



SANRAL



SANRAL
Company presentation
2021 Integrated Report

NCOP – 16 March 2022

Our vision and mission



Ensuring our national road transport system delivers a better South Africa for all.

VISION

Our purpose is to deliver a safe, efficient, reliable and resilient national road transport system for the benefit of all the people of South Africa.

MISSION



Principal tasks and objectives

PLAN

Plan, design, construct, operate, maintain and rehabilitate South Africa's national roads.

GENERATE

Generate revenue from the development and management of assets.

UNDERTAKE

Undertake research and development to advance knowledge in the design and construction of roads and related fields.

ADVISE

Advise the Minister of Transport on matters relating to South Africa's roads.



Business pillars

SANRAL's long-term strategy, Horizon 2030, defines four business pillars that serve to integrate its operations and activities across the Agency and deliver different forms of value.

ROADS PILLAR



This consolidates all functions pertaining to the financing, planning, development, improvement and maintenance of national roads.

This area of business includes the management of toll roads and the road engineering and maintenance aspects of road safety.

There is an emphasis on road solutions that embrace innovative technology.

ROADS SAFETY PILLAR



This embraces a holistic approach to road safety, including research and data collection on collisions, public awareness and road safety education, improved road incident management systems, development of engineering standards for safe roads and strengthening of partnerships for law enforcement.

STAKEHOLDERS PILLAR



This pillar focuses on communication activities to build partnerships, manage community expectations of major road projects and influence public opinion in relation to SANRAL.

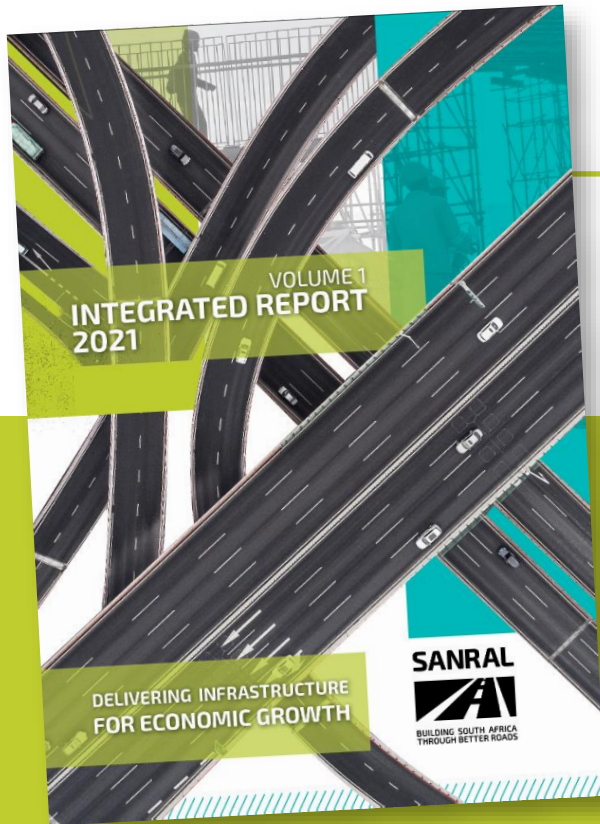
The pillar lays the foundation for economic participation of small businesses and rural communities in construction projects.

MOBILITY PILLAR



The focal point is on road infrastructure to enable public transport and intermodal transport solutions, increase access to strategic locations, integrate regions, facilitate seamless cross-border movement and enhance urban planning.

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VOLUME 1

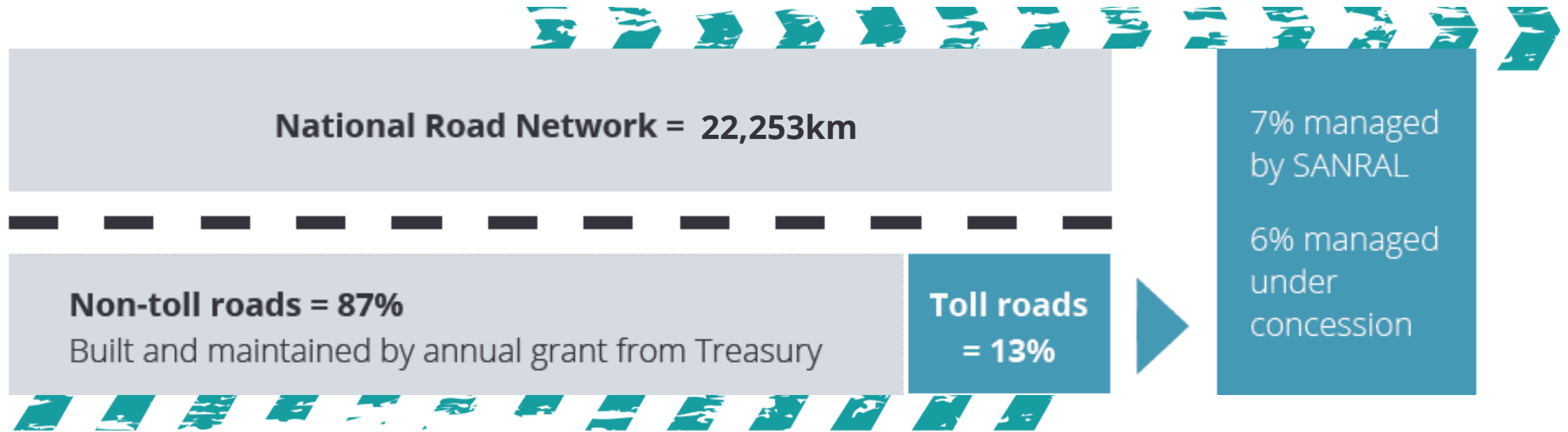
- Chairperson's Report
- CEO's Report
- Section 1: Company Overview
- Section 2: Capitals and Performance (SANRAL's IR has been set up as per capitals used/affected - King IV's recommended practice has been adopted).



VOLUME 2

- Section 3: Corporate Governance
- Section 4: Consolidated Financial Statements

Manufactured capital (p27 - 61)



- Expenditure on road development, improvement, strengthening and maintenance declined for the second consecutive year = the total amount spent, R12 680m, was 19% lower than the previous year
- 51% was allocated to capital projects while the balance secured routine and periodic maintenance.

Pavement condition (p45)



Road roughness
Under 4.2m/km
95.32%

Rut depth
Less than 20mm
98.57%

Macro-texture
over 0.4mm
98.63%

Percentage of travel in 2020/21 on roads meeting international standards

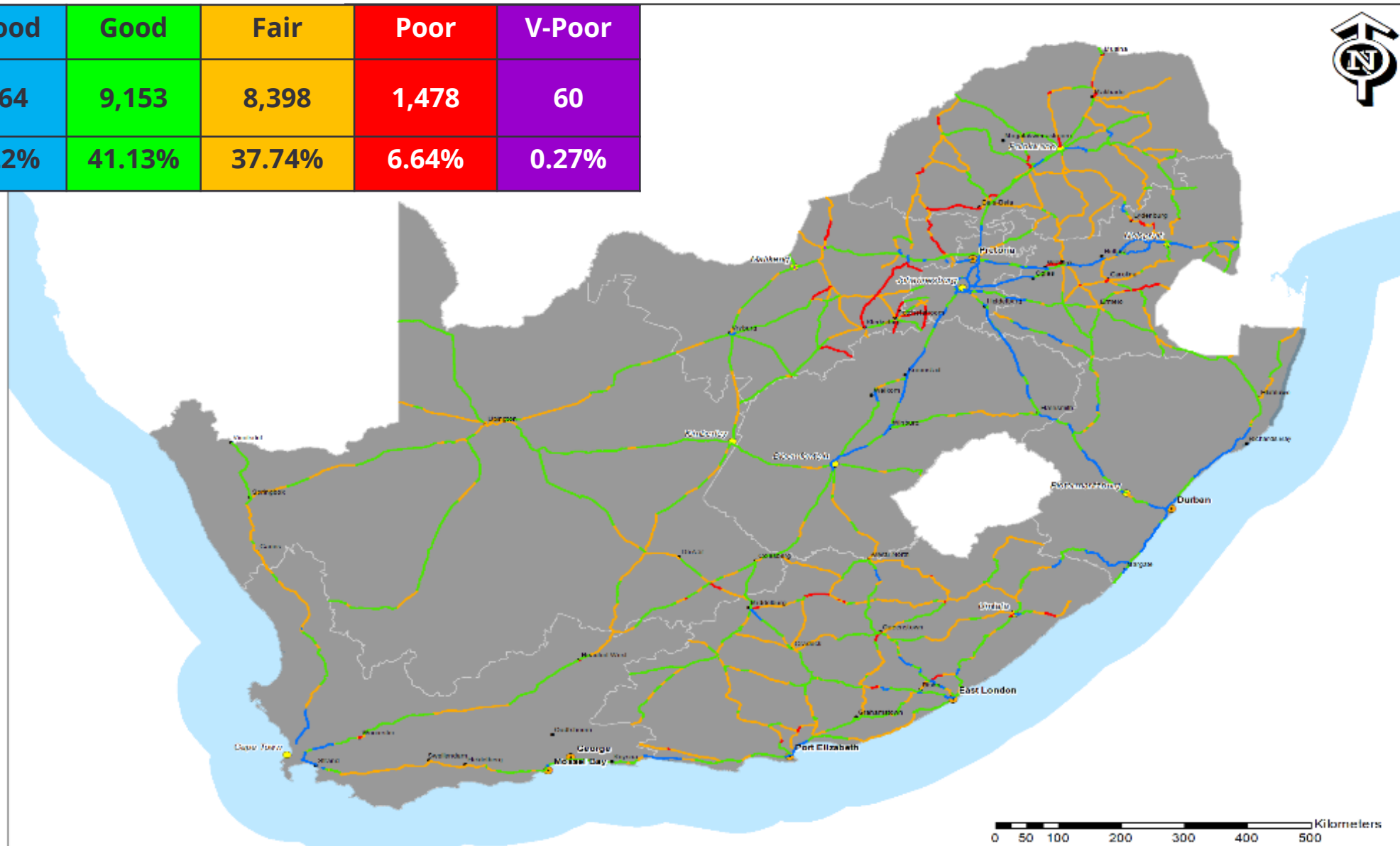
Ensures a smooth ride
and limits wear and tear

Safeguards against
accumulation of water
and risk of aquaplaning

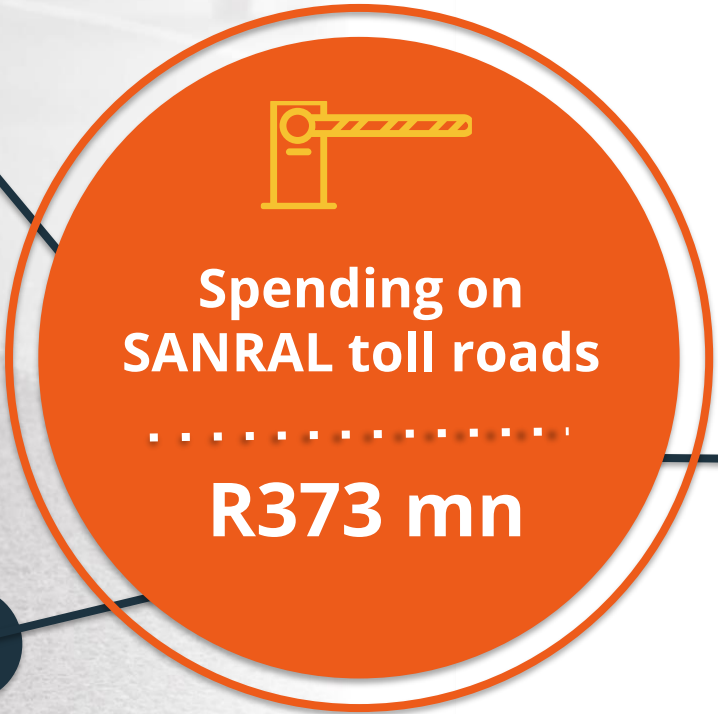
Ensures friction for safer
wet weather travel at
speeds exceeding 60km/h

