Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the report.
- Reviewed the Auditor-General's management letter and management's response.
- Reviewed the accounting policies and practices.
- Reviewed significant adjustments resulting from the audit.

The Audit and Risk Committee concurs and accepts the conclusions of the Auditor-General 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.

Nala Mhlongo
Chairman of the Audit and Risk Committee
19th July 2010

6.2. REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE CROSS-BORDER ROAD TRANSPORT AGENCY FOR THE YEAR ENDED 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of Cross-Border Road Transport Agency, which comprise the statement of financial position as at 31 March 2010, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 71.

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 in the manner required by the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 19 of the Cross-Border Road Transport Act of South Africa, 1998 (Act No. 4 of 1998) (C-BRTA Act), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in *Government Gazette No. 32758 of 27 November 2009*. 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.

5. 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.

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

Basis for qualified opinion

Penalty Income and Accounts Receivable

7. There was an inadequate system of control over penalty income and accounts receivable, on which I could not rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all penalty income was properly recorded and accounts receivable was valid and complete. In the prior year, the audit report was qualified on the existence of trade and other receivables, resulting from the inability to match amounts recorded as receivables for penalty income to the receipts. This issue remains unresolved in the current year. Consequently, I was unable to obtain sufficient, appropriate audit evidence to satisfy myself to the completeness of penalty income of R12 641 611 (2009: R8 362 009) and the existence and completeness of trade and other receivables of R1 599 418 (2009: R1 459 600).

Qualified opinion

8. In my opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Cross-Border Road Transport Agency as at 31 March 2010, and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and in the manner required by the PFMA.

Emphasis of matters

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

Restatement of corresponding figures

9. As disclosed in note 22 to the financial statements, the corresponding figures for 31 March 2009 have been restated as a result of an error discovered during 31 March 2010 in the financial statements of the Cross-Border Road Transport Agency at, and for the year ended, 31 March 2009.

Irregular and fruitless and wasteful expenditure

10. As disclosed in note 27 to the financial statements, irregular expenditure of R872 184 was incurred and disclosed, as a result of non-compliance with supply chain management prescripts.

11. As disclosed in note 26 to the financial statements, fruitless and wasteful expenditure of R535 314 was incurred, as a result of inadequate planning and project management of office renovations.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In terms of the PAA and General Notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009, I include below my findings on the report on predetermined objectives, compliance with the PFMA, the C-BRTA Act, the Treasury Regulations of 2005 (TR) and financial management (internal control).

Findings

REPORT ON PRE-DETERMINED OBJECTIVES

Non-compliance with regulatory requirements

13. The accounting authority of the Cross-Border Road Transport Agency did not submit the proposed strategic plan at least six months before the start of the financial year of the designated department (the Department of Transport), as required by section 53(1) of the PFMA and TR 30.1.1.

14. Inspection of the Cross-Border Road Transport Agency's quarterly reports revealed the following shortcomings which were not in accordance with TR 30.2.1:
    - The content of the quarterly reports were not consistent with the performance objectives, measures and targets as per the strategic plan of the public entity.
    - Quarterly reports were not reviewed, monitored and evaluated by senior management and the internal audit function to ensure the validity, accuracy and completeness of progress against predetermined objectives.

Inadequate presentation of reported information

15. The reported performance information to be included in the annual report is not presented in a simple, accessible format, relevant and useful to the intended user, and in accordance with the requirements of TR 28.2.2.

Usefulness of reported performance information

16. The following criteria were used to assess the usefulness of the planned and reported performance:
    - Consistency: Has the C-BRTA reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
    - Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
    - Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

Planned and reported targets not specific, measurable and time bound

17. For the selected objectives, all of the planned and reported targets were not:
    - Specific in clearly identifying the nature and the required level of performance.
    - Measurable in identifying the required performance.
    - Time bound in specifying the time period or deadline for delivery.

Reliability of reported performance information

18. The following criteria were used to assess the usefulness of the planned and reported performance:
    - Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
    - Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
    - Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

The following audit findings relate to the above criteria:

No supporting source documentation

19. Sufficient appropriate audit evidence in relation to all the selected objectives could not be obtained. There were also no satisfactory audit procedures that I could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported information.

Reasons for major variances between planned and actual reported targets were not supported by adequate and reliable corroborating evidence

20. Adequate and reliable corroborating evidence to support the reasons for major variances between the planned and the actual reported targets could not be obtained. None of the reasons for major variances could be verified for audit purposes.

Compliance with laws and regulations

Included below are the findings related to material non-compliance with acts as indicated:
Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Treasury Regulations 2005 (TR)

Non-adherence to legislation

21. Contrary to the requirements of TR 27.2.1, no risk assessment has been performed during the year under review.
22. Contrary to the requirements of section 53(1) of the PFMA and TR 30.1.1, the strategic plan was not submitted at least six months before the start of the financial year of the designated department.
23. Contrary to the requirements of section 51(1)(a)(ii) of the PFMA and TR 27.2.2, the internal audit function was not effective for the full financial period.
24. Contrary to the requirements of section 51(1)(a)(i) of the PFMA, the accounting authority did not maintain a transparent, effective and efficient system of financial and risk management and internal control.
25. Contrary to the requirements of section 55(1)(a) of the PFMA, not all accounting records were obtainable.
26. Contrary to the requirements of section 55(2)(b)(i) of the PFMA and TR 28.2.1, irregular expenditure was not completely disclosed in the financial statements.
27. Contrary to the requirements of section 55(2)(a) of the PFMA and TR 28.2.2, performance against

predetermined objectives was not properly measured and fairly presented.

