



**CROSS-BORDER**  
ROAD TRANSPORT AGENCY

# Annual Report

**2022/23**





**CROSS BORDER**  
Regulation Facilitation Law Enforcement Advisory

**CROSS BORDER**

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ROAD TRANSPORT AGENCY

Regulation Facilitation Law Enforcement Advisory



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# Part A:

# General Information

Cross-Border Road Transport Agency

**Annual Report 2022/23**



## 1. C-BRTA'S General Information

|                                   |   |
|-----------------------------------|---|
| <b>Registered Name</b>            | Cross-Border Road Transport Agency  |
| <b>Registered Address</b>         | Eco Point Office Park<br>Block A<br>350 Witch – Hazel Street<br>Centurion, Pretoria   |
| <b>Postal Address</b>             | PO Box 560<br>Menlyn<br>0063<br>Pretoria  |
| <b>Telephone number</b>           | +27 12 471 2000   |
| <b>Fax number</b>                 | +27 12 369 8485   |
| <b>Email Address</b>              | customercare@cbrta.co.za  |
| <b>Website address</b>            | www.cbrta.co.za   |
| <b>External Auditors</b>          | Auditor-General of South Africa   |
| <b>EXTERNAL AUDITORS' ADDRESS</b> | 4 Davenry Street<br>Lynnwood Bridge Office Park<br>Lynnwood Manor, Pretoria<br>0081   |
| <b>Bankers</b>                    | First National Bank<br>5 <sup>th</sup> Floor, FNB Menlyn Place<br>Cnr. Lois Avenue and Atterbury, Menlyn,<br>Pretoria, South Africa |
| <b>Company/ Board Secretary</b>   | Nomakhosi Matlala   |



## 2. List of Abbreviations/Acronyms

|                       |  |
|-----------------------|--|
| <b>AFS</b>            | Annual Financial Statements  |
| <b>AGSA</b>           | Auditor-General South Africa   |
| <b>APP</b>            | Annual Performance Plan  |
| <b>AEO</b>            | Authorised Economic Operator   |
| <b>ASCBOR</b>         | Annual State of Cross Border Operations Report                             |
| <b>C-BRTA</b>         | Cross-Border Road Transport Agency   |
| <b>CBRT-RF</b>        | Cross Border Road Transport Regulators Forum                               |
| <b>CEO</b>            | Chief Executive Officer  |
| <b>CFO</b>            | Chief Financial Officer  |
| <b>COMESA</b>         | Common Market for Eastern and Southern Africa                              |
| <b>COO</b>            | Chief Operations Officer   |
| <b>COTO</b>           | Committee of Transport Officials   |
| <b>CPIX</b>           | Consumer Price Index   |
| <b>DoT</b>            | Department of Transport  |
| <b>DPME</b>           | Department of Planning, Monitoring and Evaluation                          |
| <b>EAC</b>            | East African Community   |
| <b>ENE</b>            | Estimate of National Expenditure   |
| <b>EXCO</b>           | Executive Committee  |
| <b>GRAP</b>           | Generally Recognised Accounting Practice                                   |
| <b>HR &amp; REMCO</b> | Human Resources and Remuneration Committee                                 |
| <b>iCBMS</b>          | Integrated Cross Border Management System (also referred to as Cross-Easy) |
| <b>ICT</b>            | Information Communication Technology                                       |
| <b>JC</b>             | Joint Committee  |
| <b>JRMG</b>           | Joint Route Management Group   |
| <b>LAP</b>            | Linking Africa Plan  |
| <b>MAR</b>            | Market Access Regulation   |
| <b>MinMEC</b>         | Ministers and Members of Executive Councils Meeting                        |
| <b>MTEF</b>           | Medium-Term Expenditure Framework  |
| <b>MTSF</b>           | Medium-Term Strategic Framework  |

|                      |  |
|----------------------|--|
| <b>NDP</b>           | National Development Plan  |
| <b>NLTA</b>          | National Land Transport Act  |
| <b>NRTA</b>          | National Road Traffic Act  |
| <b>NTB</b>           | Non-Traffic Barrier  |
| <b>OCAS</b>          | Operator Compliance Accreditation System   |
| <b>OGEFREM</b>       | Office of Multimodal Freight Management  |
| <b>PCOT</b>          | Portfolio Committee on Transport   |
| <b>PFMA</b>          | Public Finance Management Act  |
| <b>RAF</b>           | Road Accident Fund   |
| <b>RFA</b>           | Road Freight Association   |
| <b>REC</b>           | Regional Economic Communities  |
| <b>RSA</b>           | Republic of South Africa   |
| <b>RTI</b>           | Road Transport Inspectorate  |
| <b>RTMC</b>          | Road Traffic Management Corporation  |
| <b>RUC</b>           | Road User Charges  |
| <b>SACU</b>          | Southern African Customs Union   |
| <b>SADC</b>          | Southern African Development Community   |
| <b>SANRAL</b>        | South African National Roads Agency SOC Ltd  |
| <b>SARS</b>          | South African Revenue Service  |
| <b>SCM</b>           | Supply Chain Management  |
| <b>SMME</b>          | Small Medium and Micro Enterprises   |
| <b>TKC</b>           | Trans-Kalahari Corridor  |
| <b>TRIPS</b>         | Transport Register Information Platform System   |
| <b>TTTP</b>          | Tripartite Transport and Transit Facilitation Programme  |
| <b>TVET</b>          | Technical and Vocational Education and Training  |
| <b>VRS</b>           | Vehicle Registration System  |
| <b>X-Border RTMS</b> | Cross Border Road Transport Management System  |
| <b>Programme</b>     | Refers to categorised organisational resources that are geared to achieve one or more outcomes that will enable the Agency to make the desired impact.                     |
| <b>Sub-programme</b> | Refers to management of projects/activities within a programme that has a specific focus on certain deliverables that are geared to contribute to achievement of outcomes. |

### 3. Foreword by the Chairperson

#### INTRODUCTION

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of the Cross-Border Road Transport Agency (C-BRTA) for the 2022/2023 financial year. Throughout the financial year, the Board of Directors played a very important role of exercising an oversight and providing a strategic guidance to the Agency. As a Board collective, we are enjoined by the constitution to execute our duties in accordance with the Board Approved Charter, which clearly defines the respective roles, responsibilities and authority of the Board, both individually and collectively, in setting the direction and the control of the Agency.

I am happy and proud that, as a collective, we lived up to this mandate and executed it very well. This was done with the ultimate objective of steering, guiding and helping the C-BRTA to live up to its overall mandate of facilitating the seamless flow of passengers, goods and services across the borders. This big and complex mandate is critical in the bigger agenda of connecting Africa to improve trade. In other words, our mandate as the Agency serves as one of the key ingredients and enablers of trade between South Africa and other member states in the Southern African Development Community (SADC) region. It is for this reason that we regularly traverse the length and breath of the continent as part of our extensive stakeholder management initiative to engage various stakeholders about the need to eliminate inefficiencies and bring about the desired change in the cross-border road transport industry as a whole. Throughout the 2022/2023 financial year, the Agency was busy with this work of ensuring that

there was collaboration amongst stakeholders on the continent with the objective of taking the cross-border road transport industry to greater heights. The Board is pleased that it has successfully executed its fiduciary responsibilities as governed by the Cross-Border Road Transport Act, Public Finance Management Act (PMFA) and other relevant legislation.

#### HIGH LEVEL OVERVIEW OF THE ENTITY'S STRATEGY AND THE PERFORMANCE

As an entity of the Department of Transport (DoT), the C-BRTA executes its mandate on behalf of the Minister of Transport. In other words, the Agency is the Department's implementing Agent when it comes to the cross-border road transport industry matters. The C-BRTA's strategic outcomes are informed by the Constitutional mandate, various legislative mandates, Government policies. It is for this reason that the Agency's strategic goals for the financial year were aligned to government's priorities.

During the financial year, the Board led the process of reviewing the Agency's 2020-2025 Strategic Plan. The strategy was officially adopted in 2020 to be implemented over a period of five years which will end in 2025. However, given the changing environment, influenced by external factors, we have had to revisit the strategy, as part of the mid-term review process, to ascertain whether we are still on the right track, given the everchanging operating environment.

To execute the strategy, the Annual Performance Plan (APP) for the financial year in question was formulated

and implemented throughout the financial year in line with the Agency's strategic goals. The Board is satisfied with the C-BRTA's overall achievement of 88,89% of the APP targets. It was not an easy year, and we would like to commend management for their dedicated effort. As the Board, we would like to improve on this performance and will work with management to improve on this performance going-forward.

#### STRATEGIC RELATIONSHIPS

The Agency in the period under review embarked on extensive stakeholder engagement programmes, which targeted stakeholders on the continent and other parts of the world. These engagements and partnerships were mainly centred on benchmarking with other authorities who have a similar mandate as the C-BRTA in other parts of the world to identify best practices. In addition, we also engaged authorities on the continent with the objective of driving harmonisation in the region. We also engaged other authorities on the continent with the objective of driving harmonisation of different laws and policies in the region. Furthermore, the Agency engaged a number of countries in the region to explore the expansion of the C-BRTA's Cross-Easy Permit Application System to these countries. This is important because it will move the region forward - towards the attainment of a harmonisation permit system across the region. We will continue with these engagements until this objective is realised.

## CHALLENGES FACED BY THE BOARD

The current challenge faced by the Board is the lack of technical expertise in relation to the passenger cross-border road transport expert as per requirement in Section 5 of the CBRT Act. To close this gap, we are hopeful and confident that the Minister will fill the two vacant positions of two members with road transport experience.

## THE STRATEGIC FOCUS OVER THE MEDIUM TO LONG TERM PERIOD

In the medium to long term, the C-BRTA will continue to embark on the following activities, amongst others:

- Enhancing its efficiency in law enforcement through application of smart techniques which is a shift from manual and paper-based environment to a digital high technology approach;
- Developing and completing the Operator Compliance Accreditation System (OCAS) system to enable the implementation of quality regulation thereby improving regulatory efficiency, compliance and efficiency of cross-border road transport operations;
- Implementation of the Cross Border Road Safety Awareness Programme, driver fatigue management programme with a view to alleviate road carnage on the South African roads;
- Rolling out the initiatives that will contribute towards the progressive harmonisation of cross-border road transport policies in the region; and
- Implement and attract participating target groups in line with government's BEE legislation in the cross-border industry with a special emphasis on freight and tourism, amongst others.

The long term focus for the Agency, amongst others is to implement the following:

- Developing close partnerships with the African Continent Free Trade Area (AfCFTA) in pursuit of the common objective of improved trade in Africa.
- The Cross-border charges on foreign vehicles to create a fair and level operating environment for all cross-border operators.





### 3. Foreword by the Chairperson (cont.)

As an Agency, we will fulfil our advisory function by continuing to conduct research and offer advice to the Minister of Transport and the SADC Region on cross-border road transport and trade facilitation related information. This will place South Africa, the region and the continent in a better position to make informed decisions and bring efficiencies in the cross-border road transport industry.

#### ACKNOWLEDGEMENTS /APPRECIATION

On behalf of the C-BRTA Board, I would like to take this opportunity to thank all our stakeholders. We also thank our shareholder representatives, the former Minister of Transport, Mr. Fikile Mbalula and the current Minister, Ms. Sindisiwe Chikunga as well as the Deputy Minister, Mr Lisa Mangcu for their strategic support and guidance. We look forward to their continued support in the next financial year and beyond.

I would like to express my gratitude to the Chief Executive Officer, Executive Team and all C-BRTA staff for making sure that the Agency attains a clean audit for the 8<sup>th</sup> consecutive year. We are grateful and appreciate your dedication and hard work.

I would also like to thank the Audit and Risk Committee for providing continued independent advice and guidance.

#### CONCLUSION

The integrity of the Annual Report is ultimately the responsibility of the Board, with the assistance of the Audit and Risk Committee as well as the Executive Management. The Board concluded that this report represents all material matters accurately and has been approved by the Board of Directors on 31 July 2023.

**Adv. Sonwabile Mancotywa**  
**Chairperson of the Board**

Date: 21 August 2023



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## 4. Chief Executive Officer's Overview

### INTRODUCTION

It is a privilege to join the Minister of Transport, Ms Lydia Sindisiwe Chikunga, and the Board in presenting the Cross-Border Road Transport Agency (C-BRTA) Annual Report for the financial year ended 31 March 2023 to the Parliament of the Republic of South Africa. The purpose of this report is to highlight the Agency's performance during this period. It gives a fair representation of the C-BRTA's efforts toward facilitating the seamless movement of people and goods in the Southern African Development Community region (SADC).

### ORGANISATIONAL PERFORMANCE

The C-BRTA achieved 88,89% for the 2022/23 Annual Performance Plan (APP). This achievement represents sixteen out of the eighteen APP targets that were planned for the financial year. This achievement has been verified by the Internal Audit function.

The Agency achieved an unqualified audit outcome in the 2022/23 financial year audit by the AGSA. As part of managing our internal control environment, the C-BRTA paid all valid invoices within 30 days as required, 100% of the Parliamentary Questions received were processed to the Department of Transport within the stipulated timeframes. The Agency implemented the Ethics and the Fraud and Corruption Plans as planned.

### STRATEGIC STAKEHOLDER ENGAGEMENTS

Stakeholder engagements continued to form an integral part of the Agency's regulatory efforts to improve stakeholder relations and provide service excellence. These engagements are vital in shaping how stakeholders and the general public perceive the C-BRTA, as well as driving regional integration through cross-border operations.

The Agency reviewed its Stakeholder Management Plan, which resulted in the newly approved Board Stakeholder Strategy, Policy, and Plan, which integrates a focus on how the C-BRTA intends to engage and build working relationships in the coming years.

### CHALLENGES EXPERIENCED AND HOW THEY WILL BE RESOLVED

During the review period, the regulation of passenger cross-border operations between South Africa and the Kingdom of Lesotho remained a challenge and an area of focus through various engagements under the National Ministerial Task Team. In order to resolve this long-standing impasse, the Lesotho Minister of Transport and the South African Minister of Transport need to sign a bilateral agreement to normalise passenger cross-border road transport operations between the two Member States.

### GENERAL FINANCIAL REVIEW

The C-BRTA is a self-funding entity with permit tariff fees levied to South African cross-border operators being its

primary source of income. Permit revenue as at March 2023 was R228,943 million (R199,951 million prior-YTD and R8,246 million above the budgeted YTD). The increase was due to cross-border operations being fully operational in the period compared to the same period prior-year to date.

### SPENDING TRENDS OF THE PUBLIC ENTITY

The Agency's expenditure as at end-March 2023 was R291,727 million. The main revenue stream of the C-BRTA remains the cross-border permit fees levied to commercial cross-border operators. The surplus for the financial year ended 31 March 2023 was R41 715 million, which was mainly due to cost containment measures that remained in place as well as some projects that are implemented internally and are no longer being outsourced.

### CAPACITY CONSTRAINTS AND CHALLENGES

A review of the organisation structure was finalised in the financial year with accelerated recruitment of critical funded positions to enhance service delivery.

### DISCONTINUED ACTIVITIES

There were no discontinued operations that took place during the year under review.

### NEW OR PROPOSED KEY ACTIVITIES

The Agency will continue to reinforce its delivery model and keep on leveraging international and domestic partnerships in order to create value for stakeholders. Our

future focus will be on vigorous project delivery to produce tangible value and business opportunities for the cross-border road transport sector.

We continue to be driven by our core values, an ethic of care, and a commitment to harmonised cross-border road transport to promote regional economic development. Our focus will also remain on developing more sustainable sources of revenue to maintain our competitiveness as an employer and ensure our financial sustainability.

The African Union (AU) is working to ensure industrialisation on the continent through the African Continental Free Trade Area (AfCFTA). The Agency must be able to define a strategic role for our clientele, the cross-border road transport operators operating beyond our borders, and ensure that they take advantage of opportunities and collaborate with others both within and outside the continent.

The Agency will continue to engage with member states in order to implement the harmonised permit issuing system and to position Cross-Easy as a tool for harmonising regional cross-border management systems. This will improve cross-border road transport regulation in the region, which is critical for improving seamless cross-border road transport movements toward a prosperous Africa based on inclusive growth and sustainable development.

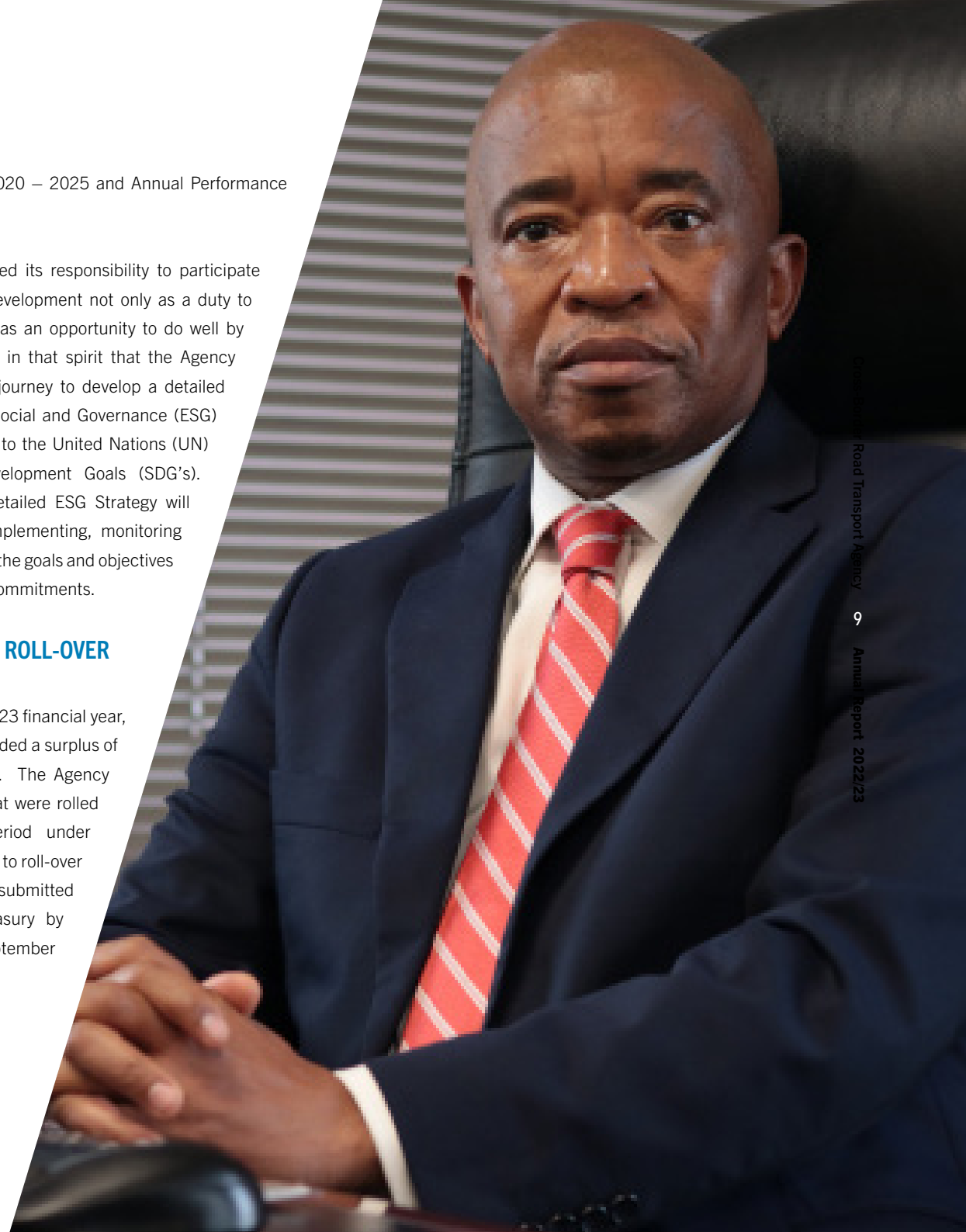
The Agency undertook a mid-term Strategy review to assess the relevance of interventions in the Strategic Plan 2020 – 2025 and the progress made towards achieving the planned objectives. This review culminated in a Revised

Strategic Plan 2020 – 2025 and Annual Performance Plan 2023/24.

The C-BRTA noted its responsibility to participate in sustainable development not only as a duty to society but also as an opportunity to do well by doing good. It is in that spirit that the Agency embarked on a journey to develop a detailed Environmental, Social and Governance (ESG) Strategy to align to the United Nations (UN) Sustainable Development Goals (SDG's). The Agency's detailed ESG Strategy will pave way for implementing, monitoring and reporting on the goals and objectives of the strategic commitments.

### REQUEST FOR ROLL-OVER FUNDS

During the 2022/23 financial year, the Agency recorded a surplus of R41 715 million. The Agency had no funds that were rolled over in the period under review. A request to roll-over the funds will be submitted to National Treasury by the end of September 2023.



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

### SUPPLY CHAIN MANAGEMENT AND UNSOLICITED BIDS

The Agency has in place sound supply chain management processes aligned to the relevant laws and prescripts.

The Agency also has a unit which is responsible for the procurement of goods and services in a fair, equitable, transparent, cost-effective and competitive manner. With the internal control measures put in place, the Agency is geared to comply with the National Treasury's instruction notes and regulations on supply chain management as issued from time to time.

The C-BRTA did not have unsolicited bid proposals for the period under review.

### AUDIT REPORT MATTERS IN THE PREVIOUS YEAR AND HOW THEY WOULD BE ADDRESSED

The C-BRTA achieved a clean audit for the eighth consecutive year and there were no significant matters raised by the Auditor-General in the year under review. All audit findings raised by the auditors are attended to and control measures are implemented to ensure non-recurrence. Progress in this regard is monitored through an audit finding tracking register which is also presented to the Audit and Risk Committee.

### OUTLOOK/PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

The Agency will continue to work in partnership with relevant stakeholders to contribute to building an economy that seeks to deliver value to all stakeholder groups in the cross-border value chain. Business

development efforts will be enhanced to support focused business growth, improved revenue streams, research product offerings, customer service and brand awareness as we build towards a sustainable future. The Agency will spearhead with an intentional Transformation agenda to include those who were excluded from the cross-border road transport sector and the broader economy.

### EVENTS AFTER THE REPORTING DATE

In April 2023, the C-BRTA celebrated its Silver anniversary birthday – a significant milestone in the history of facilitating the movement of goods and people in the SADC region. To mark this occasion, the C-BRTA welcomed back its Road Transport Inspectorate (Law Enforcement) employees who were transferred to the Road Traffic Management Corporation (RTMC) in March 2017 through an inter-Agency agreement.

### ACKNOWLEDGEMENTS

We extend a word of gratitude to the Minister of Transport, Ms. Lydia Sindisiwe Chikunga for her leadership. We welcome the leadership of the Deputy Minister of Transport, Mr. Lisa Nkosinathi Mangcu.

We thank the former Minister of Transport, Mr. Fikile April Mbalula for the oversight and leadership support of the C-BRTA. We thank the Director-General of Transport, Advocate James Mlawu, Director-General of Transport for the ongoing support and guidance.

Words of appreciation also go to the C-BRTA Board of Directors under the leadership of its acting Chairperson, Ms. Lerato Molebatsi, for its guidance and leadership

in ensuring that the Agency continued to deliver on its legislative mandate. We also welcome the Chairperson of the C-BRTA Board, Advocate Sonwabile Mancotywa who joined the Agency with effect from February 2023 and look forward to continued guidance and leadership.

On behalf of the C-BRTA, I would like to express my gratitude to the Board, the RTMC's Chief Executive Officer, Advocate Makhosini Msibi, and all RTMC employees for their support and for ensuring public adherence to the Cross-Border Road Transport Act over the last five years.

We recognise the sterling oversight exercised over the Agency by the South African Parliament, through the Portfolio Committee on Transport.

To the C-BRTA family, I can count on your unwavering dedication to take the Agency to higher ground as you have demonstrated through the COVID-19 operating environment which we weathered collectively. The delivery of the C-BRTA mandate, including, being the custodians of the Agency's reputation and providing services to the cross-border clientele remains a priority of our existence.

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



**Mr. Lwazi Mboyi**

**Chief Executive Officer**

Date: 21 August 2023



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

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

- All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General of South Africa (AGSA)
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the Standards of General Recognised Accounting Practice (GRAP).
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.

Yours faithfully



**Adv. Sonwabile Mancotywa**

**Chairperson of the Board**

Date: 21 August 2023



**Mr. Lwazi Mboyi**

**Chief Executive Officer**

Date: 21 August 2023

## 6. Strategic Overview



### Our Vision

Leading economic cross border road transport regulator facilitating unimpeded flow of good and people across the African continent.



### Our Mission

To drive an integrated African continent through excellence in cross border road transport economic regulation, law enforcement, advisory and facilitation of unimpeded flow of goods and people



### Our Values

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

Table 1: Values Defined

| AIREES                       | THE VALUES, ABBREVIATED “AIREES” ARE THE CORE PRIORITIES OF THE AGENCY’S CULTURE. THE AGENCY WILL ENDEAVOUR TO ATTRACT AND RETAIN INDIVIDUALS WHO SUBSCRIBE TO THE VALUES BELOW: |
|------------------------------|--|
| <b>Accountability</b>        | we are transparent, answerable and responsible   |
| <b>Integrity</b>             | we are professional, honest, fair and so not tolerate crime, fraud and corruption  |
| <b>Reliability</b>           | we are dependable, trustworthy and value our customers   |
| <b>Effectiveness</b>         | we achieve our set goals and objectives with desired outcomes  |
| <b>Efficiency</b>            | we are innovative and passionate about performance   |
| <b>Social responsibility</b> | we seek to contribute towards the greater good of our country and continent by supporting social development and economic growth   |

## 7. Legislative and other Mandates

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

### 7.1. CONSTITUTIONAL MANDATE

The C-BRTA complies with the Constitution of the Republic of South Africa in the course of executing its mandate. The Agency recognises and upholds the Constitution of the Republic of South Africa as the supreme law and place particular focus on the following sections:

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

### 7.2. LEGISLATIVE MANDATE

#### 7.2.1. CROSS-BORDER ROAD TRANSPORT ACT (CBRTA), 4 OF 1998

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

- Improve the unimpeded transport flow by road of freight and passengers in the region;
- Liberalise market access progressively in respect of cross-border freight road transport;
- Introduce regulated competition in respect of cross-border passenger road transport;

- Reduce operational constraints for the cross-border road transport industry as a whole;
- Enhance and strengthen the capacity of the public sector in support of its strategic planning, enabling and monitoring functions; and
- Empower the cross-border road transport industry to maximise business opportunities and to regulate themselves incrementally to improve safety, security, reliability, quality and efficiency of services.

#### 7.2.2. NATIONAL LAND TRANSPORT ACT (NLTA), 5 OF 2009

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

#### 7.2.3. NATIONAL ROAD TRAFFIC ACT (NRTA), 93 OF 1996 AS AMENDED

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

#### 7.2.4. CONVENTION ON ROAD TRAFFIC, OF 1968

This Act provides for facilitation of road traffic and increasing road safety through the adoption of uniform road traffic rules.

#### 7.2.5. TOURISM ACT, 3, OF 2014

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

### 7.3. OTHER POLICY MANDATES

Table 2 below outlines various policies and prescripts that informs or contributes towards the mandate of the C-BRTA.



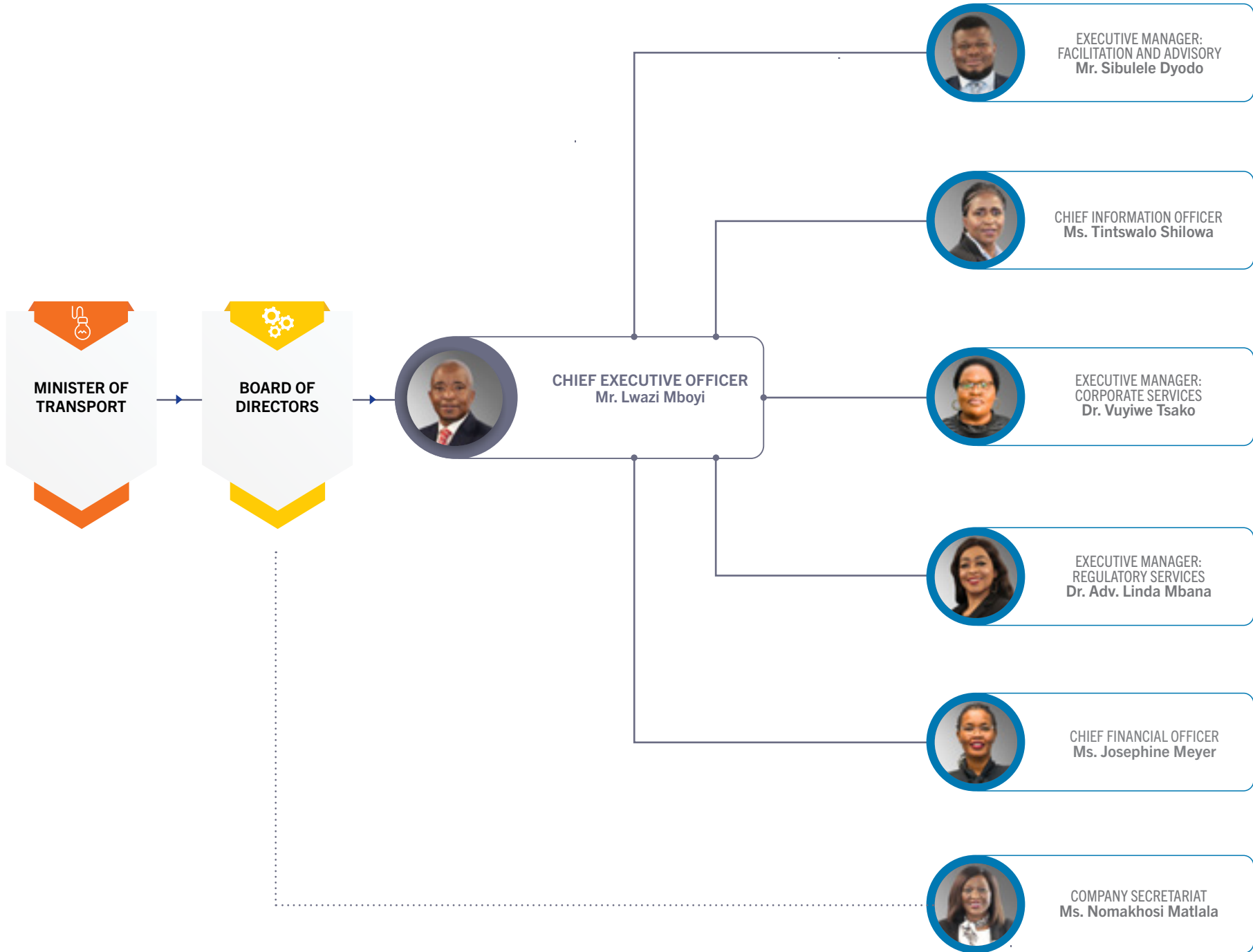
REPUBLIC OF SOUTH AFRICA



Table 2: Other Policy Mandates

| POLICY MANDATES   | KEY ALIGNMENTS  |
|---|---|
| <p><b>The Seven Apex Priorities translated to Medium Term Strategic Framework for 2019-2024</b></p> | <ul style="list-style-type: none"> <li>• <b>Priority 1:</b> A Capable, Ethical and Developmental State</li> <li>• <b>Priority 2:</b> Economic Transformation and Job Creation</li> <li>• <b>Priority 3:</b> Education, Skills and Health</li> <li>• <b>Priority 4:</b> Consolidating the social wage through reliable and quality basic services</li> <li>• <b>Priority 5:</b> Spatial Integration, Human Settlements and Local Government</li> <li>• <b>Priority 6:</b> Social Cohesion and Safe Communities</li> <li>• <b>Priority 7:</b> A better Africa and World</li> </ul> <p>These priorities are coupled with DoT's eight strategic thrusts as follows:</p> <ol style="list-style-type: none"> <li>1. Safety (and Security) as an enabler of service delivery;</li> <li>2. Public transport that enables social emancipation and an economy that works;</li> <li>3. Infrastructure build that stimulates economic growth and job creation;</li> <li>4. Building a maritime nation, elevating the oceans economy;</li> <li>5. Accelerating transformation towards greater economic participation.</li> <li>6. Innovation that advances efficiencies and supports a continuous improvement model.</li> <li>7. Environmental protection-recovering and maintaining a healthy natural environment.</li> <li>8. Governance - Greater Efficiency, Effectiveness and Accountability</li> </ol> |
| <p><b>SADC Protocol on Transport, Communications and Meteorology</b></p>                            | <ul style="list-style-type: none"> <li>• Develop harmonised road transport policy providing for equal treatment, non-discrimination and reciprocity.</li> <li>• Liberalise market access for road freight operators.</li> </ul>   |
| <p><b>Bilateral Agreements between South Africa and Malawi, Mozambique, Zambia and Zimbabwe</b></p> | <ul style="list-style-type: none"> <li>• Promote and facilitate cross-border road freight and passenger.</li> <li>• Simplify existing administrative requirements: Harmonisation.</li> <li>• Ensure compliance to regulations.</li> </ul>   |
| <p><b>1996 White Paper on National Transport Policy</b></p>   | <ul style="list-style-type: none"> <li>• Identifies the broad goal of transport being to achieve smooth and efficient interaction that allows society and the economy to assume their preferred form and play a leadership role as a catalyst for development.</li> <li>• The Paper also sets out the transport vision of the Republic to provide safe, reliable, effective, efficient, and fully integrated transport operations and infrastructure which will best meet the needs of freight and passenger customers among others.</li> </ul>   |
| <p><b>SACU MoU</b></p>  | <ul style="list-style-type: none"> <li>• Provides for facilitation, maintenance of effective road transport arrangements and equitable shares in road transportation with a view to supporting trade in the Customs Union;</li> <li>• The C-BRTA in this regard works towards a common goal of improving cross border road transport sector and its operations.</li> </ul>  |
| <p><b>Trans Kalahari Corridor (TKC) MoU</b></p>   | <ul style="list-style-type: none"> <li>• Provides for promotion of effective and integrated management of the TKC.</li> <li>• The TKC was established with a view to improve regional trade and economic development through efficient transport.</li> <li>• Improving the efficiency of transportation is brought about by the reduction of constraints and bottlenecks whilst at the same time reducing externalities, improving market access and improving productivity</li> </ul>  |
| <p><b>International convention on the harmonisation of frontier controls of goods, of 1982</b></p>  | <ul style="list-style-type: none"> <li>• Designed to enhance the harmonisation and facilitation of efficient road transport movements.</li> </ul>   |

# 8. Organisational Structure



## 9. Board Members



**ADV. SONWABILE MANCOTYWA**  
CHAIRPERSON OF THE BOARD  
(APPOINTED CHAIRPERSON FROM  
15 FEBRUARY 2023)

### Formal Qualifications

- Management Advanced Programme
- Post graduate qualification in Management Practice
- Bachelor of Laws- (LLB)
- B.Juris



**MS. LERATO MOLEBATSI**  
DEPUTY CHAIRPERSON OF THE BOARD  
(ACTING CHAIRPERSON FROM 28 JUNE 2021  
TO 15 FEBRUARY 2023)

### Formal Qualifications

- Post Grad Rural Development & Management
- Bachelor of Art Degree in Psychology
- Senior Executive Leadership Programme
- Diploma in Senior Management Development Programme



**MR. KEVIN VAN DER MERWE**  
BOARD MEMBER

### Formal Qualifications

- Diploma in Traffic Science
- National Certificate Occupationally directed at Education, Training and Development Practitioner
- Traffic Officer Diploma
- Examiner of Vehicles
- Examiner of Driving Licenses
- SANAS Certificate



**ADV. ADILA CHOWAN**  
BOARD MEMBER

### Formal Qualifications

- Chartered Accountant (SAICA)
- Bachelor of Accountancy
- Bachelor of Laws (LLB)
- Post Graduate Diploma in Accounting
- Admitted Advocate of the High Court

## 9. Board Members (cont.)



**DR. LESLEY T. LUTHULI**  
BOARD MEMBER

### Formal Qualifications

- PHD: Economics and Management Sciences
- Masters in Business Administration
- Advance Diploma in Management
- Certificate in Research
- Nyukela Public Service SMS Pre-Entry Programme Certificate
- Commercial and Contract Law Certificate



**MS. LEBOGANG LETSOALO**  
BOARD MEMBER

### Formal Qualifications

- Masters in Business Administration
- B-Tech Logistics
- Diploma in Purchasing



**MR. MONWABISI KOLANISI**  
BOARD MEMBER

### Formal Qualifications

- Masters in (Management of People, Technology, Innovation)
- Management Development Programme
- Leadership Development Programme
- Access Programme in Economic Science
- Executive Coarse in Strategic Leadership
- Applying the Labour Relations
- Trade Union Educators Course
- Facilitator/ Educator Course



**MS. LOYISO KULA**  
BOARD MEMBER

### Formal Qualifications

- Masters in Business Administration
- Bachelor of Commerce
- Masters of Science in Risk Management





**MS. ZUKISA RAMASIA**  
BOARD MEMBER

**Formal Qualifications**

- Postgraduate Diploma in Management
- Leadership Development Programme
- Diploma in Airline Operations
- Human Resource Management (Honours)
- Bachelor of Arts
- Senior Secondary Teachers Diploma



**MR. CHRIS HLABISA**  
DEPARTMENT OF TRANSPORT  
REPRESENTATIVE

**Formal Qualifications**

- Bachelor's Degree in Technology (Civil) Road and Rail
- Management Development Programme
- Financial Management
- Business Management
- Human Resource Management
- Organisational Behaviour
- Business Strategy and Industrial Relations



**MR. LWAZI MBOYI**  
CHIEF EXECUTIVE OFFICER

**Formal Qualifications**

- B. Admin (Public Finance)
- Honours Industrial Psychology
- Senior Executive Program
- Africa Directors Program

# Part B:

# Measuring Our Performance

Cross-Border Road Transport Agency

**Annual Report 2022/23**



## 1. Auditor's Report: Predetermined Objectives

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with no findings being reported under the Predetermined Objectives heading in the Report on Performance Planning, Management and Reporting.