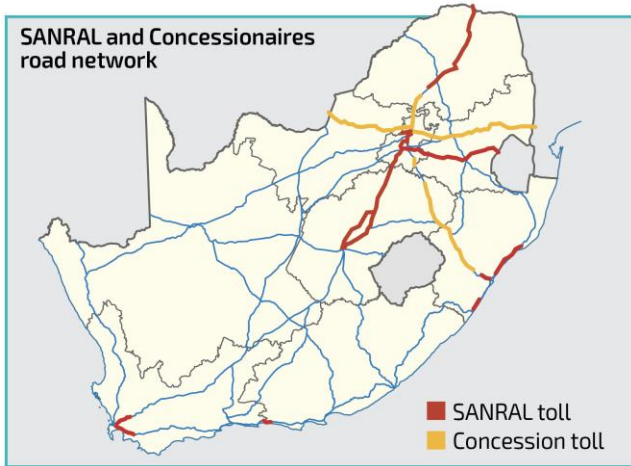
Pavement condition (p46)

Type	Year	V-Good	Good	Fair	Poor	V-Poor
Length (km)	2021	3,164	9,153	8,398	1,478	60
%	2021	14.22%	41.13%	37.74%	6.64%	0.27%

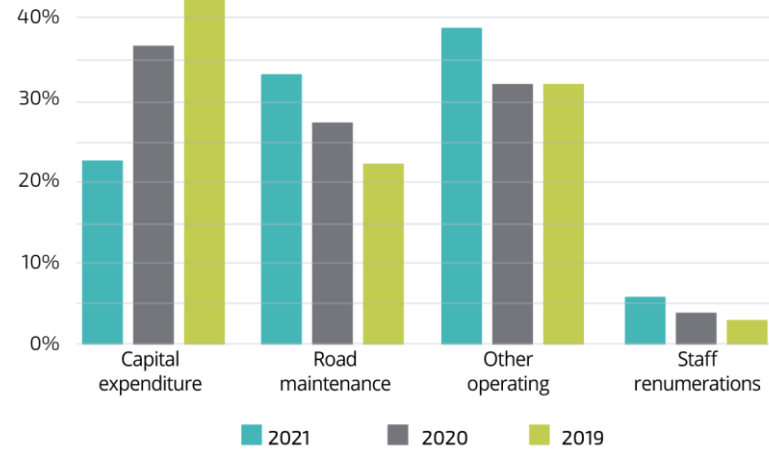


Funding capital (p67 - 79)

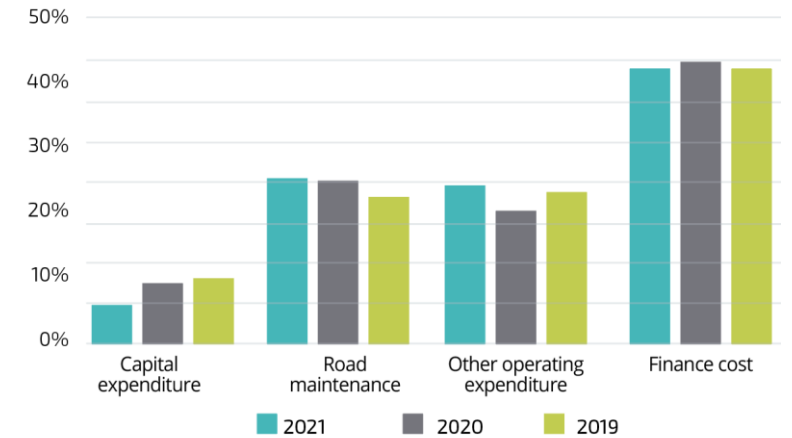




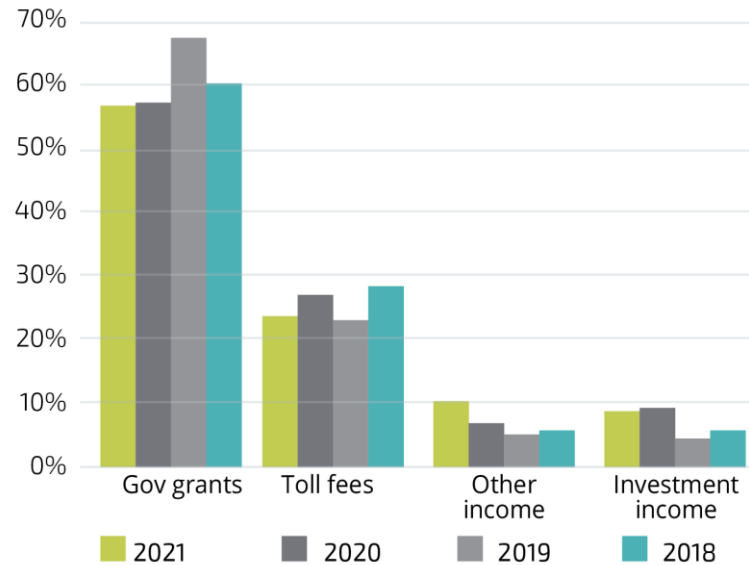
Non-toll expenditure



Toll expenditure



Total Income



Spending on Concession Toll roads (p77)

TRAC capital improvements	R562.7m
TRAC road maintenance	R57.1m
Bakwena capital improvements:	R212.9m
Bakwena road maintenance:	R42m
N3TC capital improvements	R899m
N3TC road maintenance	R46m



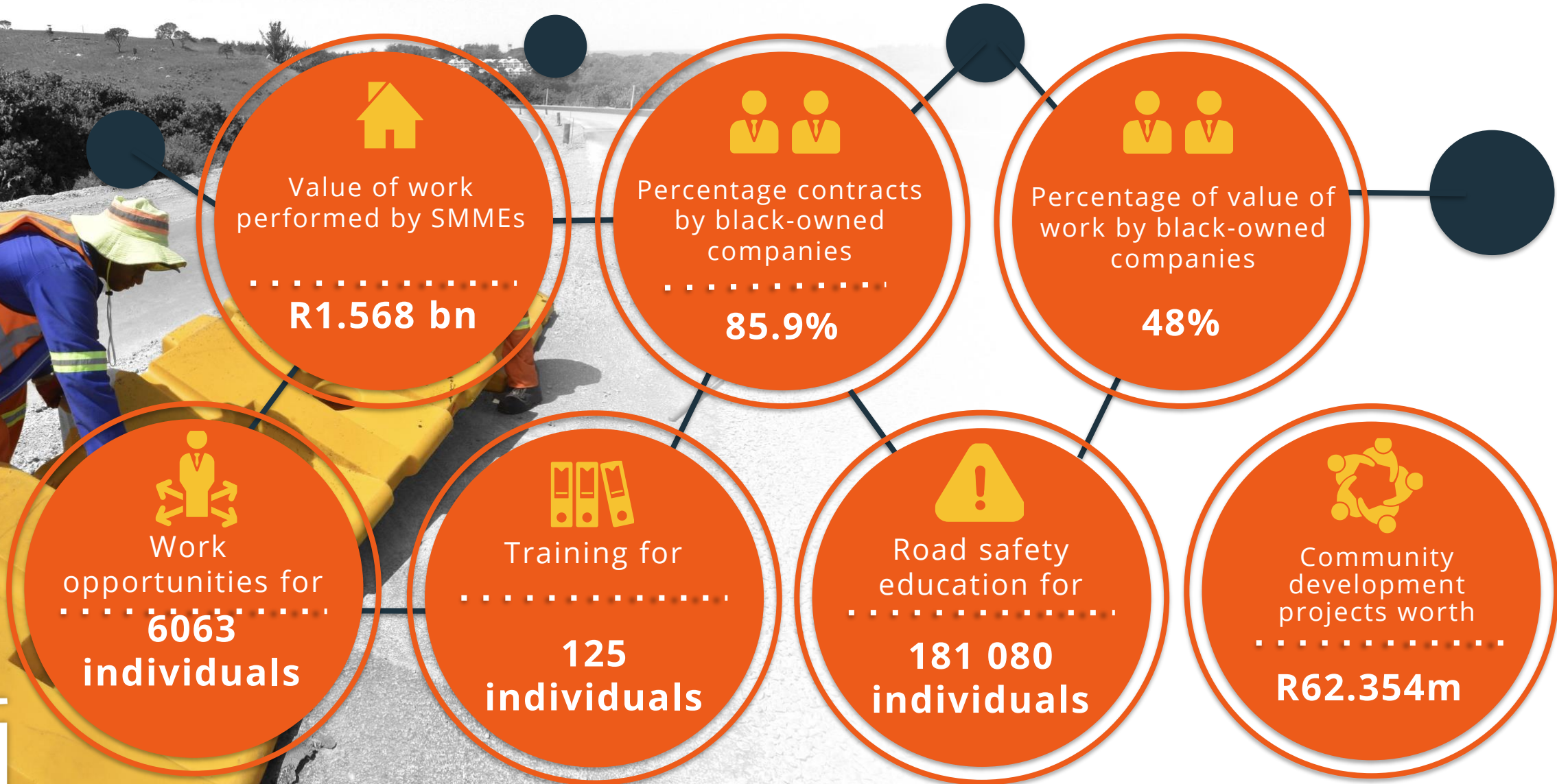
Intellectual capital (p82 - 109)

- Value-added services
- Mobility Account
- SANRAL Mobile App
- Parking
- Account-based ticketing
- Technical Innovation Hub
- Geotechnical Solutions
- Geometric design solutions
- Innovative Design

SANRAL



Social and relationship capital (p111 - 145)

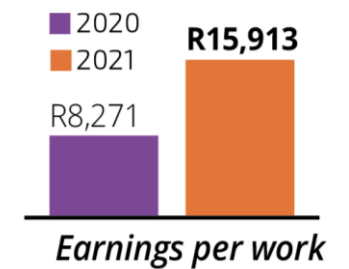
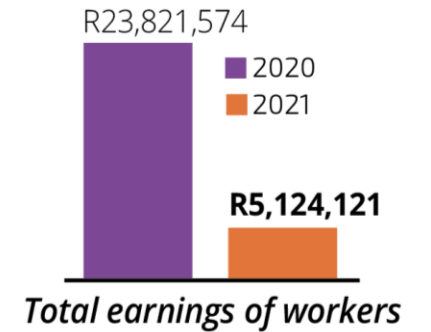
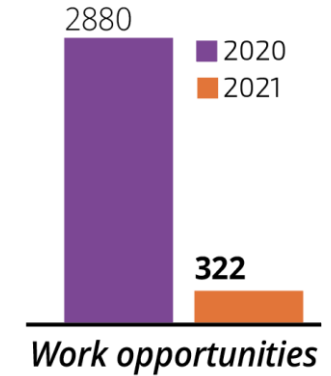