28. Contrary to the requirements of TR 27.1.8, the audit committee did not perform the prescribed reviews for the year under review.
29. Contrary to the requirements of TR 16A6.1, three quotes or CEO approval was not obtained for all purchases above R 2 000.
30. Contrary to the requirements of TR 16A3.1, a separately identifiable supply chain management unit was not in effect during the period under review.
31. Contrary to the requirements of TR 16A6.3, awarded tenders were not always advertised in the Government Gazette.
32. Contrary to the requirements of TR 16A9.1, purchases have been made from unapproved suppliers during the financial period.

INTERNAL CONTROL

33. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, the C-BRTA Act and the TR, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

Leadership

Oversight responsibility over reporting

34. The Cross-Border Road Transport Agency did not have sufficient monitoring controls over performance information to ensure the proper implementation of the overall process of planning, budgeting, implementation and reporting.
35. The accounting authority did not take effective and appropriate steps to mitigate the internal control deficiencies that resulted in the prior year qualifications and has not exercised adequate oversight over the performance information process and compliance with laws and regulations. This resulted in a repeat qualification on penalty income and accounts receivable and has also contributed to the number of findings on the report on predetermined objectives and compliance with laws and regulations.

Adequacy and competence of personnel responsible for reporting

36. Personnel responsible for reporting did not demonstrate the required competence to present relevant and reliable financial and performance information. This resulted in a number of material adjustments to the financial statements and contributed to the findings on the report on predetermined objectives.

Implementation of appropriate key controls

37. Management does not have sufficient documented policies and procedures to guide the operations of the Cross-Border Road Transport Agency and as a result, numerous instances of non-compliance with the PFMA and TR were noted as detailed under the reporting on compliance with laws and regulations section of this report.

Financial and performance management

Adequacy of systems preparation of the financial statements and the report on predetermined objectives

38. The public entity does not have an effective system to present relevant and reliable information on penalty income and accounts receivable. The impact of this lack of an effective system, is that we have been unable to obtain sufficient appropriate audit evidence on which to base our audit opinion on the completeness of penalty income and the existence and completeness of accounts receivable.
39. Sufficient appropriate audit evidence with regard to the reported performance information of the regulatory, law enforcement and facilitation objectives could not be obtained, as the information system used for generating performance information was not appropriate to facilitate the preparation of accurate and complete actual performance information.

Governance

Risk identification and management

40. The public entity did not conduct a risk assessment and formulate a risk management strategy including a fraud prevention plan as required by TR27.2.1. Consequently, a number of control deficiencies were identified. These include a failure to:
    - Identify risks relating to the achievement of financial and performance reporting objectives. Previously reported internal control deficiencies were not addressed and contributed to the repeat qualification and the findings on the report on predetermined objectives.
    - Develop internal controls to prevent/detect and correct material misstatements in financial reporting and reporting on predetermined objectives. This resulted in a number of material adjustments to the financial statements and contributed to the findings on the report on predetermined objectives.

Internal audit

41. Although the public entity has an internal audit function, it is not adequate for the purposes of the audit. The function did not fulfil its responsibilities as set out in legislation and in accordance with accepted best practice and standards, as the internal audit function did not exist for the entire financial year under review.

Audit committee

42. The committee did not fulfil its responsibilities as set out in legislation and in accordance with accepted best practice as the committee did not function throughout the year. There was a lack of oversight of the implementation of the matters reported by both the internal and external audit function.

Auditor-General

Pretoria
29 July 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

6.3 FINANCIAL STATEMENTS

6.3.1 ACCOUNTING AUTHORITY'S STATEMENT OF APPROVAL FOR THE FINANCIAL STATEMENTS

The Financial Statements as set out on page 48 to 71 were presented to the Audit Committee on the 27th May 2010 and were recommended for approval as such by the Board. The Annual Financial Statements for the year ended 31 March 2009 were approved by the Board and are signed on its behalf by:

PG PHALAFALA
CHAIRMAN OF THE BOARD
31 May 2010

6.3.2 STATEMENT OF FINANCIAL POSITION

at 31 March 2010

	Notes	2010 R	2009 R
ASSETS			
Non current assets			
Property, plant and equipment	3	1,308,310	746,648
Intangible assets	4	207,138	298,010
		1,515,448	1,044,658
Current assets			
Trade and other receivables	5	1,599,418	1,459,600
Cash and cash equivalents	6	16,959,160	13,338,120
		18,558,578	14,797,720
Total assets		20,074,026	15,842,378
LIABILITIES			
Non-current liabilities			
Post-retirement medical benefits	7	1,660,000	1,803,000
Finance leases	8	17,792	36,254
		1,677,792	1,839,254
Current Liabilities			
Trade and other payables	9	4,265,580	2,885,591
Finance leases	8	18,462	15,748
Sundry liabilities	10	1,000,000	1,000,000
Total liabilities		6,961,834	5,740,593
Net assets		13,112,192	10,101,785
Accumulated Surplus		13,112,192	8,026,971
Reserves	11	-	2,074,814
Total net assets and liabilities		20,074,026	15,842,378

6.3.3 STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2010

	Notes	2010 R	2009 R
Permit income: Exchange revenue	12	41,415,075	37,874,287
Penalty income: Non exchange revenue		12,641,611	8,362,009
Employee costs	14	-34,126,391	-26,158,733
Operating expenses		-18,429,936	-12,578,454
Operating surplus		1,500,359	7,499,109
Other income	13	1,050,249	870,295
Interest received		891,291	753,268
Depreciation and amortisation		-283,173	246,471
Finance costs		-7,198	-1,434
Loss on sale of assets		-141,121	-394,394
Surplus for the year		3,010,407	8,973,315