Refer to page 126 for Auditors Report, published as Part F: Financial Information.

## 2. Overview of Performance

### 2.1. SERVICE DELIVERY ENVIRONMENT

The C-BRTA continues to execute its mandate as enshrined in its enabling Act and other domestic and regional frameworks, including the National Land Transport Act, National Road Traffic Act, Tourism Act, SADC Protocol on Transport, Communications and Meteorology and bilateral agreements concluded with selected SADC member states.

The essence of the Agency's mandate is to reduce infrastructure and operational constraints for cross-border road transport operators, facilitate the seamless flow of cross-border road transport movements and advance the harmonisation and regional integration agenda. This is aligned to the objectives of the Tripartite Free Trade Area

and the African Continental Free Trade Area, both of which South Africa is a signatory.

Cross-border road transport is the dominant mode of transport in SADC and Africa, accounting for over 80% of total freight and passenger transport movements along regional road transport corridors. Road transport corridors are particularly important to SADC as six countries in the region are landlocked with no direct access to sea-borne trade and major foreign markets. These countries rely on coastal countries for the greater share of their trade, making regional road transport corridors important in linking countries in the interior to Africa, as well as to foreign markets via the main seaports in South Africa, Mozambique, Angola and Namibia.

Despite the significance of the cross-border road transport industry, this sector faces several hard and soft infrastructure challenges that include, but are not limited to:

- Missing links that result in poor network connectivity and accessibility to regional economic hubs;
- Poorly maintained road sections along regional road transport corridors;
- Inefficient border posts;
- Disjointed regulatory frameworks characterised by variability in regulatory requirements between Member States (MS);
- Weak institutions tasked with the responsibility of regulating cross-border road transport movements and the implementation of regional trade and transport initiatives;

- Insufficient funds for infrastructure maintenance and construction;
- Limited private sector participation in the transport sector;
- Market access restrictions, which inhibit the free movement of cross-border traffic in the SADC;
- Discrepancy in the level of Road User Charges (RUC) imposed on cross-border road transport operators; and
- Existence of several official and unofficial road blocks and inspection points along regional road transport corridors that increase the occurrence of corrupt practices.

Infrastructure inefficiencies culminate in poor corridor performance, made apparent by congestion, delays, long journey and trip turnaround times, reduced safety and high logistics costs. While these constraints impact negatively on cross-border trade and traffic flows, they also undermine regional growth and development, highlighting the need for decisive government intervention.

While seeking solutions to corridor inefficiencies, it is imperative that relevant corridor role-players, particularly regulatory and transport and trade facilitation institutions continuously monitor the state of cross-border road transport operations to identify bottlenecks and to propose solutions. Resolving cross-border challenges is a daunting task that requires involvement of several public and private sector stakeholders at local, national and regional level.

Although the COVID-19 pandemic is something of the past, the pandemic has taught countries (and corridor role-players) that they must adapt to new realities. Global supply chains are becoming increasingly digitised, and African countries should adapt to new technologies, otherwise they will be left behind. Systems are continuously evolving to enable better tracking and tracing of people and goods. While the availability of information in real-time helps businesses to be more efficient in their supply chains, it also helps public sector role-players to process cross-border transactions more quickly and accurately.

Through its Facilitation and Advisory function, the Agency has built strong working relationships with key national and regional stakeholders and is actively engaging with such role-players to find solutions to the impediments that significantly increase the cost of doing business in Africa and which undermine African countries from trading with each other.

As far as technology is concerned, it is imperative that corridor role-players, particularly transport regulators, adapt their legal frameworks to make it a requirement that all cross-border vehicles are fitted with telematics to allow the tracking of vehicles along transport corridors. Agreement should be reached amongst affected corridor role-players on harmonising ICT infrastructure/ systems to enable the sharing of information in real-time (e.g. traffic movements along regional transport corridors) with relevant parties.

## 2.2. IMPROVED IT AS AN ENABLER OF OPERATIONS

Information and Communications Technology (ICT) is a key enabler for C-BRTA staff to manage work more efficiently and improve productivity. During 2022/23, the C-BRTA executive management approved the creation of a Digital IT Strategy in order to build a solid IT foundation through creating synergies amongst the diverse needs of the organisation, and in response to environmental changes as well as stakeholder and operator needs. External customers prefer digital services in their interactions with the business, and digital services can also empower those customers & broaden their engagement with public sector organisations.

The digital agenda is being enabled through the introduction of increasingly more sophisticated technology and service delivery solutions and a digital-first / digital by-design approach to solution development and deployment. In addition to changes in the external environment, the Digital IT Strategy also aligns with the C-BRTA Business Strategy. It is clear that business is looking for solutions that are stable and secure as well as providing support for their core operational needs. At the same time, there is a demand for innovative solutions and practices to allow the organisation to maximise the potential of digital both internally and in multiple lines of business operations.

The development of the Digital IT Strategy does not exist in isolation. Instead, it has been designed and executed

within a complex layered environment, meeting the needs of multiple stakeholders and subject to both internal and external forces and trends. It has also been led by the business, enabling, and facilitating the organisation to achieve its goals and objectives. Just as the adoption of new digital delivery technologies has enabled private sector organisations to transform operating models, there is an opportunity for public sector bodies to leverage these technologies to transform service delivery. Through digitalisation, public sector organisations can provide services that meet the evolving expectations of internal users, external customers, and business divisions. External customers prefer digital services in their interactions with the government, and digital services can also empower those customers & broaden their engagement with public sector organisations.

The strategy developed contained four high-level themes to convey the correct and impactful approach to supporting and realising the C-BRTA business objectives. These strategic themes are:

- **Future-Ready Organization**
  - Digital by Design: Support enhanced introduction and delivery of digital services across the organisation using a customer-led approach.
  - Cloud First: Adopt a cloud-first approach for service deployment across C-BRTA.
  - Data Agility: Implement data programme, BI, and analytics to improve service and use data by design as a key element of all new solutions.

- **Digital Foundation**

- ICT Governance: Put in place enhanced governance, Privacy, and architecture arrangements to drive and oversee digital transformation.
- Managing ICT Operations: Continue to build best practice principles to deliver a robust, secure, and innovative ICT service.

- **Superior Customer Experience**

- Enhance Employee Experience and forge modern and better ways of working:
  - o Innovate technology solutions,
  - o Implement latest technologies,
  - o Build requisite skills and capacity to enable the digital transformation journey
  - o Adopt 4IR technologies to deliver the best experience possible for our customers.

- **Cybersecurity – Secure Anywhere Operations**

- Security and Cybersecurity: Enhance the security platform to protect resources both internally, cloud-based, and hybrid working model with a modern cybersecurity approach.

### 2.3. ORGANISATIONAL ENVIRONMENT

The C-BRTA is embracing new realities and has recently adopted the use of SMART technologies to improve its product/service offering. Examples of SMART technologies employed by the Agency include:

- Deployment of a SMART law enforcement vehicle at key border posts (Beitbridge and Lebombo border posts) to enhance the efficiency and effectiveness of law enforcement with respect to cross-border road transport. This vehicle is fitted with an Automatic Number Plate Recognition System that interface with several data bases (e.g. ENATIS). Through this vehicle, the Agency can profile operator conduct and gather intelligence that is required to direct the deployment of law enforcement inspections;
- Use of an online permit issuing system, known as Cross-Easy that allows C-BRTA clients to apply for permits from the comfort of their homes/work. This system integrates with eNatis (for vehicle verification purposes) and Sage Evolution (financial transactions and reconciliation with the accounting system), while further development is underway (phase 2 of design) to allow integration with other national database systems. While all permit applications are conducted online, a number of kiosks have been set up at the



C-BRTA head office to assist cross-border road transport operators to apply for permits;

- Development of a risk-based system titled Operator Compliance Accreditation System (OCAS) that seeks to award compliant cross-border road transport operators for good performance through subjecting them to fewer inspections along road transport corridors; and
- Use of an online platform, called Cross-Border Trade and Transport Information Platform that houses valuable information pertaining to cross-border road transport operations, new and on-going developments impacting on cross-border operations and opportunities that exist for South African businesses (cross-border operators) in SADC countries.

Listed below are examples of key milestones achieved during the year under review:

- Development of Phase 2 of Cross-Easy that is due for completion by the end of quarter 1 of 2023/24. Phase 2 focuses on integrating Cross-Easy with other database sets (e.g. Department of Home Affairs (DHA) & South African Revenue Service (SARS)) to better verify cross-border applications, thereby improving operator experience throughout the permit life-cycle journey. The outcome(s) of phase 2 of the Cross-Easy system include enhancements and optimisations such as the Cross-Easy Mobile App, Digital Permits, OCAS, Digital Route Management, Business Intelligence & Reporting, Permit Printing, and Integration Services;

- Targeted engagements with selected role-players (e.g. regulatory authorities in Angola and the DRC) aimed at commercialising the Cross-Easy permit management system and achieving the SADC region's harmonisation agenda. The Cross-Easy system presents an opportunity for collaboration between the C-BRTA and African countries to harmonise and standardise cross-border authorisations, including permit systems;
- On-going development of OCAS with the following deliverables being achieved during the financial year:
  - o Development, piloting and implementation of the OCAS registration platform/module;
  - o Development of OCAS training materials;
  - o Development of the OCAS IT system and risk engine;
  - o Development of dashboards;
  - o Training of Law Enforcement officials responsible for the AEO/OCAS pilot; and
  - o Piloting AEO/OCAS during a section of the N4 corridor in South Africa in October 2022.
- On-going efforts to establish a training academy that offers training programmes (e.g. in law enforcement, logistics and supply chain management) to targeted audiences in South Africa and the region to diversify the revenue base of the Agency;
- Publication of several research outcomes (qualitative and quantitative reports) on the cross-border trade and transport information platform to capacitate the Agency to render effective advisory services. The

following reports were published on the information platform during the year under review:

- o Re-position the C-BRTA as a Land Transport Regulator;
- o Requirement Reports for undertaking cross-border road transport operations to Botswana, Namibia, Mozambique and the DRC;
- o Integrated Transport Infrastructure – A prerequisite to implementing the AfCFTA;
- o Impact of Operation Dudula on the South African Economy and Cross-border trade;
- o Transport and Trade Volumes through South African commercial border posts and destination countries;
- o Impact of COVID-19 on cross-border road passenger transport operations: Case study of Namibia and South Africa; and
- o Cross Border Road Transport in the Aftermath of COVID-19: Lessons Learned and Future Directions.

Although the Agency still depends on external stakeholders that can be limiting in terms of implementation of certain targets, an achievement 88,89% of targets set for the year under review realised.

## 2.4. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no critical changes in the policies to affect business operations during the year under review.

## 2.5. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

### 2.5.1. PROGRESS MADE TOWARDS ACHIEVEMENTS OF IMPACT STATEMENT

C-BRTA's intended impact has three key elements i.e. Comprehensiveness, Consistency and Viability. The Agency implemented output indicators that were identified to make it possible to achieve the set outcomes and further monitored to increase the probability of the achievement of its impact statement.

Apart from the monitoring that is done through reporting of performance information on a monthly and quarterly basis, the Agency conducted a mid-term assessment during the financial year under review. The assessment revealed that the Agency is not close to making the Impact it desired due to a few reasons. This implies that in relation to the identified challenge as summarised in the problem statement, the Agency is currently not effectively solving the problems that will hinder the achievement of the vision of becoming a leading passenger and freight economic regulator that will connect the African continent.

For the C-BRTA to make an impact or the desired change, the cross border transportation industry will be characterised by the following:

- “Comprehensive” in addressing the challenges highlighted in the problem statement to enhance the cross-border road transport industry.

The review has demonstrated that the Agency is not yet able to address the existing challenges comprehensively. There are outputs that were not achieved for the first half of the cycle and that highly compromises any possibility of achieving the desired levels in terms of comprehensive approaches. One example is the outcome on the implementation of quality regulations. The output intended to drive this outcome, which is OCAS, an enabler of quality regulation was never achieved from beginning of the current cycle to mid-term. Failure to achieve this outcome suggests that the desired impact will be compromised.

- The applicable legislation and policies are applied “Consistently” across the African continent.

The assessment that was conducted has shown that the Agency and its counterparts are not consistent in applying legislation and policies applicable in the industry. The reasons for differing approaches adopted in regulating trade and transportation differs from one member states to another and therefore result in inconsistencies.

One good example is the different cross border charges that are paid across the region. This is one of the challenges that the South African legal operators (those that hold the Cross-border permit and are OCAS accredited) are currently not content with. It would seem that South African operators are the only operators that are paying cross border charges result in increased operating costs of doing business and therefore making it difficult for them to run sustainable businesses that will contribute to the SA economy. This is actually one of the barriers to entry in the cross border road transport and also makes it difficult to enter the market which is hugely untransformed.

- Economically “Viable” as an Agency. Viability is very critical for an institution that is self-funded (no allocation of national budget is expended to the C-BRTA via the National Treasury (NT).

The Agency makes it a priority to keep focus on mechanisms to keep it sustainable. In that regard, one of its outcomes is solely intended to enhance viability through a number of outputs. In line with that, there are outputs that were geared to increase revenue, improve ICT and improve corporate culture and further given focus since beginning of the current administration cycle. Various revenue streams are constantly being considered through research that allows benchmarking with other institutions and some of the mechanisms are currently being explored at an operational level.



## 2.5.2. PROGRESS MADE TOWARDS ACHIEVEMENTS OF OUTCOMES

The table below provides a high-level progress towards the attainment of outcomes in the Agency's five-year strategy plan, which is aligned to the Medium-Term Strategic Framework and the Apex priorities of the 6th Administration.

**Table 3: Progress Towards Achieving Outcomes**

| PROGRAMME                  | OUTCOME  | OUTCOME INDICATOR  | FIVE YEAR TARGET        | PROGRESS TOWARDS ACHIEVEMENT OF OUTCOME AND IMPROVEMENTS REQUIRED FOR THE REMAINDER SPACE OF THE PLANNING PERIOD  |
|----------------------------|--|--|-------------------------|---|
| <b>Regulatory Services</b> | 1.1 Enhanced regulatory regime by implementing quality regulations | Implemented quality regulations through an operator compliance accreditation system (OCAS) | Implemented OCAS        | <p>The Agency has successfully developed an OCAS IT system and piloted it during the year under review. This implies that the implementation of quality regulation using OCAS will commence in the near future.</p> <p>Further to that, a framework for implementing quality regulation was drafted to provide guidance on specific activities that can be identified and set as targets.</p>   |
|                            | 1.2 Enhanced regulation to facilitate market access                | Balanced levels of supply and demand of cross border road transport                        | Implemented updated MAR | <p>Although the MAR tool was developed in the previous 2015-2019 cycle, the Agency had identified a need to continuously refine it. There is continuous efforts to review the parameters to ensure that the tool stays relevant for application in facilitation of market access. As a result, the applicable parameters were revised in collaboration with South African counterparts for the tool to operate as intended.</p> <p>Upon consultation during the mid-term assessment, it was further revealed that the tool not only contributes to market access but ultimately contributes directly to the implementation of quality regulations, therefore also very relevant for achievement of Outcome 1.1 above.</p> |

| PROGRAMME                     | OUTCOME  | OUTCOME INDICATOR                      | FIVE YEAR TARGET                                     | PROGRESS TOWARDS ACHIEVEMENT OF OUTCOME AND IMPROVEMENTS REQUIRED FOR THE REMAINDER SPACE OF THE PLANNING PERIOD   |
|-------------------------------|--|--|--|--|
| <p><b>Law Enforcement</b></p> | <p>2.1 Improved compliance to cross border road transport regulation through smart law enforcement</p> | <p>Effective smart law enforcement</p> | <p>Implemented smart law enforcement</p>             | <p>The Agency implemented law enforcement through rendering profiling services whereby it conducted the feasibility of law enforcement technology. The output that was identified to push this outcome was the implementation of the smart law vehicle.</p> <p>The mid-term assessment confirmed the need to reinstate the Law enforcement function fully within the Agency. This move will enable better collection of law enforcement data which will assist efficient deployment that will further contribute to proper measurement of the level of compliance and establish valid baseline information as well as contribute to C-BRTA’s initiatives on road safety.</p> <p>This will increase the regulation of cross border vehicle movements and visibility of the Agency and achieve desired impact.</p> |
|                               | <p>2.2. Safe and reliable cross border road transport</p>  | <p>Effective road safety strategy</p>  | <p>Implemented cross border road safety strategy</p> | <p>The Agency developed a road safety strategy that is aligned with the National Road Safety Strategy(NRSS) to better measure the impact that is being achieved by the Agency. To date, implementation of the strategy has proven to be a success and gives confidence that this outcome will be achieved.</p>   |

| PROGRAMME    | OUTCOME   | OUTCOME INDICATOR  | FIVE YEAR TARGET  | PROGRESS TOWARDS ACHIEVEMENT OF OUTCOME AND IMPROVEMENTS REQUIRED FOR THE REMAINDER SPACE OF THE PLANNING PERIOD  |
|--------------|---|--|---|---|
| Facilitation | 3.1. Harmonised economic regulations                                      | Percentage compliance to harmonised cross border road transport policies   | 90% compliance to cross border road transport policies  | <p>The main purpose of this outcome is to increase C-BRTA's level of compliance as a country to the applicable policies that were found to be non-compliant with.</p> <p>The outcome is driven through implementation of some areas of the Tripartite Transport &amp; Transit Facilitation Programme (TTTFP) initiatives. This is enabled through activities of the Cross Border Road Regulators Forum (CBRT-RF) that was formed by the Ministry of Transport which drives the harmonisation agenda where every member state is represented.</p> <p>The Agency needs to target activities that it can reliably measure and have control over.</p>                                       |
|              | 3.2. Increased participation by historically disadvantaged individuals    | Percentage increase of participating target groups in the freight & tourism cross border road transport industry | 5% increase in the number of participating target groups freight & tourism cross border road transport industry:<br>Women = 3%,<br>Youth = 2% and<br>People with disabilities = 1% <sup>1</sup> | <p>This outcome is inclusive of various categories; therefore, the Agency must include women, youth and people with disabilities in its target group. There seemed to be challenges in terms of identifying potential entrants under the category of people living with disabilities. Therefore, the Agency partnered with institutions that focus on empowerment of people living with disabilities to overcome the challenge.</p> <p>Further to that, the Agency has further included the implementation of industry development initiatives as per the approved Industry Development Strategy in 2023/24 APP.</p>  |
|              | 3.3. Fair operating environment for cross border road transport operators | Implemented strategies to neutralise restrictive measures  | Implemented cross border road transport charges   | <p>The Agency had identified implementation of cross border charges as one of the tools that would be used to drive this outcome. This was met with limitations since after implementing all preliminary activities that were identified as critical to implement cross border charges, the project came to a halt. This initiative requires approval of collection infrastructure plan to be signed-off before collection can commence.</p> <p>An alternative output to drive achievement of this outcome was identified. The Agency will therefore focus on resolution of constraints that operators continue to face our South African operators when conducting their business.</p> |

<sup>1</sup> 1% of people with disabilities will not be additional but part of either women or youth

| PROGRAMME                      | OUTCOME   | OUTCOME INDICATOR                        | FIVE YEAR TARGET   | PROGRESS TOWARDS ACHIEVEMENT OF OUTCOME AND IMPROVEMENTS REQUIRED FOR THE REMAINDER SPACE OF THE PLANNING PERIOD   |
|--------------------------------|---|--|--|--|
| <b>Research &amp; Advisory</b> | 4.1. Functional and reliable cross border road transport trade facilitation | Effective advisory and advocacy services | Functional cross border road transport trade facilitation information platform | <p>This outcome was identified for value add to cross border stakeholders with anticipation that at a later stage, some of the information compiled through research would be used to generate revenue. The platform development was a success. The mid-term review however showed that the platform is currently not utilised as intended in terms of numbers. To increase numbers, the Agency will enhance marketing of the platform at an operational plan level.</p> <p>The review also identified the need for a strategy that will guide and enhance the advisory function which would also improve the quality of data loaded on the platform to ultimately make the desired impact. The Agency plans to develop a Research and Advisory Strategy in 2023/24.</p> |

| PROGRAMME      | OUTCOME  | OUTCOME INDICATOR   | FIVE YEAR TARGET  | PROGRESS TOWARDS ACHIEVEMENT OF OUTCOME AND IMPROVEMENTS REQUIRED FOR THE REMAINDER SPACE OF THE PLANNING PERIOD   |
|----------------|--|---|---|--|
| Administration | 5.1. Viable cross border road transport economic regulator   | <ul style="list-style-type: none"> <li>Financially sustainable cross border road transport economic regulator</li> <li>Effective permit issuance</li> <li>High performance culture</li> <li>Effective communication strategy</li> </ul> | <ul style="list-style-type: none"> <li>Implemented new revenue streams</li> <li>Functional iCBMS</li> <li>Implemented organisational practice and culture strategy</li> <li>80% implementation of communication strategy implemented</li> </ul>   | <p>The state of the Agency's viability is assessed through various indicators. To date, there has been commendable progress with respect to outputs that were identified to enhance the viability and sustainability of the organisation. There is good progress reported for 2022/23 that gives confidence that this outcome will be achieved.</p> <p>Although the initiative to commercialise information was taken out of APP to the operational plan to continue its implementation. There has been consideration of other revenue streams.</p> <p>Some of the highlights in this regard includes the launch of Cross-Easy for permit issuance. The turnaround times with respect to permit issuance and revenue generated already speaks very good numbers. The Agency also conducted an organisational redesign and conducted a culture survey that led to identification of culture change initiatives that the Agency started to roll-out during the year.</p> |
|                | 5.2 Improved governance and strengthened control environment | <ul style="list-style-type: none"> <li>Effective governance and control environment</li> </ul>  | <ul style="list-style-type: none"> <li>100% responses to Parliamentary questions</li> <li>95% resolution of reported incidents of corruption</li> <li>Ethics Committees operationalised.</li> <li>Clean audit outcomes</li> <li>100% implementation of action plans to address audit findings.</li> <li>100% compliant to valid invoices</li> </ul> | <p>This is one area where the Agency boasts success in terms of progress made to date. Most of the outputs were achieved in 2021/22 and again in 2022/23. The only output that was not achieved in the two financial years is the implementation of action plans to address audit findings. The Agency has since identified areas of weakness and has certainty that the new approach to this output will yield positive results.</p>  |

### 3. Institutional Programme Performance Information

The Agency recorded an achievement of 88,89% for 2022/23 financial year, representing sixteen (16) out of eighteen (18) targets planned for the financial year. This achievement is quite remarkable as the highest level of achievement since the beginning of the current planning cycle of 2020-2025. The Annual Performance Plan had eighteen outputs linked to eight (8) strategic outcomes. The Agency is continuing to put measures in place to ensure recovery of unachieved targets.

For successful implementation of the 2020-2025 Strategic Plan and related annual performance plans, the Agency had structured itself into five programmes which are mainly aligned to its core mandate as captured in its enabling act.



Figures 1 & 2 below provide a snapshot of the annual performance per Programme:

Figure 1: C-BRTAs Annual Organisational Performance

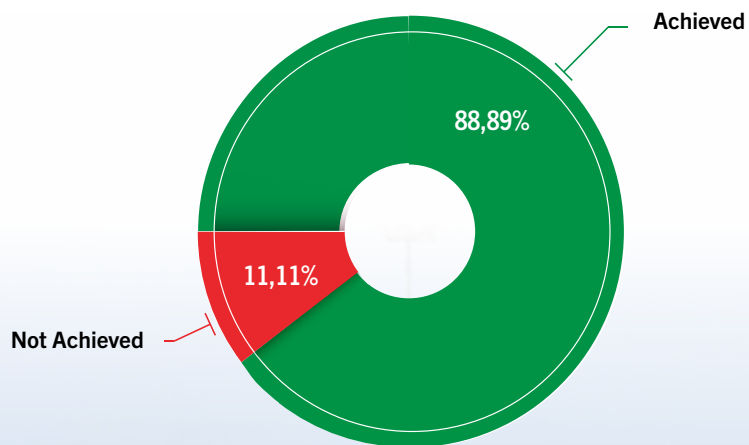
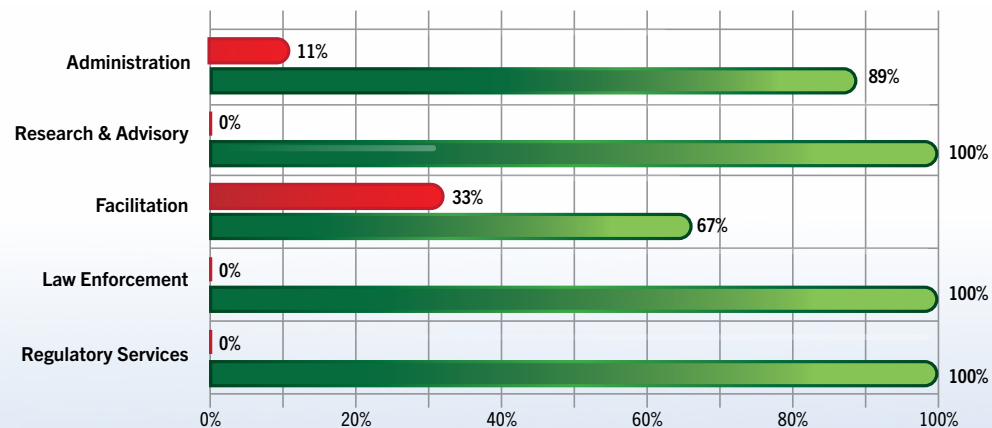


Figure 2: Actual Annual Performance Per Programme



The table below provides a summary of performance during the year under review.

**Table 4: Summary of Actual Annual Performance**

| PROGRAMME           | OUTPUT | OUTPUT INDICATOR   | ANNUAL TARGET   | ACTUAL PERFORMANCE  |
|---------------------|--------|--|---|---|
| REGULATORY SERVICES | 1.1    | Operational OCAS certification and accreditation modules | Developed and implemented Operator Compliance Accreditation System (OCAS) | <p><b>Target achieved</b></p> <p>The Agency developed an OCAS IT System and registered Operators for piloting certification and accreditation.</p> <p>The system was further tested to allow for refining of certification and accreditation prior to piloting.</p>                         |
|                     | 1.2    | Updated MAR tool   | Implemented market access regulation tool                                 | <p><b>Target achieved</b></p> <p>The MAR Model parameters for Mozambique routes were updated throughout the financial year and approved by EXCO and the Regulatory Committee. Parameters updated were mainly Average speed Mozambique, passenger travel time and border crossing times.</p> |



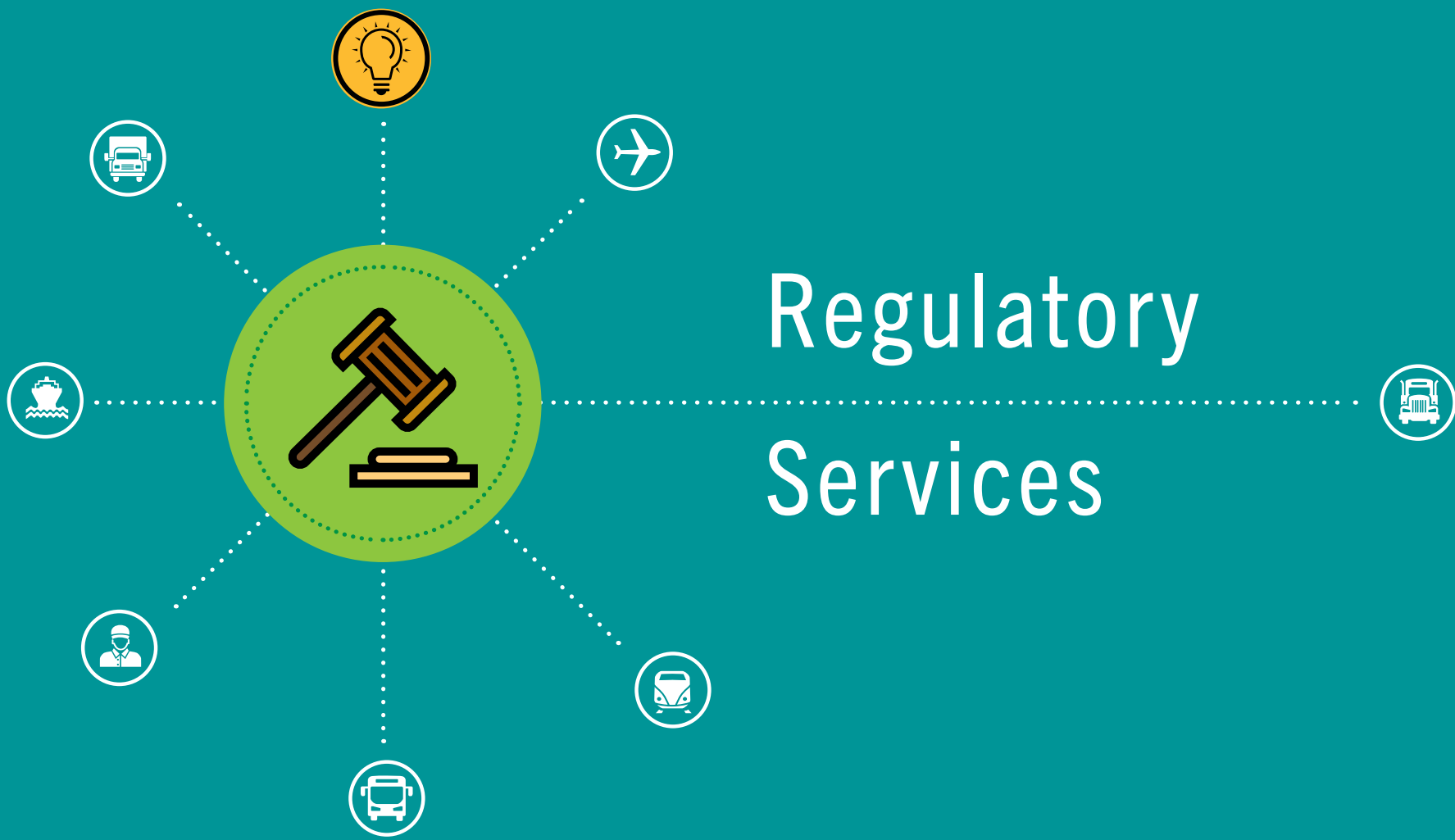
| PROGRAMME       | OUTPUT | OUTPUT INDICATOR                        | ANNUAL TARGET   | ACTUAL PERFORMANCE                                     |  |
|-----------------|--------|---|---|--|--|
| LAW ENFORCEMENT | 2.1    | Implemented smart Law enforcement       | Efficient smart law enforcement                       | Impact assessment of the smart law enforcement vehicle | <p><b>Target achieved</b></p> <p>There was successful implementation of some of the initiatives that were extracted from the C-BRTA Road Safety Strategy for implementation on a quarterly basis. Progress reports were submitted to EXCO for approval.</p>  |
|                 | 2.2    | Implemented C-BRTA road safety strategy | Developed and implemented C-BRTA road safety strategy | Implemented C-BRTA road safety strategy                | <p><b>Target achieved</b></p> <p>Various road safety programmes were implemented in line with the strategy. The following are some of the key programmes implemented during the financial year under review:</p> <ul style="list-style-type: none"> <li>i) Road safety training &amp; education focusing on freight transport operators;</li> <li>ii) Joint Law Enforcement operations with various stakeholders and law enforcement authorities. Joint law enforcement operations were conducted in Kwa-Zulu Natal Province, North-West province, Groblersbridge in Limpopo, Oshoek, Beitbridge and Lebombo;</li> <li>iii) Driver Fatigue Management Programme</li> <li>(iv) Conducted regional seminar to assess various road safety programmes implemented in some of the member states.</li> </ul> |

| PROGRAMME           | OUTPUT | OUTPUT INDICATOR   | ANNUAL TARGET  | ACTUAL PERFORMANCE  |   |
|---------------------|--------|--|--|---|---|
| FACILITATION        | 3.1    | Implemented CBRT-RF Initiatives linked to SADC Protocol                                    | Percentage implementation of C-BRTA plan linked to the CBRT-RF Action Plan   | Implemented 40% of C-BRTA annual plan linked to C-BRT-RF action plan  | <p><b>Target achieved</b></p> <p>The Agency implemented the C-BRTA plan linked to C-BRT-RF action plan incrementally and recorded an achievement of 71.43%.</p>   |
|                     | 3.2    | Growing participation of target groups in the freight cross border road transport industry | Percentage increase in the number of participating target groups in the freight cross border road transport industry | 2% increase in the number of participating women, youth and people living with disabilities in the freight cross border road transport industry | <p><b>Target achieved</b></p> <p>The Agency has exceeded the target of 2% upon achieving an increase of 7% in the number of participating women, youth and persons with disabilities in the freight cross border road transport industry.</p>   |
|                     | 3.3    | Collected cross border charges   | Implemented cross border road transport charges model  | Implemented cross border charges  | <p><b>Target not achieved</b></p> <p>The implementation of cross border charges was subject to approval of the model. Since the policy decision to implement cross border charges is still outstanding, activities of the year halted after submitting the collection infrastructure plan to the DoT.</p> |
| RESEARCH & ADVISORY | 4.1    | Functional cross border road transport trade facilitation information platform             | Developed and implemented cross border road transport trade facilitation platform                                    | Monitored access to the Information Platform by respective stakeholders   | <p><b>Target achieved</b></p> <p>The Agency uploaded research material and monitored access to the information platform through the User Access platform. Progress reports were submitted to EXCO for noting.</p>   |

| PROGRAMME      | OUTPUT | OUTPUT INDICATOR                              | ANNUAL TARGET   | ACTUAL PERFORMANCE   |   |
|----------------|--------|---|---|--|---|
| ADMINISTRATION | 5.1    | Functional Digital and Mobile Permit Platform | Implemented cross border management system                                  | Piloted the Digital and Mobile Permit Platform (DMPP)            | <p><b>Target achieved</b></p> <p>The Agency successfully designed the DMPP and conducted a pilot. A report was submitted and approved by EXCO.</p>  |
|                | 5.2    | Implemented comprehensive HR strategy         | Percentage implementation of HR Strategy initiatives                        | Implemented 30% identified HR Strategy initiatives               | <p><b>Target achieved</b></p> <p>The target of 30% identified HR Strategy initiatives was exceeded. The Agency had an implementation plan with ten (10) initiatives identified and all were successfully implemented resulting in 100% achievement.</p>   |
|                | 5.3    | Implemented Integrated Communication Strategy | Percentage implementation of integrated communication strategy              | Implemented 20% of Integrated Communication Strategy initiatives | <p><b>Target achieved</b></p> <p>The target of implementing 20% of Integrated Communications Strategy initiatives was exceeded upon achieving 76.47% against 2022/23 implementation plan. The plan had a total of 17 initiatives targeted in line with the Integrated Communications Strategy. Fourteen (14) out seventeen (17) initiatives were implemented.</p> |
|                | 5.4    | COVID-19 Regulations compliant                | Implemented COVID-19 response plan initiatives                              | Implemented COVID-19 response plan                               | <p><b>Target achieved</b></p> <p>The Agency continued to implement its COVID-19 response plan irrespective of different phases of as declared by Government.</p> <p>A Close-out report on the implementation of COVID -19 response plan was approved by EXCO.</p>   |
|                | 5.5    | Addressed Parliamentary questions             | Percentage responses to Parliamentary questions within stipulated timelines | 100% responses to Parliamentary questions received from the DoT  | <p><b>Target achieved</b></p> <p>All Parliamentary questions received during the year were addressed and the bi-annual progress reports with 100% response were submitted to Exco for approval.</p>   |

**PART B: PERFORMANCE INFORMATION**

| PROGRAMME | OUTPUT | OUTPUT INDICATOR                          | ANNUAL TARGET  | ACTUAL PERFORMANCE  |   |
|-----------|--------|---|--|---|---|
|           | 5.6    | Resolved reported incidents of corruption | Percentage resolution of reported incidents of corruption              | 95% resolution of reported incidents of corruption            | <p><b>Target achieved</b></p> <p>100% of reported incidents of corruption were resolved during the year. Progress reports were submitted to EXCO for approval.</p>                    |
|           | 5.7    | Functional ethics committee               | Ethics committees established and operationalised                      | 100% on implementation of Social and Ethics committees plan   | <p><b>Target achieved</b></p> <p>The Agency successfully implemented 100% of the Social and Ethics Committee plan. Progress reports were approved by EXCO and recommended to SEC.</p> |
|           | 5.8    | Resolved audit findings                   | Percentage implementation of action plans to address audit findings    | 100% implementation of action plans to address audit findings | <p><b>Target not achieved</b></p> <p>The Agency reported achievement of 88.24%. The remaining 11.8% has been deferred to next financial year.</p>                                     |
|           | 5.9    | Maintained unqualified audit outcomes     | Regulatory Audit Outcome by the Auditor-General of South Africa (AGSA) | Unqualified Audit Report with no significant findings         | <p><b>Target achieved</b></p> <p>AGSA pronounced an unqualified audit on the 2021/22 Annual Report that was finalized in August 2022.</p>   |
|           | 5.10   | PFMA payment requirement compliant        | Percentage compliance to 30 day payment requirement                    | 100% of valid invoices paid within 30 days                    | <p><b>Target achieved</b></p> <p>All valid invoices received were paid with the prescribed timelines.</p>   |



# Regulatory Services

### 3.1 PROGRAMME 1 REGULATORY SERVICES

The Regulatory Services Division consists of the Licensing and Regulatory Services Business Units. Regulatory Services is assigned to respond to relevant strategic imperatives and policy initiatives. The Regulatory Services Business Unit is assigned to respond to relevant strategic imperatives and policy initiatives. The programme also carries a legislative task of regulating access to the commercial cross-border road transport through the administration of a licensing regime.

