

100™

Nelson Mandela  
Centenary  
2018  
Be the Legacy



*"What counts in life is not the mere  
fact that we have lived. It is what  
difference we have made to the lives  
of others that will determine the  
significance of the life we lead."  
-Nelson Mandela*

2017 | 2018  
**Annual Report**



**Road Traffic**  
Management Corporation



RTMC, THE **LEAD AGENCY** ON  
ROAD SAFETY, IS AN ENTITY OF THE  
**DEPARTMENT OF TRANSPORT** AND  
A MEMBER OF THE **UNITED NATIONS**  
**ROAD SAFETY COLLABORATION.**






# OFFICIAL SIGN-OFF

It is hereby certified that this Annual Report:

- Considers all the relevant policies, legislation and other mandates for which the Road Traffic Management Corporation (RTMC) is responsible; and
- Accurately reflects performance against the strategic outcome-oriented goals and objectives that the RTMC committed to achieve in the 2017/2018 reporting period.



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Adv. Makhosini Msibi  
Chief Executive Officer



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Mr Zola Majavu CD (SA)  
Chairman of the Board

# ABOUT THIS REPORT

## Introduction

The 2017/2018 RTMC Annual Report complies with the Public Finance Management Act (Act 1 of 1999) (PFMA), which gives effect to the legislative framework for the regulation of finances in the national and provincial governments. The Accounting Authority presents the annual report in line with Section 22 of the Road Traffic Management Corporation Act (Act 20 of 1999) (RTMCA), Section 55 of the PFMA .

## Annual reporting period

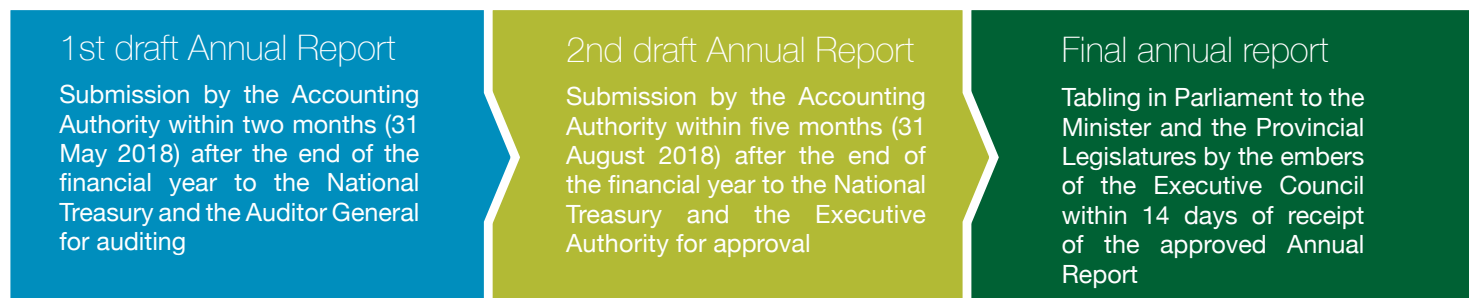
The reporting cycle of the RTMC is 31 March, annually, as prescribed by the National Treasury. This Annual Report records the organisational and financial performance for the period 1 April 2017 to 31 March 2018. The Corporation also prepares and submits quarterly reports to the Executive Authority.

## Scope of the report

The Annual Report provides for financial and non-financial performance information of the Corporation based on the approved 2017/2018 Annual Performance Plan (APP) which was tabled in Parliament on 16 March 2017.

## Annual report approval phases

The figure below reflects the dates for the submission and approval of Annual Reports as provided for by the National Treasury Annual Report guide.



## Target audience

This report is intended for all stakeholders who have an interest in the affairs of the Corporation. The document will be published electronically and in hard copy. It will be distributed to Parliament, provincial legislatures and archived in accordance with the Legal Deposit Act (Act 54 of 1997).

### Legislature

- Provincial Legislatures
- Parliament

### Executive

- National Government
- Provincial and Local Government

### Other

- Business Enterprises
- Non-governmental Organisations
- Public and Interest Groups
- Member Associations
- Auditors
- Public Entities

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# TATA MADIBA AND MAMA ALBERTINA SISULU, WE SALUTE YOU!!

The South African government has declared 2018, the centenary of the birth of Former President Nelson Mandela and freedom fighter Mama Albertina Sisulu. It is of historical significance that as a country, we remember who we are, what we are capable of and where we come from. The history of South Africa cannot be separated from the governance aspects of its institutions. Our freedom and institutions are a product of mass struggles for liberation and social justice. A clear understanding of our historical trajectory will help us shape the South Africa we all dream of, a country that is free from poverty, HIV/AIDS, youth unemployment, road fatalities and corruption.

The life and times of the great struggle stalwarts of our nation, Former President Nelson Mandela and Mama Albertina Sisulu, ought to remind us that adversity can be overcome. Therefore the fighting spirit for social justice, inclusivity and the eradication of poverty must continue. These are fundamental principles that enjoined both Mama Sisulu and Tata Madiba in their fight against Apartheid. It is therefore befitting that we, as the Road Traffic Management Corporation, pause for a moment and pay tribute to these two giants that came before us.

Our greatness was displayed when South Africa entered into a new era of a democratic dispensation in 1994, with President Mandela at the helm of a great nation. We are also the first nation in Africa to successfully host the FIFA World Cup in 2010. We have been great as a nation and we must continue to strive even in parts where we are challenged. We must continue to push ourselves towards the emancipation of all our people and the implementation of our National Development Plan Vision 2030.