Concessionaire work by SMMEs (p113)



Empowerment of small business	TRAC's expenditure was R57,25m, distributed across 13 SMME contracts – three of which are women.	Value of SMME work R196m	Value of SMME work R42m
Job creation in construction sector	Construction – 628 Maintenance – 210	On average, 1022 jobs per month	1006 Construction – 117 Maintenance – 889

Concessionaires building small businesses and creating jobs

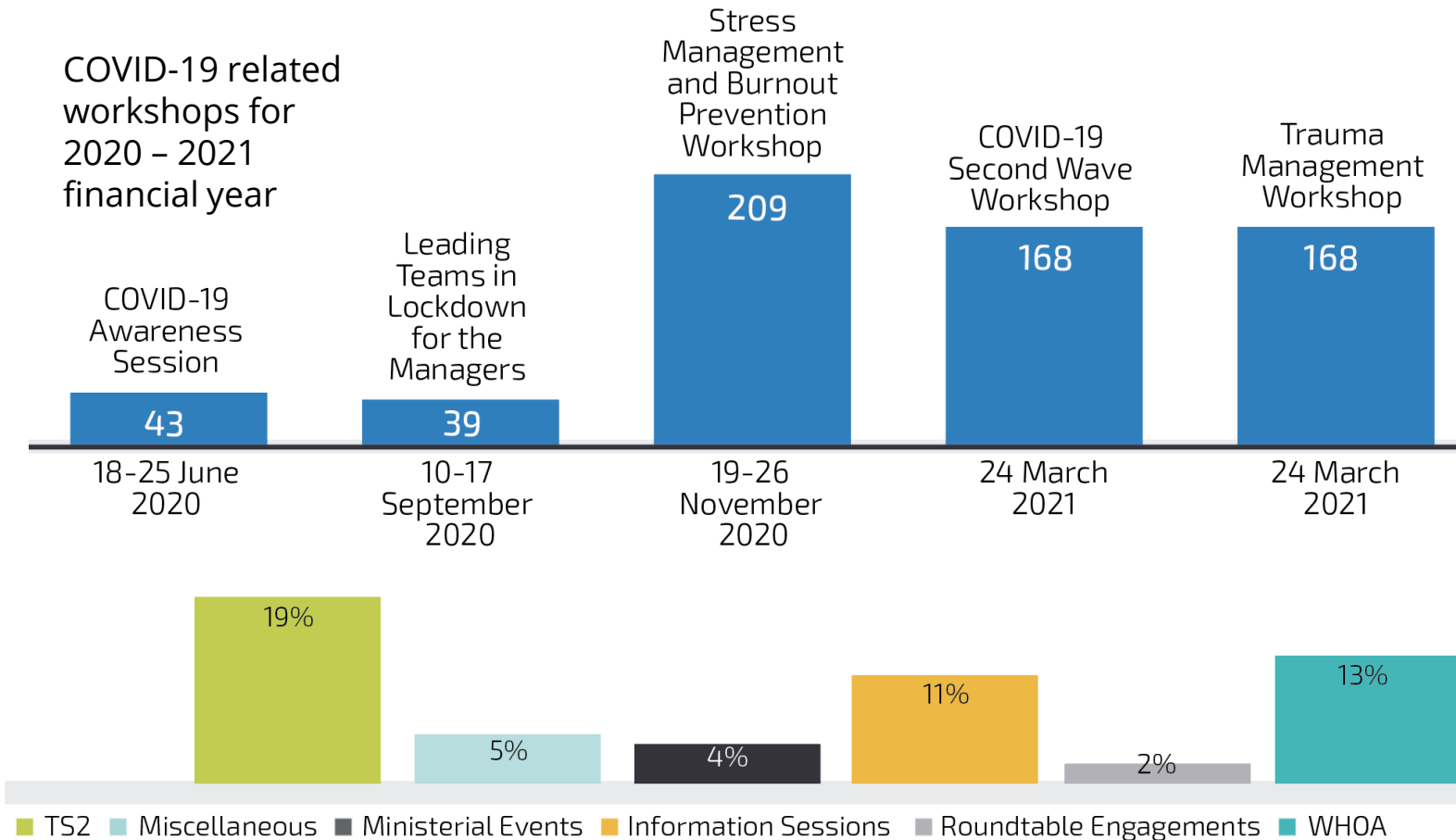


Job creation and poverty alleviation



Communications, stakeholder engagement and community involvement (p169)

COVID-19 related workshops for 2020 – 2021 financial year



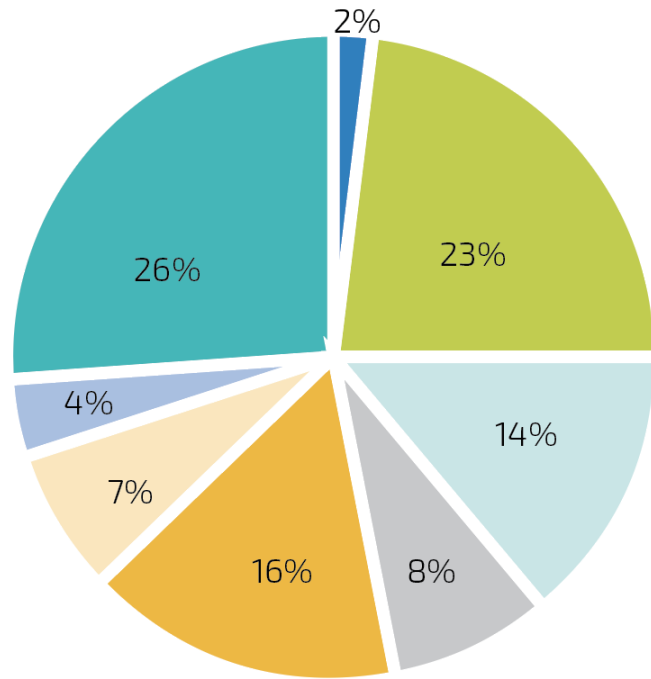
- SANRAL convened a total of 55 targeted stakeholder events
- Including 29 within the Taking SANRAL to the People model and nine meetings with municipalities.
- The remaining 26 involved a range of stakeholders, such as business organisations, labour federations, and faith-based organisations.



2020/21 | Across four regions a combined 55 engagement sessions, activations and events

Communications – media spend (p174)

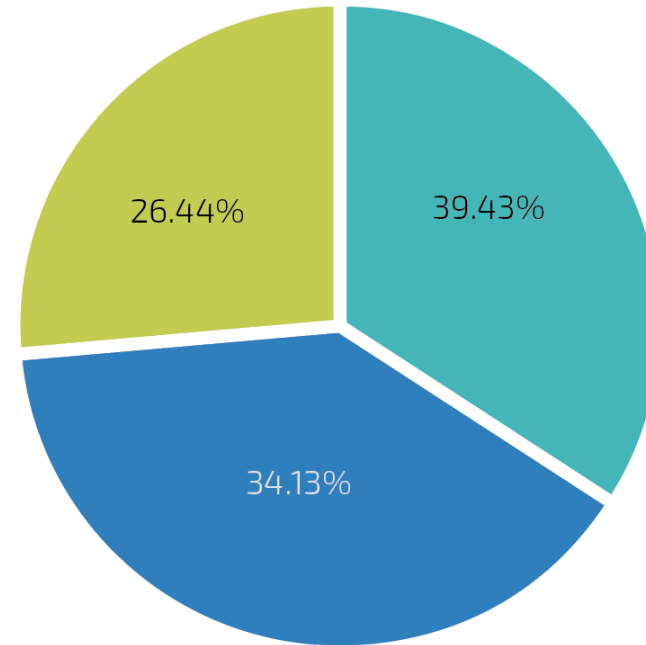
Media spend by media type



Spend by media type

- Commercial print
- Commercial radio
- Commercial TV
- Community print
- Community radio
- Community TV
- Outdoor
- Social media

Ratio of commercial to community to social media spend

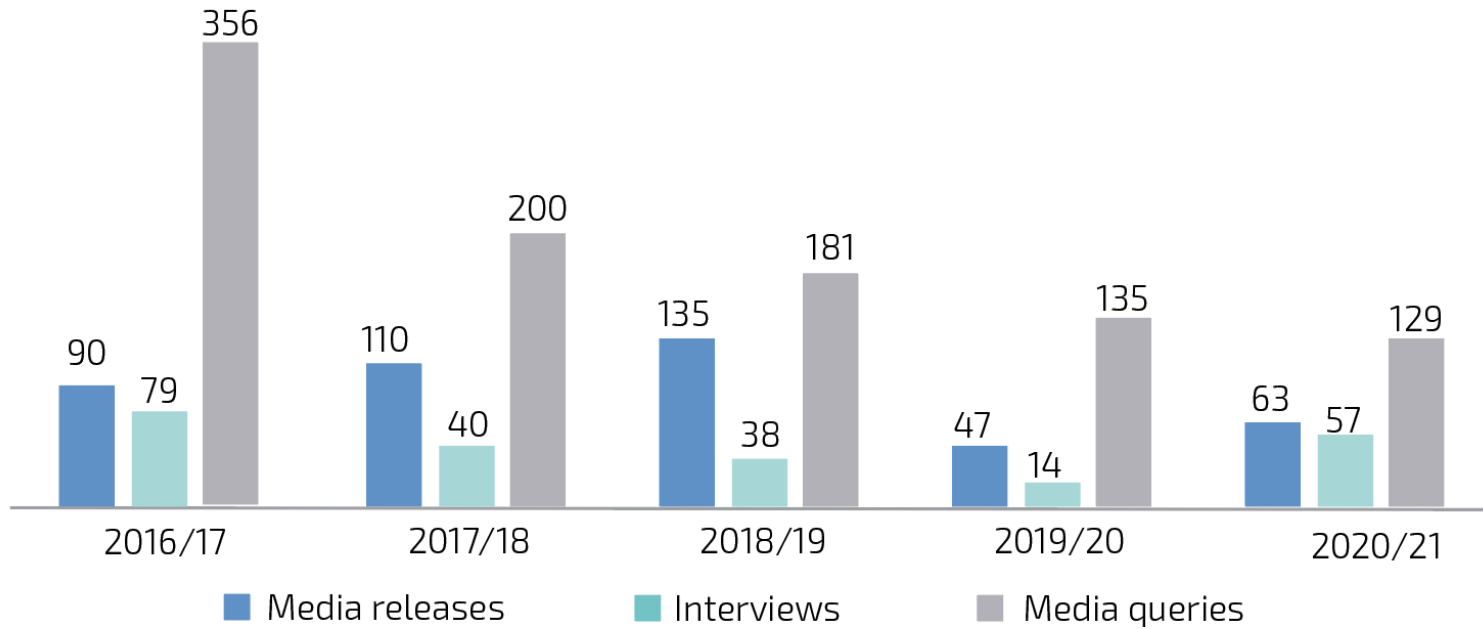


Budget breakdown

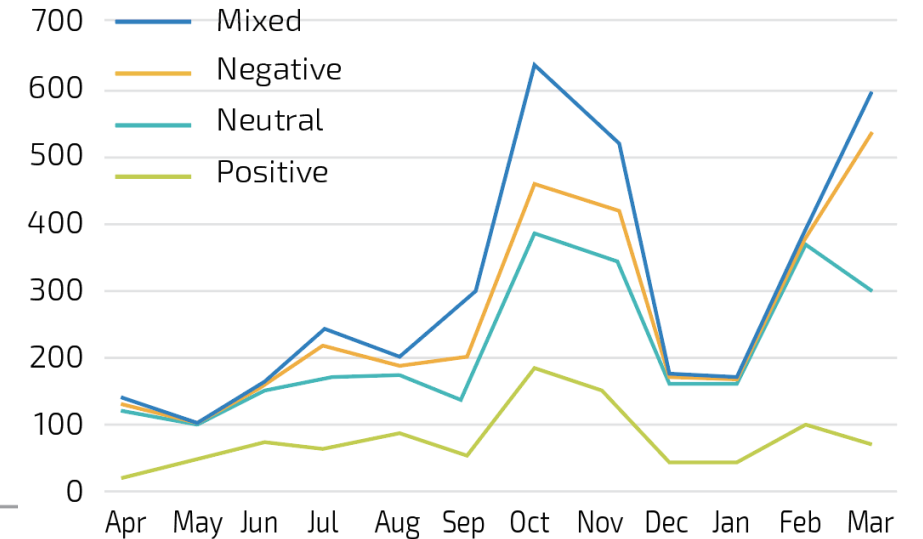
- Commercial media
- Community media
- Social media