6.3.4 STATEMENT OF CHANGES IN NET ASSETS
for the year ending 31 March 2010

	Notes	Reserves R	Accumulated Surplus R	Total net assets R
Published Balance at 1 April 2008		2,074,814	-1,120,514	954,300
Prior year errors	22	-	174,170	174,170
Restated Balance at 1 April 2008		**2,074,814**	**-946,344**	**1,128,470**
		-	8,973,315	8,973,315
Prior year errors	22	-	720,575	720,575
Surplus for the year		-	8,252,740	8,252,740
Balance at 1 April 2009		**2,074,814**	**8,026,971**	**10,101,785**
		-2,074,814	5,085,221	3,010,407
Transfer from Reserves to Accumulated Funds	11	-2,074,814	2,074,814	-
Surplus for the year		-	3,010,407	3,010,407
Balance at 31 March 2010		**-**	**13,112,192**	**13,112,192**

6.3.5 CASH FLOW STATEMENT
for the year ending 31 March 2010

	Notes	2010 R	2009 R
Cash flow from operating activities			
Sales of goods and services		54,967,117	47,895,466
Interest income		891,291	753,268
Employee costs		-34,126,391	-26,158,733
Suppliers		-17,049,947	-12,698,097
Net cash from operating activities	17	4,682,070	9,791,904
Cash flows from investing activities			
Purchase of property, plant and equipment		-923,322	-198,766
Disposal of property, plant and equipment		54,685	-
Purchase of other intangible assets		-26,447	-6,700
Prior period error - Asset incorrectly capitalised			15,108
Net cash from investing activities		-895,084	-190,358
Cash flows from financing activities			
Movement in long-term liability		-143,000	-196,000
Proceeds from borrowing		-15,748	52,002
Finance charges		-7,198	-1,434
Net cash from financing activities		-165,946	-145,432
Total cash movement for the year		3,621,040	9,456,114
Cash at the beginning of the year		13,338,120	3,882,006
Net increase in cash and cash equivalents		16,959,160	13,338,120

6.3.6 NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ending 31 March 2010

ACCOUNTING POLICIES

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

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 55(1)(b) of the Public Finance Management Act, (Act No.1 of 1999 as amended by Act No. 29 of 1999). Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permited by a Standard of GRAP. The accounting polices are applied consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy. The annual financial statement have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for financial instruments that are initially (and in certain circumstances subsequently) measured at fair value.

Standards of GRAP approved and effective by the Accounting Standards Board and applicable to the Agency:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 9	Revenue from exchange transactions
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 17	Property, plant and equipment
GRAP 19	Provisions, contingent liabilities and contingents asset
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 102	Intangible Assets

The following statement of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board are in issue but not applicable to the Agency:

GRAP 4	The effects of changes in foreign exchange rates
GRAP 5	Borrowing costs
GRAP 6	Consolidated and separate financial statements
GRAP 7	Investments in associates
GRAP 8	Interests in joint ventures
GRAP 10	Financial reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 16	Investment Property
GRAP 101	Agriculture

IFRS approved and effective and applicable to the Agency:

IFRS 7 (AC 144) Financial Instruments: Disclosures

IAS approved and effective and applicable to the Agency:

IAS 19 (AC 116) Employee Benefits
IAS 32 (AC 125) Financial Instrument: Presentation
IAS 39 (AC 133) Financial Instrument; Recognition and Measurement

Other standards approved and effective and applicable to the Agency:

IGRAP 1: Applying the probability test on initial recognition of exchange revenue
IPSAS 20: Related party disclosures

Use of Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities , income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following aspects:

Property, plant and equipment.

The estimates of property, plant and equipment useful lives and residual values have been based on all information available to management at the reporting date.

Intangible assets

The useful lives of the intangible asset and amortisation charge have been based on all information available to management at the reporting date.

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 the defined benefit obligation is determined by actuaries based on market conditions at the reporting date.

1.2 Property, plant and equipment

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

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

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.

Property, plant and equipment is depreciated to their residual values on a straight line basis over their useful lives.

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

Item	Average useful life
Computer equipment	9 Years
Furniture and fittings	12 Years
Office equipment	12 years

The residual value and the useful life of each asset are reviewed at each financial period-end and adjustments are made prospectively, where appropriate.

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.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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.

1.3 Intangible assets

An intangible asset is recognised when:
- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity;
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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;
- 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 amortised to their residual values on a straight line basis over their useful lives.

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. Amortisation is not provided for these intangible assets but is tested for impairment on an annual basis. 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 every period-end and adjusted for prospectively.

An intangible asset and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of intangible asset is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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	12 years

1.4 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Agency becomes a party to the contractual provisions of the instruments. The Agency classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Regular purchases and sales of financial assets are recognised on the trade-date: The date on which the Agency commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Statement of Financial Performance. All other financial instruments are initially measured at fair value plus transaction costs.

Financial assets and liabilities are derecognised when the rights to receive cash flows have expired or have been transferred and the Agency has transferred substantially all risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Financial instruments are discussed under the relevant headings below:

Trade and other receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movement in the provision is recognised in the Statement of Financial Performance.

Trade and other payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

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 measured at fair value and subsequently measured at amortised cost.

1.5 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.

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 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.

