

**THE UNITED REPUBLIC OF TANZANIA**



**Land Transport Regulatory Authority**

**ANNUAL REPORT**

**2019/2020**



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**LIST OF ABBREVIATIONS USED**

Abbreviation	-	Description
AFUR	-	African Forum for Utility Regulators
ATARA	-	Association of Tanzania Regulatory Authorities
EATTFP	-	East Africa Trade and Transport Facilitation Project
EWURA	-	Energy and Water Utilities Regulatory Authority
FCT	-	Fair Competition Tribunal
GoT	-	Government of Tanzania
HDV	-	Heavy Duty Vehicles
IFRS	-	International Financial Reporting Standards
IPSAS	-	International Public Sector Accounting Standards
ISSAIs	-	International Standard of Supreme Audit Institutions
IPSASB	-	International Public Sector Accounting Standards Board
ISCOS	-	Inter-governmental Standing Committee on Shipping
LGA	-	Local Government Authority
NBAA	-	National Board of Accountants and Auditors
PAA	-	Public Audit Act No. 11 of 2008
PABX	-	Private Automated Branch Exchange
PAR	-	Public Audit Regulation, 2009
PFA	-	Public Finance Act, 2011
PPA	-	Public Procurement Act
PPR	-	Public Procurement Regulations, 2013
PPRA	-	Public Procurement Regulatory Authority
SARA	-	Southern African Railway Association
LATRA	-	Land Transport Regulatory Authority
LATRA CCC	-	LATRA Consumers Consultative Council
TABOA	-	Tanzania Bus Owners Association
TATOA	-	Tanzania Truck Owners Association
TCRA	-	Tanzania Communications Regulatory Authority
TIRA	-	Tanzania Insurance Regulatory Authority
TPF	-	Tanzania Police Force
TRC	-	Tanzania Railways Corporation
TZS	-	Tanzania Shillings
UDA-RT	-	Usafiri Dar es Salaam – Rapid Transport
URT	-	United Republic of Tanzania
US\$	-	United States Dollar
VTD	-	Vehicle Tracking Devices

**LETTER OF TRANSMITTAL**

Hon. Eng. Leonard Chamuriho (MP)  
Minister of Works and Transport  
5th Floor, TBA Building, Moshi Street  
**404470 DODOMA**

Dear Honorable Minister.

In accordance with Section 38 of the Land Transport Regulatory Authority Act, CAP 413, I have the honor to submit to you the Annual Report and Audited Accounts of the Land Transport Regulatory Authority (LATRA) for the financial year ended 30th June, 2020. Respectfully submitted.

A handwritten signature in black ink, appearing to read 'J. S. Ndunguru', written over a horizontal line.

Eng. Dr John S. Ndunguru,  
**BOARD CHAIRMAN**

## BOARD CHAIRMAN'S STATEMENT



Eng. Dr. John S. Ndunguru

On behalf of the Board of Directors of the Land Transport Regulatory Authority (LATRA), I am pleased to present the LATRA Annual Report for the financial year ended 30th June 2020.

The Board of Directors was established in accordance with Section 7 of LATRA Act, CAP 413. During the year under review, the Board's efforts were directed at putting together procedures, rules and regulations to enable the Authority to discharge its regulatory functions without disrupting services. Through the Board, eight new Regulations to facilitate implementation of the LATRA Act were developed and key documents including Strategic Plan, Organisation Structure, Scheme of Service, Staff and Financial Regulations were prepared. This was a big achievement considering that the Board was appointed in September, 2019.

The Authority's duty is stipulated under Section 5 of LATRA Act and its functions are provided under Section 6 of the Act. Generally, the Authority is empowered by the Laws to regulate, promote and facilitate availability of efficient, safe, quality, reliable and economic transport services in the land transport sectors through competition and fair trade practices. The Strategic Plan has seven strategic goals namely; HIV/AIDS infections and non-communicable diseases reduced and supportive services improved; National anti-corruption strategy implementation enhanced and sustained; Authority's capacity to execute its regulatory functions enhanced; Effective Competition in the regulated sectors strengthened; Safety of Land transport improved; Environmental sustainability of Land transport improved and Availability of quality land transport services strengthened.

The Board played its oversight role by ensuring that the Annual Plan for the year ended 30th June, 2020 was focused on the implementation of the Strategic Plan with the view of realizing the Authority's Vision.

In the implementation of the plan, the Authority recorded revenues of TZS 23.96 billion for the year 2019/20 which are below budget of TZS 25.53 billion by TZS 1.56 billion. The underperformance was mainly due to outbreak of CORONA pandemic which affected the regulated sub sectors. The expenditure for the Authority amounted to TZS 22.61 billion, which is TZS 160 million below budget of TZS 22.77 billion. Capital expenditure during

the year amounted to TZS 3.61 billion, out of which, TZS 3.25 billion was used in the construction of SUMATRA House, TZS 359.46 million was used to purchase property and equipment and TZS 3.95 million covered Intangible Assets.

In general, the Authority's financial performance during the year 2019/2020 is a positive reflection of our commitment to ensure that the strategic initiatives for the year were achieved.

During the year, LATRA achieved improvements in the regulated transport sub sectors of land transport. We received good support and cooperation from the stakeholders in all regulated sub-sectors.

Furthermore, the road transport sub-sector performed well during the year as a number of road traffic accidents for regulated vehicles declined from 1,655 recorded in the financial year 2018/2019 to 1,160 recorded in 2019/2020. This is a significant drop and we shall continue to work with all service providers to sustain the efforts and further lessen the number of accidents.

Despite the progress made in all the strategic areas of our plan, we are cognizant of many challenges in the subsectors which also served as opportunities for reassessments of our strategies towards improvement of services and growth of the transport subsectors. Through support from the Government and general public, we are sure of recording bigger progress in the years ahead.

I wish to thank members of LATRA Board, Management and all Employees of the Authority for their sustained commitment and dedication in pursuit of better Tanzania through better regulation.

A handwritten signature in black ink, appearing to read "John S. Ndunguru", is written over a horizontal line.

Eng. Dr. John S. Ndunguru,  
**BOARD CHAIRMAN**

## **DIRECTOR GENERAL'S STATEMENT**



Mr. Gilliard W. Ngewe

The Land Transport Regulatory Authority (LATRA) is pleased to report on its performance in this issue of Annual Report and Audited Accounts for the financial year ended on 30th June, 2020.

The report reflects on implementation of various regulatory activities in the regulated sub-sectors of road and railways transport. During this financial year, the Authority undertook a number of activities for promoting competition, safety and protecting interests of consumers, suppliers and the environment.

In collaboration with the Ministry of Works, Transport and Communication, The Authority developed eight sectorial regulations. Further, it developed ten internal policies, seven ICT systems which includes Road and Railway Information Management System (RRIMS) and electronic Ticketing System. The electronic Ticketing System is expected to revolutionize the transport sector by ensuring that transporters receive ticket collections at their bank accounts on real-time and it will also facilitate passengers to get tickets wherever they are and at approved rates.

On road transport sub-sector, the Authority continued to enforce the use of vehicle tracking system to reduce road accidents. By June 2020, 4,560 buses were installed with Vehicle Tracking Devices (VTDs). As a result, the number of accidents declined from 1,655 recorded in the financial year 2018/2019 to 1,160 recorded in 2019/2020.

Regarding rail transport subsector, we continued to monitor construction of the Standard Gauge Rail (SGR – phase 1 and 2) which is going on well. The commissioning of Dar-es-Salaam – Morogoro stretch is expected to be commissioned in November 2021. On the other side, provision of passenger train services particularly on the central railway line were not provided satisfactorily. Low level of services was due to various reasons which included inadequate supply of rolling stock and poor state of infrastructure resulted from deferred maintenance.

A number of challenges were recorded during the year which are typical for a new organisation. The notable challenges were, inadequate staff, delays in operationalization of new sources of funds, outbreak of COVID – 19 pandemic and low level of compliance among stakeholders. The Authority implemented various mitigation measures which facilitated effective discharge of its duties.

Despite the challenges, the Authority recorded revenue collections of TZS 23.96 billion which are below budget by TZS 1.56 billion. The expenditure for the Authority amounted to TZS 22.61 billion, which is TZS 160 million below the budget.



In conclusion, I wish to extend my sincere appreciation to the Government and the Board of Directors for their continued support and guidance. I also extend my thanks to Management and all Employees for their hard work and commitment to realise the objectives for which LATRA was established.



Gilliard W. Ngewe  
**DIRECTOR GENERAL**

**BOARD OF DIRECTORS**



**Land Transport Regulatory Authority**

*The First Board of Directors 2019*



**Eng. Dr. John S. Ndunguru**  
Chairman



**Mr. Henry M. Bantu**  
Director



**Eng. Leonard S. Kapongo**  
Director



**Dr. Stephen I. Mwakajumilo**  
Director



**Mr. Victor J. Kahangwa**  
Director



**Ms. Roxana D. Kijazi**  
Director



**Eng. Michael J. Kyando**  
Director



**Mr. Gilliard W. Ngewe**  
Board Secretary

[www.latra.go.tz](http://www.latra.go.tz)

## **1.0 DIRECTOR'S REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020**

### **1.1 INTRODUCTION**

The Directors are pleased to submit this report and the financial statements for the financial year ended on 30<sup>th</sup> June, 2020, which disclose the financial position for the year and the state of affairs of the Land Transport Regulatory Authority (LATRA).

### **1.2 ESTABLISHMENT**

The Authority was established by the LATRA Act No. 3 of 2019 as a regulatory authority responsible for regulating the land transport sectors of road, railways and cable transport. The Authority started its operation on 29<sup>th</sup> April, 2019 following publication in the Government Gazette of Notice No. 358. The Authority has its Head Office in Dar es Salaam and operates in twenty-six (26) regions in Mainland Tanzania.

### **1.3 DUTY OF THE AUTHORITY**

According to Section 6 of the LATRA Act, the duty of the Authority in carrying out its functions is to enhance the welfare of Tanzania society by-

- (a) promoting effective competition and economic efficiency of regulated sectors;
- (b) promoting safety of regulated sectors including consumers of the regulated sectors;
- (c) protecting the interests of consumers in relation to costs, quality and standards of transport services;
- (d) protecting the financial viability of efficient suppliers;
- (e) promoting the availability of regulated services to all consumers including low income, rural and disadvantaged consumers;
- (f) raising public knowledge, awareness and understanding of the regulated sectors including
  - (i) the rights and obligations of consumers and regulated suppliers;
  - (ii) the ways in which complaints and disputes may be resolved;
  - (iii) the duties, functions and activities of the Authority; and
- (g) Taking into account the need to protect and preserve the environment.

### **1.4 VISION AND MISSION STATEMENTS**

#### **a) Vision Statement**

To be a leading continental regulator for safe, competitive and eco-friendly land transport services.

#### **b) Mission Statement**

To regulate land transport through promoting competition, investment and deploying technologies for safe and efficient services that enhance sustainable development of Tanzania.

## **1.5 PRINCIPAL FUNCTIONS OF THE AUTHORITY**

The Principal functions of the Authority, as stipulated in Section 5 of the LATRA Act No.3 of 2019 are to regulate the land transport sector, specifically:

- (a) To perform the functions conferred on the Authority by sector legislation;
- (b) To issue, renew and cancel permits or licences;
- (c) Subject to sector legislation to-
  - (i) establish standards for regulated goods and services;
  - (ii) establish standards for the terms and conditions of supply of the regulated goods and services; and
  - (iii) regulate rates and charges.
- (d) To coordinate land transport safety activities;
- (e) To register crew and certify drivers of regulated sector;
- (f) To certify worthiness of rolling stock and road worthiness of public service vehicles and goods vehicles;
- (g) To monitor the performance of the regulated sectors including: -
  - (i) levels of investment;
  - (ii) availability of safe, quality and standards of services;
  - (iii) cost of services,
  - (iv) efficiency of production and distribution of services, and
  - (v) other matters relevant to the Authority;
- (h) To facilitate resolution of complaints and disputes;
- (i) To disseminate information about matters relevant to the functions of the Authority;
- (j) To consult with other regulatory authorities or bodies or institutions discharging functions similar to those of the Authority in Tanzania and elsewhere;
- (k) To perform such other functions as may be conferred on the Authority by the Act or any other law.

## **1.6 CORE VALUES**

The following are the core values that the Authority undertakes to uphold in pursuing the attachment of its vision:

### **i) Accountability**

We perform our duties with readiness to take responsibility for our actions.

**ii) Transparency**

We encourage open-ness while performing our duties with effective consideration of our stakeholders.

**iii) Integrity**

We are committed to serve our stakeholders in ethical manner which demonstrates honesty and fairness.

**iv) Efficiency**

We strive to provide quality services in a cost and time effective manner.

**v) Professionalism**

We execute our regulatory duties with high level of knowledge, skills and positive attitude.

**vi) Environmentally Friendly**

We are sensitive and protective to environment.

