



THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WORKS AND TRANSPORT
LAND TRANSPORT REGULATORY AUTHORITY



Annual Report
2021/22



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MINISTRY OF WORKS AND TRANSPORT
LAND TRANSPORT REGULATORY AUTHORITY





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LIST OF ABBREVIATIONS

AFUR	African Forum for Utility Regulators
BRT	Bus Rapid Transit
EWURA	Energy and Water Utilities Regulatory Authority
FCC	Fair Competition Commission
FCT	Fair Competition Tribunal
GePF	Government Employees Provident Fund
HDV	Heavy Duty Vehicle
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISSAIs	International Standard of Supreme Audit Institutions
LGA	Local Government Authority
LATRA	Land Transport Regulatory Authority
LATRA CCC	LATRA Consumers Consultative Council
MoFP	Ministry of Finance and Planning
MoWT	Ministry of Works & Transport
NAO	National Audit Office
NBAA	National Board of Accountants and Auditors
NEMC	National Environment Management Council
OTR	Office of Treasury Registrar
PSSSF	Public Service Social Security Fund
PSV	Passenger Service Vehicle
SARA	Southern African Railway Association
SADC	Southern African Development Community
SGR	Standard Gauge Railway
SUMATRA	Surface and Marine Transport Regulatory Authority
TABOA	Tanzania Bus Owners Association
TASAC	Tanzania Shipping Agencies Corporation
TAZARA	Tanzania Zambia Railways
TIRA	Tanzania Insurance Regulatory Authority
TRC	Tanzania Railways Corporation
TZS	Tanzania Shillings
UDA-RT	Usafiri Dar es Salaam – Rapid Transport
VTS	Vehicle Tracking System
NEP	National Environment Policy
NEMA	National Environment Management Act



Hon. Prof. Makame M. Mbarawa (MP),
Minister for Works and Transport,
Government City Mtumba,
1 Ujenzi Street,
P.O. Box 2888,
40470 DODOMA.



Honorable Minister,

LETTER OF TRANSMITTAL

Pursuant to section 38 of the Land Transport Regulatory Authority Act, Cap 413, I am honoured and pleased to submit the Annual Report of the Land Transport Regulatory Authority (LATRA) for the financial year ended 30 June 2022.

The Annual Report consists of the following:

- a) Independent Report of the Controller and Auditor General (CAG);
- b) Report by Those Charged with Governance prepared in compliance with the Tanzania Financial Reporting Standard (TFRS) No. 1; and
- c) Audited Financial Statements, which have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs).

I humbly submit,

Prof. Ahmed M. Ame
BOARD CHAIRMAN

BOARD CHAIRMAN'S STATEMENT



Prof. Ahmed M. Ame (Phd)

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 30 June 2022. This is the fourth Annual Report since LATRA became operational on 29 April 2019. The Annual Report consists of the Independent Report of the Controller and Auditor General (CAG), the Report of Those Charged with Governance, and the audited Financial Statements of the Authority for the financial year ended on 30 June 2022.

The Board is pleased to report that the financial statements present fairly in all material respects, the financial position of the Land Transport Regulatory Authority as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis. The procurement transactions and processes have generally complied with the requirements of the Public Procurement Act, Cap. 410 and its underlying Regulations of 2013 (as amended in 2016).

The financial year 2021/22 marked the second year of implementation of the Authority's Five-Year Corporate Strategic Plan (2020/21-2024/25). This Plan had seven (7) strategic objectives namely, HIV/AIDS Infections and non-communicable diseases reduced and supportive services improved; effective implementation of the National Anti-Corruption Strategy enhanced and sustained; capacity to execute 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 increased. During the financial year 2022/23, the Authority will conduct mid-term review of the Strategic Plan to address economic, technology and social changes which affect the implementation of the Plan.

HIV/AIDS infections and non-communicable diseases reduced and supportive services improved during the Five-Year Strategic Plan (2020/21-2024/25)

Major strategic achievements were recorded in enhancing safe driving and vehicle safety in line with the provision of section 5(1)(d)-(e) of the Act, Cap. 413. On enhancing safe driving, one drivers' testing centre was established at LATRA Dar es Salaam Regional Office for certification of drivers of commercial vehicles. The other four (4) centres will be established in Dodoma, Arusha, Mbeya and Mwanza during the financial year 2022/23. This initiative is

BOARD CHAIRMAN'S STATEMENT (CONTINUED)

expected to improve drivers' competences as a means of mitigating roads accidents. On enhancing vehicle safety, the Authority will participate in the sessions organised for the purpose of drafting regulations on mandatory vehicle inspections under the administration of the Ministry of Works and Transport (Transport Sector). Other proposed regulations for drafting during the financial year 2022/23 include vehicle tracking systems regulations, electronic ticketing regulations, and transportation of dangerous goods regulations.



In railway safety, the Authority facilitated preparation of standards for commissioning of Standard Gauge Railways (SGR) facilities and equipment in collaboration with Southern Africa Railways Association (SARA) and Tanzania Bureau of Standards (TBS). Furthermore, the Board issued the Order No. LATRA/01/2022 on 26 March 2022 for regulating fares for ride hailing services. This was the major decision made for online taxi services in Tanzania Mainland. A similar initiative was underway for engagement of stakeholders in a bid to introducing fares meter for taxi. In addition, pursuit to the good governance, the Board successfully led the development of LATRA Organization Structure and Risk Management Framework and Policy.



For the purpose of increasing efficiency and effectiveness in service delivery, the Authority emphasized on the use of its Railways and Roads Information Management System (RRIMS) by the regulated service providers on application of licenses and routes, among others. In addition, during the financial year 2022/23, the Authority plans to enhance RRIMS, develop LATRA App for service inquiries, verification of licenses, penalties and for searching fares information on commuter buses and inter-city buses. Likewise, the Authority will embark on the extensive use of the available Government ICT solutions including use of e-Office Management System for files movements, e-Mkutano for holding meetings and e-Board for circulating Memoranda for Management and Board Meetings.

Furthermore, the Authority plans to shift its Head Office from Dar es Salaam to Dodoma in the next financial year, 2022/23, in order to enhance coordination and service delivery across the country. The decision is aimed at responding to the Government directive to its institutions

BOARD CHAIRMAN’S STATEMENT (CONTINUED)

to shift their head offices to Dodoma. However, from the business and regulatory perspectives, the directorate of roads transport regulation will remain and operate from Dar es Salaam office. Some staff for railways transport regulation will also remain in Dar es Salaam where the Tanzania Railways Corporation’s central line trains start its up-country trips for passengers and cargoes.

Despite the above, the Board went through the difficult period during the financial year ended 30 June 2022, as it lost two (2) of its esteemed Members; Eng. Leonard Kapongo, who demised on 17 July 2021 and Mrs. Roxana Kijazi who demised on 24 June 2022. These were big shocks ever experienced by the Board during the period. The two (2) Members had served the Board with great distinction and commitment during the period of transitioning from the then Surface and Marine Transport Regulatory Authority (SUMATRA) to the Land Transport Regulatory Authority (LATRA). As LATRA community; we extend our tributes, condolences and commitment to uphold their legacy of integrity, strong values and high standards.



To conclude, on behalf of the Board, I wish to extend my sincere gratitude to Her Excellency, Dr. Samia Suluhu Hassan, the President of the United Republic of Tanzania, for her excellent leadership and dedication in reviving our economy for socio-economic development. Similarly, we appreciate the guidance and tireless support of Prof. Makame Mnyaa Mbarawa (MP), the Minister of Works and Transport. In addition, we appreciate co-operation we received from the regulated service providers, esteemed customers, consumers of land transport services, all stakeholders, Management and staff of the Authority. The Board expects a continued support from all parties during the financial year 2022/23 to ensure *availability of safe and affordable land transport services in Tanzania*.



Prof. Ahmed M. Ame (Phd)

CHAIRMAN OF THE BOARD

DIRECTOR GENERAL'S STATEMENT



CPA Habibu J. S. Suluo

The Land Transport Regulatory Authority (LATRA) is pleased to report its performance in this 4th Annual Report of the Authority consisting of the Controller and Auditor General Report, the Report by Those Charged with Governance and the audited Financial Statements for the financial year ended on 30 June 2022. The report reflects on implementation of various regulatory activities in the regulated land transport services, specifically; road transport regulation and railways transport regulation. It also reports on operational issues related to road and railways sub-sectors, legal services, human resource management and financial resource management.

156

new routes for commuter bus services (30 June, 2021: 143 routes)

31

customer complaints related to road transport services (30 June, 2021: 37 complaints)

26

roadside inspections to enforce compliance (30 June, 2021: 18 inspections)

The main achievement during the period was the establishment of Drivers Testing Centre (DTC) in Dar es Salaam, that begun operations on 1 June 2022. DTC has capacity to test the driving competences of 45 drivers at once. Other major achievements were the development of Safety Standards and Checklist for railways to facilitate commissioning of facilities and equipment in collaboration with Southern Africa Railways Association and Tanzania Bureau of Standards, determination of ride-hailing *fares*, feasibility study on mandatory vehicle inspections, establishment of 156 new routes for commuter bus services (30 June 2021: 143 routes), resolution of 31 customer complaints related to road transport services (30 June 2021: 37 complaints); 26 roadside inspections to enforce compliance (30 June 2021: 18 inspections). During the year railways inspections were conducted (30 June 2021: 9 inspections) while 8 railway accidents and incidents were investigated to establish their root causes.

In another development during the year, the Authority engaged the Dar es Salaam Institute of Technology (DIT), National Environment Management Council (NEMC) and Tanzania Petroleum Development Corporation (TPDC) on preparation of strategy to promote use of natural gas as an alternative source of energy in land transport services. The initiative aims to preserve environment by reducing dependence on fossil fuels and save foreign exchange.

DIRECTOR GENERAL'S STATEMENT (CONTINUED)



125

employees with adequate skills and competences (30 June, 2021: 124 employees) were retained

Successful implementation of these activities during the year was a result of proper management of the Authority's resources categorised as intellectual resources, human resources, financial resources, social and relationship resources. In human resource management, The Authority recorded retention of 125 employees with adequate skills and competences (30 June 2021: 124 employees). Improved customer care resulted to issuance of commercial vehicle licenses of 228,868 (30 June 2021: 230,253); 4,670 timetables for inter-city buses (30 June 2021: 4,320 timetables). In addition, the Authority embarked on ICT solutions such as e-Office Management System for files movements, e-Mkutano for holding meetings, e-Mrejesho for managing customer relations, e-Board Meetings and Roads and Railways Information Management System (RRIMS) for issuance of routes, vehicle licenses and timetables.



TZS 28.82

billion (30 June, 2021: TZS 25.95 billion) was collected as revenue by Authority with the major source being licensing fees

(59%)

In financial resource management, The Authority recorded an increase in revenue collections to TZS 28.82 billion (30 June 2021: TZS 25.95 billion), with the major source being licensing fees (59%). As well, the Authority's expenditures were successfully met from its own-funds at TZS 27.07 billion (30 June 2021: TZS 24.23 billion) with recorded surplus of TZS 1.75 billion (30 June 2021: TZS 1.71 billion). The Authority was also able to meet external obligations including contribution to the Government Consolidated Fund of TZS 4.68 billion (30 June 2021: TZS 4.82 billion), local and international subscriptions. The success in financial management was a result of effective use of Government e-Payment Gateway (GePG) System where revenue are collected and banked intact with online payment facilities including mobile money operators (MNOs) systems; and Mfumo wa Uhasibu Serikalini (MUSE) in expenditure management.

Generally, the Authority had registered a number of achievements during the financial year under review. This was a result of effective leadership and oversight role of the Board of Directors, support and guidance provided

DIRECTOR GENERAL'S STATEMENT (CONTINUED)



by the Ministry of Works and Transport (Transport Sector), the cohesion of employees and cooperation from the Authority's local and international stakeholders. To each and every effort and support that was enjoyed by the Authority, I convey my sincere gratitude and request for continued cooperation in the year ahead. I extend my special recognition to the Board of Directors, Management and all employees of the Authority for their endless support and cooperation to the work ideals and dedication to the strategic goals. With such resourceful assets, support and dedication, the Authority is set to achieve greater heights in the coming years.



CPA Habibu J.S. Suluo
DIRECTOR GENERAL

AUTHORITY'S INFORMATION

AUDITORS:

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41104 Tambukareli,
DODOMA.

SUB – CONTRACTED AUDITORS: -

Auditax International
(Certified Public Accountants),
PSSSF Tower, 7th Floor
Avenue / Ohio Street,
P O Box 77949,
DAR ES SALAAM, TANZANIA.

PRINCIPAL PLACE OF BUSINESS:

Head Office,
SUMATRA House,
Plot No. 464 Nkrumah Street,
P. O. Box 3093,
DAR ES SALAAM, TANZANIA.

BANKERS:

National Bank of Commerce (NBC)
Limited,
Samora Branch,
P. O. Box 9002,
DAR ES SALAAM, TANZANIA.

National Microfinance Bank (NMB)
Limited, Bank House,
P. O. Box 9031,
DAR ES SALAAM, TANZANIA.

Banking Department of Bank of
Tanzania,
2 Mirambo Street 1184,
P. O. Box 2939,
DAR ES SALAAM, TANZANIA.

SECRETARY TO THE BOARD:

Director General, LATRA
SUMATRA House,
Plot No. 454 Nkrumah Street,
P. O. Box 3093,
DAR ES SALAAM, TANZANIA

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman of the Board,
Land Transport Regulatory Authority,
P.O. Box 1742,
41104 Tambukareli

DODOMA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Land Transport Regulatory Authority, which comprise the statement of financial position as at 30 June 2022, 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 Land Transport Regulatory Authority as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section 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.

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

Other Information

Management is responsible for the other information. The other information comprises the report by those charged with governance, statement of management responsibility and Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon which I obtained prior to the date of this auditor's report.

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.

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements (Continued)

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 ISSAIs, I exercise professional judgment and maintain professional scepticism 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;

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements (Continued)

- 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; and
- 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 of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 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 COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods and services

I performed a compliance audit on procurement of works, goods and services in the Land Transport Regulatory Authority for the financial year 2021/22 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of works, goods and services of Land Transport Regulatory Authority is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Land Transport Regulatory Authority for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of Land Transport Regulatory Authority is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere

**Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March, 2023**

2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE

2.1 INTRODUCTION

Those Charged with Governance are pleased to submit their report together with financial statements of the Land and Transport Regulatory Authority (LATRA) for the financial year ended 30 June 2022. The financial statements disclose the financial position for the year and state of affairs of LATRA.

This report is prepared in compliance with requirements of Tanzania Financial Reporting Standard No. 1 (TRFS 1) as issued by the National Board of Accountants and Auditors (NBAA) on 22 June 2020 and became effective on 1 January 2021.

The report is addressed to primary users and other stakeholders, setting out analysis of the Authority's operations and financial review with a forward-looking orientation in order to assist primary users and stakeholders to assess the strategies adopted by the Authority and the potential of those strategies to succeed toward creating value over the short, medium and long term period.

2.2 THE AUTHORITY CULTURE

2.2.1 Vision and Mission Statements

The Authority's aspiration is set out in its vision statement while the mission statement provides means of achieving the vision. They are narrated as follows:

(a) Vision Statement

A country with safe, reliable and eco-friendly land transport services..

(b) Mission Statement

To regulate land transport services through licensing, monitoring and promoting competition for the welfare of Tanzanians.

(c) Core Values

In the pursuit of its vision, the Authority undertakes to uphold the following core values:

- (i) **Professionalism:** We demonstrate knowledge, skills and positive attitude in our work;
- (ii) **Accountability:** We endeavour to take responsibility for our actions;
- (iii) **Teamwork:** We work together to achieve our common goals;

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.2 THE AUTHORITY CULTURE (CONTINUED)

2.2.1 Vision and Mission Statements (Continued)

(c) Core Values

(iv) Integrity: We are honest and fair in serving our stakeholders;

(v) Transparency: We perform our duties in an open and collaborative manner;

(vi) Innovativeness: We strive to find better ways of adding value to our services.

2.3 NATURE OF THE OPERATIONS

2.3.1 Descriptions of the nature of the operations

a) Industry in which the entity operates.

The Land Transport Regulatory Authority (LATRA) is a Government Regulatory Authority established by the Act of Parliament No. 3 of 2019. The Act repealed the act of the former regulator, Surface and Marine Transport Regulatory Authority (SUMATRA). The Authority is set to regulate the land transport sectors particularly, transportation of goods and passengers (commuter buses, intercity buses, goods carrying vehicles, taxis, motorcycles and tricycles), railways and cable transport.

b) Structure of the entity's operation, and its economic model, including an overview of the main operating facilities and their location.

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 Management, which is under the supervision of the Director General, is organized into four (5) Directorates and five (5) Units. The Director General reports to the Board. All Directors and Head of Units report to the Director General.

The Authority had its Head Office in Dar es Salaam until 30 June 2022 and it operates in twenty-six (26) regions in Mainland Tanzania.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.3. NATURE OF THE OPERATIONS (CONTINUED)

c) Effectiveness and efficient utilization of resources

The Authority utilize tangible and intangible resources including intellectual resources, human resources, social and relationship resources, natural resources, financial resources and others. Efficient and effective utilization of Authority's resources is pegged on a well-composed Board of Directors, effective Management, competent human resources, deployed ICT infrastructure and documented internal operating procedures.

d) Services, customers, business processes and distribution methods

The Authority is a regulator of land transport in Mainland Tanzania. As a regulator, the Authority provides license to regulated service providers and registration of drivers and crew of commercial vehicles.

The Authority customers include, regulated services providers, vehicles owners, drivers and crew of commercial vehicles and trains.

The Authority's business processes are the system of transforming inputs through its operating activities into outputs and outcomes that aim to fulfil LATRA's strategic purposes and creating value over the short term, medium and long term.

2.3.2 External Environment

Every entity, including the Authority, is affected by its external environment. Thus, analysis of the external environment is important for timely and adequate response to sustain operations. The analysis is summarized below:

(a) Market and Competitive Position

The Authority is the sole regulator of land transport services in Mainland Tanzania. However, there was a proposal advanced by the President's Office - Regional Administration and Local Government to enact Law for establishment of Urban Public Transport Authority for the purposes of planning, establishing, operating, managing, monitoring and coordination of urban public transport. Some of the proposed functions of the Urban Public Transport Authority were as follows;

- Establishment of Urban Mass Transit Consumer Consultative Council.
- Establishment of urban public transport advisory committees.
- Establishing urban mobility areas.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.3. NATURE OF THE OPERATIONS (CONTINUED)

Market and Competitive Position (Continued)

- The Authority to be given the right to set fares in areas that will provide transport services.
- To be given right to issue exclusive license on the areas it operates.

These functions not only disregard competition which is key in regulation but also interfere with the legal mandate of the Authority. LATRA provided its views which were against establishment of the Authority.

(b) Legislative and Regulatory Environment

The Land and Transport Regulatory Authority Act, Cap. 413 and its Regulations have been effective in facilitating discharge of Authority's mandate. However, the Finance Act, 2022 amended Section 5(1)(c)(i) of the Land Transport Regulatory Authority Act by removing the word "*establish*" and replacing it with "*enforcing*" with subsequent amendment of the Law (TBS Act). The role of establishing standards for regulated goods and services was transferred to the Tanzania Bureau of Standards (TBS). Hence, the Authority will continue with the role of enforcing standards in the regulated sectors.

There was also a submission to the National Assembly, of a Special Bill Supplement proposing amendments of Land Transport Regulatory Authority Act by deleting section 5(1)(d) and replacing it with "(d) to *coordinate and regulate commercial standards in land transport*" with subsequent amendment of the Principal Act (the Road Traffic Act). The changes would have transferred the function of coordinating land transport safety activities from LATRA. Though the changes were not passed by the Assembly, there is still a motion to effect the changes, which might affect the ongoing efforts of the Authority to improve safety of the regulated sector. The bill was submitted to the National Assembly on 3 June 2021.

(c) Macro and Micro Economic Conditions

The year 2021/2022 saw the transport sector recovering from the effects of COVID-19 pandemic which was persistent in the years 2019 to 2021. Flow of cargo across borders were affected due to requirement for drivers to have vaccination certificates. The situation was aggravated when grain from Tanzania and cargo from neighbouring countries were delayed at borders requiring testing for aflatoxin and other measures. The situation improved during the financial year and its effects were not significant to the Authority's financial situation.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.3. NATURE OF THE OPERATIONS (CONTINUED)

(d) Technological Change

Section 5(1)(e) of the Land Transport Regulatory Authority Act, Cap. 413 requires the Authority to register crew and certify drivers of regulated sector. To achieve this, the Authority established drivers testing centre on the 8th Floor of LATRA Office, SUMATRA House, Dar es Salaam and developed Drivers Testing System (DTS). The system was piloted starting on 1 June 2022.

(e) Societal Issues

The duty of the Authority in carrying out its functions is to enhance welfare of the Tanzania society. In addition, the Authority has been participating and supporting financially society programs through its corporate social responsibility's fund. During the year, the Authority developed LATRA Donation Policy to guide on the scope and manner in which Authority shall respond to social needs. The Policy was approved by the Board of Directors on 27 September 2021.

(f) Environmental Challenges

Pollution of environment has been a major challenge in the transport sector. This includes pollution of air through emission of carbon gases, pollution of environment through littering and few toilet facilities for environmental preservation along highways. The Authority continued to promote use of natural gas to power commercial vehicles and establishment of social amenities along highways. The Authority has also enhanced its efforts in educating the public and enforcing use of dust bins in buses.

(g) Political Environment

The plans and budgets of the Authority are prepared and implemented while observing the leading political party (Chama cha Mapinduzi) manifesto. The political environment in the country is calm for the Authority to perform its functions without political challenges. As well, there was no political interference to the Authority in exercising its mandate.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.4 OBJECTIVES AND STRATEGIES

2.4.1 Objectives of the Authority

The objective of the Authority in carrying out its functions is to enhance the welfare of Tanzania society by-

- (b) promoting effective competition and economic efficiency of regulated sectors;
- (c) promoting safety of regulated sectors including consumers of the regulated sectors;
- (d) protecting the interests of consumers in relation to costs, quality and standards of transport services;
- (e) protecting the financial viability of efficient suppliers;
- (f) promoting the availability of regulated services to all consumers including low income, rural and disadvantaged consumers;
- (g) 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
- (h) Taking into account the need to protect and preserve the environment.