This programme has the following outcomes:

- To enhanced regulatory regime by implementing quality regulations; and
- To enhanced regulation to facilitate market access.

#### 3.1.1. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

##### 3.1.1.1. Output Indicator 1.1: Developed and Implemented Operator Compliance Accreditation System (OCAS)

The Agency identified and developed Operator Compliance Accreditation System (OCAS or the system). OCAS is intended to enable the Agency to enhance the regulatory regime through implementation of quality regulation. OCAS is an intelligent risk-based regulatory system comprising various modules and standards for certifying and licencing cross-border road transport operators in line with quality regulation. The system is underpinned by introduction of market access criteria,

operator registration, registration of responsible competent persons, operator auditing, operator profiling and certification for authorization of all cross-border road transport operations.

For the year under review, the Agency achieved the target to pilot the certification and accreditation modules. This was accomplished upon successful development of an OCAS IT system, registration of operators for the pilot and refinement of the modules. The outcomes of the pilot were evaluated for feasibility and viability before it will be implemented into the final production environment.

##### 3.1.1.2. Output Indicator 1.2: Implemented market access regulation tool

One of the Agency's outcomes is to enhance regulation to facilitate market access. In line with that, the Market Access Regulations (MAR) tool was identified. The MAR Tool was implemented by the Regulatory Committee from the 2018/19 financial year to assist with the adjudication of passenger applications and allocation of permits.

The Agency achieved the target in terms of updating MAR parameters. The focus was on Mozambique route. Route verifications that were executed by the Agency in the past confirmed that road conditions in Zimbabwe and Mozambique, particularly in rural areas, have a negative effect on the operating speed of drivers. An analysis of the legal framework regarding speed limits was done for Mozambique. Passenger destinations, average speed and average border crossing time parameters were updated on Mozambique route. Progress reports were compiled and

approved by the Executive Committee and recommended to Regulatory Committee.

The table below is a highlight of programme performance for the year under review against 2022/23 APP as approved.



**Table 5: Programme Performance against planned target**

| PROGRAMME: REGULATORY SERVICES |   |  |   |  |   |   |   |  |  |
|--------------------------------|---|--|---|--|---|---|---|--|--|
| NO.                            | OUTCOME   | OUTPUT   | OUTPUT INDICATOR  | AUDITED ACTUAL PERFORMANCE 2020/2021   | AUDITED ACTUAL PERFORMANCE 2021/2022  | PLANNED ANNUAL TARGET 2022/2023   | ACTUAL ACHIEVEMENT 2022/23  | DEVIATION FROM PLANNED TARGET AND REASON FOR DEVIATION | REASONS FOR REVISION TO OUTPUT, OUTPUT INDICATOR AND ANNUAL TARGET |
| 1.1                            | Enhanced regulatory regime by implementing quality regulation | Operational OCAS certification and accreditation modules | Developed and implemented Operator Compliance Accreditation System (OCAS) | Target achieved<br><br>The OCAS registration module developed and refined successfully | Target not achieved<br><br>The service provider for the development of OCAS was appointed and Service Level Agreement signed. The scoping workshops were also conducted with the service provider | Piloted the certification & accreditation modules on the complete OCAS System | <b>Target Achieved</b><br><br>The system was piloted during the final quarter of the financial year and the pilot report approved by EXCO.  | None, target achieved.                                 | No revisions were made.  |
| 1.2                            | Enhanced regulation to facilitate market access               | Updated MAR tool   | Implemented market access regulation tool                                 | Target deferred due to lock down restrictions  | Target deferred due to lock down restrictions   | Updated MAR parameters  | <b>Target Achieved</b><br><br>The MAR Model parameters, i.e. Average speed and Border crossing times for Mozambique were updated during the financial year and progress reports were approved by EXCO and the Regulatory Committee. | None, target achieved.                                 | No revisions were made.  |

### 3.1.2. LINKING PERFORMANCE WITH BUDGETS

The table below provides the expenditure incurred against the budget for the programme.

**Table 6: Performance against Budgets**

| PROGRAMME           | 2022/2023     |                    |                          | 2021/2022     |                    |                          |
|---------------------|---------------|--------------------|--------------------------|---------------|--------------------|--------------------------|
|                     | BUDGET        | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE | BUDGET        | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
|                     | R'000         | R'000              | R'000                    | R'000         | R'000              | R'000                    |
| Regulatory Services | 26,778        | 28,190             | (1,412)                  | 24,105        | 22,581             | 1,524                    |
| <b>Total</b>        | <b>26,778</b> | <b>28,190</b>      | <b>(1,412)</b>           | <b>24,105</b> | <b>22,581</b>      | <b>1,524</b>             |

### 3.1.3. STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The Agency has successfully implemented targets that were set for 2022-2023 financial year.

### 3.1.4. OTHER PROGRAMME PRIORITIES

This section provides a highlight of other priorities that are of operational importance in fulfilling the regulatory mandate of the Agency. Amongst these priorities is the licensing or issuance of both passenger and freight permits.

#### 3.1.4.1. Licensing Services

The Agency issued a total number of 84 130 permits during the period under review, which translates into an increase of 10 969 permits or 14.9% year-on-year.

#### i. Goods permits

Permits issued for goods operations increased by 1.8% during the year under review, up from 59 782 to 60 893. Hereto follows a statistical overview of the goods permits issued per country.

**Table 7: Freight Permit Stats Per Country**

| COUNTRY                      | 2021/22 | 2022/23 | % MOVEMENT |
|------------------------------|---------|---------|------------|
| Angola                       | 363     | 661     | 82.1       |
| Botswana                     | 6 446   | 6 715   | 4.2        |
| Burundi                      | 0       | 1       | 100        |
| Democratic Republic of Congo | 4 850   | 8 273   | 70.6       |
| Eswatini                     | 4 507   | 4 522   | 0.3        |
| Kenya                        | 24      | 61      | 154.2      |
| Lesotho                      | 2 803   | 2 548   | (9.1)      |
| Malawi                       | 2 868   | 2 117   | (26.2)     |

|              |               |               |            |
|--------------|---------------|---------------|------------|
| Mozambique   | 12 600        | 12 559        | (0.3)      |
| Namibia      | 4070          | 3 713         | (8.8)      |
| Rwanda       | 2             | 18            | 800        |
| South Sudan  | 0             | 3             | 100        |
| Tanzania     | 561           | 812           | 44.7       |
| Uganda       | 1             | 27            | 2 600      |
| Zambia       | 8 779         | 8 185         | (6.7)      |
| Zimbabwe     | 11 856        | 10 678        | (9.9)      |
| Cabotage     | 52            | 0             | (100)      |
| <b>TOTAL</b> | <b>59 782</b> | <b>60 893</b> | <b>1.8</b> |



**ii. Taxi Passenger Permit Statistics**

Permits issued for taxi operations increased by 64.7% during the year under review, up from 12 069 to 19 883. Hereto follows a statistical overview of the taxi permits issued per country.

**Table 8: Taxi Permit Stats Per Country**

| COUNTRY                      | 2021/22       | 2022/23       | % MOVEMENT  |
|------------------------------|---------------|---------------|-------------|
| Botswana                     | 153           | 284           | 85.6        |
| Democratic Republic of Congo | 3             | 1             | (66.6)      |
| Eswatini                     | 126           | 574           | 355.6       |
| Lesotho                      | 509           | 634           | 24.6        |
| Malawi                       | 124           | 134           | 8.1         |
| Mozambique                   | 8095          | 9 249         | 14.2        |
| Namibia                      | 94            | 102           | 8.5         |
| Tanzania                     | 0             | 4             | 100         |
| Zambia                       | 21            | 39            | 85.7        |
| Zimbabwe                     | 2944          | 8 862         | 201         |
| <b>TOTAL</b>                 | <b>12 069</b> | <b>19 883</b> | <b>64.7</b> |

**iii. Bus Passengers Permit Statistics**

Permits issued for bus operations increased by 26.3% during the year under review, up from 870 to 1 099. Hereto follows a statistical overview of the bus permits issued per country.

**Table 9: Bus Permit Stats Per Country**

| COUNTRY                      | 2021/22    | 2022/23      | % MOVEMENT  |
|------------------------------|------------|--------------|-------------|
| Botswana                     | 11         | 36           | 227.3       |
| Democratic Republic of Congo | 2          | 2            | -           |
| Eswatini                     | 2          | 20           | 900         |
| Lesotho                      | 36         | 34           | (5.6)       |
| Malawi                       | 212        | 201          | (5.2)       |
| Mozambique                   | 118        | 85           | (27.9)      |
| Namibia                      | 8          | 16           | 100         |
| Zambia                       | 13         | 66           | 407.7       |
| Zimbabwe                     | 468        | 639          | 36.5        |
| <b>TOTAL</b>                 | <b>870</b> | <b>1 099</b> | <b>26.3</b> |

**iv. Tourist Permits Statistics**

Permits issued to tourist operations increased by 392% during the year under review, up from 440 to 2 165. Hereto follows a statistical overview of the tourist permits issued for the region.

**Table 10: Tourist Permit Statistics**

| COUNTRY      | 2021/22    | 2022/23      | % MOVEMENT |
|--------------|------------|--------------|------------|
| Regional     | 432        | 2 145        | 396.5      |
| Cabotage     | 8          | 20           | 150        |
| <b>TOTAL</b> | <b>440</b> | <b>2 165</b> | <b>392</b> |



### 3.2 PROGRAMME 2 LAW ENFORCEMENT

The purpose of this programme is to ensure compliance by operators with all cross border road transport legislation and to the SADC Protocol. The strategic intent of the function is enhancing the safety of freight and passengers in the Southern African Region through compliance with relevant laws and regulations.

Information related to this programme is collected through vehicle inspections, prosecutions, passenger lists, consignment notes and other information gathering approaches. In this manner timely, accurate and relevant information is provided to support management and the Regulatory Committee in making strategic decisions related to the law enforcement mandate of the C-BRTA.

This programme is therefore responsible for the achievement of the following outcomes:

- Improved compliance to cross border road transport regulation through smart law enforcement; and
- Safe and reliable cross border road transport.

#### 3.2.1. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

##### 3.2.2.1. Output Indicator 2.1: Efficient smart law enforcement

For the reporting period, the target was to conduct an impact assessment on the use of smart law enforcement vehicle at borders. The Agency achieved its annual target following the impact assessment that was conducted

using data gathered from various activities that were implemented during the course of the year. This included but not limited to the implementation of joint Law enforcement intelligence driven operations with the Municipalities of West Rand and Lephalale in quarter 1, deployment of smart law enforcement vehicle at the Trans Kalahari corridor in quarter 2 as well as conducting a Regional Joint Law enforcement operation with Zimbabwe in quarter 3. This information formed part of data used in compilation of impact assessment report that was compiled, submitted and approved by EXCO at the end of the year.

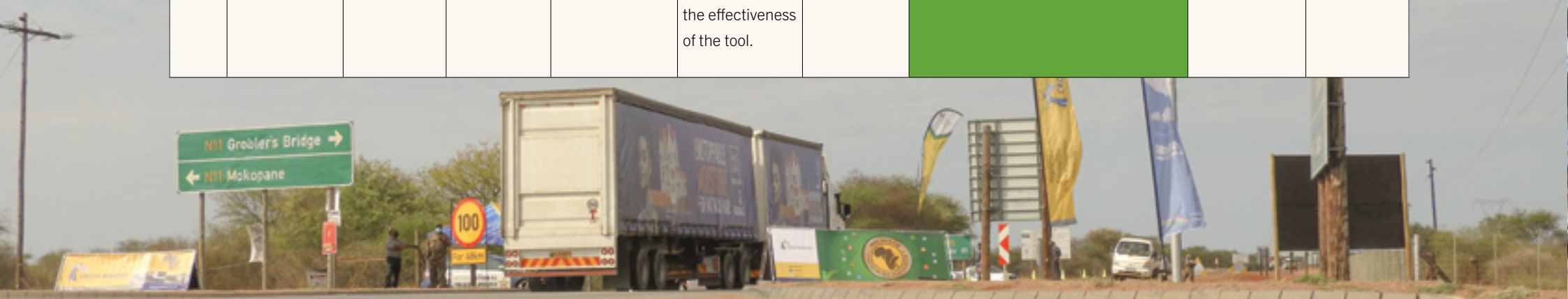
##### 3.2.2.2. Output Indicator 2.2: Developed and implemented C-BRTA road safety strategy.

The Agency has successfully implemented the C-BRTA road safety strategy resulting in an achievement of the set annual target. The initiatives that were identified from the strategy for implementation during the year under review included implementation of a regional corridor road safety, conducting one special joint law enforcement operation on Malaysha/LDV; one Joint law enforcement operation with one member state and a road safety awareness with cross border buses and taxis.



Table 11: Programme Performance Against Planned Target

| PROGRAMME: LAW ENFORCEMENT |                                   |                                 |                                   |   |   |  |   |  |  |
|----------------------------|-----------------------------------|---------------------------------|-----------------------------------|---|---|--|---|--|--|
| NO.                        | OUTCOME                           | OUTPUT                          | OUTPUT INDICATOR                  | AUDITED ACTUAL PERFORMANCE 2020/2021  | AUDITED ACTUAL PERFORMANCE 2021/2022  | PLANNED ANNUAL TARGET 2022/2023                        | ACTUAL ACHIEVEMENT 2022/23  | DEVIATION FROM PLANNED TARGET AND REASON FOR DEVIATION | REASON FOR REVISION TO OUTPUT/ OUTPUT INDICATOR/ ANNUAL TARGET |
| 2.1                        | Implemented smart Law enforcement | Efficient smart law enforcement | Implemented smart Law enforcement | Target achieved<br><br>Feasibility of prioritised Smart Law Enforcement technology report was completed and noted by EXCO | Target achieved. Smart law enforcement tools were implemented across a total of eleven (11) borders and other strategic locations throughout the financial year. Furthermore, an impact assessment was conducted to assess the effectiveness of the tool. | Impact assessment of the smart law enforcement vehicle | <b>Target achieved</b><br><br>Impact assessment was conducted in the last quarter of the year after conducting various activities using the smart law vehicle. The report was approved by EXCO. | None, target achieved                                  | No revisions were made.  |



PROGRAMME: LAW ENFORCEMENT

| NO. | OUTCOME                                 | OUTPUT  | OUTPUT INDICATOR                        | AUDITED ACTUAL PERFORMANCE 2020/2021   | AUDITED ACTUAL PERFORMANCE 2021/2022   | PLANNED ANNUAL TARGET 2022/2023         | ACTUAL ACHIEVEMENT 2022/23  | DEVIATION FROM PLANNED TARGET AND REASON FOR DEVIATION | REASON FOR REVISION TO OUTPUT/ OUTPUT INDICATOR/ ANNUAL TARGET |
|-----|---|---|---|--|--|---|---|--|--|
| 2.2 | Implemented C-BRTA road safety strategy | Developed and implemented C-BRTA road safety strategy | Implemented C-BRTA road safety strategy | Target achieved<br><br>The Cross Border Road Safety Strategy and the 2021/2022 Implementation Plan were developed and approved by the Executive Committee. | Target achieved<br><br>Various road safety programmes were implemented during the financial year<br>i) Road safety awareness, training & education, ii) Joint Law Enforcement operations with various stakeholders; iii) Implementation of Driver Fatigue Management Programme and (iv) Conducted Regional Seminar | Implemented C-BRTA road safety strategy | <b>Target achieved</b><br><br>The agency successfully implemented the strategy in line with all targets that were set for each quarter of the financial year. All quarterly progress reports were submitted and approved by EXCO. | None, target achieved                                  | No revisions were made.  |

### 3.2.2. LINKING PERFORMANCE WITH BUDGETS

The table below provides the expenditure incurred against the budget for the programme.

**Table 12: Performance against Budget**

| PROGRAMME       | 2022/23       |                    |                          | 2021/22       |                    |                          |
|-----------------|---------------|--------------------|--------------------------|---------------|--------------------|--------------------------|
|                 | BUDGET        | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE | BUDGET        | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
|                 | R'000         | R'000              | R'000                    | R'000         | R'000              | R'000                    |
| Law Enforcement | 60,566        | 82,021             | (21,455)                 | 35,735        | 41,626             | (5,891)                  |
| <b>Total</b>    | <b>60,566</b> | <b>82,021</b>      | <b>(21,455)</b>          | <b>35,735</b> | <b>41,626</b>      | <b>(5,891)</b>           |

### 3.2.3. STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The Agency has successfully implemented all the targets for this programme and therefore there are no areas of under achievement.

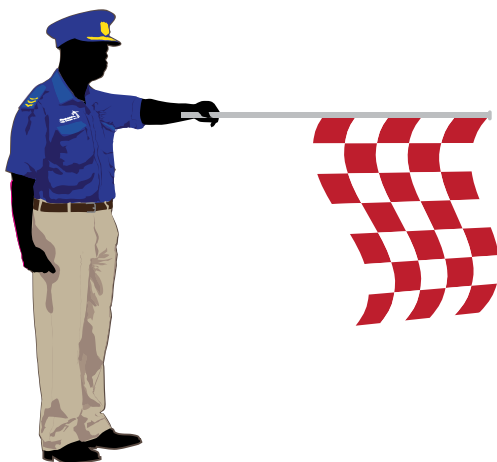
### 3.2.4. OTHER PROGRAMME PRIORITIES

This section provides a highlight of other priorities that are of operational importance in fulfilling the law enforcement mandate.

The cross-border law enforcement function was performed by Road Transport Inspectorate at the RTMC through a principal/agent relationship during the financial year under review. The Agency developed a tool to monitor the performance of this important function as it remains part of its mandate. The tool provides performance information against the set targets. For the year under review, the Agency continued to monitor performance against se targets using the law enforcement performance

monitoring tool. Various engagements were held with the RTMC to ensure intelligence- based deployment and proper reporting.

Furthermore, The Agency developed Joint Law Enforcement Implementation Plan which was successfully implemented. Joint Law Enforcement operations were convened with all law enforcement authorities to ensure joint efforts toward enhancing compliance to the road traffic and transport prescripts. Joint law enforcement operations were conducted in Beitbridge border post, Komatipoort, Lebombo and Mooi River Toll Plaza amongst others.



# Facilitation



### 3.3 PROGRAMME 3 FACILITATION

The programme exists to improve the unimpeded flow by road of freight and passengers in the region, reduce operational constraints for road transport operators, and facilitate sustainable social and economic development in the Southern African Development Community (SADC) region.

This programme contributes towards the achievement of the following outcomes:

- Harmonised economic regulations;
- Increased participation by historically disadvantaged individuals; and
- Fair operating environment for cross border road transport operators

#### 3.3.1. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

##### 3.3.1.1. Output Indicator 3.1 Percentage implementation of C-BRTA plan linked to the CBRT- RF Action Plan

The Agency developed a plan that is linked to the Cross-Border Road Transport Regulators Forum (CBRT-RF) work plan as means to carry out its responsibilities and contribution accomplishment of goals outlined in key regional documents. The CBRT-RF workplan is a regional workplan which has activities agreed to by the road transport regulators of twelve (12) SADC member states. The activities focus on implementation of specific areas of chapters 5 and 6 of the SADC Protocol on Transport, Communication and Meteorology which once implemented would contribute towards harmonization of road transport policies.

For the 2022/2023 financial year, the Agency's target was to achieve 40% of the C-BRTA plan. The implementation plan had a total of fourteen (14) activities that were required to be implemented of which ten (10) were successfully implemented resulting in an 71.43% achievement. The Agency exceeded its target by 31.43% owing to robust engagements and strength of relations with counterparts.

##### 3.3.1.2. Output Indicator 3.2: Percentage increase in the number of participating PDIs in the freight cross-border road transport industry

For the year under review, the target was to achieve an 2% increase in the number of participating women, youth and people living with disabilities in the freight cross-border road transport industry and the Agency achieved 7% increase. The 2% target has pre-determined split/disaggregation that determined the minimum achievement set for each target group as follows.

- A target of 1% increase in participating women was set and 4% increase was achieved (Total percentage increase in women =  $8,83/233 \times 100 = 4\%$  increase).
- A target of 0.5% increase in participating youth was set and 13% increase was achieved (Total percentage increase in youth =  $13,5/99 \times 100 = 13\%$  increase)
- A target of 0.5% increase in participating people living with disabilities 100% was achieved (Total percentage increase in disabled =  $1/1 \times 100 = 100\%$  increase).

The over-achievement resulted from focused and robust interventions assisted in achieving over the 2% targeted for the year.

##### 3.3.1.3. Output indicator 3.3: Implemented cross border road transport charges model

For the quarter under review, the Agency was expected to implement cross border charges. The Agency developed a collection infrastructure plan and submitted to DoT for approval. However, the roll-out of plan and configuration of collection system at collection points could not happen as the Agency is still awaiting a policy decision and directive.

The table below is a highlight of programme performance for the year under review against 2022/23 APP as approved.





| PROGRAMME: FACILITATION |                                 |   |  |  |   |  |   |   |   |
|-------------------------|---------------------------------|---|--|--|---|--|---|---|---|
| NO.                     | OUTCOME                         | OUTPUT  | OUTPUT INDICATOR   | AUDITED ACTUAL PERFORMANCE 2020/2021   | AUDITED ACTUAL PERFORMANCE 2021/2022  | PLANNED ANNUAL TARGET 2022/2023                                  | ACTUAL ACHIEVEMENT 2022/23  | DEVIATION FROM PLANNED TARGET AND REASON FOR DEVIATION  | REASON FOR REVISION TO OUTPUT/OUTPUT INDICATOR/ ANNUAL TARGET |
| 3.1                     | Harmonised economic regulations | Implemented CBRT-RF Initiatives linked to SADC Protocol | Percentage implementation of C-BRTA plan linked to the CBRT-RF Action Plan | Target achieved<br>Implemented 70% of the SADC Protocol and other agreements on cross-border related matters | Target overachieved<br>Implemented 42.86% (a total of 9 out of 21 activities planned for the year) of the C-BRTA linked activities of the SADC Protocol and other agreements. | Implemented 40% C-BRTA annual plan linked to CBRT-RF action plan | <b>Target overachieved</b><br>A total of 10 out of 14 targets that were planned for the financial year were conducted resulting in a percentage 71.43% (10/14 x 100). | The target of 40% was exceeded by 31.43% owing to robust engagements and progressive relations with counterparts. | No revisions were made.                                       |

| PROGRAMME: FACILITATION |   |  |  |   |   |   |  |  |   |
|-------------------------|---|--|--|---|---|---|--|--|---|
| NO.                     | OUTCOME   | OUTPUT   | OUTPUT INDICATOR   | AUDITED ACTUAL PERFORMANCE 2020/2021  | AUDITED ACTUAL PERFORMANCE 2021/2022  | PLANNED ANNUAL TARGET 2022/2023   | ACTUAL ACHIEVEMENT 2022/23   | DEVIATION FROM PLANNED TARGET AND REASON FOR DEVIATION   | REASON FOR REVISION TO OUTPUT/OUTPUT INDICATOR/ ANNUAL TARGET |
| 3.2                     | Increased participation by historical disadvantaged individuals | Growing participation of target groups in the freight cross border road transport industry | Percentage increase in the number of participating target groups in the freight cross border road transport industry | Target not achieved<br><br>Consultations were held with Regulatory and IT divisions in establishing the baseline. Developed a questionnaire and a survey tool that will be used to collect the required information from operators. | Target not achieved<br><br>New entrants in the cross-border market increased by a total of 0.82% (2.73/334,73*100%). Although the target has been overachieved for the other target groups i.e. women and youth, the overall target remains unachieved. | 2% increase in the number of participating women, youth and people living with disabilities in the freight cross border road transport industry | <b>Target achieved.</b><br><br>7% (23.33/332*100) increase in the number of participating women, youth and persons with disabilities in the freight cross border road transport industry was achieved. | The target of 2% was exceeded by 5% resulting from partnerships with stakeholders that are directly responsible for development of small business. | No revisions were made.                                       |



| PROGRAMME: FACILITATION |  |                                |   |   |  |                                  |  |  |   |
|-------------------------|--|--------------------------------|---|---|--|----------------------------------|--|--|---|
| NO.                     | OUTCOME  | OUTPUT                         | OUTPUT INDICATOR                                      | AUDITED ACTUAL PERFORMANCE 2020/2021  | AUDITED ACTUAL PERFORMANCE 2021/2022   | PLANNED ANNUAL TARGET 2022/2023  | ACTUAL ACHIEVEMENT 2022/23   | DEVIATION FROM PLANNED TARGET AND REASON FOR DEVIATION   | REASON FOR REVISION TO OUTPUT/OUTPUT INDICATOR/ ANNUAL TARGET |
| 3.3                     | Fair operating environment for cross border road transport operators | Collected Cross border charges | Implemented cross border road transport charges model | Target achieved<br><br>The cross-border road transport charges pricing model was approved by EXCO and submitted to National Treasury and DoT. | Target achieved<br><br>The cross-border charges implementation strategy was developed and approved by Board during the last quarter of the financial year. | Implemented cross border charges | <b>Target not achieved</b><br><br>The Agency submitted the collection infrastructure plan to DoT for approval before implementation commences. | The policy decision to implement cross border charges remained outstanding therefore no progress relating to rolling out collection infrastructure and implementation as they are subject to approval. | No revisions were made.                                       |

### 3.3.2. LINKING PERFORMANCE WITH BUDGETS

The table below provides the expenditure incurred against the budget for the programme.

**Table 14: Performance against Budgets**

| PROGRAMME    | 2022/23       |                    |                          | 2021/2022     |                    |                          |
|--------------|---------------|--------------------|--------------------------|---------------|--------------------|--------------------------|
|              | BUDGET        | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE | BUDGET        | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
|              | R'000         | R'000              | R'000                    | R'000         | R'000              | R'000                    |
| Facilitation | 23,598        | 21,756             | 1,823                    | 19,426        | 19,508             | (82)                     |
| <b>Total</b> | <b>23,598</b> | <b>21,756</b>      | <b>1,823</b>             | <b>19,426</b> | <b>19,508</b>      | <b>(82)</b>              |

### 3.3.3. STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The Agency has successfully implemented all the targets for this programme and therefore there are no areas of under achievement.

### 3.3.4. OTHER PROGRAMME PRIORITIES

This section provides a highlight of other priorities that are of operational importance in the programme. Below is a summary of those priorities:

#### i. **Developed and Implemented 90% of the annual Free State/ Lesotho Taxi Operator implementation programme**

During the period under review, the Agency developed annual Free State / Lesotho Taxi Operator Implementation Programme aimed at resolving an impasse between these two countries. The Agency implemented all initiatives as per the Implementation programme in consultation with various stakeholders such as NMTT sub-committees, RSA/Lesotho Route Committee, International Cross Border Transport Organisation (ICBTO), Madiboho Taxi Forum and others.

The Agency further convened joint sub-committee (JSC) meetings where both countries were represented, with an intention to deliberate and agree on issues such as joint law enforcement, verification of operators, bilateral agreement between the two countries and consultation strategy regarding the impasse.

#### ii. **Developed a Stakeholder Management Strategy** Stakeholder Management Strategy, Policy and Plan

were developed and approved by EXCO during the financial year under review. The implementation of the Strategy commenced and will continue in the next financial year.

#### iii. **Developed and Implemented 100% of the annual Stakeholder Engagement Plan in line with SMP**

The Agency developed and implemented 100% of the annual Stakeholder Engagement Plan that is in line with the Stakeholder Management Plan. The intention of the Stakeholder Engagement Plan is to ensure that all stakeholders are fully engaged on relevant issues and to fulfil the prime interests of identified stakeholders. Operator stakeholders were engaged through different forums with an intention to discuss challenges experienced by Operators and proposed solutions. Government stakeholders were engaged through National Consultative Forum as well as in bilateral discussion for the discussion of matters of common interest, and some Member States engaged through Joint Committees prescribed in the Bilateral Agreements.

Further to that, the Agency convened meetings of with Cross Border Road Transport – Regulators Forum to track progress on the implementation of the Action Plan of the Forum and to discuss other matters of interest.

#### iv. **Percentage of constraints addressed within 6 months constraints**

The reported constraints affecting the cross-border operations were attended and resolved during the year under review mainly relating to constraints

experienced outside the borders of South Africa. A total of 61 constraints were reported and 58 resolved during the period under review.

Number of constraints addressed/escalated ÷ total number of constraints reported x 100 = % therefore  $58/61 \times 100 = 95\%$  of constraints were addressed within the period of three months.

This is an achievement as a percentage of 95% has been attained within three months instead of six months.

#### v. **Consultations on the Third-Party Insurance with key decision makers**

The Agency continued to engage with various government stakeholders concerning the adoption of third-party insurance. The Agency spearheaded the revision of the discussion document on third-party insurance in consultation with a task team, constituted by various Government Departments, and was presented to the Executive Committee and the Department of Transport. The Agency further engaged FSCA to provide progress update on Third Party Insurance Scheme since FSCA participate in the CISNA committee that is responsible for harmonization of regulation within the Region.

#### vi. **Percentage implementation of the international stakeholder engagement plan**

The Agency developed annual international relations stakeholder engagement plan, outlining key international engagements to be undertaken during the year, of which 21 out of 27 planned engagements were undertaken during the financial year under review.



# Research and Advisory

### 3.4 PROGRAMME 4 RESEARCH AND ADVISORY

The programme is tasked with the responsibility of conducting research on various cross border related matters with a view of providing research outcomes which support decision making on cross border trade and road transport related matters, driving key initiatives, providing technical support to the business. The programme carries a legislative task of providing advisory services with respect to cross-border road transport.

This programme has the following outcome:

- Functional and reliable cross border road transport trade facilitation information platform.

#### 3.4.1. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

##### 3.4.1.1. Output Indicator 4.1: Developed and implemented cross border road transport trade facilitation platform

The Agency achieved its target for the quarter, which was to monitor access to the platform by the industry. The progress report for the quarter titled “Monitored Access to the Platform” provides information on the number of platform users and reports uploaded on the platform during the quarter.

The table below is a highlight of programme performance for the year under review against 2022/23 APP as approved.

## Cross-Border Trade & Transport Information Platform

The Cross-Border Road Transport Agency (C-BRTA) has recently launched a cross-border trade and transport information platform that houses valuable information on cross-border road transport, cross-border trade, state of corridors, condition of border posts and market opportunities that exist in the Southern African Development Community (SADC).

A phased development approach was adopted, which imply that the cross-border trade and transport information platform will be expanded over time to integrate with other national systems/database sets. Upon completion, the platform will store and disseminate information in real-time on cross-border trade and traffic movements along regional transport corridors, as well as on new and on-going developments which impact on cross-border operations. The availability of real-time information will assist transport operators to better plan their journeys, while also enabling public-sector decision-makers to make informed decisions.

**INFORMATION ON THE PLATFORM IS CATEGORISED UNDER THE FOLLOWING HEADINGS**

- **Instruments** – regional road transport agreements & regional trade instruments;
- **Information and Resources** – publications & research, country handbooks;
- **Trade and Logistics** – logistics performance and traffic flow data;
- **Corridor Performance** – live corridor and border traffic feed;
- **News** – events and notices.

**HOW TO ACCESS THE PLATFORM**

- 1) **Click on** <https://infoportal.cbirta.co.za/Trade-Logistics>;
- 2) **Register** as a standard user (select username and password);
- 3) **Type in** username and password;
- 4) **Navigate** the platform.

[www.cbirta.co.za](http://www.cbirta.co.za)

**Table 15: Programme Performance against Planned Target**

| PROGRAMME: RESEARCH & ADVISORY |  |  |   |  |  |   |  |  |   |
|--------------------------------|--|--|---|--|--|---|--|--|---|
| NO.                            | OUTCOME  | OUTPUT   | OUTPUT INDICATOR  | AUDITED ACTUAL PERFORMANCE 2020/2021   | AUDITED ACTUAL PERFORMANCE 2021/2022   | PLANNED ANNUAL TARGET 2022/2023   | ACTUAL ACHIEVEMENT 2022/23   | DEVIATION FROM PLANNED TARGET AND REASON FOR DEVIATION | REASON FOR REVISION TO OUTPUT/ INDICATOR/ ANNUAL TARGET |
| 4.1                            | Functional and reliable cross border road transport trade facilitation information | Functional Cross border road transport and trade facilitation information platform | Developed and implemented cross border road transport trade facilitation platform | Target not achieved.<br><br>The bid process for the appointment of a service provider to assist the Agency with the development of the platform was finalised and the report presented to the Bid Adjudication Committee for consideration and further processing. | Target achieved.<br><br>The information platform was developed and piloted during the last quarter of the year as a recovery of prior quarters. The platform was then updated with previously approved research reports for the users. | Monitored access to the Information Platform by respective stakeholders | <b>Target achieved.</b><br><br>Access to the information platform was monitored through the User Access platform and all progress reports were submitted to EXCO for noting. | None, target achieved as planned.                      | No revisions were made.                                 |

### 3.4.2. LINKING PERFORMANCE WITH BUDGETS

The table below provides the expenditure incurred against the budget for the programme.

**Table 16: Performance against Budgets**

| PROGRAMME           | 2022/23      |                    |                          | 2021/2022     |                    |                          |
|---------------------|--------------|--------------------|--------------------------|---------------|--------------------|--------------------------|
|                     | BUDGET       | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE | BUDGET        | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
|                     | R'000        | R'000              | R'000                    | R'000         | R'000              | R'000                    |
| Research & Advisory | 7,466        | 10,803             | (3,337)                  | 29,289        | 24,134             | 5,155                    |
| <b>Total</b>        | <b>7,466</b> | <b>10,803</b>      | <b>(3,337)</b>           | <b>29,289</b> | <b>24,134</b>      | <b>5,155</b>             |

### 3.4.3. STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The Agency has successfully implemented the target planned for this programme and therefore there are no areas of under achievement.