**vii) Team work**

We work together to effectively achieve our goals.

**1.7 STRATEGIES OF THE AUTHORITY**

The Authority has prepared its First Five Years Corporate Strategic Plan (2020/21-2025/26). The Corporate Strategic Plan for the Authority is the leading instrument for planning, priority setting and decision making. The Plan facilitates discharging of the role and functions of the Authority for the period of five (5) year's starting on 1<sup>st</sup> July, 2020.

The Strategic Plan sets out strategic goals and objectives, targets and performance measures. Specifically, the Plan places emphasis on strategies to be executed to achieve the strategic objectives, and Results Based Management (RBM) approach, which emphasizes on the desired outcomes of the activities rather than the activities themselves. The Plan has the following strategic goals:

- (a) HIV/AIDS infections and non-communicable diseases reduced and supportive services improved,
- (b) National anti-corruption strategy implementation enhanced and sustained,
- (c) Authority's capacity to execute its regulatory functions enhanced,
- (d) Competition in the regulated sectors strengthened,
- (e) Safety of Land transport improved,
- (f) Environmental sustainability of Land transport improved,
- (g) Availability of quality land transport services enhanced,

In order to realize the strategic goals, the Authority prepares annual plan and budget with a result based management orientation as envisioned in the five year strategic plan.

## **1.8 KEY STRENGTHS AND RESOURCES**

The Authority has the following key strengths and resources:

### **i) Board of Directors**

The Board of Directors of the Authority was appointed on 13<sup>th</sup> September, 2019. The Board serves as the focal point and custodian of corporate governance in the Authority. Since its appointment, the Board and its Committees have been effective in their role of providing direction and oversight to the Authority and its employees. Through the Board, eight New Regulations to facilitate implementation of the LATRA Act were developed and key documents including Strategic Plan, Organisation Structure, Scheme of Service and Salary Structure, Staff and Financial Rules and Regulations were prepared.

### **ii) Human Resource**

The Authority has a strong Management team supported by competent and motivated employees. By 30<sup>th</sup> June, 2020, the Authority had operating offices in all 26 Regional Offices in Tanzania Mainland and had a total of 113 employees as at 30<sup>th</sup> June, 2020 (111: 30<sup>th</sup> June, 2019:). Most of the employees were transferred from the former regulator SUMATRA and those who joined the Authority in the year 2019/20 came from public institutions including TAA, MoFP, NIT, TaDB and the University of Dar es Salaam. The transfers were endorsed by the Board of Directors of LATRA and approved the Permanent Secretary, President's Office, Public Service Management and Good Governance.

The Authority has annual training plan which ensures at least 50% of all employees undergo short-term training to build capacity and improve employees' performances.

### **iii) Regulatory Supporting Tools**

In the discharge of its regulatory duties and functions, the Authority is guided by the LATRA Act. No. 3 of 2019 and sector legislations under Roads and Railway Transport.

Under the LATRA Act, the MWTC in collaboration with the Authority developed eight (8) new Regulations. The Regulations are listed below;

- i)** The Land Transport Regulatory Authority (Certification of Commercial Vehicle Drivers and Registration of Crew) Regulations, 2020;
- ii)** The Transport Licensing (Goods Carrying Vehicles) Regulations, 2020;
- iii)** The Land Transport Regulatory Authority (Levies) Regulations, 2020;
- iv)** The Land Transport Regulatory Authority (Private Hire Services) Regulations, 2020;

- v) The Transport Licensing (Public Service Vehicles) Regulations, 2020;
- vi) The Land Transport Regulatory Authority (Review Procedures) Rules, 2020;
- vii) The Land Transport Regulatory Authority (Tariff) Regulations, 2020;
- viii) The Land Transport Regulatory Authority (Certification of Train Drivers and Registration of Train Crew) Regulations, 2020.

These tools are key and supportive to the Authority to discharge its duties and functions judiciously and fairly.

#### **iv) Cooperation and Support from Stakeholders**

The Authority received cooperation and strong support from its stakeholders, consumers and suppliers of regulated services. Specifically, the Authority received continuous cooperation and support from the Government (MWTC, MoFP, and the Office of the Treasury Registrar), LATRA CCC, TRA, LGAs, TATO, TABOA and consumers of regulated services.

In addition, the Authority has established and maintained working relationships with Tanzania Police Force and regulatory authorities within the country like EWURA, TCRA, TCAA, PPRA and TIRA. Furthermore, the Authority has maintained international networking with relevant organs including AFUR and SARA.

#### **v) Financial Sustainability**

The Authority's sources of revenue are provided under Section 35 (1) of the LATRA Act No.3 of 2019. The funds and resources of the Authority consist of:

- a) Fees collected by the Authority including fees payable for the grant and renewal of licenses;
- b) Levies collected from regulated suppliers;
- c) All other payments or property due to the Authority in respect of any matter incidental to its functions;
- d) Any grants/donations bequests or other contributions made to the Authority; and
- e) Any other monies legally acquired or received by the Authority for the execution of its functions.

#### **vi) ICT Application Systems**

The Authority has ICT application systems which has automated and modernized operations, thus, improved provision of regulatory services. The ICT systems in operations include the following:

- ☐ Electronic Document Management System (EDMS),
- ☐ Passenger Service Vehicles Tracking System (VTS),
- ☐ Road Licensing Information System (SURLIS),
- ☐ Integrated Financial Management System (IFMIS) based on Epicor 10.2,
- ☐ Integrated Payroll & Human Resource Management System,
- ☐ Mobile Phones Online Inquiry System for Bus Fares, and
- ☐ Time Attendance (Biometric) System.



In general, the ICT application systems have improved efficiency in service delivery. The Authority shall continue to use ICT related solutions to enhance efficiency and reduce costs of operations.

## **1.9 BOARD OF DIRECTORS**

The Board was established under Section 7 of the LATRA Act No. 3 of 2019 and has seven members: Chairman (non-executive) and six non-executive members. The Director General is the Secretary to the Board in accordance with Section 7(3) of the LATRA Act.

The Chairman and Board Members were appointed on 13<sup>th</sup> September, 2019 and they served the Authority to 30<sup>th</sup> June, 2020.

During the year, no conflict of interest existed between the Directors and the Authority. Key management personnel, including the Board Chairman and the Board Members, made declarations by completing a Form for Declaration of Related Party Transactions. The Form was designed as issued by NBAA for the purpose of making sure that every transaction done by an entity with related parties is adequately disclosed and thus provide users of financial statements with adequate information for decision making. The amount incurred for the Board of Directors and key management employees were TZS 228,546,000.00 and TZS 862,962,000.00 respectively. The details on related party transactions are disclosed in **Note 35** of the Authority's financial statement.



Name	Position	Nationality	Qualification	Age	Service Period to June, 2020
Eng. Dr. John S. Ndunguru	Chairman	Tanzanian	Registered Professional Engineer (T), Engineers Registration Board; PhD in Design and Development of Systems (2009); MSc. Production Engineering (2005); and BSc. Mechanical Engineering (1984).	64	13 <sup>th</sup> Sept. 2019 to 30 <sup>th</sup> June, 2020
Dr. Stephen L. Mwakajumilo	Member	Tanzanian	Registered Member of NBAA, Phd. In Microfinance (2011), MBA Finance (2003), PGD in Accountancy (2001), Advanced Diploma in Accountancy (1998).	54	13 <sup>th</sup> Sept. 2019 to 30 <sup>th</sup> June, 2020
Mr. Henry M. Bantu	Member	Tanzanian	Fellow member of Chartered Institute of Logistics & Transport (FCIT), Certified Transport & Traffic Management (CTTM), Master of Business Administration (Milpark Business School), Diploma in Road Accidents Prevention & Analysis (DRAPA), Certificate of Professional Competence (Instructor).	71	13 <sup>th</sup> Sept. 2019 to 30 <sup>th</sup> June, 2020
Eng. Leonard S. Kapongo	Member	Tanzanian	Registered Professional Engineer (T), Engineers Registration Board; Master's in engineering management -Project (2015), master's in business administration (2009), BSc. in Civil Engineering (1989), PGD in Management (2009), PGD in Engineering Management (2012).	58	13 <sup>th</sup> Sept. 2019 to 30 <sup>th</sup> June, 2020
Mrs. Roxana Doscar Kijazi	Member	Tanzanian	Master of Public Administration (2000), Bachelor of Arts and Social Sciences (Public Administration and International Relations) 1987.	58	13 <sup>th</sup> Sept. 2019 to 30 <sup>th</sup> June, 2020
Mr. Michael J. Kyando	Member	Tanzanian	Master of Engineering in Maintenance Management (2017), Degree in Automobile Engineering (2011), Certificate in Motor Vehicle Mechanics (2007), Diploma in Automobile Engineering (2001).	48	13 <sup>th</sup> Sept. 2019 to 30 <sup>th</sup> June, 2020
Mr. Victor J. Kahangwa	Member	Tanzanian	LL.B Patrice Lumumba (1997), MATI (1986)	56	13 <sup>th</sup> Sept. 2019 to 30 <sup>th</sup> June, 2020
Mr. Gilliard W. Ngewe	Secretary to the Board	Tanzanian	Chartered Fellow (FCILT) Institute of Logistics & Transport (2012), MBA in Finance & Banking (2000), PGD in Scientific Computing (2004), Advanced Diploma in Transport Management (1990).	56	1 <sup>st</sup> June 2014 - 30 <sup>th</sup> June, 2020

The tenure of the board is 5 years. Their service as board members will expiry on 12<sup>th</sup> September 2024.

During the year ended 30<sup>th</sup> June, 2020, the Board held a total of five (5) meetings. Out these, two (2) were ordinary and three (3) were special meetings. In these meetings, the Board discussed and deliberated on the following main issues:

- i) Formation of Board Committees;
- ii) Proposed LATRA Organisation Structure;
- iii) Five Years Strategic Plan;
- iv) LATRA eight New Regulations;
- v) Quarterly Performance Reports;
- vi) Audited Financial Statements;
- vii) Plan and Budget of the Authority;
- viii) Write Off of Bad Debts;
- ix) Cancellation and Appointment of New Bank Account Signatories; and
- x) Secondment and Recruitment of Non – Management Employees.

### **BOARD COMMITTEES**

The Board Committees were formed during the 1<sup>st</sup> Special meeting of the Board which was held on 24<sup>th</sup> September 2019. The following were members of the Board Committees who served the Authority during the year under review for stated period:

#### **(a) Audit and Risk Committee**

Name	Position	Nationality	Effective Appointment / resignation
Dr. Stephen L. Mwakajumilo	Chairman	Tanzanian	13 <sup>th</sup> September, 2019 - 30 <sup>th</sup> June 2020
Eng. Leonard S. Kapongo	Member	Tanzanian	13 <sup>th</sup> September, 2019 - 30 <sup>th</sup> June 2020
Mr. Michael J. Kyando	Member	Tanzanian	13 <sup>th</sup> September, 2019 - 30 <sup>th</sup> June 2020

During the year, the Committee held three (3) meetings, one ordinary and two special meetings.

#### **(b) Safety and Regulation Committee**

Name	Position	Nationality	Effective Appointment / resignation
Mr. Henry M. Bantu	Chairman	Tanzanian	13 <sup>th</sup> September, 2019 - 30 <sup>th</sup> June 2020
Mr. Victor J. Kahangwa	Member	Tanzanian	13 <sup>th</sup> September, 2019 - 30 <sup>th</sup> June 2020
Mr. Michael J. Kyando	Secretary	Tanzanian	13 <sup>th</sup> September, 2019 - 30 <sup>th</sup> June 2020

The Committee held four meetings, one ordinary and three special meetings.

#### **(c) Finance & Administration Committee**

Name	Position	Nationality	Effective date
Mrs. Roxana D. Kijazi	Chairperson	Tanzanian	13 <sup>th</sup> September, 2019 - 30 <sup>th</sup> June 2020
Eng. Leonard S. Kapongo	Member	Tanzanian	13 <sup>th</sup> September, 2019 - 30 <sup>th</sup> June 2020
Mr. Victor J. Kahangwa	Member	Tanzanian	13 <sup>th</sup> September, 2019 - 30 <sup>th</sup> June 2020

The Committee held four meetings, one ordinary and three special meetings.

## **1.10 MANAGEMENT OF THE AUTHORITY**

The overall Management of LATRA is vested in the Board of Directors as the governing board under the supervision of the Minister responsible for Transport. The Director General is responsible for day-to-day operations of the Authority.

The Authority's Management team, which is under the supervision of the Director General, has requisite skills and competences. Thus, the team is capable of handling all operational and administrative matters efficiently.

The Management, which is under the supervision of the Director General, is organized into four (4) Directorates and five (5) Units as follows:

### **a) Directorates:**

- i) Directorate of Railways Regulation;
- ii) Directorate of Road Transport Regulation;
- iii) Directorate of Economic Regulation;
- iv) Directorate of Finance, Human Resource and Administration;

### **b) Units:**

- i) Procurement Management Unit;
- ii) Information & Communication Technology Unit;
- iii) Corporate Communication Unit.
- iv) Internal Audit Unit; and
- v) Legal Services Unit.