Media relations and media tone (p176)



Measures of media engagement



Sentiment of media articles about SANRAL in 2020/21



Social media (p180)



	Total followers/ fans/subscribers 31 March 2020	Annual growth in followers/fans/ subscribers	SANRAL posts/tweets/ uploads	Engagement
Facebook	233,069	241,049	536	1,741,797
Twitter	48,741	55,822	827	75,606
YouTube	198	972	17	3m
Instagram	8730	10,819	454	29,493
Linkedin	18,286	55,822	476	84,882



Human capital (p162)

The bulk of SANRAL's work falls within the realm of:

- Planning;
- Specialised contracting; and
- project management.

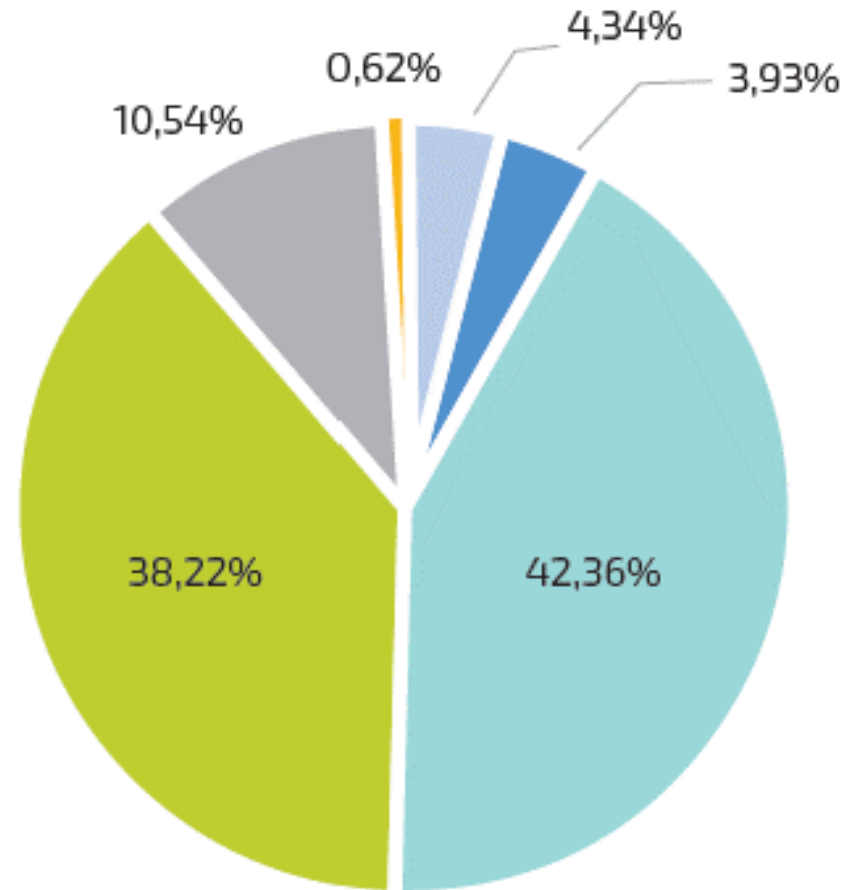
All of which are professional engineers with in-depth knowledge of:

- road systems management;
- road design; and
- construction.

Operational work is undertaken mainly by contracted engineering and construction companies.

Senior managers, experienced professionals and middle managers account for **48.76%** of the total number of employees.

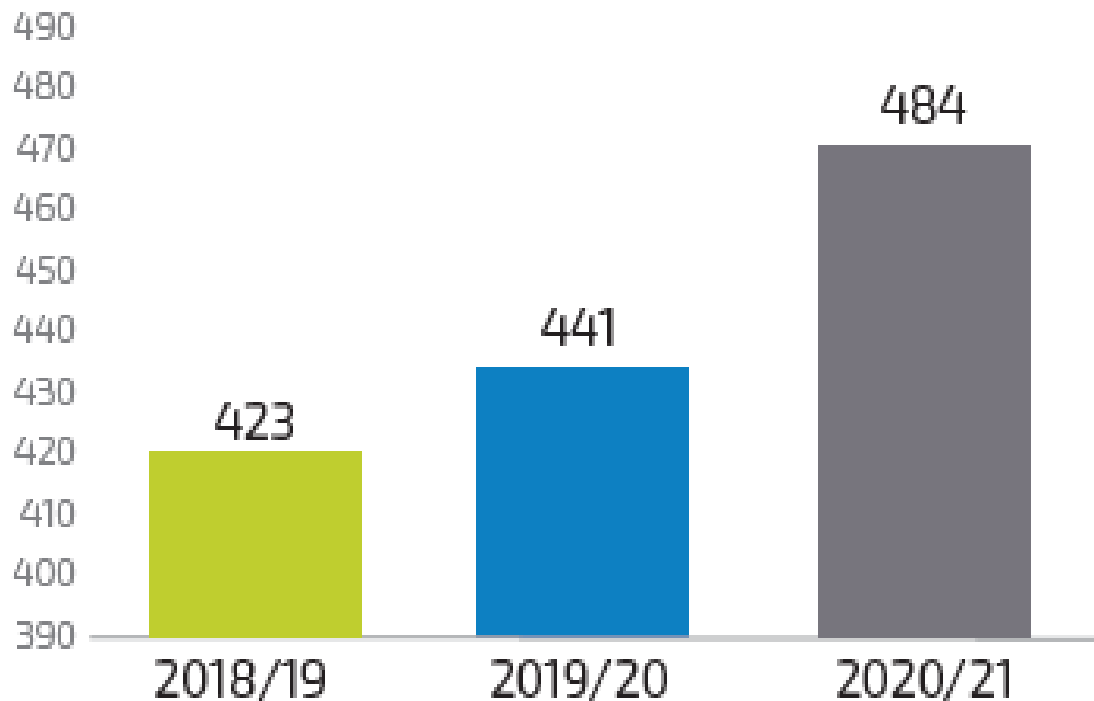
Employees by occupational category (p162)



- Top management
- Experienced professionals & middle management
- Semi-skilled
- Senior management
- Skilled qualified workers & junior management

Growth in SANRAL staffing

Growth in SANRAL staffing



Growth and diversity

The staff complement of SANRAL has increased substantially:

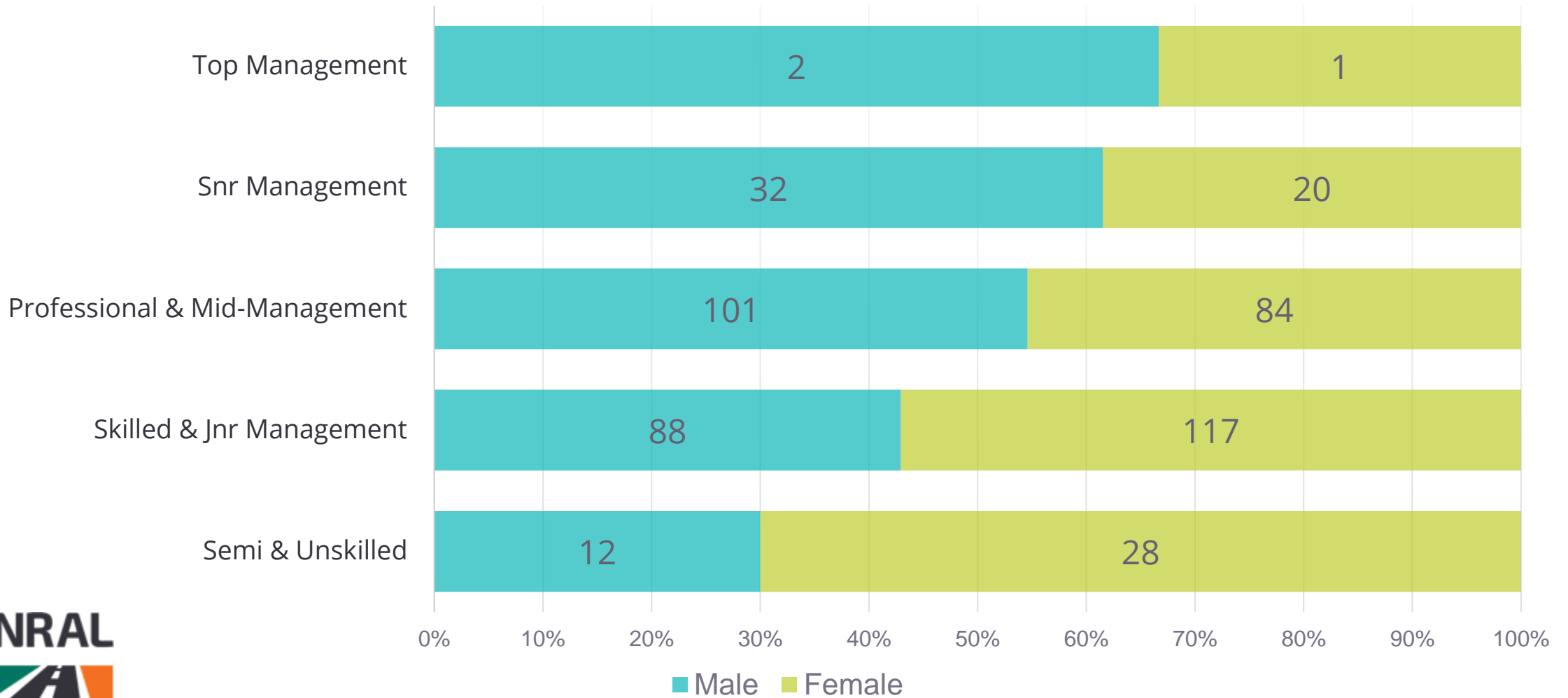
- 8.88% growth in this reporting year
- compared to 4.26% in the previous year.
- The total number of employees as of 31 March 2021 was 484.