### 3.4.4. OTHER PROGRAMME PRIORITIES

This section provides a highlight of other priorities that are of operational importance in fulfilling the advisory mandate. Below are some of the highlights of such activities:

#### i. Monitored Transport and Trade Volumes Passing through South African Land Border Posts

The Agency conducts research to assess cross border road transport trade volumes between South Africa and neighbouring countries. The target for this financial year is to conduct a comparative assessment of trade

volumes conveyed by road transport passing through South African land border posts. A Project Plan was developed and implemented. The Agency developed trade volumes assessment report in consultation with SARS.

#### ii. Reposition the C-BRTA as a Land Transport Regulator

In the period under review a report to reposition C-BRTA as a land regulator was developed and presented to the Board. The report indicated that the C-BRTA should not become a land transport regulator but rather a hybrid cross-border road transport regulator focusing both on economic and safety regulation. relevant stakeholders in the SADC region with a view to lobby implementation of interventions required to improve road safety. This is expected to result in a safe and reliable cross-border road transport system.





# Administration



### 3.5 PROGRAMME 5 ADMINISTRATION

This programme exists to ensure effective leadership and administrative support to the C-BRTA on the delivery of its set objectives. It has five (4) line functions as outlined below:

- **Information and Communication Technology (ICT)** provides information and communication technology support to the Agency while ensuring compliance with statutory requirements and best practice models.
- **Corporate Services** provides professional advice and support that includes human resources, legal services and facilities management to enable and enhance business delivery.
- **Finance and SCM** provides financial and supply chain management services to the Agency while ensuring compliance with statutory and best practice models.
- **Office of the Chief Executive Officer** provides planning, monitoring and evaluation as well as reporting services to the Agency. It also provides leadership on other functions such as fraud and corruption prevention and auditing.

This programme contributes to the following outcomes:

- Viable cross border road transport economic regulator; and
- Improved governance and strengthened control environment

#### 3.5.1. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

##### 3.5.1.1. Output Indicator 5.1: Implemented cross border management system

The Agency took an initiative to develop effective and efficient information technology management system called Cross-Easy to enhance its value offering and ensure that it remains a viable cross border road transport economic regulator. The Digital and Mobile Permit Platform (DMPP) is one of the Cross-Easy system streams and will be configured to enable mobile applications for C-BRTA clients to transact with the Agency. The Platform will cater for applications (account, permit, renewals, changes etc), compliance (annual and accreditation), Payments and monthly submissions.

For the year under review, the target was to pilot the Digital and Mobile Permit Platform. This target was achieved following successful design and development of DMPP. A Pilot was conducted during the last quarter of the financial year and outcome report approved by EXCO.

##### 3.5.1.2. Output Indicator 5.2: Percentage implementation of HR Strategy initiatives

The Agency developed an HR Strategy with the aim of enhancing human resources capabilities that enables the Agency to achieve its outcome of being a viable Organization. The target for the year under review was to implement 30% of the identified initiatives in the Strategy. In line with the strategy, an implementation plan was developed with ten initiatives for implementation

during 2022/23. These initiatives amongst others, include Employee engagement, health and wellness, training and development etc. The Agency exceeded the target of 30% upon achieving 100% implementation of all identified HR Strategy initiatives.

##### 3.5.1.3. Output Indicator 5.3: Percentage implementation of integrated communication strategy

The Agency developed an Integrated Communication Strategy in 2020/21 financial year which identified different innovative outreach channels that can be utilized to support the strategic vision, mission and initiatives of the Agency and enhance brand and visibility of the Agency.

For the reporting period, the Agency planned to implement 20% of Integrated Communication Strategy initiatives. For the 2022/23 implementation plan, there was a total of seventeen (17) initiatives identified and the Agency successfully implemented fourteen (14) strategy initiatives resulting in 76.47% achievement.

##### 3.5.1.4. Output Indicator 5.4: Implemented COVID-19 response plan

The Agency continued with the implementation of COVID-19 Response Plan that was developed during 2020/21 financial year in response to the legislative requirements from the Department of Labour and Employment and the Department of Health. To ensure full compliance with Government's regulations in relation to COVID-19, a COVID-19 Compliance Officer was appointed to monitor compliance with the Plan. Some of the activities

that were conducted in line with the plan were raising awareness on guidelines, promotion of personal hygiene, cleaning of all surfaces and offices as well as the provision of office surfaces cleaning material to all staff. The Agency achieved the annual target of implementing COVID-19 Response Plan.

#### **3.5.1.5. Output Indicator 5.5: Percentage responses to Parliamentary questions within stipulated timelines**

As part of the Agency's commitment to improve governance, C-BRTA ensures that all Parliamentary Questions received are appropriately responded to within stipulated timelines. A register for all questions is kept and updated as and when questions are received.

For the year under review, the Agency received 14 Parliamentary Questions, and all of them were responded to within stipulated timelines. This translates to the achievement of the annual target of 100% responses to Parliamentary questions received from the Department of Transport and the report approved by EXCO.

#### **3.5.1.6. Output Indicator 5.6: Percentage resolution of reported incidents of corruption**

In line with the Agency's drive to improve governance, the Agency targeted to resolve 95% of reported incidents of corruption. All reported incidents which come through various reporting platforms (hotline, email, walk-in, etc) are considered in calculating the percentage resolution of reported incidents.

For the year under review, a total number of eight (8) incidents were reported and all were investigated and closed, resulting in 100% of reported incidents of corruption. The report was approved by EXCO.

#### **3.5.1.7. Output Indicator 5.7: Ethics committees established and operationalised.**

Another area that received focus in line with the Agency's intention to improve governance and strengthen control environment was operationalising the Social and Ethics Committee (SEC). After its establishment in 2021/22, a work plan approved for 2022/23 with a total number of 23 activities was developed to ensure the SEC is operational.

For the year under review, the target was to implement 100% of Social and Ethics committee's plan. The Agency implemented all 23 activities that were planned for the reporting period, resulting in 100% implementation of the SEC workplan. A progress report was approved by EXCO.

#### **3.5.1.8. Output Indicator 5.8: Percentage implementation of action plans to address audit findings.**

The Agency implemented best practices for continued improvement with regard to responding to audit findings. In pursuance of achieving strong internal control, the Agency monitors implementation of both internal and external audit findings.

For the year under review, the Agency did not achieve the target of 100% implementation of action plans to resolve audit findings, however 88.24% was achieved

and the 11.8% that was not achieved has been deferred to 2023/24 financial year. The Agency will put measures in place to ensure that all audit findings are addressed appropriately.

#### **3.5.1.9. Output Indicator 5.9: Regulatory Audit Outcome by the Auditor-General of South Africa (AGSA)**

This output is also intended to enhance governance and strengthen the environment. The Agency boasts a clean audit outcome for seven (7) consecutive years after its annual financial statements and the annual performance for 2021/22 were audited by the AGSA that pronounced an unqualified audit report with no significant findings.

#### **3.5.1.10. Output Indicator 5.10: Percentage compliance to 30 day payment requirement**

For the year under review, the Agency's target was to achieve 100% compliance with regard to the payment of valid invoices within 30 days in line with PFMA payment requirement. The Agency developed a monitoring tool to enable effective management and subsequently payment of valid invoices within 30 days of receipt. The Agency paid all valid invoices within 30 days that were received for the reporting period.

The table below is a highlight of programme performance for the year under review against 2022/23APP as approved.

**Table 17: Programme Performance against Planned Target**

| PROGRAMME: ADMINISTRATION |   |   |  |   |  |   |   |   |   |
|---------------------------|---|---|--|---|--|---|---|---|---|
| NO.                       | OUTCOME   | OUTPUT  | OUTPUT INDICATOR                                     | AUDITED ACTUAL PERFORMANCE 2020/2021  | AUDITED ACTUAL PERFORMANCE 2021/2022   | PLANNED ANNUAL TARGET 2022/2023                       | ACTUAL ACHIEVEMENT 2022/23  | DEVIATION FROM PLANNED TARGET AND REASON FOR DEVIATION  | REASON FOR REVISION TO OUTPUT/OUTPUT INDICATOR/ ANNUAL TARGET |
| 5.1                       | Viable cross border road transport economic regulator | Functional Digital and Mobile Permit Platform | Implemented cross border management system           | Target not achieved<br><br>After the termination of the initial contract, a new service provider was appointed through an RFQ process to finish Phase 1 | Target over-achieved<br><br>iCBMS was successfully launched during the financial year and integrated with three (3) other external systems i.e. Sage Evolution, eNaTIS and the Payment Gateway | Piloted the Digital and Mobile Permit Platform (DMPP) | <b>Target achieved</b><br><br>DMPP Pilot was conducted as planned. The close-out report was submitted to EXCO for approval.           | None, target achieved as planned.   | No revisions were made.                                       |
| 5.2                       |   | Implemented comprehensive HR strategy         | Percentage implementation of HR Strategy initiatives | Target not achieved<br><br>The Agency continued to roll out leaning and development programmes with a total of 100 staff trained from the year.         | Target not achieved<br><br>The initiative that the Agency was able to roll out is the C-BRTAs Values campaigns that mainly used internal communications platform on outlook.                   | Implemented 30% identified HR Strategy initiatives    | <b>Target achieved</b><br><br>100% was achieved upon full implementation of HR strategy initiatives that were identified for 2022/23. | The target was exceeded by 70% because of a strategy that was reviewed in quarter 1 and implementation plan drafted with realistic targets. | No revisions were made.                                       |

PROGRAMME: ADMINISTRATION

| NO. | OUTCOME   | OUTPUT  | OUTPUT INDICATOR   | AUDITED ACTUAL PERFORMANCE 2020/2021   | AUDITED ACTUAL PERFORMANCE 2021/2022  | PLANNED ANNUAL TARGET 2022/2023                                  | ACTUAL ACHIEVEMENT 2022/23   | DEVIATION FROM PLANNED TARGET AND REASON FOR DEVIATION   | REASON FOR REVISION TO OUTPUT/OUTPUT INDICATOR/ ANNUAL TARGET |
|-----|---|---|--|--|---|--|--|--|---|
| 5.3 | Viable cross border road transport economic regulator | Implemented Integrated Communication Strategy | Percentage implementation of the Integrated Communication Strategy | Target achieved<br><br>Digital platform was used to implement initiatives planned for Q4 after approval of the Strategy  | Target achieved<br><br>All planned initiatives of the integrated communication strategy were implemented as planned | Implemented 20% of Integrated Communication Strategy initiatives | <b>Target achieved</b><br><br>76.47% was achieved as a result of implementing fourteen (14) out of seventeen (17) initiatives of the integrated communications strategy. | Target was exceeded by 56.47% because of added opportunities like Ministerial invitations that enable implementation of targets. | No revisions were made.                                       |
| 5.4 |   | COVID-19 Regulations Compliant                | Implemented COVID-19 response plan initiatives                     | Target achieved<br><br>Implementation of the response plan was monitored through various communication and awareness programs to staff at the different alert levels. PPE was also provided to staff coming to the office. | Target achieved<br><br>The COVID-19 response plan was implemented successfully during the year.                     | Implemented COVID-19 response plan                               | <b>Target achieved</b><br><br>The Agency implemented the plan successfully and a close-out COVID -19 response plan report was approved by EXCO.                          | None, target achieved as planned.  | No revisions were made.                                       |

| PROGRAMME: ADMINISTRATION |  |   |   |                                      |   |   |   |   |   |
|---------------------------|--|---|---|--------------------------------------|---|---|---|---|---|
| NO.                       | OUTCOME  | OUTPUT                                    | OUTPUT INDICATOR  | AUDITED ACTUAL PERFORMANCE 2020/2021 | AUDITED ACTUAL PERFORMANCE 2021/2022  | PLANNED ANNUAL TARGET 2022/2023                             | ACTUAL ACHIEVEMENT 2022/23  | DEVIATION FROM PLANNED TARGET AND REASON FOR DEVIATION  | REASON FOR REVISION TO OUTPUT/OUTPUT INDICATOR/ ANNUAL TARGET |
| 5.5                       | Improved governance and strengthened control environment | Addressed Parliamentary questions         | Percentage responses to Parliamentary questions within stipulated timelines | New target                           | Target achieved<br><br>All parliamentary questions received by the Agency were attended to timeously  | 100% responses to Parliamentary questions received from DoT | <b>Target achieved</b><br><br>All Parliamentary questions received from DoT were responded to within the stipulated timelines. The final report was approved by EXCO. | None, target achieved as planned.   | No revisions were made.                                       |
| 5.6                       |  | Resolved reported incidents of corruption | Percentage resolution of reported incidents of corruption                   | New target                           | Target not achieved<br><br>A total of twelve (12) incidents were reported during the year and only eleven (11) of them were resolved, resulting to a 91.67% resolution of incidents reported. | 95% resolution of reported incidents of corruption          | <b>Target achieved.</b><br><br>100% of reported incidents of corruption were resolved and report approved by EXCO.  | The set target was exceeded by 5% because the 95% target was not set on the basis of specified numbers but rather what would be registered incidents. The Agency addressed all resulting in 100%. | No revisions were made.                                       |

**PROGRAMME: ADMINISTRATION**

| <b>NO.</b> | <b>OUTCOME</b>   | <b>OUTPUT</b>               | <b>OUTPUT INDICATOR</b>   | <b>AUDITED ACTUAL PERFORMANCE 2020/2021</b> | <b>AUDITED ACTUAL PERFORMANCE 2021/2022</b>   | <b>PLANNED ANNUAL TARGET 2022/2023</b>                        | <b>ACTUAL ACHIEVEMENT 2022/23</b>   | <b>DEVIATION FROM PLANNED TARGET AND REASON FOR DEVIATION</b>      | <b>REASON FOR REVISION TO OUTPUT/OUTPUT INDICATOR/ ANNUAL TARGET</b> |
|------------|--|-----------------------------|---|---|---|---|---|--|--|
| 5.7        | Improved governance and strengthened control environment | Functional ethics committee | Ethics committees established and operationalised                   | New target                                  | Target achieved<br>The Social and Ethics Committee was established, inducted and trained during the financial year. Ethics training was also provided to various internal structures. The activities of the Committee were monitored. | 100% on implementation of Social and Ethics committees plan   | <b>Target Achieved</b><br>100% of the Social and Ethics Committee plan was implemented and report approved by EXCO. | None, target achieved as planned.                                  | No revisions were made.  |
| 5.8        | Improved governance and strengthened control environment | Resolved audit findings     | Percentage implementation of action plans to address audit findings | New target                                  | Target not achieved<br>The Agency has managed to resolve 94% (322/344*100) of the audit findings during the financial year.   | 100% implementation of action plans to address audit findings | <b>Target not achieved</b><br>88.24% was achieved the target remains not achieved for the year.                     | 11.8% of unresolved findings were deferred to next financial year. | No revisions were made.  |

| PROGRAMME: ADMINISTRATION |  |                                       |  |                                      |  |   |  |  |   |
|---------------------------|--|---------------------------------------|--|--------------------------------------|--|---|--|--|---|
| NO.                       | OUTCOME  | OUTPUT                                | OUTPUT INDICATOR   | AUDITED ACTUAL PERFORMANCE 2020/2021 | AUDITED ACTUAL PERFORMANCE 2021/2022   | PLANNED ANNUAL TARGET 2022/2023                               | ACTUAL ACHIEVEMENT 2022/23   | DEVIATION FROM PLANNED TARGET AND REASON FOR DEVIATION | REASON FOR REVISION TO OUTPUT/OUTPUT INDICATOR/ ANNUAL TARGET |
| 5.9                       | Improved governance and strengthened control environment | Maintained unqualified audit outcomes | Regulatory Audit Outcome by the Auditor General of South Africa (AGSA) | New target                           | Target achieved  | 100% implementation of action plans to address audit findings | <b>Target Achieved</b><br>The Agency was audited by AGSA that reported a clean audit outcome for the 2021/22 financial year. | None, target achieved as planned.                      | No revisions were made.                                       |
| 5.10                      | Improved governance and strengthened control environment | PFMA payment requirement compliant    | Percentage compliance to 30 day payment requirement                    | New target                           | Target achieved<br>All invoices received were paid within prescribed timelines | 100% of valid invoices paid within 30 days                    | <b>Target Achieved</b><br>100% of valid invoices were paid within 30 days and management accounts approved by EXCO.          | None, target achieved as planned.                      | No revisions were made.                                       |

### 3.5.2. LINKING PERFORMANCE WITH BUDGETS

The table below provides the expenditure incurred against the budget for the programme.

Table 18: Performance against Budgets

| PROGRAMME      | 2022/2023      |                    |                          | 2021/2022      |                    |                          |
|----------------|----------------|--------------------|--------------------------|----------------|--------------------|--------------------------|
|                | BUDGET         | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE | BUDGET         | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
|                | R'000          | R'000              | R'000                    | R'000          | R'000              | R'000                    |
| Administration | 155,807        | 143,127            | 12,679                   | 149,851        | 125,838            | 24,013                   |
| <b>Total</b>   | <b>155,807</b> | <b>143,127</b>     | <b>12,679</b>            | <b>149,851</b> | <b>125,838</b>     | <b>24,013</b>            |



### 3.5.3. STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The Agency recorded non-achievement of annual target pertaining to implementation of action plans to address audit findings. The two findings that could not be resolved were deferred to 2023/24.

### 3.5.4. OTHER PROGRAMME PRIORITIES

This section provides a highlight of other organisational priorities that are of operational importance in fulfilling the regulatory mandate. Below is a few of such significant activities.

#### i. Piloted Cross-Easy with One Country

The Agency intended to pilot Cross-Easy system with one country during the year under review. Engagements with the Office of Multimodal Freight Management (OGEFREM) of the Democratic Republic of Congo (DRC) have been concluded and the signing of an agreement is in process. The Kingdom of Lesotho was also engaged, and expressed interest in the implementation of the Cross-Easy system.



#### ii. Managed IT Systems Integrity (IT System Maintenance)

Regular maintenance is conducted to ensure the integrity of the IT systems and information of the Agency. During the reporting period, IT systems were patched, updated and maintenance procedures were conducted, and there were no maintenance issues or incidents that were identified or reported.

#### iii. Implemented 4IR Technology (Hosting of Cross-Easy in the Cloud)

The organisation has initiated a pilot project to leverage Fourth Industrial Revolution (4IR) technologies by migrating Cross-Easy to the Microsoft Azure cloud platform using modernised and innovative cloud solutions and services.

For the reporting period, the Cross-Easy system was successfully deployed to the Microsoft Azure cloud platform and piloted to test for functional completeness and cloud hosting compatibility. The Cross-Easy software code and configuration items were deployed

to the cloud environment using Microsoft Azure Pipelines, and they will be updated and optimised to enhance the Cross-Easy cloud deployments.

#### iv. Percentage savings on budgeted expenditure

For the reporting period, the Agency planned to save 1.5% on annual budgeted expenses through innovative initiatives, and a total saving of 9% was achieved.

#### (v) Percentage Compliance fees collected

The Agency is a regulator, therefore, it collects relevant compliance fees. During the period under review, 18.94% of compliance fees was collected.



Cross-Easy, an accurate, convenient and secure way to apply and track your cross-border permits online.

Available 24/7/365



## 4. Revenue Collection

Table 19: Revenue Collection

| SOURCES OF REVENUE | 2022/2023      |                         |                         | 2021/2022      |                         |                         |
|--------------------|----------------|-------------------------|-------------------------|----------------|-------------------------|-------------------------|
|                    | ESTIMATE       | ACTUAL AMOUNT COLLECTED | OVER/(UNDER) COLLECTION | ESTIMATE       | ACTUAL AMOUNT COLLECTED | OVER/(UNDER) COLLECTION |
|                    | R'000          | R'000                   | R'000                   | R'000          | R'000                   | R'000                   |
| Permit fees        | 231,280        | 243,872                 | (12,592)                | 218,447        | 213,508                 | (4,939)                 |
| Fines              | 37,307         | 75,196                  | (37,889)                | 35,735         | 44,038                  | 8,303                   |
| Other Income       | 758            | 855                     | (97)                    | 726            | 1,891                   | 1,164                   |
| Interest received  | 5,176          | 11,385                  | (6,210)                 | 4,411          | 5,868                   | 1,457                   |
| Government grants  | 0              | 0                       | 0                       | 0              | 419                     | 419                     |
| <b>Total</b>       | <b>274,520</b> | <b>331,308</b>          | <b>(56,788)</b>         | <b>259,319</b> | <b>265,724</b>          | <b>6,405</b>            |

## 5. Capital Investment

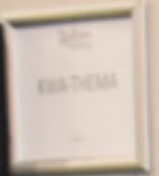
The Agency did not have major infrastructure development plans, other than the development of the permit issue management system to replace the old system. While phase 1 of the project was completed, phase 2 project was delayed due to the delays in finalising the phase 1 of the project, leading to the spending less than budgeted for. Furthermore, the development of OCAS system was also delayed for the same reasons. The project to develop and implement vehicle development plans was cancelled as the tender process received far exceeded the available budgets

**Table 20: Capital Investments**

| INFRASTRUCTURE PROJECTS                    | 2022/2023     |                    |                          | 2021/2022     |                    |                          |
|--|---------------|--------------------|--------------------------|---------------|--------------------|--------------------------|
|  | BUDGET        | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE | BUDGET        | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
|  | R'000         | R'000              | R'000                    | R'000         | R'000              | R'000                    |
| Integrated Cross Border Management System  | 15,220        | 6,279              | 8,941                    | 15,220        | 3,224              | 11,976                   |
| OCAS                                       | 1,500         | -                  | 1,500                    | 12,000        | -                  | 12,000                   |
| Information Platform                       | 200           | -                  | 200                      | 2,500         | 2,523              | (23)                     |
| Business Automation                        | 300           | -                  | 300                      | 480           | 236                | 244                      |
| Vehicle Registration System (VRS) Pilot    | -             | -                  | -                        | 3,000         | -                  | 3,000                    |
| Office Furniture, equipment and leaseholds | 2,870         | 139                | 2,731                    | 1,000         | 514                | 486                      |
| Computer Equipment                         | 3,860         | 1,221              | 2,639                    | 5,120         | 3,095              | 2,025                    |
| Motor Vehicle                              | 600           | -                  | 600                      | 800           | -                  | 800                      |
| <b>Total</b>                               | <b>24,550</b> | <b>7,639</b>       | <b>16,911</b>            | <b>40,120</b> | <b>9,612</b>       | <b>30,508</b>            |

# Part C:

# Governance



## 1. Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity’s enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King’s Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

The C-BRTA Board is established through the Cross-Border Road Transport Act, the Agency is represented and governed by the Board of Directors. The Board as the Accounting Authority provides the Agency with strategic direction and monitors performance of the Agency in terms of the goals and strategic objectives set.

The Board in carrying out its responsibilities observe and comply with the provisions of the C-BRT Act 4 of 1998, Public Finance Management Act, 1 of 1999, as amended, (“PFMA”), National Treasury Regulations and any legislation applicable to the Agency. The Board is further committed to good governance as espoused in King IVTM to provide ethical and effective leadership in order to achieve the core governance outcomes of an ethical culture, good performance, effective control and legitimacy.

## 2. Portfolio Committees

The Board did not receive any invitation to appear before any of the Parliamentary Committees.



## 3. Executive Authority

Quarterly Performance Reports approved by the Board were all submitted to the Executive Authority within the required timelines set by the Public Finance Management Act. The Annual Report incorporating the audited 2021/22 Annual Financial Statements was presented to the Executive Authority for approval at the Annual General Meeting held on 19 October 2022.



## 4. The Accounting Authority / Board

The C-BRTA is governed and represented by a Board of Directors (“the Board”) appointed by the Minister of Transport (“Minister”) in terms of section 5 of the C-BRT Act. The Board is the accounting authority in terms of the PFMA and is responsible for providing oversight and strategic direction to the Agency. Furthermore, the Board is committed to a high standard of business integrity, accountability, and transparency. The Board reports to the Minister of Transport quarterly and annually on the overall performance of the Agency.

The Board monitors the Agency’s financial and non-financial performance on a quarterly basis through the Audit and Risk Committee. At every quarterly Board meeting, the Board considers the quarterly financial and performance reports of the Agency.

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

### The role of the Board is as follows:

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



The Board is responsible for the following, amongst others:

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

## 4.1 BOARD CHARTER

The Board reviewed and approved the Board Charter applicable in the 2022/23 financial year. As recommended by the King Code, the Board Charter at a minimum sets out the following:

- The Board’s role and responsibilities for the adoption of strategic plans,
- Monitoring of operational performance and management,
- Determination of policy processes to ensure the integrity of the public entity risk management and internal controls, and
- Communication policy, and director selection, orientation and evaluation.

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

The Board meets four (4) times a year as stipulated in the Charter. Special meetings are convened as and when the need arises. Board meetings are scheduled in advance and members are provided with the necessary information within reasonable times to prepare for meetings.

In line with the recommendations of King IV, the Board evaluation is conducted every two years. The evaluation on the effectiveness of the Board was conducted during the 2022/2023 financial year.

## 4.2 COMPOSITION OF THE BOARD

The C-BRT Act requires that the Board should comprise of twelve (12) members, of whom eleven (11) are Non-Executive Directors who are appointed by the Minister for a term of three years. As of 31 March 2023, two (2) vacancies existed on the Board, namely, two members with technical expertise in cross-border road transport of passengers. The Board composition matter is being attended to by the Shareholder. In the year under review, the Minister of Transport appointed the new Board Chairperson on 15 February 2023, induction was conducted for the new Chairperson immediately after the appointment.

The Chief Executive Officer is the only executive member on the Board as prescribed by the Cross-Border Road Transport Act.

**Table 21: Composition of Board**

| NAME                            | DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE) | DATE APPOINTED   | DATE RESIGNED | QUALIFICATIONS  | AREA OF EXPERTISE   | BOARD DIRECTORSHIPS (LIST THE ENTITIES)  | OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)             | NO. OF MEETINGS ATTENDED          |
|---------------------------------|---|------------------|---------------|---|---|--|---|-----------------------------------|
| <b>Adv. Sonwabile Mancotywa</b> | Board Chairperson   | 15 February 2023 | N/A           | <ul style="list-style-type: none"> <li>Management Advanced Programme</li> <li>Post graduate qualification in Management Practice</li> <li>Bachelor of Laws- (LLB)</li> <li>B.Juris</li> </ul> | <ul style="list-style-type: none"> <li>Strategic analysis and insight</li> <li>Strategic planning and development</li> <li>Relationship building and networking</li> <li>Negotiating and political acumen</li> <li>Presentation and communication</li> <li>Business and emotional intelligence</li> </ul> | <ul style="list-style-type: none"> <li>Ntinga Development Agency SOC Ltd</li> <li>Raymond Mhlaba Municipality</li> <li>Eastern Cape Tourism Board</li> </ul> | <ul style="list-style-type: none"> <li>Chairperson of the Regulatory Committee</li> </ul> | 2 (Appointed on 15 February 2023) |



| NAME                        | DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)                         | DATE APPOINTED | DATE RESIGNED | QUALIFICATIONS  | AREA OF EXPERTISE  | BOARD DIRECTORSHIPS (LIST THE ENTITIES)  | OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)   | NO. OF MEETINGS ATTENDED |
|-----------------------------|---|----------------|---------------|---|--|--|---|--------------------------|
| <b>Ms. Lerato Molebatsi</b> | Deputy Board Chairperson (Acting Chairperson from 28 June 2021 to 15 February 2023) | 28 June 2021   | N/A           | <ul style="list-style-type: none"> <li>• Post Grad Rural Development &amp; Management</li> <li>• Bachelor of Art Degree in Psychology</li> <li>• Senior Executive Leadership Programme</li> <li>• Diploma in Senior Management Development</li> </ul> | <ul style="list-style-type: none"> <li>• Strategy and planning</li> <li>• Financial Services</li> <li>• Mining</li> <li>• Public Sector experience</li> <li>• Non-Profit Organisation</li> <li>• Professional Service Industries</li> <li>• Corporate Social Investment</li> <li>• Stakeholder Relations</li> <li>• Governance</li> <li>• Policy Development</li> <li>• Black Economic Empowerment</li> <li>• Marketing and investor relations</li> <li>• Transformation management</li> <li>• Communications and public affairs.</li> </ul> | <ul style="list-style-type: none"> <li>• South African Reserve Bank</li> <li>• Spur Corporation</li> <li>• Financial Sector Conduct Authority (FSCA)</li> <li>• African Piping Projects</li> <li>• Petra Diamonds</li> </ul> | <ul style="list-style-type: none"> <li>• Regulatory Committee (Acting)</li> <li>• Member of the Human Resource and Remuneration Committee (HR and REMCO)</li> </ul> | 10 out of 10             |

| NAME                      | DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE) | DATE APPOINTED | DATE RESIGNED | QUALIFICATIONS   | AREA OF EXPERTISE  | BOARD DIRECTORSHIPS (LIST THE ENTITIES)  | OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)   | NO. OF MEETINGS ATTENDED |
|---------------------------|---|----------------|---------------|--|--|--|---|--------------------------|
| <b>Prof. Isaac Shai</b>   | Board Member  | 28 June 2021   | N/A           | <ul style="list-style-type: none"> <li>• Doctor of Laws – (LLD)</li> <li>• Master of Laws –(LLM)</li> <li>• Bachelor of Law- (LLB)</li> <li>• Certificate in Legislative</li> <li>• Bachelor of Arts</li> <li>• Admitted Advocate</li> </ul> | <ul style="list-style-type: none"> <li>• Legal expertise</li> <li>• Strategic legal and policy advisory</li> <li>• Policy development and policy drafting</li> <li>• Regulatory law advisory</li> <li>• International law advisory</li> <li>• Legislative drafting</li> <li>• Contract drafting</li> <li>• Corporate Governance</li> </ul> |  | <ul style="list-style-type: none"> <li>• Member of the Regulatory Committee</li> </ul>  | 6 out of 10              |
| <b>Ms. Zukisa Ramasia</b> | Board Member  | 28 June 2021   | N/A           | <ul style="list-style-type: none"> <li>• Post Grad Diploma in Management</li> <li>• Leadership Development</li> <li>• Human Resource Development (Hons)</li> <li>• Bachelor of Arts</li> <li>• Senior Secondary Teachers Diploma</li> </ul>  | <ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Leadership in large complex organisation</li> <li>• Stakeholder Management</li> <li>• Drive Transformation</li> <li>• Global Business Strategy and Execution</li> </ul>   | <ul style="list-style-type: none"> <li>• SANParks</li> <li>• GGT2030 Technical Advisory Committee Panel Member</li> <li>• Tourism Committee</li> <li>• Conservation and Socio – Economic Transformation Committee</li> </ul> | <ul style="list-style-type: none"> <li>• Chairperson of the Human Resources and Remuneration Committee</li> <li>• Member of the Regulatory Committee</li> </ul> | 10 out of 10             |

| NAME                             | DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE) | DATE APPOINTED | DATE RESIGNED | QUALIFICATIONS   | AREA OF EXPERTISE   | BOARD DIRECTORSHIPS (LIST THE ENTITIES)   | OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)            | NO. OF MEETINGS ATTENDED |
|----------------------------------|---|----------------|---------------|--|---|---|--|--------------------------|
| <b>Adv. Adila Chowan CA (SA)</b> | Board Member  | 28 June 2021   | N/A           | <ul style="list-style-type: none"> <li>Chartered Accountant</li> <li>Bachelor of Accountancy</li> <li>Bachelor of Laws (LLB)</li> <li>Post Graduate Diploma in Accounting</li> <li>Admitted Advocate of the High Court.</li> </ul> | <ul style="list-style-type: none"> <li>Accounting</li> <li>Law</li> </ul>   | <ul style="list-style-type: none"> <li>Council of Geoscience</li> <li>Communicare NPO</li> <li>NTP Radio-isotope</li> </ul>   | <ul style="list-style-type: none"> <li>Member of the Audit and Risk Committee</li> </ul> | 10 out of 10             |
| <b>Ms. Lebogang Letsoalo</b>     | Board Member  | 28 June 2021   | N/A           | <ul style="list-style-type: none"> <li>Master's in Business Administration</li> <li>B-Tech Logistics</li> <li>Diploma in Purchasing</li> </ul>   | <ul style="list-style-type: none"> <li>Supply Chain Management (Advocacy)</li> <li>Logistics (Freight)</li> <li>BEE (Compliance and creating Black Industrialists)</li> <li>Coaching women in the Transport Sector in collaboration with UN Women and Industry bodies.</li> </ul> | <ul style="list-style-type: none"> <li>Sincpoint</li> <li>AWISCA</li> <li>Thola Trust</li> <li>Sonae Arauco</li> <li>Ibis Consulting</li> <li>Booyco Engineering</li> <li>Jet Demolition</li> </ul> | <ul style="list-style-type: none"> <li>Member of the Regulatory Committee</li> </ul>     | 8 out of 10              |

| NAME                                 | DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE) | DATE APPOINTED | DATE RESIGNED | QUALIFICATIONS   | AREA OF EXPERTISE  | BOARD DIRECTORSHIPS (LIST THE ENTITIES)                               | OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)   | NO. OF MEETINGS ATTENDED |
|--------------------------------------|---|----------------|---------------|--|--|---|---|--------------------------|
| <b>Mr. Monwabisi Andile Kolanisi</b> | Board Member  | 28 June 2021   | N/A           | <ul style="list-style-type: none"> <li>• Masters in (Management of People, Technology, Innovation)</li> <li>• Management Development Programme</li> <li>• Leadership Development</li> <li>• Access Programme in Economic Science</li> <li>• Executive Course in Strategic Leadership</li> <li>• Applying the Labour Relations</li> <li>• Trade Union Educators Course</li> <li>• Facilitator/ Educator Course</li> </ul> | <ul style="list-style-type: none"> <li>• Labour Relations</li> <li>• Human Capital</li> <li>• Strategy development and implementation</li> <li>• Performance Management</li> </ul> | <ul style="list-style-type: none"> <li>• Khumbeni Supplies</li> </ul> | <ul style="list-style-type: none"> <li>• Member of the Social and Ethics Committee</li> <li>• Member of the Human Resources and Remuneration</li> </ul> | 9 out of 10              |

| NAME                           | DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE) | DATE APPOINTED | DATE RESIGNED | QUALIFICATIONS   | AREA OF EXPERTISE   | BOARD DIRECTORSHIPS (LIST THE ENTITIES)   | OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)  | NO. OF MEETINGS ATTENDED |
|--------------------------------|---|----------------|---------------|--|---|---|--|--------------------------|
| <b>Mr. Kevin van der Merwe</b> | Board Member  | 28 June 2021   | N/A           | <ul style="list-style-type: none"> <li>Diploma in Traffic Science</li> <li>Occupation Directed Education Training and Development Practitioner.</li> <li>Traffic Officer Diploma</li> <li>Examiner of Vehicles</li> <li>Examiner of Driving Licenses</li> <li>SANAS Certificate</li> </ul> | <ul style="list-style-type: none"> <li>Freight expert</li> <li>South African Association of Road Transport - Consultant</li> </ul>  | <ul style="list-style-type: none"> <li>ATL Mobility CC</li> <li>Mpumalanga Transport Consultants (Pty) Ltd</li> <li>ATL Mobility Consulting (Pty) Ltd.</li> <li>Free State Consulting (Pty) Ltd.</li> </ul> | <ul style="list-style-type: none"> <li>Member of the Regulatory Committee</li> </ul>                                       | 9 out of 10              |
| <b>Ms. Loyiso Kula</b>         | Board Member  | 28 June 2021   | N/A           | <ul style="list-style-type: none"> <li>Masters of Science in Risk Management</li> <li>Masters in Business Administration</li> <li>Bachelor of Commerce</li> </ul>  | <ul style="list-style-type: none"> <li>Corporate Strategy</li> <li>Corporate Governance</li> <li>Oversight and people management</li> <li>Project Management</li> <li>Communications and Stakeholder Engagement Operations</li> </ul> | <ul style="list-style-type: none"> <li>Social and Ethics</li> <li>Member of the HR and REMCO</li> </ul>   | <ul style="list-style-type: none"> <li>Chairperson of the Social and Ethics</li> <li>Member of the HR and REMCO</li> </ul> | 9 out of 10              |

| NAME                         | DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE) | DATE APPOINTED | DATE RESIGNED | QUALIFICATIONS   | AREA OF EXPERTISE  | BOARD DIRECTORSHIPS (LIST THE ENTITIES)  | OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)               | NO. OF MEETINGS ATTENDED |
|------------------------------|---|----------------|---------------|--|--|--|---|--------------------------|
| <b>Dr. Lesley T. Luthuli</b> | Board Member  | 28 June 2021   | N/A           | <ul style="list-style-type: none"> <li>Advanced Diploma in Management (ADM) Milpark Business School</li> <li>Commercial and Contract Law Certificate (UCT)</li> <li>Nyukela Public Service SMS Pre-Entry Programme Certificate</li> <li>Master of Business Administration (MBA) Milpark Business School</li> <li>PhD from the Faculty of Economic and Management Sciences with main field of study in Business Administration (NWU)</li> </ul> | <ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Business Strategy and Execution</li> <li>Consultant in Business Development: Rail and Energy and Infrastructure</li> <li>Financial Management</li> <li>Economics</li> </ul> | <ul style="list-style-type: none"> <li>South African National Biodiversity Institute (SANBI)</li> <li>Research Development and Innovation</li> </ul> | <ul style="list-style-type: none"> <li>Member of the Social and Ethics Committee</li> </ul> | 9 out of 10              |

### 4.3. COMMITTEES

Board committees constitute an important element of the governance process and should be established with clearly agreed reporting procedures and a written scope of authority. Each Committee operates within the ambit of its defined Terms of Reference that set out the composition, role, and responsibilities, delegated authority and meeting requirements of each Committee.