The Director General reports to the Board. All Directors and Head of Units report to the Director General.

## 1.11 REVIEW OF BUSINESS PERFORMANCE

### 1.11.1 Key Performance Indicators (KPIs)

The table below indicates progress made during the year in achieving the Strategic Objectives:

SN	OBJECTIVE	ACTIVITY	EXPECTED TARGET	ACHIEVEMENTS
	Enhance authority's capacity to effectively and efficiently discharge its regulatory responsibilities	To collect revenue from the approved sources	Revenue growth target of 18% is achieved by 30 <sup>th</sup> June, 2020.	Revenue collection increased by 6.7% from TZS 22.36 billion of 2018/19 to TZS 23.97 in 2019/20. The target could not be achieved due to outbreak of CORONA Pandemic in March, 2020 which had a negative impact on the transport sector and LATRA revenue collections.
		To develop staff through short and long-term trainings	At least 50% attended short courses and two (2) long-term training by June, 2020.	A total of 47 out of 113 staffs attended short-courses during the year and one staff attended long term training. The target was achieved by 84.96%.
		To develop Organisation Structure, Scheme of Service and Salary Structure.	The documents developed by June, 2020.	Organisation Structure was approved by the Board and submitted to UTUMISHI while Scheme of Service and Salary Structure pending approval of the Organisation structure before they can be submitted to the Board.
		To install Vehicle Tracking Devices (VTD) to licensed intercity buses.	All intercity busses installed with Vehicle Tracking Devices	By 30 <sup>th</sup> June, 2020 a total of 4560 intercity buses were installed with VTDs.
		To implement Anti-Corruption Strategy through meetings and trainings to staff.	Conduct at-least one meeting on anti-corruption and good governance by 30 <sup>th</sup> June, 2020	The anti-corruption training was conducted during Staff meeting which was held 19 <sup>th</sup> December, 2019. A total of 60 staffs were trained.
		To conduct audit of LGAs to access internal controls and level of compliance in licencing of motor/tri-cycles.	Fifty five LGA audits conducted by June, 2020.	Audits in 39 LGAs were conducted during the Financial year ended 30 <sup>th</sup> June, 2020. The performance is 71%

SN	OBJECTIVE	ACTIVITY	EXPECTED TARGET	ACHIEVEMENTS
	Improved safety, security and quality of the land transport services	To scale up inspection and monitoring performance of regulated services	Number of road accidents involving regulated vehicles reduced by 10% by June, 2020.	The number of road accidents declined as follows: (i) HDV (Trucks) 18.57%, (ii) Motor and Tri-cycles 33.15% and (iii) PSV (Buses) 33.39%
	Enhanced competitiveness and sustainability of regulated land transport services that serve socio-economic needs of the public		80% of planned freight trains arrive safely by June, 2020.	83% of planned freight trains for 2019/20 arrived safely.
		LATRA tariff to stabilize fares of regulated goods and services.	Period between tariff review increased to at least 18 months for bus operators and 36 months for railway operators by June, 2020	There was no application for review of tariff during the year 2019/20. All the tariffs are in use for more than 36 months.
		To monitor the supply and operational efficiency of railway transport services	Reliability of train running 500km between failures increased from 70% to 80% by June, 2020	The reliability of trains increased to an average of 950 km between failures against the target of 500 km, this has been contributed by improvements in rolling stock.
			Increased accident and incidents free days from 250 to 300 days per year by end of June, 2020.	The target was not achieved. The accident free days decreased from 250 to 90 days for TRC and 250 to 100 days for TAZARA due to deterioration of infrastructure.

SN	OBJECTIVE	ACTIVITY	EXPECTED TARGET	ACHIEVEMENTS
	Improve environmentally sustainable and socially compatible land transport services	To conduct inspections to ascertain use of dustbins to collect waste in buses.	Quarterly inspections conducted to monitor provision of Waste Bins in all operating buses by end of June, 2020	A total of 997 routine and 12 special joint inspections were conducted in all regions. During the inspections passengers were sensitized to use dustbins. Stickers were also installed in intercity and commuter buses
		To conduct meetings with road transport stakeholders on environmental regulations and standards	At least one meeting with road transport stakeholders on environmental regulations held by June, 2020.	Five meetings were conducted in one week with aim to sensitive transport stakeholders on the use of alternative bags to plastics and dust bins.
		To inspect railway transport on compliance with national and international environmental regulation and standards	Four (4) inspections to monitor compliance of railway transport with National and International safety and environmental regulations by June, 2020.	Four inspections were conducted to monitor compliance with national and international safety and environment standards. The observed spillage of lubes and fuels was within the acceptable levels.
		To review and harmonise laws, regulations and rules.	One Law, Rules or Regulation Governing Authority's Operations enacted by June, 2020	Eight (8) new regulations were approved in February, 2020.
	Enhanced policy, legislative, regulatory and institutional framework for regulated services.		Harmonization of legislative and regulatory framework implemented by June, 2020.	Transport licensing Act No 1 of 1973 and Railways Act, 2007 were harmonized with the LATRA Act, 2019.

### 1.11.2 Financial Performance

During the year ended 30<sup>th</sup> June, 2020, the Authority earned a total of TZS 24.00 billion (2018/19: TZS 22.67 billion) all the revenue came from Non-Exchange Transactions. The Table below summarizes the revenue collection;

**Table of Revenue Collection (All figures in TZS “000”)**

Revenue Item	2019/20	2018/19	Change	%
	TZS	TZS	TZS	Change
Road Transport Licensing Fees	15,375,789	13,536,373	1,839,416	13.6
Service Provider Annual Levy	538,327	10,000	528,327	5,283.3
Other Income	8,054,420	8,817,022	(762,602)	(8.6)
Exchange Gain/(Loss)	26,498	306,892	(280,394)	(91.4)
<b>Total</b>	<b>23,995,033</b>	<b>22,670,287</b>	<b>1,324,746</b>	<b>5.8</b>

The expenditure for the Authority during the financial year ended 30<sup>th</sup> June, 2020 amounted to TZS 22.61 billion (2018/19: TZS 23.82 billion), which is TZS 0.16 billion below the final budget of TZS 22.77 billion. The saving in expenditure is attributed to expenditure controls and postponement of some activities.

Contribution to the Government Consolidated Fund during the year ended 30<sup>th</sup> June, 2020 was TZS 3.88 billion and contribution to other National and International bodies was TZS 744.58 million. The Authority recorded a surplus of TZS 1.57 billion during the year.

Capital expenditure during the year ended 30<sup>th</sup> June, 2020 amounted to TZS 3.61 billion, out of which, TZS 3.25 billion was used in the construction of SUMATRA (TASAC/LATRA) House and TZS 359.46 million was used to purchase property and equipment and TZS 3.95 million covered Intangible Assets.

#### Review of Key Ratios

To track performance of the Authority the following ratios are used;

Ratio	Purpose	2019/20	2018/19	Remarks
Current Ratio	Ability to pay short term liabilities with current assets	1.7:1	1.56	High Liquidity
Asset Turnover Ratio	Efficiency in using assets to generate revenues	1.04	0.88	Improved efficiency
Return on Equity	Efficiency in using equity to generate surplus	0.08	(0.07)	Low return on Equity

In general, the financial performance results indicate that the Authority’s existing sources of revenue can sustain its operations.



The Authority, during the financial year ended 30<sup>th</sup> June, 2020, performed most of the planned activities. Some of the key results/major activities and developments which took place during this period included the following:

**A) Enhancing Authority's Capacity to effectively and efficiently discharge its regulatory responsibilities**

In a bid to achieve this goal, the Authority continued to finance its own operations through collection of its revenue from the approved sources. The revenue collected for the financial year 2019/20 amounted to TZS 23.97 billion (2019: TZS 22.36 billion). Moreover, the Authority continued to enhance its human resource through training whereby all targeted staff attended relevant training on transport planning, development and management as well as railway infrastructure and economic regulation to enable them to acquire skills necessary for regulation of the subsectors.

The Authority developed eight new regulations to facilitate implementation of its Act. The regulations were presented to stakeholders for their inputs during meetings which were held by zones in August, 2019. The regulations were approved and signed by the Minister responsible for transport and published in February, 2020. They are expected to expand revenue base of the Authority to include fees from licensing of taxis and hailing services, fees and charges from mandatory inspections of commercial vehicles and fees from certification of drivers and registration of crew. Further, the Authority prepared Organisation Structure and Strategic Plan to guide its operations in the coming five years. The Strategic Plan was approved by the Board and the Organisation Structure was submitted to the Permanent Secretary President's Office Public Service Management and Good Governance (PS –UTUMISHI) for their review and approval. Furthermore, the Authority completed construction of the SUMATRA (TASAC /LATRA) Office building and the LATRA Head Office moved in the building effective from February, 2020.

Following institutional changes which led to formation of TASAC and LATRA and transfer of working tools including motor vehicles and offices to TASAC, the Authority was compelled to seek accommodation for its regional offices of Kigoma, Rukwa, Tanga, Mwanza, Mtwara, Geita, Mara and Kagera. To enhance operation of the offices, the Authority allocated vehicles to the regions and initiated procurement of additional vehicles to fill the gap.

**B) Improving Safety, security and quality of the Land Transport Services**

A number of initiatives were taken under this goal; these included provision of public awareness programmes on roads transport safety, scaling-up monitoring and inspection of railway infrastructure, equipment and rolling stock. Due to these initiatives, the transport sector experienced a marginal reduction in number of accidents in the year. The following are salient performed activities:

**a. Enhancing Safety in Railway Transport**

During the period under review, frequency of railway accidents decreased on both TRC and TAZARA (cases reported refers to the ones recorded in Tanzanian side) when compared to the previous year. Details on train accidents are summarized in **the**



table below.

### a. Enhancing Safety in Railway Transport

#### Summary of Railway Accidents on TRC and TAZARA lines

Type of Accidents		TRC		TAZARA	
		2018/19	2019/20	2018/19	2019/20
Injuries & deaths due to train movement	Deaths	11	10	9	6
	Injuries	20	15	16	6
Major train accidents	Collision	4	1	5	3
	Capsizement/ Derailment	37	19	14	9
	Total Major Accidents	41	20	19	12
Major damage to track	Wash-away	14	32	0	1

**Source:** LATRA/TRC/TAZARA

From **Table** above, the major accidents on TRC network increased to 40 as compared to 34 accidents recorded in a previous period. The increase in accidents was due to poor conditions of rail infrastructure (Kaliua – Mpanda and Tabora – Kigoma stretches). The tracks continued to deteriorate due to deferred maintenance. In TAZARA network the accidents reported were 12 compared to 17 in a similar period the previous year.

Accidents which resulted in deaths along both TAZARA and TRC were a result of tendency of persons to walk along the mainline track and negligence of motor vehicle drivers when passing through the level crossings.

Wash away (33 spots) were recorded on both railway administrations during the period under review. Unexpected heavy rains which fell upstream in Tanzania, overwhelmed the river banks downstream, resulting in disastrous flash floods on the track whereby some culverts sunk and rails were left hanging due to wash away. The most affected railway stretches were: Kilosa – Igandu, Tanga – Moshi, Kaliua – Mpanda and Makambako – Mbeya.

The following are notable regulatory activities which were carried out in the railway subsector:

#### i) Annual Safety Inspection on Railway Infrastructure and Equipment

The Authority conducted regular inspections on safety of infrastructure and equipment for both TAZARA and TRC. The inspections were conducted on TRC central line and TRC railway line for Tanga-Moshi-Arusha. The inspection found that the Tanga – Arusha railway line was under rehabilitation. However, the central

line (Tabora – Kigoma) and Kaliua – Mpanda stretches had bad track with various defects including ballast depletion, excessive low joints and decayed bridge and turn out timber sleepers. During inspection of TAZARA, it was noted that most of bridges had excessive depression on the approaches which required repairs. The Authority issued directive for repair of the defects.

## ii) Monitoring Compliance of Commuter Operations with Safety Plans

The Authority monitored operations and safety of commuter trains services for TAZARA and TRC in Dar es Salaam. Despite challenges both commuter trains were found to perform successfully. The challenges emanated from aged equipment with worn out wheelsets, damper springs and retaining springs and operates with few coaches with overdue periodical maintenance. Both commuter trains were found to be congested especially at peak hours.