The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned. The depreciation recognised for depreciable leased assets is calculated in accordance with GRAP 13: Leases A depreciable leased asset is depreciated over:

- Its useful life if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term.
- The shorter of: the assets useful life; or the lease term.
- If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term.

The entity applies the applicable accounting policy to determine whether the leased asset has become impaired.

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.

1.6 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the Agency also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately as a deficit.

The recoverable amount is the higher of the fair value less costs to sell and value in use.

An impairment loss is reversed if there has been a change in the assumptions used to determine the recoverable amount. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been, if the impairment had not been recognised.

Financial assets, other than those at fair value through surplus or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

1.7 Government grants

Government grants received are recognised as revenue, except to the extent that a liability is recognised with regards to conditions that give rise to a present obligation on the initial recognition of the asset. The carrying amount of the liability is reduced and the amount is recognised as revenue to the extent that the company satisfies the stipulated present obligations.

1.8 Employee benefits

The Agency subscribes to one defined contribution and one defined benefit plan.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The defined plan is a pension and provident fund plan under which the Agency pays fixed monthly contributions to a separate entity that will have legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all the employee benefits relating to the employee service in the current and prior period. The Agency pays contributions to a publicly administered provident fund on a mandatory, contractual or voluntary basis. Once the contribution is paid, the Agency has no further obligations.

The retirement funds are governed by the Pension Funds Act of South Africa and substantially all full-time employees of the Agency are members of either one of the third party's retirement benefits plan or the Government Employees Pension Fund.

Defined benefit plans

The agency provides post-retirement healthcare benefits to their retirees. The entitlement to post-retirement healthcare benefits is based on the employees remaining in service up to retirement age and completing a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans.

Independent qualified actuaries carry out annual valuations of these obligations. All actuarial gains and losses are recognized immediately in the Statement of Financial Performance. The actuarial valuation method used to value the obligations is based on market conditions. Future benefits are projected using specific actuarial assumptions and the liability to in-service members is accrued over their expected working lifetime. These obligations are unfunded.

The past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit liability comprises the present value of the defined benefit obligation less past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

1.9 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 will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is certain that the reimbursement will be received if the Agency settles the obligation and is then recognised in the Statement of Financial Performance. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

Employees' entitlement to annual leave is recognized when employees rendered the service as per the individual employment contract. The 13th cheque provision is recognized as per accrued entitlement.

1.10 Revenue recognition

Revenue includes the gross inflows of economic benefits or service potential received and receivable and is measured at the fair value of the consideration received or receivable and when the outcome of a transaction involving the rendering of services can be estimated reliably.

Revenue will be recognized by the stage of completion of a transaction by applying the percentage of completion method. Under this method, revenue is recognised in the reporting periods in which the services are rendered. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable. When the outcome of a transaction cannot be estimated reliably and it is not probable that the costs incurred will be recovered, revenue is not recognised and the costs incurred are recognised as an expense.

1. Permit Income
Revenue is recognized upon the issuing of permits and measured based on regulated tariffs in accordance with the Cross Border Road Transport Agency Act, Act 4 of 1998.
2. Application fees
Application fees are non-refundable and is recognized upon receipted amounts. An administration fee of 15 % is charged for the handling of unsuccessful applications.
3. Courier and priority mail
Revenue is recognized upon receipt of charges from the operators and measurable based on the receipted amount.
4. Penalty Income
Penalty fines are recognized on admission of guilt by an offender to the Department of Justice and Constitutional Development which is represented by the Magistrate Courts and measurable based on the receipted amount.
5.Interest income
Interest is accrued on a time proportion basis, taking into account the principal and effective interest over the period to maturity and comprises of interest on the investment of surplus funds in a current account with an approved banking institution.

1.11 Comparative figures

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

1.12 Fruitless and wasteful and irregular expenditures

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including the Public Finance Management Act.

All irregular and fruitless and wasteful expenditures are charged against the surplus in the period in which they occur.

2. New standards and interpretations

At the date of these financial statements there are standards and interpretations in issue, but not yet effective that may have an impact on future financial statements and include:

		Effective date Commencing on or after
GRAP 18	Segment Reporting	1 April 2010
GRAP 21	Impairment of non-cash generating assets	1 April 2010
GRAP 23	Revenue from non-exchange transactions	1 April 2010
GRAP 24	Presentation of budget information in financial statements	1 April 2010
GRAP 25	Employee benefits	1 April 2010
GRAP 26	Impairment of cash generating assets	1 April 2010
GRAP 103	Heritage assets	1 April 2010
GRAP 104	Financial instruments	1 April 2010

The agency shall apply Standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1) (b) of the PFMA. This date has not yet been published as at the date of this set of financial statements.

It is anticipated that the impending changes, as indicated above, will have a minor impact on the Agency. Although GRAP 23 is not yet applicable, the Agency needs to apply the principles included therein.