This growth has facilitated a rise in employee diversity. Overall, appointments made during 2020/21 brought SANRAL's workforce closer to the goal of approximating the composition of the general population. By the end of the year:

- 83% of employees were Black,
- African staff members comprising 63% of the total head count.
- Female employees outnumbered male employees.

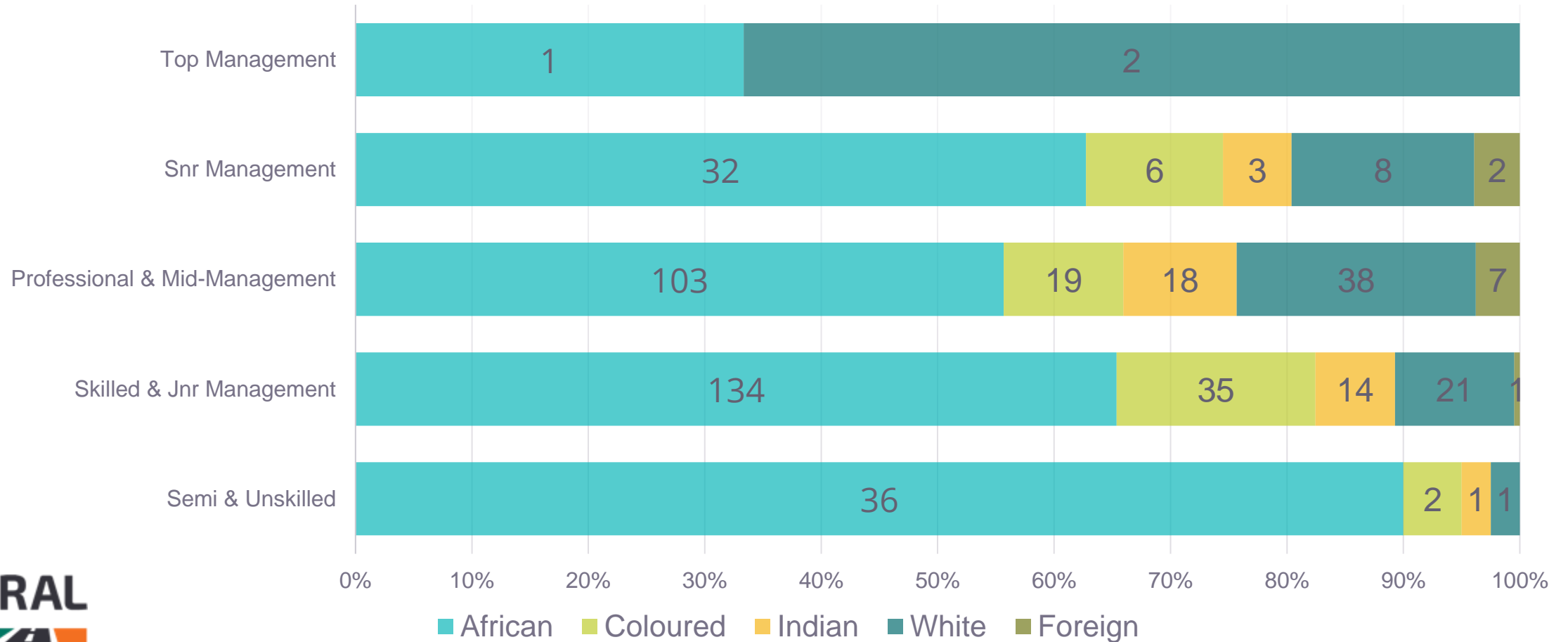
Workforce profile

MALE-TO-FEMALE RATIO IN MAIN OCCUPATIONAL CATEGORIES



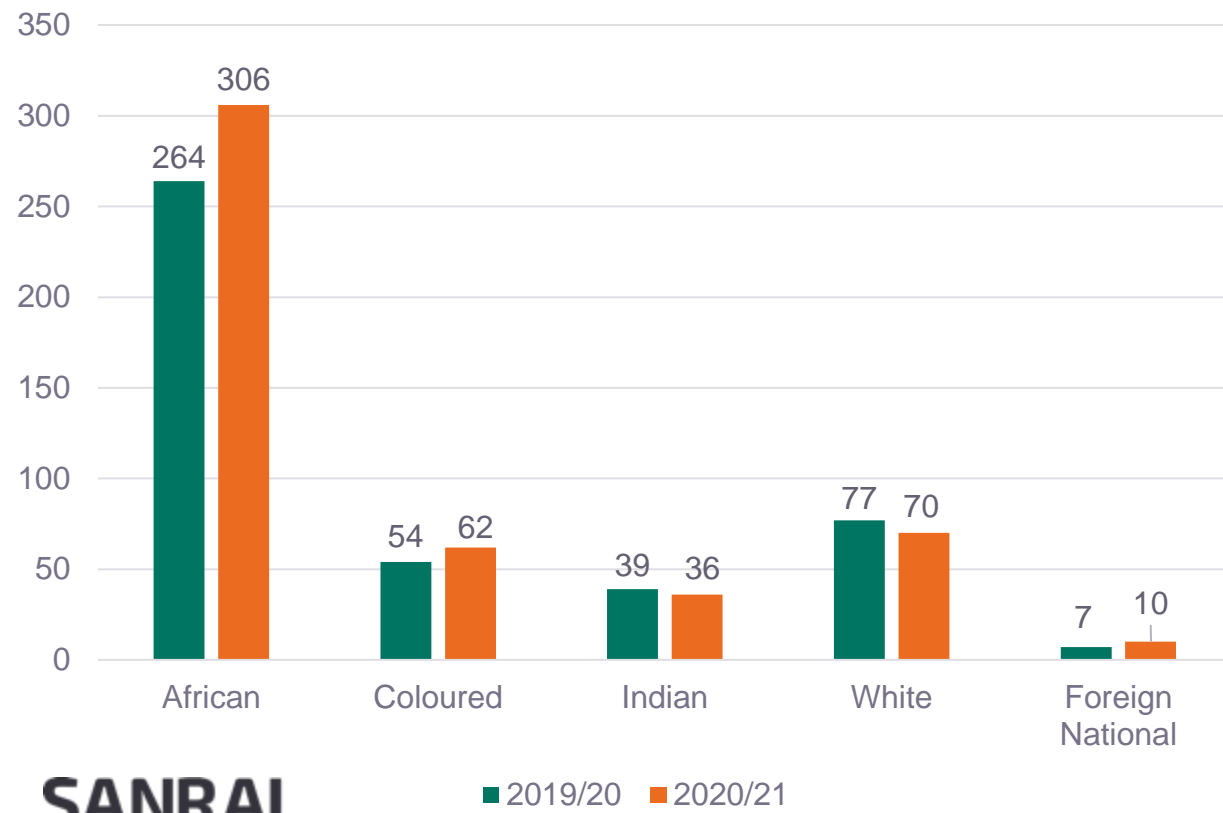
Workforce profile

BREAKDOWN OF MAIN OCCUPATIONAL CATEGORIES BY POPULATION GROUP



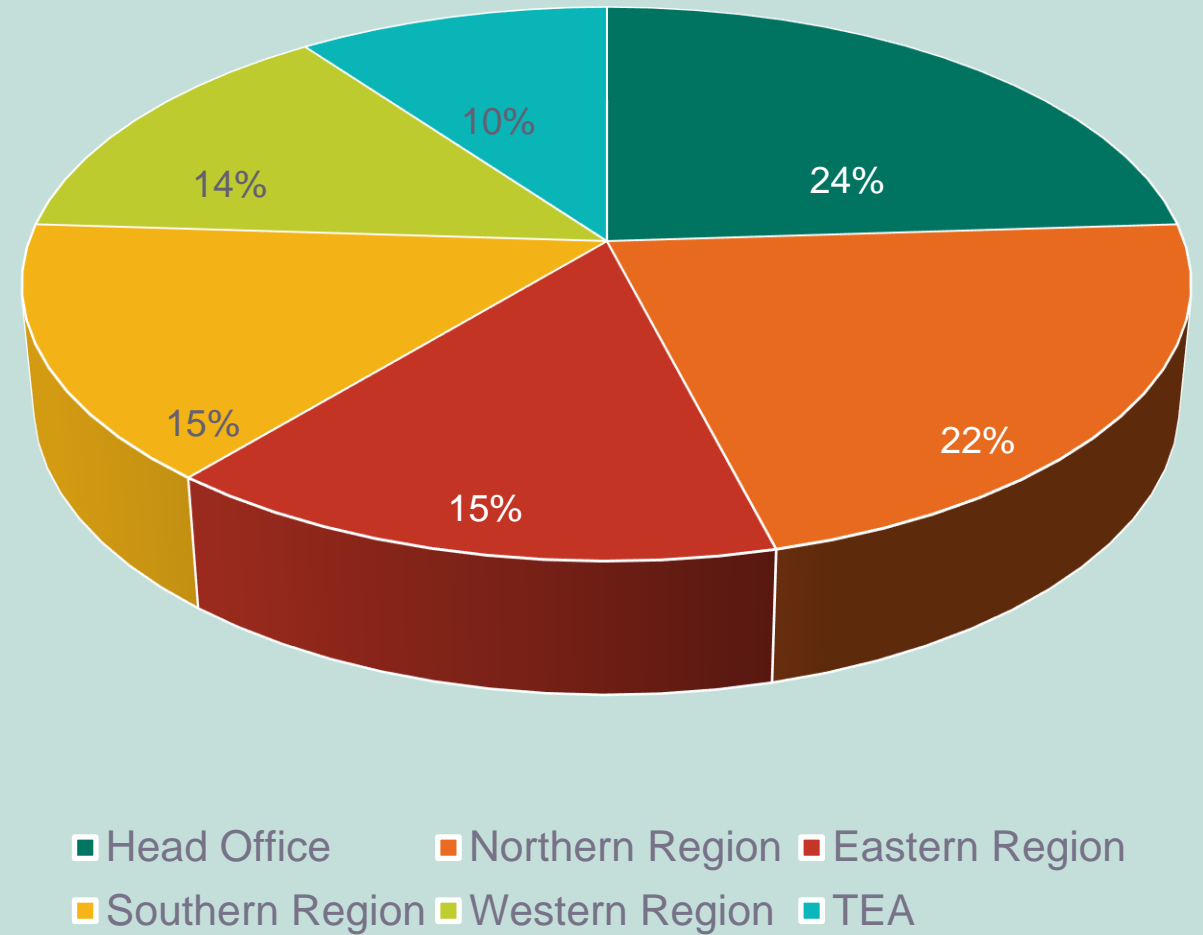
Workforce profile

Distribution of employees by population group



■ 2019/20 ■ 2020/21

Employees distribution by office



Employee development (p163)

SANRAL encourages the development of employee skills and knowledge throughout their careers. Avenues for personal growth range from:

- on-the-job learning to e-learning;
- participation in short courses;
- Workshops;
- study for diplomas;
- degrees at undergraduate; and
- postgraduate levels.

SANRAL made an investment of R2,635,617 towards the training of 127 employees during the year in areas of accounting, human resources management and engineering.