### b. Enhancing Road Safety

During the financial year 2019/20, number of reported accidents of regulated vehicles (buses, trucks and motorcycles) declined as compared with the number of reported accidents in 2018/19. This means, number of trucks involved in accidents declined by 16.91% to 452 (2018/19: 544). Consequently, the number of deaths caused by truck accidents decreased by 5.69% to 282 (2018/19: 299). Motorcycles involvement in road accidents decreased by 31.24% (2018/19: 938) causing 292 deaths (2018/19: 336 deaths), thus, resulting to a decline of 13.10% in number of deaths. In case of passenger vehicles including intra-regional and intra-regional buses, the number involved in accidents declined by 25.59% to 570 ((2018/19: 766) and consequently the number of deaths from these accidents declined by 22.34% to 285 (2018/19: 367).

The Authority, in collaboration with other institutions, continued to place emphasis on fitting intercity buses with tracking devices connected to a real-time automated monitoring system, intensive road-side inspections and use of helmets for drivers and passengers on motorcycles.

The **Table below** summarizes reported road traffic accidents caused by buses, trucks and motorcycles for July-June, 2019/20 as compared to similar period of previous financial year.

#### Accidents caused by Buses, Trucks and Motorcycles

Category	Passenger Service Vehicles			Goods Carrying Vehicles			Motorcycles		
	2019/20	2018/19	Change%	2019/20	2018/19	Change%	2019/20	2018/19	Change%
Involved	570	766	(25.59)	452	544	(16.91)	645	938	(31.24)
Accidents	373	560	(33.39)	307	377	(18.57)	480	718	(33.15)
Deaths	285	367	(22.34)	282	299	(5.69)	292	336	(13.10)
Injuries	869	1,040	(16.44)	277	336	(17.56)	379	580	(34.66)

**Source:** Tanzania Police Force (Traffic Police Department)

### C) Enhancing Competitiveness and Sustainability of regulated land transport services that serve socio-economic needs of the public

To meet this goal, the Authority targeted to improve supply of transport services, transform urban transport provision; increase efficiency in provision of regulated transport services; promote regulated transport subsectors; as well as, enhance competition and capacity regulated services.

#### a) Road Transport Regulations

The Authority ensured operating vehicles met standards by issuing road transport service licenses to passenger and goods carrying units as required by respective regulations.

During the financial year 2019/20, the Authority issued a total of 184,923 road service licenses; out of which 54,559 licenses were for passenger vehicles and 130,364 licenses were for goods vehicles. Same period last year 2018/19, a total of 171,266 licenses were issued; out of which 56,788 licenses were for passenger vehicles and 114,478 were for goods vehicles. Generally, the number of transport licences issued to operators increased by 7.97% as compared to a similar period of last year.

The increment is associated with enhanced awareness among service providers and conduction of countrywide roadside inspections to all 26 Regions to ensure that operating vehicles meet standards, as well as reviewing operating conditions to attract new service providers.

**Table** below summarizes details on license issuance for the financial year 2019/20 as compared with the same period of previous year.

**Table: Issuance of Road Services Licenses**

Type	Number of Licenses		% Change compared to similar period last year
	2019/20	2018/2019	
Passenger Vehicles	54,559	56,788	(3.93)
Goods Vehicles	130,364	114,478	13.88
<b>Total</b>	<b>184,923</b>	<b>171,266</b>	<b>7.97</b>

**Source:** LATRA Performance reports

#### a) Guiding market conducts

The Authority continued to guide market conducts among operators. During the period there were no registered complaint brought to the attention of the Consumer Complaints Units of the Authority.

Additionally, the Authority had to resolve 1,289 complaints which were not submitted directly through the Authority's Complaints Unit; such complaints were received from service users who either approached LATRA Offices or phoned the toll free numbers to report the complaints. The complaints which were received were resolved amicably. Majority of the complaints were received from the road transport subsector.

The complaints were on hiking of bus fares, breaking down of buses en-route, delays in bus departure, dropping passengers before intended destinations and over-speeding

**b) Enhancing competition**

There was no application for review of tariff during the year 2019/20. Moreover, the Authority continued with the exercise of validating bus fares uploaded on the Authority's website. During the year 2019/20; bus fares were updated and disseminated for the regions of Dar es Salaam, Mwanza, Njombe, Manyara, Katavi, Dodoma, Rukwa, Kigoma na Pwani following upgrading of road status or establishment of new routes in these regions.

**D) Improving Environmentally sustainable and socially land transport services**

The Authority exercised an oversight on issues of environmental sustainability and socio – economic needs while discharging its functions in connection with provision of regulated transport services.

In road subsector, the Authority conducted a total of 14 environmental preservation inspection along highways in which two (2) buses were penalized by stopping in places along the road with no social facilities including toilets. The inspection revealed that in some areas along the highway were littered by food leftovers and most of toilet facilities of inspected terminal facilities were untidy.

Also, the Authority conducted awareness programmes on the effects of exhaust emissions to the general public during the World Environment week which was held from 31<sup>st</sup> May to 5<sup>th</sup> June, 2020. During the exhibition, the Authority conducted inspection of service-hygiene in operating buses by checking availability of dust bins among upcountry buses at Ubungu Bus Terminal.

In the railways subsector, four (4) inspections in the railway transport to ensure full compliance with national and international environmental regulation and standards were conducted.

**E) Improved Legislative, regulatory, policy and institutional framework for regulated land transport subsectors.**

During the financial year 2019/20, the Authority under supervision of the Minister responsible for transport, developed eight new Regulations which were gazetted in February, 2020. The Authority, further attended Court on litigation matters which were initiated against. Below is a detail of them;

**(i) Preparations of Draft Regulations**

- ☐ LATRA (Tariff) Regulations, 2020;
- ☐ LATRA (Review Procedures) Rules, 2020;
- ☐ LATRA (Levies) Regulations, 2020;
- ☐ Transport Licencing (Passengers Services Vehicle) Regulations, 2020;
- ☐ Transport Licencing (Goods Carrying Vehicle) Regulations, 2020;
- ☐ LATRA (Certification of Road Drivers and Registrations of Crew) Regulations, 2020;
- ☐ LATRA (Certification of Train Drivers and Registrations of Crew) Regulations, 2020; and
- ☐ LATRA (Private Hire) Regulations, 2020

**(ii) Representing the Authority in Courts of Litigation**

The Authority during the period under review attended a total of five cases as follows:

**Hilda Mato Sigara Vs SUMATRA**

This matter is before the High Court of Tanzania Dar es salaam registry. The court ordered the parties to file their submissions. The matter is scheduled for another date of mention on 12<sup>th</sup> February, 2021 before Judge Kulita.

**Umoja wa Madereva Tanzania (UWAMATA) Vs SUMATRA**

UWAMATA sued the Authority for the allegedly wrong charging of fine arising from over speeding when they are reported via Authority Vehicle Tracking System. The Court suspended the fines pending hearing of the main suit scheduled for 4<sup>th</sup> March 2021.

**Masoud Omary Kivale Vs SUMATRA**

There were cases before High Court Iringa Registry and Iringa Resident Magistrate Court. The Judgement and ruling for all cases have been delivered and applications were granted with cost yet to be determined.

**F) Improved Access and Dissemination of Information**

The initiative to improve access and dissemination of information focused on undertaking of research, studies, periodic surveys and performance reviews. Towards this end, The Authority continued to make follow-up to key stakeholders to request for progress on implementation of recommendations of the following studies;

- i) Road Safety
- ii) Road Traffic Congestion
- iii) Extent of Competition

**1.12 HIGHLIGHT OF SIGNIFICANT ACCOUNTING POLICIES**

LATRA being a non-commercial public entity has prepared and presented its Financial Statements in compliance with IPSAS Accrual Basis. The Authority's significant accounting policies are provided under the Notes to the Financial Statements. The Policies have consistently been applied by the Authority throughout the reporting period.

**1.13 FUTURE DEVELOPMENTS PLANS**

The Authority is set to implement its mandate as stated in the LATRA Act. No. 3 of 2019. In particular, the Authority will expedite implementation of the new Regulations for inspection of vehicles and registration of crew and certification of drivers. The two initiatives will reduce further road accidents and serve lives and properties.

Furthermore, the Authority will continue to collaborate with other stakeholders, to ensure electronic bus ticketing system which was developed by EGA for issuing of bus tickets is put to use sooner than later. The system is expected to reduce costs and time taken by passengers to obtain tickets and is expected to increase revenues to bus operators and the Government.

#### **1.14 SOLVENCY AND GOING CONCERN**

The Board confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Authority's total liability at 30<sup>th</sup> June, 2020 was TZS 3.2 billion (30<sup>th</sup> June, 2019: TZS 10.12 billion) and total assets was TZS 19.5 billion (2019: TZS 26.02 billion). The Change in assets and liabilities was mainly attributed by the transfer to TASAC of its funds amounting to TZS 6.4 billion that was part of the liabilities at 30<sup>th</sup> June, 2019.

The Authority did not seek financing through leverage or source other than those specified in the enabling legislation.

The Authority's state of affairs as at 30<sup>th</sup> June, 2020 is shown in the accompanying Statement of Financial Position. The Statement of Financial Position as at 30<sup>th</sup> June, 2020 showed a net working capital of TZS 2.16 billion (2019: TZS 5.26 billion) which indicates that the Authority was a going concern. The Board considers the Authority to be solvent on the basis of the working capital position.

#### **1.15 RESPONSIBLE BEHAVIOUR TOWARDS STAKEHOLDERS/CUSTOMERS**

The Authority believes that the stakeholders and customers are what make the Authority exist. Several measures have been taken to institute a responsible behaviour towards members of the Authority and other stakeholders. These measures include, but not limited to, holding interactive meetings, seminars and workshops; provide education through media and improving customer services at our offices.

#### **1.16 CORPORATE GOVERNANCE**

The Authority is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability. The Board of Directors consists of seven (7) Directors with qualifications and experience on areas of law, engineering, transport logistics, human resources management and finance and accounting.

The Board has the overall responsibility for the activities of the Authority, including responsibility for identifying key risk areas, considering and monitoring investment decisions, significant financial matters and reviewing performance of management business plans and budgets.

##### **a) Compliance with Laws and Regulations**

The principal functions and operations of the Authority are governed by the LATRA Act. No.3 of 2019. The Directors confirm that the activities and operations of the



Authority were conducted in accordance with the Act and there was no information on non-compliance with other applicable laws and regulations that would have material impact on the Authority.

#### **b) Reliability of Accounting Records**

The Authority has employed sufficient and competent staff in the Finance Department and has in place a computerized accounting system (Epicor IFMS Version 10.2). Accordingly, proper books of account have been maintained and the financial statements are prepared and presented in compliance with the International Public Sector Accounting Standards (IPSAS).

### **1.17 EMPLOYEES' WELFARE**

#### **i) Management and Employees' Relationship**

There was harmonious relationship between the employees of the Authority and the Management during the year under review. There were no unresolved complaints received by the Board from the employees during the year. A healthy relationship continues to exist between Management and COTWU-Branch.

#### **ii) Medical Assistance**

During the year, the Authority used National Health Insurance Fund (NHIF) to provide medical services to its staff and their dependents. Medical expenses during the year amounted to TZS 328.65 million (2019: TZS 355.91 million). Furthermore, the Authority continued to raise awareness to staff on HIV/AIDS issues. The expenditure for HIV/AIDS Awareness Seminars and support to People Living with HIV/AIDS (PLWHA) during the year was TZS 37.21 million (2019: TZS 44.09 million).

#### **iii) Training Facilities**

Training Programmes are continually being developed to ensure employees are adequately trained at all levels. Employees are given opportunity to attend short and long training programmes to upgrade their skills and enhance career development. During the year, none staff attended long term training and a total of TZS 185.66 million (2019: TZS 395.86 million) was spent for short training programmes

#### **iv) Persons with Disabilities**

LATRA is an equal opportunity employer and as a matter of policy, recruitment processes are transparent and competitive. In case of applications for employment by persons with disabilities, will be considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort shall be made to ensure that their employment with the Authority continues and appropriate training is arranged.

### **1.18 GENDER PARITY**

The Authority had 113 employees during the year ended 30<sup>th</sup> June, 2020 (111: 30<sup>th</sup> June, 2019). Most of the employees were transferred to the Authority from the

former regulator SUMATRA as required by Section 49 of the LATRA Act. No. 3 of 2019. Out of the 113 employees, 88 were male and 25 were female as shown below:

Gender	30.06.2020		30.06.2019	
	No.	%	No.	%
Male	88	77.9	89	80.2
Female	25	22.1	22	19.8
<b>Total</b>	<b>113</b>	<b>100</b>	<b>111</b>	<b>100</b>

Generally, the Authority gives equal opportunity to all people on recruitment process to fill vacant employment positions.

### 1.19 RELATED PARTY TRANSACTIONS

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related parties are those who have the ability, authority and responsibility for planning, directing and controlling the activities or exercise significant influence in making financial and operating decisions.

For the Authority, the Board members and Key Management Employees are related parties in this case. This includes any Director whether executive or non-executive. Specifically, they involve members of the Board of Directors and Management employees (Directors, Head of Units and Managers). The related party transactions are disclosed in **Note 35**.