The following Committees have been established to assist the Board in discharging its responsibilities.

1. Human Resources and Remuneration Committee
2. Regulatory Committee (also takes responsibility for Regulatory Hearings)
3. Audit and Risk Committee
4. Social and Ethics Committee

**Table 22: Board Committees**

| COMMITTEE ROLE AND RESPONSIBILITY   | NO. OF MEETINGS HELD | NO. OF MEMBERS | NAME OF MEMBERS  |
|---|----------------------|----------------|--|
| <b>REGULATORY COMMITTEE</b>   |                      |                |  |
| <p>It provides the required administrative, secretarial, research and technical assistance to the Board in support of the execution of its advisory, regulatory, facilitatory and law-enforcement functions with respect to the following:</p> <ol style="list-style-type: none"> <li>1. Regulates market access through a permit administration process;</li> <li>2. Grant permits subject to certain terms and conditions;</li> <li>3. Withdraw or suspend permits;</li> <li>4. The Committee may withdraw, suspend or amend permit conditions when permit holder was convicted of a road transport / traffic offence;</li> <li>5. Assist the Board in the execution of its functions;</li> <li>6. The Committee may consider all traffic or transport-related contraventions;</li> <li>7. Maintenance of database for cross-border road transport operators;</li> <li>8. Ensure equitable market access through transformation mechanisms; and</li> <li>9. Liaises with internal and external regulatory authorities through an application referral process.</li> </ol> | 04                   | 08             | <ul style="list-style-type: none"> <li>• Adv Sonwabile Mancotywa – Chairperson</li> <li>• Ms Lerato Molebatsi</li> <li>• Ms Zukisa Ramasia</li> <li>• Ms Lebogang Letsoalo</li> <li>• Mr Kevin van der Merwe</li> <li>• Prof Isaac Shai</li> <li>• Mr Chris Hlabisa</li> <li>• Mr Lwazi Mboyi</li> </ul> |

| COMMITTEE ROLE AND RESPONSIBILITY  | NO. OF MEETINGS HELD | NO. OF MEMBERS | NAME OF MEMBERS   |
|--|----------------------|----------------|---|
| <b>HUMAN RESOURCES AND REMUNERATIONS COMMITTEE</b>   |                      |                |   |
| <p>The role of the Committee is primarily to assist the Board in the performance of its oversight functions relating to:</p> <ol style="list-style-type: none"> <li>1. The implementation and adherence to a sound human resources and remuneration philosophy, strategy and policy of the C-BRTA;</li> <li>2. The maintenance of vigilant oversight of the management of the human resources function and Remuneration practices;</li> <li>3. The establishment of a formal and transparent procedure for developing a policy on executive remuneration and for the reviewing of remuneration packages for employees and the members of the Board;</li> <li>4. The consideration of matters and the review of salaries against the benchmark for employees as well as the recommendation of such remuneration packages to the Board for approval.</li> <li>5. Generally managing all matters in relation to human resources and remuneration as may be determined by the Board from time to time.</li> <li>6. The Committee assumes the role of the Nomination Committee to:               <ol style="list-style-type: none"> <li>7. To oversee the development of a formal induction programme for new directors.</li> <li>8. To oversee the development and implementation of continuing professional development programmes for Non-Executive Directors.</li> <li>9. To oversee the annual evaluation of the performance and effectiveness of the Committees, Board, Chairperson and individual Non-Executive Directors</li> </ol> </li> </ol> | <b>06</b>            | <b>04</b>      | <ul style="list-style-type: none"> <li>• Ms Zukisa Ramasia - Chairperson</li> <li>• Ms Lerato Molebatsi</li> <li>• Mr Monwabisi Kolanisi</li> <li>• Ms Loyiso Kula</li> </ul> |



| COMMITTEE ROLE AND RESPONSIBILITY  | NO. OF MEETINGS HELD | NO. OF MEMBERS | NAME OF MEMBERS  |
|--|----------------------|----------------|--|
| <b>SOCIAL AND ETHICS COMMITTEE</b>   |                      |                |  |
| <p>The Social and Ethics Committee is a new Committee established in 2021. The role of the Committee is to advise the Board on good corporate citizenship and ethical relationships, reporting to the Board Agency's commitment in this regard. The functions of Committee is to monitor the company's performance in:</p> <ol style="list-style-type: none"> <li>1. Social and economic development (including the United Nations Global Compact Principles, the Organisation for Economic Co-operation and Development recommendations regarding corruption, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act);</li> <li>2. Good corporate citizenship;</li> <li>3. Environment, health and safety;</li> <li>4. Consumer relationships; and</li> <li>5. Labour and employment.</li> <li>6. To ensure that the ethics of the Agency are managed in a way that supports the establishment of an ethical culture including:</li> <li>7. To monitor the interaction and engagement with the stakeholders of the Agency to ensure that the interest, needs and expectation of all material stakeholders in the interests of the Agency are met through:</li> <li>8. The Committee to further monitor progress on the following: <ol style="list-style-type: none"> <li>8.1 Responsible and transparent tax practices</li> <li>8.2 Fair remuneration</li> <li>8.3 Pollution</li> <li>8.4 Waste disposal</li> <li>8.5 Biodiversity</li> </ol> </li> </ol> | <b>05</b>            | <b>04</b>      | <ul style="list-style-type: none"> <li>• Ms Loyiso Kula – Chairperson</li> <li>• Mr Monwabisi Kolanisi</li> <li>• Dr Lesley Luthuli</li> <li>• Mr Lwazi Mboyi</li> </ul> |

| COMMITTEE ROLE AND RESPONSIBILITY   | NO. OF MEETINGS HELD | NO. OF MEMBERS | NAME OF MEMBERS   |
|---|----------------------|----------------|---|
| <b>AUDIT AND RISK COMMITTEE</b>   |                      |                |   |
| <p>The Audit and Risk Committee ensures that the C-BRTA carries out its responsibilities as they relate to:</p> <ol style="list-style-type: none"> <li>1. Financial, management and other reporting practices;</li> <li>2. Strategic guidance and assistance with respect to accounting policies and procedures;</li> <li>3. Internal controls and management of risks;</li> <li>4. Monitoring of risk management policy and plan;</li> <li>5. Compliance with laws, regulations and ethics;</li> <li>6. IT Governance;</li> <li>7. Performance Information;</li> <li>8. Responsibilities related to the Internal Audit function;</li> <li>9. Financial reporting risks;</li> <li>10. Fraud and IT risks as they relate to financial reporting,</li> <li>11. Sustainability Reporting and all related risks.</li> <li>12. Combined assurance; and</li> <li>13. Risk governance</li> </ol> | <b>08</b>            | <b>04</b>      | <ul style="list-style-type: none"> <li>• Ms Zuziwe Ntsalaze, CA(SA)<br/>– Chairperson</li> <li>• Mr Bryan Chaplog, CA(SA)</li> <li>• Ms Margaret Phiri, CA(SA)</li> <li>• Adv Adila Chowan, CA(SA)</li> </ul> |

#### 4.4. REMUNERATION OF BOARD MEMBERS

The Board is remunerated in accordance with the rates determined by the Minister of Transport in consultation with the Minister of Finance. The Shareholder Representative is not remunerated for attending Board meetings. The Agency has developed a Board Remuneration Policy that is awaiting the approval of the Minister of Transport.

The following is a summary of remuneration paid to each Board member.

**Table 23: Board Remuneration**

| NAME                                      | REMUNERATION      | OTHER ALLOWANCE | OTHER RE-IMBURSEMENTS | TOTAL              |
|---|-------------------|-----------------|-----------------------|--------------------|
| Adv. Sonwabile Mancotywa (Chairperson)    | <b>37,948</b>     | -               | -                     | 37,948             |
| Ms. Lerato Molebatsi (Deputy Chairperson) | 224,249           | -               | 49,083                | 273,332            |
| Prof. Isaac Shai                          | 186,414           | -               | 3,992                 | 190,406            |
| Ms. Zukisa Ramasia                        | 186,414           | -               | 12,439                | 198,853            |
| Adv. Adila Chowan CA(SA)                  | 186,414           | -               | -                     | 186,414            |
| Mr. Monwabisi Kolanisi                    | 186,414           | -               | 1,778                 | 188,192            |
| Mr. Kevin van der Merwe                   | 186,414           | -               | 8,929                 | 195,343            |
| Ms. Loyiso Kula                           | 186,414           | -               | -                     | 186,414            |
| Dr. Lesley Luthuli                        | 186,414           | -               | 9,182                 | 195,596            |
| Ms. Lebogang Letsoalo                     | 186,414           | -               | -                     | 186,414            |
| <b>TOTAL</b>                              | <b>1 753, 509</b> | -               | <b>85, 403</b>        | <b>1, 838, 912</b> |

## 5. Risk Management

The Board assumes the role of oversight over risk management and its implementation through the Audit and risk committee. In the reporting period the Board held its strategic risk assessment were new risks and emerging risks were identified which were included in the Risk management Plan of the Agency.

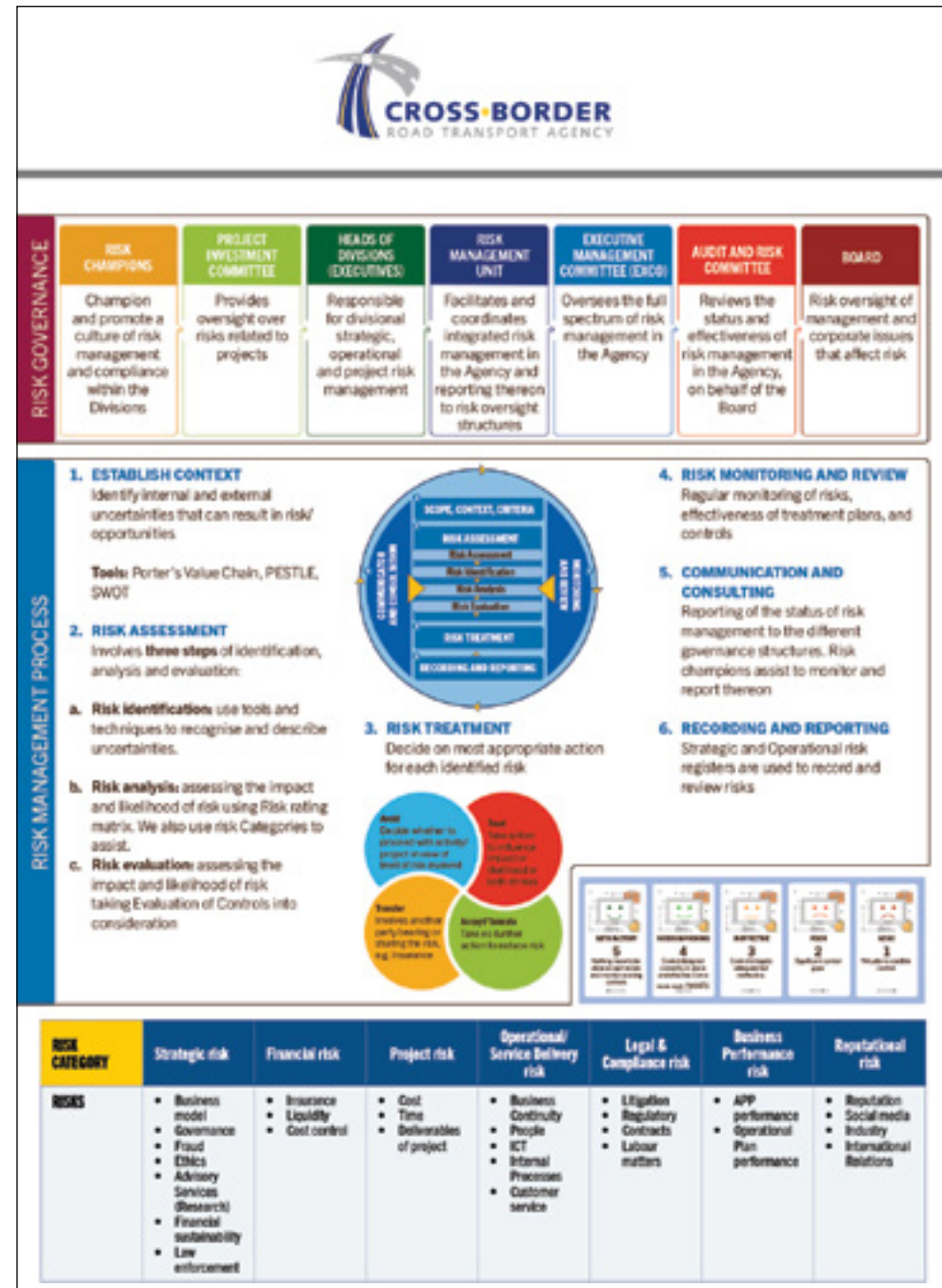
The Agency’s risk and culture maturity assessment was conducted and an overall score of 3,9 was given, both the three year and annual implementation plans were drafted in line with the recommendations of the maturity assessment report. Both instruments will be utilised to assist the Agency in achieving the desired risk intelligence level 5.

The revised risk appetite and tolerance framework is a tool used to effectively manage risk informs and directs decisions made by management, the framework further supports conscious and profitable risk-taking, enhances, and enables performance and reduces catastrophic failures.

The management of operational risks is the role of the Executive Committee and is achieved through the Risk Management Forum which was established in 2019 with representation from each Division where the status update of mitigations, new and emerging risks, incidents are reported on a quarterly basis.

## 6. Internal Control Unit

According to the Agency’s Internal Control framework that was approved in the reporting period, a sound and effective internal control system is fundamental in the Agency’s quest for sustainability. The framework is utilised to assist management in overseeing better control over the entity. An implementation plan was approved and implemented during the period and quarterly reports were drafted and submitted to the Board through the Audit and Risk Committee.



## 7. Internal Audit and Audit Committees

The table below discloses relevant information on the audit committee members

**Table 24: Audit and Risk Committee Members**

| NAME                              | QUALIFICATIONS   | INTERNAL OR EXTERNAL | IF INTERNAL, POSITION IN THE PUBLIC ENTITY | DATE APPOINTED   | DATE RESIGNED | NO. OF MEETINGS ATTENDED |
|-----------------------------------|--|----------------------|--|------------------|---------------|--------------------------|
| <b>Ms. Zuziwe Ntsalaze CA(SA)</b> | Chartered Accountant CA (SA)<br>Masters in Business Administration (Cum laude)<br>Postgraduate Diploma in Risk Management  | External             | N/A  | 17 February 2021 | To-date       | 8 out of 8               |
| <b>Mr. Bryan Chaplog CA(SA)</b>   | Chartered Accountant CA (SA)<br>B Com Accounting Degree<br>CTA/B Compt Honours   | External             | N/A  | 01 March 2022    | To-date       | 8 out of 8               |
| <b>Ms. Margaret Phiri CA (SA)</b> | Chartered Accountant CA (SA)<br>B Com Accounting Degree<br>CTA/B Compt Honours   | External             | N/A  | 01 March 2022    | To-date       | 8 out of 8               |
| <b>Adv. Adila Chowan CA(SA)</b>   | Chartered Accountant CA (SA)<br>Bachelor of Accountancy<br>Bachelor of Laws (LLB)<br>Post Graduate Diploma in Accounting<br>Admitted Advocate of the High Court. | External             | Board representative                       | 28 July 2021     | To-date       | 8 out of 8               |

## 8. Compliance with Laws and Regulations

The Agency has developed and implemented a Compliance Programme which incorporates all the applicable laws and organisational policies. Compliance gets monitored and reported on, on a quarterly basis to EXCO, Social and Ethics committee, Audit and Risk management committee as well as the Board. Agency supports the overarching goals of the fourth King Report on Corporate Governance in South Africa 2016 (King IV) and has implemented and complies with the sixteen principles insofar as these align with the legislation governing the Agency.

The Board is ultimately responsible for governance and oversight, ensuring that the Agency's work is done correctly and in compliance with applicable laws and standards. The C-BRT Act and the Board Charter define the Board's responsibilities. Most importantly, the Agency communicates its policies and procedures well through a tool called Policy Passport. This tool helps to ensure that policies are well distributed and readily available digitally. To embed a culture of compliance, the compliance function provides employee training on laws, regulations, and procedure. We have an established culture of managing key non-compliance risks to the Agency.

## 9. Fraud And Corruption

The C-BRTA has zero-tolerance approach towards fraud, corruption, and unethical conduct. The Agency adopted an Anti-Fraud and Corruption Strategy. Central to the application of the strategy is the implementation of the whistleblowing mechanisms to enable reporting of alleged incidents of fraud and corruption. The Agency has the following whistleblowing reporting channels in place:

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

All reports received are treated with confidentiality and can be made anonymously. Reported incidents are independently evaluated by officials from the Integrity Management Services (IMS) and where appropriate, investigated internally and/ or referred to appropriate party. All the reported incidents of fraud and corruption were investigated, and reports issued.

**KNOW FRAUD**

Fraud is an intentional act of deceit with the objective of gaining an unlawful advantage. Employees are urged to be vigilant and report any suspicious and unethical behaviour to the Integrity Management Office.

**HELP PROTECT OUR EMPLOYEES FROM FRAUD**

At the C-BRTA,  
**Accepting Gifts is not our custom!**  
Operators are requested not to offer gifts to employees.

- ✓ Employees must not accept and/ or solicit gifts that are likely to compromise their integrity or that of the Agency.
- ✓ Employees must be vigilant and ask themselves the objective for which the gift is given for before accepting it.

NDP

CROSS-BORDER ROAD TRANSPORT AGENCY

## 10. Minimising Conflict of Interest

Managing conflict of interest forms an integral part of the sound ethical practices at the C-BRTA and is done through mandatory Annual Financial Declarations of Interest by all employees. This is over and above the requirement that employees disclose matters of conflict of interest, as and when they arise.

There is also a process of verification of information disclosed which is undertaken by integrity Management Services (IMS) to provide some level of assurance on the disclosures. Where a potential conflict is identified an enquiry is registered by IMS and the matter is investigated further.

A Gift Policy is in place, which introduced a no-gift principle with the receipt of gifts only limited to the exceptions which are provided in the policy.

## 11. Code of Conduct

The Agency has a code of conduct that promotes ethical and exemplary behaviour by all officials and has established an Ethics Management function under the Corporate Services Division. The Code of Conduct for the Board was developed and approved by the Board. As part of enhancing ethical culture, the Ethics Pledges signed-off by the Chairperson of the Board, the Chief Executive Officer, and all employees of the Agency.

When there is an allegation of misconduct against an employee of C-BRTA for breach of code of conduct, an investigation is conducted to collect relevant evidence to substantiate the allegations, and formal disciplinary processes are initiated, where necessary. Sixteen matters of breach of code of conduct were dealt with during the period under review and only one could not be finalised by the end of the reporting period.

## 12. Health Safety and Environmental Issues

The Agency has an Occupational Health and Safety (OHS) Committee which exist to oversee health and safety issues across the organisation and monitor compliance with all relevant legislation and policies. During the reporting period, the C-BRTA held quarterly OHS Committee meetings and continued to implement planned health and safety activities which are geared towards ensuring that it creates a conducive environment for all employees. The Agency further has an approved OHS Policy and Emergency Evacuation Procedure in place that guides employees on health and safety matters. For the period under review, C-BRTA managed to conduct Health and safety training where 15 Fire Marshalls, 9 First Aiders, 9 OHS Reps, 2 Emergency Evacuation coordinators were trained, and such training programmes incorporated hazard risk identification and assessment. Three incidents were reported which involves 1 vehicle accident and 2 workplace incidents (where an employee slipped and fell from the steps/ sidewalks). The vehicle accident matter was dealt with in terms of the C-BRTA OHS Policy and the applicable legislation (COIDA) and the employee was integrated back to work within a reasonable time. The Health and Safety unit continues in creating awareness on health and safety matters in the workplace.

The C-BRTA noted its responsibility to participate in sustainable development not only as a duty to society but also as an opportunity to do well by doing good. It is in that spirit that the Agency embarked on a journey to develop a detailed Environmental, Social and Governance (ESG) Strategy. The Agency recognises that it is important to advance road transport facilitation in a manner that contributes to a thriving planet, society and business and do that in a manner that ensures the prioritisation of the United Nations (UN) Sustainable Development Goals (SDG's) that South Africa is signatory to.

The Agency's detailed ESG Strategy will be approved in the 2023/24 financial year and pave way for implementing, monitoring and reporting on the goals and objectives of the strategic commitments.

The Agency is building up on the January 2022 implementation of its Cross-Easy online permit application system. The system has improved the environmental sustainability of the business whilst enhancing efficiencies and reducing the costs of doing businesses for cross-border operators through system capabilities for applying for cross-border permits online and creating flexibility.

### 13. Company /Board Secretary

The Company Secretary assists the Board Chairperson in determining the Annual Board Plan as well as raise matters that may warrant the attention of the Board. Part of the key roles of the office of the Company Secretary is to make the Board aware of their fiduciary duties and responsibilities, including the latest case studies relevant to the role of the Board. The office also records and keep the minutes of all Shareholders, Board and Board Committee meetings.

The Company Secretary also provide administrative support to the Board and its committees.

### 14. Social Responsibility

The CSI Policy was developed and approved in 2021/2022 with the aim to direct the Agency's intent and commitment to invest in projects that bring positive social change in the geographical areas in which the Agency operates. The Agency operates within the communities that are not only impoverished but are also synonymous for child headed homes and have unacceptable levels of illiteracy. The policy identified socio-economic development initiatives that the Agency applies to contribute towards upliftment of such communities.

Through its Boarder Towns Initiative that aims to develop and improve communities impacted by the movement of cross-border road transport across the transport corridors, the Agency adopted two (2) schools, Thanda Combined School and Holeka School.

The Agency has a Memorandum of Understanding with both the Nkomazi Local Municipality and Chief Albert Luthuli Municipality. In accordance with section 4 of the Memorandum of Understanding, "the parties with regards to a relationship of cooperation, support and assist, and serves to strengthen and formalise the relationship in the areas of border town initiatives, cross-border operations, collaboration, mutual assistance and sharing information".

- **Agency's Support to Thanda Combined School**

Thanda Combined School in Hectorspruit in the Nkomazi Local Municipality toward Lebombo Border Post. It is 32 kilometres from Lebombo border gate to Mozambique led by Principal, Dr Sibongile Msibi. The school hosts Grade R to Grade 9 with 727 learners, 21 teachers.

According to Census 2011 the Nkomazi Local Municipality has a total population estimated at 393 030, of which 97,7% are black African, 1,6% are white, with other population groups making up the remaining 0,4%. Of those aged 20 years and older 4,6% have completed primary school, 25,6% have some secondary education, 25,6% have completed matric, 6,7% have some form of higher education. More than a third (34,2%) of the 110 469 economically active (employed or unemployed but looking for work) population in the municipality is unemployed. Amongst the 64 497 economically active youth (15 – 34 years) in the area, 42,3% are unemployed. Female headed households accounts for 45,6%. Hectorspruit is a small village between Malelane and Komatipoort, few members of community are employed as seasonal farm workers and they are unable to pay school fees as they survive on government grants. Learners depend on the government feeding scheme.

As part of commemorating Youth Day, the Agency officially handed over a total of fifty (50) desks and 50 chairs to the school. The handover was done by the Acting Chairperson of the Board, Ms Lerato Molebatsi supported by CEO, Executives and staff from Industry Development and Strategic Communications.







• **Agency's Support to Holeka School**

Holeka Secondary School is in Sithobela village near Hartebeeskop in the Chief Albert Luthuli Municipality towards Oshoek Border Post, about 3.5 km off the N17, less than 10km to Oshoek Border Post. Community unemployed rate is quite high and over 60% of learners are not raised by biological parents and they depend on social grants.

According to Stats SA 2011 sensors, unemployment rate in Chief Albert Luthuli municipality was 35,4% while youth unemployment rate was 45,1%. There are 47 705 households in the municipality, with an average household size of 3,8 persons per household. 49,3% of households are headed by females. 5,4% of the 45 116 economically active individuals (i.e. those who are employed or unemployed but looking for work) are unemployed. Of the 24 506 economically active youth (15–35 years) in the municipality 45,1% are unemployed. These figures might have significantly changed because of the devastation caused by the COVID-19 pandemic.

The school hosts Grade 8 until grade 12 with 345 learners and has 15 educators. Holeka School depends on the government feeding scheme for a meal even on school holidays. The community still depend on the river for water, the municipality does deliver water to the school however storage for water is a challenge. It has 2 JoJo tanks and requested the Agency to assist with 2 additional JoJo tanks that have just been installed at the school. The official handover was done in July 2022 to coincide with Mandela Day on the 18th July 2022.

The Agency has started the sanitary towel collection drive from staff. The Agency started the sanitary towels collection drive in June 2022 during youth month which ran over 6 weeks. In the true spirit of giving, the C-BRTA family delivered by donating a total of 1087 packs of sanitary towels to Holeka Secondary School, which ensured that every girl at the school had enough supply to last for 7 months.

## 15. Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2023.

### 15.1 LEGISLATIVE REQUIREMENTS

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2023, as required by section 55 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) read with Treasury Regulation 27.1.10 (Published under Government Notice R 225 of 15 March 2005, as amended).

In addition to its statutory responsibilities, the Committee's main objective is to assist the Board in fulfilling its oversight responsibilities, in particular with regard to the evaluation of the adequacy and effectiveness of accounting policies, internal controls, financial and corporate reporting processes, and assessing the effectiveness of the internal auditors.

The roles and responsibilities of the Committee are governed by a formal Charter approved by the Accounting Authority. The Committee has performed all its functions in accordance with its Charter.

### 15.2 COMPOSITION

The Committee consists of the following three (3) independent members inclusive of the Chairperson and one Non-Executive Member of the Accounting Authority who have the requisite skills and experience to fulfil the duties of the Committee:

- Ms Zuziwe Ntsalaze CA (SA) - Chairperson
- Mr Bryan Chaplog CA (SA)
- Ms Margaret Phiri CA (SA)
- Advocate Adila Chowan CA (SA)

### 15.3 FREQUENCY AND ATTENDANCE OF MEETINGS

In terms of Section 77 (b) of the PFMA, the Committee must meet at least twice a year. During the financial year ended 31 March 2023, the Committee met on eight (8) occasions. The Agency schedules standing ARC meetings to consider quarterly Performance Information, Risk management, Compliance, Internal Audit and Financial Reporting. Additional meetings are scheduled based on a specific need, such as, approval of draft Financial Statements, Annual Report and the consideration of the Annual Performance Plan.

The attendance of Committee members at its meetings during the financial year was as follows:

**Table 25: Membership and Attendance**

| NAME                        | 19<br>APRIL<br>2022 | 25<br>APRIL<br>2022 | 20<br>MAY<br>2022 | 18<br>JULY<br>2022 | 27<br>JULY<br>2022 | 18<br>OCTOBER<br>2022 | 20<br>JANUARY<br>2023 | 24<br>FEBRUARY<br>2023 | TOTAL      |
|-----------------------------|---------------------|---------------------|-------------------|--------------------|--------------------|-----------------------|-----------------------|------------------------|------------|
| Ms. Zuziwe Ntsalaze CA (SA) | ✓                   | ✓                   | ✓                 | ✓                  | ✓                  | ✓                     | ✓                     | ✓                      | 8 out of 8 |
| Mr .Bryan Chaplog CA (SA)   | ✓                   | ✓                   | ✓                 | ✓                  | ✓                  | ✓                     | ✓                     | ✓                      | 8 out of 8 |
| Ms. Margaret Phiri CA (SA)  | ✓                   | ✓                   | ✓                 | ✓                  | ✓                  | ✓                     | ✓                     | ✓                      | 8 out of 8 |
| Adv. Adila Chowan CA (SA)   | ✓                   | ✓                   | ✓                 | ✓                  | ✓                  | ✓                     | ✓                     | ✓                      | 8 out of 8 |

The members of the Audit and Risk Committee held meetings with the Executive Management, Internal Audit function and Members of the Auditor-General South Africa (AGSA) collectively and individually, on matters related to governance, internal controls and risk throughout the reporting period. Each stakeholder group is afforded an opportunity to raise material concerns with the committee in a closed session. There were no issues raised that would indicate a risk of material misstatement of financial statements and an ineffective control environment.

## 15.4 THE EFFECTIVENESS OF INTERNAL CONTROLS

The Committee acknowledges management's efforts to strengthen the system of internal controls including financial controls and risk management. Internal Audit provides the Committee and Management with assurance that the internal controls are designed appropriately and operating effectively. Having reviewed the implementation and effectiveness of the Agency's system of internal financial controls and having regard for the reports and assessments made by Internal Audit and management's actions in remedying any control deficiencies, the Committee is satisfied that the internal financial controls are adequate, effective and form a reliable basis for the compilation of the financial statements.

No findings came to the attention of the Committee to indicate any material breakdown in internal controls during the 2022/23 financial year. The Committee is also satisfied that the Agency materially complied with laws and regulations for the period under review.

## 15.5 QUALITY OF THE QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

The Committee is also largely satisfied with the content and the quality of the quarterly reports tabled by Executive Management for endorsement by the Committee and acknowledges management's effort in effecting ongoing improvements. The Committee commends management for the remarkable achievement of the performance of the Agency.

## 15.6 INTERNAL AUDIT FUNCTION

The Accounting Authority is obliged in terms of Section 51 (a) (ii) of the PFMA, to ensure that the entity has a system of internal audit under the control and direction of the Audit Committee. The Committee is satisfied that the internal audit has reasonably discharged its functions and responsibilities during the year under review. The Internal Audit focus was aligned to the risks pertinent to the Agency. The following internal audit projects were completed during the year under review:

- Project Management Review
- Finance Discipline Review
- Supply Chain and Contract Management
- Project Governance -iCBMS
- Vulnerability Assessment – Replaced with Fortigate Firewall
- Applications Control Review
- Human Resources – Performance Management System
- Human Resources Governance
- Performance Information (All quarters in the F/Y)
- Review of the Annual Performance Plan –
- Review of the Annual Financial Statements and Annual Reporting
- POPIA compliance assessment
- Stakeholder engagement and interests
- Law Enforcement
- Employee and Labour Relations

The following AD-HOC reviews were also conducted:

- Public Service Association (PSA) Membership review
- Cross-Easy Review
- Mid-term Review

## 15.7 RISK MANAGEMENT FUNCTION

Section 51(1)(a)(i) of the Public Finance Management Act requires that ‘an Accounting Authority for a public entity must ensure that that public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control’.

In applying the system of risk management, the Agency applies the international standard in risk management, namely the International Organisation for Standardisation (ISO) 31000: 2018. The Agency also subscribes to risk and opportunity fundamental concepts and philosophy as described in the King Report on Corporate Governance (King IV) and is working towards the aspirational ideals and principles of risk governance as described therein.

The C-BRTA commissioned the Institute of Risk Management South Africa (IRMSA) to conduct a risk management maturity and risk culture review to identify the opportunities for improvement in the existing ERM programme and to provide practical advice in the enhancement of the C-BRTA’s ERM Maturity and Culture towards a risk intelligent organisation. The outcome of the documents and records review, the risk maturity was assessed at a 3.9 out of 5 and the overall risk culture score of the Agency was an overall rating of 3.6 out of 5.

The Committee is satisfied with the effectiveness of the risk management processes as reported during this reporting period.

## 15.8 PERFORMANCE MANAGEMENT

The Agency achieved a notable 88,89% for 2022/23 financial year, representing sixteen (16) out of eighteen (18) targets planned for the financial year. The following two targets were not achieved during the year under review and the committee understands the context of non-achievement and remedial actions:

- Implemented cross-border charges
- Implementation of action plans to address audit findings

## 15.9 EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Committee confirms that the Agency has established appropriate financial reporting procedures and that those procedures are operating effectively. Among other matters, the Committee has:

- reviewed and discussed the audited financial statements with Executive Management for approval by the Accounting Authority.
- reviewed the Auditor-General South Africa’s Audit Report, Management Report and Executive Management’s responses thereto;
- reviewed the Agency’s compliance with legal and regulatory provisions;
- reviewed the information on predetermined objectives to be included in the annual report; and
- reviewed the going concern assessment which was also endorsed by the Accounting Authority.
- The Board subsequently approved the Audited Annual Financial Statements on 31 July 2023

## 15.10 EXTERNAL AUDITOR'S REPORT

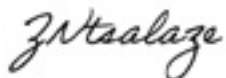
The Auditor-General South Africa (AGSA) performs the external audit function. The Committee has satisfied itself that the external auditor is independent of the entity and exercised its duties in an independent and objective manner. The Committee has, throughout the reporting period, met with the Auditor-General South Africa to ensure that there are no unresolved issues on eight occasions. The Committee has also reviewed the implementation plan for audit issues reported in the prior year and is satisfied that the reported matters have been resolved in the most part.

The Committee concurs and accepts the conclusions of the Auditor-General South Africa on the 2022/23 Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor-General South Africa.

Audit and Risk Committee considered the audited AFS on 20 July 2023 and were subsequently recommended and approved by the Board on 31 July 2023.

## 15.11 CONCLUSION

The Audit and Risk Committee acknowledges with appreciation the work performed by Internal Audit and External Audit and the Executive Management of Cross-Border Road Transport Agency.



**Ms Zuziwe Ntsalaze CA(SA)**

Chairperson: Audit And Risk Committee

Date: 21 August 2023

## 16. B-BBEE Compliance Performance Information

During the year under review, the Agency made strides to improve the business's compliance to the B-BBEE scorecard elements, through its approved Transformation Framework. Although there was a Transformation Framework that was approved by the Board in April 2022, it was later discovered that some of the elements that are audited for B-BBEE compliance were missed in the Framework and rendered the Agency non-compliant to the B-BBEE scorecard.

Management has reviewed the report and identified areas of improvements that will lead to achievement of a compliant status. Efforts are in progress to enable success in 2023/24 through review of the Framework. It is against this background that the Agency appointed a specialist service provider to conduct the assessment and issue the Compliance Certificate for submission to the B-BBEE Commission. The assessment matrix covers the following areas:

- Ownership and Management Control Elements
- Skills Development Element
- Enterprise and Supplier Development Element
- Socio Economic Development Element

The delivery plan for the Transformation Framework currently under consideration has five (5) objectives:

- Increase percentage by targeted groups as operators in the freight and tourism cross border road transport industry
- Increase number of targeted groups (Women, Youth and People living with disabilities) participating in the cross-border road transport value chain
- Increase appointment of targeted groups at all levels in the Agency
- Increase capacity of the targeted groups; and
- Procure from B-BBEE compliant service providers.

The aim of this approach is to provide the Agency with a short to medium term plan with various scenarios to consider providing a clear road map of initiatives which, aiming to secure and improve the Agency's future B-BBEE scores per element in an integrated approach.