A total of 127 employees, including 28 new applicants, were awarded bursaries for tertiary studies during 2020/21.

More than half the bursary recipients (58%) were engaged in postgraduate studies.

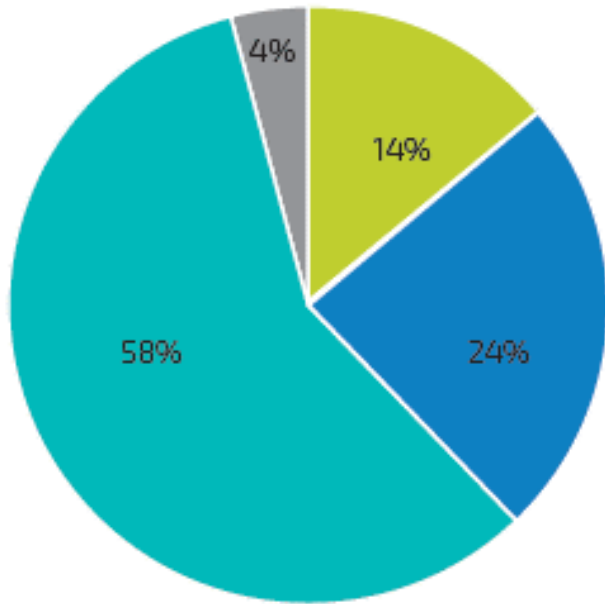


Growth in internal bursaries



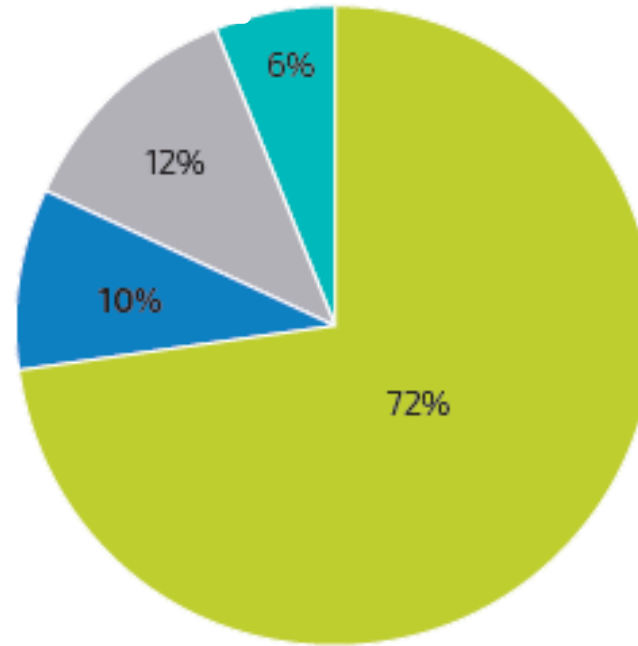
Employee development

2020/21 Internal bursary recipients by course of study



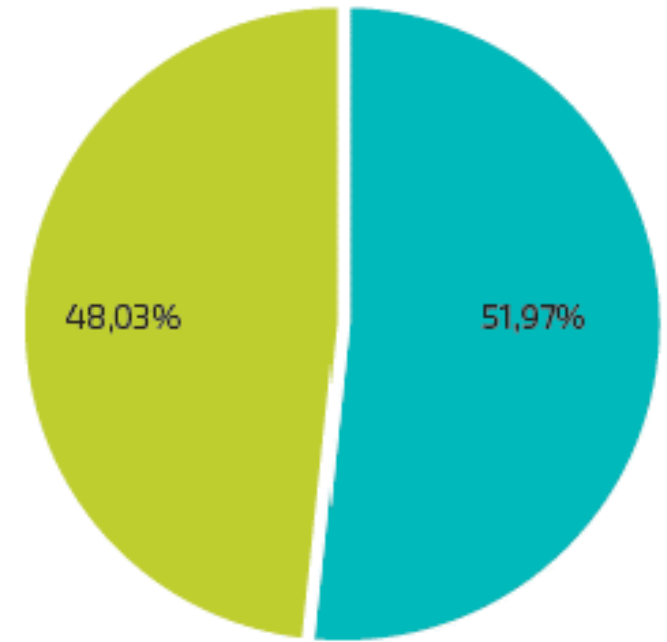
■ Certificate ■ Undergraduate degree
■ Other ■ Post-graduate degree

2020/21 internal bursary recipients by population group



■ African ■ Coloured ■ Indian ■ White

2020/21 internal bursary recipients by gender



■ Male ■ Female

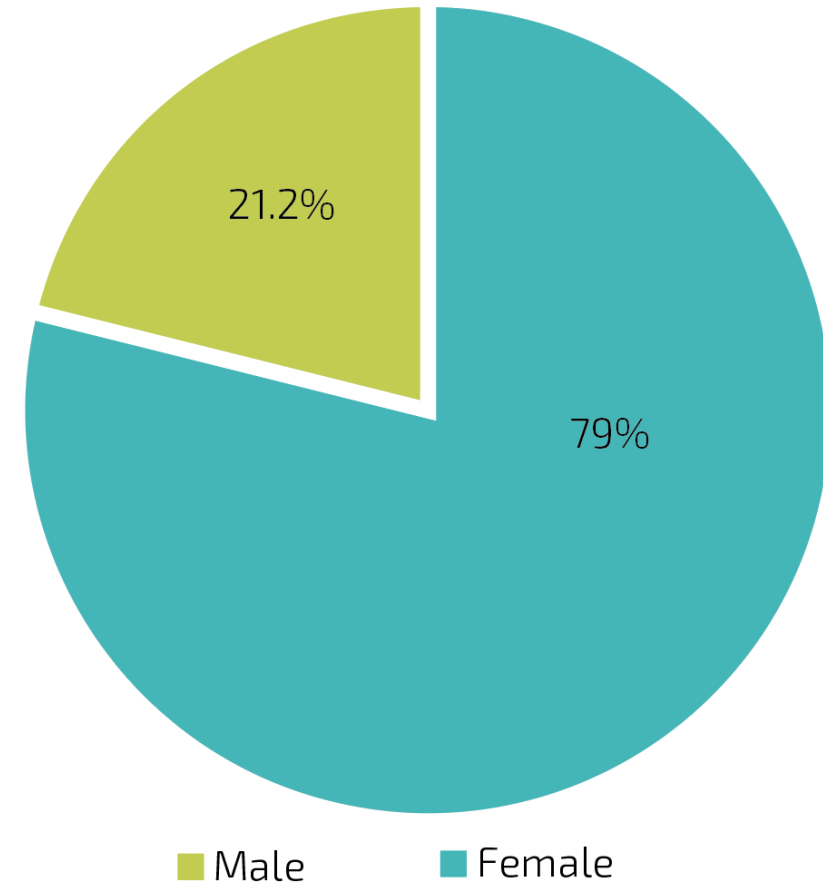


Employee development

The SANRAL graduate development programme

The SANRAL graduate training academy model has recently been expanded to include graduates from a wider range of specialities. The innovative in-house programme offered by SANRAL to graduates for training in the field of engineering, it has now opened its doors to graduates from other sectors, including:

- Finance;
- supply chain management (SCM);
- information and communications technology (ICT);
- human resources (HR);
- labour relations; and
- marketing.



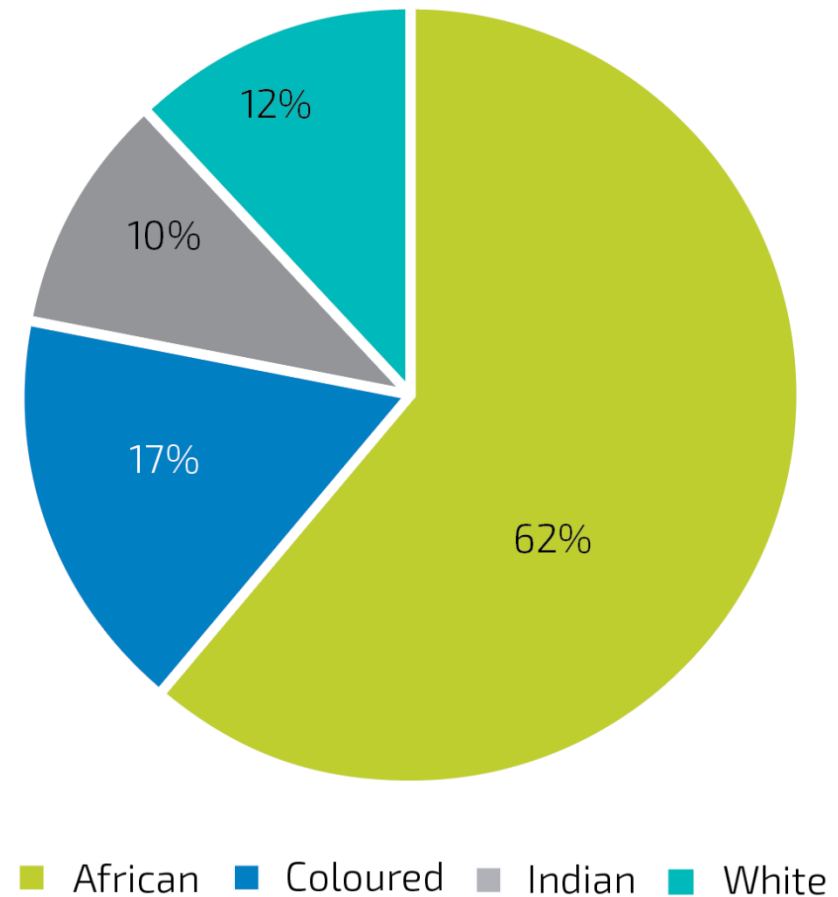
Gender composition of 2020 candidate engineers at TEA



Employee development - Continued

The TEA extended graduate training programme is a facility that assists graduates in fulfilling the practical experience and work integrated learning required:

- Engineering Council of South Africa (ECSA);
- South African Board for People Practices (SABPP);
- Chartered Institute of Procurement and Supply (CIPS); and
- South African Council for the Quantity Surveying Profession (SACQSP).