### 1.20 CORPORATE SOCIAL RESPONSIBILITIES

The Authority acknowledges its responsibility to respond to community social needs. LATRA's Corporate Social Responsibility interventions included commitment to active participation in environment protection and promotion of socio-economic development of our society through extension of financial support towards implementation of community development projects. During the year ended 30<sup>th</sup> June, 2020, the Authority spent TZS 68.28 million (2019: TZS 150.91 million) to support a number of social and economic development initiatives implemented throughout the country.

### 1.21 POLITICAL AND CHARITABLE DONATIONS

The Authority did not make any political donations during the year ended 30<sup>th</sup> June, 2020. Donations were made as part of corporate social responsibility to institutions and charitable organizations to acknowledge LATRA's responsibility to community social needs.



## 1.22 ENVIRONMENTAL CONTROL PROGRAMME

LATRA believes that environmental awareness plays a vital role in shaping public attitudes. Public education inculcates the habits of preservation and conservation of nature in the general public. It is for this reason that LATRA has been reminding transport operators and the public at large to observe minimum environmental standards propounded by environmental conservation agencies.

During the year ended 30<sup>th</sup> June, 2020 through its educational programs, LATRA equipped people with the necessary knowledge, attitude and motivation for the prevention of pollution and resource deterioration. Bus and truck operators were required as a matter of law to ensure vehicles are equipped with rubbish bins or litter bags to prevent passengers from indiscriminate disposal of solid waste that have far-reaching environmental consequences. Public notices warning passengers against such malpractices were encouraged. The public was also encouraged to plant more trees to help convert excess carbon dioxide back to oxygen. Similarly, those in the transport industry were encouraged to use natural gas instead of diesel and keep their cars in good running condition.

## 1.23 AUDITOR

The Controller and Auditor General is the statutory auditor of Land Transport Regulatory Authority (LATRA) by virtue of article 143 of the Constitution of the United Republic of Tanzania as amplified under Sections 9 of the Public Audit Act (PAA) No 11 of 2008. However, in accordance with Section 33(1) of the same Act, M/s Auditax International were authorized to carry out the audit of the Authority jointly with the Controller and Auditor General.

This report was approved by the Board of Directors on     March, 2021 and signed on its behalf by:

Ag. Chairman: Mr. Henry M. Bantu

Signature:  Date: 29/03/2021

Director: Dr. Stephen L. Mwakajumilo

Signature:  Date: 29th March, 2021

## 2.0 STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020

The Directors are responsible to ensure that the Authority prepares financial statements that give a true and fair view of the state of affairs of the Authority as at the end of the financial year and changes in net assets of the Authority for the year. The auditors' responsibility is to express an opinion on the financial statements based on their audit. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the requirements of the International Public Sector Accounting Standards (IPSAS).


The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well

as adequate systems of internal financial control. The Directors are responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for prevention and detection of fraud, errors and other irregularities.

The Board is committed to oversee the ongoing institutional changes to ensure LATRA implements fully functions stipulated in its Act with the view of enhancing safety of the regulated sector, increase efficiency and level investments within the sectors.

This Statement was approved by the Board of Directors on \_\_\_\_\_, **2021** and signed on its behalf by:

Mr. Henry M. Bantu,  
Acting Chairman

Signature:  Date: 29/03/2021

Dr. Stephen L. Mwakajumilo  
Director

Signature:  Date: 29th March, 2021

**3.0 DECLARATION OF THE HEAD OF FINANCE AND ACCOUNTING**

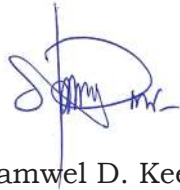
The Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance and Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Management to discharge the responsibility of preparing financial statements showing true and fair view of the Authority's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors under the Statement of Directors Responsibility on the above page.

I, **CPA Samwel D. Keenja**, being the Head of Finance and Accounting of LATRA, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30<sup>th</sup> June, 2020 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of LATRA as on that date and that they have been prepared based on properly maintained financial records.

**Signature:**



**Signed by:** Samwel D. Keenja

**Position:** Ag. Director, Finance HR & Administration

**NBAA Membership No.:** ACPA 1866

**Date:** 29/03/2021, 2021

#### **4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL**

Chairman of the Board  
Land Transport Regulatory Authority,  
P.O. Box 3093,  
Dar es Salaam.

##### **1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

###### **Opinion**

I have audited the financial statements of Land Transport Regulatory Authority, which comprise the statement of financial position as at 30<sup>th</sup> June, 2020, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Land Transport Regulatory Authority as at 30<sup>th</sup> June, 2020, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting.

###### **Basis for Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in sections below entitled “Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements”. I am independent of Land Transport Regulatory Authority in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

###### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report

###### **Other Information**

Management is responsible for the other information. The other information comprises the Director’s Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my

audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

### **Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements**

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 audit 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 ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAI, I exercise professional judgment and maintain professional skepticism throughout the audit. 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 entity's internal control.
- ☐ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ☐ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- ☐ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance 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 those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In addition, Section 10 (2) of the Public Audit Act, 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

**1.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS****Compliance with the Public Procurement Act, No.7 of 2011 (as amended in 2016)**

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that, Land Transport Regulatory Authority procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No.7 of 2011 (as amended in 2016) and its underlying Regulations of 2013 (as amended in 2016).



Charles E. Kichere  
**Controller and Auditor General**  
**Dodoma, United Republic of Tanzania**  
**March, 2021**



**5.0 FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2020**


	<u>Notes</u>	30 <sup>th</sup> June 2020 TZS '000	30 <sup>th</sup> June 2019 TZS '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and Cash Equivalents	17	3,571,560	12,500,102
Receivables from Non - Exchange Transactions	18	1,340,557	1,511,831
Inventories	19	319,016	688,069
		<b>5,231,133</b>	<b>14,700,002</b>
<b>Non-current assets</b>			
Property, plant and equipment	21	14,249,750	6,583,296
WIP - Office Building	20	-	3,929,003
Intangible assets	22	53,735	804,368
		<b>14,303,485</b>	<b>11,316,667</b>
<b>TOTAL ASSETS</b>		<b>19,534,618</b>	<b>26,016,669</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	23	2,395,658	3,008,514
TASAC Liability	24	675,044	6,427,276
		<b>3,070,702</b>	<b>9,435,790</b>
<b>Non-current liabilities</b>			
Employee Benefits Payable	25	148,395	685,666
		<b>148,395</b>	<b>685,666</b>
<b>TOTAL LIABILITIES</b>		<b>3,219,097</b>	<b>10,121,456</b>
<b>NET ASSETS</b>		<b>16,315,521</b>	<b>15,895,214</b>
<b>NET ASSETS</b>			
Capital Fund	26	17,047,108	17,047,108
Accumulated Surplus/(Deficit)		(731,587)	(1,151,894)
<b>TOTAL NET ASSETS</b>		<b>16, 315,521</b>	<b>15,895,214</b>



The financial statements were authorized for issue by the Board of Directors on \_\_\_\_\_ and were signed on its behalf by:


**Name:** Mr. Henry M. Bantu

**Title:** Acting Chairman

Signature: 

**Name:** Dr. Stephen L. Mwakajumilo

**Title:** Member

Signature: 

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020**

	NOTE	2019/20 TZS 000	2018/19 TZS 000
<b>Revenue:</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Road Transport Licensing Fees	8	15,375,789	13,536,373
Service Provider Annual Levy	9	538,327	10,000
Other Income	10	8,054,420	8,817,022
<b>Total</b>		<b>23,968,536</b>	<b>22,363,395</b>
<b>Expenses:</b>			
Regulatory Expenses	11	1,238,812	1,711,122
Administrative Expenses	12	16,295,259	18,179,886
Finance Cost	13	34,602	23,238
Board Expenses	14	228,546	27,810
Government Consolidated Fund	15	3,878,613	3,001,235
Contributions to other Bodies	16	744,575	878,891
<b>Total Expenses</b>		<b>22,420,407</b>	<b>23,822,180</b>
<b>Other Gains/(Losses)</b>			
Gain on Foreign Exchange Transaction		26,498	306,892
<b>Surplus for the Year</b>		<b>1,574,627</b>	<b>(1,151,893)</b>

Notes form part of these financial statements.

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup>  
JUNE 2020**

	Note	Capital Fund	Accumulated Surplus	Total
		TZS '000	TZS '000	TZS '000
<b>At 01<sup>st</sup> July, 2019</b>		17,047,108	(1,151,894)	15,895,214
<b>Prior year adjustments</b>				
Adjustment of TASAC's share in capital Fund	42	-	(3,150,427)	(3,150,427)
Contribution to Consolidated Fund	42	-	(500,000)	(500,000)
Depreciation Adjustment	42	-	2,496,107	2,496,107
<b>Restated balance 01<sup>st</sup> July, 2019</b>		17,047,108	(2,306,214)	14,740,894
Surplus/(Deficit)			1,574,627	1,574,627
<b>At 30<sup>th</sup> June, 2020</b>		<b>17,047,108</b>	<b>(731,587)</b>	<b>16,315,521</b>

During the year, the Authority recorded a surplus of TZS 1.57 billion. The Net Assets of the Authority as at 30<sup>th</sup> June, 2020 stood at TZS 16.32 billion (30<sup>th</sup> June, 2019: TZS 15.90 billion).

Notes form part of these financial statements.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2020**

	NOTE	2019/2020 TZS '000	2018/2019 TZS '000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Road Transport Fees	8	15,375,789	13,536,373
Service Providers Levy	9	-	10,000
Penalties - Road Transport	28	7,980,609	6,389,901
Other Receipts	29	-	1,574,543
		<b>23,356,398</b>	<b>21,510,817</b>
<b>Payments</b>			
Employee costs	12	9,109,696	9,622,346
Payments for Regulatory Expenses	11	1,238,812	1,711,122
Administrative & Other expenses	30	10,001,615	10,099,104
Financing Costs (Bank Charges)	13	34,602	23,238
Payment for TASAC Activities	31	5,752,232	3,821,885
		<b>26,136,956</b>	<b>25,277,695</b>
<b>Net cash from operating activities</b>		<b>(2,780,558)</b>	<b>(3,766,878)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant, and equipment & investment properties	21	(359,462)	(898,961)
Acquisition of intangibles	22	(3,948)	(57,818)
Payments for Construction of Office Building	21	(5,784,573)	(1,748,179)
<b>Net cash from investing activities</b>		<b>(6,147,983)</b>	<b>(2,704,958)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(8,928,542)</b>	<b>(6,471,836)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>12,500,102</b>	<b>18,971,938</b>
<b>Cash and cash equivalents at end of period</b>		<b>3,571,560</b>	<b>12,500,102</b>

Notes form part of these financial statements.

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020**

	Final Budget	Actual Amount on Comparable Basis	Difference: Final Budget Vs Actual
	TZS '000	TZS '000'	TZS '000
<b>Revenue from Non-Exchange Transactions</b>			
Road Transport Licensing Fees	18,529,100	15,375,789	(3,153,311)
Service Provider Annual Levy	-	538,327	538,327
Other Income	7,000,000	8,054,420	1,054,420
<b>Total Revenue</b>	<b>25,529,100</b>	<b>23,968,536</b>	<b>(1,560,564)</b>
<b>Expenses:</b>			
Regulatory Expenses	1,720,000	1,238,812	481,188
Administrative Expenses	15,947,730	14,259,597	1,688,153
Financing Cost	20,000	34,602	(14,602)
Board Expenses	150,000	228,546	(78,546)
Contribution to the Government Fund	3,829,365	3,878,613	(49,248)
Contributions to other Bodies	1,100,000	744,575	355,425
Depreciation & Amortization		2,035,682	(2,035,682)
<b>Total Expenses</b>	<b>22,767,095</b>	<b>22,420,407</b>	<b>346,688</b>
<b>Gains/(Losses) on foreign exchange</b>		26,498	26,498
<b>Surplus/(Deficit) for the Year</b>	<b>2,762,005</b>	<b>1,574,627</b>	<b>(1,187,378)</b>

The Authority prepared its budget on an accrual basis. As such, the budget and the financial statements are already on the same basis and further adjustments are not required to align the financial statements to the budget. The explanations for the differences between budgeted and actual expenditures are given in **Note 36**.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020****1.1 GENERAL INFORMATION****i) Establishment**

Land Transport Regulatory Authority (LATRA) was established by Act No. 3 of 2019 as a regulatory authority in relation to the land transport sectors and came into operation effective from 29<sup>th</sup> April, 2019 as per Government Notice No.358 published on 26<sup>th</sup> August, 2019.

The current address of the Head office of the Authority is:  
SUMATRA House,  
Plot No. 454 Nkrumah Street,  
P.O. P. O. Box 3093,  
**Dar es Salaam, Tanzania.**

**ii) Principal Activities**

The Authority sectorial scope covers road transport; rail transport; cable and underground transport. The principal activities of the Authority are disclosed in the Directors' Report.