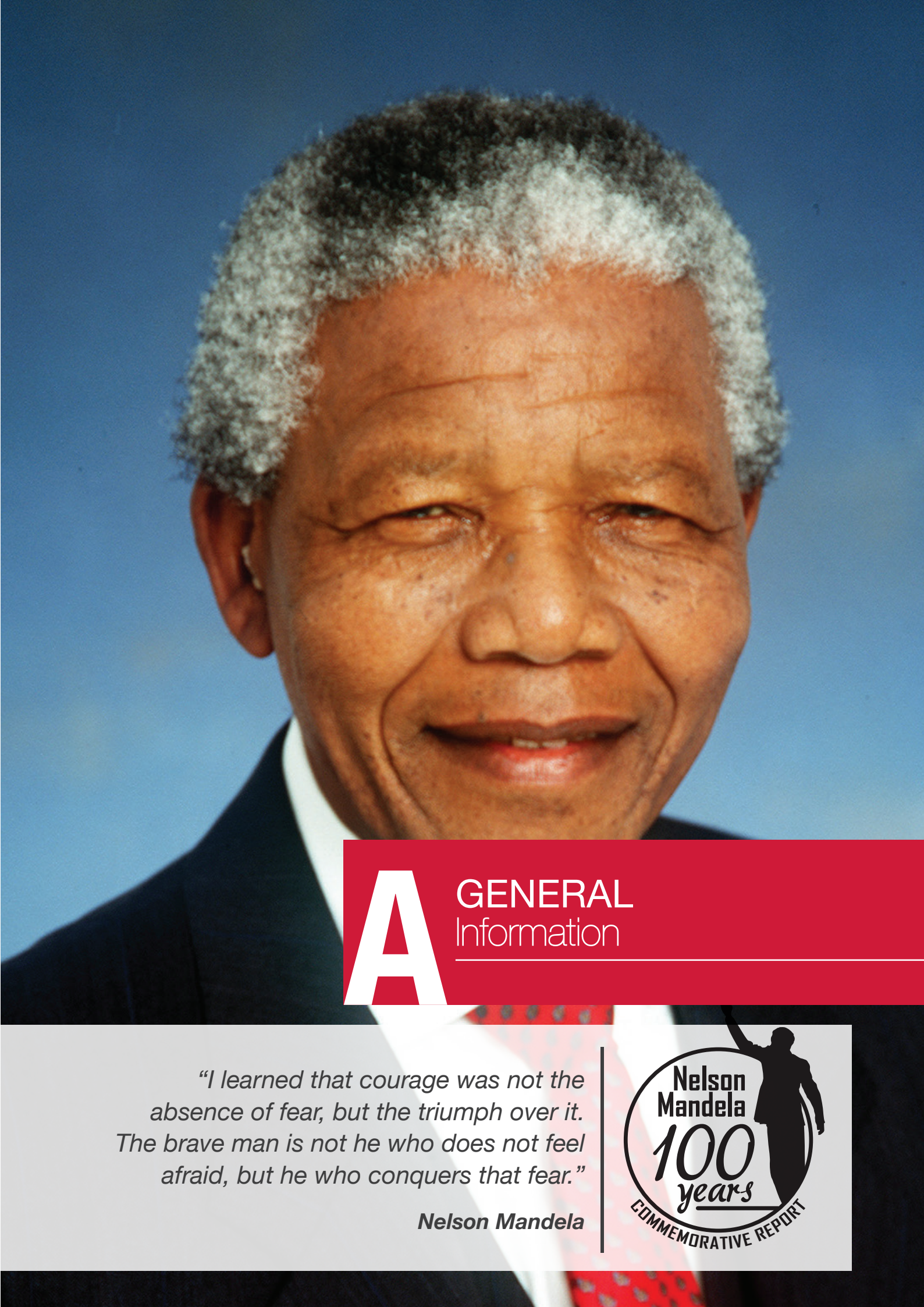
May this report remind South Africans that we are indeed standing on the shoulders of giants and we need not fear. Ours is to learn from them and display their values in the day-to-day running of government and its quest in providing a better life for all. The challenges we face do not define us, but are a testament of great exploits waiting in our path. May we become a country fluent in the language of hope, may we rise above our challenges and forge a South Africa our centenarians can be proud of.

Road fatalities remain a parasite to the country's economy and a thief of young talent and family breadwinners. Our responsibility as a lead agency in road safety, is to labour tirelessly and find a remedy to this pandemic that is eating the life of South Africans piece by piece. We remain fully committed to the vision of safe roads in South Africa and the reduction of road fatalities.

In quoting President Mbeki, we say to Tata Mandela and Mama Sisulu, "Tell those whom you have joined, that whatever the problem, still we progress".



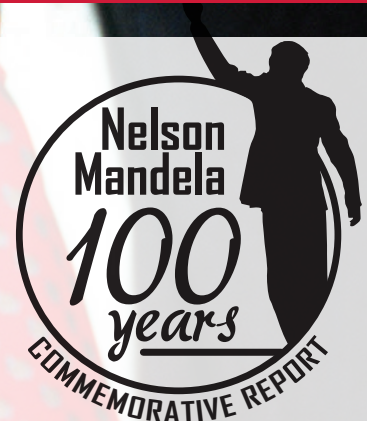




# A GENERAL Information

*"I learned that courage was not the absence of fear, but the triumph over it. The brave man is not he who does not feel afraid, but he who conquers that fear."*

**Nelson Mandela**



## 1. GENERAL Information of the RTMC

### Registered name

Road Traffic Management Corporation

### Postal address

Private Bag x147  
Pretoria  
0001

### Telephone number

012 999 5200

### Email address

info@rtmc.co.za

### Website address

www.rtmc.co.za

### External auditors

The Auditor-General of South Africa  
300 Middel Street  
New Muckleneuk  
Pretoria

### Bankers

First National Bank  
Public Sector Banking  
Bank City  
Corner Simmonds and Pritchard Street  
Johannesburg  
Contact number: 087 575 9479

The South African Reserve Bank  
Corporation for Public Deposits  
P.O. Box 427  
Pretoria  
0001  
Contact Number: 012 313 4137

Standard Bank of South Africa  
5 Simmonds Street  
Johannesburg  
2001  
Contact Number: 011 721 9148