2.4.2 Strategies for Achieving Objectives

The Authority is in the second year of implementation of its 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 from 1 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:

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.4. OBJECTIVES AND STRATEGIES (CONTINUED)

2.4.2 Strategies for Achieving Objectives (Continued)

- (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; and
- (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 years strategic plan. Table 1 below summarizes strategies for implementation of the above six (6) objectives of the corporate strategic plan 2020/21 – 2024/25. The strategies are grouped according to the period of implementation of short-term, medium-term and long-term.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
2.4. OBJECTIVES AND STRATEGIES (CONTINUED)

Table 1: Authority’s Strategies

OBJECTIVE	Short-Term	Medium-Term	Long-Term
Authority’s capacity to execute its regulatory functions enhanced.	Percentage increase of revenue collection.	New sources of revenue introduced.	Financial sustainability of the Authority enhanced.
	Financial Regulations and Accounting Procedures Manual developed.	Approved manuals disseminated and implemented.	Employees’ compliance to procedures, rules and regulations enhanced.
	Audits of draft financial statements conducted and assurance reports issued.	Implement audit recommendations.	Audit observations on LATRA F/ Statements and operations reduced.
	Organization structure developed, approved and implemented.	Manpower requirement established and vacant positions filled.	Human resource capacity strengthened through recruitment and training.
	Scheme of Service developed and implemented.	Slotting of staff to new scheme of service, approved and implemented.	Staff turnover reduced through implementation of retention scheme.
	Staff Regulations developed and implemented.	LATRA Employees Incentive Scheme approved and implemented.	Staff morale enhanced through implementation of Incentive Scheme.
	Working tools, equipment and facilities acquired.	Working tools, equipment and facilities acquired.	Construction of LATRA 3 regional offices implemented.
	Key-word filing management system developed and implemented.	Office documents retention and disposal policy developed and implemented.	Key-word filing system and LATRA document retention policy facilitated.
	ICT Infrastructure for supporting road services integrated with LATRA systems.	ICT Infrastructure for connecting regional bus terminals and weigh bridges operationalized.	ICT systems for supporting business processes developed.
	Cyber security governance framework developed and implemented.	Training to staff on cyber security facilitated.	ICT equipment and software examined and updated.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.4. OBJECTIVES AND STRATEGIES (CONTINUED)

Table 1: Authority's Strategies (Continued)

OBJECTIVE	Short-Term	Medium-Term	Long-Term
Effective competition in the regulated sectors strengthened.	Enterprise Risk Management (ERM) system developed.	Governance, Risk Management & Controls audited.	Authority's Governance, Risk Management and Controls enhanced.
	Quality Management System (QMS) developed.	Facilitate training on QMS to employee.	Implementation of QMS facilitated.
	Whistle Blower Policy developed and implemented.	Facilitate training on whistle blower policy to employee.	Implementation of whistle blower policy facilitated.
	Fraud Policy Developed and Implemented.	Facilitate training of Fraud to employee.	Implementation of fraud policy facilitated.
	Communication Strategy developed and implemented.	Stakeholders' meetings conducted.	Authority's information dissemination facilitated.
	Regulatory tools reviewed and developed.	Sensitization program on the Authority's legislation conducted.	Legal framework and guidelines improved.
	Costing-model for setting inter-city bus fares developed and implemented.	Costing-model for setting taxi fares developed and implemented.	Costing-model for setting motorcycle fares developed and implemented.
	Research Management Manual developed and implemented.	Market surveys on land transport services conducted.	Framework for managing and conducting research reviewed.
	Research Agenda developed and implemented.	Collaborative researches on Land Transport conducted.	Annual statistical reports published.
	Annual plans and budgets prepared and monitored.	Harmonized performance benchmarks of regulated services adopted.	LATRA resource centre established.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
2.4. OBJECTIVES AND STRATEGIES (CONTINUED)

Table 1: Authority's Strategies (Continued)

OBJECTIVE	Short-Term	Medium-Term	Long-Term
Safety of Land transport improved.	Regulations on driver fatigue management developed.	Safety training programs for commercial vehicle drivers operationalized.	Mechanism for Coordination of land transport safety activities developed.
Environmental sustainability of Land transport improved.	Inspections of infrastructure, rolling stock and operations of railways conducted.	Submission of inspection reports to the Ministry responsible for transport and railway undertaking.	Follow up to ensure safety of railways is improved through implementation of safety recommendations.
	Driver's aptitude test procedures developed and implemented.	Driver's certification operationalized.	Monitor driver's certification process.
	Regulations on mandatory vehicle inspection developed.	Preparation of feasibility study and operationalization of mandatory vehicle inspection centres.	Enforce mandatory inspection of vehicles and monitor performance of the inspection centres.
Availability of quality land transport services increased.	Guidelines for environmental preservation in railways developed and implemented.	Environmental compliance inspection for railway-undertaking conducted.	Monitor compliance to ensure preservation of environment is enhanced.
	Stakeholders' meetings to promote investment on social amenities along highways conducted.	Emission testing for commercial vehicles and public awareness conducted.	Environmental compliance inspection for commercial vehicles conducted.
	Promote use of alternative energy in commuter services.	High-occupancy in major cities established.	Alternative energy usage in commuter services increased
Availability of quality land transport services increased.	Licensing conditions for railways developed and implemented.	Standards for operations of SGR developed and implemented.	Open access regime for railways developed.
	Benchmarking for quality services in regulated sectors implemented.	Training on quality of service-to-service providers conducted.	Compliance of licensing conditions enhanced.
	Roadside inspection for commercial vehicles conducted.	Regulations on VTS installation in trucks operationalized.	Monitoring of Vehicle Tracking System-VTS is enhanced.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.4. OBJECTIVES AND STRATEGIES (CONTINUED)

Table 1: Authority's Strategies (Continued)

OBJECTIVE	Short-Term	Medium-Term	Long-Term
HIV/AIDS infections and non-communicable diseases reduced and supportive services improved.	HIV/AIDS and Non-communicable diseases awareness seminars conducted. Supportive services to staff living with HIV/AIDS and non-communicable diseases provided. Training of Ethics and Integrity Committee conducted.	Program for prevention of non-communicable diseases established and implemented. Supportive services to staff living with HIV/AIDS and non-communicable diseases provided. Ethics awareness programs for LATRA staff developed and implemented.	Employee awareness on HIV/AIDS and Non-communicable diseases enhanced. Supportive services to staff living with HIV/AIDS and non-communicable diseases provided. Anticorruption awareness programs for LATRA customers implemented.
National anti-corruption strategy implemented and enhanced and sustained.	Enhance capacity of the Authority to fight against corruption.	Enhance capacity of the Authority to fight against corruption.	Enhance capacity of the Authority to fight against corruption.
	Enhance transparency and accountability in discharging regulatory duties.	Enhance transparency and accountability in discharging regulatory duties.	Enhance transparency and accountability in discharging regulatory duties.

Source: LATRA Five Years Corporate Strategic Plan 2020/21 – 2024/25.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.5 STATEMENT OF SERVICE PERFORMANCE INFORMATION

The statement of service performance information is intended to provide insight into the operations of the Authority for the Financial Year 2021/22 and enable users to assess the extent to which those charged with governance have been able to use the available resources in achieving targets which were set for that financial year. The targets were derived from the Authority's Five Years Corporate Strategic Plan 2020/21 – 2024/25. Hence, attainment of the targets is a step towards achieving the Authority's strategic objectives.

The reporting is based around the following elements:

- (a) **Outcomes:** what the Authority sought to achieve in terms of its impact to the society; and
- (b) **Outputs:** the services that the Authority delivered during the year.

For easy of understanding, the information is organized in a schedule found under Para 15.0: Key Performance Indicators of this report.

2.6 LATRA OPERATING MODEL

The Authority's operating model is the system of transforming inputs, through its operating activities, into outputs and outcomes that aims to fulfil LATRA's strategic purposes and create value over the short, medium and long term. The LATRA Operating Model is explained below: -

2.6.1 Inputs

(a) Human Capital

The Authority had 125 employees as on 30 June 2022 (124 on 30 June 2021). The employees have adequate skills and competence to ensure delivery of quality regulatory services. The employees are well trained, motivated and capable to perform their duties and responsibilities in ethical manner.

(b) Financial Capital

Financial capital comprises of financial resources obtained from regulatory activities as provided under Section 35(1) of the Land and Transport Regulatory Authority Act. The resources come mainly from fees collected from licensing of commercial vehicles, levies and penalties. Specifically, LATRA issues licenses to intercity and commuter buses, tour operators, taxis, ride hailing platform operators, motorcycles/tri-cycles and commercial goods carrying vehicles. Penalties are imposed to defaulters of licensing conditions as a tool for enforcing compliance.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.6 LATRA OPERATING MODEL (CONTINUED)

(c) Manufactured (Tangible) Capital

LATRA has acquired tangible assets such as motor vehicles, computers, ICT and accessories, machines, plots and buildings. The assets enable the Authority to efficiently provide regulatory services while the use of ICT reduces resource use thus enhancing both efficiency and sustainability of regulatory services.

(d) Social and Relationship Capital

The Authority has created good working relationships with both internal and external stakeholders. Internally, the Authority has nurtured a good working relationship among employees through cultivating trust and respect and ensuring views of each employee are considered in the decision-making process. This is achieved through regular meetings and communications. To facilitate communications, staff are provided with computers and cell-phones with airtime.

LATRA has also established transparent relationship with the Government and its institutions, customers, suppliers including of regulated services, policy makers and the society in general. The Authority conducts stakeholders' meetings to provide awareness and receive feedback on various issues. In order to effectively meet its Corporate Social Responsibilities (CSR), the Authority developed Donation Policy, 2021 and set aside funds which are directed to the well-being of the society.

(e) Intellectual Capital

The Authority has sufficient knowledge of regulatory regime and has gained trust and respect from the regulated suppliers. To ensure effective and efficient provision of regulatory services, the Authority has developed the following ICT systems:

- Electronic Ticketing System (e-ticketing) developed in collaboration with National Internet Data Centre (NIDC) and Tanzania Revenue Authority (TRA),
- Passenger Service Vehicles Tracking System (VTS),
- Drivers Testing System (DTS),
- Road and Railways Information Management System (RRIMS), and
- Mobile Phones Online Inquiry System for Bus Fares.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.6 LATRA OPERATING MODEL (CONTINUED)

2.6.2 Operating Activities

The Authority implements a number of activities in converting inputs into regulatory services. The operating activities are divided into three major groups as provided here under: -

(a) Road transport regulatory function

- Licensing of commercial vehicles and regulated service providers;
- Provide bus schedules and timetables of passenger service vehicles;
- Establish new, and review the existing passenger vehicle routes;
- Resolving customer's complaints relating to road transport services; and
- Regular inspections for enforcing compliance with regulations and standards.

(b) Railway transport regulatory function

- Licensing and permits for rolling stock;
- Certify worthiness of railway infrastructures, rolling stock and electrical signalling and telecommunication systems;
- Investigate accidents and incidents related to railway infrastructure and rolling stock;
- Register and certify train crew;
- Regular inspections for enforcing compliance with regulations and standards; and
- Monitor implementation of safety plans of railway undertakings.

(c) Safety and Environment regulatory function

- Provide certificate of authorization to drivers and registration card to crew;
- Establish and manage Drivers Testing Centres;
- Undertake mandatory inspection of commercial vehicles;
- Develop and coordinate implementation of national land safety strategy; and
- Investigate road accidents.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.6 LATRA OPERATING MODEL (CONTINUED)

2.6.3 Outputs

(a) Road transport regulatory function

In this regulatory role, the Authority had the following outputs during the financial year 2021/22:

- 228,868 (2020/21:230,253) licenses were issued to commercial vehicles;
- Issued 4,670 (2020/21:4,320) timetables for intercity passenger service vehicles;
- Established 156 (2020/21:143) new routes for commuter services;
- Resolved 31 (2020/21:37) customer's complaints relating to road transport services; and
- 26 (2020/21:18) regular inspections were conducted.

(b) Railway transport regulatory function

In this function, the Authority had the following outputs:

- 8 (2020/21:12) accidents and incidents related to railway infrastructure and rolling stock were investigated;
- 7 (2020/21:9) inspections on TAZARA and TRC were conducted;
- One (1) inspection for commissioning of rolling stock was undertaken in China from 17 June 2021 to 18 June 2021 and another inspection was conducted at Dar es Salaam from 12 November 2021 to 30 November 2021; and
- Reports on railway undertaking were submitted to TAZARA/TRC and Ministry in September 2021 and January 2022 respectively.

(c) Safety and Environment regulatory function

Under this function, the Authority had the following outputs:

- 14 (2020/21: Nil) certificates of authorization to drivers were issued;
- One (2020/21: Nil) Drivers Testing Centre was established at LATRA Head Office;
- Conducted prefeasibility and feasibility study for establishing mandatory inspection centres;
- Developed Railway Standards for SGR; and
- Conducted Two (2020/21: Nil) investigations of road accidents.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.6 LATRA OPERATING MODEL (CONTINUED)

2.6.4 Outcomes

The following were notable outcomes:

- Increased compliance with road and railway transport regulation;
- Enhanced safety of road and railway transport services;
- Improved quality of passenger service vehicles;
- Increased compliance among regulated suppliers;
- Improved safety standards;
- Decreased number of railway accidents and incidences;
- Growth on investment in the road and railway subsectors;
- Increased operational efficiency of railway undertakings; and
- Increased customers and passenger satisfaction.

2.7 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

This section provides the Authority's current and future development and performance with reference to significant features of the financial statements and the budget. It also provides analysis of main factors which are likely to impact on future prospects of the Authority.

2.7.1 Implementation of the Corporate Strategic Plan

The Authority has recorded a number of achievements in the implementation of its Five Years Corporate Strategic Plan (2020/21-2024/25). Below are of key achievements for the year ended on 30 June 2022: -

(a) Establishment of Drivers Testing Centre

The Authority established a Drivers Testing Centre (DTC) at LATRA Head Office in Dar es Salaam. The centre was commissioned on 1 June 2022 and has capacity to test 45 drivers at a time. Successful drivers will be certified to drive commercial vehicles. Certification of drivers is part of implementation of Section 5(1) (d) of the Land and Transport Regulatory Authority Act and is expected to reduce accidents by ensuring drivers with requisite knowledge and skills are certified.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.7 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (CONTINUED)

(b) Determination of Ride Hailing Fares

The Authority determined fares for ride-hailing transport services communicated to the public through Board Order No. LATRA/01/2022 issued on 26 March 2022. The fares were the first to be issued on the regulated services after obtaining stakeholders views through meetings and written submissions. Even though, some ride hailing platform owners raised concerns on the order and submitted their objection to the Fair Competition Tribunal (FCT) and LATRA. One of the operators had suspended operations pending determination of the dispute.

(c) Approval of LATRA Risk Management Policy.

LATRA Risk Management Policy was approved by the Board of Directors on 27 September 2021. The policy provides roadmap in the development of Enterprise Risk Management Framework (ERMF) to guide the Authority in minimizing risks that are likely to impact the Authority in achieving its overall as well as specific objectives. Implementation of the Policy and ERMF will provide reasonable assurance that risks are identified, analysed, managed, and monitored at an acceptable level.

(d) Organization Structure

LATRA Organization Structure was approved on 26 December 2021 followed by approval of LATRA key documents including, Scheme of Service and Salary Structure and Incentive Scheme. These documents are key in enhancing employee's morale for regulating the transport sector.

(e) Development of Safety Standards and Checklist

The documents for commissioning of SGR operations were developed by SARA and submitted to TBS for approval and be applied in Tanzania.

The key challenges that the Authority faced during the financial year included a low growth rate in the revenue collections contrary to the expectations and delays in the review and approval of six (6) new LATRA Rules and Regulations. The challenge of revenue collection is attributed to resistance of bus operators to use Electronic Ticketing System in collection of fares. To address the challenge, MoWT formed a committee comprising of members from the Ministry, TRA, TPSF, TABOA and LATRA. The team agreed to start piloting of the system from 1 April 2022 and full implementation was planned to start on 1 July 2022. The Electronic Ticketing system is designed to facilitate collection of levies as per GN. 79 and will alleviate the revenue gap in the LATRA's budget.

Table 2 below shows growth of LATRA collections in the last three (3) years as affected by the gap: 2.0.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.7 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (CONTINUED)

Table 2: Collection Growth for the Last Three Years

Financial Year	Expected Growth	Actual Growth	Variance (Gap)	Collection (TZS 000)
2019/20	-	-	-	23,995,034
2020/21	20.00%	8.1%	(11.9) %	25,945,215
2021/22	20.00%	11.1%	(8.9) %	28,824,611

Source: LATRA Financial Statements.

2.7.2 Development Plans and Performance

The Authority conducted prefeasibility and feasibility studies as a prerequisite for establishment of mandatory vehicle inspection centres under the Public Private Partnership (PPP) arrangement. It also identified plots for construction of the centres in the regions of Mwanza, Arusha, Pwani, Dodoma and Mbeya. The inspection centres are expected to enhance quality and safety of regulated commercial vehicles through inspections using specialised equipment which will be installed at the centres. After establishment, only the certified roadworthy vehicles will be licensed to operate.

In the next financial year, the Authority will enhance use of electronic tickets as a means of issuing tickets and collection of bus fares. The system is expected to revolutionise the commercial road transport by reducing costs and inconveniences to passengers who have to visit vendors to obtain tickets. The tickets will also ensure regulated service providers receive fare collections direct to their bank accounts and the Government obtains reliable information and statistics for planning purposes.

The Authority is also planning to shift its Head Office from Dar es Salaam to Dodoma before the end of the Financial Year 2022/23. During the reporting year, a small office was constructed on Plot No. 6 Block A, N.C.C. Dodoma. To ensure all staff are accommodated, the Authority rented office space at the Mkandarasi Building owned by Contractors Registration Board (CRB). The building is situated adjacent to the LATRA plot. The shift to Dodoma is expected to enhance coordination of regulatory activities across the country and improve service delivery.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.7. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (CONTINUED)

2.7.3 Significant Aspects of the Statement of Financial Performance

(a) Revenue

During the year ended 30 June 2022, the Authority earned revenue amounting to a total of TZS 28.82 billion (2020/21: TZS 25.95 billion) all the revenue came from Non-Exchange Transactions. Table 3 below summarizes the revenue collection.

Table 3: Revenue Collection (All figures in TZS "000")

Revenue Item	2021/22	2020/21	Change	%
	TZS	TZS	TZS	Change
Road Transport Licensing Fees	17,082,484	16,648,057	434,427	2.6
Service Provider Annual Levy	479,941	454,219	25,722	5.6
Fines and Penalties	10,557,535	8,523,409	2,034,126	23.9
Revenue from various receipts	704,651	319,818	384,833	120.3
Exchange Gain/ (Loss)	-	(288)	288	(100.0)
Total	28,824,611	25,945,215	2,879,396	11.0

Source: LATRA Financial Statements

(b) Expenses

The expenditure of the Authority for the financial year ended 30 June 2022 was TZS 27.07 billion (2020/21: TZS 24.23 billion) which is TZS 0.40 billion below the final budget of TZS 27.47 billion. The saving is attributed to expenditure controls and postponement of some activities. The major items of expenditure are provided below:

(i) Wages, Salaries and Employees Benefits

Expenditure on this category was TZS 8.75 billion (2020/21: TZS 8.00 billion). The increase was attributed by implementation of new salary structure in June 2022 and addition of one staff (in aggregate), six new staff were recruited during the year.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.7. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (CONTINUED)

2.7.3 Significant Aspects of the Statement of Financial Performance (Continued)

(ii) Social Benefits

This category comprises of payments to NHIF, WCF and statutory contributions to Pension Fund and SDL. During the year, TZS 1.60 billion (2020/21: TZS 1.53 billion) were paid.

(iii) Supplies and Consumables

During the year ended on 30 June 2022 the Authority incurred TZS 7.51 billion (2020/21: TZS 5.96 billion) on supplies of goods and services. The supplies included: payment of rent, travel tickets and related expenses, courier services, fuel, utilities, stationary, cleanliness and communication expenses.

(iv) Contributions and Transfers

During the financial year 2021/22 the Authority contributed TZS 6.02 billion (2020/21: TZS 5.95 billion) to National and International bodies. Contribution of TZS 4.68 billion (2020/21: TZS 4.82 billion) was paid to the Government Consolidated Fund and TZS 1.34 billion (2020/21: TZS 1.13 billion) was paid to other National and International bodies.

(c) Surplus

The Authority recorded a surplus of TZS 1.75 billion during the year (2020/21: TZS 1.71 billion) due to controls to ensure expenditures are within the final budget.

2.7.4 Significant Aspects of the Statement of Financial Position

(a) Cash and Cash Equivalents

The cash and cash equivalents at 30 June 2022 were TZS 5.26 billion (30 June 2021: TZS 4.59 billion) which is an increase of TZS 671.91 million, equivalent to 15%.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.7 SIGNIFICANT ASPECTS OF THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

2.7.4 Significant Aspects of the Statement of Financial Position (Continued)

(b) Inventories

Inventories consist of stationery and other consumables. The value of inventory as at 30 June 2022 was TZS 391.75 million (30 June 2021: TZS 470.9 million).

(c) Other Financial Assets

These are staff benefits for SUMATRA employees held at the PSSSF as Trustees. There were no movement during the year as most of the staff were paid their entitlements in the previous periods.

(d) Prepayments

The prepayments during the year ended 30 June 2022 was TZS 667.08 million (30 June 2021: TZS 952.63 million). These comprised advance payments for supply of goods and services. Specifically, TZS 277.04 million was paid to GPSA for procurement of three (3) motor vehicles, TZS 2.87 million was paid to Nabaki Africa for the supply of gutters, TZS.17.93 million was paid to ALAF Limited for the supply of Iron sheets, TZS.193.17 million was paid to Malindi Printing Press for printing of license papers and tuition fees for staff training were paid to Galilee Institute (TZS.53.37 million), University of Florida (TZS.37.02) and Creece University (TZS.17.87 million).

(e) Receivables

The major portion of the receivables is the outstanding service providers levy expected from TRC and UDA-RT. The institutions are owned by Government and they have been complaining of financial difficulties. At 30 June 2022 receivable stood at TZS 1.22 billion (30 June 2021: TZS 0.24 billion). The increase is provision made on levy during the reporting period.

(f) Intangible Assets

The intangible assets as at 30 June 2022 was TZS 154.63 million (30 June 2021: TZS 108.95 million) the difference was attributed by cost for development of Drivers Testing System.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.7 SIGNIFICANT ASPECTS OF THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

2.7.4 Significant Aspects of the Statement of Financial Position (Continued)

(g) Property and Equipment

The property and equipment during the year ended 30 June 2022 stood at TZS 14.27 billion (30 June 2021: TZS 13.87 billion) the difference was attributed by the purchase of motor vehicle, furniture and fitting and ICT equipment. There was also a Work-In Progress for the construction of Dodoma office.

(h) Payables and Accrued Expenses

The payables and accrued expenses as at 30 June 2022 were TZS 2.81 billion (30 June 2021: TZS 2.83 billion). The major portion is cash deposits from customers for licenses amounting to TZS 675.04 million (30 June 2021: TZS 675.04 million) and amounts accrued for preceding year expenses of TZS 767.51 million (30 June 2021: TZS 821.30 million).