Table 26: B-BBEE CHECKLIST

| Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:           |                      |   |
|--|----------------------|---|
| CRITERIA   | RESPONSE<br>YES / NO | DISCUSSION  |
| Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law? | No                   | The Agency issue permits to Cross-Border Road Transport Operators, however, the criteria for B-BBEE is not yet applied in the issuance of permits. The Agency has developed a transformation framework which include various policy options to enforce the requirement of the B-BBEE in issuance of permits and the permit management processes. The legal opinion was also sourced to direct the Agency on how it can apply the provisions of the BBEE Act in permit issuance. |
| Developing and implementing a preferential procurement policy?   | Yes                  | The Agency's has developed and implemented a Supply Chain Management Policy which is aligned to the Preferential, Procurement Policy Framework Act. Goods and services are procured in line with the preferential point system.   |
| Determining qualification criteria for the sale of state-owned enterprises?  | N/A                  | The Agency is not involved in the selling of state-owned enterprises and as such did not develop any qualification criteria in that respect.  |
| Developing criteria for entering into partnerships with the private sector?  | No                   | The Agency has not entered any partnership with private sector institutions.  |
| Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?                 | No                   | As a regulator, the Agency has not awarded any incentives, grants, and investment schemes. The Agency has developed a transformation framework, which include options to incentivize BBEE compliant cross border permit applicants.   |

# Part D:

# Human Resource Management





## 1. Introduction

### 1.1. OVERVIEW OF HR MATTERS AT THE PUBLIC ENTITY

The C-BRTA human resources practices during the 2021/2022 financial year focal point was the development and implementation of the HR strategy for the next three years. The key deliverables of the strategy were amongst others to review and deliver an organisational structure which is fit for purpose for the approved organisational strategy goals. The strategy provided the roadmap for HR offerings which promote a high-performance culture. Key projects which were part of the HR Strategy deliverable are defining C-BRTA culture, review of the job profiles, regrading of positions, the development of the remuneration framework, defining the C-BRTA Employee Value Propositions (EVP) and implementing initiatives to support the EVP, investigating the existence of salary disparities across the board and addressing them, and the development of the workforce plan for the financial year. Furthermore, the Agency was able to engage the union which had majority members to conclude the recognition agreement.

### 1.2. SET HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

The Human Resource priorities during the period under review included the following activities among others:

- Development and implementation of a three-year HR strategy aligned to the current business strategy
- Defining the Organisational Culture.
- Development of job profiles, pay scales and job grading exercise.
- Resolving pay disparities
- Developing and implementing Workforce plan
- Signing off the recognition agreement and wage agreement for 2023/24FY for the bargaining unit

### 1.3. WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

After the approval of the new structure and the job grading process, the Agency reviewed the Pay scales, Recruitment and Remuneration and Reward policies to support the attraction and recruitment of competent workforce. The workforce plan was developed and approved prioritising positions that are critical in delivering the strategic goal of the Agency albeit the budget constraints.

To develop capacity internally, employees were provided with opportunities to apply for bursaries and attend training aligned to their annual plan and operational plan deliverables. 19 employees were awarded bursaries, whilst a total of 129 benefited from the training and development programmes.

The Agency has hence re-introduced the payment of performance bonuses, subject to Board's approval, for the purpose of encouraging employees to perform better. This policy provision on bursary will be implemented with effect from 2023/24, and coupled with the pay progression provision which was not implemented before. Whilst new employees are appointed on the lower guide of the salary scales, C-BRTA prides itself for providing benefits / EVP incentives that are meant to attract and retain the required skills.

### 1.4. EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The C-BRTA has an approved performance management policy (as approved in April 2022), which is implemented on an annual basis. The policy provides for planning (inclusive of moderations), monitoring and review of performance as forming part of the cycle. During the period under review, all C-BRTA employees were contracted in line with the provisions of the policy and the mid-year reviews were undertaken as planned. The Institution is still grappling with the performance outcomes misalignments between the organisational and individual performance, however monitoring mechanisms are in place to ensure that this risk is mitigated.

## 1.5. EMPLOYEE WELLNESS PROGRAMMES

During the period under review, HR developed an Employee Health and Wellness strategy to direct employee wellness programmes. The implementation plan was developed which comprised of key deliverables that focused on HIV/AIDS management, Health and Productivity management, Occupational hygiene, and safety management as well as wellness management. Various awareness programmes on wellness were implemented through amongst others, newsletters, workshops. Key sessions arranged for employees were the C-BRTA Employee wellness day, financial wellness, spiritual wellness, amongst others. Our Employee Health and Wellness program incorporates culture and ethics initiatives. In this regard, several culture initiatives were implemented including the rolling out of C-BRTA values, this championed by the Executives, Employee of the year awards, recognition and celebrations of the historical days such as heritage, women's day and valentine's days. The unit responsible for EH/W/ Ethics and culture issues is working with the ambassadors to drive these respective programmes across the institution and in line with the implementation plan.

## 1.6. POLICY DEVELOPMENT

Apart from developing new policies, the C-BRTA Corporate services division embarked on the policy review process where the following policies were re-looked at i.e. recruitment and selection, remuneration, leave management, acting appointments, overtime and records management policy. New policies were developed such as the Dangerous Weapons and social media policy. Policy review is a continuous process – as and when the compliance unit provides updates on legislation identify areas for review, the division embarks in such process and ensures that the C-BRTA complies.

## 1.7. HIGHLIGHT ACHIEVEMENTS

During the year under review the following achievements were realised:

- Human resource unit was able to deliver over 100% of its planned targets on both the APP and operational plan which is commendable since it was for the first time for the past five years. These include the planned training where notable achievement was recorded;
- HR closed the financial year with no outstanding audit finding.
- HR organised and hosted the 4th annual performance awards ceremony after it was paused during COVID-19;

- C-BRTA established a standalone unit that focus on issues of Ethics, Culture and Employee wellness throughout the organisation;
- As part of its transformation agenda, the organisational achieved all the sets in terms of the Employment equity plan and complied with the DOEL requirements;
- The long outstanding salary disparities were resolved across the board;
- Long outstanding disciplinary matters were dealt with and cleared, whilst due to irregular appointment investigations, necessary processes were undertaken as informed by the investigation report. The latter, led to the suspension of six employees on the basis of irregular appointment and some of those matters are still in progress; and
- For the first time in the agency, all approved positions in the structure were subjected to the job grading process, the grading outcome was approved by the Board and the corresponding salary scales.

## 1.8. CHALLENGES FACED BY THE PUBLIC ENTITY

Among the challenges that faced the C-BRTA in the context of human resource management is the lack of funding to capacitate the Agency to at least 80% of the approved structure. This therefore implies that the available human capital must be stretched to achieve the set targets.

## 1.9. FUTURE HR PLANS/ GOALS

The C-BRTA developed a three-year HR strategy, with its first year of its implementation being the 2022/23 financial year. The HR Strategy was developed against the context of the C-BRTA Act and the C-BRTA Strategic plan: 2020 – 2025, five C-BRTA Programmes as well as current HR practices, procedures and plans. The HR Strategy directs the key outputs required of the various human resource functions and services for the C-BRTA to achieve its vision of being the leading cross border regulator. The annual plan clearly defines the strategic objectives and goals for each financial year. The following are amongst others, key objectives:

- To have a proactive and efficient sourcing, recruitment and selection systems in place.
- To proactively develop operational and leadership capabilities across the organisation.
- To have an outcome based driven performance culture that supports business objectives.
- To have a diverse talent pool in place to address succession requirements for critical and scarce skills.

## 2. Human Resource Oversight Statistics

The public entity must provide the following key information on human resources. All the financial amounts must agree to the amounts disclosed in the annual financial statements. Where considered appropriate provide reasons for variances.

### 2.1 PERSONNEL RELATED EXPENDITURE

Table 27: Personnel Cost by programme/ activity/ objective

| PROGRAMME/ACTIVITY/OBJECTIVE | TOTAL EXPENDITURE FOR THE ENTITY (R'000) | PERSONNEL EXPENDITURE (R'000) | PERSONNEL EXP. AS A % OF TOTAL EXP. (R'000) | NO. OF EMPLOYEES | AVERAGE PERSONNEL COST PER EMPLOYEE (R'000) |
|------------------------------|--|-------------------------------|---|------------------|---|
| Administration               | 143,127                                  | 78,474                        | 55%   | 72               | 1,090                                       |
| Regulatory Services          | 28,190                                   | 26,500                        | 94%   | 35               | 757   |
| Law Enforcement              | 82,021                                   | 18,663                        | 23%   | 22               | 848   |
| Facilitation                 | 21,756                                   | 17,432                        | 80%   | 17               | 1,025                                       |
| Research and Development     | 10,803                                   | 6,584                         | 61%   | 6                | 1,097                                       |
| <b>Total</b>                 | <b>285,897</b>                           | <b>147,652</b>                | <b>52%</b>                                  | <b>152</b>       | <b>971</b>                                  |



**Table 28: Personnel Cost by Salary Band**

| LEVEL                  | PERSONNEL EXPENDITURE (R'000) | % OF PERSONNEL EXP. TO TOTAL PERSONNEL COST (R'000) | NO. OF EMPLOYEES | AVERAGE PERSONNEL COST PER EMPLOYEE (R'000) |
|------------------------|-------------------------------|---|------------------|---|
| Top Management         | 17,342                        | 11,75%  | 6                | 2,890                                       |
| Senior Management      | 17,994                        | 12,19%  | 11               | 1,636                                       |
| Professional qualified | 42,328                        | 28,67%  | 36               | 1,176                                       |
| Skilled                | 64,576                        | 43,74%  | 52               | 1,242                                       |
| Semi-skilled           | 4,067                         | 2,75%   | 41               | 99  |
| Unskilled              | 1,345                         | 0,91%   | 6                | 224   |
| <b>TOTAL</b>           | <b>147,652</b>                | <b>100%</b>   | <b>152</b>       | <b>971</b>                                  |

**Table 29: Performance Rewards**

| PROGRAMME              | PERFORMANCE REWARDS | PERSONNEL EXPENDITURE (R'000) | % OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000) |
|------------------------|---------------------|-------------------------------|--|
| Top Management         | 171                 | 17,381                        | 0.98%  |
| Senior Management      | 102                 | 17,994                        | 0.57%  |
| Professional qualified | 78                  | 42,328                        | 0.18%  |
| Skilled                | 50                  | 64,576                        | 0.08%  |
| Semi-skilled           | 0                   | 4,067                         | 0.00%  |
| Unskilled              | 0                   | 1,345                         | 0.00%  |
| <b>TOTAL</b>           | <b>401</b>          | <b>147,691</b>                | <b>0.27%</b>   |

NB. Performance was not rewarded during the period under review, however there were employees whose performance reviews were concluded in the current financial year for the 2021/22 financial year.

Table 30: Training costs

| PROGRAMME                | PERSONNEL EXPENDITURE (R'000) | TRAINING EXPENDITURE (R'000) | TRAINING EXPENDITURE AS A % OF PERSONNEL COST. | NO. OF EMPLOYEES TRAINED | AVERAGE TRAINING COST PER EMPLOYEE |
|--------------------------|-------------------------------|------------------------------|--|--------------------------|------------------------------------|
| Administration           | 78,474                        | 894                          | 1.14%  | 72                       | 88                                 |
| Regulatory Services      | 26,500                        | 397                          | 1.50%  | 35                       | 67                                 |
| Law Enforcement          | 18,663                        | 120                          | 0.64%  | 22                       | 156                                |
| Facilitation             | 17,432                        | 133                          | 0.76%  | 17                       | 131                                |
| Research and Development | 6,584                         | 48                           | 0.67%  | 6                        | 137                                |
| <b>Total</b>             | <b>147,652</b>                | <b>1,592</b>                 | <b>1,08%</b>                                   | <b>152</b>               | <b>10</b>                          |

Table 31: Employment and vacancies per programme

| PROGRAMME/ACTIVITY/OBJECTIVE | 2021/2022 NO. OF EMPLOYEES | 2022/2023 APPROVED POSTS | 2022/2023 NO. OF EMPLOYEES | 2022/2023 VACANCIES | % OF VACANCIES |
|------------------------------|----------------------------|--------------------------|----------------------------|---------------------|----------------|
| Administration               | 85                         | 157                      | 72                         | 9                   | 75%            |
| Regulatory Services          | 38                         | 83                       | 35                         | 1                   | 8%             |
| Law Enforcement              | 22                         | 45                       | 22                         | 0                   | 0%             |
| Facilitation                 | 18                         | 40                       | 17                         | 2                   | 17%            |
| Research & Development       | 6                          | 12                       | 6                          | 0                   | 0%             |
| <b>Total</b>                 | <b>169</b>                 | <b>337</b>               | <b>152</b>                 | <b>12</b>           | <b>100%</b>    |

**Table 32: Employment and vacancies per level**

| PROGRAMME/ACTIVITY/OBJECTIVE | 2021/2022<br>NO. OF EMPLOYEES | 2022/2023 APPROVED<br>POSTS | 2022/2023 NO. OF<br>EMPLOYEES | 2022/2023 VACANCIES | % OF VACANCIES |
|------------------------------|-------------------------------|-----------------------------|-------------------------------|---------------------|----------------|
| Top Management               | 6                             | 6                           | 6                             | 0                   | 0%             |
| Senior Management            | 18                            | 17                          | 11                            | 3                   | 25%            |
| Professional qualified       | 34                            | 90                          | 36                            | 2                   | 17%            |
| Skilled                      | 58                            | 175                         | 52                            | 6                   | 50%            |
| Semi-skilled                 | 47                            | 43                          | 41                            | 1                   | 8%             |
| Unskilled                    | 6                             | 6                           | 6                             | 0                   | 0%             |
| <b>TOTAL</b>                 | <b>169</b>                    | <b>337</b>                  | <b>152</b>                    | <b>12</b>           | <b>100%</b>    |

**Table 33: Employment and vacancies per Salary Band**

| SALARY BAND            | EMPLOYMENT AT<br>BEGINNING OF PERIOD | APPOINTMENTS | *TERMINATIONS | EMPLOYMENT AT<br>END OF THE PERIOD |
|------------------------|--------------------------------------|--------------|---------------|------------------------------------|
| Top Management         | 6                                    | 3            | 3             | 6                                  |
| Senior Management      | 18                                   | 1            | 8             | 11                                 |
| Professional qualified | 34                                   | 5            | 3             | 36                                 |
| Skilled                | 58                                   | 6            | 12            | 52                                 |
| Semi-skilled           | 47                                   | 3            | 9             | 41                                 |
| Unskilled              | 6                                    | 0            | 0             | 6                                  |
| <b>Total</b>           | <b>169</b>                           | <b>18</b>    | <b>35</b>     | <b>152</b>                         |

\* Terminations include demotions

Table 34: Reasons for staff leaving

| REASON             | NUMBER    | % OF TOTAL NO. OF STAFF LEAVING |
|--------------------|-----------|---------------------------------|
| Death              | 0         | 0%                              |
| Resignation        | 6         | 17%                             |
| Dismissal          | 2         | 6%                              |
| Retirement         | 1         | 3%                              |
| Ill health         | 0         | 0%                              |
| Expiry of contract | 23        | 66%                             |
| Other              | 3         | 9%                              |
| <b>Total</b>       | <b>35</b> | <b>100%</b>                     |

Table 35: Misconduct and Disciplinary action

| NATURE OF DISCIPLINARY ACTION | NUMBER   |
|-------------------------------|----------|
| Verbal Warning                | 0        |
| Written Warning               | 4        |
| Final Written warning         | 2        |
| Dismissal                     | 2        |
| <b>TOTAL</b>                  | <b>8</b> |



**Table 36: Equity Target and Employment Equity Status - Male**

| LEVELS                 | MALE      |          |          |          |          |          |          |          |
|------------------------|-----------|----------|----------|----------|----------|----------|----------|----------|
|                        | AFRICAN   |          | COLOURED |          | INDIAN   |          | WHITE    |          |
|                        | CURRENT   | TARGET   | CURRENT  | TARGET   | CURRENT  | TARGET   | CURRENT  | TARGET   |
| Top Management         | 2         | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| Senior Management      | 3         | 2        | 0        | 1        | 0        | 1        | 2        | 0        |
| Professional qualified | 17        | 1        | 1        | 1        | 0        | 1        | 1        | 0        |
| Skilled                | 16        | 1        | 0        | 1        | 1        | 1        | 0        | 0        |
| Semi-skilled           | 9         | 0        | 1        | 0        | 0        | 0        | 0        | 0        |
| Unskilled              | 2         | 1        | 0        | 0        | 0        | 0        | 0        | 0        |
| <b>Total</b>           | <b>49</b> | <b>5</b> | <b>2</b> | <b>3</b> | <b>1</b> | <b>3</b> | <b>3</b> | <b>0</b> |

Table 37: Equity Target and Employment Equity Status - Female

| LEVELS                 | FEMALE    |          |          |          |          |          |          |          |
|------------------------|-----------|----------|----------|----------|----------|----------|----------|----------|
|                        | AFRICAN   |          | COLOURED |          | INDIAN   |          | WHITE    |          |
|                        | CURRENT   | TARGET   | CURRENT  | TARGET   | CURRENT  | TARGET   | CURRENT  | TARGET   |
| Top Management         | 3         | 0        | 1        | 0        | 0        | 0        | 0        | 0        |
| Senior Management      | 5         | 2        | 0        | 1        | 1        | 1        | 0        | 1        |
| Professional qualified | 13        | 1        | 1        | 1        | 1        | 1        | 2        | 0        |
| Skilled                | 33        | 3        | 0        | 1        | 1        | 1        | 1        | 0        |
| Semi-skilled           | 26        | 0        | 3        | 0        | 0        | 0        | 2        | 0        |
| Unskilled              | 4         | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| <b>Total</b>           | <b>84</b> | <b>6</b> | <b>5</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>5</b> | <b>1</b> |

**Table 38: Equity Target and Employment Equity Status - People with disabilities**

| LEVELS                 | DISABLED STAFF |          |          |          |
|------------------------|----------------|----------|----------|----------|
|                        | MALE           |          | FEMALE   |          |
|                        | CURRENT        | TARGET   | CURRENT  | TARGET   |
| Top Management         | 0              | 0        | 0        | 0        |
| Senior Management      | 0              | 0        | 0        | 0        |
| Professional qualified | 0              | 1        | 0        | 1        |
| Skilled                | 0              | 1        | 0        | 1        |
| Semi-skilled           | 2              | 1        | 1        | 1        |
| Unskilled              | 0              | 0        | 0        | 0        |
| <b>Total</b>           | <b>2</b>       | <b>3</b> | <b>1</b> | <b>3</b> |

# Part E:

# PFMA Compliance Report

Cross-Border Road Transport Agency

**Annual Report 2022/23**



## 1. Irregular, Fruitless and Wasteful Expenditure and Material Losses

### 1.1. IRREGULAR EXPENDITURE

#### a) Reconciliation of irregular expenditure

| DESCRIPTION   | 2022/2023 | 2021/2022  |
|---|-----------|------------|
|   | R'000     | R'000      |
| Opening balance   | 420       | 1 323      |
| Add: Irregular expenditure confirmed                      | 81        | 420        |
| Less: Irregular expenditure condoned                      | -         | (1 323)    |
| Less: Irregular expenditure not condoned and removed      | (420)     | -          |
| Less: Irregular expenditure recoverable                   |           | -          |
| Less: Irregular expenditure not recovered and written off |           | -          |
| <b>Closing balance</b>                                    | <b>81</b> | <b>420</b> |

#### Reconciling notes

| DESCRIPTION   | 2022/2023 | 2021/2022 <sup>2</sup> |
|---|-----------|------------------------|
|   | R'000     | R'000                  |
| Irregular expenditure that was under assessment in 2021/22              | -         | -                      |
| Irregular expenditure that relates to 2021/22 and identified in 2022/23 | -         | -                      |
| Irregular expenditure for the current year                              | 81        | 420                    |
| <b>Total</b>  | <b>81</b> | <b>420</b>             |

<sup>2</sup> Record amounts in the year in which it was incurred

#### b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

| DESCRIPTION <sup>3</sup>                  | 2022/2023 | 2021/2022  |
|---|-----------|------------|
|   | R'000     | R'000      |
| Irregular expenditure under assessment    | -         | -          |
| Irregular expenditure under determination | 81        | 420        |
| Irregular expenditure under investigation | -         | -          |
| <b>Total<sup>4</sup></b>                  | <b>81</b> | <b>420</b> |

<sup>3</sup> Group similar items  
<sup>4</sup> Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

#### Variation exceeding 15% not approved

Irregular expenditure in the amount of R81 000 was incurred in relation to the variation of the purchase order to an amount exceeding 15% of the original price. The order was varied without prior written approval of the delegated official, leading to non-compliance with National Treasury Instruction and the entity's supply chain policies. The Matter was reported to the delegated authority and the Lost Control Committee is conducting necessary determination assessments.

**c) Details of current and previous year irregular expenditure condoned**

| DESCRIPTION                    | 2022/2023 | 2021/2022    |
|--------------------------------|-----------|--------------|
|                                | R'000     | R'000        |
| Irregular expenditure condoned | -         | 1 323        |
| <b>Total</b>                   | <b>-</b>  | <b>1 323</b> |

Irregular expenditure of R1 323 080 was in relation to the procurement of legal services through quotation system. However, due to the complexity of the processes, the case took longer than initially envisaged and the cost of legal services exceeded the tender threshold of R500 000. The investigations have been conducted and the outcome of the investigations had recommended disciplinary steps against an employee who is no longer in the employ of the Agency. Condonation was requested and granted by National Treasury on 12 July 2022.

**d) Details of current and previous year irregular expenditure removed - (not condoned)**

| DESCRIPTION                                    | 2022/2023  | 2021/2022 |
|--|------------|-----------|
|  | R'000      | R'000     |
| Irregular expenditure NOT condoned and removed | 420        | -         |
| <b>Total</b>                                   | <b>420</b> | <b>-</b>  |

**Omission of local content from bid documents**

Irregular expenditure of R288 394 incurred in the current year relates to the omission of condition in the bid terms of reference to require items of clothing and textiles to be 100% locally produced and to require bidders to complete SBD6 document to declare such local production and content. Determination tests were performed by the entity's Lost Control Committee. No losses were suffered and employees responsible were subjected to

disciplinary steps. National Treasury did not condone. The Board approved the removal of the expenditure as per National Treasury directive.

**BBBEE Points allocated based on Central Supplier Database (CSD)**

Irregular expenditure of R104 973 in the current year as a result of a supplier evaluated on BBBEE points obtained from the CSD. It is argued that while BBBEE points are obtainable from CSD, entities should still independently verify the BBBEE points, which was not done, resulting in the irregular expenditure. Determination tests were performed by the entity's Lost Control Committee. No losses were suffered and employees responsible were subjected to disciplinary steps. National Treasury did not condone. The Board approved the removal of the expenditure as per National Treasury directive.

**No motivation for only obtaining two quotation**

Irregular expenditure of R26 737.50 in the current year as a result of procurement where five service providers were invited to submit quotations but only two responded. Due to the urgency of procurement it was improbable to open the bidding. However, the motivation did not capture detailed reasons explaining the urgency. Determination tests were performed by the entity's Lost Control Committee. No losses were suffered and employees responsible were subjected to disciplinary steps. National Treasury did not condone. The Board approved the removal of the expenditure as per National Treasury directive.

**e) Details of current and previous year irregular expenditure recovered**

| DESCRIPTION                     | 2022/2023 | 2021/2022 |
|---------------------------------|-----------|-----------|
|                                 | R'000     | R'000     |
| Irregular expenditure recovered | -         | -         |
| <b>Total</b>                    | -         | -         |

There were no irregular expenditure recovered during the year under review.

**f) Details of current and previous year irregular expenditure written off (irrecoverable)**

| DESCRIPTION                       | 2022/2023 | 2021/2022 |
|-----------------------------------|-----------|-----------|
|                                   | R'000     | R'000     |
| Irregular expenditure written off | -         | -         |
| <b>Total</b>                      | -         | -         |

There were no irregular expenditure written off during the year under review.

*Additional disclosure relating to Inter-Institutional Arrangements*

**g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)**

| DESCRIPTION   |
|---|
| There was no instance of non-compliance involving inter-institutional arrangements. |
| <b>Total</b>  |

**h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)**

| DESCRIPTION   | 2022/2023 | 2021/2022 |
|---|-----------|-----------|
|   | R'000     | R'000     |
| There was no instance of non-compliance involving inter-institutional arrangements. | -         | -         |
| <b>Total</b>  | -         | -         |

**i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure**

| DISCIPLINARY STEPS TAKEN  |
|---|
| During the year the entity undertook disciplinary steps against employees who were suspected to be responsible of the irregular expenditure reported in the prior year. These disciplinary steps were concluded and appropriate sanctions imposed. No criminal proceedings were undertaken as there were no suspicions of any fraud or criminal activity. |



## 1.2. FRUITLESS AND WASTEFUL EXPENDITURE

### a) Reconciliation of fruitless and wasteful expenditure

| DESCRIPTION  | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
|  | R'000     | R'000     |
| Opening balance                                      | -         | -         |
| Add: Fruitless and wasteful expenditure confirmed    | -         | -         |
| Less: Fruitless and wasteful expenditure written off | -         | -         |
| Less: Fruitless and wasteful expenditure recoverable | -         | -         |
| <b>Closing balance</b>                               | -         | -         |

No fruitless and wasteful expenditure was incurred during the year under review.

### Reconciling notes

| DESCRIPTIO   | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
|  | R'000     | R'000     |
| Fruitless and wasteful expenditure that was under assessment in 2021/22              | -         | -         |
| Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23 | -         | -         |
| Fruitless and wasteful expenditure for the current year                              | -         | -         |
| <b>Total</b>   | -         | -         |

### b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

| DESCRIPTION <sup>5</sup>                               | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
|  | R'000     | R'000     |
| Fruitless and wasteful expenditure under assessment    | -         | -         |
| Fruitless and wasteful expenditure under determination | -         | -         |
| Fruitless and wasteful expenditure under investigation | -         | -         |
| <b>Total<sup>6</sup></b>                               | -         | -         |

<sup>5</sup> Group similar items

<sup>6</sup> Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

### c) Details of current and previous year irregular expenditure recovered

| DESCRIPTION                                  | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
|  | R'000     | R'000     |
| Fruitless and wasteful expenditure recovered | -         | -         |
| <b>Total</b>                                 | -         | -         |

d) Details of current and previous year irregular expenditure not recovered and written off

|  | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| DESCRIPTION                                    | R'000     | R'000     |
| Fruitless and wasteful expenditure written off | -         | -         |
| <b>Total</b>                                   | -         | -         |

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

| DISCIPLINARY STEPS TAKEN |
|--------------------------|
| Not applicable           |

1.3. ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) &(III)

a) Details of current and previous year material losses through criminal conduct

|  | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| MATERIAL LOSSES THROUGH CRIMINAL CONDUCT | R'000     | R'000     |
| Theft                                    | -         | -         |
| Other material losses                    | -         | -         |
| Less: Recovered                          | -         | -         |
| Less: Not recovered and written off      | -         | -         |
| <b>Total</b>                             | -         | -         |

There were no material losses incurred through criminal conduct.

b) Details of other material losses

|  | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| NATURE OF OTHER MATERIAL LOSSES                          | R'000     | R'000     |
| <i>(Group major categories, but list material items)</i> | -         | -         |
| <b>Total</b>   | -         | -         |

c) Other material losses recovered

| NATURE OF LOSSES   | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
|  | R'000     | R'000     |
| <i>(Group major categories, but list material items)</i> | -         | -         |
| <b>Total</b>   | -         | -         |

d) Other material losses written off

| NATURE OF LOSSES   | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
|  | R'000     | R'000     |
| <i>(Group major categories, but list material items)</i> | -         | -         |
| <b>Total</b>   | -         | -         |

## 2. Late and/or Non-Payment of Suppliers

| MATERIAL LOSSES THROUGH CRIMINAL CONDUCT  | 2022/2023 | 2021/2022 |
|---|-----------|-----------|
|   | R'000     | R'000     |
| Valid invoices received   | 1 396     | 54 741    |
| Invoices paid <b>within</b> 30 days or agreed period                                | 1 396     | 54 741    |
| Invoices paid <b>after</b> 30 days or agreed period                                 | -         | -         |
| Invoices older than 30 days or agreed period ( <b>un-paid and without dispute</b> ) | -         | -         |
| Invoices older than 30 days or agreed period ( <b>un-paid and in dispute</b> )      | -         | -         |

Invoices paid after 30 days or agreed period in the total amount of R5 million were subject of various disputes and certification of the work performed by the service providers. Most of the invoices were in relation to the development of Cross-Easy System where work has not been certified and subject to dispute.

### 3. SUPPLY CHAIN MANAGEMENT

#### 3.1. PROCUREMENT BY OTHER MEANS

| PROJECT DESCRIPTION                       | NAME OF SUPPLIER             | TYPE OF PROCUREMENT BY OTHER MEANS | CONTRACT NUMBER | VALUE OF CONTRACT R'000 |
|---|------------------------------|------------------------------------|-----------------|-------------------------|
| Governance Handbook                       | Genesis Corporate Services   | Emergency                          | DEV/2022/04/01  | 13                      |
| Microsoft azure                           | First Technology             | Sole source                        | DEV/2022/04/02  | 1 936                   |
| Video Conferencing Solution               | GX Connect                   | Emergency                          | DEV/2022/04/03  | 6                       |
| Training                                  | University of Johannesburg   | Sole source                        | DEV/2022/04/04  | 6                       |
| 400 Blankets for Donation                 | GoodHopy                     | Emergency                          | DEV/2022/04/05  | 99                      |
| Compliance management Training            | University of Johannesburg   | Single Source                      | DEV/2022/05/01  | 18                      |
| Transport Forum and Showcase              | DMG Events                   | Single Source                      | DEV/2022/05/02  | 123                     |
| Sage Consultant Online                    | MondTes Holdings             | Single Source                      | DEV/2022/05/03  | 236                     |
| Exhibition Stand(Floor Space)             | Messe Frankfurt South Africa | Single source                      | DEV/2022/06/01  | 34                      |
| System support service (Cross-Easy)       | TIPP Focus Holdings          | Single source                      | DEV/2022/06/02  | 202                     |
| Repair of Leased Kycora Printer           | Sizwe IT Group               | Single source                      | DEV/2022/06/03  | 2                       |
| Supply of Telephony Services              | Business Connexion (BCX)     | Single source                      | DEV/2022/06/04  | 90                      |
| Public Sector-Easy Intelligence           | Tlhabollo Consulting         | Sole Source                        | DEV/2022/06/05  | 69                      |
| Renewal of membership for 5 SCM officials | CIPS                         | Sole Source                        | DEV/2022/06/06  | 10                      |
| Training on Integrated Sustainability Ma  | Environmental Sustainability | Sole Source                        | DEV/2022/07/01  | 50                      |
| Single Clear Tamper Evident Labels        | Guillemot                    | Sole Source                        | DEV/2022/07/02  | 74                      |

| PROJECT DESCRIPTION                        | NAME OF SUPPLIER                   | TYPE OF PROCUREMENT BY OTHER MEANS | CONTRACT NUMBER | VALUE OF CONTRACT R'000 |
|--|------------------------------------|------------------------------------|-----------------|-------------------------|
| Policy Passport:Annual License Fee         | Compliance Online                  | Sole Source                        | DEV/2022/07/03  | 89                      |
| Premier Corporate Governance               | Chartered Governance Institute     | Single Source                      | DEV/2022/09/01  | 27                      |
| Training on Executive Programme            | University of Cape Town            | Single Source                      | DEV/2022/09/02  | 92                      |
| SAPAAM Conference for Dr Tsako             | SAAPA and M                        | Sole Source                        | DEV/2022/09/03  | 6                       |
| Basic Interpretation theory                | University of Johannesburg         | Single Source                      | DEV/2022/10/01  | 15                      |
| Being a Director Part 3 & 4                | Institute of Directors in Southern | Sole Source                        | DEV/2022/10/02  | 174                     |
| Purchase of Formsite Tool Subscription     | Formsite.Com                       | Sole Source                        | DEV/2022/10/03  | 11                      |
| SAFM to Advertise the CBRTA Services       | SABC                               | Single Source                      | DEV/2022/10/04  | 132                     |
| Legal Practice Training                    | Law Society of SA                  | Sole Source                        | DEV/2022/10/05  | 18                      |
| Faulty UPS call out                        | Ngwane IT                          | Emergency                          | DEV/2022/10/06  | 5                       |
| Board Management -Company Secretary        | IODSA                              | Sole Source                        | DEV/2022/11/01  | 10                      |
| Annual License Fee                         | Sage South Africa                  | Sole Source                        | DEV/2022/11/02  | 121                     |
| installation for Aluminium Window          | Centurion Vision Development       | Single Source                      | DEV/2022/12/01  | 5                       |
| Advanced Acquisition Management Training   | National School of Governemn       | Single Source                      | DEV/2023/01/01  | 33                      |
| Renewal of Realyt Signature Application fo | Business Connexion (BCX)           | Single Source                      | DEV/2023/01/02  | 109                     |
| Migration of Sage 33 People                | Sage SA                            | Sole Source                        | DEV/2023/01/03  | 197                     |
| Corporate Membership                       | Institute of Directors in SA       | Sole Source                        | DEV/2023/02/01  | 39                      |

| PROJECT DESCRIPTION                                 | NAME OF SUPPLIER              | TYPE OF PROCUREMENT BY OTHER MEANS | CONTRACT NUMBER | VALUE OF CONTRACT R'000 |
|---|-------------------------------|------------------------------------|-----------------|-------------------------|
| Cross Border Single Holograms                       | Guillemot Business Forms      | Sole Source                        | DEV/2023/02/02  | 293                     |
| Cross Border Certificate                            | Guillemot Business Forms      | Sole Source                        | DEV/2023/02/03  | 184                     |
| Data Recovery Software                              | Telecleo Data Recovery        | Single Source                      | DEV/2023/02/04  | 14                      |
| 2023 Meeting Africa                                 | Synergy Business Events       | Sole Source                        | DEV/2023/02/05  | 62                      |
| Annual license fee                                  | Formsite                      | Sole Source                        | DEV/2023/03/01  | 13                      |
| Grap template for public entities                   | Adapt IT                      | Sole Source                        | DEV/2023/03/01  | 96                      |
| Being a director membership                         | IODSA                         | Sole Source                        | DEV/2023/03/02  | 5                       |
| Being a director part 5: Training                   | IODSA                         | Sole Source                        | DEV/2023/03/03  | 58                      |
| Masterclass CPD Member                              | South African Institute of Ta | Sole Source                        | DEV/2023/03/04  | 2                       |
| Additional subscription for 100 employees           | Sage SA                       | Sole Source                        | DEV/2023/03/05  | 50                      |
| Principles of human capital analytics and reporting | 21st Century                  | Single Source                      | DEV/2023/03/06  | 26                      |
| Annual license fee for C-BRTA employees             | Signify Software              | Single Source                      | DEV/2023/03/07  | 114                     |
| Procurement of face value documents                 | Lithotech Sales Pretoria      | Single Source                      | DEV/2023/03/08  | 482                     |
| Renewal of sage license                             | Sage SA                       | Sole Source                        | DEV/2023/03/09  | 148                     |
| Sage consultant onsite (6 Months)                   | Mondtes Holdings (Pty)Ltd     | Single Source                      | DEV/2023/03/10  | 301                     |
| <b>Total</b>  |                               |                                    |                 | <b>5 900</b>            |

### 3.2. CONTRACT VARIATIONS AND EXPANSIONS

| PROJECT DESCRIPTION                        | NAME OF SUPPLIER                          | CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION) | CONTRACT NUMBER | ORIGINAL CONTRACT VALUE | VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE) | VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION |
|--|---|---|-----------------|-------------------------|---|--|
|  |   |   |                 | R'000                   | R'000   | R'000  |
| Variation of Contract for one (1) Month    | Boithekgo Security and Cleaning (Pty) Ltd | Expansion   | PO006865        | 484                     | -   | 40   |
| Variation to extend multifunction printers | Sizwe Africa IT Group (Pty) Ltd           | Variation   | CBRTA/HO/0043   | 2 085                   | 3   | 90   |
| Variation of Contract with ICAS            | ICAS                                      | Variation   | PO007218        | 212                     | -   | 9  |
| <b>Total</b>                               |   |   |                 | <b>2 781</b>            | <b>3</b>  | <b>139</b>                                       |

# Part F:

# Financial Information





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The Accounting Authority's responsibilities and approval statement and other statements set out below, which comprise the annual financial statements, are presented to the parliament:

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## Abbreviations

|               |   |
|---------------|---|
| <b>C-BRTA</b> | Cross-Border Road Transport Agency                    |
| <b>CCMA</b>   | Commission for Conciliation Mediation and Arbitration |
| <b>CPI</b>    | Consumer Price Index                                  |
| <b>DoT</b>    | Department of Transport                               |
| <b>GRAP</b>   | Generally Accepted Accounting Practice                |
| <b>PFMA</b>   | Public Finance Management Act, Act No. 1 of 1999      |
| <b>RTMC</b>   | Road Transport Management Corporation                 |

## Accounting Authority's responsibilities and Approval

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

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

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

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

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

During the year the entity continued to increase its revenue collection, which was a sign of recovery from the impact COVID-19 had on the organisation in prior year. Furthermore, the C-BRTA and RTMC, through the Minister of Transport, have agreed to terminate the principal/agency agreement which has seen RTMC performing Road Transport Inspectorate (RTI) on behalf of C- BRTA. This will result in RTI returning back to C-BRTA effective from 01 April 2023. Although the C-BRTA has adequate financial resources to finance the capital assets of the RTI, the operational expenses of running RTI will require stringent financial management. Consequently, it is envisaged that the entity will continue to implement cost containment measures as appropriate to mitigate against the risk of higher expenditure so as to ensure short term sustainability of the entity.