### Company secretary

Ms Sigidikazi Petse  
SigidikaziP@rtmc.co.za  
Qualifications: B Iuris, LLB



## 2. ABBREVIATIONS and acronyms

<b>AARTO</b>	Administrative Adjudication of Road Traffic Offences
<b>APP</b>	Annual Performance Plan
<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>ARC</b>	Audit and Risk Committee
<b>CEO</b>	Chief Executive Officer
<b>COO</b>	Chief Operations Officer
<b>CBRTA</b>	Cross-Border Road Transport Agency
<b>CPA</b>	Criminal Procedure Act
<b>CSR</b>	Corporate Social Responsibility
<b>DLTC</b>	Driving Licence Testing Centre
<b>DoARS</b>	Decade of Action for Road Safety 2011-2020
<b>DoT</b>	Department of Transport
<b>DPSA</b>	Department of Public Service and Administration
<b>EHWP</b>	Employee Health and Wellness Programme
<b>ERAC</b>	Enterprise Risk and Audit Management Committee
<b>HIV</b>	Human Immunodeficiency Virus
<b>MDG</b>	Millennium Development Goals
<b>MEC</b>	Member of the Executive Council
<b>MPLS</b>	Multi-Protocol Layer Switching
<b>NaTIS</b>	National Traffic Information System
<b>NDP</b>	National Development Plan
<b>NGO</b>	Non-Governmental Organisation
<b>NRTA</b>	National Road Traffic Act
<b>NTACU</b>	National Traffic Anti-Corruption Unit
<b>NT</b>	National Treasury
<b>OHS</b>	Occupational Health and Safety
<b>PAIA</b>	Promotion of Access to Information Act
<b>PAJA</b>	Promotion of Administrative Justice Act
<b>PFMA</b>	Public Finance Management Act
<b>RTI</b>	Road Transport Inspectorate
<b>RTMC</b>	Road Traffic Management Corporation
<b>RTMCA</b>	Road Traffic Management Corporation Act
<b>SARSAM</b>	South African Road Safety Audit Manual
<b>SARAP</b>	South African Road Assessment Programme
<b>SANTACO</b>	South African National Taxi Council
<b>SANS</b>	South African National Standards
<b>SASSETA</b>	South African Security Sector Education and Training Authority
<b>SDG</b>	Sustainable Development Goals
<b>SHC</b>	Shareholders Committee
<b>UN</b>	United Nations
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>VTS</b>	Vehicle Testing Station
<b>WSP</b>	Workplace Skills Plan





### 3. FOREWORD by the Chairman of the Board



*On this important occasion we are motivated by the words of Nelson Mandela who said: "What counts is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead."*

I am honoured to present the Annual Report of the Road Traffic Management Corporation (RTMC) for the 2017/2018 financial year. I am particularly inspired by the fact that this takes place in a year in which the country celebrates 100 years of the birth of the founding father, Former President Nelson Mandela, and mother, Mrs Albertina Sisulu.

Our work is inspired by the vision of these stalwarts to create a better life for all South Africans. On this important occasion we are motivated by the words of Nelson Mandela who said: "What counts is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead."

The 2017/2018 financial year has continued to be a period of growth and development for the RTMC. Important changes have continued to occur in the environment in which we operate but we have remained firmly focused on the purpose of reducing road trauma by creating a safe road environment.

Key changes have taken place in the composition of the Shareholders Committee during the period under review. The national chairperson of the committee changed hands as a result of a Cabinet reshuffle that saw Hon. Dr Bonginkosi Nzimande replacing Hon. Joseph Maswanganyi as Minister of Transport. The provincial Executive Committee also implemented changes, which resulted in changes to the MECs who serve on the committee on behalf of the North West, Limpopo and Northern Cape provinces.

However, the RTMC has continued to perform its legislated functions more efficiently and with greater impact. The Corporation placed emphasis on becoming a strategy-focused organisation and managed to achieve 91% of its targets in the year under review, compared to 79% in the previous year.

The high number of fatalities among young people aged 18 to 35 has continued to be a challenge in the year under review. As a response to this worrying phenomena, the RTMC, as a lead agency on road safety, established a National Youth Structure in collaboration with the provinces and transport entities. Members of this structure were re-elected in July 2017 to advocate road safety matters in vulnerable communities.

The dedication, commitment and teamwork displayed by our staff members has been commendable. However there is still a great deal of work to be done to overcome the challenges that prevent the Corporation from achieving a 100% performance on its targets.

On behalf of the Board, I would like to extend a sincere word of gratitude to the Minister of Transport, Hon. Dr Bonginkosi Nzimande, the Deputy Minister, Hon. Ms Sindisiwe Chikunga, and the entire Shareholders Committee for their ongoing guidance and support to assist us to achieve our mission of ensuring the Safe, Secure and Responsible use of roads in South Africa.

We further thank our stakeholders who we have worked with us to ensure that our programmes and plans are responsive to the challenges faced by communities in our country. To management and staff, we are grateful to you for your hard work, loyalty and commitment. In the words of Nelson Mandela: “everyone can rise above their circumstance and achieve success if they are dedicated to and passionate about what they do”.

A handwritten signature in black ink, appearing to read 'Zola Majavu', is positioned above a horizontal orange line.

Mr Zola Majavu CD (SA)  
**Chairman of the Board**

## 4. OVERVIEW by the Chief Executive Officer



*As a team we will continue to be inspired by the values and vision of our former President Nelson Mandela and Mrs Albertina Sisulu whose centenaries we are celebrating this year. We will continue to draw our inspiration from the words of Mandela: “And as we let our own light shine, we unconsciously give other people permission to do the same.”*

At the beginning of this financial year, we were confident and certain that the RTMC had finally turned the corner and entered a new phase. Our confidence was informed by the hard work and commitment we had demonstrated in the preceding few years in reshaping the Corporation into a high performing organisation.

Moving forward, we must show an organisation that remains unflinching in its quest to improve the lives of South Africans by reducing road crashes, injuries and fatalities. In doing this we will be guided by the words of former President Thabo Mbeki who advised that: “In practical and measurable ways, we have to keep pace with the rising sun, progressing from despair to hope - away from a brutal past that forever seeks to drag us backwards - towards a new tomorrow that speaks of change in a forward direction”.

The 2016 – 2030 National Road Safety Strategy, which was approved by Cabinet on 29 March 2017, will continue to inspire us, as we promote a safe and secure road environment. We will do this by integrating and coordinating interventions from all spheres of government including the private sector, community-based organisations, non-profit organisations and other interest groups.