3. Property, plant and equipment

	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated Depreciation	Carrying Value
	R	R	R	R	R	R
Computer equipment	880,389	-288,041	592,348	718,624	-346,134	372,490
Furniture and fittings	378,079	-269,819	108,260	370,542	-247,329	123,213
Office equipment	721,976	-114,274	607,702	375,469	-124,524	250,945
Total	1,980,444	-672,134	1,308,310	1,464,635	-717,987	746,648

Reconciliation of property, plant and equipment - 2010

	Opening Balance	Additions	Disposals	Depreciation	Total
	R	R	R	R	R
Computer equipment	372,490	385,435	-78,887	-86,690	592,348
Furniture and fittings	123,213	20,765	-3,232	-32,486	108,260
Office equipment	250,945	517,122	-107,372	-52,993	607,702
Total	746,648	923,322	-189,491	-172,169	1,308,310

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Disposals	Depreciation	Adjustments	Total
	R	R	R	R	R	R
Computer equipment	318,211	121,064	-306,295	148,554	90,956	372,490
Furniture and fittings	89,757	47,750	-4,305	23,279	-33,268	123,213
Office equipment	183,556	29,952	-83,794	-83,328	204,559	250,945
Total	591,524	198,766	-394,394	88,505	262,247	746,648

4. Intangible assets

	2010			2009		
	Cost	Accumulated Amortisation	Carrying Value	Cost	Accumulated Amortisation	Carrying Value
	R	R	R	R	R	R
Computer software	1,336,687	-1,129,549	207,138	1,325,369	-1,027,359	298,010
Total	1,336,687	-1,129,549	207,138	1,325,369	-1,027,359	298,010

Reconciliation of intangible assets - 2010

	Opening Balance	Additions	Disposals	Amortisation	Total
	R	R	R	R	R
Computer software	298,010	26,447	-6,311	-111,008	207,138
Total	298,010	26,447	-6,311	-111,008	207,138

Reconciliation of intangible assets - 2009

	Opening Balance	Additions	Transfers	Amortisation	Adjustments	Total
	R	R	R	R	R	R
Computer software	410,699	6,700	-15,108	-159,679	55,398	298,010
Total	410,699	6,700	-15,108	-159,679	55,398	298,010

	2010	2009
	R	R
5. Trade and other receivables		
Trade receivables	1,134,110	1,170,195
Other receivables	465,308	289,405
	1,599,418	1,459,600
6. Cash and cash equivalents		
Cash on hand	649,950	891,594
Short-term deposits	16,309,210	12,446,526
	16,959,160	13,338,120

The carrying value as at the end of the period approximate the fair value due to the short term of the financial instrument.

7. Post retirement medical benefits

The present value of this commitment is valued by an independent actuary, based on an average contribution of R1 014 per month.

The provision at 31 March 2009 and 31 March 2010 is based on the actuarial valuation carried out by ABSA Consultants and Actuaries.

	2010	2009
Liabilities in respect of:		
- Members in active employment	520,000	518,000
- Current continuation member	1,140,000	1,285,000
	1,660,000	1,803,000

7. Post retirement medical benefits (continued)

	2010	2009	2008	2007	2006
	R	R	R	R	R
Reconciliation of defined benefit obligation:					
Present value of obligation	1,803,000	1,999,000	2,463,000	2,422,000	2,455,000
Fair value of obligation	-1,660,000	-1,803,000	-1,999,000	-2,463,000	-2,422,000
	143,000	196,000	464,000	-41,000	33,000
Unrecognised actuarial losses	200,143	289,997	556,923	60,244	61,756
Interest	-160,000	-189,000	-190,000	-180,000	-174,000
Current service cost	-8,000	-7,000	-12,000	-16,000	-17,000
Benefits paid	110,857	102,003	109,077	94,756	162,244
Expense recognised in Statement of Financial Performance	143,000	196,000	464,000	-41,000	33,000

The principal actuarial assumptions used for accounting purposes were:		
Annual increase in health care costs	8.50%	8.90%
Investment return	9.00%	9.40%
General inflation rate	5.50%	5.90%
Discount rate	9.00%	8.90%
Subsidy increase rate	0.00%	0.00%

The effect of change in value of the liability for assumed subsidy increases of 1%, 3% and 5% annually is as follows:

	1 % point increase	2 % point increase	3 % point increase
Accrued liabilities:	R	R	R
Liabilities in respect of:			
Members in active employment	577,000	729,000	954,000
Current continuation members	1,228,000	1,445,000	1,741,000
Total	1,805,000	2,174,000	2,695,000
% Change in accrued liability:			
Members in active employment	11.10%	40.30%	83.70%
Current continuation members	7.70%	26.80%	52.80%

A one percentage point change in the assumed rate of increase in healthcare costs would have the following effects:

	Increase	Decrease
	R	R
2010		
Effect on the aggregate current service cost and interest cost	-2,680	4,468
Effect on the defined benefit obligation	145,383	-125,492
2009		
Effect on the aggregate current service cost and interest cost	-7,032	1,492
Effect on the defined benefit obligation	161,368	-138,952

7. Post retirement medical benefits (continued)

A one percentage point change in the assumed discount rate would have the following effects:

	Increase	Decrease
	R	R
2010		
Effect on the aggregate current service cost and interest cost	4,468	-2,680
Effect on the defined benefit obligation	-125,492	145,383
2009		
Effect on the aggregate current service cost and interest cost	1,492	-7,032
Effect on the defined benefit obligation	-138,952	161,368

Number of members in active employment that is entitled to a subsidy after continuation as at 31 March 2010, compared to the members as at 31 March 2009 is as follows:

	2010	2009
Male members	6	6
Female members	1	1
Total	7	7

Number of continuation members as at 31 March 2010, compared to the continuation members as at 31 March 2009 is as follows:

	2010	2009
Male members	8	8
Female members	2	3
Total	10	11

The Agency's best estimate of contributions expected during the annual period beginning after the reporting period is R121 680 consisting of 10 members contributing R1 014 per month.