Composition of 2020 TEA candidate engineers by population group

Scholarships and external bursaries (p165)

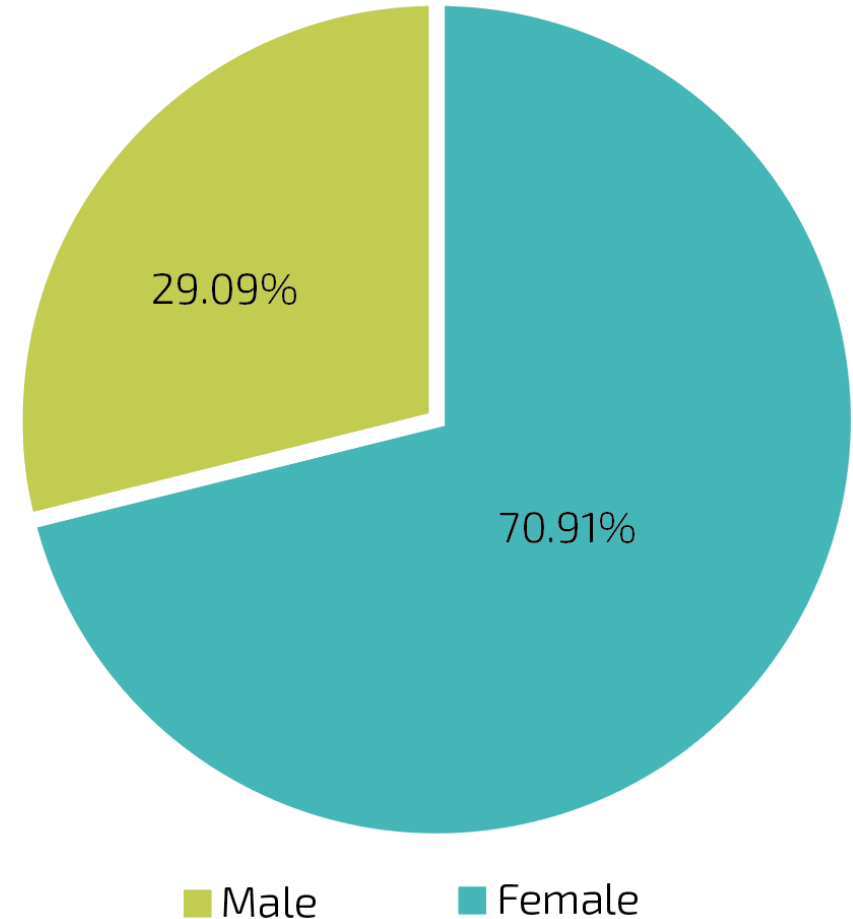
Scholarships

In 2020/21, scholarships were awarded to 220 learners:

- 70% of whom were female.

The annual number of scholarships has varied only slightly in recent years, but the amount invested has increased:

- R7,055,715 in 2020/21.

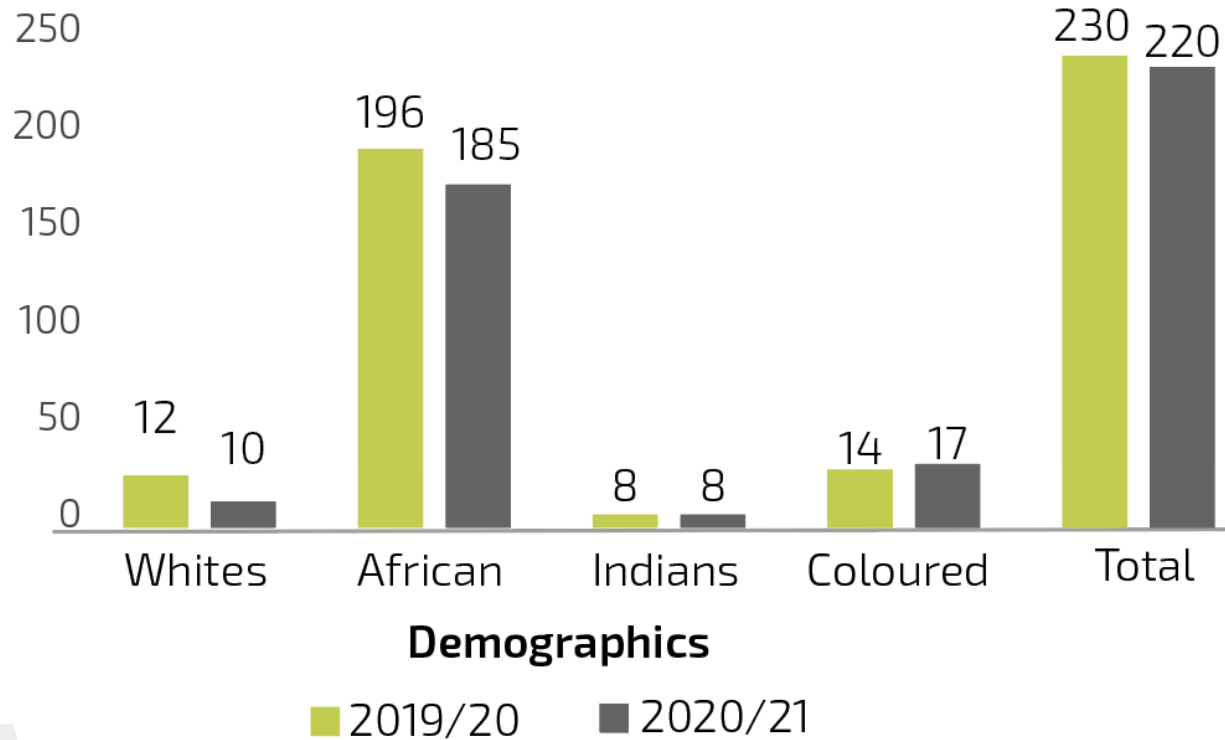


Scholarships awarded in 2020/21 by gender

Scholarships and external bursaries - Continued

Scholarships awarded in 2019/20 in comparison to 2020/21 by population group

2019 compared to 2020



Provinces	No. of learners	No. of schools
Gauteng	15	15
Limpopo	7	4
KwaZulu-Natal	32	8
Western Cape	101	11
Northern Cape	0	0
Free State	15	7
North West	18	3
Eastern Cape	30	12
Mpumalanga	2	2

Scholarships per province

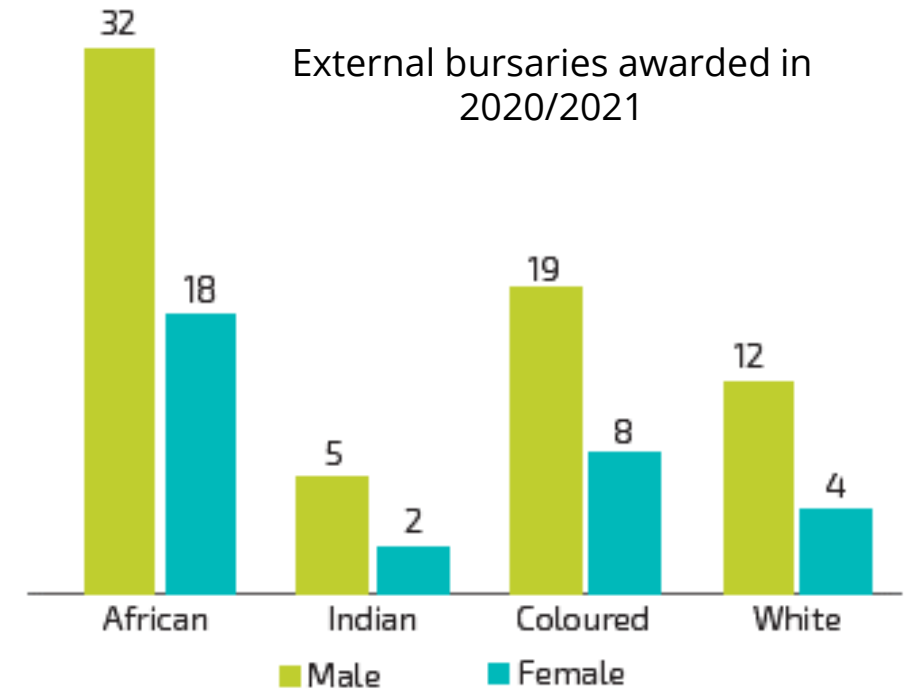
Scholarships and external bursaries

External Bursaries

The new bursary policy aims to develop students holistically to become individuals who actively contribute to the progress of the engineering industry and the country in general. It does this through:

- The wellness programme;
- Tutoring services; and
- Learner's and driver's licences

The SANRAL bursary programme makes a tangible contribution towards closing South Africa's skills gap, particularly in the engineering and road management disciplines.



External bursaries: A growing investment

Year	Bursaries	Invested
2017/18	161	R12,498,115
2018/19	151	R15,476,805
2019/20	138	R16,420,537
2020/21	100	R8,985,924

Internships (p167)

The regional offices facilitate student placement in Work Integrated Learning (WIL) programmes through road construction and maintenance contracts.

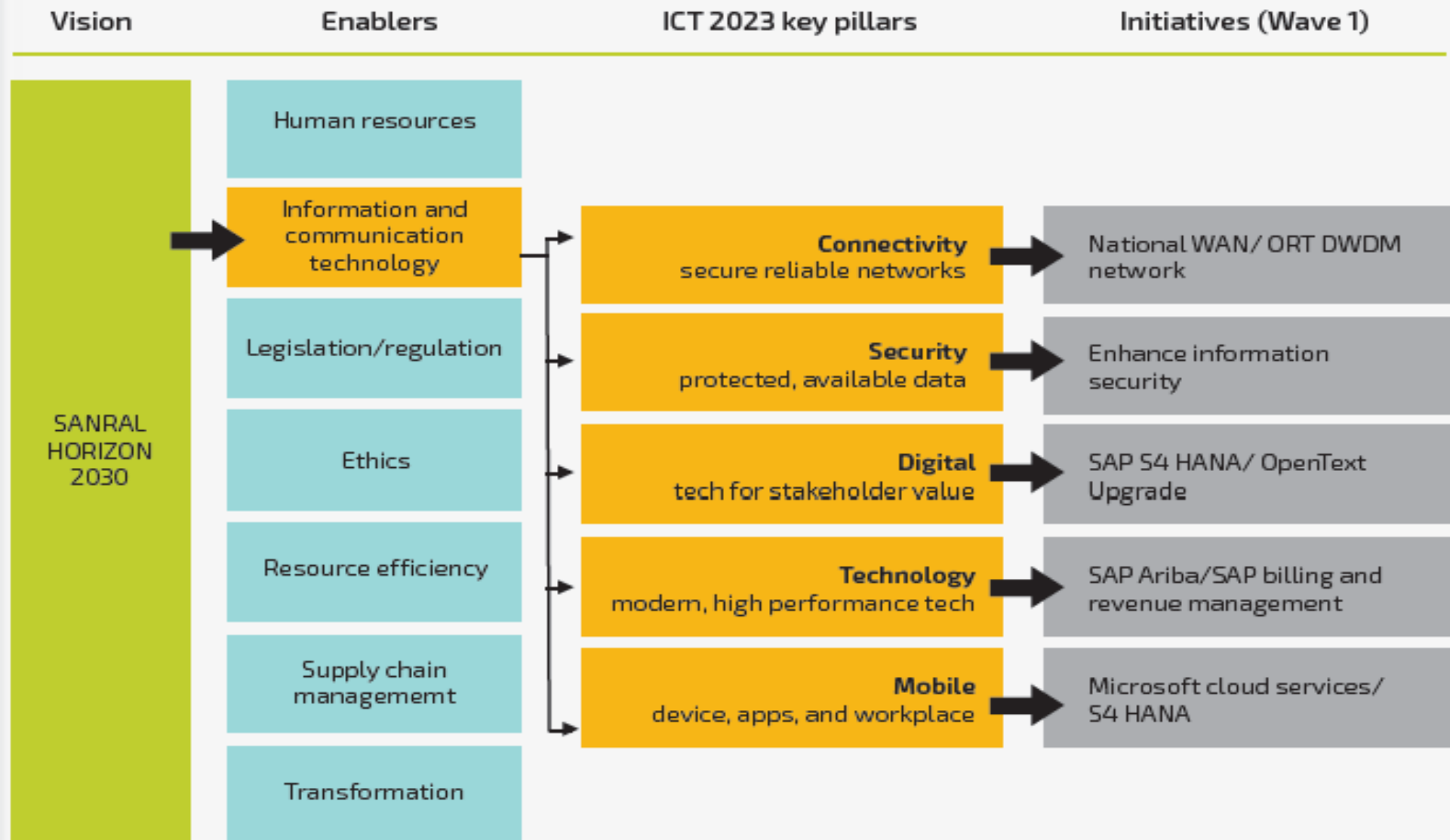
The intern signs a WIL contract with the training provider (consultant), who provides the necessary training guided by the student's logbook as designed for their respective discipline. Work integrated Learning is open for all disciplines and runs for either 6, 12, or 18 months.