Furthermore, Accounting Authority has noted management's intention to apply to National Treasury for the retention of surpluses in order to finance the capital expenditure in line with the entity's financial strategy. Accounting Authority has reviewed cost containment measures proposed by management and is satisfied that they are adequate to mitigate against the loss of revenue that may occur in future. The Accounting Authority has also reviewed the Agency's cash flow forecast for the year to 31 March 2024 and, considering this review and the current financial position, it is satisfied that the Agency has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements were examined by the Auditor-General South Africa and their report is presented on page 4.

The annual financial statements set out on page 4 to 49, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2023 and were signed on its behalf by:



**Adv. Sonwabile Mancotywa**  
Chairperson of the Board



**Mr. Lwazi Mboji**  
Chief Executive Officer

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

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Cross-Border Road Transport Agency set out on pages 131 to 165, which comprise the, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cross-Border Road Transport Agency as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

### Basis for opinion

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

### Other matter

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

### National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4) (a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure,

irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 33 and note 39 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Cross-Border Road Transport Agency. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

### Responsibilities of the accounting authority for the financial statements

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

### Responsibilities of the auditor-general for the audit of the financial statements

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

## Report on the audit of the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the public entity's performance on its primary mandated functions and that is of significant national, community or public interest.

| Programmes          | Page numbers | Purpose   |
|---------------------|--------------|---|
| Regulatory Services | 39 - 43      | The Regulatory Services Programme is responsible for regulating access to the cross border road transport market, freight and passengers, through a permit administration process |

14. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
  - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
  - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner
  - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
17. I did not identify any material findings on the reported performance information of Regulatory Services.

## Report on compliance with legislation

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
21. I did not identify any material non-compliance with the selected legislative requirements

## Other information in the annual report

22. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
23. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
24. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. The other information I obtained prior to the date of this auditor's report is the irregular and fruitless and wasteful expenditure note, and the final irregular and fruitless and wasteful expenditure note, governance, human resource management, PFMA compliance report, is expected to be made available to us after 31 July 2023.

26. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
27. I have nothing to report in this regard.
28. When I do receive and read the final irregular and fruitless and wasteful expenditure note, governance, human resource management, PFMA compliance report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

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

*Auditor-General*

Pretoria

31 July 2023



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and on the public entity's compliance with selected requirements in key legislation.

#### Financial statements

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

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

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

### Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| LEGISLATION  | SECTIONS OR REGULATIONS  |
|--|--|
| Public Finance Management Act 1 of 1999 (PFMA)   | Sections 51(1)(a)(iv);51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56(1); 56(2); 57(b)  |
| Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR) | Treasury Regulations 8.2.1; 8.2.2; 16A3.1; 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a) & (b); 16A6.2(e); 16A6.3(a); 16A3.3(a)(i); 16A6.3(b); 16A6.3(c); 16A6.3(d); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A7.7; 16A8.2(1); 16A8.2(2); 16A8.3; 16A8.3(d); 16A8.4; 16A9.1; 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 16A9.2(a)(iii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.1.2(c); 31.2.1; 31.3.3; 33.1.1; 33.1.3 |
| Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)                                    | Section 29; 34(1)  |
| Construction Industry Development Board Act No.38 of 2000 (CIDB)   | Section 18(1)  |
| Construction Industry Development Board Regulations  | Regulations 17; 25(1); 25(5) & 25(7A)  |
| Preferential Procurement Policy Framework Act 5 of 2005 (PPPFA)  | Sections 1(i); 2.1(a); 2.1(b); 2.1(f)  |
| Preferential Procurement Regulations 2017 (PPR)  | Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2   |

| LEGISLATION   | SECTIONS OR REGULATIONS   |
|---|---|
| Preferential Procurement Regulations (PPR) 2022     | Regulations 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4                   |
| PFMA SCM Instruction no. 09 of 2022/2023            | Paragraphs 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6                            |
| National Treasury Instruction (NTI) No.1 of 2015/16 | Paragraphs 3.1; 4.1; 4.2  |
| NT SCM Instruction Note 03 2021/22                  | Paragraphs 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.4 (c)-(d); 4.6; 5.4; 7.2; 7.6 |
| NT SCM Instruction 4A of 2016/17                    | Paragraph 6   |
| NT SCM Instruction Note 03 2019/20                  | Paragraphs 5.5.1(vi); 5.5.1(x);   |
| NT SCM Instruction Note 11 2020/21                  | Paragraphs 3.1; 3.4(a) and (b); 3.9; 6.1; 6.2; 6.7                        |
| NT SCM Instruction note 2 of 2021/22                | Paragraphs 3.2.1; 3.2.2; 3.2.4(a)&(b); 3.3.1; 3.2.2; 4.1                  |
| PFMA SCM Instruction 04 of 2022/23                  | Paragraphs 4(1); 4(2); 4(4)   |
| Practice Note 5 of 2009/10                          | Paragraph 3.3   |
| PFMA SCM instruction 08 of 2022/23                  | Paragraphs 3.2; 4.3.2; 4.3.3  |
| NT instruction note 4 of 2015/16                    | Paragraph 3.4   |
| Second amendment of NTI 05 of 2020/21               | Paragraphs 4.8; 4.9; 5.1; 5.3   |
| Erratum NTI 5 of 202/21                             | Paragraphs 1; Paragraphs 2  |
| Practice note 7 of 2009/10                          | Paragraph 4.1.2   |
| Practice note 11 of 2008/09                         | Paragraphs 3.1; 3.1 (b)   |
| NT instruction note 1 of 2021/22                    | Paragraph 4.1   |



## Statement of Financial Position as at 31 March 2023

|   | NOTE(S) | 2023<br>R          | 2022<br>R          |
|---|---------|--------------------|--------------------|
| <b>ASSETS</b>   |         |                    |                    |
| <b>CURRENT ASSETS</b>                                     |         |                    |                    |
| Receivables from exchange transactions                    | 3       | 3 596 733          | 2 820 858          |
| Receivables from non-exchange transactions                | 4       | 18 159 088         | 11 332 863         |
| Cash and cash equivalents                                 | 5       | 211 443 609        | 169 487 465        |
|   |         | <b>233 199 430</b> | <b>183 641 186</b> |
| <b>NON-CURRENT ASSETS</b>                                 |         |                    |                    |
| Property, plant and equipment                             | 6       | 7 683 503          | 10 385 960         |
| Intangible assets   | 7       | 20 325 061         | 16 900 239         |
|   |         | <b>28 008 564</b>  | <b>27 286 199</b>  |
| <b>Total assets</b>                                       |         | <b>261 207 994</b> | <b>210 927 385</b> |
| <b>LIABILITIES</b>  |         |                    |                    |
| <b>CURRENT LIABILITIES</b>                                |         |                    |                    |
| Operating lease liability                                 | 11      | 837 078            | -                  |
| Payables from exchange transactions and employee benefits | 8       | 11 926 220         | 9 337 690          |
| Payables from non-exchange transactions                   | 9       | 9 761 202          | 9 535 774          |
| Employee benefit obligation                               | 12      | 227 000            | 255 000            |
| Provisions  | 10      | 6 850 473          | 1 145 383          |
| Short-term employee benefits                              | 37      | 8 245 837          | 7 914 016          |
|   |         | <b>37 847 810</b>  | <b>28 187 863</b>  |
| <b>NON-CURRENT LIABILITIES</b>                            |         |                    |                    |
| Operating lease liability                                 | 11      | 2 368 383          | 2 958 908          |
| Employee benefit obligation                               | 12      | 1 819 000          | 2 323 000          |
|   |         | <b>4 187 383</b>   | <b>5 281 908</b>   |
| <b>Total Liabilities</b>                                  |         | <b>42 035 193</b>  | <b>33 469 771</b>  |
| <b>Net Assets</b>   |         | <b>219 172 801</b> | <b>177 457 614</b> |
| Accumulated surplus                                       |         | 219 172 801        | 177 457 614        |
| <b>Total Net Assets</b>                                   |         | <b>219 172 801</b> | <b>177 457 614</b> |

## Statement of Financial Performance

|   | NOTE(S) | 2023<br>R         | 2022<br>R         |
|---|---------|-------------------|-------------------|
| <b>REVENUE FROM NON-EXCHANGE TRANSACTIONS - PERMITS AND FINES</b> |         |                   |                   |
| Grants  | 13      | 321 201 948       | 257 545 542       |
| Other income  | 14      | 56 243            | 419 298           |
| General expenses  | 15      | 799 651           | 1 987 930         |
| Employee costs  | 21      | (115 630 287)     | (72 896 074)      |
| Depreciation and amortisation                                     | 18      | (147 690 594)     | (136 257 420)     |
| Depreciation and amortisation                                     | 17      | (5 925 564)       | (4 014 860)       |
| Impairment  | 24      | (169 873)         | (23 834)          |
| Operating lease rental  | 23 & 24 | (15 646 057)      | (15 669 351)      |
| Provision for impairment of receivables                           | 20      | (6 404 265)       | (4 354 573)       |
| <b>Operating surplus</b>  | 24      | <b>30 591 202</b> | <b>26 736 658</b> |
| Interest received   | 16      | 11 384 981        | 5 868 344         |
| Finance costs   | 19      | (261 000)         | (470 000)         |
| <b>Surplus for the year</b>                                       |         | <b>41 715 183</b> | <b>32 135 002</b> |

## Statement of Changes in Net Assets

|                                 | ACCUMULATED<br>SURPLUS(DEFICIT)<br>R | TOTAL NET ASSETS<br>R |
|---------------------------------|--------------------------------------|-----------------------|
| <b>Balance at 01 April 2021</b> | <b>145 322 612</b>                   | <b>145 322 612</b>    |
| Changes in net assets           |                                      |                       |
| Surplus for the year            | 32 135 002                           | 32 135 002            |
| Total changes                   | 32 135 002                           | 32 135 002            |
| <b>Balance at 01 April 2022</b> | <b>177 457 618</b>                   | <b>177 457 618</b>    |
| Changes in net assets           |                                      |                       |
| Surplus for the year            | 41 715 183                           | 41 715 183            |
| Total changes                   | 41 715 183                           | 41 715 183            |
| <b>Balance at 31 March 2023</b> | <b>219 172 801</b>                   | <b>219 172 801</b>    |

## Cash Flow Statement

|   | NOTE(S) | 2023<br>R          | 2022<br>R          |
|---|---------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |         |                    |                    |
| <b>RECEIPTS</b>   |         |                    |                    |
| Issuing of permits, fines and other services                |         | 313 899 898        | 258 242 654        |
| Grants  |         | 56 243             | 419 298            |
|   |         | 313 956 141        | 258 661 952        |
| <b>PAYMENTS</b>   |         |                    |                    |
| Employee costs  |         | (142 185 683)      | (143 704 674)      |
| Suppliers of goods and services                             |         | (134 058 396)      | (85 779 128)       |
|   |         | (276 244 079)      | (229 483 802)      |
| <b>Net cash flows from operating activities</b>             | 25      | <b>37 712 062</b>  | <b>29 178 150</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |         |                    |                    |
| Purchase of property, plant and equipment                   | 6       | (1 360 641)        | (3 608 996)        |
| Proceeds from sale of property, plant and equipment         | 6       | -                  | 97 240             |
| Purchase of other intangible assets                         | 7       | (6 279 859)        | (6 003 243)        |
| Interest Income   |         | 11 884 582         | 5 264 547          |
| <b>Net cash flows from investing activities</b>             |         | <b>4 244 082</b>   | <b>(4 250 452)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>41 956 144</b>  | <b>24 927 698</b>  |
| Cash and cash equivalents at the beginning of the year      |         | 169 487 465        | 144 559 767        |
| <b>Cash and cash equivalents at the end of the year</b>     | 5       | <b>211 443 609</b> | <b>169 487 465</b> |

## Statement of Comparison of Budget and Actual Amounts

| BUDGET ON ACCRUAL BASIS  | APPROVED BUDGET<br>R | ADJUSTMENTS<br>R | FINAL BUDGET<br>R    | ACTUAL AMOUNTS ON<br>COMPARABLE BASIS<br>R | DIFFERENCE BETWEEN<br>FINAL BUDGET AND ACTUAL<br>R | REFERENCE |
|--|----------------------|------------------|----------------------|--|--|-----------|
| <b>STATEMENT OF FINANCIAL PERFORMANCE</b>  |                      |                  |                      |  |  |           |
| <b>REVENUE</b>   |                      |                  |                      |  |  |           |
| <b>PERMIT REVENUE AND INTEREST INCOME</b>  |                      |                  |                      |  |  |           |
| Permit revenue   | 231 280 943          | -                | <b>231 280 943</b>   | 243 872 465                                | <b>12 591 522</b>                                  | (a)       |
| Other income   | 758 155              | -                | <b>758 155</b>       | 855 894                                    | <b>97 739</b>                                      |           |
| Interest received - investment   | 5 175 720            | -                | <b>5 175 720</b>     | 11 384 981                                 | <b>6 209 261</b>                                   | (b)       |
| <b>Total permit revenue and interest</b>   | <b>237 214 818</b>   | -                | <b>237 214 818</b>   | <b>256 113 340</b>                         | <b>18 898 522</b>                                  |           |
| <b>Grants and penalties</b>  |                      |                  |                      |  |  |           |
| Fines  | 37 307 747           | -                | <b>37 307 747</b>    | 77 329 483                                 | <b>40 021 736</b>                                  | (c)       |
| <b>Total revenue from non-exchange transactions</b>  | <b>274 522 565</b>   | -                | <b>274 522 565</b>   | <b>333 442 823</b>                         | <b>58 920 258</b>                                  |           |
| <b>EXPENDITURE</b>   |                      |                  |                      |  |  |           |
| Employee costs   | (154 299 500)        | -                | <b>(154 299 500)</b> | (147 690 594)                              | <b>6 608 906</b>                                   | (d)       |
| Operating costs  | (74 339 574)         | -                | <b>(74 339 574)</b>  | (66 838 939)                               | <b>7 500 635</b>                                   | (e)       |
| Depreciation and amortisation  | (8 267 972)          | -                | <b>(8 267 972)</b>   | (5 925 564)                                | <b>2 342 408</b>                                   | (f)       |
| Impairment loss  | -                    | -                | -                    | (169 873)                                  | <b>(169 873)</b>                                   |           |
| Finance costs  | -                    | -                | -                    | (261 000)                                  | <b>(261 000)</b>                                   |           |
| Administration fee - RTMC  | (37 307 747)         | -                | <b>(37 307 747)</b>  | (70 841 670)                               | <b>(33 533 923)</b>                                | (g)       |
| <b>Total expenditure</b>   | <b>(274 214 793)</b> | -                | <b>(274 214 793)</b> | <b>(291 727 640)</b>                       | <b>(17 512 847)</b>                                |           |
| <b>Surplus before taxation</b>   | <b>307 772</b>       | -                | <b>307 772</b>       | <b>41 715 183</b>                          | <b>41 407 411</b>                                  |           |
| <b>Actual Amount on Comparable<br/>Basis as Presented in the Budget and Actual<br/>Comparative Statement</b> | <b>307 772</b>       | -                | <b>307 772</b>       | <b>41 715 183</b>                          | <b>41 407 411</b>                                  |           |

## Statement of Comparison of Budget and Actual Amounts (cont.)

**Explanation of variances****(a) Permit revenue**

Permit revenue was more than budget during the period under review due to increase in the number of permits issued than initially anticipated as well as recovery of cross border operations from COVID-19.

**(b) Interest received on investments**

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

**(c) Fines**

Fines income was more than budget at year-end. This was mainly due to more Road Transport Inspectorate operations conducted during the year than anticipated.

**(d) Employee costs**

Employee costs were less than budget due to vacant positions, with most positions not filled due to cost containment measures implemented to mitigate against the loss of revenue occasioned by COVID-19 and the pending finalisation of the organisational

redesign process. This cost containment measure is expected to continue with workforce plan that outlines only critical position to be filled.

**(e) Operating costs**

Operating costs were less than budget at year-end. This was due to cost containment measures implemented during the financial year in order to mitigate against the loss of revenue occasioned by COVID-19.

**(f) Depreciation and amortisation**

Depreciation and amortisation was less than estimated for the financial year. This was mainly due to less amortisation of software development cost due to delays in the implementation of the iCBMS system.

**(g) Administration fee - RTMC**

Administration fee was more than budgeted for the year. This was mainly due to more Road Transport Inspectorate operations conducted than anticipated.

# Accounting Policies

## 1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

### 1.1 Basis of preparations

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

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

These accounting policies are consistent with the previous period.

### 1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. The amounts were rounded off to the nearest rands.

### 1.3 Going concern assumption

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

### 1.4 Materiality

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

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

The Agency has developed and adopted a formal framework for determining materiality. In determining materiality, the Agency consider both quantitative and qualitative materiality. The Agency is primarily self funded and its expenditure is based on the revenue it is able to generate for a particular financial year. As a result the quantitative materiality is based on percentage of revenue budgeted for the year. In determining qualitative materiality, the agency considers such factors as the following:

- public interest;
- level of compliance with legislative requirements;
- unusual transactions;
- reputational risk;
- impact of decisions on the Agency and its mandate; and
- fraud and dishonesty.

### 1.5 Significant judgements and sources of estimation uncertainty

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

#### Trade receivables and other receivables

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

## Accounting Policies (cont.)

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

### Fair value estimation

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

### Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

### Provisions

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

Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

### Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions.

### Effective interest rate

The entity uses the interest rate set as the yield of the R208 South African Government bond at reporting date to discount future cash flows. This interest rate is influenced by the prime interest rate set by the Reserve Bank from time to time.

### Allowance for doubtful debts

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

### Accounting by principals and agent

The entity makes assessments on whether it is the principal or agent in principal-agent relationship by assessing the rights and obligations of the various parties established in the binding arrangement. The requirements of these binding arrangements, particularly the rights and obligations established for the various parties, inform an entity assessment of whether it undertakes transactions for its own benefit, or for the benefit of another entity. The terms and conditions of the binding arrangement are assessed to determine the roles, responsibilities and authority of parties in relation to the activities and resulting transactions undertaken in terms of that arrangement..

Additional information is disclosed in Note 35.

### Impairment of statutory receivables

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

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

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

### Accounting for adjustments to revenue

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the entity, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

- (a) If information becomes known to the entity, and the entity could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.
- (b) If information becomes known to the entity, but the entity could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

Accounting for adjustments to revenue that correct an error or prior period error

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the entity, the entity accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the entity:

- (a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or
- (b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Errors discovered within the reporting period which relate to that period are corrected before the annual financial statements are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error. However, where the impact of the adjustment is not material, no adjustment is made to revenue.

### 1.6 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 or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

## Accounting Policies (cont.)

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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

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

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

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

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

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

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

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.

### 1.7 Intangible assets

An intangible asset is recognised when:

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

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

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

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

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

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

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



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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

Intangible assets are derecognised:

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

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

## 1.8 Financial instruments

### Classification

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

| Class                                      | Category                                   |
|--|--|
| Receivables from exchange transactions     | Financial asset measured at amortised cost |
| Receivables from non-exchange transactions | Financial asset measured at amortised cost |
| Cash and cash equivalents                  | Financial asset measured at amortised cost |

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

| Class                                   | Category                                       |
|---|--|
| Payables from exchange transactions     | Financial liability measured at amortised cost |
| Payables from non-exchange transactions | Financial liability measured at amortised cost |

### Initial recognition

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

The entity recognises financial assets using trade date accounting.

### Initial measurement of financial assets and financial liabilities

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

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

### Subsequent measurement of financial assets and financial liabilities

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

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

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

### Gains and losses

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

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

## Accounting Policies (cont.)

### Impairment and uncollectible financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

### Derecognition Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to

exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Agency:

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

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

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

### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished —

i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

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

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

### Presentation

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

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

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

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

### Receivables from non-exchange transactions

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

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

### Payables from exchange transactions

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

### Cash and cash equivalents

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

## 1.9 Statutory receivables Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes, penalties transfer and license fees); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

### Initial measurement

The entity initially measures statutory receivables at their transaction amount.

### Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

### Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

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

## Accounting Policies (cont.)

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

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

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

### Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.10 Income tax

#### Current tax assets and liabilities

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

### 1.11 Leases

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

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

#### 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.

### 1.12 Impairment of non-cash-generating assets Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return;
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

### Identification

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

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

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

### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

### Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

## 1.13 Employee benefits

### Short-term employee benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

## Accounting Policies (cont.)

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

### Post-employment benefits: Defined contribution plans

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

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

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

### Post-employment benefits: Defined benefit plans

The employer provides post-retirement health care benefits to some retirees.

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

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

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

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

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

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

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

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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

### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

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

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

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

### 1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

### 1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

Commitments are disclosed in note 26.

### 1.16 Revenue from non-exchange transactions

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

#### *Permit issue fees*

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

#### *Application fees*

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

#### *Compliance fees*

Compliance fees are payable annually by operators who are issued with a five year permit. Compliance fees are recognised annually at the anniversary of the permit so issued.

### *Fines*

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

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

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

### **Measurement**

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

### 1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.18 Accounting by principals and agents Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal- agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.



### 1.19 Comparative figures

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

### 1.20 Irregular, fruitless and wasteful expenditure

Fruitless and wasteful expenditure, irregular expenditure and material losses through criminal conduct are disclosed in accordance with the requirements of the PFMA and the guidelines issued in terms of the PFMA when the entity identifies events that gave rise to the classification of these expenditures and the entity confirmed the classification as such.

Receivables for the recovery of these expenditure are only recognised when there is a reasonable expectation that the amounts will be recovered. These expenditure is reduced by the amounts recoverable, condoned by NT or written off as irrecoverable. Any uncertainties to these expenditures are also disclosed.

There was no fruitless and wasteful expenditure reported for the year. Irregular expenditure is included in note 33. There were no expenditures identified relating to material losses through criminal conduct.

### 1.21 Research and development expenditure

Expenditure on research is recognised as an expense when it is incurred. An asset arising from development is recognised when:

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

### 1.22 Comparison of budget and actual amounts

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

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

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

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

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

## Accounting Policies (cont.)

### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

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

##### *IGRAP 21 Effect of past decisions on materiality*

This interpretation provides that where an alternative accounting treatment may have been applied to items (or groups of items) that were previously immaterial. If those similar items (or groups of items) are material in subsequent reporting periods and accounted for using an accounting policy based on the Standards of GRAP, this is not considered a change in accounting policy.

As a result, an entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

During the year there were no items that were previously assessed as immaterial and have become material. Consequently, there has not been any impact in the current financial year under review.

#### 2.2 Standards and Interpretations early adopted

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

#### 2.3 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods but not yet effective:

##### *GRAP 25 Employee benefits (Amendments)*

Key changes made to GRAP 25 includes guidance in distinguishing termination benefits from other employee benefits, when they should be recognised and their measurement. No effective date has been determined as yet.

There was no effect on the annual financial statements for the year ended 31 March 2023. Future impact include that presentation of the components to be presented in the statement of financial performance will result in the cost being grouped between service cost, net interest and remeasurements.

##### *GRAP 104 Financial Instruments (Amendments)*

Key changes made to GRAP 104 includes guidance on offsetting financial assets and financial liabilities, changes in classification resulted in changes in disclosure, new disclosures on credit risk management practices, evaluation of credit losses on financial performance and position, and credit risk exposure, offsetting financial assets and financial liabilities. The effective date of application was determined to be 01 April 2025.

There was no effect on the annual financial statements for the year ended 31 March 2023.

### 3. Receivables from exchange transactions

|          | 2023<br>R | 2022<br>R |
|----------|-----------|-----------|
| Deposits | 3 596 733 | 2 820 858 |

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

#### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2023, there were no trade and other receivables from exchange transactions past due but not impaired.

#### Trade and other receivables impaired

As of 31 March 2023, there were no trade and other receivables from exchange transactions that were impaired.

## Accounting Policies (cont.)

### 4. Receivables from non-exchange transactions

|  | 2023<br>R         | 2022<br>R         |
|--|-------------------|-------------------|
| Statutory receivables - Fines                  | 4 521 290         | 668 130           |
| Statutory receivables - Compliance fees        | 13 322 256        | 9 930 472         |
| Accrued interest and other receivables         | 265 827           | 612 527           |
| Staff debtors                                  | 49 715            | 121 734           |
|  | <b>18 159 088</b> | <b>11 332 863</b> |
| <b>Statutory receivables - Fines</b>           |                   |                   |
| Gross fines receivable                         | 26 851 807        | 20 363 994        |
| Provision for doubtful debts                   | (22 330 517)      | (19 695 864)      |
|  | <b>4 521 290</b>  | <b>668 130</b>    |
| <b>Statutory receivables - Compliance fees</b> |                   |                   |
| Gross accounts receivables - Compliance Fees   | 32 855 250        | 25 693 854        |
| Provision for doubtful debts                   | (19 532 994)      | (15 763 382)      |
|  | <b>13 322 256</b> | <b>9 930 472</b>  |

#### Transaction(s) arising from statute

##### Fines

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

##### Compliance fees

In terms of section 47 (6) of the C-BRT Act, all holders of permits which are valid for more than one year, must submit certain compliance documents to the Regulatory Committee annually. In addition, Regulation 5(6) of the C-BRT Act provides that where a permit is valid for more than

one year, an annual compliance fee must be paid annually on or before the annual anniversary date of the first issue of the permit. Consequently, statutory receivables arise each year at an anniversary of the five year permit. Thus, statutory receivables consist of compliance fees due but not yet paid by operators who hold a five year permit.

#### Determination of transaction amount

##### Fines

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

##### Compliance fees

Section 51 of the C-BRT Act provides that the Minister of Transport, after consulting with the Board, may make regulations in relation to the fee structure for permits and other fees. Thus, the amount of compliance fee is determined through regulations published by the Minister of Transport in the Government Gazette.

#### Interest or other charges levied/charged

Interest is not charged on outstanding fines.

#### Discount rate applied to the estimated future cash flows

The Agency applied a discount rate of 7.75% (2022: 7.75%) to the estimated future cash flows. This discount was determined with reference to the yield of the R2023 South African government bond as at the reporting date.

#### Statutory receivables past due but not impaired

Statutory receivables which are not more than 12 months past due are not considered to be impaired. At 31 March 2023: R7 764 025, - (2022: 15 906 136) were past due but not impaired.

## Accounting Policies (cont.)

The ageing of amounts past due but not impaired is as follows:

|  | 2023<br>R | 2022<br>R |
|--|-----------|-----------|
| The ageing of amounts past due but not impaired is as follows: |           |           |
| 3 months past due  | 4 756 520 | 8 455 664 |
| 6 months past due  | 1 813 740 | 1 477 850 |
| 9 months past due  | 1 193 765 | 5 972 622 |

### Factors the entity considered in assessing statutory receivables past due but not impaired

In assessing statutory receivables past due but not to be impaired, the Agency considered such factors as the legal processes that are followed in collecting fines and enforcing compliance with regulations. These legal processes are not often concluded within thirty days and thus it may be necessary to still expect payments in such circumstances.

### Statutory receivables impaired

As of 31 March 2023, Statutory receivables of 6 404 265 (2022: 4 354 573) were impaired and provided for.

The overall provision balance was therefore increased from R35,459,246 to R41, 863,510 for the year under review. The impaired debtors were outstanding for more than 12 months. These outstanding debtors consist mainly of the pending notices on infringements that have either not gone through the courts or which have gone through the courts but not yet paid by the operators. The creation and release of provision for impaired receivables have been included in operating expenses. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Agency does not hold any collateral as security.

|   | 2023<br>R         | 2022<br>R         |
|---|-------------------|-------------------|
| <b>Reconciliation of provision for impairment for statutory receivables</b> |                   |                   |
| Opening balance   | 35 459 245        | 31 644 971        |
| Provision for impairment  | 6 404 265         | 3 814 274         |
|   | <b>41 863 510</b> | <b>35 459 245</b> |

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

## 5. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise of the following amounts indicated in the statement of financial position:

|                     | 2023<br>R          | 2022<br>R          |
|---------------------|--------------------|--------------------|
| Cash on hand        | 15 000             | 11 077             |
| Bank balances       | 21 412 811         | 1 811 228          |
| Short-term deposits | 190 015 798        | 167 665 160        |
|                     | <b>211 443 609</b> | <b>169 487 465</b> |

All cash and cash equivalents are available for use by the agency without any restrictions.

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

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings.

## 6. Property, plant and equipment

|                        | 2023                |   |                     | 2022                |   |                     |
|------------------------|---------------------|---|---------------------|---------------------|---|---------------------|
|                        | COST/VALUATION<br>R | ACCUMULATED<br>DEPRECIATION AND<br>ACCUMULATED<br>IMPAIRMENT<br>R | CARRYING VALUE<br>R | COST/VALUATION<br>R | ACCUMULATED<br>DEPRECIATION AND<br>ACCUMULATED<br>IMPAIRMENT<br>R | CARRYING VALUE<br>R |
| Furniture and fixtures | 3 747 629           | (3 115 333)   | 632 296             | 3 754 829           | (2 884 574)   | 870 255             |
| Office equipment       | 2 816 146           | (1 663 917)   | 1 152 229           | 2 699 294           | (1 132 883)   | 1 566 411           |
| Computer equipment     | 12 905 886          | (8 966 035)   | 3 939 851           | 12 962 869          | (7 732 425)   | 5 230 444           |
| Leasehold improvements | 3 645 265           | (2 050 872)   | 1 594 393           | 3 645 265           | (1 321 819)   | 2 323 446           |
| Motor Vehicles         | 232 541             | (231 981)   | 560                 | 232 541             | (231 608)   | 933                 |
| Signage                | 454 447             | (90 273)  | 364 174             | 454 447             | (59 976)  | 394 471             |
| <b>Total</b>           | <b>23 801 914</b>   | <b>(16 118 411)</b>   | <b>7 683 503</b>    | <b>23 749 245</b>   | <b>(13 363 285)</b>   | <b>10 385 960</b>   |

### Reconciliation of property, plant and equipment - 2023

|                        | OPENING BALANCE<br>R | ADDITIONS<br>R   | DEPRECIATION<br>R  | IMPAIRMENT LOSS<br>R | TOTAL<br>R       |
|------------------------|----------------------|------------------|--------------------|----------------------|------------------|
| Furniture and fixtures | 870 255              | 17 048           | (249 015)          | (5 992)              | 632 296          |
| Office equipment       | 1 566 411            | 122 152          | (507 179)          | (29 155)             | 1 152 229        |
| Computer equipment     | 5 230 444            | 1 221 441        | (2 377 307)        | (134 727)            | 3 939 851        |
| Leasehold improvements | 2 323 446            | -                | (729 053)          | -                    | 1 594 393        |
| Motor Vehicles         | 933                  | -                | (373)              | -                    | 560              |
| Signage                | 394 471              | -                | (30 297)           | -                    | 364 174          |
|                        | <b>10 385 960</b>    | <b>1 360 641</b> | <b>(3 893 224)</b> | <b>(169 874)</b>     | <b>7 683 503</b> |

### Reconciliation of property, plant and equipment - 2022

|                        | OPENING BALANCE<br>R | ADDITIONS<br>R   | DEPRECIATION<br>R  | IMPAIRMENT LOSS<br>R | TOTAL<br>R        |
|------------------------|----------------------|------------------|--------------------|----------------------|-------------------|
| Furniture and fixtures | 1 127 512            | 5 439            | (258 674)          | (4 022)              | 870 255           |
| Office equipment       | 1 605 444            | 457 245          | (490 801)          | (5 477)              | 1 566 411         |
| Computer equipment     | 4 178 858            | 3 095 493        | (2 031 527)        | (12 380)             | 5 230 444         |
| Leasehold improvements | 2 995 751            | 50 819           | (723 124)          | -                    | 2 323 446         |
| Motor Vehicles         | 1 556                | -                | (623)              | -                    | 933               |
| Signage                | 424 767              | -                | (30 296)           | -                    | 394 471           |
|                        | <b>10 333 888</b>    | <b>3 608 996</b> | <b>(3 535 045)</b> | <b>(21 879)</b>      | <b>10 385 960</b> |

## Accounting Policies (cont.)

## 7. Intangible assets

|   | 2023                |   |                     | 2022                |   |                     |
|---|---------------------|---|---------------------|---------------------|---|---------------------|
|   | COST/VALUATION<br>R | ACCUMULATED<br>AMORTISATION<br>AND ACCUMULATED<br>IMPAIRMENT<br>R | CARRYING VALUE<br>R | COST/VALUATION<br>R | ACCUMULATED<br>AMORTISATION<br>AND ACCUMULATED<br>IMPAIRMENT<br>R | CARRYING VALUE<br>R |
| Computer software, internally generated | 22 166 740          | (1 991 754)   | 20 174 986          | 16 709 577          | (223 690)   | 16 485 887          |
| Other computer software                 | 1 509 000           | (1 358 925)   | 150 075             | 1 509 000           | (1 094 648)   | 414 352             |
| <b>Total</b>                            | <b>23 675 740</b>   | <b>(3 350 679)</b>  | <b>20 325 061</b>   | <b>18 218 577</b>   | <b>(1 318 338)</b>  | <b>16 900 239</b>   |

## Reconciliation of intangible assets - 2023

|   | OPENING BALANCE<br>R | ADDITIONS<br>R   | AMORTISATION<br>R | IMPAIRMENT LOSS<br>R | TOTAL<br>R        |
|---|----------------------|------------------|-------------------|----------------------|-------------------|
| Computer software, internally generated | 16 485 887           | 6 279 859        | (822 697)         | (1 768 063)          | 20 174 986        |
| Other computer software                 | 414 352              | -                | -                 | (264 277)            | 150 075           |
|   | <b>16 900 239</b>    | <b>6 279 859</b> | <b>(822 697)</b>  | <b>(2 032 340)</b>   | <b>20 325 061</b> |

## Reconciliation of intangible assets - 2022

|   | OPENING BALANCE<br>R | ADDITIONS<br>R   | AMORTISATION<br>R | IMPAIRMENT LOSS<br>R | TOTAL<br>R        |
|---|----------------------|------------------|-------------------|----------------------|-------------------|
| Computer software, internally generated | 10 942 772           | 5 766 805        | (223 690)         | -                    | 16 485 887        |
| Computer software                       | 435 992              | 236 438          | (256 125)         | (1 953)              | 414 352           |
|   | <b>11 378 764</b>    | <b>6 003 243</b> | <b>(479 815)</b>  | <b>(1 953)</b>       | <b>16 900 239</b> |

## Notes to the Annual Financial Statements

### 8. Payables from exchange transactions

|                                | 2023<br>R         | 2022<br>R        |
|--------------------------------|-------------------|------------------|
| Trade payables                 | 6 037 986         | 4 396 675        |
| Payroll creditors              | 2 922 983         | -                |
| Workman's compensation accrual | 574 920           | 582 176          |
| Other accrued expenses         | 2 390 331         | 4 358 839        |
|                                | <b>11 926 220</b> | <b>9 337 690</b> |

### 10. Provisions

#### Reconciliation of provisions - 2023

|   | OPENING BALANCE | ADDITIONS | UTILISED DURING THE YEAR | REVERSED DURING THE YEAR | TOTAL     |
|---|-----------------|-----------|--------------------------|--------------------------|-----------|
| Provision for staff performance bonuses | 1 145 383       | 6 850 473 | (401 274)                | (744 109)                | 6 850 473 |

#### Reconciliation of provisions - 2022

|   | OPENING BALANCE | UTILISED DURING THE YEAR | TOTAL     |
|---|-----------------|--------------------------|-----------|
| Provision for staff performance bonuses | 7 051 637       | (5 906 254)              | 1 145 383 |

#### Provision for staff performance bonuses

Performance bonus is payable to qualifying employees as per the Agency's performance management policy. No staff performance bonus provision was provided for in the prior year due to the lower percentage of achievement of performance target that required in terms of the performance management policy.