8. Finance lease liabilities

Leased assests

	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated Depreciation	Carrying value
	R	R	R	R	R	R
Computer Equipment	27,196	3,166	30,362	54,392	-497	53,895
Total	27,196	3,166	30,362	54,392	-497	53,895

Reconciliation of leased assets - 2010

	Opening Balance	Additions	Disposals	Adjustments	Depreciation	Total
	R	R	R	R	R	R
Computer equipment	53,895	-	-25,664	-	2,131	30,362
Total	53,895	-	-25,664	-	2,131	30,362

Reconciliation of leased assets - 2009

	Opening Balance	Additions	Disposals	Adjustments	Depreciation	Total
	R	R	R	R	R	R
Computer equipment	-	54,392	-	-	-497	53,895
Total	-	54,392	-	-	-497	53,895

8. Finance lease liabilities (continued)

Reconciliation between the total of future minimum lease payments at the end of the reporting period, and their present value:

	2010 R	2009 R
Represents the present value of the minimum lease payments discounted at the effective interest rate	36,254	52,002
Less: portion payable within the following year transferred to current liabilities	-18,462	-15,748
	17,792	36,254

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2010		2009	
	Minimum Payments R	Present value of payments R	Minimum payments R	Present value of payments R
Within one year	22,947	18,462	22,947	15,748
After one year but not more than five years	19,123	17,792	42,070	36,254
More than five years	-	-	-	-
Total minimum lease payments	42,070	36,254	65,017	52,002
Less amounts representing finance charges	-5,816	-	-13,015	-
Present value of minimum lease payments	36,254	36,254	52,002	52,002

The Agency has finance lease contracts for computer equipment. These leases have no terms of renewal, purchase options and escalation clauses, however all computer equipment will remain the property of the Agency subject to 36 month contracts. Future minimum lease payments under finance leases are presented with the present value of the net minimum lease payments as indicated above.

9. Trade and other payables

	2010 R	2009 R
Trade payables	729,040	500,378
Income received in advance	785,896	704,353
Other accrued expenses	2,750,644	1,680,860
	4,265,580	2,885,591

The carrying value as at the end of the period approximate the fair value due to the short term of the financial instrument.

10. Sundry liabilities

	2010 R	2009 R
Opening balance as the beginning of the year	1,000,000	1,000,000
Closing balance at year end	1,000,000	1,000,000

The above government grant is recognized as a sundry liability on the basis that it is to be applied for capital expenditure. The funding will be utilised during the 2011/2012 financial year.

11. Reserves

	2010 R	2009 R
Reserves	-	2,074,814

The total amount of R2,074,814 was transferred to Accumulated Surplus on 1 April 2009 in adherence with GRAP 1. This balance is not represented by cash and is also reflected in the opening balance of the accumulated surplus account in the statement of changes in net assets. There is no legislative requirement to maintain such separate fund accounts. This reserve relates to the initial funding that the entity received from The Department of Transport. The reserve has been utilised for capital expenditure.

12. Permit income: Exchange revenue

	2010 R	2009 R
Permit income:		
- Permit issuing fees	29,075,385	26,165,242
- Permit application fees	12,339,690	11,709,045
	41,415,075	37,874,287

13. Other income

	2010 R	2009 R
Postage and priority mail charges	977,730	837,355
Administration fees	42,233	-
Tender documents sold	10,850	-
Donations received	19,436	31,750
Bad debts recovered	-	1,190
	1,050,249	870,295

14. Employee costs

	2010 R	2009 R
Basic remuneration	21,092,704	16,737,286
Medical costs	1,781,796	1,507,048
Provident and pension fund contributions	3,055,450	2,365,165
UIF	188,917	155,040
13th Cheque payments	2,134,993	1,794,543
Travel allowances paid	3,666,715	2,927,989
Leave pay provision charge	1,106,650	136,914
Directors' remuneration	994,471	730,748
Danger allowance	201,402	-
Night shift allowance	46,293	-
Post retirement medical benefit	-143,000	-196,000
	34,126,391	26,158,733

14. Employee costs (continued)

Remuneration of Senior Management

	2010				
Position	Annual remuneration R	Lump sum payments R	Total allowances R	Acting Allowance R	Total costs R
Chief Executive Officer: LM Nsibande (Former)	178,063	935,000	10,058	-	1,123,121
Chief Executive Officer: B Ally (Caretaker CEO)**	432,731	-	-	-	432,731
Chief Executive Officer: PG Phalafala (Acting)**	-	-	-	2,757	2,757
Chief Financial Officer: M Motaung (Former)	-	350,000	-	-	350,000
Chief Financial Officer: M Mvulane	560,068	-	82,800	2,893	645,761
Executive: Corporate Affairs and Communication: SJ Kgomo	604,635	-	14,400	15,000	634,035
Executive: Legal, Risk & Compliance: R Stuurman	483,026	-	148,656	-	631,682
Executive: Strategy, Advisory & Transformation:D Loedolff	652,253	-	14,400	-	666,653
General Manager: Operations: PJ Geringer	578,870	-	10,800	12,313	601,983
	3,489,647	1,285,000	281,114	32,963	5,088,723

** Mr PG Phalafala, the Chairperson of the Board and Ms B Ally, the Deputy Chairperson of the Board, acted as Chief Executive Officer during the period when a Chief Executive Officer was not appointed. Mr S Khumalo was appointed as the Chief Executive Officer on 01 April 2010.