(i) Overall Performance

The Statement of Financial Position as at 30 June 2022 reported increase in the Net Assets of the Authority by TZS 1.75 billion (30 June 2021: TZS 1.23 billion) to TZS 19.30 billion (30 June 2021: TZS 17.55 billion). The Authority's Net Assets comprised of Capital Fund of TZS 17.05 billion (30 June 2021: TZS 17.05 billion) and Accumulated Surplus of TZS 2.25 billion (30 June 2021: TZS 0.50 billion).

The changes in the Net Assets as at 30 June 2022 are attributed to increase in Total Assets by TZS 1.73 billion (30 June 2021: TZS 0.85 billion) while liabilities decreased by TZS 21.85 million (30 June 2021: TZS 384.19 million).

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.7 SIGNIFICANT ASPECTS OF THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

2.7.4 Significant Aspects of the Statement of Financial Position (Continued)

(j) Review of Key Ratios

The Authority's key performance ratios for the Last three (3) years are shown in Table 4 below.

Table 4: The Authority's Key Performance Ratios, 2019/20-2021/22

Ratio	Purpose	2021/22	2020/21	2019/20	Remarks
Current Ratio	Ability to pay short term liabilities with current assets	3.0:1	2.3:1	1.6:1	High Liquidity.
Quick ratio	Ability to pay current liabilities without realization of inventory	2.7:1	2.1:1	1.5:1	High Liquidity except 2019/20.
Gearing ratio (Total debt/ Total equity)	Demonstrate to what degree are the operations of the organization funded by debt financing vs equity capital.	0.14	0.16	0.20	The organization's debt-to-equity ratio improved (i.e., decreased) for the 3 years as the Authority's gearing ratios were below 1, which is low proportion of debt to Authority's equity.
Gearing ratio (Total debt/ Total assets)		0.12	0.15	0.16	
Equity ratio	Measure proportion of owners' investment in total assets of the organization.	0.88	0.86	0.84	For the years 2020 to 2022, the Authority's equity financed total assets by more than 50%.

Source: LATRA Financial Statements.

In general, the financial performance results indicate that the Authority's existing sources of revenue can sustain its operations. However, Management shall continue to monitor its sources of revenue and enhance use of Electronic Ticketing to ensure the budgeted revenues are collected.

2.7.5 Level of Capital Expenditure

Capital expenditure of the Authority for the year ended 30 June 2022 amounted to TZS 2.37 billion (30 June 2021: TZS 1.18 billion), out of which TZS 2.28.00 billion was used in the purchase property and equipment and TZS 93.12 million covered Intangible Assets.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.7.6 Description of Budget Information

The final revenue budget for the year ended 30 June 2022 was TZS 30.23 billion (30 June 2021: TZS 26.63 billion). Revenue recognized for the year was TZS 28.82 billion (30 June 2021: TZS 25.95 billion) which is TZS 1.41 billion (30 June 2021: TZS 688.60 million) below the final budget. This is under-performance by 4.66% (30 June 2021: 2.65%). The major reason for this underperformance is delays in operationalization of Electronic Ticketing System due to resistance of bus owners to use the system.

The final expenditure budget of the Authority for the financial year ended 30 June 2022 was TZS 27.7 billion (30 June 2021: TZS 24.62 billion) and the actual expenditure was TZS 26.07 billion (30 June 2021: TZS 24.23 billion), which was below the final budget by TZS 7.23 billion (30 June 2021: TZS 0.39 billion). The saving in expenditure is attributed to controls to ensure expenditure are within the approved budget.

2.8 RESOURCES

The Authority has tangibles and intangibles resources, which includes intellectual resources, human resources, social and relationship resources, financial resources and other resources. These resources are used by the Authority in the performance of its functions to achieve the objectives. They are explained below:

(a) Intellectual Resources

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

- Drivers Testing System (DTS)
- Passenger Service Vehicles Tracking System (VTS),
- Electronic Ticketing System (Tiketi Mtandao),
- Road and Railways Information Management System (RRIMS),
- Mobile Phones Online Inquiry System for Bus Fares,
- Electronic Document Management System (EDMS),
- Mfumo wa Ulipaji Serikalini (MUSE),
- Integrated Payroll & Human Resource Management System, and
- Time Attendance (Biometric) System.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.8 RESOURCES (CONTINUED)

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. Factors that may affect availability of ICT systems includes cyber-attacks and failures of software and hardware as well as internet connections. However, the Authority has Business Continuity Plan (BCP) in place and alternative procedures to ensure business continue even in occurrence of such events.

(b) Human Resources

The Authority has a strong Management team supported by competent and motivated employees. By 30 June, 2022, the Authority had operating offices in all the 26 regions of Mainland Tanzania and had a total of 125 employees (30 June 2021: 124 employees). Most of the employees were transferred from the former regulator SUMATRA and those who joined the Authority in the years 2019-2022 came from public institutions or were recruited through the Public Service Recruitment Secretariat (PSRS). The recruitment was made after obtaining approvals of the Board of Directors and permits from the PS - Establishment. Hence, the employees were sourced to meet specific requirements of the Authority in accordance with skills, knowledge and experience required for regulation of land transport services.

The Authority has in place incentive scheme to motivate its employees and training plan which ensures at least 50% of all employees undergo short-term training to build capacity and improve employees' performances.

Factors that may affect this resource includes transfers of employee to LATRA which do not commensurate with the needs of the Authority and inadequate financial resources to implement the incentive scheme. However, the Authority has in place strategies to ensure financial resources are available and right employees are recruited.

(c) Social and Relationship Resources

This resource was created over years basing on core values of the Authority and trust and respect among both internal and external stakeholders. LATRA has established transparent relationship with the Government, regulators, customers, suppliers including providers of regulated services, policy makers and the society in general.

Factors that may affect social and relationship resources includes Authority's failure to refund timely the 50% share to LGAs, non-payment of contributions to respective organs and low level of engagement with stakeholders.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.8 RESOURCES (CONTINUED)

Social and Relationship Resources (Continued)

Despite these, the Authority commits to meet its obligations and implement initiatives which will foster the social relationship resource.

(d) Financial Resources

The Authority's sources of revenue are provided under Section 35 (1) of the Land and Transport Regulatory Authority Act, Cap. 413. The funds and resources of the Authority consist of:

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

Factors that may affect financial resources includes change in Law and resistance of regulated service providers to pay levies and other fees. Nevertheless, the Authority will take administrative and legislative measures to ensure financial resources are available to finance existing and future operations of the Authority.

(e) Other Resources

In the discharge of its regulatory duties and functions, the Authority is guided by the Land and Transport Regulatory Authority Act, Cap. 413 and sector legislations under Roads and Railway Transport.

During the financial year 2021/22, the Authority participated in the drafting of the following rules and regulations: -

- (i) The Land Transport Regulatory Authority (Complaint Handling Procedures) Rules, 2022;
- (ii) The Transport Licensing (Dangerous Goods Carrying Vehicles) Regulations, 2022;
- (iii) The Land Transport Regulatory Authority (Mandatory Vehicle Inspection) Regulations, 2022;
- (iv) The Land Transport Regulatory Authority (Facilitations of Transport Services) Regulations, 2022; and

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.8 RESOURCES (CONTINUED)

Other Resources (Continued)

- (v) The Land Transport Regulatory Authority (Standard Terms and Conditions for Provision of Regulated Services) Rules, 2022.

Factors that may affect other resources include time taken to review and approve the draft rules and regulations. The Authority will collaborate with the Ministry of Works and Transport (Transport sector) to ensure the draft rules and regulations are authorised for publication within the next financial year 2022/23.

2.9 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

2.9.1 Principal Risks and Uncertainties

The Authority has in place the Risk Management Policy and Framework which guides on risks matters and has developed Risk Registers prioritizing a range of specific risks that are likely to occur and categorizing them into Strategic, Operational and ICT risks. Table 5 below provides key risks and uncertainties, their impact and mitigation measures.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
Table 5: Key Authority's Risks, Impacts and Mitigation

S/N	Strategic objective	Risk and impact	Risks Mitigation
1	HIV/AIDS infections and non-communicable diseases reduced, and supportive services improved.	Failure to develop and implement HIV/AIDS and NCCDs interventions/mechanisms: Impact: Possible increase of HIV/AIDS infection and NCCDs among staff. Likelihood of risk occurrence: Low	<ul style="list-style-type: none"> • Program for prevention of non-communicable diseases facilitated. • HIV/AIDS and Non - Communicable diseases awareness seminars conducted. • Supportive services to staff living with HIV/AIDS provided. • Healthily supportive working tools (Chairs, Tables etc.) acquired.
2	Effective implementation of National Ant-Corruption Strategy enhanced and sustained.	Failure of the Authority to institute and enforce control mechanisms to prevent unethical practices and fraud: Impact: Possible increase in unethical and fraudulent incidences leading to loss of reputation and credibility. Likelihood of risk occurrence: Medium.	<ul style="list-style-type: none"> • Whistle blowing policy developed. • Automation of LATRA business processes in order to reduce human interactions. • Enhanced compliance to internal controls E.g., seg=regation of duties. • Compliance to Legislations requirements and other documents i.e., Financial Regulations, Staff Regulations and Client Service Charter. • Ethics, fraud and corruption education and awareness programs prepared and implemented.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

Table 5: Key Authority's Risks, Impacts and Mitigation (Continued)

S/N	Strategic objective	Risk and impact	Risks Mitigation
3	Effective competition in the regulated sectors strengthened.	Failure to coordinate the review, analysis, and resolutions of complaints and disputes in the regulated sectors. Impact: Poor quality of regulated services leading to loss of trust and credibility. Likelihood of risk occurrence: Low.	<ul style="list-style-type: none"> ● Appointment of a special committee to deal with complaints and dispute in line with Section 33 of the Land and Transport Regulatory Authority Act. ● Establishment of complaint registers in each office. ● Resolving of conflicts amicably as per the Act. ● Timely communication of feedback to parties associated in a conflict.
	Failure to provide cap fares of the regulated services as required by Regulations made under the LATRA Act. CAP 413. Impact: Complaints of fare hikes and failure to protect the low income and under privileged citizens. Likelihood of risk occurrence: Low.	The following costing models were developed: - <ul style="list-style-type: none"> ➢ Costing Model for Inter urban bus services. ➢ Costing Model for commuter bus services. ➢ Costing model for BRT services. ➢ Costing model for economic freight charges on transportation of petroleum products. 	<ul style="list-style-type: none"> ● The Authority approved ride hailing taxi fares through Order No. LATRA/01/2022. ● Approved fares for urban and interurban bus services. ● Processed TRCs and UDART tariff application for Ordinary and Deluxe trains' fares and fares for the DART systems.
	Non recognition of the Regulator in the TAZARA Act. Impact: Lack of mandate to regulate TAZARA railways. Likelihood of risk occurrence: High.	Amendment of the TAZARA Act to recognize the role of Regulator. The draft Act is pending approval by the Zambia Government. Inspections of TAZARA operations basing on best practices. Enhanced cooperation with the operator and the Ministry responsible for transport	<ul style="list-style-type: none"> ● Amendment of the TAZARA Act to recognize the role of Regulator. The draft Act is pending approval by the Zambia Government. ● Inspections of TAZARA operations basing on best practices. ● Enhanced cooperation with the operator and the Ministry responsible for transport

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
Table 5: Key Authority’s Risks, Impacts and Mitigation (Continued)

S/N	Strategic objective	Risk and impact	Risks Mitigation
4	Safety of Land transport improved	Inadequate enforcement of laws and regulations for regulated road transport services. Impact: Possible noncompliance to regulations and possibility of increase in road accidents. Likelihood of risk occurrence: Low.	<ul style="list-style-type: none"> ● Implementation of Vehicle Tracking System (VTS) to monitor buses on real-time. ● Establishment of Drivers Testing System (DTS) to certify drivers. ● Regulator monitoring inspections of commercial vehicles to reduce accidents. ● Engagement of stakeholders such as Police, TABOA and other institutions in the enforcement of road safety.
5	Safety of Land transport improved	Failure to conduct quarterly safety inspection of TRC and TAZARA Passenger Trains Operations Infrastructure and Equipment. Impact: Possible noncompliance to quality of standards and possibility of accidents and incidents. Likelihood of risk occurrence: Low	<ul style="list-style-type: none"> ● Funds for inspection is allocated in the budget. ● Inspections on TRC and TAZARA are conducted quarterly. ● Identified shortfalls are reported to the railway undertaking and the Ministry responsible for transport. ● Follow up measures on implementation of recommendations is made regularly.
6	Environmental sustainability of Land transport improved.	Failure to protect environment in the regulated sectors. Impact: Increase in environmental pollution. Likelihood of risk occurrence: Low	<ul style="list-style-type: none"> ● Promoting use of natural gas to power commercial vehicles ● Promoted construction of social amenities along highways ● Enforcing use of dust bins in buses.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

Table 5: Key Authority's Risks, Impacts and Mitigation (Continued)

S/N	Strategic objective	Risk and impact	Risks Mitigation
7	Capacity to execute Function Enhanced. Regulatory	<p>Failure to achieve budgeted collections.</p> <p>Impact: The Authority's financial capacity to finance its operations may be affected.</p> <p>Likelihood of risk occurrence: High</p>	<ul style="list-style-type: none"> • Use of Electronic Ticketing by bus operators effective from 1 July 2022. • Collaboration with the MoWT, TRA, NIDC and other stakeholders in the implementation of the Electronic Ticketing system. • Enhanced monitoring inspection of commercial vehicles using joint teams of officers on strategic locations along highways. • Integration of Electronic Ticketing System with MUSE, GePG, RRIMS and bank accounts.
8	Capacity to execute Function Enhanced. Regulatory	<p>Failure to develop, review and implement policies relating to finance, human resource, and administration.</p> <p>Impact: Inability to achieve financial, human resource and administrations goals.</p> <p>Likelihood of risk occurrence: Low</p>	<ul style="list-style-type: none"> • Financial Regulation 2021 and Staff Regulations 2021 were developed and approved. • Scheme of Service & Salary Structure were developed, approved and implemented. • LATRA Employees Incentive Scheme was developed approved and implemented.
9	Capacity to execute Function Enhanced. Regulatory	<p>Failure of ICT application software system or application hardware due to cyber-attacks or system failures.</p> <p>Impact: Failure to provide regulatory services.</p> <p>Likelihood of risk occurrence: Medium</p>	<ul style="list-style-type: none"> • Conducted security awareness seminars to its staff. • Strengthened access controls to LATRA ICT applications. • Engagement of relevant authorities to conduct assessments including penetration tests.

Source: LATRA Risk Registers

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.9 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (CONTINUED)

2.9.2 Opportunities

The risk assessment process identified opportunities that would be expected to enhance the strategic plan execution as summarized below:

- (i) Government support from the parent Ministry (MoWT) and other ministries such as MoFP and the MoHA, specifically the Tanzania Police Force – Traffic Police Department and the OTR. The support has been key in facilitating discharge of regulatory activities.
- (ii) Existence of Draft Open Access Regulation which once approved, will open the Standard Gauge Railway Line (SGR) to multiple operators. This will facilitate competition which in turn will increase utilization of the railway line to its capacity. Construction of the SGR is intended to ease the transfer of goods between the port of Dar es Salaam and the cities of Kigali, in Rwanda and subsequently to Bujumbura in Burundi, and to Goma in the Democratic Republic of the Congo. The cost of the project is high which calls for effective utilization of the investment. LATRA has a role in this by ensuring the Regulations are approved and used to facilitate competition.
- (iii) Technological advancement and avenues for integration of LATRA systems with key stakeholders such as TAMISEMI, TRA, BRELA, TIRA and the Police Force – Traffic Police Department. The Authority has potential of enhancing quality service delivery and increase revenue generation by taking advantage of new technology in making transformative changes in its operations and processes.
- (iv) Availability of media outlets with wide coverage. The Authority has been conducting road safety education awareness through Radio and Television programs including 'Safiri Salama' program and 'Usafiri na Maendeleo' aired by TBC every Saturday and Thursday respectively. It has also engaged Clouds TV as alternative channel and established a mini studio at LATRA Head Office. The Authority shall continue to widen use of media outlets to enhance visibility of its activities to the public.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.9 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (CONTINUED)

2.9.3 Assumptions on Risks, Uncertainties and Opportunities

The Authority is mindful of the following assumptions during assessments of the risks, uncertainties and opportunities:

- (i) macro- economic factors or conditions like Inflation, Interest rates, Gross Domestic Product, per capital income, economic growth rate, and exchange rates will continue to perform well and remain fairly stable;
- (ii) political environment will remain stable and political support to the land transport sub-sector will prevail;
- (iii) stable and predictable regulatory environment like Policies, Laws and Regulations will exist during the implementation of LATRA functions;
- (iv) competent, skilled and motivated staff will be available during the Strategic Plan implementation period;
- (v) availability of sufficient financial and physical resources like buildings, working tools for the implementation of the Corporate Strategic Plan; and
- (vi) the current organization structure will remain for the implementation of Corporate Strategic Plan, subject to minor review to accommodate cable transport regulation, one of the core functions of the Authority.

2.10 STAKEHOLDERS' RELATIONSHIP

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.

In this regard, the Authority has identified six (6) categories of stakeholders; the Government, employees, regulated service providers, suppliers, society and regulators and policy-makers. Before making its decisions, the Board considers the interests of the stakeholders and ensures that engagement with stakeholders is deliberate and planned and that communication is always transparent and effective.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.10 STAKEHOLDERS' RELATIONSHIP (CONTINUED)

2.10.1 The Government

The Government established the Authority with specific objectives and functions for road and railways transport regulation. The motive behind establishment of LATRA is to enhance welfare of Tanzania society through promotion of competition, safety and availability of regulated services while protecting interests of consumers and efficient service providers as well as raising public knowledge awareness and understanding of the regulated sector.

(a) Key concerns

The Government's concerns to the Authority includes the following:

- Receive 15% of gross revenue contribution quarterly and 70% of surplus funds at year ends by remittance to the Government Consolidated Fund;
- Enhanced safety in the road and railways sub sectors and protection of environment;
- Effective competition in the regulated sector;
- Existence of mechanism for handling complains and resolving disputes in the regulated sector; and
- Availability of regulated services to all consumers including low income, rural and disadvantaged consumers.

Source: *The Treasury Registrar (Powers and Functions) Act, Cap 370 and the Land and Transport Regulatory Authority Act, Cap. 413.*

(b) Value we create

- Remittance of 15% gross revenue contribution within every quarter to the Government Consolidated Fund;
- Enhanced land transport safety and environmental protection;
- Handling complaints once received and resolving within the shortest possible time; and
- Effective regulation of services and timely issuance of service provider's licenses.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.10 STAKEHOLDERS' RELATIONSHIP (CONTINUED)

2.10.2 Employees

Employees are key to make the Authority great place to work. They should find working for LATRA an inspiring and a place for elevating personal experience and consequently accepts co-responsibility for the development of each employee to the full potential. Career progress is based on the individual initiative towards the fulfilment of their responsibilities complemented by the Authority.

(a) Key concerns

Employees want friendly, safe and conducive working environment, defined career progression, better salary and benefits, motivation and recognition, opportunities to contribute to the society.

(b) Value we create

- Transforming into an inclusive society through employment equity and gender equality;
- We focus on developing our employee through targeted training programs and skills upgrading to further their career and improve our services;
- Rewarding employees for the value they add;
- Motivating and energizing our work force;
- supporting employees on fulfilling of their professional membership obligations; and
- Timely payments of employees' entitlements.

2.10.3 Regulated Service Providers

Regulated service providers have important roles in the social economic development specifically on the provision of the regulated services.

(a) Key concerns

The regulated service providers' key concerns to the Authority includes the following:

- Timely receiving of their licenses upon submission of genuine applications;
- Existence of fair competition and trade practices in the sector;
- Protection of their investments especially for efficient service providers;
- Review of bus timetables to start at 0500 Hours instead of 0600 Hours;
- Fastening the process to issue temporary bus timetable;
- Enhancing the process for issuance of regulatory licenses; and
- Frequent engagement with the Authority to discuss sector issues.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.10 STAKEHOLDERS' RELATIONSHIP (CONTINUED)

2.10.3 Regulated Service Providers (Continued)

(b) Value we create

- Issuance of licenses to regulated service providers within statutory periods;
- Handling complaints once received and resolving within the shortest possible time;
- Promotion of competition and prevention of monopolistic tendencies in the regulated sectors;
- Consultations with Tanzania Police Force and other stakeholders to review safety requirements for buses timetables to start at 0600 Hours;
- Establish Magufuli Bus Terminal Office which shall operate 24/7 to attend all online requests from service providers;
- Improve Railways and Roads Information Management System (RRIMS) to have customers portal for online requests and issuance of licenses;
- Conduct stakeholders' meetings for collecting views and providing awareness.

2.10.4 Suppliers

Suppliers are stakeholders who provides goods and services to the Authority and they are closely monitored to ensure they deliver required or ordered goods and services in time.

(a) Key Concerns

- Transparent and fair procurement process of goods and services;
- Receiving feedback on delivered goods and rendered services; and
- Timely settlement of suppliers' invoices.

Source: Suppliers visits to LATRA Offices and received official letters and emails.

(b) Value we create

- Effective use of online procurement system (TANePS);
- Inclusion of fair terms and proper vetting of procurement contracts; and
- Settle genuine suppliers' invoices within 14 days.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.10 STAKEHOLDERS' RELATIONSHIP (CONTINUED)

2.10.5 Society

The Authority acknowledges its responsibility to respond to community social needs. The Corporate Social Responsibility (CSR) interventions included commitment to active participation in environment protection and promotion of socio-economic development of our society through extension of financial support to implementation of community activities.

(a) Key Concerns

- Supporting social development programs organized by the communities for socio-economic development;
- Awareness on LATRA functions and applicable legislation; and
- Compliance with environmental, social and governance matters.

Source: *LATRA Donation Policy and Stakeholders meetings.*

(b) Value we create

- Supporting social community programs using donation and other sources of funds; and
- Providing awareness on LATRA functions and environmental protection.

2.10.6 Regulators and Policy-Makers

The Authority implements its Act and complies with sector legislation, resolutions, directives and guidelines which are issued from time to time by the Government entities including NEMC, MoWT, MoFP, OTR and Tanzania Parliamentary Committees (Infrastructure Committee, Budget Committee and Parliamentary Accounts Committee).

(a) Key Concerns

Authority complies with the relevant legislation, guidelines and supporting employees on fulfilling of their professional membership obligations.