### 11. Operating lease asset (liability)

|                         | 2023<br>R          | 2022<br>R          |
|-------------------------|--------------------|--------------------|
| Non-current liabilities | (2 368 383)        | (2 958 908)        |
| Current liabilities     | (837 078)          | -                  |
|                         | <b>(3 205 461)</b> | <b>(2 958 908)</b> |

Operating lease liability consist of portion of the lease payment on the lease of buildings that will only be settled in future. As the operating lease expenses are recognised on accrual basis on a straight-line method over the lease payments, lease payments may be less than the accrued amount and any short-fall is recognised as operating lease liability as such shortfall are settled in future when lease payments are increased with escalation rate.

### 9. Payables from non-exchange transactions

|                                    | 2023<br>R | 2022<br>R |
|------------------------------------|-----------|-----------|
| Permit and penalty fees refundable | 9 761 202 | 9 535 774 |

Payables relate to payments received in advance from operators.

## Notes to the Annual Financial Statements (cont.)

**12. Employee benefit obligations****Defined benefit plan**

The Agency has in place a post-employment medical benefit plan to which 8 members (2022: 10 members) belong. It is made up of members of the Government Employee Medical Scheme as well as Medihelp. The most recent actuarial valuations of the post medical benefit obligation were carried out on 31 March 2023 by Ms. J. van der Spuy, a fellow of the Institute of Actuaries. The present value of the post-employment medical aid obligation, and the related current service costs, were measured using the projected unit credit method.

**Post retirement medical aid plan**

The Agency has in place a post-employment medical benefit plan to which 8 members (2022: 10 members) belong. It is made up of members of the Government Employee Medical Scheme as well as Medihelp. The most recent actuarial valuations of the post medical benefit obligation were carried out on 31 March 2023 by Ms. J. van der Spuy, a fellow of the Institute of Actuaries. The present value of the post-employment medical aid obligation, and the related current service costs, were measured using the projected unit credit method.

The plan and liability is with respect to members transferred to RTMC as well as existing continuing members who are no longer in the employ of the Agency who qualify for continuation health care costs. The employees received a fixed subsidy of up to R1,701 per month for unmarried members and up to R3,402 for married members towards their medical aid subscriptions, regardless of number of children or the medical aid the member belongs to.

The subsidy amount will only increase when the government increases the capped amount. Medical inflation is expected to exceed general inflation by 1% per annum in the long term. The liability as calculated by the actuaries is an estimate of the cost of these subsidies, based on assumptions regarding the future experience, and does not influence the actual cost of the subsidies. The actual cost will be determined by the actual experience in the future.

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

|   | 2023<br>R   | 2022<br>R   |
|---|-------------|-------------|
| <b>CARRYING VALUE</b>   |             |             |
| Present value of the defined benefit obligation-wholly unfunded | (2 046 000) | (2 578 000) |

|                         | 2023<br>R          | 2022<br>R          |
|-------------------------|--------------------|--------------------|
| Non-current liabilities | (1 819 000)        | (2 323 000)        |
| Current liabilities     | (227 000)          | (255 000)          |
|                         | <b>(2 046 000)</b> | <b>(2 578 000)</b> |

The valuation results show a liability in respect of accrued service equal to R2,046,000 (2022: R2,578,000). Total interest cost and current service costs for the period from 1 April 2022 to 31 March 2023 were R261,000 and R0 respectively. The liability is a long-term estimation of amounts due from the Agency towards its obligation (subsidy) to the affected members. There are no plan assets to meet the obligation. The contribution by the employer towards the 8 employees is limited to R3,402 per retired employee per month.

**Changes in the present value of the defined benefit obligation are as follows:**

|  |                    |                    |
|--|--------------------|--------------------|
| Opening balance  | (2 578 000)        | (4 119 000)        |
| Contributions by plan participants                               | 235 455            | 250 000            |
| Net expense recognised in the statement of financial performance | 296 545            | 1 291 000          |
|  | <b>(2 046 000)</b> | <b>(2 578 000)</b> |

**Net expense recognised in the statement of financial performance**

|                          |                |                  |
|--------------------------|----------------|------------------|
| Current service cost     | -              | (7 000)          |
| Interest cost            | (261 000)      | (470 000)        |
| Actuarial (gains) losses | 557 545        | 1 768 000        |
|                          | <b>296 545</b> | <b>1 291 000</b> |

**Key assumptions used**

Assumptions used at the reporting date:

|                          |             |             |
|--------------------------|-------------|-------------|
| Discount rates used      | Yield curve | Yield Curve |
| Medical cost trend rates | CPI + 1%    | CPI + 1%    |

A nominal and real zero curve as at 30 March 2023 supplied by the JSE was used to determine a discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, the prevailing yield at the time of performing calculations is used.

The Medical Aid Contribution Inflation rate was set with reference to the past relationship



between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period. South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. These increases are considered not to be sustainable and have assumed that medical aid contribution increases would outstrip general inflation by 1% per annum over the foreseeable future.

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

#### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

|   | One percentage point increase | One percentage point decrease |
|---|-------------------------------|-------------------------------|
| Effect on the aggregate of the service cost and interest cost | 240 000                       | 233 000                       |
| Effect on defined benefit obligation                          | 2 077 000                     | 2 015 000                     |

#### Defined contribution plan

The entity operates defined contribution retirement benefit plans for all its permanent employees, defined contribution provident fund, and a pension fund, all of which are subject to the Pensions Fund Act, 1956 (Act No. 24 of 1956) exist for this purpose.

The assets of the plans are held separately from those of the entity in funds under the control of trustees. The Agency is under no obligation to cover any unfunded benefits. 133 employees were members of a provident fund operated by Alexander Forbes Pension Scheme while 9 employees were members of state-managed retirement benefit plan operated by the Government Employees Pension Fund. The entity is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of the entity with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in profit or loss of R 16 229 969 (2022: R 14 391 742) represents contributions payable to these plans by the the entity at rates specified in the rules of the plans. As at 31 March 2023, no outstanding contributions were due in respect of the current reporting period that had not been paid over to the plans.

### 13. Revenue from non-exchange transactions - Permits and fines

|                         | 2023 R             | 2022 R             |
|-------------------------|--------------------|--------------------|
| Permit issue fees       | 186 766 482        | 171 140 125        |
| Permit application fees | 42 176 880         | 28 810 505         |
| Compliance fees         | 14 929 103         | 13 556 983         |
| Fines                   | 77 329 483         | 44 037 929         |
|                         | <b>321 201 948</b> | <b>257 545 542</b> |

### 14. Revenue from non-exchange transactions - Grants

|                | 2023 R | 2022 R  |
|----------------|--------|---------|
| TETA SDL Grant | 56 243 | 419 298 |

### 15. Other Income

|   | 2023 R         | 2022 R           |
|---|----------------|------------------|
| Postage, administrative and general walk-in services to operators | 165 623        | 122 690          |
| Actuarial gains   | 557 545        | 1 768 000        |
| Insurance claims  | 76 483         | -                |
| Surplus on sale of assets   | -              | 97 240           |
|   | <b>799 651</b> | <b>1 987 930</b> |

### 16. Interest received

|      | 2023 R     | 2022 R    |
|------|------------|-----------|
| Bank | 11 384 981 | 5 868 344 |

The Agency has cash investments yielding an average of 6.31% (2022: 3.74%) per annum.

## Notes to the Annual Financial Statements (cont.)

**17. Depreciation and amortisation**

|                               | 2023<br>R        | 2022<br>R        |
|-------------------------------|------------------|------------------|
| Property, plant and equipment | 3 893 224        | 3 535 044        |
| Intangible assets             | 2 032 340        | 479 816          |
|                               | <b>5 925 564</b> | <b>4 014 860</b> |

**18. Employee related costs**

|   | 2023<br>R          | 2022<br>R          |
|---|--------------------|--------------------|
| Basic salaries                          | 114 530 254        | 112 277 171        |
| Performance bonus (note 10)             | 6 850 473          | -                  |
| Medical aid - company contributions     | 3 888 387          | 3 871 868          |
| Unemployment Insurance Fund             | 330 381            | 337 237            |
| Workman's Compensation                  | 574 920            | 582 176            |
| Leave pay provision charge              | 590 772            | 417 294            |
| Pension and provident fund contribution | 16 229 969         | 14 391 742         |
| Long-service incentive                  | 598 236            | 520 383            |
| 13 <sup>th</sup> cheques                | 3 469 202          | 3 517 549          |
| Car allowance                           | 628 000            | 342 000            |
|   | <b>147 690 594</b> | <b>136 257 420</b> |

**19. Finance costs**

|                  | 2023<br>R | 2022<br>R |
|------------------|-----------|-----------|
| Interest charges | 261 000   | 470 000   |

The interest cost represents the accrual of interest on the accrued liability, allowing for benefit payments, over the corresponding year. This arises because the post-employment medical aid scheme contributions are one year closer to payment. This item is accounted for in the Statement of financial performance in accordance with GRAP25: Employee Benefits.

**20. Provision for impairment of receivables**

|                 | 2023<br>R | 2022<br>R |
|-----------------|-----------|-----------|
| Impairment loss | 6 404 265 | 4 354 573 |

Impairment loss amount is made up of notices issued and not yet paid as well as compliance fees not yet paid. The amount expensed is the increase in the financial year under review.

**21. General expenses**

|                                      | 2023<br>R          | 2022<br>R         |
|--------------------------------------|--------------------|-------------------|
| Advertising                          | 201 213            | 1 347 041         |
| Auditors remuneration (See note 22)  | 4 677 840          | 3 361 290         |
| Bank charges                         | 2 415 387          | 1 795 498         |
| Cleaning and office supplies         | 663 202            | 383 375           |
| Service fee (Note 35)                | 70 841 670         | 41 625 550        |
| Legal fees                           | 5 369 423          | 1 617 046         |
| Consulting fees                      | 5 075 959          | 1 845 930         |
| Catering and employee wellness       | 1 105 719          | 161 538           |
| Corporate gifts                      | 126 339            | 197 700           |
| Insurance                            | 193 282            | 260 046           |
| Conferences and seminars             | 758 604            | 389 588           |
| IT expenses                          | 696 849            | 1 714 361         |
| Motor vehicle expenses               | 67 220             | 29 916            |
| Placement fees                       | 336 642            | 359 376           |
| Printing and stationery              | 1 102 489          | 1 451 368         |
| Repairs and maintenance              | 88 881             | 646 398           |
| Security                             | 705 720            | 474 525           |
| Staff welfare                        | 124 142            | 91 216            |
| Software license fees                | 6 793 158          | 6 085 730         |
| Training and development             | 1 591 567          | 1 953 561         |
| Travel and accommodation             | 10 078 188         | 4 429 448         |
| Small tools                          | 4 222              | 8 115             |
| Electricity and water                | 927 031            | 880 000           |
| Uniforms                             | 29 000             | -                 |
| Document storage expenses            | 210 305            | 314 114           |
| Telephone, network and data expenses | 531 194            | 539 235           |
| Cellphone expenses                   | 915 041            | 934 109           |
|                                      | <b>115 630 287</b> | <b>72 896 074</b> |

## 22. Audit fees

|                | 2023<br>R        | 2022<br>R        |
|----------------|------------------|------------------|
| External audit | 3 063 976        | 2 600 897        |
| Internal audit | 1 613 864        | 760 393          |
|                | <b>4 677 840</b> | <b>3 361 290</b> |

## 23. Operating lease

### Office Lease

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

The significant leasing arrangements include the following:

- The lease escalates annually on 01 June of each year by 7.5%; and
- There are no renewal options and there are no restrictions imposed on the leases.

### Photocopiers

The Agency leases printing and photocopier machines under non-cancellable operating leases for three years which expired on 30 June 2022.

The significant leasing arrangements include:

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

Subsequent to the expiry of the above mentioned lease, the Agency entered into a new lease agreement in respect of printing and photocopier machines with Konica Minolta (Pty) Ltd under National Treasury Transversal agreement RT3-2022. The new lease is for a period of 36 months expiring on 31 October 2025.

The significant leasing arrangements under new lease include:

- The rental amount fixed for the duration of the minimum lease period;
- Upon the termination of lease term, the lease may be renewed at the request of the Agency at a R0 rental amount for a rental period not exceeding Master Transverral Agreement period ending 31 March 2026, unless extended further or terminated on an earlier date in accordance with the provision of the Master Transversal Agreement; and
- There are no restrictions imposed on the leases.

### Motor Vehicle

The Agency has leased motor vehicle for law enforcement purposes under non-cancellable operating leases for three years expiring 30 June 2023.

The significant leasing arrangements include:

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

|  | 2023<br>R         | 2022<br>R         |
|--|-------------------|-------------------|
| <b>Future minimum lease payments due</b> |                   |                   |
| - within one year                        | 15 092 385        | 15 164 036        |
| - in second to fifth year inclusive      | 3 184 963         | 31 839 085        |
|  | <b>18 277 348</b> | <b>47 003 121</b> |

## 24. Operating surplus

Operating surplus for the year includes the following items:

|                                | 2023<br>R         | 2022<br>R         |
|--------------------------------|-------------------|-------------------|
| <b>Operating lease charges</b> |                   |                   |
| Premises                       |                   |                   |
| • Contractual amounts          | 14 694 962        | 14 694 962        |
| Motor vehicles                 |                   |                   |
| • Contractual amounts          | 467 912           | 423 329           |
| Equipment                      |                   |                   |
| • Contractual amounts          | 483 182           | 551 060           |
|                                | <b>15 646 056</b> | <b>15 669 351</b> |

## Notes to the Annual Financial Statements (cont.)

**25. Cash (used in) / generated from operations**

|  | 2023<br>R         | 2022<br>R         |
|--|-------------------|-------------------|
| Surplus  | 41 715 183        | 32 135 002        |
| <b>Adjustments for:</b>  |                   |                   |
| Depreciation and amortisation  | 5 925 564         | 4 014 860         |
| Impairment   | 169 873           | 23 834            |
| Surplus on sale of assets  | -                 | (97 240)          |
| Interest received  | (11 384 981)      | (5 868 344)       |
| Debt impairment  | 6 404 265         | 4 354 573         |
| Movements in operating lease liabilities                               | 246 553           | 1 254 581         |
| Movements in retirement benefit liabilities                            | (532 000)         | (1 541 000)       |
| Adjustment of intangible assets  | 822 697           | -                 |
| <b>Changes in working capital:</b>                                     |                   |                   |
| Receivables from exchange transactions                                 | (775 875)         | 533 326           |
| Increase in impairments  | (6 404 265)       | (4 354 573)       |
| Receivables from non-exchange transactions                             | (7 325 836)       | (1 726 898)       |
| Payables from exchange transactions <sup>a</sup> and employee benefits | 2 920 359         | 5 895 616         |
| Provisions   | 5 705 090         | (5 906 255)       |
| Payables from non-exchange transactions                                | 225 435           | 460 668           |
|  | <b>37 712 062</b> | <b>29 178 150</b> |

**26. Commitments**

|   | 2023<br>R         | 2022<br>R         |
|---|-------------------|-------------------|
| <b>Authorised capital expenditure</b>               |                   |                   |
| <b>Already contracted for but not provided for:</b> |                   |                   |
| • Property, plant and equipment                     | 1 299 833         | 1 046 630         |
| • Intangible assets                                 | 27 226 657        | 33 255 125        |
|   | <b>28 526 490</b> | <b>34 301 755</b> |
| <b>Total capital commitments</b>                    |                   |                   |
| Already contracted for but not provided for         | <b>28 526 490</b> | <b>34 301 755</b> |
| <b>Authorised operational expenditure</b>           |                   |                   |
| <b>Already contracted for but not provided for:</b> |                   |                   |
| • General expenses                                  | 36 322 047        | 36 796 636        |
| • Internal audit fees                               | 1 010 619         | 3 270 453         |
| • Office lease                                      | 33 990 398        | 51 629 734        |
|   | <b>71 323 064</b> | <b>91 696 823</b> |
| <b>Total operational commitments</b>                |                   |                   |
| Already contracted for but not provided for         | <b>71 323 064</b> | <b>91 696 823</b> |

**27. Contingencies**

A matter with a supplier appointed to supply promotional material which was delivered and paid for. The supplier is claiming non-payment due to a change in bank account details. The estimated cost of claims is R118, 184.05 plus legal costs.

Pleadings have been settled and filed. The Agency is of the view that it has a good chance that the matter will be ruled in its favour.

A matter in respect of a review application by the Agency against the ruling of the CCMA in favour of a former employee who was dismissed for misconduct. An award was granted by the CCMA in favour of the employee in the amount of R654 155.75. The Agency is of the view that it has a good chance that the matter will be successfully reviewed in its favour.

An operator is claiming an amount of fine imposed by the Agency following the vehicle that impounded due to inadequate permits. The estimated cost of the claim is R93, 992.25.

An ex employee has approached CCMA in relation to a fixed term contract that has terminated and not renewed by the Agency. The CCMA has awarded an employee a compensation amounting to R1 598 496. The Agency is reviewing the award at the Labour Court and believes that it has good prospects of successfully defending the matter.

Another ex employee has approached CCMA in relation to a fixed term contract that has terminated and not renewed by the Agency. The Agency believes that it has good prospects of successfully defending the matter. A reliable estimate of the amount potential liability cannot be made at this stage.

An ex employee has approached CCMA in relation to a claim of unfair dismissal after employment contract has was terminated following the outcome of a disciplinary hearing. The Agency believes that it has good prospects of successfully defending the matter. A reliable estimate of the amount potential liability cannot be made at this stage.

Another ex employee has approached CCMA in relation to a claim of unfair dismissal after employment contract has was terminated following the outcome of a disciplinary hearing. The Agency believes that it has good prospects of successfully defending the matter. A reliable estimate of the amount potential liability cannot be made at this stage.

## 28. Related parties

C-BRTA is a Schedule 3(A) public entity that is ultimately owned and controlled by the South African government.

As a result of the constitutional independence of the three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties.

Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals from the level of managers up to the members of the accounting authority are considered management. Information on the key management transaction is disclosed under note 29 below.

|   | 2023<br>R | 2022<br>R |
|---|-----------|-----------|
| <b>Related party balances</b>               |           |           |
| <b>Amounts owed (to) by related parties</b> |           |           |
| Government Printing Works                   | (47 665)  | (17 150)  |
| Department of Justice                       | (365 045) | (833 848) |

Amount due to Government Printing Works in respect of publication services rendered to the Agency, payable in cash within 30 days from invoice date.

Amount due to Department of Justice and Constitutional Development in respect of the legal services rendered to the Agency, payable in cash within 30 days from invoice date.

|  | 2023<br>R  | 2022<br>R  |
|--|------------|------------|
| <b>Related party transactions</b>                    |            |            |
| <b>Expenses incurred with related parties</b>        |            |            |
| Government Printing Works                            | 166 703    | 17 150     |
| Department of Justice and Constitutional Development | 3 005 150  | 1 121 234  |
| Road Traffic Management Corporation                  | 70 841 670 | 41 625 550 |
| Airports Company of South Africa                     | -          | 2 363 741  |

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

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

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

## Notes to the Annual Financial Statements (cont.)

**29. Board members and Executive Remuneration****Board Remuneration**

|   | EMOLUMENTS<br>R  | RE-IMBURSIVE<br>EXPENDITURE<br>R | TOTAL<br>R       |
|---|------------------|----------------------------------|------------------|
| <b>2023</b>   |                  |                                  |                  |
| Adv. Sonwabile Mancotywa (Chairperson) (Appointed 15 February 2023) | 37 948           | 1 179                            | 39 127           |
| Ms. Lerato Molebatsi (Deputy Chairperson) (Appointed 28 June 2021)  | 224 249          | 50 456                           | 274 705          |
| Prof. Isaac Shai (Appointed 28 June 2021)                           | 186 414          | 3 992                            | 190 406          |
| Ms. Zukisa Millicent Ramasia (Appointed 28 June 2021)               | 186 414          | 13 632                           | 200 046          |
| Adv. Adila Chowan (Appointed 28 June 2021)                          | 186 414          | -                                | 186 414          |
| Mr. Monwabisi Andile Kolanisi (Appointed 28 June 2021)              | 186 414          | 1 778                            | 188 192          |
| Mr. Kevin Daniel van der Merwe (Appointed 28 June 2021)             | 186 414          | 8 929                            | 195 343          |
| Ms. Loyiso Kula (Appointed 28 June 2021)                            | 186 414          | -                                | 186 414          |
| Dr. Lesley Thulani Luthuli (Appointed 28 June 2021)                 | 186 414          | 9 182                            | 195 596          |
| Ms. Lebogang Letsoalo (Appointed 28 June 2021)                      | 186 414          | -                                | 186 414          |
|   | <b>1 753 509</b> | <b>89 148</b>                    | <b>1 842 657</b> |

|  | EMOLUMENTS<br>R  | TOTAL<br>R       |
|--|------------------|------------------|
| <b>2022</b>  |                  |                  |
| Mr M Ramathe (Chairperson) (Term ended 28 June 2021)               | 56 923           | 56 923           |
| Prof JH Havenga (Deputy Chairperson) (Term ended 28 June 2021)     | 46 604           | 46 604           |
| Mr RD Baloyi (Term ended 28 June 2021)                             | 46 604           | 46 604           |
| Mr LL Thekisho (Term ended 28 June 2021)                           | 46 604           | 46 604           |
| Ms KS Mahlangu (Term ended 28 June 2021)                           | 46 604           | 46 604           |
| Ms DI Sekonyela (Term ended 28 June 2021)                          | 46 604           | 46 604           |
| Mr. C Hlabisa*   | -                | -                |
| <b>New members of the Board</b>                                    |                  |                  |
| Ms. Lerato Molebatsi (Acting Chairperson) (Appointed 28 June 2021) | 170 767          | 170 767          |
| Prof. Isaac Shai (Appointed 28 June 2021)                          | 139 810          | 139 810          |
| Ms. Zukisa Millicent Ramasia (Appointed 28 June 2021)              | 139 810          | 139 810          |
| Adv. Adila Chowan (Appointed 28 June 2021)                         | 139 810          | 139 810          |
| Mr. Monwabisi Andile Kolanisi (Appointed 28 June 2021)             | 139 810          | 139 810          |
| Mr. Kevin Daniel van der Merwe (Appointed 28 June 2021)            | 139 810          | 139 810          |
| Ms. Loyiso Kula (Appointed 28 June 2021)                           | 139 810          | 139 810          |
| Dr. Lesley Thulani Luthuli (Appointed 28 June 2021)                | 139 810          | 139 810          |
| Ms. Lebogang Letsoalo (Appointed 28 June 2021)                     | 139 810          | 139 810          |
|  | <b>1 579 190</b> | <b>1 579 190</b> |

\*Although Mr. Hlabisa is a non-executive Board member and has attended meetings, he was not remunerated for the period as he was an employee of a National Government and thus not entitled to additional remuneration as per National Treasury directive.

### Executive Management Remuneration

|  | ANNUAL REMUNERATION<br>R | TRAVEL, CAR AND<br>CELLPHONE ALLOWANCE<br>R | PERFORMANCE BONUS<br>VARIABLE PORTION<br>R | ACTING ALLOWANCE,<br>TERMINATION LEAVE AND<br>OTHER EXPENSES<br>R | TOTAL<br>R        |
|--|--------------------------|---|--|---|-------------------|
| <b>2023</b>  |                          |   |  |   |                   |
| Chief Executive Officer                                  | 3 670 015                | 65 316                                      | -  | 103 267   | 3 838 598         |
| Chief Financial Officer (Resigned 17 August 2022)        | 1 030 715                | 19 862                                      | -  | -   | 1 050 577         |
| Chief Operations Officer (Contract ended 31 July 2022)   | 1 107 963                | 8 488                                       | -  | 35 861  | 1 152 312         |
| Executive: Regulatory Services (Appointed 01 April 2022) | 2 212 579                | 210 000                                     | -  | 82 261  | 2 504 840         |
| Executive: Corporate Services (Appointed 01 May 2022)    | 1 957 926                | 188 925                                     | -  | 45 223  | 2 192 074         |
| Executive: Facilitation and advisory                     | 2 482 166                | 28 212                                      | -  | 109 030   | 2 619 408         |
| Chief Information Officer                                | 2 698 103                | 27 300                                      | 170 802                                    | 80 385  | 2 976 590         |
| Chief Financial Officer (Appointed 01 March 2023)        | 210 292                  | 17 175                                      | -  | -   | 227 467           |
| Acting Chief Financial Officer                           | -                        | -   | -  | 421 458   | 421 458           |
|  | <b>15 369 759</b>        | <b>565 278</b>                              | <b>170 802</b>                             | <b>877 485</b>  | <b>16 983 324</b> |

### Remuneration of Executive Management

|  | ANNUAL REMUNERATION<br>R | TRAVEL, CAR AND<br>CELLPHONE ALLOWANCE<br>R | ACTING ALLOWANCE,<br>TERMINATION LEAVE AND<br>OTHER EXPENSES<br>R | TOTAL<br>R        |
|--|--------------------------|---|---|-------------------|
| <b>2022</b>  |                          |   |   |                   |
| Chief Executive Officer (Suspended)                          | 931 634                  | 16 329                                      | 374 224   | 1 322 187         |
| Acting Chief Executive Officer (appointed: 01 November 2019) | -                        | -   | 1 435 945   | 1 435 945         |
| Chief Financial Officer (Appointed 01 June 2020)             | 2 137 406                | 49 464                                      | -   | 2 186 870         |
| Chief Operations Officer                                     | 2 686 554                | 25 464                                      | 8 661   | 2 720 679         |
| Executive: Regulatory Services                               | 1 448 688                | 82 500                                      | 4 357   | 1 535 545         |
| Executive: Stakeholder Relations                             | 2 217 335                | 28 212                                      | 22 869  | 2 268 416         |
| Chief Information Officer                                    | 2 500 735                | 27 300                                      | -   | 2 528 035         |
| Acting Executive: Regulatory Services                        | -                        | -   | 38 240  | 38 240            |
| Acting Executive: Corporate Services                         | -                        | -   | 123 812   | 123 812           |
| Acting Executive: Research and Development                   | -                        | -   | 151 290   | 151 290           |
|  | <b>11 922 352</b>        | <b>229 269</b>                              | <b>2 159 398</b>  | <b>14 311 019</b> |

## Notes to the Annual Financial Statements (cont.)

## Independent Non-Executive Audit and Risk Committee Members remuneration

|                                      | EMOLUMENTS<br>R | TOTAL<br>R     |
|--------------------------------------|-----------------|----------------|
| <b>2023</b>                          |                 |                |
| Ms. Z Ntsalaze, CA(SA) (Chairperson) | 282 270         | 282 270        |
| Mr. B Chaplog, CA(SA)                | 215 211         | 215 211        |
| Ms. N Phiri, CA(SA)                  | 198 057         | 198 057        |
| Mr. P Fourie, CA(SA)                 | 185 392         | 185 392        |
|                                      | <b>880 930</b>  | <b>880 930</b> |

|   | EMOLUMENTS<br>R | TOTAL<br>R     |
|---|-----------------|----------------|
| <b>2022</b>   |                 |                |
| Mr. PS Fourie (Chairperson) (Term ended 28 February 2022) | 395 465         | 395 465        |
| Mr. AP Wakaba (Term ended 28 February 2022)               | 82 654          | 82 654         |
| Ms. Z Ntsalaze (Appointed 01 February 2021)               | 249 520         | 249 520        |
| Mr. BS Chaplog (Appointed 01 March 2022)                  | 34 309          | 34 309         |
| Ms. M Phiri (Appointed 01 March 2022)                     | 34 309          | 34 309         |
|   | <b>796 257</b>  | <b>796 257</b> |

Adv. Adila Chowan is a member of both the Audit and Risk Committee and the Board. Her remuneration was accounted for under Board remuneration.

### 30. Change in estimate

#### Penalty Income

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

|   |   |   |             |           |
|---|---|---|-------------|-----------|
| Increase (decrease) in penalty income                             | - | - | 2 982 005   | 220 534   |
| (Increase)/decrease in receivables from non-exchange transactions | - | - | (2 982 005) | (220 534) |

The effect in future periods could not be reasonably determined.

### 31. Risk management

#### Financial risk management

The Agency's activities expose it to a variety of financial risks, including liquidity risk, credit risk, capital risks and interest rate risks.

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

#### Liquidity risk

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

Cash flow forecasts are prepared to ensure adequate liquidity is maintained for financial obligations.

At 31 March 2023, the the entity's only financial liabilities comprise trade and other payables which have a maximum maturity term of within 30 days.

#### Credit risk

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

Management evaluated credit risk relating to customers on an ongoing basis. The entity's trade receivables consist of operators who owe fees imposed with reference to legislation. Trade receivables are shown net of any provision made for impairment of the receivables. Due to this factor the entity believes that no additional credit risk, beyond amounts provided for collection losses, is inherent in the trade receivables. The information on impariment of trade receivables is disclosed under note 4 above.



Financial assets exposed to credit risk at year end were as follows:

| FINANCIAL INSTRUMENT                       | 2023<br>R   | 2022<br>R   |
|--|-------------|-------------|
| Cash and cash equivalents                  | 211 443 609 | 169 487 465 |
| Receivables from exchange transactions     | 3 596 733   | 2 820 858   |
| Receivables from non-exchange transactions | 18 159 088  | 11 332 863  |

### Capital risk management

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

### Interest rate risk

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

## 32. Going concern

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

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

During the year the entity continued to increase its revenue collection, which was a sign of recovery from the impact COVID-19 had on the organisation in prior year. Furthermore, the C-BRTA and RTMC, through the Minister of Transport, have agreed to terminate the principal/agency agreement which has seen RTMC performing Road Transport Inspectorate (RTI) on behalf of C- BRTA. This will result in RTI returning back to C-BRTA effective from 01 April 2023. Although the C-BRTA has adequate financial resources to finance the capital assets of the RTI, the operational expenses of running RTI will require stringent financial management. Consequently, it is envisaged that the

entity will continue to implement cost containment measures as appropriate to mitigate against the risk of higher expenditure so as to ensure short term sustainability of the entity.

Furthermore, management intends to apply to National Treasury for the retention of surpluses in order to finance the capital expenditure in line with its financial strategy. The Accounting Authority has reviewed cost containment measures proposed by management and is satisfied that they are adequate to mitigate against the loss of revenue that may occur in future. The Accounting Authority has also reviewed the Agency's cash flow forecast for the year to 31 March 2024 and, considering this review and the current financial position, it is satisfied that the Agency has access to adequate resources to continue in operational existence for the foreseeable future.

The year under review recorded a surplus of R41,715,183 (2022: R32,135,002).

## 33. Irregular expenditure

|                                      | 2023<br>R | 2022<br>R |
|--------------------------------------|-----------|-----------|
| Irregular Expenditure - current year | 81 059    | 420 105   |

### Disciplinary steps taken/criminal proceedings

During the year the entity undertook disciplinary steps against employees who were suspected to be responsible of the irregular expenditure reported in the prior year. These disciplinary steps were concluded and appropriate sanctions imposed. No criminal proceedings were undertaken as there were no suspicions of any fraud or criminal activity.

## Notes to the Annual Financial Statements (cont.)

**34. Reconciliation between budget and statement of financial performance**

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

|  | 2023<br>R      | 2022<br>R      |
|--|----------------|----------------|
| Net surplus per the statement of financial performance | 41 715 183     | 32 135 002     |
| <b>Adjusted for:</b>                                   |                |                |
| Assets written off and impairments                     | 169 873        | 23 834         |
| Finance charges and interest expense                   | 261 000        | 470 000        |
| Operating and general expenses                         | (7 500 635)    | (17 801 266)   |
| Depreciation and amortisation                          | (2 342 408)    | (3 022 564)    |
| Employee costs   | (6 608 906)    | (10 280 056)   |
| Penalty income   | (40 021 736)   | (8 302 539)    |
| Administration fee - RTMC                              | 33 533 923     | 5 890 160      |
| Under/over recovery of budgeted revenue                | (12 591 522)   | 4 939 485      |
| Other income over-collected                            | (97 739)       | (1 164 488)    |
| Interest received                                      | (6 209 261)    | (1 457 446)    |
| Grant received   | -              | (419 298)      |
| Profit on disposal of non-current assets               | -              | (97 240)       |
| <b>Net surplus per approved budget</b>                 | <b>307 772</b> | <b>913 584</b> |

**35. Accounting by principals and agents**

The entity is a party to a principal-agent arrangement(s).

Details of the arrangements are as follows:

Effective from 01 March 2017, RTMC was appointed to perform the law enforcement function (Road Transport Inspectorate (RTI)) on behalf of the Agency. This was also done in order to utilise existing and established resources (economy of scale) to run the RTI law enforcement function efficiently and effectively, pending the legislative review. Pursuant to this decision, a binding arrangement was entered into between the Agency and the RTMC in terms of which the latter will undertake the law enforcement function (Road Transport Inspectorate) on behalf of the former with the following significant terms agreed upon:

- The functions of the RTI as provided for in Section 39 of the C-BRT Act, 1998 are now performed by the RTMC

- All the employees of the RTI and their employment contracts were transferred to RTMC, resulting in RTMC being the new employer for the employees concerned.
- RTMC to operationalise the role and functions of the RTI as envisaged in the C-BRT Act, 1998 subject, inter-alia, to the following, at a minimum:
- The mandate of the C-BRTA as contained in the C-BRT Act, 1998, remains vested in the C-BRTA,
- The Chief Executive Officer of the C-BRTA remains vested with the powers as set forth in Section 37 (1)(a) of the C-BRT Act, 1998, and only personnel appointed as the national RTI by the Chief Executive Officer of the C-BRTA may exercise the powers and perform the functions of the RTI in terms of the C-BRT Act, 1998,
- The powers conferred upon the Board of the C-BRTA generally, and specifically in terms of Section 23 and 37 (2) of the C- BRT Act, 1998, remain vested in the Board of the C-BRTA, and the Board of the C-BRTA may from time to time issue directives to the RTMC in respect of the performance of the RTI function in order to ensure that the Board of the C-BRTA fulfils its mandate as required in terms of the C-BRT Act, 1998,
- The Agency pays the RTMC service fee not exceeding the amount of penalty income collected,

For the financial year under review, the C-BRTA did not incur any expenditure on behalf of the RTMC.

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

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

The Agency is the Principal in the arrangement and this assessment was based on the fact that the mandate and the responsibility for the function as contemplated in section 39 of the C-BRT Act remains with the Agency while the RTMC undertakes the function on its behalf.

Also significant is the fact that the Agency directs the RTMC how it should carry this function. Risks associated with the execution of the function remains with the Agency.

### Resources (including assets and liabilities) of the entity under the custodianship of the agent

There are no assets and/or liabilities under custodianship of the RTMC that belong to the Agency.

#### Service fee

|                                       | 2023<br>R  | 2022<br>R  |
|---------------------------------------|------------|------------|
| Fee paid as compensation to the agent | 70 841 670 | 41 625 550 |

### Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

Should the arrangement with RTMC be terminated, the C-BRTA will provide resources for the RTI function and fund the function from the penalty income so generated.

### 36. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

### 37. Short term employee benefits

|                               | 2023<br>R        | 2022<br>R        |
|-------------------------------|------------------|------------------|
| Accrued leave pay             | 7 556 034        | 6 965 262        |
| Accrued bonuses (13th Cheque) | 689 803          | 948 754          |
|                               | <b>8 245 837</b> | <b>7 914 016</b> |

### 38. Events after the reporting date

#### Transfer of Road Transport Inspectorate (RTI) function from RTMC

Subsequent to year end the RTI function was transferred from RTMC back to C-BRTA, effective from 01 April 2023. This followed the decision by both RTMC and C-BRTA to terminate the principal/agency relationship in terms of which the RTMC was performing the RTI function on behalf of C-BRTA. Consequently, employees of the RTI function were transferred from RTMC to C-BRTA in terms of section 97 of the Labour Relations Act from the date of transfer. Furthermore, all assets and liabilities of the RTI function were also transferred as at the transfer dated.

The transfer did not result in any impact in the annual financial statements ended 31 March 2023. The principal/agency relationship was disclosed under note 35 above.

The final list of assets and liabilities to be transferred will be agreed upon once verification has been concluded and no reliable estimate can be made on the values.

### 39. Fruitless and wasteful expenditure

There were no fruitless and wasteful expenditure incurred during the year.



**CROSS-BORDER**  
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