**1.2 AUTHORISATION OF FINANCIAL STATEMENTS**

The Authority's financial statements for the year ended 30<sup>th</sup> June, 2020 were authorized for issue on \_\_\_\_\_, 2021 by the Board of Directors during its **5<sup>th</sup> Special Board Meeting** held on **26<sup>th</sup> February, 2021.**

**1. BASIS OF PREPARATION**

The Authority's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB). The Directors Report is prepared in line with the Tanzania Financial Reporting Standard No. 1 (TFRS 1)-Directors Report as issued by the National Board of Accountants and Auditors (NBAA).

The financial statements are presented in Tanzanian Shillings (TZS), which is the functional and reporting currency of the authority and all values are rounded to the nearest thousand (TZS '000).

## 2. ACCOUNTING POLICIES AND ESTIMATES

The Authority has adopted a number of accounting policies and estimates which shall be used in the following years consistently. The effects of changes in accounting policy shall be applied in the respective year if retrospective application is impractical.

i) *New and amended standards adopted by the Authority*

The Authority has adopted, prepared and present its financial statements in compliance with IPSAS. The impact of this adoption has been disclosed in respective sections in these financial statements.

There are no standards and interpretations that are effective for the first time for the financial year beginning on or after the 1 July 2019 that would have material impact to the Authority.

ii) *New standards and interpretations not yet adopted by the Authority*

### **IPSAS 41, *Financial Instruments***

IPSAS 41, '*Financial Instruments*' was issued by the International Public Sector Accounting Standards Board (IPSASB) in August 2018. The objective of the standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This standard is effective for financial statements beginning on or after 1 January 2022 with an option for earlier adoption.

### **IPSAS 42, *Social Benefits***

IPSAS 42, '*Social Benefits*' was issued by the International Public Sector Accounting Standards Board (IPSASB) in January 2019. The objective of the standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits as defined in this standard. The information provided should help users of the financial statements and general purpose financial reports to access the nature of such social benefits provided by the entity; the key features of the operation of those social benefit schemes; and the impact of such social benefits provided on the entity's financial performance, financial position and cash flows. This standard is effective for financial statements beginning on or after 1 January 2022 with an option for earlier adoption.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies outlined below have been consistently applied to all the years presented except for the useful lives of items of property plant and equipment which have been changed and aligned to the Public Assets Management Guideline of 2019.

## 1.1 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

They are translated into Tanzanian Shillings at the exchange rate ruling at the dates of the transactions. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date.

Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

## 1.2 REVENUE RECOGNITION

### **Revenue from Non-exchange Transactions**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- i) Government grants:** Government grants are not recognized until there is reasonable assurance that the Authority will comply with the conditions attaching to them and the grants will be received.

Government grants whose primary condition is that the Authority should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to statement of financial performance on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognized as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Authority with no future related costs are recognized in the statement of financial performance in the period in which they become receivable.

- ii) Other transfers:** Other transfers include fees, fines, penalties, licenses, gifts, donations (including goods-in-kind), and transfers from other government entities. These are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and the fair value of the asset can be measured reliably.

Services-in-kind are not recognized as revenue but are disclosed in the financial statements.

- iii) Local taxes and levies:** Taxes and levies are recognized when the taxable event occurs, and the asset recognition criteria are met.



## 1.2 PROPERTY PLANT AND EQUIPMENT

PPE are initially recorded at cost, which are those costs directly attributable to bring them to the location and condition necessary for them to be capable of operating in the manner intended by Management.

Subsequently, Property Plant and equipment are carried at cost less accumulated depreciation and impairment if any, except buildings which are reported at revalued amount less accumulated depreciation and accumulated impairment, if any.

Repairs and maintenance costs, if not adding to the useful life of PPE, are charged to the statement of financial performance during the financial period in which they are incurred.

The carrying amount of an item of PPE shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognizing of an item of PPE is included in the statement of financial performance when the item is derecognized, unless where IPSAS requires otherwise on a sale and leaseback.

Land is not depreciated; however, one of the fundamental principles of the land Policy that has been incorporated in the Government of Tanzania's Land Act, 1999 is that when one is assessing compensation of land, one of the factors to consider is the market value of the land/real property.

Depreciation on property, plant and equipment shall be provided for on a straight-line method to write off the cost of each asset to its residual value over its estimated useful life.

The depreciation period for property, plant and equipment shall be as follows:

<b><u>Description</u></b>	<b><u>Years</u></b>
Buildings	<b>50</b>
Plant & Machinery	<b>15</b>
Motor Vehicles	<b>5</b>
Office Equipment	<b>5</b>
Computers and Accessories	<b>4</b>
Furniture and Fittings	<b>5</b>
Residential Furniture and Equipment	<b>5</b>

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period and adjusted prospectively, if appropriate. In addition, the Authority stops charging depreciation on an asset when carrying amount equals its residual value.

## 1.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An

impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount. Impairment losses are recognised in the Statement of Financial Performance in the period in which they are incurred.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Authority estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The Authority derecognizes items of Property Plant and Equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance when the asset is derecognized.

#### 1.4 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Where intangible assets are acquired in non-exchange transactions, the cost is their fair value at the date of the exchange. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful life of the intangible assets is assessed as finite. Intangible assets with a finite life are amortized over its useful life as follows:

<u>Description</u>	<u>Years</u>
Software	3
Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired.	

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the

Amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in Statement of Financial Performance as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Financial Performance when the asset is derecognized.

## **1.5 LEASES**

### ***i) The Authority as a Lessee***

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in the Statement of Financial Performance on a straight-line basis over the lease term.

### ***ii) The Authority as a Lessor***

Leases in which the Authority does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases.

Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

## **1.6 CASH AND CASH EQUIVALENT**

Cash and cash equivalents are stated in the statement of financial position at face value. Cash and cash equivalents referred to in the statement of cash flows comprise cash on hand, cash at Bank, non-restricted current accounts with Bank of Tanzania, deposits held at call with banks with an original maturity of three months or less and investments with maturity periods of three months or less in money market instruments.

## **1.7 INVENTORIES**

Inventories consist of stationery and other consumables. Inventory is measured at cost upon initial recognition. The cost of the inventory is its fair value at the date of acquisition. After initial recognition, inventory is measured at the lower of cost and current replacement cost. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

Cost is determined on Weighted Average basis. Provision for obsolete inventories is made on specific inventory items considered obsolete. Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.

## **1.8 PROVISIONS**

Provisions are recognized when the Authority has a present obligation (legal or constructive) 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 amount of the obligation.

Where the Authority expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

## **1.9 CONTINGENT LIABILITIES**

The Authority does not recognize a contingent liability during the year ended 30th June, 2020, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

## **1.10 CONTINGENT ASSETS**

The Authority does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise, and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

## **1.11 EMPLOYEE BENEFITS**

### ***i) Short-Term Employees Benefits***

The cost of all short-term employee benefits, such as leave pay, is recognized during the period in which the employee renders the related service. The Authority recognizes the expected cost of employee rewards only when the Authority has a present legal or constructive obligation to make such payment, and a reliable estimate can be made.

### ***ii) Defined Contribution Plans***

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a pension fund), and the Authority will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Authority and its employees contributed to the Public Service Social Security Fund (PSSSF) which is a defined contribution scheme. The Authority's contributions to the defined contribution scheme are charged to the statement of financial performance in the year to which they relate.

### ***iii) Other Long - Term Employment Benefits***

a) *Gratuity* – This is paid at the end of the contract to staff employed on contract for a specified period of time. Specifically, this is for Management employees who are not under pension scheme. Employees under pension scheme are not entitled to gratuity. The expected liability is provided on a straight line basis over the contract period.

- b) *Employee retention benefits* – Established to encourage employees to continue serving the Authority until their retirement age. This is a retention scheme which is focused to all employees of the Authority. The benefits are accumulated at the rate of 5% of the basic salary of every employee and payable at the end of employment contract.

**iv) Termination benefits**

Termination benefits are payable when employment is terminated by the Authority before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Authority recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after reporting date are discounted to present value.

## **1.12 IMPAIRMENT OF FINANCIAL ASSETS**

The Authority assesses, at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

## **1.13 ACCOUNTS PAYABLE**

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

## **1.14 RELATED PARTIES**

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the Board Members and Management employees. Related party transactions are disclosed under **Note 35**

### **1.15 BUDGET INFORMATION**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

Explanatory comments are provided under **Note 36** to the annual financial statements; first, the reasons for overall growth or decline in the budget, followed by details of overspending or under spending on line items.

### **1.16 CAPITAL WORK IN PROGRESS**

Capital Work in Progress (WIP), which is an asset category of Property plant and equipment, is stated at cost and not depreciated. Recognition amount of Capital WIP is shown under property plant and equipment. Depreciation of Capital Work in progress commences when the assets are ready for their intended use. The balance of unrecognized amount of Capital work in progress compared to the contracted full price is disclosed as Capital Commitment.

## **6 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### ***Judgments***

In the process of applying the Authority's accounting policies, Management has made judgments, which have the most significant effect on the amounts recognized in the financial statements.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

### ***Estimates and Assumptions***

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur.



The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**i) Useful Lives and Residual Values**

Critical estimates are made by the management in determining depreciation rates for equipment and their residual values. The rates used are set out in the accounting policies section of these financial statements under **Note 5**.

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts (professional valuers) engaged by the Authority;
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- c) The nature of the processes in which the asset is deployed;
- d) Availability of funding to replace the asset; and
- e) Changes in the market in relation to the asset.

**ii) Going concern**

Management is not aware of any material uncertainties that may cast significant doubt upon the Authority's ability to continue as a going concern. Hence, the financial statements were prepared on the assumption that the entity is a going concern and will continue in operation and meet its statutory obligations for the foreseeable future.

**iii) Impairment of financial assets**

The Authority assesses at each reporting date whether a financial asset or group of financial assets have been impaired. Only if there is objective evidence of impairment of a loss event, the financial asset is deemed to be impaired.

**iv) Revaluation of building**

The Authority carries its buildings at fair value, with changes in fair value being recognised in the statement of change in net assets.

**v) Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.



The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Authority is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The impairment of non-financial assets is explained further in **Note 5.3**

**vi) Provisions**

The Authority reviews its individually significant payables at each reporting date to assess whether an expense should be recorded in the statement of financial performance. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the expense. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Provisions were raised, and Management determined an estimate based on the information available. The carrying value of provisions for employee benefits payable is given under **Note 25**.

**vii) Fair value of financial instruments**

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

## **7 FINANCIAL RISK MANAGEMENT**

### **Financial risk factors**

The Authority's activities potentially expose it to a variety of financial risks, including credit risk and the effects of the changes in foreign currency exchange rates. The Authority's overall risk management programme takes account of the unpredictability of foreign exchange rate trends and seeks to minimize potential adverse effects on its financial performance.

**(a) Market Risk**

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Authority's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk. This risk includes the following:

**(b) Interest rate risk**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. LATRA does not have long-term deposits or borrowings therefore statement of profit or loss and other comprehensive income and operating cash flows are not highly affected by changes in market interest rates.

**(c) Credit Risk**

Credit risk arises from cash and cash equivalents, deposits and outstanding receivables. The Authority mitigates risks on cash and cash equivalents by investing its excess cash in Treasury Bills at Bank of Tanzania.

The amount that represents the Authority's exposure to credit risk at 30<sup>th</sup> June, 2020 is made up as follows:

	Up to 1 month	1 to 3 months	3 to 12 months	Over 12 months	Total
2019/20	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Cash and cash equivalents	3,571,560	-	-		3,571,560
Receivables from Non Exchange Transactions	-	-		1,340,557	1,340,557
2018/19					
Cash and cash equivalents	12,500,102	-	-		12,500,102
Receivables from Non Exchange Transactions	-	-	384,555	1,127,276	1,511,831

Below is the Authority's maximum exposure to credit risk:

	30.06.2020 TZS'000'	30.06.2019 TZS'000'
Cash & Cash Equivalents	3,571,560	12,500,102
Accounts receivable	1,340,557	1,511,831
	4,912,117	14,011,933

No collateral is held for any of the above assets and no receivables have had their terms renegotiated. The Authority's accounts receivable that are not impaired are mostly due from employees who are still working with the Authority.

**(d) Liquidity Risk**

Liquidity risk is the risk of the Authority not being able to meet its obligations as they fall due. The Authority's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation.

The Authority ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts. On average, receivables are settled within 30 days after the due date, and payables are settled within 30 days of invoice.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the statement of the financial position's date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows. The balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	2019/20	2018/19
	TZS'000	TZS'000
Staff benefits payable	148,395	685,666
Current Liabilities	3,070,702	9,435,789
	3,219,097	10,121,455
At 30 <sup>th</sup> June,	3,404,926 964	

Management monitors budgets of the Authority's liquidity reserve on the basis of expected cash flows.