Source: *Stakeholders consultative meetings, official letters and emails.*

(b) Value we create

- Facilitation of contributions to SARA, AFUR and other National Organizations;
- Operating within the scope of the legislation, directives and guidelines; and
- Complying by paying membership fees and be active members.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.11 CAPITAL STRUCTURE AND TREASURY POLICIES

2.11.1 Capital Structure

Section 50(1) of the Land and Transport Regulatory Authority Act, Cap. 413 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 asset of TZS 17.05 billion forming the Capital Fund. The Authority's capital structure for the year ended 30 June 2022 consists of the Capital Fund of TZS 17.05 billion (30 June 2021: TZS 17.05 billion) and Accumulated Surplus of TZS 2,252,725 billion (30 June 2021: TZS 0.50 billion).

LATRA Capital Structure:

	30.06.2022 TZS '000	30.06.2021 TZS '000
Capital Fund	17,047,108	17,047,108
Accumulated Surpluses	2,252,116	502,181
TOTAL NET ASSETS/EQUITY	19,299,224	17,549,289

2.11.2 Treasury Policies and Objectives

LATRA treasury policies involve mechanisms established by the Board, which delegates financial decisions to Management in a controlled manner. The control instruments in place include LATRA Financial Regulations 2020, The Public Finance Act, Cap. 348, Government Circulars, Guidelines and the Board resolutions on opening, operating and signing mandate to the bank accounts.

The main objective is to ensure proper control and safeguard of the Government financial resources. Under these mechanisms, the Authority's revenue is collected and remitted directly to the Authority's revenue collection accounts maintained at designated commercial banks using GePG system; and weekly, on Monday, to the Authority's revenue collection accounts maintained at BoT. All expenditures of the Authority are incurred within the approved limits in the approved annual budget.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.12 CASH FLOWS

The Authority's cash flows can be analysed from the cash flows statement under three areas of cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. It should be noted that cash flow analysis does not consider any growth in the cash flow statement because the cash flow statement always shows what happened in the past. Therefore, the Authority's cash flows analysis is summarized below:

Cash Flows from Operating Activities

The net cash flows from operating activities of TZS 3.04 billion (30 June 2021: TZS 2.32 billion), was derived as the difference between cash receipts amounting to TZS 28.53 billion (30 June 2021: TZS 25.45 billion) from Service Providers Levy, Fees, Licenses and Penalties, Other income; and payments amounting to TZS 25.48 billion (30 June 2021: TZS 23.14 billion) for wages, salaries and employee benefits; Directors fees and other Board expenses; travelling, training and other facilitation expenses; services, supplies and consumable expenses; repairs and maintenance expenses; contribution to the Consolidated Fund; contribution and subscription to other bodies and bank charges.

Cash Flows from Investing Activities

The net cash flows used in investing activities of TZS 2.37 billion (30 June 2021: TZS 1.30 billion), was derived from capital expenditures including acquisition of property and equipment amounting to TZS 2.28 billion (30 June 2021: TZS 1.18 billion) and acquisition of intangible assets amounting to TZS 93 million (30 June 2021: TZS 117.78 million).

Cash Flows from Financing Activities

There were no cash flows from financing activities during the financial year ended 30 June 2022 (30 June 2021: Nil).

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.13 LIQUIDITY

During the financial year ended 30 June 2022, the Authority managed its liquidity level to ensure there is sufficient funds to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation. This was achieved through prudent liquidity management which includes maintaining sufficient cash and cash equivalents.

The Authority's trend of key liquidity ratios for the last three (3) years is shown in **Table 6** below.

Table 6: LATRA Trend of Liquidity Ratios, 2019/20-2021/22

Ratio	Purpose	2021/22	2020/21	2019/20	Remarks
Current Ratio	Ability to pay short term liabilities with current assets	2.73:1	2.3:1	1.6:1	High Liquidity.
Acid-Test/ Quick Ratio	Ability to pay current liabilities without realization of inventory	2.6:1	2.1:1	1.5:1	High Liquidity except 2019/20.

Source: LATRA Financial Statements.

The Authority's Liquidity gap which is the excess of current assets over current liabilities for the financial year ended 30 June 2022 was TZS 4.88 billion (30 June 2021: TZS 3.57 billion). All of the above ratios, shows the Authority was able to fund its current liabilities when due.

In the next financial year 2022/23, due to the ongoing efforts to implement the e-ticketing system, the Authority expects revenue to increase by 46%. On similar grounds, liquidity level is expected to increase by the same percentage.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.14 KEY PERFORMANCE INDICATORS

2.14.1 Key Performance Indicators Matrix

The Authority's Key Performance Indicators (KPIs) are reported based on the implementation of annual Plan and Budget derived from the Corporate Strategic Plan (2020/21-2024/25). The KPIs for the year ended 30 June 2022 are given in the Table 7 below:

Table 7: Key Performance Indicators for the Year 2021/22

Objective	Target for 2021/22	Performance Indicator & Outcome	Implementation Status 30 June, 2022	Actual 2021/22	Budget 2021/22	Actual 2020/21
HIV/AIDS infections and non-communicable diseases reduced, and supportive services improved.	Six (6) HIV/AIDS and Non - Communicable diseases awareness seminars conducted by June, 2022.	Number of staff attended. Expected Outcome: Increased preventive rate on HIV/AIDS.	Seven (7) seminars on HIV/AIDS, non-communicable diseases were conducted in DSM, Lindi, Arusha, Mwanza, Dodoma and Mbeya from 27/11/2021 to 4/12/2021 attended by a total of 85 employees.	35,693,200	35,786,600	28,520,900
	Supportive services to staff living with HIV/AIDS provided by June, 2022.	Amount provided. Expected Outcome: Improved health of infected staffs.	Special allowance of TZS 2.4 million was provided for special food to employees living with HIV/AIDS in each quarter.	7,200,000	19,200,000	21,600,000
	One (1) Program for prevention of non-communicable diseases facilitated by June, 2022.	Number of programs established. Expected Outcome: Decreased rate of non-communicable diseases.	One (1) sports and physical exercise program was facilitated after office hours on Tuesdays and Fridays.	58,755,500	61,600,000	40,735,542

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
2.14 KEY PERFORMANCE INDICATORS (CONTINUED)
2.14.1 Key Performance Indicators Matrix (Continued)

Objective	Target for 2021/22	Performance Indicator & Outcome	Implementation Status 30 June, 2022	Actual 2021/22	Budget 2021/22	Actual 2020/21
Effective implementation of National Ant-Corruption Strategy enhanced and sustained.	Three (3) awareness seminar on corruption to LATRA employees conducted by June, 2022. Areas prone to corruption within the Authority identified by June, 2022.	Number of corruption incidences. Expected Outcome: Improved ethical conduct of staff.	Three (3) seminars were conducted in Bagamoyo (10 July 2021), Morogoro (4 Dec.2021) and Dar es Salaam (19 Mar. 2022). They were facilitated by PCCB.	9,791,000	15,000,000	NIL
Capacity to execute Regulatory Function Enhanced.	Revenue collection increased by 20% from TZS 25.95 to 31.0 billion by June, 2022	Number of corruption incidences. Expected Outcome: Improved ethical conduct of staff.	The Authority engaged PCCB to conduct a survey for the purpose of identifying areas prone for corruption.	4,345,000	22,137,500	10,652,000
	Revenue collection increased by 20% from TZS 25.95 to 31.0 billion by June, 2022	Percentage increase of revenue collection. Expected Outcome: Improved capacity to finance regulatory activities.	Revenue increased by 11.1% to TZS 28.8 billion. The underperformance is due to resistance of bus owners to use e-Ticketing. The MoWT formed a committee which agreed to start piloting on 1 April, 2022 and full implementation on 1 July 2022.	28,512,264	30,230,400	25,945,503
	90% of Training Plan implemented by June, 2022	Level of staff performance. Expected Outcome: Improved service delivery	A total of 158 employees attended various courses with a view to upgrading their skills and enhance career development.		603,327,225	442,000,000

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
2.14 KEY PERFORMANCE INDICATORS (CONTINUED)
2.14.1 Key Performance Indicators Matrix (Continued)

Objective	Target for 2021/22	Performance Indicator & Outcome	Implementation Status 30 June, 2022	Actual 2021/22	Budget 2021/22	Actual 2020/21
	Two (2) sensitization seminars of 60 key stakeholders on Legislations and Enforcement Procedures conducted by June, 2022	Number of stakeholders meetings. Expected Outcome: Increase in compliance to licensing safety conditions.	Four (4) sensitization seminars on Authority's Laws and Regulations were conducted from 7 to 20 November 2021 in Iringa, Mbeya, Dodoma, Tabora and Kigoma. More than 180 key stakeholders attended.	36,687,875	37,049,528	18,369,500
	Six (6) LATRA new regulations facilitated by June, 2022	Number of regulatory instruments. Expected Outcome: Improved compliance.	Six (6) Rules and Regulations under the Land and Transport Regulatory Authority Act, Cap. 413 were drafted.	74,490,000	87,500,000	3,700,000
	Eighty (80) TV Programs for disseminating corporate information to the public produced by June, 2022.	Number of TV programs for public awareness. Expected Outcome: Increased compliance level with regulations	78 TV programs were produced and aired through TBC1, LATRA online TV, Instagram and YouTube.	58,413,993	65,000,000	-
	Two (2) bus terminals installed with Passenger Information Screens and LATRA ICT backbone by June, 2022.	Number of installed passenger information systems. Expected Outcome: Improved passenger information service.	The Dodoma and Magufuli Bus Terminals were connected to the National ICT Broadband Backbone (NICTBB). Procurement of TV screens for displaying information was underway.	56,000,000	50,000,000	-

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
2.14 KEY PERFORMANCE INDICATORS (CONTINUED)
2.14.1 Key Performance Indicators Matrix (Continued)

Objective	Target for 2021/22	Performance Indicator & Outcome	Implementation Status 30 June, 2022	Actual 2021/22	Budget 2021/22	Actual 2020/21
	Two (2) ICT Applications (RRIMS, Drivers Testing and Mobile Applications) developed and implemented by June, 2022.	Number of automated business processes. Expected Outcome: Timely delivery of regulatory services.	Two (2) Applications of Driver Testing System (DTS) and Mobile App. were developed and operationalized. DTS was launched on 1 June 2022.	37,288,000	300,000,000	117,775,800
	Licensing Activities for thirty-two (32) Local Government Authorities (LGAs) audited to assess compliance with MoU, Policies, and Rules by June, 2022.	Number of audits conducted. Expected Outcome: Improved controls and collections from Motor/Tri-Cycles	A total of 33 LGAs were audited to assess compliance with the MoU, Policies, Procedures, Rules and Regulations regarding licensing of motorcycles and tricycles and revenue collections.	50,823,079	49,215,000	37,599,095
Effective competition in the regulated sectors strengthened.	Two (2) surveys analysis for applicable market rates and charges for road passenger services conducted June, 2022.	Number of surveys conducted. Expected Outcome: Increased availability of quality land transport services.	Two (2) surveys were conducted for inter urban bus routes. The surveys indicated the approved bus fares were stable with minor variations.	2,719,380	5,420,000	2,592,000
	One (1) Annual survey on freight charges along two (2) major transport corridors conducted by June, 2022.	Number of surveys conducted. Expected Outcome: Increased availability of quality land transport services	One (1) survey was conducted on the routes of DMS to Kigali, Bujumbura, Lilongwe, Nairobi, Lubumbashi, Goma and Lusakware. It was established, the average freight charges were USD 117 per ton or USD 0.0739 per ton kilometre.	NILL	8,650,000-	NIL

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
2.14 KEY PERFORMANCE INDICATORS (CONTINUED)
2.14.1 Key Performance Indicators Matrix (Continued)

Objective	Target for 2021/22	Performance Indicator & Outcome	Implementation Status 30 June, 2022	Actual 2021/22	Budget 2021/22	Actual 2020/21
	Key Railway Performance Indicators (KPIs) for TAZARA and TRC reviewed by June 2022	Number of indicators developed for each railway undertaking. Expected Outcome: Standardised measure of performance of railway undertaking	KPIs for TRC - Meter Gauge Railway (MGR) and TAZARA – Cap Gauge Railway were developed. Development of KPIs for Standard gauge are waiting Business Plan from TRC.	11,256,000	12,160,000	3,470,600
	Four (4) Quality of Service Monitoring surveys for passenger train and intercity bus services conducted by June 2022	Number of quality-of-service monitoring conducted. Expected Outcome: Improved quality and availability of transport services.	Five (5) monitoring surveys were conducted as follows: Two (2) TRC passenger services from Dar es Salaam to Kigoma (10 to 23 Sept. 2021), one (1) train services from Dar es Salaam to Arusha (17 to 20 June. 2022) and two (2) monitoring surveys of road passenger services (6 to 16 June, 2022).	5,657,900	9,840,000	NIL
	Two (2) researches on land transport services conducted by June, 2022	Number of researches conducted. Expected Outcome: Enhanced safety and quality of land transport services.	Two (2) researchers were conducted for establishing mandatory vehicle inspection centres through PPP arrangement and suitability of Electric Buses for BRT system in Dar es Salaam.	1,070,000	68,950,000	NIL
Safety of Land transport improved	One (1) Drivers Testing Centre established by June, 2022	Drivers testing procedure. Expected Outcome: Reduction of occurrences of road crashes.	Drivers Testing Centre at LATRA Head Office in Dar es Salaam was established on 1 June 2022. It has capacity to test 45 drivers at a time.	136,081,000	152,908,500	-

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
2.14 KEY PERFORMANCE INDICATORS (CONTINUED)
2.14.1 Key Performance Indicators Matrix (Continued)

Objective	Target for 2021/22	Performance Indicator & Outcome	Implementation Status 30 June, 2022	Actual 2021/22	Budget 2021/22	Actual 2020/21
	One (1) Annual Railway Audit Inspection for TRC and TAZARA conducted by June, 2022	Number of inspections for TAZARA and TRC. Expected Outcome: Increased railway freight transported.	Inspection on TAZARA was conducted from 2 - 16 August 2021 and TRC from 13 to 24 Dec.2021. In both railways, some bridges were at risk due to rotten wooden sleepers and some had unsecured rails on the bridges heightening risk to train movements.	27,140,961	30,530,000	11,469,465
	Four (4) Quarterly safety Inspection of TRC and TAZARA Passenger Trains Operations Infrastructure and Equipment conducted by June, 2022.	Number of inspections for TAZARA and TRC. Expected Outcome: Increased railway freight transported.	Three (3) inspections on TRC and TAZARA were conducted. For TRC Deluxe Train, five out of nine coaches had bent stepladders resulted from bad track between Ruvu and Miruazi while for the ordinary train, most of aisle wear plates were bent and worn. For TAZARA most of the coaches were due for maintenance.	108,563,844	122,120,000	45,877,861
	Operating Procedures for Drivers Testing Prepared by June, 2022.	Approved procedure on Drivers Testing. Expected Outcome: Standardised procedure for drivers testing.	Standard Operating Procedures for locomotive driver's testing were developed and awaiting presentation to stakeholders.	-	-	-
	Framework for Land Transport Safety Coordination activities developed by June, 2022	Approved framework for safety coordination. Expected Outcome: Improved safety of regulated services.	The Land Transport Safety Committee is in place comprising TPF-Traffic Division, TAZARA, TRC, TARURA, TEMESA, Fire and Rescue Force, TANROADS, EWURA, TBS, TIRA, DART, NIT, VETA. Eight (8) meetings of the committee were conducted.	75,246,345	87,890,426	38,707,600

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.14 KEY PERFORMANCE INDICATORS (CONTINUED)

2.14.1 Key Performance Indicators Matrix (Continued)

Objective	Target for 2021/22	Performance Indicator & Outcome	Implementation Status 30 June, 2022	Actual 2021/22	Budget 2021/22	Actual 2020/21
	SGR Safety Standards (infrastructure and Rolling stock) and SGR commissioning Checklist developed by June, 2022.	Number of approved SGR safety standards. Expected Outcome: Standardised procedure for inspection of SGR.	Safety Standards were developed and approved by TBS. In addition, Checklist for commissioning of SGR was developed.	8,075,866	15,050,000	6,009,000
	100% of buses and locomotives installed with Vehicle Tracking Devices (VTDs) by June, 2022.	Percentage of buses installed with VTDs. Expected Outcome: Reduction of road crashes.	100% of interurban licensed buses were installed with VTDs. 100% of TAZARA locomotives were installed with Vehicle Tracking Devices (VTDs).	NILL	13,296,960	NIL
	100% of the Reported Railway Accidents on (TAZARA/TRC) investigated by June, 2022.	Percentage of reported accidents investigated. Expected Outcome: Improved safety of trains.	100% of reported railway accidents were investigated and established that main cause of both accidents was violation of train operating rules.	78,154,878	60,000,000	23,901,458
	Four (4) Railway safety awareness seminars to TRC and TAZARA Train Drivers, Crew and safety critical workers conducted by June, 2022.	Number of railway safety seminars conducted. Expected Outcome: Reduction in the number of train accidents and incidences.	Two (2) seminars were conducted, one on TAZARA (in Feb. 2022) and TRC (in March, 2022). Insistence was on adherence to General Rules for safety of running trains. It is possible for TRC and TAZARA to operate without accidents.	NIL	17,275,000	NIL

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
2.14 KEY PERFORMANCE INDICATORS (CONTINUED)
2.14.1 Key Performance Indicators Matrix (Continued)

Objective	Target for 2021/22	Performance Indicator & Outcome	Implementation Status 30 June, 2022	Actual 2021/22	Budget 2021/22	Actual 2020/21
Environmental sustainability of Land transport improved.	Guidelines for Railway Environmental Inspection developed by June, 2022.	Approved guidelines. Expected Outcome: Reduced emission	The Draft Guidelines for Railway environment were developed in February, 2022 awaiting presentation to stakeholders.	N/A	2,172,000	5,392,983
	Strategy for promoting alternative energy in commercial vehicles developed by June, 2022.	Number of initiatives undertaken. Expected Outcome: Decrease of fossil oil bill.	Draft Strategy document for Dar es Salaam was prepared awaiting inputs from TPDC, DIT and NEMC for the purpose of preparing a national document.	-	2,100,000	-
	Four (4) inspections on waste management on TAZARA/TRC operations conducted by June, 2022.	Number of monitoring inspections conducted. Expected Outcome: Reduced environment degradation.	Two (2) waste inspections were conducted in March, 2022 at TAZARA and TRC workshops and depots. It was revealed that there we no leakages or spillages.	6,589,444	9,495,000	2,844,998
	Four (4) monitoring inspections on road waste management conducted by June, 2022.	Number of inspections conducted on waste management. Expected Outcome: Reduced environment degradation.	4 visits were conducted in Feb. 2022 from DSM to Mwanza, Singida to Arusha, Arusha to DSM and DSM to Lindi. It was revealed; poor hygienic condition of toilets, poor infrastructure, lack of health officers. LATRA reported to respective LGAs.	13,520,000	23,620,000	NIL

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
2.14 KEY PERFORMANCE INDICATORS (CONTINUED)
2.14.1 Key Performance Indicators Matrix (Continued)

Objective	Target for 2021/22	Performance Indicator & Outcome	Implementation Status 30 June, 2022	Actual 2021/22	Budget 2021/22	Actual 2020/21
Availability of quality land transport services increased.	12 Joint Road side inspections (involving LATRA and Police) to 80% of licensed vehicles conducted by June, 2022.	Number of inspections. Expected Outcome: Increased compliance with licensing conditions.	Twenty (20) joint inspections involving Traffic Police and LATRA were conducted at various strategic check points along major corridors on 24/7 basis.	834,384,333	857,279,738	506,636,126
	Strategy for promoting mass transit buses in cities developed by June, 2022.	Approved strategy. Expected Outcome: Improved quality of urban transport.	Strategy for promoting high occupancy buses was implemented. Meetings were conducted in Geita, Arusha and Kigoma regions. Three routes in Arusha City were dedicated for the buses.	6,423,000	13,635,000	NIL
	MoU to license motorcycles and tricycles reviewed and signed by June, 2022	Improved amended MoU. Expected Outcome: Improved licencing of Motor/Tri-Cycles.	The MoU between LATRA and LGAs was reviewed and submitted to all 185 LGAs for signature.	89,443,802	121,154,800	500,000

Source: LATRA Corporate Strategic Plan (2020/21 -2024/25) and Quarterly Performance Reports for the year 2021/22.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.14.2 IMPLEMENTATION STATUS OF CORPORATE STRATEGIC PLAN

The Authority implemented most of the planned activities under the Five Years Corporate Strategic Plan (2020/21-2024/25). Some of the key results/major activities and developments which took place during the financial year ended 30 June 2022 included the following: -

A. 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 programs 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 Pre-shipment inspection of rolling stock

Pre-shipment inspection of 8 wagons out of 44 wagons (in China) was conducted online during the period under review and nothing wrong was noted on the inspected wagons. However, on 15 October, 2022 all 44 wagons were physically inspected at Malindi yard in Dar es Salaam after arrival. The wagons were found in good technical condition with minor rectifications that were done by supplier before commissioning.

Inspection of coaches

The inspection of passenger train coaches for TAZARA and TRC railway systems were conducted and it was noted that out of 48 inspected coaches 36 of them were overdue for general repairs. However, stepladders for Kigoma based passenger train were bent as a result of bad track between Kaliua and Kigoma stations. Plan to rehabilitate the dilapidated tracks through World Bank loan is on-going.

Accident Analysis

Root cause analysis was conducted on 12 railway accidents. Out of the reported accidents three (3) of them involved passenger trains and the remaining nine (9) accidents involved goods trains. The main cause of accident was violation of train working rules and procedures. Safety awareness campaign to all safety critical worker was recommended and was implemented.

Installation of Vehicle Tracking Devices to Locomotives

Installation of vehicle tracking devices on TAZARA commenced whereby 17 locomotives were connected to the system to facilitate monitoring throughout the line (from Dar es Salaam to New Kapiri Mposhi)

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.14.2 IMPLEMENTATION STATUS OF THE CORPORATE STRATEGIC PLAN (CONTINUED)

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 wheel-sets, damper springs and retaining springs and operates with few coaches with overdue periodical maintenance. Pugu and Mwakanga commuter trains were found to be congested especially at peak hours.

Table 8 below shows the summary of key regulatory activities performed to TAZARA and TRC trains during the financial year under review.

Table 8: Summary of Key Regulatory Activities to TAZARA and TRC Trains

Pre-shipment inspection of rolling stock (Virtual inspection)		
Inspected wagons	Total wagons	Remarks
8	44	The inspected wagons were in good order.
Inspection of coaches		
Inspected Coaches	Total Coaches	
48	48	36 were overdue general repairs which pose risks in operation of passengers
Accident Analysis (Root Cause Analysis (RCA) on TRC rehabilitated line)		
Total accidents	RCA	
12	12	Causes are violation of rules.
Installation of Vehicle Tracking Devices to Locomotives		
Total fleet	Installed	
17	1	All TAZARA locomotives will be installed with vehicle tracking system.
Monitoring Compliance of Commuter Operations with Safety Plans		
Number of Trains -TRC	Number of Trains -TAZARA	
2	1	Trains are conducting trips as scheduled with challenges on low preventive maintenance.