Internship numbers and demographics per region and HO

	African		Indian		Coloured		White		Total		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Total
ER	10	10	0	0	0	0	0	0	10	10	20
NR	23	12	0	0	0	0	0	0	23	12	35
SR	34	11	0	0	0	0	0	0	34	11	45
WR	14	10	0	0	1	0	0	0	15	10	25
									82	43	125



ICT Strategy on a Page and Wave 1 Initiatives



Overall Horizon 2030 for SANRAL

ICT identified as one of the seven turnaround key enablers for Vision 2030

ICT's 2023 strategy highlights five key pillars that will guide the IT organisation to be viewed as a partner of business in achieving this vision

ICT understands its importance in enabling SANRAL and has defined nine key focus areas that will ready them to enable SANRAL to achieve 2030

Snapshot: Five-Year ICT strategy 2023 (p182)

The strategy has identified five key pillars to support the nine key focus areas in enabling SANRAL to realise its Horizon 2030 strategic objectives.



Impact of COVID-19 – *Revisions to Annual Performance Plan*

Output Indicator	Pre COVID-19 target for 2020/21 (Annual)	Revised COVID-19 target for 2020/21 (Annual)
Routine maintenance km KPI 1.5	22,214	22,253 (Inclusive of R573 Gauteng section)
Network resurfaced km KPI 1.6	800	150km
Road strengthened, improved and new (CAPEX) km KPI 1.7	400	125km
Number of SMMEs working for SANRAL KPI 1.10	1 900	1 200

Impact of COVID-19 – Revisions to Annual Performance Plan

Output Indicator	Pre COVID-19 target for 2020/21 (Annual)	Revised COVID-19 target for 2020/21 (Annual)
Jobs created on project (full-time equivalent) KPI 2.1	10,000	6,000

Output Indicator	Pre COVID-19 target for 2020/21 (Annual)	Revised COVID-19 target for 2020/21 (Annual)
Number of internships (Practical experience for under-graduate studies) KPI 3.1	125	80
Number of external bursaries (tertiary) KPI 3.2	135	100

Impact of COVID-19 – *Revisions to Annual Performance Plan*

Output Indicator	Pre-Covid 19 target for 2020/21 (Annual)	Revised COVID-19 target for 2020/21 (Annual)
Number of positive messages in national/regional media (print, broadcast or online) per month KPI 5.1	Profile at least fifteen positive messages in national/ regional media (print, broadcast or online) per month	Profile at least twelve positive messages in national/ regional media (print, broadcast or online) per month
Number of Stakeholder engagement sessions/round-tables KPI 5.2	Hold sixteen round table discussions with stakeholders	Hold six round table discussions with stakeholders

Summary: Corporate performance 2020/21 (Volume 2 p24-29)

Outcome	Outputs	Total Output Indicators	Targets Achieved	Reason for Non-achievement of Target
Optimally Maintained national road network	Management of national roads	4	4	Not applicable
	Maintenance of national road network	3	1	<p>KPI 1.6 – Underperformance due to delays in award of new reseal contracts, along with the 3 month ramp up period after award resulted in limited actual expenditure from projects.</p> <p>KPI 1.7- Underperformance due to delays in award of new CAPEX contracts, along with the 3 month ramp up period after award resulted in limited actual expenditure from projects.</p>

Summary: Corporate performance 2020/21 (Volume 2 p24-29)

Outcome	Outputs	Total Output Indicators	Targets Achieved	Reason for Non-achievement of Target
	Transformation of the industry	3	2	KPI 1.9 - Underperformance due to delays in award of new non-RRM contracts, along with the 3 month ramp up period after award resulted in limited actual expenditure from projects.
	Community Development Project	1	0	KPI 1.11 – Delayed development of the pro-forma documents for CD projects.

Summary: Corporate performance 2020/21 *Continued*

Outcome	Outputs	Total Output Indicators	Targets Achieved	Reason for Non-achievement of Target
Jobs created on projects (Full Time Equivalent)	Creation of jobs	1	1	Not applicable
Creating Delivery capacity for the country	Internships	1	1	Not applicable
	Provision of bursaries	1	1	Not applicable
	Provision of scholarships	1	1	Not applicable

Summary: Corporate performance 2020/21 *Continued*

Outcome	Outputs	Total Output Indicators	Targets Achieved	Reason for Non-achievement of Target
Safer Roads	Provision and management of safe road infrastructure	2	2	Not applicable
	Improved public road safety education and awareness	1	1	Not applicable

Summary: Corporate performance 2020/21 *Continued*

Outcome	Outputs	Total Output Indicators	Targets Achieved	Reason for Non-achievement of Target
Improved SANRAL reputation	Improvement and management of reputation	1	1	Not applicable
	Constructive engagement with stakeholders	1	1	Not applicable
Total		20	16 (80%)	

Annual Financial Statements 2020/21

Volume 2 Section 4



Statement of financial position (Vol 2 p57)

R'billion		2021	2020
Assets			
	Non-current Assets	448,891	441,147
	Current Assets	31,604	20,913
	Non-current assets held for sale	0.014	0,023
Total Assets		480,509	462,082

R'billion		2021	2020
Equity		340,152	331,496
Liabilities		140,357	130,586
	Non-current liabilities	118,469	105,802
	Current Liabilities	21,887	24,784
Total Equity and Liabilities		480,509	462,082

Statement of profit and loss (Vol 2 p58)

R'billion		2021	2020
	Revenue	12,604	13,590
	Other income and other gains	1,328	1,353
	Operating expenses	(11,234)	(11,074)
Operating Profit		2,698	3,869
	Investment income	1,420	1,478
	Fair value adj for investment property	(0,047)	(0,014)
	Finance Cost	(3,690)	(4,098)
Profit for the year		0,381	1,263
	Remeasurement on net defined benefit policy	0,004	0,009
	Revaluations	8,271	36,413
Total comprehensive income for the year		8,656	37,685

Statement of cash flows (Vol 2 p60)

R'billion		2021	2020
Cash generated from operations		15,967	14,844
	Interest income	1,386	1,232
	Finance cost paid	(3,501)	(3,786)
Net cash from operating Activities		13,853	12,291
Net cash from investing activities		(0,205)	(7,755)
Net cash from financing activities		(0,841)	3,258
	Cash at beginning of year	16,534	8,740
Total Cash and Cash Equivalents		29,340	16,534

Audit report 2020/21 (Vol 2 p36)

Unqualified opinion

Key Audit Matter	Outcome
Re-valuation of road network and road structures	AGSA was satisfied that the revaluation of road network and road structures is appropriate, reasonable, is fairly valued and appropriately disclosed in the annual financial statements.
Expected credit losses on toll debtors	AGSA was satisfied that the expected credit losses on e-toll and other receivables were reasonable, in line with their expectations and appropriately disclosed in the annual financial statements in accordance with IFRS.
Gauteng Freeway Improvement Project (GFIP) / e-toll revenue	AGSA was satisfied that e-toll revenue was recognised and accounted for in line with the requirements of IFRS 15 and appropriately disclosed in the annual financial statements.

Audit report 2020/21 (Vol 2 p36) *Continued*

Material uncertainty relating to going concern / financial sustainability

The AGSA draws attention to the dependence of SANRAL “on positive developments to resolve the e-toll impasse by Cabinet” as the accumulated loss and SANRAL’s funding strategy indicates a material uncertainty on SANRAL’s ability to continue as a going concern. It refers to Note 44 to the financial statements.

Note 44 emphasises the following to support the going concern principle:

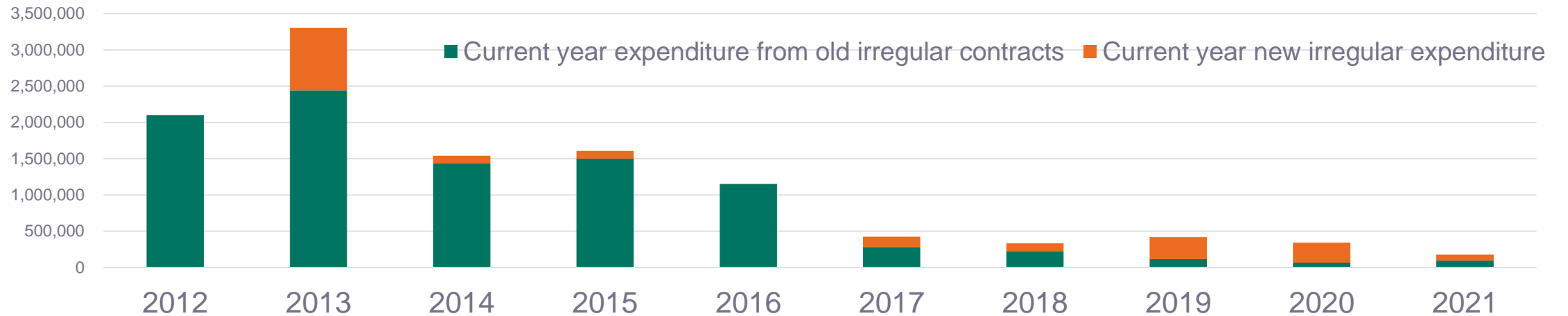
- Total assets exceeding total liabilities by R340.1 billion
- Current assets exceeds current liabilities by R9.7 billion
- Significant cash holding of R29.3 billion
- Ability to raise funding through capital market under the available government guarantee
- Continued government support by un-earmarking of funds to cover revenue shortfall on toll

Emphasis of matter

Description	Reference
<p>Material Impairments – trade and other receivables</p> <p>Expected credit losses (impairment) of R10.2 billion were recognised R9.6 billion of this impairment relates to e-toll receivables.</p>	Note 11
<p>Irregular expenditure</p> <p>Irregular expenditure of R175.3 million was incurred in the current year, due to non-compliance with prescribed procurement prescripts.</p> <p>Included is R76.3m which required National Treasury approval because the variance was more than 20%/R20m.</p> <p>Tender notices of winning bidders not placed on the CIDB website for at least 5 working days amounted to R23.1m.</p> <p>Of the R11.229 billion previous irregular expenditure identified; National Treasury has condoned R9.956 billion. Further applications for condonation is being considered by the Loss Control Committee</p>	Note 43

Irregular expenditure (Vol 2 p156)

Irregular Expenditure R'000



Financial Year (R'000)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Current year expenditure from old irregular contracts	2,099,702	2,441,283	1,432,795	1,499,411	1,151,537	281,718	226,900	116,085	65,148	94,073
Current year new irregular expenditure	0	864,428	106,827	106,827	4,758	143,231	106,707	303,100	277,000	81,210
Total expenditure for the year	2,101,714	3,307,724	1,541,636	1,608,253	1,158,311	426,966	335,625	421,204	344,168	177,304

Thank you

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