As part of implementing this strategy we have undertaken an environmental scan. This scan reveals that reckless driving practices and high levels of non-compliance (with regards sound road safety practices) are the key contributors to road crash fatalities and injuries on South African roads.

The 2017 inflation adjusted cost of crashes estimates that road traffic crashes cost the South African economy R162 045 billion, compared to R142 9 billion in 2015. This is largely due to increased fatalities, high medical costs and the increased cost of vehicle repairs.

To improve driver competencies and capabilities, especially among the youth, we have reviewed the K53 manual and recommended interventions that will provide learner drivers with a better understanding of the founding principles of K53, namely how to approach hazards when driving. We have also recommended that load zone parking be added to the yard test C1 drivers licences.

Our objective is to produce high quality drivers who, in future, will place less of a burden on resources tasked with road safety and law enforcement.

We remain on course to introduce the National Road Traffic Law Enforcement Code (NRTLEC) for the road traffic law enforcement sector. The National Law Enforcement Review Committee has produced the first draft law enforcement report and this has been approved by the Board. Consultations on the report will now take place with all spheres of government and interest groups in both the public and private sectors.

We have also worked continuously to combat corruption within the traffic law enforcement fraternity and to ensure that our people can travel safely on our country's roads. We must admit that we are faced with many challenges in this regard and intensified efforts will be required to realise the vision of safer roads for all.

This report shows that we are fast approaching a stage of consolidation after spending the past few years stabilising the Corporation and placing it on a growth path.

What we plan to see in the next phase of our development is a Corporation diligently at work in partnership with all South Africans to build a safe road environment.

We would like to extend our sincere thanks to the Board for its guidance and valuable support throughout the year. We are also thankful and grateful for the leadership provided by our Honourable Minister of Transport Dr Bonginkosi Nzimande, Deputy Minister Sindisiwe Chikunga, and the Shareholders Committee. Their stewardship has ensured that we do not lose focus of our mandate to improve safety on South African roads.

It is also appropriate that we give thanks to our stakeholders in the government sector, the private sector, non-profit organisations and all road users for the important role they play in promoting road safety. Our success as a Corporation depends on your continued caring attention and guidance.

As a team we will continue to be inspired by the values and vision of our former President Nelson Mandela and Mrs Albertina Sisulu whose centenaries we are celebrating this year. We will continue to draw our inspiration from the words of Nelson Mandela: "And as we let our own light shine, we unconsciously give other people permission to do the same."



Adv Makhosini Msibi  
**Chief Executive Officer**



## 5. STATEMENT of responsibility and confirmation of the accuracy of the annual report

The Board acknowledges its responsibility to ensure the integrity of the report. It has accordingly applied its mind to the report and in the opinion of the Board it addresses material issues and fairly presents the performance of the RTMC.

This report has been prepared in keeping with best practice and the recommendations of the King IV Report on Corporate Governance ("King IV").



Mr Zola Majavu CD (SA)  
**Chairman of the Board**



## 6. STRATEGIC Overview

### *Vision*

#### *Safe Roads in South Africa*

The Corporation is committed to the reduction of crashes by creating a safe road environment.

### *Mission*

The Corporation endeavours to ensure safe, secure and responsible use of roads in South Africa through:

- Education
- Enforcement
- Engineering
- Evaluation
- Planning and coordination
- Partnerships

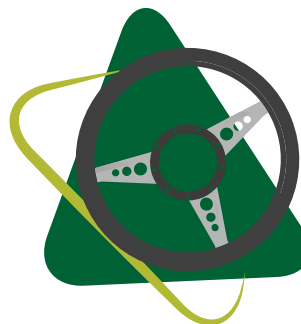
### *Values*

The values of the Corporation emanate from the Constitution of the Republic of South Africa and place emphasis on the commitment to upholding the law and advancing service delivery.



### Integrity

The pledge to execute the responsibilities of the RTMC in an ethical, truthful and accurate manner, consistent with the professional discipline of law enforcement, order, discipline and mobility on our roads.



### Accountability

Undertaking to be open, honest and accountable as law enforcers and road safety champions.



### Transparency

Subscribing to the principles of good governance and the facilitation of free and reasonable access to information within the confines of applicable prescripts.



### Teamwork

Establishing and maintaining shared goals by building internal and external relationships. Emphasising working together by providing support through collaboration while upholding dignity and respect between and among partners.

## 7. LEGISLATIVE and other Mandates

### Introduction

The RTMC was established in terms of the Road Traffic Management Corporation Act of 1999. It is further governed, inter alia, by the provisions of the National Land Transport Act, the National Road Traffic Act, PFMA of 1999, and the Criminal Procedure Act.

Its strategic imperatives are aligned to government's National Development Plan (NDP), which are:

- Health care for all (priority 8)
- Building safer communities (priority 10)
- Fighting corruption (priority 14)

Additional strategic imperatives are aligned to the Medium-Term Strategic Framework (MTSF) 2014-2019.

### Constitution of the republic of South Africa, 1996

The Constitution is the supreme law of the Republic of South Africa. The following table reflects the constitutional mandate of the RTMC in relation to other spheres of government.

#### Constitutional mandates

Section	Implication
Schedule 4	Sets out the areas of provincial legislative competence. The functional areas of concurrent national and provincial competence as per Schedule 4 Part A are listed as: <ul style="list-style-type: none"><li>• Public Transport</li><li>• Road Traffic Regulation</li><li>• Vehicle Licensing</li></ul>
Schedule 5	Provides for traffic as a Schedule 5 functional area, however the Constitution also provides for the national legislative authority over Schedule 5 matters under Section 44 (2) and the provision of Section 76 (1) legislation. All the legislative mandates of the RTMC are enacted in terms of Section 76 (5) of the Constitution

### Road Traffic Management Corporation Act (RTMCA)

The RTMCA (Act 20 of 1999) was passed by Parliament in 1999 in line with the provisions of Section 44 (2) of the Constitution of South Africa. The RTMCA established the RTMC to pool powers and resources, and to eliminate the fragmentation of responsibilities in road traffic management across the various spheres of government. It further provides, in the public interest, for co-operative and coordinated strategic planning, regulation, facilitation and law enforcement in respect of road traffic matters by all spheres of government.