Source: LATRA Trains Inspections Reports

(b) Enhancing Road Safety

During the period under review, cases of road accidents, deaths and injuries caused by passenger carrying vehicles, trucks and motorcycles were collected and analysed as follows:

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.14.2 IMPLEMENTATION STATUS OF THE CORPORATE STRATEGIC PLAN (CONTINUED)

(i) Road Crashes

Total number of reported road crashes in the period under review increased by 26.3 percent from 978 accidents reported in the financial year 2020/21 to 1,235 road crashes in the financial year 2021/22. Categorically, number of road crashes caused by passenger vehicles in the financial year 2021/22 increased by 17.1 percent from 328 road crashes in 2020/2021 to 384 in 2021/22. Road crashes caused by trucks increased from 213 to 271 or 27.2 percent when compared to the similar period of FY 2020/21 while those caused by pickups declined by 33.3 percent from 69 to 46 recorded in the similar quarter of the last financial year. Road crashes caused by motorcycles increased by 45.1 percent from 368 to 534 when compared to the similar period of the year 2020/21.

(ii) Fatalities

The total number of fatalities reported in the financial year 2021/22 increased by 30.2 percent from 771 to 1,004 compared to the similar period of the last financial year 2020/21. During the period under review, number of fatalities caused by passenger vehicles in the financial year 2021/22 increased by 19.7 percent from 304 to 364 fatalities. On the other hand, fatalities caused by trucks increased from 181 in similar quarter of FY 2020/21 to 279, which is equivalent to 54.1 percent. Fatalities caused by pick-ups declined by 35.1 percent from 37 to 24 fatalities when compared to the similar period of the previous financial year. Fatalities caused by motorcycle accidents increased from 249 to 337 or 35.3 percent when compared to the similar period in the financial year 2020/21.

(iii) Injuries

Total number of injuries reported in the financial year 2021/22 increased by 41.1% from 1,292 in the financial year 2020/21 to 1,823 in the financial year 2021/22. Number of injuries caused by passenger vehicles in similar period of the financial year 2021/22 increased by 49.9 percent from 723 to 1,084 injuries in comparison to the same period of the preceding financial year. Likewise, injuries caused by trucks, pick-ups and motorcycles increased by 44.2 percent, 46.8 percent and 14.5 percent respectively. Number of road crashes, fatalities and injuries are summarized in Table 9.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.14.2 IMPLEMENTATION STATUS OF THE CORPORATE STRATEGIC PLAN (CONTINUED)

Table 9: Summary of Road Crashes, Fatalities and Injuries

Item / Category	Financial Year	Road Crashes	Fatalities	Injuries
Passengers (PSV)	2020/21	328	304	723
	2021/22	384	364	1,084
	%Change	17.1	19.7	49.9
Trucks (HDV)	2020/21	213	181	208
	2021/22	271	279	300
	%Change	27.2	54.1	44.2
Pick-Ups	2020/21	69	37	79
	2021/22	46	24	116
	%Change	-33.3	-35.1	46.8
Motorcycles	2020/21	368	249	282
	2021/22	534	337	323
	%Change	45.1	35.3	14.5
Total	2020/21	978	771	1,292
	2021/22	1,235	1,004	1,823
	%Change	26.3	30.2	41.1

Source: Tanzania Police Force Reports

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.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.14.2 IMPLEMENTATION STATUS OF THE CORPORATE STRATEGIC PLAN (CONTINUED)

B. Enhancing Competitiveness and Sustainability of regulated land transport services that serve socio-economic needs of the public

During the financial year 2021/22, the Authority implemented various planned activities to strengthen effective competition in the regulated land transport sectors through reviewing and establishing cost of services, regulating tariff and charges, monitoring and evaluation including conducting regular performance analysis for the regulated sectors.

(i) Market surveys on Land Transport Services

Monitoring surveys of Intercity Bus Services

The Authority conducted market survey through monitoring bus services from 6 June 2022 to 20 June 2022. The monitoring was conducted for the following routes to assess quality and available of interurban bus services:-

- Monitoring of bus services from Dar es Salaam to Mtwara, Mtwara to Newala, Newala to Masasi, Masasi to Ruangwa via Nanganga, Ruangwa to Masasi via Nachingwea, Masasi to Liwale; and Liwale to Dar es Salaam was conducted from 6 to 14 June 2022;
- Monitoring of bus services was conducted from 16 to 20 June 2022 from Dar es Salaam to Malinyi in Morogoro Region. The noted challenges included:-
 1. Poor road infrastructure in some of the bus routes causing inconveniences to passengers during rain seasons;
 2. Failure to observe table schedules;
 3. Lack of amenities causing high risk for passengers;
 4. Inadequate customer care;
 5. Dust from unpaved road;
 6. Absence of seat belts on some of buses thus compromising safety;
 7. Over speeding and careless driving endangering passengers' safety and
 8. Unnecessary delays.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.14.2 IMPLEMENTATION STATUS OF THE CORPORATE STRATEGIC PLAN (CONTINUED)

Monitoring surveys of Passenger Train Services

The Authority conducted monitoring survey of TRC passenger train services from Dar es Salaam to Kigoma from 16 to 23 September 2021 in order to assess quality of services, level of demand and challenges. Similar monitoring survey was conducted from 17 to 20 June 2022 to assess quality of TRC passenger services from Dar es Salaam to Arusha via Moshi. The Authority noted some challenges including inadequate ticket inspection which attracts some people to board train without tickets, transit delays, and substandard passenger service and black outs in some of the coaches.

(ii) Costing Models and Tariff-Review

The Authority developed four (4) costing models for regulating tariff and charges on regulated land transport services for BRT, transportation of petroleum products, commuter and interurban passenger services. The costing models were applied to review bus fares for commuter, inter urban and BRT services. Determination of freight charges for petroleum products was waiting engagement of Governmental stakeholders.

(a) Costing Models

The four (4) costing models were developed to facilitate determination of economic fares and charges for various regulated services. The developed costing models are as follows: -

- Costing Model for Inter urban bus services
- Costing Model for commuter bus services
- Costing model for BRT services
- Costing model for economic freight charges on transportation of petroleum products

(b) Tariff Setting

The Authority received TRC's tariff application for Ordinary and Deluxe trains' fares in May 2022. The application did not meet the Tariff Regulations' qualifications and the applicant was requested to comply before the Authority could begin its analysis.

The Authority also reviewed and submitted to the Board fares for urban and interurban bus services including determination of economic charges for ride hailing (online) taxi services. The Board approved the recommended ride hailing taxi charges through Order No. LATRA/01/2022.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.14.2 IMPLEMENTATION STATUS OF THE CORPORATE STRATEGIC PLAN (CONTINUED)

(iii) Corporate Performance Evaluation

Towards attaining strategic objectives and targets, the Authority continued to evaluate progress on various implemented activities for FY 2021/22. Quarterly Performance reports were prepared and submitted to the Management and the Board for deliberations. Similarly, specific performance reports were prepared in line with the Government and Parliament directives such as Ministerial monthly performance reports, quarterly report on status of implementing performance agreement signed between LATRA and OTR and implementing directives of the President regarding prompt handling of complaint in all public service offices.

(iv) Research and Review of Key Performance Indicators

The Authority engaged a consultant to undertake a study on socio economic impact of commercial tricycle and motorcycles operations in Mainland Tanzania, the main objective of the study was to establish socio-economic impact of motorcycles and motor tricycles offering private hire transport services in urban and sub-urban centres in Mainland Tanzania.

The Authority also initiated processes to review Key Performance Indicators (KPIs) and benchmarks for Tanzania Railways Corporations MGR and SGR including cap gage railway for Tanzania Zambia Railway Authority. The KPIs intends to improve operations of railway transport in Tanzania.

C. Improving Environmentally sustainable and socially land transport services

The Authority continued to implement various planned activities in regulating land transport in order to preserve the environment. The Authority initiated communication with Dar es Salaam Institute of Technology (DIT), National Environment Management Council (NEMC) and Tanzania Petroleum Development Corporation (TPDC). The main agenda of communication focus on gathering technical input for preparation of strategy to promote use of natural gas as alternative source of energy for commercial vehicles in Mainland Tanzania.

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

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.14.2 IMPLEMENTATION STATUS OF THE CORPORATE STRATEGIC PLAN (CONTINUED)

D. Improved Legislative, regulatory, policy and institutional framework for regulated land transport subsectors.

During the financial year 2021/22, the Authority through Legal Services Department attended various cases lodged at various courts and tribunal as follows:

(i) Hilda Mato Vs LATRA

The Authority attended Misc. Application No. 561/2018 at High Court of Tanzania between. Hilda Mato (Plaintiff) and LATRA. The matter was ruled out in favour of the Authority, thus the Application lodged by Hilda Mato (the Applicant) was dismissed.

(ii) Benjamin Mpezeko and Others Vs Amanuel Sekulu

The Authority attended Civil Case No. 1 of 2021 at the High Court of Tanzania in Kigoma lodged by Benjamin Mpezeko and others against Amanuel Sekulu and three (3) others. The High Court struck out the suit as it was incurably premature filed and ordered the original civil case no. 18 of 2017 be heard in full trial before the District Court of Kigoma. However, the plaintiffs have not yet revived their case up to date.

(iii) Juma Hamad Juma and Tanzania Drivers Association Vs Land Transport Regulatory Authority and Oliver Investment.

The Authority attended Misc. Application No. 57 of 2021 at Temeke District Court on 18 January 2022 the matter was coming for hearing but it was adjourned until 8 February 2022 whereby the matter was withdrawn upon the request of applicant.

(iv) Rabia Isiaka Jafari Vs LATRA and Attorney General, Civil Case No. 2/ 2022, High Court of Tanzania Mbeya Registry.

Plaintiff claims against 1st and 2nd defendants for unlawfully detention of his motor vehicle Toyota Hiace T 253 ANB. The claims are specific and general damages amounting to TZS 310,500,000. The defendants raised preliminary objection on point of law that were argued by way of written submissions and the ruling date was scheduled on 18 August 2022.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.15 CORPORATE GOVERNANCE MATTERS

2.15.1 Corporate Governance Statement

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.

2.15.2 Membership of Those Charged with Governance

The Board was established under Section 7 of the Land and Transport Regulatory Authority Act, Cap. 413 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 Land and Transport Regulatory Authority Act.

The Chairman and Board Members were appointed on 13 September 2019. During the financial year, the Board lost two of its members, the Late Eng. Leonard Kapongo on 17 July 2021 and on 24 June 2022 Mrs. Roxana Kijazi. On the other side, the Minister responsible for Transport, appointed Mrs. Tumaini E. Silaa as a new member of the Board effective from 1 April 2022. The members served the Authority as shown in the Table 10 below.

No conflict of interest existed between the Directors and the Authority during the year. 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 1.64 billion (2020/21: 1.1 billion) comprised of the amount for Board TZS 173.9 million (2020/21:169.5 million) and amount for key Management employees TZS 1.47 billion (2020/21: 934.6 million) respectively. The details on related party transactions are disclosed in Note 28 of the financial statements.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

Table 10: Board Members and Board Secretary of the Authority for the year 2021/2022

Name	Position	Nationality	Qualification	Age	Service Period to 30 June 2022	Meetings Attended
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).	66	13 Sept. 2019 – 30 June 2022	0/4
Dr. Stephen L. Mwakajumilo (FMA-UK)*	Member	Tanzanian	Registered Member of NBAA, PhD. In Microfinance (2011), MBA Finance (2003), PGD in Accountancy (2001), Advanced Diploma in Accountancy (1998).	56	13 Sept. 2019 – 30 June 2022	4/4
Mr. Henry M. Bantu, FCILT	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).	73	13 Sept. 2019 – 30 June, 2022	4/4
Eng. Leonard S. Kapongo (Deceased)	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).	59	13 Sept. 2019 – 17 July 2021	0/4
Mrs. Roxana D. Kijazi (Deceased)	Member	Tanzanian	Master of Public Administration (2000), Bachelor of Arts and Social Sciences (Public Administration and International Relations) 1987.	61	13 Sept. 2019 – 24 June 2022	0/4
Eng. 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).	50	13 Sept. 2019 – 30 June 2022	4/4

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

Table 10: Board Members and Board Secretary of the Authority for the year 2021/2022 (Continued)

Name	Position	Nationality	Qualification	Age	Service Period to 30 June 2022	Meetings Attended
Mr. Victor J. Kahangwa	Member	Tanzanian	Advocate of the High Court, LL.B, Certificate in translation - Patrice Lumumba University (1997) and MATI (1986).	58	13 Sept. 2019 – 30 June 2022	4/4
Mrs. Tumaini E. Silaa**	Member	Tanzanian	Advocate of the High Court, 1996, LLM, Open University of Tanzania, 2012. Master's degree in Business Administration (MBA)-2006, ESAMI. Bachelor of Laws, 1989 University of DSM.	58	1 April 2022 - 30 June 2022	0/4
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).	58	1 June 2014 - 30 June 2022	4/4

Source: Curriculum Vitae and Letters of Appointment for Board Chairman, Board Members and the Secretary to the Board

This was the first Board where the tenure of service of the Board Chairman is four (4) years, two (2) Board Members is three (3) years, the other two (2) Board Members is four (4) years and one (1) Board Member is five (5) years. The tenure of service of the Secretary to the Board (Director General) is four (4) years.

*The tenure of service of two (2) Board Members, Dr. Stephen L. Mwakajumilo and Eng. Michael J. Kyando expired on 12 September 2022.

**Mrs Tumaini E. Silaa was appointed to replace the late Eng. Leonard S. Kapongo. Appointment of another Board Member to replace the late Mrs. Roxana Doscar Kijazi was pending as at 30 June 2022.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.15 CORPORATE GOVERNANCE MATTERS (CONTINUED)

2.15.3 Board Operation and Control

(a) Board Charter

The Board prepared its draft Charter to set parameters within which it will operate to ensure the proper application of principles of good corporate governance. The draft Charter sets out the specific responsibilities to be discharged by the Board collectively, as well as the roles and responsibilities of the Board and its established Committees. Furthermore, the draft Charter sets out the responsibilities that may be delegated to its committees or to the Management; and it provides for internal organization of the Board, Board Meetings and proceedings. However, the Board plans to review the draft Charter to comply with the Board Charter Guidelines for Public and Statutory Corporations, 2015 issued by the Office of the Treasury Registrar.

(b) Compliance with Laws and Regulations

The principal functions and operations of the Authority are governed by the Land and Transport Regulatory Authority Act. The Directors confirm that the activities and operations of the Authority were conducted in accordance with the Act and there was no information of non-compliance with other applicable laws and regulations that would have material impact on the Authority.

(c) Board Meetings

During the year under review, the Authority complied with all aspects of good corporate governance principles which include Board operations and control; rights of the Government and general public; stakeholder relations; ethics and social responsibility; accountability, risk management and internal control; and transparency and disclosure.

The Board held a total of Four (4) meetings during the year ended 30 June 2022. Out these, three (3) were ordinary and one (1) was special meeting. In these meetings, the Board discussed and deliberated on the following main issues:

- (i) Report of Pre-Shipment Inspection of New TRC/World Bank Locomotives;
- (ii) Deliberation on TBS approval of use of SADC-SARA Railway Standards;
- (iii) Deliberation on Tariff Review of Ride Hailing Taxi Services;
- (iv) Report of the Fares Review for Interurban and commuter Buses;
- (v) Progress Report on the Implementation of E-Ticketing;
- (vi) Deliberation on Draft Regulations made under LATRA Act;
- (vii) Risk Based Internal Audit Plan for the year 2021/22;
- (viii) LATRA Risk Management Policy;
- (ix) Strategic Internal Audit Plan for 2020/2021-2024/25

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.15 CORPORATE GOVERNANCE MATTERS (CONTINUED)

(c) Board Meetings (Continued)

- (x) Deliberation on the LATRA Financial Statement for the year 2020/21;
- (xi) Proposed LATRA Employees Incentive Scheme;
- (xii) Proposed LATRA ICT Policy; and
- (Xiii) Proposed Employees Loan Policy and Proposed LATRA Donation Policy.

(d) Board Resolutions

After deliberation on the agenda items listed above, the following were the Board's resolutions,

- (i) Adopted the report and directed Management to undertake proper commissioning of the locomotives as per required procedures.
- (ii) Endorsed SADC-SARA Railway Standards for SGR commissioning and directed Management to use the standards during commissioning of the SGR.
- (iii) Approved fares for online ride hailing services.
- (iv) Approved the interurban bus fares and directed Management to ensure e-ticketing system is used.
- (v) Directed Management to follow up on the use e-ticketing and ensure e-ticketing is used as a source of data for transport planning.
- (vi) Directed Management to forward draft Rules and Regulations to the Minister after making consultations with stakeholders and incorporation of the Board's comments.
- (vii) Approved Risk Based Internal Audit Plan for the year 2021/22.
- (viii) Approved LATRA Risk Management Policy;
- (ix) Approved the Strategic Internal Audit Plan for 2020/21-2024/25;
- (x) Approved for issue and signed the Authority Financial Statements for the year ended on 30 June 2021.
- (xi) Approved LATRA Employment Incentive Scheme.
- (xii) Directed Management to comply with requirement of the e-Government Authority (eGA) and approved the ICT Policy. and
- (xiii) Approved LATRA Employee Loan policy.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.15 CORPORATE GOVERNANCE MATTERS (CONTINUED)

(d) Board Resolutions (Continued)

- (ix) Approved the Strategic Internal Audit Plan for 2020/21-2024/25;
- (x) Approved for issue and signed the Authority Financial Statements for the year ended on 30 June 2021.
- (xi) Approved LATRA Employment Incentive Scheme.
- (xii) Directed Management to comply with requirement of the e-Government Authority (eGA) and approved the ICT Policy. and
- (xiii) Approved LATRA Employee Loan policy.

(e) Board's Committees and meetings

The Board of Directors during its 1st Special Meeting held on 24 September 2019 formed three Board Committees: Audit and Risk Committee, Safety and Regulation Committee and Finance and Administration Committee.

The following were members of the Board Committees who served the Committees during the financial year under review for stated period, and the number of meetings attended:

(i) Audit and Risk Committee

Name	Position	Nationality	Service Period to 30 June 2022	Meetings Attended
Dr. Stephen L. Mwakajumilo (FMA-UK)	Chairman	Tanzanian	13 Sept. 2019 – 30 June 2022	4/4
Eng. Leonard S. Kapongo (Deceased)	Member	Tanzanian	13 Sept. 2019 – 17 July 2021	0/4
Mrs. Tumaini E. Silaa	Member	Tanzanian	1 April 2022 – 30 June 2022	0/4
Eng. Michael J. Kyando	Member	Tanzanian	13 Sept. 2019 – 30 June 2022	4/4

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.15 CORPORATE GOVERNANCE MATTERS (CONTINUED)

(i) Audit and Risk Committee (Continued)

a) During the year, the Committee held four (4) meetings, consisting of three (3) ordinary and one (1) special meeting. In these meetings, the Committee discussed and deliberated on the following main issues:

- Internal Audit Unit Performance Report;
- Draft LATRA Risk Management Policy;
- Audit Plan and Audit fees for external auditor (CAG); and
- Draft LATRA Financial Statements for the year ended 30 June 2021;

b) The following were the Committee's resolutions:

- Endorsed the Internal Audit Performance Report for submission to the Board of Directors.
- Endorsed the Draft LATRA Risk Management Policy for submission to the Board.
- Endorsed the Audit Plan and Audit fees for submission to the Board; and
- Endorsed the audited LATRA Financial Statements for submission to the Board for adoption.

(ii) Safety and Regulation Committee

Name	Position	Nationality	Service Period to 30 June 2022	Ordinary Meetings Attended	Extra Ordinary Meeting
Mr. Henry M. Bantu, FCILT	Chairman	Tanzanian	13 Sept. 2019 – 30 June 2022	0/3	
Mr. Victor J. Kahangwa	Member	Tanzanian	13 Sept. 2019 – 30 June 2022	3/3	1/1
Eng. Michael J. Kyando	Secretary	Tanzanian	13 Sept. 2019 – 30 June 2022	3/3	1/1

a) During the year, the Committee held three (3) ordinary meetings and one special meeting. In these meetings, the Committee discussed and deliberated on the following main issues:

- Draft Regulations prepared under the Land Transport Regulatory Authority Act, Cap. 413
- Proposed revised fares for intercity and commuter buses; and
- Proposed fares and draft Board Order for Ride-hailing taxi.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.15 CORPORATE GOVERNANCE MATTERS (CONTINUED)

(ii) Safety and Regulation Committee (Continued)

b) The following were the Committee's resolutions:

- endorsed the Draft Regulations prepared under the Land Transport Regulatory Authority Act, Cap. 413 for submission to the Board.
- endorsed the revised fares for intercity and commuter buses for submission to the Board. and
- endorsed proposed fares and draft Board Order for Ride-hailing taxi services.

(iii) Finance and Administration Committee

Name	Position	Nationality	Service Period to 30 June 2022	Ordinary Meetings Attended	Extra Ordinary Meeting
Mrs. Roxana D. Kijazi (Deceased)	Chairman	Tanzanian	13 Sept. 2019 – 24 June 2022	0/4	
Eng. Leonard S. Kapongo (Deceased)	Member	Tanzanian	13 Sept. 2019 – 30 June 2022	0/4	
Mr. Victor J. Kahangwa	Member	Tanzanian	13 Sept. 2019 – 30 June 2022	4/4	1/1
Eng. Michael J. Kyando	Secretary	Tanzanian	13 Sept. 2019 – 30 June 2022	4/4	1/1

a) During the year the Committee held five (5) meetings, consisting of three (3) ordinary and two (2) special meetings. In these meetings, the Committee discussed and deliberated on the following main issues:

- Annual Plan and Budget for the financial year 2021/22;
- The Authority's Quarterly Performance Reports;
- Staff matters including performance contracts and appraisals; and
- The Authority's Corporate Strategic Plan (2020/21-2024/25).

b) The following were the Committee's resolutions:

- Endorsed the Annual Plan and Budget for the financial year 2021/22 for submission to the Board;
- Endorsed the Authority's Quarterly Performance Reports for submission to the Board;
- Endorsed report on staff matters and performance contracts for submission to the Board; and
- The Authority's Corporate Strategic Plan (2020/21-2024/25).

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.15 CORPORATE GOVERNANCE MATTERS (CONTINUED)

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

(a) Directorates:

- (i) Directorate of Railways Regulation;
- (ii) Directorate of Road Transport Regulation;
- (iii) Director of Safety and Environment;
- (iv) Directorate of Economic Regulation; and
- (v) Directorate of Corporate Services.

(b) Units:

- (i) Procurement Management Unit;
- (ii) ICT Unit;
- (iii) Public Relations and 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.