	2009				
Position	Annual remuneration R	Lump sum payments R	Total allowances R	Acting Allowance R	Total costs R
Chief Executive Officer: LM Nsibande (Former)	647,644	-	33,373	-	681,017
Chief Financial Officer: M Mvulane	371,843	-	16,695	-	388,538
Executive: Corporate Affairs and Comm.: SJ Kgomo	115,593	-	817	11,368	127,778
Executive: Legal, Risk & Compliance: R Stuurman	201,605	-	70,378	-	271,983
Executive: Strategy, Advisory & Transform.:D Loedolff	72,301	-	-	-	72,301
General Manager: Operations: PJ Geringer	532,196	-	6,124	-	538,320
Chief Operations Officer: G Mabuza	227,715	-	-	-	227,715
	2,168,897	-	127,387	11,368	2,307,652

14. Employee costs (continued)

Remuneration of Board

Member	Position	2010 Travel and accommodation R	2010 Annual remuneration R	2010 Total R	2009 Annual remuneration R
PG Phalafala	Chairperson	37,874	152,934	190,808	146,071
L Twalo	Non executive director	5,147	114,344	119,491	94,979
M du Preez	Non executive director	2,130	118,491	120,621	90,831
N Ally	Non executive director	33,270	69,954	103,224	83,371
H Dikgale	Non executive director	25,106	118,491	143,597	101,282
B Horne	Non executive director	54,662	118,491	173,153	97,515
B Mpondo	Non executive director	3,676	118,491	122,167	82,259
M Patel	Non executive director (Independent)	300	16,854	17,154	16,200
S Rachhoojee	Non executive director (Independent)	-	4,256	4,256	18,240
		162,165	832,306	994,471	730,748

15. Auditors' remuneration

	2010 R	2009 R
Internal audit fees	304,567	470,999
External audit fees	1,326,087	1,153,626
	1,630,654	1,624,625

16. Operating lease

The future minimum lease payments under non-cancellable operating leases for equipment are as follow:

	2010 R	2009 R
Payable within one year:		
Premises: Hatfield, Pretoria	590,264	1,770,793
Premises: Menlyn, Pretoria	2,085,742	-
Payable within two to five years:		
Premises: Menlyn, Pretoria	7,995,343	-
Payable after five years:		
Premises: Menlyn, Pretoria	-	-
Actual operating lease expense	3,286,955	2,263,144

The Agency extended their operating lease agreement with Belsim Pty Ltd which was for a period of 5 years commencing on the 1st June 2004 and terminating on 31 July 2010. The lease is for rental of unit H, I, J, K Parkfield court, ERF 723, Hatfield Pretoria. The rental/lease shall escalate annually on the 1 June of each year with 8.5% or PPI which ever is the greater percentage. The rental escalations shall also be compoundable annually on 1 June of each year.

The Agency has further extended the lease agreement from 1 June 2009 to 31 July 2010.

The Agency entered into an operating lease agreement with Erf 49 Menlyn (Pty) Ltd for a period of 5 years commencing on 1 February 2010 and terminating on 31 January 2015. The lease is for rental of Building 3, Glen Manor Office Park, Frikkie de Beer Street, Menlyn, Pretoria. The rental/lease shall escalate annually on the 1 February of each year with 9%.

17. Cash generated from (used in) operations

	Notes	2010 R	2009 R
Surplus before taxation		3,010,407	8,973,315
- Adjustments for:			
Depreciation and amortisation		283,173	-246,471
Finance costs		7,198	1,434
Loss on sale of assets		141,121	394,394
Changes in working capital:			
- Trade and other receivables		-139,818	788,874
- Trade and other payables		1,379,989	-119,642
		4,682,070	9,791,904

18. Reconciliation of budget surplus with surplus in the Statement of Financial Performance

	2010 R
Net surplus per the Statement of Financial Performance	3,010,407
Adjusted for:	
Loss on sale of assets	141,121
Finance charges	7,198
Fruitless and wasteful expenditure	535,314
Under-recovery of total budgeted revenue	3,452,376
Depreciation: net effect of write-backs against budgeted depreciation	-312,242
Operating and employment costs: cost savings in terms of budgeted expenses	-6,834,174
Budgeted surplus	-

19. Commitments

Significant capital commitments

	2010 R	2009 R
Already contracted for but not provided for:		
Value of total contract	984,108	-
Less: Total payments made until 31 March 2010	-	-
Outstanding payments against contract	984,108	-

The Agency is planning an office move on 1 August 2010 to the Glen Manor Office Park, Menlyn, Pretoria. The capital commitment represents the cost of the structural renovations of the new offices.

20. Contingencies

In terms of Section 53(3) of the Public Finance Management Act, all accumulated surplus funds may be forfeited to National Treasury. A formal request has been made to National Treasury to retain these funds but approval for the retention of accumulated surpluses to the value of R5,085,221 has not been received to date. Approval for the retention of prior year accumulated surplus of R8,973,315 as at 31 March 2009 was obtained.

21. Related parties

Relationships	
Maputo Corridor Logistics Initiative (MCLI)	B Horne - CEO of MCLI
B Mpondo	Board member

21. Related parties (continued)

Related party transactions

	2010	2009
	R	R
Maputo Corridor Logistics Initiative	14,250	-
B Mpondo	19,140	233,700

Nature of related party transactions:

Maputo Corridor Logistics - Marketing expense

B Mpondo - Facilitating strategy session on behalf of the Board

22. Prior year errors

	Restated 2009	Periods prior to 2009
	R	R

Correction of error relating to the discovery of inacuracies in valuation of accumulated depreciation of property, plant and equipment and amortisation of intangible assets. This is as a result of the entity re-assessing their useful lives as the assets were fully depreciated in the past. The closing balance of equity at the end of 2009 was adjusted while the comparitive amounts were restated accordingly. The effect of the adjustment of this error on the results of 2009 was as follows:

	Restated 2009	Periods prior to 2009
Reconciliation with Statement of Financial Performance:		
Decrease in depreciation and amortisation	672,643	-
Increase in loss on disposal of assets	-354,998	-
Increase in surplus for the year	317,645	-
Reconciliation with Statement of Financial Position:		
Increase in property, plant and equipment	262,247	
Increase in intangible assets	55,398	
Increase in Net assets	317,645	-

Correction of error relating to the discovery of inacuracies in capatilisation of lisencing fees to intangible assets. This error relates to license fees that were capitalised to intangible assets that should have been expensed.The closing balance of equity at the end of 2009 was adjusted while the comparitive amounts were restated accordingly. The effect of the adjustment of this error on the results of 2009 was as follows:

22. Prior year errors (continued)

	Restated 2009	Periods prior to 2009
	R	R
Reconciliation with Statement of Financial Performance:		
Increase in operating expenses	-15,108	-
Decrease in amortisation	5,241	-
Decrease in surplus for the year	-9,867	-
Reconciliation with Statement of Financial Position:		
Decrease in intangible assets	-9,867	-
Decrease in Net assets	-9,867	-
Correction of error relating to the discovery of inacuracies in classification of income received in advance. This relates to excess penalty income received that was incorrectly included in current liabilities instead of revenue.The closing and opening balance of equity at the end of 2009 was adjusted while the comparitive amounts were restated accordingly. The effect of the adjustment of this error on the results of 2009 was as follows:		
Reconciliation with Statement of Financial Performance:		
Increase in Pentaly income: Non Exchange revenue	162,956	174,170
Increase in surplus for the year	162,956	174,170
Reconciliation with Statement of Financial Position:		
Decrease in Trade and other accounts payable	162,956	174,170
Increase in Net assets	162,956	174,170
Correction of error as a result of the entity raising a provision for doubtful debts relating to government entities. The closing balance of equity at the end of 2009 was adjusted while the comparitive amounts were restated accordingly. The effect of the adjustment of this error on the results of 2009 was as follows:		
Reconciliation with Statement of Financial Performance:		
Decrease in operating expenses	249,841	-
	249,841	-
Reconciliation with Statement of Financial Position:		
Decrease in impairment of Trade and other receivables	249,841	-
Increase in Net assets	249,841	-
Total effect on net assets	720,575	174,170

23. Financial instruments

Financial risk management objectives and policies

The entity's principal financial assets comprise trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The entity's principal financial liabilities comprise trade and other payables. The entity is exposed to interest rate risk, credit risk and liquidity risk. The entity's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

Categories of financial instruments

Financial assets: Cash and cash equivalents, trade and other receivables are classified as loans and receivables.
Financial liabilities: Trade and other payables and finance leases are classified as financial liabilities at amortised cost.

Interest rate risk

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. The entity's exposure to the risk of changes in market interest rates is limited to the cash and cash equivalents, which have floating interest rates.

The effect of a 1 % increase/decrease in market interest rates on the entity's surplus is 2,731 (2009: 6,303).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks.

The entity's maximum exposure to credit risk at 31 March 2010 is R 18,558,578 (31 March 2009: R 14,797,720).

Trade receivables

The entity limits its counter party exposure by only dealing with magistrates who acts as collection agency for the entity.

Cash deposits

Credit risk from balances with banks is managed in accordance with the entity's policy. Investments of surplus funds are made only with approved counterparties.

Liquidity risk

The Agency manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecast cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

Liabilities will become due and payable as follows:

	< 1 month	1-12 months	> 12 months
Trade creditors	4,265,580	-	-
Finance leases	1,912	16,550	17,792

24. Going concern

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

25. Events after reporting date

Mr S Khumalo was appointed as Chief Executive Officer on 1 April 2010.

Irregular Expenditure for R39,444,159 in respect of 2008/09 reporting period was condoned by National Treasury in the light of the C-BRTA's Board's turnaround strategy which is expected to lead the development of the operational manuals and to improve financial procedures.

26. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure were incurred during the renovation process of the new offices in Menlyn, Pretoria.

Inadequate and inaccurate office renovations resulted in R243 764 that was paid to the contractor for renovations that were not implemented and a further R124 000 was paid for demolition costs to reverse the faulty renovations.

Due to extended renovations, the lease agreement for offices in Menlyn resulted to R167 550 (rental and utilities).

There were no 2010 FIFA World Cup related expenditure incurred during the reporting period.

27. Irregular expenditure

	2010 R	2009 R
The following irregular expenditures were incurred awaiting condonation from National Treasury:		
Opening Balance	39,444,159	-
Add : Irregular Expenditure - current year	872,184	39,444,159
Less Condoned	-39,444,159	-
Irregular Expenditure awaiting condonation	872,184	39,444,159
Analysis of expenditure awaiting condonation per age classification		
Current year	872,184	39,444,159
Total	872,184	39,444,159
Details of irregular Expenditure - Current year		
Incident - Non compliance with SCM prescripts: Price quotations	872,184	-

28. Contingent liabilities

Contingent liabilities are in respect of labour related claims arising in the ordinary course of business and comprise of:

Parties	Nature	Lodged in	Potential liability
C Phiri	Unfair dismissal	Labour Court	R 182,295
POPCRU	Mutual interest dispute	CCMA	R1 400 000 or R700 000

Except for C Phiri, based on the opinion of the in-house counsel, it is not anticipated that any material liability will arise.

NOTES

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