*"For to be free is not merely to cast off one's chains, but to live in a way that respects and enhances the freedom of others."*

**Nelson Mandela**



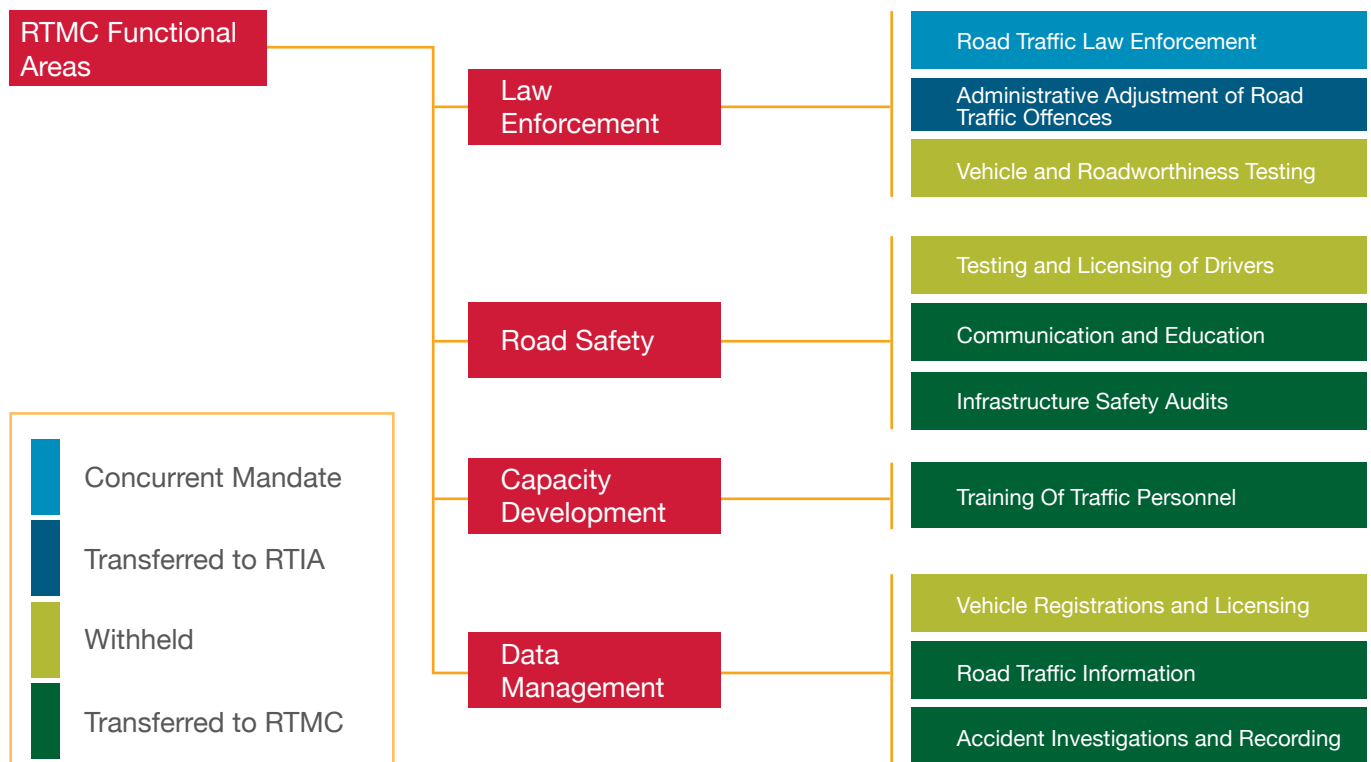
## RTMCA objectives

## RTMC Objectives

- To establish the RTMC as a partnership between national, provincial and local spheres of government
  - (i) Effecting the pooling of road traffic powers of the Minister and every MEC and the resources of national and provincial spheres of government responsible for road traffic management, in support enhanced co-operative and coordinated road traffic strategic planning, regulation, facilitation and law enforcement;
  - (ii) Strengthening national and provincial governments' collective capacity to govern road traffic through partnerships with local government bodies and the private sector and
  - (iii) Focusing government on effective strategic planning, regulation, facilitation and monitoring;
- To enhance the overall quality of road traffic service provision, in particular to ensure safety, security, order, discipline and mobility on the roads
- To protect road infrastructure and the environment through the adoption of innovative practices and implementation of innovative technology
- To phase out, where appropriate, public funding and phase in private sector investment in road traffic on a competitive basis
- To introduce commercial management principles to inform and guide road traffic governance and decision-making in the interest of enhanced service provision
- To optimise the utilisation of public funds by:
  - (i) Limiting investment of public funds to road traffic services that meet a social or non-commercial strategic objective and which have poor potential to generate a reasonable rate of return
  - (ii) Securing, where appropriate, full-cost recovery on the basis of the user-pays principle
- To regulate, strengthen and monitor inter-governmental contact and co-operation in road traffic matters
- To improve the exchange and dissemination of information on road traffic matters
- To stimulate research in road traffic matters and effectively use the resources of existing institutes and research bodies
- To develop human resources in the public and private sectors that are involved in road traffic

In accordance with the founding legislation, the Shareholders Committee (SHC) must, as part of the organisational structuring, establish as many functional units as are required in line with the business and financial plan. The ten functions are listed in Section 18(1) of the RTMCA. The figure below shows the status of functions as per the SHC resolution.

## RTMC functions





The SHC has not transferred to the RTMC the management of the vehicle and roadworthiness testing, testing and licencing of drivers, and vehicle registrations and licencing functions. Law Enforcement is a concurrent mandate executed jointly with other authorities or agencies with the specific objective of maximising impact and improving integration and coordination.