2.16 APPOINTMENT OF AUDITOR

The Controller and Auditor General (CAG) is the statutory auditor of the Land Transport Regulatory Authority (LATRA) by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified by 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 (Certified Public Accountants) was appointed and authorized to carry out the audit of the Authority jointly with the CAG.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.17 RESPONSIBILITY OF THE AUDITOR

The CAG has a statutory responsibility to report to the stakeholders as to whether, in his opinion, the financial statements of the Authority present fairly the financial position, financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSASs), the Tanzania Financial Reporting Standard (TFRS 1) and in the manner required by the Land Transport Regulatory Authority Act, Cap. 413 and the Public Finance Act, Cap. 348. The CAG is also responsible to report on the Authority's compliance with the Public Procurement laws.

2.18 EMPLOYEES' WELFARE

(a) 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.

(b) 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 43.56 million (2021: TZS 40.07 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 35.69 million (2021: TZS 28.52 million).

(c) Training Facilities

Training programs are continually being developed to ensure employees are adequately trained at all levels. Employees are given opportunity to attend short and long training programs to upgrade their skills and enhance career development. During the year, none staff attended long term training and a total of TZS 581.02 million (2021: TZS 442.48 million) was spent for short training programs.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.19 POLITICAL AND CHARITABLE DONATIONS

The Authority did not make any political donations during the year ended 30 June 2022. Donations were made as part of corporate social responsibility to institutions and charitable organizations to acknowledge LATRA's responsibility to community social needs.

The list of beneficiaries for corporate social responsibilities funds for the financial year 2021/22 is provided in Table 14 below:

Table 14: Beneficiaries for Corporate Social Responsibilities, 2021/22

S/N	Beneficiary	Purpose of the Donation/ Contribution	Amount TZS '000
1	Ajuaye Cooperative	Supply of Seaweed Equipment to Support small scale farmers at Kojani Constituency.	12,000,000
2	Songwe RC Office	Contribution to facilitate farewell party to Retired Regional commissioner and welcoming the new one.	200,000
3	RAS Office -Pwani	To facilitate Uhuru Torch (Mbio za Mwenge) activities at Pwani Region.	500,000
4	Sub-Treasury Office-Mara	To facilitate celebration of Mara Day held at Tarime District which aimed to promote Mara River basin conservation	500,000
5	Kilimanjaro RC Office	Supporting World Food Program Day Program.	500,000
6	SIDO Kigoma	Contribution to Small Industries Development Organization (SIDO) third Exhibition held at Kigoma from 21 to 30 September 2021.	500,000
7	RAS Office-Geita	Contribution for Technology and Investment in Mining sector Geita.	3,000,000
8	Belle Afrique Business Group Ltd	Contribution to Tabata Marathon	2,000,000
9	Tanzania Association of the Blind.	To supply female towels for Blind students.	600,000
10	Masesa Kulwa Masesa	Award for Best student in Logistic and Transport Management at National Institute of Transport (NIT).	1,000,000
11	Khalifan Ali Mohamed	Donation of Sewing Machine, with sheet metal stand and table at Pemba.	5,000,000

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.19 POLITICAL AND CHARITABLE DONATIONS (CONTINUED)

Table 14: Beneficiaries for Corporate Social Responsibilities, 2021/22

S/N	Beneficiary	Purpose of the Donation/ Contribution	Amount TZS '000
12	Police Tanzania	Supply of 3 Laptops to facilitate Police to Track Buses Speed through Vehicles Trucking System (VTS).	6,849,900
13	Tanganyika District council.	Supply of 400 bags of cement to Tanganyika District Council.	8,000,000
14	Kongwa District Council	Supply of 250 Roofing Iron Sheets for Classrooms.	8,625,000
Total			49,274,900

Source: LATRA Financial Records

2.20 MAJOR PROCUREMENT CONTRACTS

The Authority had major procurement contracts with persons and other entities, which were essential to its operations during the financial year ended 30 June 2022. The list of the major procurement contracts of above TZS 50 million is summarized under Table 15 below:

Table 15: Major Procurement Contracts, 2021/22

S/N	Contract Title	Name of Supplier/ Service Provider	Type of Contract	Contract Value (TZS)
1.	Printing of License, Certificates, Notifications and Logbooks	M/s Malindi Printing Press	Framework Contract	643,956,000
2.	Supply of Computer Consumables	M/s Boston Agencies	Fixed Price Contract	67,132,560
		M/s Choice Computer	Fixed Price Contract	64,345,400
3.	Construction of Temporary Office at Dodoma City	M/s SUMA JKT Construction Company	Fixed Price contract	388,110,057
4.	Provision of Security Services	M/s SUMA JKT Guard Company	Fixed Price Contract	251,832,000
5.	Improvement and Support of RRIMS	M/s e- Government Authority	Fixed Price Contract	98,146,500

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

Table 15: Major Procurement Contracts, 2021/22 (CONTINUED)

S/N	Contract Title	Name of Supplier/ Service Provider	Type of Contract	Contract Value (TZS)
6.	Airing Television Program	M/s Clouds Entertainment Co. LTD	Fixed Price Contract	105,010,560
		M/s Tanzania Broadcasting Corporation	Fixed Price Contract	56,640,000
7.	Provision of Consultancy Service to Undertake a study on Socio-Economic Impact of Commercial Motorcycles and Tricycles in Tanzania	M/s National Institute of Transport	Fixed Price Contract	73,018,400
8.	Hosting of Vehicle Tracking System (VTS)	M/s Tanzania Telecommunication Corporation Limited	Fixed Price Contract	76,928,435
9.	Improvement and Support of VTS	M/s B Smart Technology LTD	Fixed Price Contract	374,899,316
10.	Supply of ICT Equipment	M/s Computer Centre (T) LTD	Fixed Price Contract	165,983,402
Total				2,366,002,630

Source: LATRA Procurement records

2.21 ENVIRONMENTAL SOCIAL AND GOVERNANCE ISSUES

In all of the operations, investments, and process, the Authority is committed to fostering sustainable developments. The Environmental and social sustainability become the components of the authority strategy.

a) Railway environmental assessment and Management

The Authority has the policy to implement the Environmental Management for Railway operation, the purpose of the policy is to ensure;

Mainstreaming of environmental concerns in the railways sub-sector with a view to improve performance, efficiency and effectiveness of the sector while protecting the environment;

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.21 ENVIRONMENTAL SOCIAL AND GOVERNANCE ISSUES (CONTINUED).

- Compliance to NEP and NEMA requirements;
- Uniform assessment and management of Railways projects and maintenance activities throughout the project cycle;
- Reduction (mitigation, and, or adaptation) of the adverse effects of the railways sub-sector to the environment, organisms and structure and vice versa.

b) Health and hygiene in transportation

Passengers can cause pollution by dumping waste indiscriminately or helping themselves into the wild if the transportation facilities they use do not have proper sanitation systems and procedures. In addition, passengers may experience “nuisance” contamination or health impacts if the transportation containers they used contain insecticide, scrap, and do not meet transportation standards. These challenges, along with the risk of fires or accidents, are fuelling the importance of ensuring cleanliness and safety within transportation facilities for passengers throughout the journey.

Owners and Managers of transportation vessels will ensure:

- The presence of solid waste storage facilities inside transportation facilities.
- The presence of special containers with lids to store other contaminants such as vomit and baby feces
- The presence of fire extinguishers that have been inspected and verified by the relevant authorities.
- Control of sewage from transportation facilities, especially buses with toilets Presence of personnel with knowledge about the proper use of fire extinguishers
- The presence of a first aid box for passengers containing soap, unused razors, scissors, bandages, plasters, pain medications, wound cleaning medications, glucose and blood pressure tests.
- Spraying of insecticides such as cockroaches and ticks “fumigation” takes place every six months and have a certificate certifying the service.
- Passengers have access to toilet facilities at official service stations for travelers.

2.21 ENVIRONMENTAL SOCIAL AND GOVERNANCE ISSUES (CONTINUED).

Owners and Managers of transportation vessels will ensure (Continued)

- Transportation facilities meet Tanzania's standards for passenger transportation.
- Vessels should be in good condition of durability and hygiene to avoid accidents of cutting themselves, slipping, falling or contracting infectious diseases.
- Protect passengers from noise, dust, smoke, moisture and polluted air.
- Loading passengers according to the capacity of the transport vessel
- Avoiding unloading hard items and other unwanted luggage into the passenger area
- Avoid loading live animals such as chickens, ducks, goats etc into human trafficking containers to avoid outbreaks of animal-to-human landfills.
- Allow enough air to enter to ensure proper air circulation and avoid the spread of infectious airborne infections.
- Having audio, photo, video and text advertisements prohibiting the indiscriminate disposal of waste, supporting informal areas and emphasizing the use of a waste container that is located within the relevant transport container.
- Workers on board, including the driver, inform the authority or health care facility about any passenger or attendant with symptoms of a disease declared by the Government as an epidemic
- Any product for human consumption loaded onto a transport vessel should be in an environment that will not be contaminated or damaged to the extent that it will be detrimental to human health if used
- The transport vessel should be filled with fuel or repairs when passengers are on board the vessel

2.22 DISABLED PERSONS AND GENDER BALANCE

2.22.1 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 results of aptitude test, if any, and performance on the oral interviews. 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.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.22 DISABLED PERSONS AND GENDER BALANCE (CONTINUED)

2.22.2 Gender Parity

The Authority had 125 employees during the year ended 30 June 2022 (30 June 2021:124). Most of the employees were transferred to the Authority from the former regulator SUMATRA as required by Section 49 of the Land Transport Regulatory Authority Act, Cap. 413, some were transferred from Government Institutions while others were recruited through Public Service Recruitment Secretariat (PSRS). Out of the 125 employees, 98 (78.4%) were male and 27 (21.6%) were female as shown in Table 16 below.

Table 16: Number of LATRA Employee

Gender	30.06.2022		30.06.2021	
	No.	%	No.	%
Male	98	78.4	98	79.0
Female	27	21.6	26	21.0
Total	125	100.0	124	100.0

Source: LATRA Human Resources Records

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

2.23 PREJUDICIAL ISSUES

The prejudicial issues at the end of the financial year 2021/22 included the following;-

- (a) A litigation in the High Court of Tanzania at Mbeya by Rabia Isiaka Jafari vs LATRA and Attorney General, Civil Case No. 2/2022, where the plaintiff claims against the Authority and the Attorney General for damages caused by the Authority's act of impounding his vehicle Toyota Hiace T 253 ANB way back in 2014. The matter will be coming for ruling on 18 August 2022 on preliminary objections raised by the defendants on issues of jurisdiction.
- (b) A pending litigation by Benjamin Mpezeko and Peter Claudio vs Amanuel Sekulu, Bernard Marwa and SUMATRA, Civil Case no. 18/2017 in District Court of Kigoma. This matter is pending at the District Court awaiting the plaintiff to re-initiate the same. The High Court had struck out the suit as it was incurably premature filed and ordered the original civil case no. 18 of 2017 be heard in full trial before the District Court of Kigoma.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.23 PREJUDICIAL ISSUES (CONTINUED)

- (c) Appeal No. 9 of 2022 at the Fair Competition Tribunal (FCT) filed by Uber (T) Limited against the Authority after being dissatisfied with Order No. LATRA/01/2022 of 14 March 2022 which set fare and commission cap prices for ride-hailing taxi services. The Order was published in the Gazette No. 1369 of 8 April 2022 and its implementation started on 9 April 2022.

2.24 APPOINTMENT OF 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 with TIN NO 110-747-985, VRN NO 40-008859-G and NBAA registration No PF 222 were authorized to carry out the audit of the Authority jointly with the Controller and Auditor General.

2.25 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

Those Charged with Governance (TCWG) accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, pursuant to section 37(1) of the Land Transport Regulatory Authority Act, Cap. 413. Furthermore, Those Charged with Governance accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), the Public Finance Act, Cap. 348, NBAA's Pronouncements and the requirements of the Land Transport Regulatory Authority Act, Cap. 413.

Therefore, TCWG are of the opinion that the financial statements of the Authority give a true and fair view of the Authority's state of the financial affairs and of its operating results for the year ended 30 June 2022.

2.0. REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.26 STATEMENT OF COMPLIANCE

The Report by Those Charged with Governance is prepared in compliance with the new Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1 January 2021. The Authority's financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs) as issued by the International Public Sector Accounting Standards Board (IPSASB).

This Report by Those Charged with Governance was approved and authorized for issue by the Board of Directors during its 7th Extra-Ordinary Meeting held on 28 December 2022 and signed on its behalf by:

Name: Prof. Ahmed M. Ame

Title: Board Chairman

Signature:  _____

Date: 20/03/2023

Name: CPA Habibu J. S. Suluo

Title: Director General

Signature:  _____

Date: 20/03/2023

3.0 STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Pursuant to Section 37 (1) of the Land Transport Regulatory Authority Act, Cap. 413, the Authority is required to keep proper books of account and maintain proper records of its operations. Those Charged with Governance (TCWG) accept the responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements. TCWG understand that the Authority's system of internal control is effective to provide reasonable, but not absolute, assurance that the transactions recorded in the books of account, which were used to prepare these financial statements, are free from material misstatement.

Furthermore, TCWG accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), the Public Finance Act, Cap. 348, NBAA's Technical Pronouncements and in the manner required by the Land Transport Regulatory Authority Act, Cap. 413. In addition, TCWG are of the opinion that the financial statements give a true and fair view of the Authority's state of the financial affairs and of its operating results for the year ended 30 June 2022.

Nothing has come to the attention of TCWG to indicate that the Government of the United Republic of Tanzania shall wind up the operations of the Authority, thus, not to remain a going concern for at least the next twelve months from the date of this statement.

This Statement was approved and authorized for issue by the Board of Directors during its 7th Extra-Ordinary Meeting held on 28 December 2022 and signed on its behalf by:

Name: Prof. Ahmed M. Ame

Title: Board Chairman

Signature:  _____

Date: 20/03/2023

Name: CPA Habibu J. S. Suluo

Title: Director General

Signature:  _____

Date: 20/03/2023

4.0 DECLARATION OF THE DIRECTOR OF CORPORATE SERVICES

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 and 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 Acting. Director of Corporate Services of LATRA, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2022 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: CPA Samwel D. Keenja

Position: Acting Director of Corporate Services

NBAA Membership No.: ACPA 1866

Date: 20/03/2023

5.0 FINANCIAL STATEMENTS

5.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30 June 2022 TZS '000	30 June 2021 TZS '000
ASSETS			
Current Asset			
Cash and Cash Equivalents	16	5,260,527	4,588,616
Inventories	17	391,750	470,872
Other Financial Assets	18	148,395	148,395
Prepayments	19	667,079	952,632
Receivables	20	1,223,667	244,030
Total Current Asset		7,691,418	6,404,545
Non-Current Asset			
Property and Equipment	21	14,266,237	13,870,703
Intangible Assets	22	154,625	108,948
Total Non-Current Asset		14,420,862	13,979,651
TOTAL ASSETS		22,112,280	20,384,196
LIABILITIES			
Current Liabilities			
Payables and Accruals	24	2,813,056	2,834,907
Total Current Liabilities		2,813,056	2,834,907
TOTAL LIABILITIES		2,813,056	2,834,907
Net Assets		19,299,224	17,549,289
NET ASSETS/EQUITY			
Taxpayers/Share Capital		17,047,108	17,047,108
Accumulated Surpluses		2,252,116	502,181
TOTAL NET ASSETS/EQUITY		19,299,224	17,549,289

These financial statements, pages 83 - 127, were approved and authorized for issue by the Board of Directors during its 7th Extra-Ordinary Meeting held on 28 December 2022 and signed on its behalf by:

Name: Prof. Ahmed M. Ame

Title: Board Chairman

Signature: 

Date: 20/03/2023

Name: CPA Habibu J. S. Suluo

Title: Director General

Signature: 

Date: 20/03/2023

5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/2022 TZS 000	2020/2021 TZS 000
Revenue:			
Revenue from Non-Exchange Transaction	7	28,119,960	25,625,685
Revenue from Exchange Transactions	8	704,651	319,818
Other Income	9	-	(288)
TOTAL REVENUE		28,824,611	25,945,215
EXPENSES AND TRANSFERS			
Expenses			
Wages, Salaries and Employee Benefits	10	8,749,414	7,988,775
Social Benefits	11	1,596,230	1,530,634
Supplies and Consumables Used	12	7,505,246	5,963,522
Bank Charges and Commissions	13	15,414	23,888
Maintenance Expenses	14	663,867	380,038
Depreciation of Property and Equipment	21	1,778,790	1,666,271
Impairment of PPE	21	104,190	-
Amortization of Intangible Assets	22	47,440	62,564
Board Remuneration and other expenses	27.1	173,872	169,500
Provision of Obsolete Inventories		-	201,771
Impairment of receivables	36	417,725	299,571
Total Expenses		21,052,188	18,286,534
Transfers:			
Contributions and other Transfer	15	6,022,488	5,946,499
Total Transfers		6,022,488	5,946,499
TOTAL EXPENSES AND TRANSFERS		27,074,676	24,233,033
Surplus		1,749,935	1,712,182

Notes to the financial statements on pages 88-127 form part of these financial statements.

5.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Note	Capital Fund	Accumulated Surplus	Total
		TZS '000	TZS '000	TZS '000
At 01 July 2021		17,047,108	502,181	17,549,289
2021/2022 Surplus		-	1,749,935	1,749,935
At 30 June 2022		17,047,108	2,252,116	19,299,224

During the year, the Authority recorded a surplus of TZS 1.75 billion. The Net Assets of the Authority as at 30 June, 2022 stood at TZS 19.30 billion (30 June, 2021: TZS 17.55 billion).

5.4 CASH FLOWS STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/2022 TZS '000	2020/2021 TZS '000
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Fees, fines, penalties and Forfeits	7	10,557,535	8,523,121
Road Transport Fees and Levies	20	17,182,912	16,779,686
Receipts from Exchange Transactions	20	614,190	131,834
Other Receipts	20	171,910	18,423
Total Receipts		28,526,547	25,453,064
PAYMENTS			
Social benefits	11	1,596,230	1,530,634
Bank charges and Commissions	13	15,414	23,888
Maintenance Expenses	14	663,867	380,038
Contributions and Transfers	15	6,022,488	5,946,499
Board Remuneration and other expenses	27.1	173,872	169,500
Supplies and Consumables Used	24	7,097,899	7,102,997
Wages, Salaries and Employee Benefits	24	8,813,939	7,610,646
Staff Loans and Other payments	37	1,099,295	373,239
Total Payments		25,483,004	23,137,441
NET CASH FLOW FROM OPERATING ACTIVITIES		3,043,543	2,315,623
CASH FLOW FROM INVESTING ACTIVITIES			
Investing Activities			
Acquisition of Property and Equipment	21	(2,278,514)	(1,180,791)
Acquisition of Intangibles	22	(93,118)	(117,776)
Total Investing Activities		(2,371,632)	(1,298,567)
NET CASH FLOW USED IN INVESTING ACTIVITIES		(2,371,632)	(1,298,567)
Net Increase		671,911	1,017,056
Cash and cash equivalent at beginning of period		4,588,616	3,571,560
Cash and cash equivalent at end of period		5,260,527	4,588,616

5.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Budget approved	Original budget		Adjustment		Final budget		Actual amount on accrual basis [D]		Accrued amount		Actual amount on Comparable to Basis		Difference Final		Reasons
	[A]	[B]	[C=A-B]	[D]	[E]	[F=D-E]	[C-F]	[G]	[H]	[I=H-G]	[J]	[K=J-I]	[L]		
	TZS '000'	TZS '000'	TZS '000'	accrual basis [D]	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	
Revenue from Non-Exchange Transactions															
Road Transport Licensing Fees and	25,853,822	(4,123,423)	21,730,400	17,562,425	(379,513)	17,182,912	(4,547,488)	Note 34							
Certification of drivers and cruel	677,490	(677,490)	-	-	-	-	-								
Other Income	7,105,000	1,395,000	8,500,000	11,262,186	81,449	11,343,635	2,843,635	Note 34							
Total Revenue	33,636,312	(3,405,913)	30,230,400	28,824,611	(298,064)	28,526,547	(1,703,853)								
Payments:															
Depreciation of Property and	-	-	-	1,778,790	1,778,790	-	-								
Amortization of Intangible Assets	-	-	-	47,440	47,440	-	-								
Impairment of Receivables	-	-	-	417,725	417,725	-	-								
Impairment of PPE	-	-	-	104,190	104,190	-	-								
Maintenance Expenses	614,000	(14,000)	600,000	663,867	-	663,867	(63,867)	Note 34							
Social Benefits	1,475,075	(137,582)	1,337,493	1,596,230	-	1,596,230	(258,737)	Note 34							
Bank Charges and Commissions	18,000	-	18,000	15,414	-	15,414	2,586								
Board Remunerations and Other	179,738	-	179,738	173,872	-	173,872	5,866								
Supplies and consumables used	10,107,933	462,104	10,570,037	7,505,246	407,347	7,097,899	3,472,138	Note 34							
Wages, Salaries and Employees	10,764,832	(1,123,296)	9,641,536	8,749,414	(64,525)	8,813,939	827,597	Note 34							
Grants, Subsidies and other	6,363,697	(1,240,447)	5,123,250	6,022,488	-	6,022,488	(899,238)	Note 34							
Total payments	29,523,275	(2,053,221)	27,470,055	27,074,676	2,690,967	24,383,709	3,086,345								
Surplus/(deficit) for the year	-	(1,352,692)	(1,352,692)	1,749,935	(2,392,903)	4,142,838	1,345,620								
Staff loans issued						(1,099,295)									
Cash flow from operating activities						3,043,543									
Acquisition of Non-Current Assets	4,113,037	(4,070,190)	2,760,345	2,760,345	2,371,632	388,713									

The Authority prepared its budget on cash basis. As such the above statement has included adjustments to align the financial statements to the budget. The explanations for the differences between budgeted and actual expenditures are provided in **Note 34.**

NOTES TO THE FINANCIAL STATEMENTS

1. ESTABLISHMENT AND PRINCIPAL ACTIVITIES

1.1 Establishment

Land Transport Regulatory Authority (LATRA) was established by the Land Transport Regulatory Authority Act, Cap. 413 as a regulatory body in relation to the land transport sectors and came into operation effective from 29 April 2019 as per Government Notice No.358 published on 26 August 2019.

The current address of the Head office of the Authority is:

Director General,
Land Transport Regulatory Authority, Head Office,
P. O. Box 1742, 41104 Tambukareli
DODOMA, TANZANIA.

1.2 Principal Activities

The Authority sectorial scope covers regulatory functions under road transport, rail transport, cable and underground transport sectors. The principal activities of the Authority are provided under section 5 and 6 of the Land Transport Regulatory Authority Act, Cap. 413.

2. AUTHORISATION OF FINANCIAL STATEMENTS

The Authority's financial statements for the year ended 30 June 2022 were approved and authorized for issue by the Board of Directors during its 7th Extra-Ordinary Meeting held on 28 December 2022.