### (e) Capital Risk Management

The primary objective of managing the Authority's capital is to ensure that there is sufficient cash available to support the Authority's funding requirements, including capital expenditure, to ensure that the Authority remains financially sound. The Authority is the Government owned entity; it ensures that expenditures are always as per the approved budget in order to ensure that is always in operations.

### (f) Categorization of Financial Instruments

	Carrying Value	Available for sale	Held to maturity	Total
	TZS '000'	TZS '000'	TZS '000'	TZS '000'
<b>30<sup>th</sup> June 2020</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	3,571,560	-	-	3,571,560
Receivables from Non - Exchange Transactions	1,340,557	-	-	1,340,557
	4,912,117	-	-	4,912,117

#### **30<sup>th</sup> June 2019**

#### **Financial Assets**

Cash and cash equivalents	12,500,102	-	-	12,500,102
Receivables from Non - Exchange Transactions	1,511,831	-	-	1,511,831
	<u>14,011,933</u>	<u>-</u>	<u>-</u>	<u>14,011,933</u>

	Carrying Value TZS '000'	Financial Liabilities TZS '000'
<b>30-Jun-20</b>		
<b>Financial Liabilities</b>		
Current Liabilities	3,219,097	3,219,097
	<u>3,219,097</u>	<u>3,219,097</u>
<b>30-Jun-19</b>		
<b>Financial Liabilities</b>		
Current Liabilities-	9,435,789	9,435,789
	<u>9,435,789</u>	<u>9,435,789</u>

## 8. ROAD TRANSPORT LICENSING FEES

	2019/20 TZS '000	2018/19 TZS '000
License Fees - Buses	4,121,637	3,553,667
License Fees - Trucks	9,965,190	8,473,183
Motor/Tri-Cycles	1,135,650	1,409,038
Time Table Fees	101,762	50,625
Log Book Fees	51,550	49,860
<b>TOTAL</b>	<u>15,375,789</u>	<u>13,536,373</u>

This is the major source of revenue of the Authority. During the year 2019/20, Road Transport Licence Fees recorded collections of TZS 15.38 billion (2018/19: TZS 13.54 billion). The collection is attributed to strategic road side inspections and enhanced monitoring activities of Motor/Tri Cycle licences in the LGAs.

## 9. SERVICE PROVIDERS LEVY

Levy is earned from service providers of the regulated services. During the year 2019/20 TZS 538,327,000 million was provided on levy expected from TRC and UDART (2018/19, TZS 10 million). Despite close follow up, the regulated service providers did not pay levy complaining of financial difficulties.

## 10. OTHER INCOME

	2019/20	2018/19
	TZS '000	TZS '000
Penalties - Road Transport	7,980,609	6,389,901
Miscellaneous Income	73,811	2,427,121
<b>TOTAL</b>	<b>8,054,420</b>	<b>8,817,022</b>

The above income originates mainly from penalties charged to defaulters of licencing conditions and income from sale of tender documents. Penalties are high due to effective use of VTS and strategic roadside inspections

## 11. REGULATORY EXPENSES

	2019/20	2018/19
	TZS '000	TZS '000
Advertisement	143,857	369,174
Meetings and Conferences	144,935	202,249
Monitoring and Evaluation	727,179	906,091
Investigations	32,704	40,939
Stakeholders Meetings	109,036	132,850
Compensation for Regulatory Restriction	80,201	29,751
Resolution of Complaints	-	5,570
Review of Tariff Applications	900	21,458
Studies & Consultancy Services	-	3,040
<b>TOTAL</b>	<b>1,238,812</b>	<b>1,711,122</b>

The regulatory expenses are those which arises from implementation of activities which are directly associated with Authority's mandate. The expenditure for the year 2019/20 was TZS 1.24 billion (2018/19: TZS 1.71 billion).

## 12. ADMINISTRATIVE EXPENSES

	2019/20	2018/19
	TZS '000	TZS '000
<b>General Administrative Expenses:</b>		
Office Provisions and Awards	272,177	275,945
Medical Expenses	328,651	355,909
Staff Uniforms	14,195	19,014
Office Rent	790,979	1,386,888
Office Security Guard	230,087	284,138
Postage, Telephone and Telex	879,744	815,666
Printing and Stationery	564,148	491,433
Books & Periodicals	-	1,989
Insurance	-	1,274

Rates & Taxes	-	600
ICT Steering Committee Expenses	6,920	6,265
	<b>2019/20</b>	<b>2018/19</b>
	<b>TZS '000</b>	<b>TZS '000</b>
Ethics Committee Meeting	1,860	1,240
Appointment Committee Meeting	53,556	63,424
Audit Fees	121,260	90,856
Audit Expenses	142,147	186,704
HIV/AIDS Seminars & Support to PLWHA	37,211	44,088
Tender Board Expenses	93,448	70,415
Professional/Membership Subscriptions	13,487	11,410
Region Office Running Expenses	116,720	66,496
Legal Fees and Expenses	26,606	18,980
Preparation of LATRA Act, Rules & Regulations	123,343	244,787
Bad and Doubtful Debts	46,695	-
<b>Sub-Total</b>	<b>3,863,234</b>	<b>4,437,521</b>

**Staff Recruitment and Training Expenses:**

Recruitment Expenses	2,160	27,616
Staff Training - Local	158,259	321,662
Staff Training - Foreign	39,292	74,197
<b>Sub-Total</b>	<b>199,711</b>	<b>423,475</b>

**Repairs, Maintenance & Utility Expenses:**

Office Maintenance and Utilities	211,106	236,623
Office Repair & Maintenance	39,588	39,682
Motor Vehicles Running & Maintenance	233,652	317,950
Generator Fuel & Maintenance Expenses	7,588	8,960
Repair and Renewals of Equipment	128,183	197,844
Software Licenses/Computer Consumables	108,961	43,506
<b>Sub-Total</b>	<b>729,078</b>	<b>844,565</b>

**Traveling Expenses:**

Staff Traveling - Local	211,462	195,663
Staff Traveling - Foreign	48,623	109,311
<b>Sub-Total</b>	<b>260,085</b>	<b>304,974</b>

**2019/20**                      **2018/19**  
**TZS '000**                      **TZS '000**

**Social Responsibilities:**

Business Promotion Expenses	15,120	4,750
International Trade Fairs & Exhibitions	14,370	24,974
Corporate Social Responsibility	68,283	150,908
<b>Sub-Total</b>	<b>97,773</b>	<b>180,632</b>
	<b>5,149,881</b>	<b>6,191,167</b>
	<b>2019/20</b>	<b>2018/19</b>
	<b>TZS '000</b>	<b>TZS '000</b>
Salaries and Wages	5,529,381	5,434,662
Leave Passage	398,379	383,749
Fuel and Transport Assistance	513,812	597,000
Housing Assistance	947,377	997,859
Staff Utilities Assistance	149,653	254,747
Staff Motor Vehicle Maintenance	62,840	83,000
Staff Security Allowances	219,857	262,250
Transfer Allowance	132,076	242,836
Staff Terminal Benefits	49,309	198,151
Staff Furniture Allowance	14,051	19,000
<b>Sub Total</b>	<b>8,016,735</b>	<b>8,473,254</b>
<b>Statutory Contributions:</b>		
Pension Contributions (PSSSF)	729,720	746,784
Skills Development Levy	327,485	364,875
Workman Compensation Fund	35,756	37,432
<b>Sub Total</b>	<b>1,092,961</b>	<b>1,149,091</b>
	<b>9,109,696</b>	<b>9,622,345</b>
Depreciation	1,281,101	1,504,533
Amortization	754,581	861,838
<b>TOTAL</b>	<b>16,295,259</b>	<b>18,179,886</b>

The above expenses relate to day to day running of the Authority. The administrative expenses for the financial year 2019/20 are TZS 16.3 billion (2018/19: TZS 18.2 billion).

### 13. FINANCE COST

	<b>2019/20</b>	<b>2018/19</b>
	<b>TZS '000</b>	<b>TZS '000</b>
Bank charges and other bank expenses	<b>34,602</b>	<b>23,238</b>
	<b>34,602</b>	<b>23,238</b>



**14. BOARD EXPENSES**

	2019/20	2018/19
	TZS '000	TZS '000
Board Meetings and Related Expenses	165,838	24,560
Directors Fees	62,708	3,250
<b>TOTAL</b>	<b>228,546</b>	<b>27,810</b>

The Board expenses comprise expenses for Board and Committee meetings, induction training and costs of visits to regulated service providers.

**15. CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND**

The Finance Act, No. 16 of 2015 requires remission of 15% of annual gross revenues to the Government Consolidated Fund. During the year 2019/20 the Authority remitted to the Government Consolidated Fund TZS 3.88 billion (2018/19: TZS 3.0 billion).

**16. CONTRIBUTIONS TO OTHER BODIES**

	2019/20	2018/19
	TZS '000	TZS '000
City/Municipal/Town Councils	392,329	380,551
SUMATRA Consumers Consultative Council	300,000	375,000
Fair Competition Tribunal (FCT)	36,960	73,920
African Forum for Utilities Regulators (AFUR)	-	18,929
Southern Africa Railways Association (SARA)	15,286	30,491
<b>TOTAL</b>	<b>744,575</b>	<b>878,891</b>

During the year, the Authority paid TZS 744.56 million (2018/19: TZS 878.89 million) as contributions to other bodies. The contribution comprised of payments of 50% refund to City/Municipal/Town councils on collections from Motor/Tri-Cycle and contribution to the budget of LATRA CCC, FCT as well as AFUR and SARA.

**17. CASH AND CASH EQUIVALENTS**

	2019/20	2018/19
	TZS '000	TZS '000
Cash on hand/Petty Cash	11,287	11,644
<b>Cash at bank:</b>		
NBC Bank Ltd	1,736,243	1,529,546
NMB Bank Ltd	51,704	(5,472)
Bank of Tanzania (BoT)	1,772,326	10,964,384
Cash In-Transit	-	-
	<b>3,571,560</b>	<b>12,500,102</b>

The decrease in cash and cash equivalents is mainly attributed by the payment to TASAC of TZS 6.43 billion and payment made for construction of SUMATRA House. The TASAC payment was effected after obtaining Board's approval and was made in line with the Treasury Register's Report and the Certificate of Transfer.

## 18. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2019/20	2018/19
	TZS '000	TZS '000
Trade Receivables	804,938	235,975
Receivables from Staff Benefit Scheme	148,395	685,666
Staff Loans & Advances	78,258	477,446
Advance to Suppliers	2,697	44,728
Sundry Debtors	107,065	208,389
Prepayments	435,179	95,602
	<b>1,576,532</b>	<b>1,747,806</b>
Less: Allowances for impairment	<b>(235,975)</b>	<b>(235,975)</b>
	<b>1,340,557</b>	<b>1,511,831</b>

## 19. INVENTORIES

Stock of Stationary	67,837	118,559
Stock of Materials	60,625	307,916
Stock of Revenue Receipts	68,126	130,865
Stock of Licenses	122,428	130,730
	<b>319,016</b>	<b>688,069</b>

The major portion of the inventories as on 30<sup>th</sup> June, 2020 were stock of materials, revenue receipts and licenses. Stock of materials comprises items purchased but not yet issued for use in various LATRA offices. Revenue Receipts and Licenses are usually purchased to cover requirements of three to six months.

## 20. WORK IN PROGRESS (WIP) - OFFICE BUILDING

The WIP – Office Building comprised value of works completed and paid on construction of SUMATRA (TASAC/LATRA) House which is on Plot No. 454 Nkrumah Street Dar es Salaam. The SUMATRA (TASAC/LATRA) House was completed and LATRA was permitted to use the offices by the Permanent Secretary – MWTC effective from February, 2020. The permission was given through letter: ref no: CA 267/505/01/30 dated 06<sup>th</sup> February, 2020. Hence, the amount of WIP was re-categorised to Office Building as required.