### National Road Traffic Act (NRTA)

The NRTA (Act 93 of 1999) encompasses all road traffic matters that apply uniformly throughout South Africa. It prescribes national principles, requirements, guidelines, frameworks, and national norms and standards, that must be applied uniformly in the provinces, as well as other matters dealt with in Section 146 (2) of the Constitution. It consolidates land transport functions and allocates them to the appropriate sphere of government.

The act provides specific powers to the Corporation to enable it to execute its functions. Chapter VII of the NRTA and addresses the management of road safety. Powers of the CEO as per Section 52 of the Act are:

The CEO may:

- i. Prepare a comprehensive research programme to effect road safety in the Republic, carry it out systematically and assign research projects to persons who, in his or her opinion, are best equipped to carry them out
- ii. Give guidance regarding road safety in the Republic by organising national congresses, symposiums, summer schools and study weeks by means of mass-communication media and in any other manner deemed by the CEO

To perform his or her functions properly the CEO may:

- iii. Finance research in connection with road safety in the Republic
- iv. Publish a periodical to promote road safety and pay fees for matters inserted therein
- v. Give guidance to associations or bodies working towards the promotion of road safety in the Republic
- vi. Organise national congresses, symposiums, summer schools and study weeks and, if necessary, pay the costs thereof, and remunerate persons performing there at
- vii. With a view to promoting road safety in the national sphere, publish advertisements in the mass-communication media

The CEO exercises his or her powers and performs his or her duties subject to the control and direction of the RTMC Board. It should be noted that the role of CEO is assigned to the Director-General of the Department of Transport, as stipulated in the transitional provisions.

### Administrative Adjudication of Road Traffic Offences Act (AARTO)

The AARTO Act (Act 46 of 1998) promotes road traffic quality by discouraging road traffic contraventions and facilitating the adjudication of road traffic infringements. The RTMC is an issuing authority and applies the AARTO infringement process in the execution of the duties of the National Traffic Police (NTP).

### Criminal Procedure Act (CPA)

The purpose of the CPA (Act 51 of 1997) is to regulate procedures and related matters in criminal proceedings. It governs how criminal cases are handled in courts of law by establishing due processes in criminal prosecutions. A traffic officer is appointed as a peace officer as per Section 334 (2) (A) of the act, which contains schedules of offences. It empowers peace officers to arrest individuals for violating road regulations.

### Other legislation

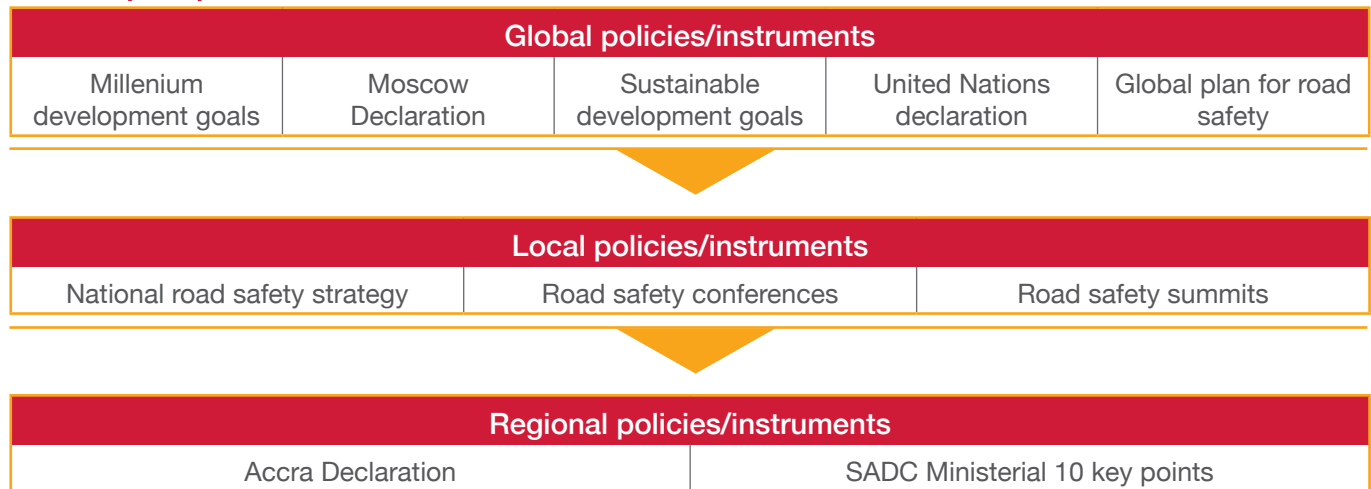
Apart from the mentioned legislation that anchors the RTMC's mandate and allows for the imposition of levies, the following legislation is also applicable to the Corporation's conduct of its business:

- The PFMA (Act 1 of 1999), which specifies the listing of the RTMC as a Section 3A public entity
- The Promotion of Access to Information Act (Act 2 of 2000), which determines the way the RTMC may access information
- The Promotion of Administrative Justice Act (Act 3 of 2000) aims to make the administration effective and accountable to people for its actions, which then determines just administrative action for the RTMC
- Government policies developed by the Minister of Transport that fall under the mandate of the RTMC

### Policy mandate

The policy direction on traffic and road safety legislation is provided by the Department of Transport. However, policy formulation is also carried out at a regional level and according to global norms. The figure below depicts different levels of policy formulation.

#### Road Safety Policy/Instruments



### Global policy Instruments

The millennium development goals were crafted in 2000 in response to the development challenges facing the global community.

In 2009, during the inaugural global ministerial congress on road safety, parties adopted the Moscow Declaration, which called for a Decade of Action for Road Safety 2011-2020 (DoARS). The United Nations (UN) passed Resolution 64/255 in 2010, recognising that road traffic injuries are a public health challenge that threaten the successful achievement of the millennium development goals.