3. STATEMENT OF COMPLIANCE

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority's financial statements are prepared and presented in compliance with IPSASs accrual basis. The significant accounting policies outlined below have been applied consistently throughout the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4.1 BASIS OF PREPARATION

The financial statements have been prepared on historical cost basis, except for buildings that have been measured at fair value. The cash flows statement is prepared using the *direct method*. The financial statements are prepared on an IPSAS accrual basis of accounting.

4.2 REPORTING PERIOD

The reporting period for these financial statements is the financial year of the Authority which runs from 1 July 2021 to 30 June 2022.

4.3 NEW STANDARDS ON ISSUE NOT YET ADOPTED BY THE AUTHORITY

There are four (4) new Standards issued by the International Public Sector Accounting Standards Board (IPSASB) but were not yet effective up to the date of issuance of the Authority's financial statements. The new Standards are:

a) IPSAS 41 – Financial Instruments, which is effective on or after 1 January 2023. This Standard replaces IPSAS 29 and it sets out requirements for recognition and measurement of financial instruments, including impairment, de-recognition and general hedge accounting; and

b) IPSAS 42 – Social Benefits, which is effective on or after 1 January 2023. This Standard will help users of the financial statements to assess the nature of social benefits provided by the Authority, the features of the operation of social benefit schemes and the impact of social benefits on the Authority's financial performance, financial position and cash flows.

c) IPSAS 43 – Leases, which is effective on or after 1 January 2025. The standard introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13, *Leases*. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13

d) IPSAS 44 - Non-current assets held for sale and discontinued operations, which is effective on or after 1 January 2025 specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be:

- Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and
- Presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. THE OTHER APPLIED ACCOUNTING POLICIES AND ESTIMATES

The other accounting policies and estimates outlined below have been consistently applied by the Authority to all the presented years.

5.1 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.

5.2 REVENUE RECOGNITION

Revenue from exchange transactions

Exchange transactions are transactions in which the Authority receives assets or services, or has liabilities extinguished, and directly gives approximately equal value primarily in the form of cash, goods, services, or use of its assets to another entity in exchange.

The Authority recognizes revenue from sales of publications, miscellaneous receipts, and interest from bank accounts when transactions occurs, or revenue receivable can be measured reliably.

Revenue from non-exchange transactions

i) Fees and fines

The Authority recognizes revenues from fees and fines when the event occurs, and the asset recognition criteria are met. Other non-exchange revenues 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.

ii) Transfers from other government entities

Revenue from non-exchange transactions with other government entities is measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property), if the transfer is free from conditions, and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, a grant liability is recognized instead of revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. THE OTHER APPLIED ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5.2 REVENUE RECOGNITION (CONTINUED)

iii) Other transfers

Other transfers include penalties, licenses, gifts and donations (including goods-in-kind). 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.

iv) Service Providers Levy

Service Providers Levy are recognized when the asset recognition criteria are met.

5.3 PROPERTY AND EQUIPMENT

Recognition

The Authority's property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of items of property and equipment.

Items of property and equipment shall be recognized as assets if, and only if, it is probable that the future economic benefits or service potential associated with the items will flow to the Authority and the cost or fair value of the item can be measured reliably.

Repairs and maintenance of property and equipment are recognized in the statement of financial performance during the financial period in which they are incurred.

The Authority recognizes items of property and equipment upon disposal or when no future economic benefits or service potential is expected from its continuing use.

The gain or loss arising on de-recognition of an item of property and equipment is included in the statement of financial performance, unless where IPSASs requires otherwise on a sale and leaseback arrangement.

The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

Depreciation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. THE OTHER APPLIED ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5.3 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation on property and equipment is charged on a straight-line basis over the useful life of the items of the property and equipment. Depreciation is charged at the rates calculated to allocate the cost of item less any estimated residual value over its remaining useful life as shown below:

Description of Asset Category	Useful Life (Years)
Buildings	50
Generators & Machinery	15
Motor Vehicles	05
Office Equipment	05
Computers and Accessories	04
Furniture and Fittings	05
Residential Furniture and Equipment	05

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

5.4 INTANGIBLE ASSETS

Recognition

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired.

Amortization

The intangible asset with a finite life is amortized over its useful life as follows:

Description of Intangible Asset Category	Useful Life (Years)
Application software	03

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. THE OTHER APPLIED ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5.4 INTANGIBLE ASSETS (CONTINUED)

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 the 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 an intangible asset is de-recognized.

5.5 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 when the carrying amount of the assets exceeds its recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use. In assessing value in use, the Authority has adopted the restoration cost approach as it has determined this to be appropriate because of the nature of the assets. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment.

In determining fair value less costs to sell, the price of the assets in a binding arrangement in an arm's-length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the Authority determines fair value less cost to sell on the basis of the best available information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. THE OTHER APPLIED ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5.5 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

Impairment losses are recognized 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 recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Authority estimates the asset's recoverable amount. A previously recognized 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.

5.6 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. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term. 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.

5.7 FINANCIAL INSTRUMENTS

Financial assets

Initial recognition and measurement financial assets within the scope of *IPSAS 29 Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. THE OTHER APPLIED ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5.7 FINANCIAL INSTRUMENTS (CONTINUED)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, that is, the date that the Authority commits to purchase or sell the asset. The Authority's financial assets include cash and; trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

De-recognition

The Authority derecognizes a financial asset, or, where applicable, a part of a financial asset or part of a group of similar financial assets, when:

- (i) the rights to receive cash flows from the asset have expired or is waived;
- (ii) it has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either it has:
 - transferred substantially all the risks and rewards of the asset, or
 - Neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of financial assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or a 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. THE OTHER APPLIED ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5.7 FINANCIAL INSTRUMENTS (CONTINUED)

Evidence of impairment may include the following indicators:

- (i) Debtors or a group of debtors are experiencing significant financial difficulty;
- (ii) Default or delinquency in interest or principal payments;
- (iii) The probability that debtors will enter bankruptcy or other financial reorganization;
- (iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults).

Financial liabilities

Initial recognition and measurement financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit, or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The Authority's financial liabilities include trade and other payables and provisions

Subsequent measurement of financial liabilities depends on their classification:

- Financial liabilities at fair value through surplus or deficit;
- Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading; and
- Financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Gains or losses on liabilities held for trading are recognized in surplus or deficit, that is, in the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. THE OTHER APPLIED ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5.7 FINANCIAL INSTRUMENTS (CONTINUED)

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit, that is, the statement of financial performance.

Off-setting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts, and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

5.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three (3) months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of Statement of Cash flows, cash is comprised of cash on hand and deposits held at call with banks. Cash equivalents are short term deposits with original maturities of three (3) months or less.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. THE OTHER APPLIED ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5.9 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.

5.10 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. THE OTHER APPLIED ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5.11 CONTINGENT LIABILITIES

The Authority does not recognize a contingent liability during the year ended 30 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.

5.12 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.

5.13 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.

5.14 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. THE OTHER APPLIED ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5.15 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 27.

5.16 BUDGET INFORMATION

The annual budget is prepared on the cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. Adjustment for accrued amounts have been shown the statement of comparison of budget and actual amounts.

Explanatory comments are provided under Note 34 to the annual financial statements; first, the reasons for overall growth or decline in the budget, followed by details of overspending or under spending online items.

5.17 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Authority's financial statements requires estimates and assumptions of revenues, expenses, assets and liabilities. Management judgments is needed in establishing the assumptions and resulting estimates.

Estimates and 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. THE OTHER APPLIED ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5.17 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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 property and equipment and amortization rate of intangibles. The rates used are set out in the accounting policies section of these financial statements under Note 5.3 and Note 5.4 respectively.

ii) Impairment of financial assets

Estimates are required to be made of what would be the impact of a loss event that has occurred after the initial recognition of a financial asset and which would affect the estimated future cash flows. The Authority assessed, at the reporting date, whether a financial asset or group of financial assets have been impaired. Only if there is objective evidence of impairment or a loss event, then the financial asset is deemed to be impaired.

iii) 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.

iv) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. 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 program 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 ensuring that all cash collections are transferred to the Authorities bank account at the central bank (The Bank of Tanzania) on weekly bases. Cash transfers to expenditure account in commercial bank is done in amounts for immediate use in periods not exceeding one month.

Management of risk associated with trade and other receivables includes use electronic means of collections where revenue is collected as earned, prompt billing and close follow up.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

The amount that represents the Authority's exposure to credit risk at 30 June 2022 is made up as follows:

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

	Up to 1 month	Total
<u>2021/22</u>	TZS '000'	TZS '000'
Cash and equivalents	5,260,527	5,260,527
Receivables from Non-Exchange Transactions	1,223,667	1,223,667
<u>2020/21</u>		
Cash and equivalents	4,588,616	4,588,616
Receivables from Non-Exchange Transactions	244,030	244,030
	30.06.2022	30.06.2021
	TZS'000'	TZS'000'
Cash & Cash Equivalents	5,260,527	4,588,616
Accounts receivable	1,223,667	244,030
	6,484,194	4,832,646

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.

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

(b) Liquidity 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 Government owned entity; it ensures that expenditures are always as per the approved budget in order to ensure that is always in operations.

(c) Categorization of Financial Instruments

	Carrying Value	Loans and receivable	Total
Financial Assets	TZS '000'	TZS '000'	TZS '000'
30-Jun-22			
Cash and	5,260,527	5,260,527	5,260,527
Receivables	1,223,667	1,223,667	1,223,667
	6,484,194	6,484,194	6,484,194
30-Jun-21			
Cash and equivalents	4,588,616	4,588,616	4,588,616
Receivables	244,030	244,030	244,030
	4,832,646	4,832,646	4,832,646
Financial Liabilities	Carrying Value	At amortized cost	Total
30-Jun-22	TZS '000'	TZS '000'	TZS '000'
Current Liabilities	2,813,056	2,813,056	2,813,056
	2,813,056	2,813,056	2,813,056
30-Jun-21			
Current Liabilities-	2,834,907	2,834,907	2,834,907
	2,834,907	2,834,907	2,834,907

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. REVENUE FROM NON-EXCHANGE TRANSACTION

	2021/22	2020/2021
	TZS '000	TZS '000
Service Levy	479,941	454,219
Road Transport Licenses	17,082,484	16,648,057
Fines and Penalties	10,557,535	8,523,409
	28,119,960	25,625,685

Road Transport Licenses is the major source of revenue of the Authority. During the financial year ended 30 June 2022, Road Transport License Fees, Levies and Penalties amounted to TZS 28.12 billion (2020/21: TZS 25.63 billion). The increase in collection is attributed to strategic roadside inspections and enhanced monitoring activities while levies are mainly provisions of expected collections from TRC and UDA-RT. The Fines and Penalties originates mainly from fines charged to defaulters of licensing conditions. Penalties are high due to strategic roadside inspections to enhance safety in regulated services.

8. REVENUE FROM EXCHANGE TRANSACTIONS

	2021/22	2020/21
	TZS '000	TZS '000
Receipt from sales of Publications	176,490	131,834
Miscellaneous Receipts	485,602	187,984
Interest Revenue	42,559	-
	704,651	319,818

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. During the year TZS 704.65 million (2020/21: TZS 319.82 million) was recorded as exchange revenues.

9. OTHER INCOME

	2021/22	2020/21
	TZS '000	TZS '000
Gain/(Loss) on foreign exchange	-	(288)
	-	(288)

This refers to gain or loss that results from foreign currency translation. During the year the Authority had no gain/loss on foreign exchange. (2020/21: loss of TZS 288,000) was recorded.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. WAGES, SALARIES AND EMPLOYEE BENEFITS

	2021/22	2020/21
	TZS '000	TZS '000
Civil Servants	5,979,603	5,525,476
Electricity Allowance	170,739	141,577
Extra-Duty	49,299	23,356
Housing allowance	1,183,908	1,043,371
Outfit Allowance	800	1,450
Passages Allowances	520,861	391,553
Risk Allowance	260,759	242,266
Transport Allowance	583,445	612,885
Uniform Allowance	-	6,841
	8,749,414	7,988,775

The above expenses relate to employee wages, and other benefits. The expenses for the financial year 2021/22 stood at TZS 8.75 billion (2020/21: TZS 7.99 billion).

11. SOCIAL BENEFITS

	2021/22	2020/21
	TZS '000	TZS '000
Health Costs	43,555	40,068
Statutory Contributions	1,552,675	1,490,566
	1,596,230	1,530,634

The statutory contributions include payment to NHIF, PSSF, and WCF. Health costs refer to staff medical expenses paid directly to hospitals for treatments not covered by NHIF. A total of TZS 1.60 billion was incurred in respect of statutory contributions and health costs in the year 2021/22. (2020/21: TZS 1.53 billion).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. SUPPLIES AND CONSUMABLES USED

	2021/22	2020/21
	TZS '000	TZS '000
Advertising and Publication	137,211	323,521
Air Travel Tickets	285,855	176,472
Audit Fees	120,000	117,537
Books, Reference and Periodicals	31,541	18,832
Burial Expenses	140,888	88,233
Computer Software	50,118	42,122
Computer Supplies and Accessories	24,980	375,740
Conference Facilities	80,395	57,170
consultancy fees	121,338	5,050
Courier Services	36,288	46,978
Diesel	354,093	179,118
Electricity	124,382	151,773
Exhibition, Festivals and Celebrations	16,426	-
Food and Refreshments	73,243	63,432
Gifts and Prizes	201,366	153,391
Ground travel (bus, railway taxi, etc.)	69,538	57,836
Insurance Expenses	50,155	19,625
Internet and Email connections	646,348	598,505
legal fees	3,850	17,000
Mobile Charges	151,983	103,345
Office Consumables (papers, pencils, pens & stationaries)	101,891	188,885
Outsourcing Costs (includes cleaning and security services)	198,220	188,586
Per Diem – Domestic	1,572,260	1,008,126
Per Diem – Foreign	62,364	28,428
Printing and Photocopying Costs	599,608	91,083
Remuneration of Instructors	15,751	6,800
Rent - Office Accommodation	437,073	419,747
Special Foods (diet food)	7,200	9,600
Special Operation Services	985,776	805,993
Subscription Fees	19,979	4,777
Tuition Fees	72,875	442,479
Uniforms and Ceremonial Dresses	19,370	44,602
Moving expenses	11,819	18,191
Water Charges	19,908	20,241
Wire, Wireless, Telephone, Telex Services	24,547	90,304

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. SUPPLIES AND CONSUMABLES USED (CONTINUED)

	2021/22	2020/21
	TZS '000	TZS '000
Training Allowances	581,024	-
Protective Clothing, footwear and gears	3,283	-
Educational Radio and TV broadcasting	46,570	-
Court Attire	4,500	-
Registration Fee	1,230	-
	7,505,246	5,963,522

The expenditure for use of goods and services in the financial year 2021/22 are TZS 7.51 billion (2020/21: TZS 5.96 billion).

13. BANK CHARGES AND COMMISSIONS

	2021/22	2020/21
	TZS '000	TZS '000
Bank Charges and Commissions	15,414	23,888
	15,414	23,888

During the year, TZS 15.41 million was paid (2020/21: TZS 23.89 million) as bank charges.

14. MAINTENANCE EXPENSES

	2021/22	2020/21
	TZS '000	TZS '000
Computers, printers, scanners, and other computer related equipment	16,698	76,920
Mechanical, electrical, and electronic spareparts	17,906	134,608
Motor Vehicles and Watercraft	296,442	163,942
Plumbing Supplies and Fixtures	10,201	-
Small tools and implements	9,542	4,568
Cement, Bricks and Building Materials	26,746	-
-Electrical and Other Cabling Materials	2,107	-
Outsource maintenance contract services	283,385	-
Roofing Materials	630	-
Wood and Timber Supplies	210	-
Total Maintenance expenses	663,867	380,038

The recorded expenditure on maintenance expenses during the year 2021/22 stood at TZS 663.87 million (2020/21: TZS 380.04 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. CONTRIBUTIONS AND TRANSFERS

	2021/22	2020/21
	TZS '000	TZS '000
Contributions (15% on Gross Revenue and other contributions)	4,683,739	4,818,353
Fair Competition Commission (FCC)	135,000	180,000
F Competition Tribunal (FCT)	180,000	147,840
LGAs Transfers (Historic)	411,513	297,404
National Consumer Advocacy Council (NCAC)	559,978	500,000
Subscription to AFUR	19,435	2,902
Subscription to SARA	32,823	-
	6,022,488	5,946,499

During the year, TZS 6.02 billion was paid (2020/21: TZS 5.95 billion) being contribution to the Consolidated Fund and other bodies. The transfers comprised of payments of 50% refund to City/Municipal/Town councils on collections from Motor/Tricycle and payments to finance the budget of LATRA CCC, FCC and FCT. Contributions were made to AFUR and SARA.

16. CASH AND CASH EQUIVALENTS

	2021/22	2020/21
	TZS '000	TZS '000
BoT Own source Collection Account	2,574,232	1,461,269
Loan Cash Account	982,421	1,949,202
Own source Collection Account - NMB	50,130	49,800
Own source Development Expenditure	550,550	402,380
Own source Recurrent Expenditure GF	987,064	696,306
Petty Cash	6,680	8,383
Unapplied Cash Account	98,344	10,317
USD Commercial Collection Account	11,106	10,959
	5,260,527	4,588,616

The increase in cash and cash equivalents is mainly attributed to collection in excess of payments. This is due to aggressive expenditure control to ensure the scarce financial resources are properly used. The notable decrease in the Loan Cash Account is a result of loans which were issued to employees after approval of the loan policy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. INVENTORIES

	2021/22	2020/21
	TZS '000	TZS'000
Consumables	593,521	672,643
Provision for obsolete stock	(201,771)	(201,771)
	391,750	470,872

The above balances are for stock of consumable items purchased but not used in various LATRA offices. These includes printing materials, licenses, stationaries and office consumables. Licenses are usually purchased to cover requirements of three to six months.

18. OTHER FINANCIAL ASSETS

	2021/22	2020/21
	TZS '000	TZS '000
Defined contribution scheme	148,395	148,395
	148,395	148,395

The above balance resulted from an arrangement which SUMATRA had with the then Government Employees Provident Fund (GePF). The GePF was a Fund manager for a fund that was established for settlement of separation benefits due to the employees as per SUMATRA Employees Incentive Scheme, which was adopted by LATRA. Following the merging of pension funds, the fund is now managed by PSSSF.

19. PREPAYMENTS

	2021/22	2020/21
	TZS '000	TZS '000
Advance Supplies of goods and services	667,079	952,632
	667,079	952,632

These are amount outstanding at the year-end for payment made in respect of purchase of motor vehicles (TZS 277.00 million), training fees to various institutions (TZS 108.00 million), prepayment for iron sheets for renovation of Mikocheni Office Building (TZS 20.80 million), deposit for printing of licences made to Malindi printers (TZS 193.20 million), Payment in advance to SARA (TZS13.90 million) and rent paid in advance for various regional offices (TZS 54.18 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. RECEIVABLES

	2021/22	2020/21
	TZS '000	TZS '000
Receivables from Exchange Transaction		
Vehicle Tracking Devices data charges	217,465	169,561
Receivables from Non-Exchange Transaction		
Regulatory Levy Receivable	2,556,166	2,176,653
Other Receivables		
Principal Loan Receivables	943,835	16,450
Loan Interest Receivable	42,559	-
	986,394	16,450
	3,760,025	2,362,664
Provision for doubtful Debts	(2,536,358)	(2,118,634)
	1,223,667	244,030

Analysis of cash received from Fees and Levies

Opening receivable from Non exchangetransaction	2,176,653	1,854,063
Revenue for the year	17,562,425	17,102,276
Closing balance	(2,556,166)	(2,176,653)
Cash received	17,182,912	16,779,686

Analysis of cash received from Exchange transaction

Opening receivable from Non exchangetransaction	169,561	-
Revenue for the year	662,094	301,395
Closing balance	(217,465)	(169,561)
Cash received	614,190	131,834

Analysis of Loan recovery Received

Opening receivable from Non exchangetransaction	16,450	34,873
Loans issued	1,099,295	-
Closing balance	(943,835)	(16,450)
Cash received	171,910	18,423

The receivables at 30 June 2022 was TZS 1.22 billion (30 June 2021: TZS 244.03 million). These comprises loan balances due from employees and amounts due from TRC, UDA-RT, VTS vendors and ride hailing operators. The Increase is mainly due to implementation of the Employee's Loan Policy in 2021/2022. A total of TZS 1.10 billion was issued as loans to 16 staff.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
21. PROPERTY AND EQUIPMENT

	Cost / Revaluation				Accumulate depreciation and Accumulated impairment						Carrying value	
	Cost	Additions	Disposal/ Adjustment	Balance 30 June	Balance 01 July	Adjusted Accumulated Depreciation	Depreciation	Impairment Loss	Balance 30 June	Balance 30 June	30 June	30 June
2021/2022												
Leasehold Land	3,120,622	221,923		3,342,545	-							3,342,545
Office Building	6,597,160			6,597,160	222,105		131,943					6,243,112
WIP (Dodoma)	-	290,520		290,520								290,520
Motor vehicles	2,391,918	764,626		3,156,544	1,296,469		513,100	104,190	1,913,759			1,242,785
Property and machinery	268,899			268,899	129,060		18,016		147,076			121,823
Furniture & fittings	1,077,012	363,733		1,440,745	631,592		237,369		868,961			571,784
Computer equipment	1,661,595	384,985		2,046,580	1,147,119		295,219		1,442,338			604,242
Other equipment	3,899,345	252,727		4,152,072	1,719,503		583,143		2,302,646			1,849,426
Total	19,016,551	2,278,514	-	21,295,065	5,145,848	-	1,778,790	104,190	7,028,828	14,266,237		
2020/2021												
Leasehold Land	3,056,197	105,422	(40,997)	3,120,622	-							3,120,622
Office Building	6,597,160			6,597,160	90,162	90,162	131,943		222,105			6,375,055
Motor vehicles	2,152,457	277,041	(37,580)	2,391,918	861,053	(15,036)	450,452		1,296,469			1,095,449
Properties and machinery	522,592		(253,694)	268,899	263,260	(152,216)	18,016		129,060			139,839
Furniture & fittings	939,556	201,479	(64,022)	1,077,013	466,905	(30,264)	194,950		631,592			445,421
Computer equipment	3,142,085	573,463	(2,053,954)	1,661,594	1,416,711	(605,780)	336,188		1,147,119			514,475
Other equipment	1,875,207	23,386	2,000,753	3,899,345	937,413	247,368	534,722		1,719,503			2,179,842
Total	18,285,254	1,180,791	(449,494)	19,016,551	4,035,504	(555,928)	1,666,271		5,145,848	13,870,703		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. INTANGIBLE ASSETS (FIGURES IN TZS "000")