**21. PROPERTIES, PLANT AND EQUIPMENT (PPE) (FIGURES IN TZS “000”)**

Cost		Depreciation and Accumulated depreciation					Carrying value
Cost		Balance	Adjustment/	Adjusted	Depreciation charge	Balance	
01 July	30 June	01 July	Transfers	Disposal	30 June	30 June	
TZS ‘000	TZS ‘000	TZS ‘000	TZS ‘000	TZS ‘000	TZS ‘000	TZS ‘000	TZS ‘000
<b>2019/20</b>							
Leasehold Land	3,056,197	-	-	-	-	-	3,056,197
Residential Buildings	490,992	-	(56,174)	-	9,820	39,279	451,713
Office Building	-	6,106,168	-	-	50,883	50,883	6,055,285
Motor vehicles	2,247,007	(94,549)	(897,936)	(80,367)	353,510	861,053	1,291,404
Plant and machinery	522,592	-	137,701	-	34,839	263,260	259,333
Furniture & fittings	843,979	95,577	(102,292)	-	172,445	466,905	472,650
Computer equipment	2,912,693	229,392	(1,364,689)	-	312,498	1,416,711	1,725,374
Other equipment	1,840,714	34,493	(212,716)	-	347,106	937,413	937,794
	<b>11,914,174</b>	<b>6,465,631</b>	<b>(2,496,107)</b>	<b>(80,367)</b>	<b>1,281,101</b>	<b>4,035,504</b>	<b>14,249,750</b>

## 22. INTANGIBLE ASSETS (FIGURES IN TZS “000”)

	Cost / Revaluation				Impairment and accumulated Impairment				Carrying value 30 June TZS ‘000
	Cost 01 July TZS ‘000	Additions TZS ‘000	Disposal TZS ‘000	Balance 30 June TZS ‘000	Balance 01 July TZS ‘000	Amortisation charge TZS ‘000	Disposal TZS ‘000	Balance 30 June TZS ‘000	
<b>2019/20</b>									
Software - administration	636,344	-	-	636,344	470,223	155,077	-	625,300	11,043
Software - infrastructure	2,505,120	-	-	2,505,120	1,873,726	589,422	-	2,463,148	41,971
Website costs	39,506	3,948	-	43,454	32,652	10,082	-	42,734	720
	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,180,970</b>	<b>3,948</b>	<b>-</b>	<b>3,184,917</b>	<b>2,376,602</b>	<b>754,581</b>	<b>-</b>	<b>3,131,183</b>	<b>53,736</b>
<b>2018/19</b>									
Software - administration	636,344	-	-	636,344	388,600	81,623	-	470,223	166,120
Software - infrastructure	2,447,302	57,818	-	2,505,120	1,099,412	774,314	-	1,873,726	631,393
Website costs	39,506	-	-	39,506	26,752	5,900	-	32,652	6,854
	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,123,151</b>	<b>57,818</b>	<b>-</b>	<b>3,180,969</b>	<b>1,514,764</b>	<b>861,838</b>	<b>-</b>	<b>2,376,602</b>	<b>804,368</b>

**23. PAYABLES**

	2019/20	2018/19
	TZS '000	TZS '000
Accrued Expenses	734,031	2,277,174
Customer Deposits	8,369	4,750
Other Payables	405,063	624,042
Audit Fees	120,360	90,856
Construction of SUMATRA (TASAC/LATRA) House	1,106,000	-
Unpaid Leave	21,836	11,691
	<b>2,395,658</b>	<b>3,008,514</b>

- ☐ Accrued expenses are those incurred and claims for their settlements were not received until year end.
- ☐ Customer deposits are payments made in advance by service providers before issuance of their licenses or certificates.
- ☐ Other Payables comprises taxes withheld and payroll returns which are paid in the following month.

**24. TASAC LIABILITY**

TASAC Liability of TZS 675,044 million reported on 30<sup>th</sup> June, 2020 (2018/19: TZS 6,427,276,00) emanated from reconciliation exercise which was conducted under the supervision of the Treasury Registrar who was the Executor of Certificate of Transfer. The amount is the remaining portion of the provision that was set aside for settlement of shared liabilities.

**25. PROVISION FOR EMPLOYEE BENEFITS PAYABLE**

The former regulator SUMATRA had established Employees Benefits Scheme for the purpose of motivating and retaining its employees. SUMATRA appointed the Board of Trustees of GEPP Benefits Fund as fund managers. The benefits were paid to staff when their employment ended with the regulator.

The amount remaining in the account of TZS 148.395 million (2018/19: TZS 685.667 million) is for staff whose employment were terminated.

**26. CAPITAL FUND**

Section 50(1) of the LATRA Act No. 3 of 2019 provides that all assets, interest, rights, privileges, liabilities or obligations of the former Surface and Marine Transport Regulatory Authority (SUMATRA) not related to maritime transport shall be transferred to and vested with LATRA. Therefore, all assets and liabilities were taken over by the Authority and resulted to a net assets of TZS 17.047 billion forming the Capital Fund.

## 27. RECONCILIATION OF CASH FROM OPERATING ACTIVITIES TO NET SURPLUS (DEFICIT)

	2019/2020 TZS '000	2018/2019 TZS '000
Surplus /(Deficit) for the Year	1,574,627	(1,151,894)
<b>Noncash Movements:</b>		
Depreciation	1,281,101	1,504,533
Amortization	754,581	861,838
Loss/(Gain) on Exchange Transaction	(26,498)	(306,892)
<b>Cash Movements:</b>		
(Increase)/Decrease in Regulatory Receivables	171,274	8,542,962
(Increase)/Decrease in Stationery Inventories	369,053	(341,010)
Increase/(Decrease) in Payables	(612,856)	(2,515,665)
Increase/(Decrease) in Benefits Payable	(537,271)	(6,538,866)
Increase/(Decrease) in TASAC Liability	(5,752,232)	(3,821,885)
Net cash flow from operating activities	(2,778,221)	(3,766,879)

## 28. RECEIPTS OF PENALTIES FROM ROAD TRANSPORT SERVICES.

	2019/2020 TZS '000	2018/2019 TZS '000
Buses Operators	3,281,571	2,984,321
Trucks Operators	4,475,042	3,163,105
Tour Operators	111,503	121,999
Motor/Tri-Cycles	112,493	120,476
<b>Total Collection from Penalties</b>	<b>7,980,609</b>	<b>6,389,901</b>

## 29. OTHER RECEIPTS

Other receipts comprise amounts collected from miscellaneous income. During the year 2019/2020 no cash collections (TZS 1,574.54 million: 2018/2019)

	2019/2020 TZS '000	2018/2019 TZS '000
Receipts from Fund Manager (PSSSF)	-	1,173,755
Receipts from Receivables and Prepayments	-	400,788
<b>Total Other Receipts</b>	<b>-</b>	<b>1,574,543</b>

**30. ADMINISTRATIVE PAYMENTS**

Payments for Administrative expenses for 2019/2020 were TZS 10 billion (2018/2019: TZS 10.10 billion) arrived as follows;

	2019/2020	2018/2019
	TZS '000	TZS '000
Administrative Expenses	5,149,881	6,072,141
Board Expenses	228,546	27,810
Government Consolidated Fund	3,878,613	3,001,235
Contributions to other Bodies	744,575	878,891
Other Payments	-	119,028
<b>Total Administrative Payments</b>	<b>10,001,615</b>	<b>10,099,104</b>

**31. PAYMENTS FOR TASAC ACTIVITIES**

A total of TZS 5.75 billion were paid for TASAC activities for the year 2019/2020 (TZS 3.82 billion: 2018/2019) as indicated below;

	2019/2020	2018/2019
	TZS '000	TZS '000
TASAC Liability Opening Balance	6,427,276	10,249,161
TASAC Liability Closing Balance	(675,044)	(6,427,276)
<b>Total Payment for TASAC Activities</b>	<b>5,752,232</b>	<b>3,821,885</b>

**32. ACCUMULATED SURPLUS/(DEFICIT)**

The Authority recorded a surplus of TZS 1.57 billion for the period ending 30<sup>th</sup> June, 2020 (30<sup>th</sup> June, 2018: deficit of TZS 1.15 billion). The account balance at the yearend shows a deficit of ZS 731.59 million due to prior year adjustments.

**33. FAIR VALUE OF ASSETS & LIABILITIES**

The table below shows an analysis of assets and liabilities at fair value by level of the fair value hierarchy. Assets and liabilities are grouped into levels 1 to 3 based on the degree to which the fair value is observable:

**Level 1** - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2** - fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices); and

**Level 3** - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
	TZS '000	TZS '000	TZS '000	TZS '000
<b>30-Jun-19</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	3,571,560	-	3,571,560	-
Receivables from Non - Exchange Transactions	1,340,557	-	1,340,557	-
<b>Financial Liabilities</b>				
Accounts payables	3,070,702	-	3,070,702	-

### 34. TAXATION

Land Transport Regulatory Authority is a Government Agency; thus, it is exempted from payment of direct tax, except VAT and other duties payable by other Government Agencies as per Second Schedule of Income Tax Act, 2014.

### 35. RELATED PARTY TRANSACTIONS

Transfer of resources and/or obligations between related parties in LATRA during the year ended 30<sup>th</sup> June, 2020 included the following:

#### I. Board Expenses

The Board of Directors is the body of appointed members who jointly oversee the activities of the Authority. Their expenses are set out below:

2019/20	2017/2019	
TZS'000'	TZS'000'	
Board Meetings and Related Expenses	165,838	24,560
Directors Fees	62,708	3,250
<b>TOTAL</b>	<b>228,546</b>	<b>27,810</b>

#### II. Remuneration of Key Management Employees

Key management personnel include Director General, Division Directors, Head of Units and Managers. Management have responsibility for planning, directing and controlling the activities of the Authority. Their remunerations are set out below:

	30.06.2020	30.06.2019
	TZS'000	TZS'000
Short-term employee benefits	862,962	890,441
	<b>862,962</b>	<b>890,441</b>

**36. EXPLANATION OF VARIANCE BETWEEN BUDGET AND ACTUAL AMOUNTS**

The Authority's actual revenues for the year 2019/20 were TZS 23.96 billion (2018/19: TZS 22.36 billion) which are below the final budget of TZS 25.53 billion by TZS 1.56 billion. The underperformance is mainly due to outbreak of CORONA pandemic which affected the regulated sub sectors. The expenditure for the Authority amounted to TZS 22.61 billion, which is TZS 160 million below the final budget of TZS 22.77 billion. Details of overspending or under-spending on line items are provided below:

Item	Final Budget {A+B}	Actual Amount on Comparable Basis {C}	Difference: Final Budget Vs Actual	Comments
	TZS '000	TZS '000	TZS '000	
<b>Revenue from Non-Exchange Transactions</b>				
Road Transport Licensing Fees	18,529,100	15,375,789	(3,153,311)	Under collection is attributed to delayed implementation of new Regulations and outbreak of CORONA pandemic.
Service Provider Annual Levy	-	538,327	538,327	Not budgeted due to difficulties in the collection of levy from UDA-RT and TRC.
Other Income	7,000,000	8,054,420	1,054,420	Increase in penalties due to enhanced enforcement of licensing conditions
Total Revenue	25,529,100	23,968,536	(1,560,564)	
<b>Expenses</b>				
Regulatory Expenses	1,720,000	1,238,812	481,188	Use of joint inspection on strategic areas and expenditure control
Administrative Expenses	15,947,730	14,259,577	1,688,153	Actual amount includes Depreciation and Amortization amounting to TZS 2.035bil. This still shows an effective expenditure controls and use of Government facilities Savings under Personnel expenses is due to transferred staff to other institutions and delayed recruitment to fill vacant positions.
Financing Cost	20,000	34,602	(14,602)	Increase in number of financial transactions with commercial banks
Board Expenses	150,000	228,546	(78,546)	Board training and familiarization expenses
Contribution to the Government Fund	3,829,365	3,878,613	(49,248)	Actual amount includes Capital Recovery (TZS 500 million) that is independent to actual collection
Contributions to other Bodies	1,100,000	744,575	355,425	Decline in remittances to commensurate LATRA capacity.

**37. CONTINGENT LIABILITY**

The Authority had no Contingent Liability as on 30th June, 2020 (30 June, 2019: TZS 716.04 million). The contingent liability in the previous year was set on chances that the SUMATRA Loans Revolving Fund might be distributed between LATRA and TASAC. However, there is no legal basis to support such a distribution.

**38. FUNCTIONAL CURRENCIES AND PRESENTATION CURRENCY**

The functional currency of the Authority, which is also its presentation currency, is Tanzanian Shillings (TZS). The values in this report are rounded to the nearest thousand (TZS '000').

**39. ULTIMATE CONTROLLING ENTITY**

The Government of the United Republic of Tanzania is the Ultimate Controlling Entity of the Authority.

**40. ASSETS PLEDGED AS SECURITY FOR LIABILITIES**

None of the Authority's assets have been pledged as security for liabilities.

**41. COMPARATIVE FIGURES**

The figures in the financial statements are presented alongside the previous Period financials for comparison purpose

**42. PRIOR YEAR ADJUSTMENTS**

The prior year adjustments relate to errors committed in the previous financial year which have been discovered and corrected in the current year. These relate to unrecognised liability of TZS 3,650,427,930 where out of it, TZS 3,150,426,930 was payable to TASAC to cover tax liabilities, and construction of office building and TZS 500,000,000 was due to Treasury Register as recovery of excess capital. The recognised liabilities were part of Certificate of Transfer which distribute SUMATRA assets and liabilities. The prior year adjustment effect on net surplus payable. LATRA has already paid TZS 3,649,752,886 during the year.

Further, adjustment of TZS 2,496,107,343 on the statement of changes in net asset relates to a review of remaining useful lives of the Authority's Assets done during the year to establish new carrying amounts of Assets as most of the Authority's assets were fully depreciated.

The process resulted into adjustment of the accumulated depreciation in alignment with the current carrying amounts of the assets. The changes in every class of assets are given under Note 21.