		Cost / Revaluation		Balance		Amortization		Balance		Carrying	
Cost		Balance	Balance	Balance	Charge	Balance	Disposal	Balance	Value		
01 July	30 June	01 July	30 June	01 July	Charge	30 June	Disposal	30 June	30 June	30 June	30 June
TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
2021/22	3,302,694	93,118	-	3,395,812	3,193,747	47,440	-	3,241,187	154,625		
Total	3,184,918	93,118	-	3,395,812	3,193,747	47,440	-	3,241,187	154,625		
2020/21	3,184,918	117,776	-	3,302,694	3,131,183	62,564	-	3,193,747	108,947		
Total	3,184,918	117,776	-	3,302,694	3,131,183	62,564	-	3,193,747	108,947		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
23. SEGMENTAL REPORTING ON THE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

All Figures in TZS 1000

Simiyu			15	6591			
Geita			-	4,156			
Shinyanga			135	3,168			
Mara			418	6,219			
Kagera			18	4,408			
Mwanza			185	8,112			
Kigoma			145	4,271			
Singida			365	2,667			
Dodoma			79	2,610			
Manyara			298	4,602			
Arusha			368	6,524			
Tabora			500	5,455			
Moshi			482	5,857			
Tanga			292	4,056			
Mtwara			-	1,197			
Lindi			11	6,091			
Songwe			-	1,029			
Katavi			-	2,964			
Rukwa			168	3,408			
Mbeya			498	3,333			
Songea			-	9,075			
Njombe			22	2,437			
Iringa			259	3,037			
Morogoro			204	5,720			
Pwani			210	5,972			
Head Office			5,255,855	278,791	148,395	667,079	1,223,666
Total			5,260,527	391,750	148,395	667,079	1,223,666
ASSETS							
Current Asset							
Cash and Cash Equivalents							
Inventories							
Other Financial Assets							
Prepayments							
Receivables							

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
23. SEGMENTAL REPORTING ON THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022
All Figures in TZS 1000

Simiyu	6,606				-	6,606		
Geita	4,156				-	4,156		
Shinyanga	3,303			125,823	125,823	129,126		
Mara	6,637			67,091	67,091	73,728		
Kagera	4,426			84,274	84,274	88,700		
Mwanza	8,297			67,642	67,642	75,939		
Kigoma	4,416			62,576	62,576	66,992		
Singida	3,032			360,270	360,270	363,302		
Dodoma	2,689			95,484	95,484	98,173		
Manyara	4,900			95,484	95,484	100,384		
Arusha	6,892			988,137	988,137	995,029		
Tabora	5,955			108,922	108,922	114,877		
Moshi	6,339			329,786	329,786	336,125		
Tanga	4,348			170,800	170,800	175,148		
Mtwara	1,197			137,111	137,111	138,308		
Lindi	6,102			72,440	72,440	78,542		
Songwe	1,029			111,287	111,287	112,316		
Katavi	2,964			68,295	68,295	71,259		
Rukwa	3,576			119,611	119,611	123,187		
Mbeya	3,831			259,032	259,032	262,863		
Songea	9,075			78,138	78,138	87,213		
Njombe	2,459			85,336	85,336	87,795		
Iringa	3,296			112,164	112,164	115,460		
Morogoro	5,924			433,378	433,378	439,302		
Pwani	6,182			277,551	277,551	283,733		
Head Office	7,573,786			9,956,210	9,956,210	17,529,996		
Total	7,691,417		154,626	14,266,845	14,421,471	22,112,888		
Total Current Asset		Non-Current Asset	Intangible Assets	Property and Equipment	Total Non-Current Asset	TOTAL ASSETS		LIABILITIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
23. SEGMENTAL REPORTING ON THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022
All Figures in TZS 1000

Simiyu		-	-	-	6,606				
Geita		-	-	-	4,156				
Shinyanga		-	-	-	129,126				
Mara		-	-	-	73,728				
Kagera		-	-	-	88,700				
Mwanza		-	-	-	75,939				
Kigoma		-	-	-	66,992				
Singida		-	-	-	363,302				
Dodoma		-	-	-	98,173				
Manyara		-	-	-	100,384				
Arusha		-	-	-	995,029				
Tabora		-	-	-	114,877				
Moshi		-	-	-	336,125				
Tanga		-	-	-	175,148				
Mtwara		-	-	-	138,308				
Lindi		-	-	-	78,542				
Songwe		-	-	-	112,316				
Katavi		-	-	-	71,259				
Rukwa		-	-	-	123,187				
Mbeya		-	-	-	262,863				
Songea		-	-	-	87,213				
Njombe		-	-	-	87,795				
Iringa		-	-	-	115,460				
Morogoro		-	-	-	439,302				
Pwani		-	-	-	283,733				
Head Office		2,813,056	2,813,056	2,813,056	14,716,940	17,047,108	2,252,725	19,299,833	
Total		2,813,056	2,813,056	2,813,056	19,299,832	17,047,108	2,252,725	19,299,833	
Current Liabilities									
Payables and Accruals									
Total Current Liabilities									
TOTAL LIABILITIES									
Net Assets									
NET ASSETS/ EQUITY									
Share Capital									
Accumulated Surplus/ (Deficits)									
TOTAL NET ASSETS/ EQUITY									

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
23. SEGMENTAL REPORTING ON THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022
All Figures in TZS 1000

	Simiyu	296,643	181,674		478,317		-	-	-	5,018
	Geita	304,198	186,301		490,499		-	-	-	2,789
	Shinyanga	368,612	225,751		594,363		-	15,682	-	3,250
	Mara	327,212	200,395		527,607		-	8,362	-	450
	Kagera	353,971	216,784		570,755		-	10,504	-	2,182
	Mwanza	775,768	475,107		1,250,875		-	8,431	-	2,580
	Kigoma	259,259	158,779		418,038		-	7,799	-	3,932
	Singida	342,343	209,718		552,061		-	44,903	-	9,300
	Dodoma	457,713	280,319		738,032		-	11,901	-	9,400
	Manyara	308,007	188,634		496,641		-	11,901	-	337
	Arusha	1,427,467	874,229		2,301,696		-	123,159	-	741
	Tabora	281,384	172,329		453,713		-	13,576	-	500
	Moshi	964,124	590,462		1,554,586		-	41,104	-	9,400
	Tanga	609,535	373,300		982,835		-	21,288	-	1,621
	Mtwara	296,541	181,612		478,153		-	17,089	-	-
	Lindi	687,710	421,177		1,108,887		-	9,029	-	7,134
	Songwe	250,776	153,584		404,360		-	13,871	-	3,078
	Katavi	140,435	86,007		226,442		-	8,512	-	1,430
	Rukwa	198,365	121,486		319,851		-	14,908	-	4,830
	Mbeya	642,133	393,264		1,035,397		-	32,285	-	1,789
	Songea	389,722	238,679		628,401		-	9,739	-	1,331
	Njombe	376,312	230,466		606,778		-	10,636	-	3,175
	Iringa	447,873	274,292		722,165		-	13,980	-	546
	Morogoro	911,744	558,383		1,470,127		-	54,015	-	9,854
	Pwani	997,555	610,936		1,608,491		-	34,593	-	9,500
	Head Office	479,941	4,667,082	2,953,868	704,651	8,805,542	47,440	1,240,916	417,725	569,699
	Total	479,941	17,082,484	10,557,535	704,651	28,824,611	47,440	1,778,182	417,725	663,866
Non-Exchange Transactions:										
	Service Levy									
	Road Transport Licenses									
	Fines and Penalties									
	Exchange Transactions									
	Total Revenue									
EXPENSES AND TRANSFERS										
Expenses										
	Amortization of Intangible Assets						47,440	1,240,916	417,725	569,699
	Depreciation of Property and Equipment						47,440	1,778,182	417,725	663,866
	Impairment of receivables									
	Maintenance Expenses									

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
23. SEGMENTAL REPORTING ON THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022
All Figures in TZS 1000

Simiyu	-	-	-	19,377	139,758	100,705	264,858			-	264,858	213,459
Geita	-	-	-	11,856	143,318	59,619	217,582			-	217,582	272,917
Shinyanga	-	-	-	11,927	173,666	65,880	270,405			-	270,405	323,958
Mara	-	-	-	13,175	154,161	67,446	243,594			-	243,594	284,013
Kagera	-	-	-	16,694	166,768	90,970	287,118			-	287,118	283,637
Mwanza	-	-	-	17,433	365,491	94,000	487,935			-	487,935	762,940
Kigoma	-	-	-	11,835	122,146	63,354	209,066			-	209,066	208,972
Singida	-	-	-	28,955	161,333	153,707	398,198			-	398,198	153,863
Dodoma	-	-	-	17,152	215,644	93,512	347,609			-	347,609	390,423
Manyara	-	-	-	21,630	145,113	114,624	293,605			-	293,605	203,036
Arusha	-	-	-	30,051	672,569	161,155	987,675			-	987,675	1,314,021
Tabora	-	-	-	20,294	132,569	115,351	282,290			-	282,290	171,423
Moshi	-	-	-	12,582	454,232	71,757	589,075			-	589,075	965,511
Tanga	-	-	-	20,292	287,173	105,964	436,338			-	436,338	546,497
Mtwara	-	-	-	13,329	139,711	73,965	244,094			-	244,094	234,059
Lindi	-	-	-	20,529	324,004	111,031	471,727			-	471,727	637,160
Songwe	-	-	-	17,211	118,149	100,641	252,950			-	252,950	151,410
Katavi	-	-	-	18,310	66,164	99,049	193,465			-	193,465	32,977
Rukwa	-	-	-	18,671	93,457	104,884	236,750			-	236,750	83,101
Mbeya	-	-	-	31,635	302,531	163,822	532,062			-	532,062	503,335
Songea	-	-	-	16,780	183,611	92,223	303,684			-	303,684	324,717
Njombe	-	-	-	25,826	177,293	139,597	356,527			-	356,527	250,251
Iringa	-	-	-	15,048	211,008	80,731	321,313			-	321,313	400,852
Morogoro	-	-	-	24,902	429,554	129,314	647,639			-	647,639	822,488
Pwani	-	-	-	37,230	469,982	196,554	747,859			-	747,859	860,632
Head Office	104,190	15,414	173,872	1,103,506	1,655,841	6,099,559	11,428,162	6,022,488	6,022,488	17,450,650	- 8,645,108	
Total	104,190	15,414	173,872	1,596,230	7,505,246	8,749,414	21,051,579	6,022,488	6,022,488	27,074,067	1,750,544	
Non-Exchange Transactions:												
Impairment of PPE												
Bank Charges												
Board Expenses												
Social Benefits												
Supplies and Consumables												
Wages, Salaries and Employee Benefits												
Total Expenses												
Transfers:												
Grants, Subsidies and other Transfer												
Total Transfers												
Total Expenses & Transfers												
Surplus												

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. PAYABLES AND ACCRUALS

	2021/22	2020/21
	TZS '000	TZS '000
Payables from Exchange TransactionsAccrued expenses*	995,891	821,299
Customers deposits**	-	8,369
Other employee benefit***	148,395	148,395
Other Payables****	110,055	110,055
Payables to other government entity	675,044	675,044
Staff Claim	29,443	176,015
Supplies of goods and services	450,291	661,463
Unapplied Deposit Account	97,940	10,317
Withholding tax	305,997	223,950
	2,813,056	2,834,907

Analysis of cash paid for supplies of goods and services

Opening: payable for supplies and services	2,286,547	2,664,676
Amount expensed during the year	7,505,246	5,963,552
Closing payable for supplies and services	(2,329,221)	(2,286,547)
Opening Inventory	(672,641)	(319,016)
Closing Inventory	593,521	672,641
Opening Prepayment	(952,632)	(544,941)
Closing Prepayment	667,079	952,632
Cash paid	7,097,899	7,102,997

Analysis of cash paid for Wages, Salaries and Other employees' benefits

Opening payable-Staff claims, WHT other benefits	548,360	170,231
Amount expensed during the year	8,749,414	7,988,775
Closing payable-Staff claims, WHT other benefits	(483,835)	(548,360)
Cash paid	8,813,939	7,610,646

* 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 Employee Benefits are staff benefits which were invested with PSSF as Fund Manager by LATRA.
- **** Payables to other Government entity are TASAC liability emanating from reconciliation exercise by the Office of the Treasury Registrar (TR).
- The remaining are deposits for supplies of goods and services and withholding taxes due for payment in the following financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. ACCUMULATED SURPLUS

The Authority recorded a surplus of TZS 1.75 billion for the financial year ended 30 June 2022 (30 June 2021: TZS 1.71 billion). The balance of accumulated surplus account as at the year-end was TZS 2.25 billion.

26. TAXATION

Land Transport Regulatory Authority is a public institution established for provision of regulatory services which are exempted from payment of corporation tax. The Authority is also not VAT registered.

27. RELATED PARTY TRANSACTIONS

LATRA related parties include Government of Tanzania which is the ultimate controlling entity, other government entities, board of directors and key management personnel.

Transfer of resources and/or obligations between related parties in LATRA during the year ended 30 June 2022 included the following:

27.1 Board Remuneration and Other 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:

	2021/22	2020/21
	TZS'000'	TZS'000'
Board Meetings and Related Expenses	106,872	97,500
Directors Fees	67,000	72,000
TOTAL	173,872	169,500

27.2 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:

	2021/22	2020/21
	TZS'000	TZS'000
Short-term employee benefits	1,467,784	934,634
	1,467,784	934,634

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 COMMITMENTS

28.1 Capital Commitments

The Authority had a capital commitment of TZS 299.00 million on payment of final certificates for the Construction of its Head Office on Plot No. 456/160 along Nkrumah Street Dar es-Salaam. The amount outstanding as on 30 June 2021 was TZS 1.10 billion. The construction was undertaken by CATIC International Engineering (T) Ltd as the main contractor at a contract price of TZS 11.59 billion.

28.2 Procurement Commitments

(a) Goods:

	30.06.2022	30.06.2021
	TZS'000	TZS'000
Due within one year	349,260	830,886
Total	349,260	830,886

(b) Works:

	30.06.2022	30.06.2021
	TZS'000	TZS'000
Due within one year	134,213.3	58,071
Total	134,213.3	58,071

The amount committed comprises contract for AC and Electricity installation of Geita Office (TZS 20.2 million) and Construction of Temporary Office in Dodoma (TZS 114 million).

(c) Consultancy Services:

	30.06.2022	30.06.2021
	TZS'000	TZS'000
Due within one year	349,430	250,350
Total	349,430	250,350

Consultancies which were committed are for feasibility study on Mandatory Vehicle Inspection (TZS 54.00 million), Renewal of Audit command language (ACL) (TZS 174.70 million), Undertaking a study on socio-economic impact of commercial motorcycle and tricycle (73.00 million), unpaid amount on development of licensing system TZS 37.30 million and e office system 10.50 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(d) Non-Consultancy Services

	30.06.2022	30.06.2021
	TZS'000	TZS'000
Due within one year	535,972	79,639
Total	535,972	79,639

The committed amounts are for Airing of television (TV) programs with local TV broadcasting stations, Adverts, Editors of conference hall, renovation of Mikocheni roof, motor vehicle services, cleaning service, provision for office accommodation for Arusha, Rukwa and Morogoro and for joint inspections cost.

29. CONTINGENT LIABILITY

The Authority had no Contingent Liability on 30 June 2022 (30 June 2021: NIL).

30. 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').

31. ULTIMATE CONTROLLING ENTITY

The Ministry of Works and Transport is the Controlling Entity and the Government of the United Republic of Tanzania is the Ultimate Controlling Entity of the Authority.

32. ASSETS PLEDGED AS SECURITY FOR LIABILITIES

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

33. COMPARATIVE FIGURES

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

34. EXPLANATIONS OF VARIANCE BETWEEN BUDGET AND ACTUAL AMOUNT

The Authority recognized revenue amounting to TZS 28.82 against the budget of TZS 30.23 billion for the year 2021/22. The major reason for the under-performance is under-collection of service providers' levy from bus operators through the use e-ticketing system whose implementation faced reluctance for change. The expenditure for the Authority amounted to TZS 27.07 billion, which is TZS 0.4 billion below the final budget of TZS 27.47 billion. The budget performance and explanations for variance are provided hereunder:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Budget approved	Original budget	Adjustment	Final budget	Actual amount on accrual basis	Accrued amount	Actual amount on Comparable to Basis	Difference Final Budget Vs Actual	Explanations for Variances
	[A]	[B]	[C=A-B]	[D]	[E]	[F=D-E]	[C-F]	
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	
Revenue from Non-Exchange Transactions								
Road Transport Licensing Fees and Levies	25,853,822	(4,123,423)	21,730,400	17,562,425	(379,513)	17,182,912	(4,547,488)	Under collection is due to underperformance of LGAs and resistance to use e-ticketing system.
Certification of Drivers	677,490	(677,490)	-	-	-	-	-	
Other Revenue	7,105,000	1,395,000	8,500,000	11,262,186	81,449	11,343,635	2,843,635	Increase in penalties due to enhanced enforcement.
Total Revenue	33,636,313	(3,405,913)	30,230,400	28,824,611	(298,064)	28,526,547	(1,703,853)	
Payments								
Depreciation of PPE	-	-	-	1,778,790	1,778,790	-	-	
Amortization of Intangible Assets				47,440	47,440			
Impairment of Receivables				417,725	417,725			
Impairment of PPE				104,190	104,190			
Maintenance Expenses	614,000	(14,000)	600,000	663,867	-	663,867	(63,867)	The increase is due to enforcement activities that led to increased motor vehicle repairs
Social Benefits	1,475,075	(137,582)	1,337,493	1,596,230	-	1,596,230	(258,737)	Excess resulted from budgeting errors.
Bank Charges and Commissions	18,000		18,000	15,414	-	15,414	2,586	
Board Expenses	179,738	-	179,738	173,872	-	173,872	5,866	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Budget approved	Original budget	Adjustment	Final budget	Actual amount on accrual basis	Accrued amount	Actual amount on Comparable to Basis	Difference Final Budget Vs Actual	Explanations for Variances
Supplies and consumables used	10,107,933	462,104	10,570,037	7,505,246	407,347	7,097,899	3,472,138	The saving is attributed to expenditure controls to ensure the spending is in line with collection.
Wages, Salaries and Employees Benefits	10,764,832	(1,123,296)	9,641,537	8,749,414	(64,525)	8,813,939	827,597	Saving is attributed to delayed recruitment as a result of delays in approval of scheme of service.
Grants, Subsidies and other transfers	6,363,697	(1,240,447)	5,123,250	6,022,488	-	6,022,488	(899,238)	Over expenditure is due to payment of 527 million as capital recovery to the Consolidated Fund
Total payments	29,523,276	(2,053,221)	27,470,055	27,074,676	2,690,967	24,383,709	3,086,346	
Surplus/(deficit)	-	(1,352,691)	2,760,345	1,749,935	-2,392,903	4,142,838	1,345,620	
Acquisition of Non-Current Assets	4,113,036	(4,070,190)	2,760,345	2,371,632	-	-	388,713	The Decrease in budget is due to postponement of some activities to match expected collection.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. RECONCILIATION OF CASH FROM OPERATING ACTIVITIES TO NETSURPLUS

	2021/22	2020/21
	TZS '000	TZS '000
Surplus for the year	1,749,935	1,712,182
Non-cash Movements:		
Depreciation	1,778,790	1,666,271
Amortization	47,440	62,564
Impairment of Receivables	417,725	299,571
Provision for obsolete stock	-	201,771
Impairment of Motor Vehicles	104,190	
Loss/(Gain) on Exchange Transaction	-	288
Working capital movements:		
(Increase)/Decrease in Receivables	(1,397,361)	(430,343)
(Increase)/Decrease in Stationery Inventories	79,122	(353,503)
Increase/(Decrease) in Payables	(21,851)	(384,189)
Increase (Decrease) in prepayments	285,553	(407,691)
Net cash flow from operating activities	3,043,543	2,315,623

36. IMPAIRMENT OF RECEIVABLES

	2020/22	2020/21
	TZS '000	TZS '000
Impairment of receivables from Ride hailing operators and VTS vendors	59,560	994
Impairment of receivables from TRC and UDA-RT	358,165	298,577
	417,725	299,571

The impairment of receivables in the year amounted to TZS 417.73 million (2020/21, TZS 299.57 million) financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

37. STAFF LOANS AND OTHER PAYMENTS

During the year, the Authority started implementing its loan policy. A total of TZS 1.10 billion was paid to 16 staff (2020/21: TZS 373.24 million)

	2021/22	2020/21
	TZS '000	TZS '000
Staff Loans Issued Other Payments	1,099,295	-
Other Payments	-	373,239
Amount Paid	1,099,295	373,239

38. OCCUPATION OF SUMATRA BUILDING

LATRA was temporarily occupying office accommodation at SUMATRA building, which is jointly owned by TASAC and LATRA along Nkrumah Street, Dar es Salaam. The two institutions have formerly agreed to let LATRA occupy the building and signed lease agreement on 26 October, 2022. According to the agreement, LATRA rents TASAC's space for a period of one year from 1 July 2022. LATRA may not need the whole space as most of its Head Office staff are expected to have moved to Dodoma by July 2023.

39. EVENTS AFTER REPORTING DATE

Appointment of LATRA Director General

CPA Habibu J. S. Suluo, the new Director General of the Land Transport Regulatory Authority (LATRA) was appointed by Her Excellency, Dr. Samia Suluhu Hassan, the President of the United Republic of Tanzania, on 6 July 2022 following expiry of the tenure of the former Director General, Mr Gilliard W. Ngewe. The appointment of CPA Suluo was announced publicly on 9 July 2022 and he reported for duty on Monday, 11 July 2022 where Mr Gabriel J. Migire, the Permanent Secretary (Transport) introduced him to the Management.

Appointment of the Board Chairman

The LATRA Board Chairman Prof. Ahmed Mohamed Ame was appointed by Her Excellency, Dr. Samia Suluhu Hassan, the President of the United Republic of Tanzania, on 15 January 2023. The appointment of the Board Chairman was announced publicly on 16 January 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

39. EVENTS AFTER REPORTING DATE (CONTINUED)

Shifting of LATRA Head Office to the Capital City, Dodoma

The Authority's Head Office was moved from Dar es Salaam to Dodoma effective from Monday, 26 September 2022. This followed the Government directives to public institutions to shift their head offices in the Capital City, Dodoma, by 30 September 2022.

Withdrawal of Appeal by Uber (T) Ltd

On 2 September 2022, Uber (T) Limited decided to withdraw an Appeal No. 9 of 2022 filed at the Fair Competition Tribunal (FCT) against the Authority on LATRA ride-hailing fare and opted to go for further consultations on the table with LATRA Management.

These events have no effect on the Authority's Financial Statements.



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LAND TRANSPORT REGULATORY AUTHORITY