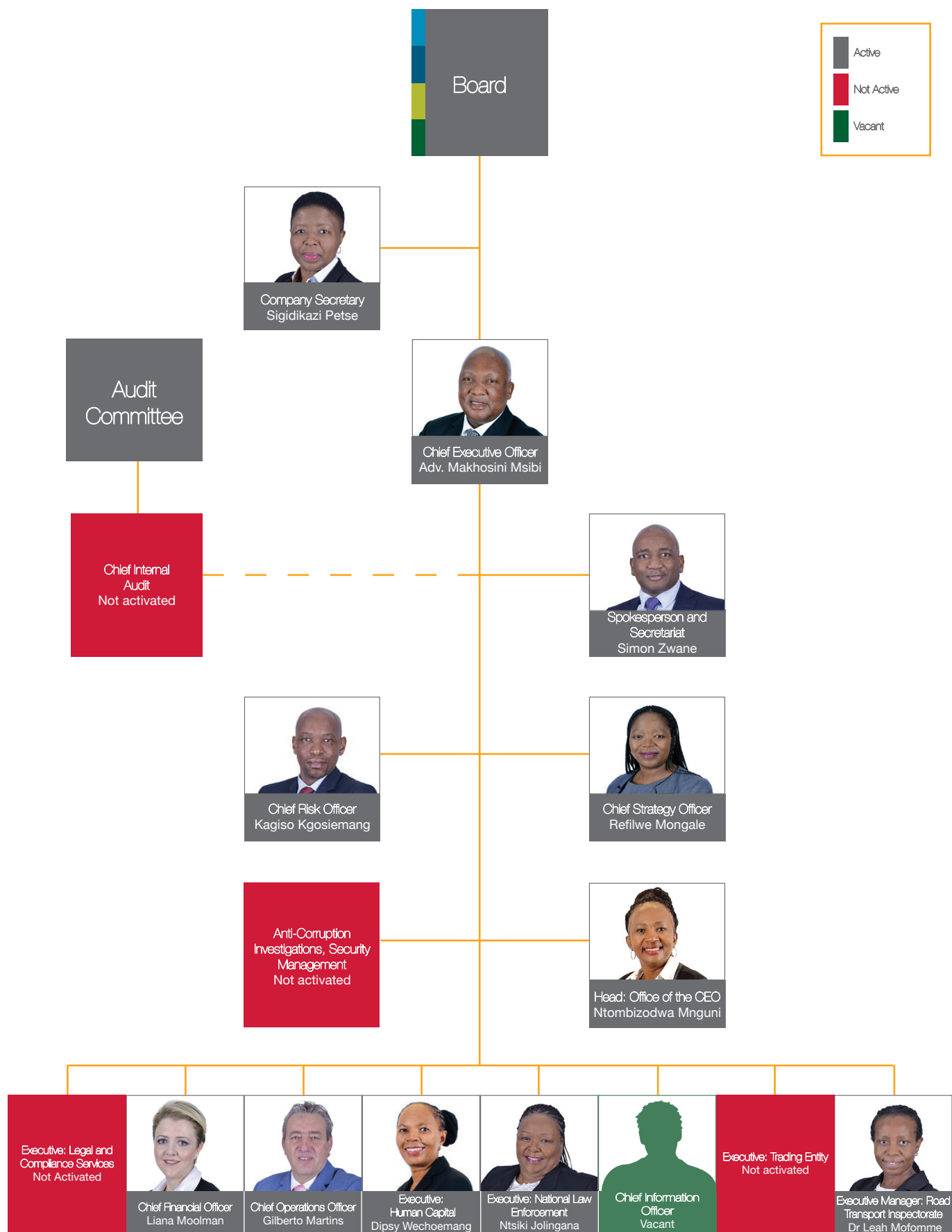
Following the UN resolution, the DoARS was launched on 11 May 2011. This laid out a programmatic action plan aimed at reducing road traffic fatalities by 50% from the 2010 baseline. The global plan for the DoARS was developed, which provided guidelines on approaches that can be applied to reduce road fatalities. In 2015, the road safety targets were added to the sustainable development goals.

#### Five pillars of the Decade of Action



South Africa, represented by the Minister of Transport, is a participant to the UN DoARS. The RTMC as a Lead Agency for road safety is a member of the United Nations Road Safety Collaboration (UNRSC). This undertaking entails monitoring local road safety programmes and reporting on progress in the reduction of road crashes, injuries and fatalities to the member states.

## Organisational structure



Executive Manager Road Transport Inspectorate has been added into the structure due to the integration of the Road Transport Inspectorate from Cross-Border Road Transport Agency.

*Statistics of the executives and management of the RTMC*

Name of position	Name of incumbent	Status	Employment equity
Chief Executive Officer	Adv. Makhosini Msibi	Filled	Black male
Chief Financial Officer	Ms Liana Moolman	Filled	White female
Chief Operations Officer	Mr Gilberto Martins	Filled	White male
Executive: Human Capital	Ms Dipsy Wechoemang	Filled	Black female
Executive: National Law Enforcement	Ms Nontsikelelo Jolingana	Filled	Black female
Executive Manager: Road Traffic Inspectorate	Dr Leah Mofomme	Filled	Black female
Chief Strategy Officer	Ms Refilwe Mongale	Filled	Black female
Spokesperson and Secretariat Services	Mr Simon Zwane	Filled	Black male
Chief Risk Officer	Mr Kagiso Kgosiemang	Filled	Black male
Divisional Head: NTACU, Security, Inspectorate, Investigations and Protection Services	None	Not activated	N/A
Chief Internal Audit	None	Not activated	N/A
Executive: Legal and Compliance Services	None	Not activated	N/A
Chief Information Officer	None	Vacant	N/A
Executive: Trading Entity	None	Not activated	N/A

*Acting appointments*

In the year under review the acting appointments were as follows:

*Information of acting appointments*

Name of acting Person	Acting position	Acting duration		Comment
		Start	Finish	
Ms Sigidikazi Petse	Acting: Company Secretary	1 September 2017	31 March 2018	The person who occupied the position resigned
Ms Kgolofelo Mashaba	Acting: Regional Manager Mpumalanga	1 April 2017	31 August 2017	The person who occupied the position was on sick leave

*“Do not look the other way; do not hesitate. Recognise that the world is hungry for action, not words. Act with courage and vision.”*

**Nelson Mandela**



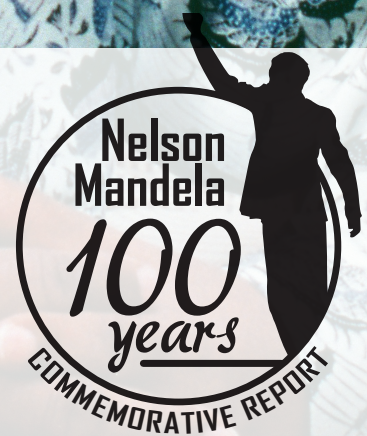




# B PERFORMANCE Information

*"A good head and a good heart are  
always a formidable combination."*

**Nelson Mandela**





## 1. AUDITORS report:

### Predetermined objectives

The CEO is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of performance information.

The performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the approved strategic plan (2015-2020) and annual performance plan (2017/2018) of the RTMC for the financial year ended 31 March 2018.

The audit conclusion received from the auditor-general on the performance against predetermined objectives is included in the auditor-general report under the predetermined objectives of the auditor's report pp. 69 to 74.

## 2. SITUATIONAL analysis

### Service and organisational delivery environment

The Corporation placed emphasis on becoming a strategy-focused organisation that can adapt to innovation and future developments. The Corporation has continued to instil a culture of performance, innovation and collaboration, led by a team that drives change in line with corporate values. The Corporation had 23 key performance indicators to achieve the strategic objectives. The Corporation achieved 21 targets (91%) and 2 targets (9%) were under achieved. The vast improvement in the performance from the previous financial year (79%) achievement can be attributed to strong focus on teamwork and capabilities required for strategy execution.

### Key policy developments and legislative changes

There were no key policy developments or legislative changes during 2017/2018.

## 3. 2017/2018 Programme champions

The management team as captured in the table below championed the 2017/2018 Annual Performance Plan Programmes:

### Programme champions

Names	Gender	Position Rank	Programme	Sub-programme
Mr Gilberto Martins	M	Chief Operations Officer	Programme 1: Operations	Road safety
				Training of traffic personnel
				Road traffic information
Ms Ntsiki Jolingana	F	Executive: Law Enforcement	Programme 2: Law Enforcement	<ul style="list-style-type: none"> <li>National traffic police</li> <li>Law enforcement standards, Planning and coordination</li> </ul>
Dr Leah Mofomme	F	Executive: Manager Road Traffic Inspectorate		
Ms Ntombizodwa Mnguni	F	Head: Office of the CEO	Programme 3: Traffic Intelligence and Security	National Anti-fraud and corruption
Ms Refilwe Mongale	F	Chief Strategy Officer	Programme 4: Strategic Services	Research and development
Ms Liana Moolman	F	Chief Financial Officer	Programme 5: Support Services	Financial sustainability
Ms Dipsy Wechoemang	F	Executive: Human Capital		Human resources
Mr Kevin Kara-Vala	M	Divisional Head: Road Traffic Information Systems		Information technology

## 4. STRATEGIC outcome-oriented goals

The South African road safety priorities informed the development of the RTMC strategic goals and objectives. The tables below detail the strategic goals, goal statements and progress on the achievement of the strategic goals.

### Strategic goals

#### Strategic goal 1

To promote and create a safer road environment

##### Goal statement

Road safety is a multidisciplinary field. Its diverse nature requires multiple collaborations both within the transport sector and with other stakeholders in order to facilitate an integrated and coherent approach to strategy formulation and implementation

##### Progress on the achievement of goals

- National Road Safety Strategy monitoring reports were approved by the Board
- Youth programme was developed, and three monitoring reports were produced
- Four programmes with interest groups were executed
- Community-based programme was developed, and three monitoring reports were produced
- 898 interventions were conducted
- 275 079 inspections were conducted
- 100% of fraud and corruption cases were investigated
- 45 anti-fraud and corruption awareness campaigns conducted

#### Strategic goal 2

Integrate and coordinate the road safety and traffic environment

##### Goal statement

To harmonise traffic management standards, processes and procedures and to ensure coordination and integration in the execution of the key strategic imperatives within the traffic environment

##### Progress on the achievement of goals

- Draft law enforcement review report approved by the Board
- Vehicle Testing Station (VTS) report approved by the Board
- National law enforcement strategy approved by the Board
- Six modules on NQF 6 for enrolled student was not achieved
- K53 review was approved by the Board
- 13 colleges registered as assessment centres to train on the NQF level 6 traffic officer curriculum
- Driving school occupational curriculum submitted to QCTO for Evaluation
- Seven state of road safety reports were approved by the Board
- Developed Crash Management System
- An engineering programme was implemented
- Review of the South African Road Safety Audit Manual (SARSAM) approved by Board

### Strategic goal 3

Leverage funding for road safety programmes

#### Goal statement

Ensure adequate funding to facilitate sustainable road safety and traffic programmes and activities

#### Progress on the achievement of goals

- 31 % revenue increase

### Strategic goal 4

Create a dynamic and transformed organisation

#### Goal statement

To ensure good governance in line with human development and political institutional reform by creating a focused and committed organisation, with the necessary skills and good co-operative governance with the aim of improving the quality of services and a culture of compliance

#### Progress on the achievement of goals

- Vacancy rate maintained at 8%
- Workplace Skills Plan implemented

## 5. PERFORMANCE information by programme/objective

### Programme 1: Operations

This programme is responsible for the creation of a safe environment through road safety education and awareness, capacity building and traffic information management. The programme includes road safety, training of traffic personnel, and road traffic information.

#### *Strategic Objectives for Programme 1: Operations*

#### Strategic objective: Road safety

Educate and create awareness on traffic and road safety matters

#### Objective statement

Develop and implement a national road safety strategy to integrate all road safety programmes to maximise impact of interventions

#### Strategic objective: Training of traffic personnel

To professionalise road safety and traffic fraternity

#### Objective statement

Institutional capacity should be strengthened by investing in training to enhance skill of personnel, to create professionalism and opportunities for career progression



### Strategic objective: Road traffic information

Establish an integrated national road traffic information management system

#### Objective statement

Improve the quality of road safety data through good practice, standardisation and integrated management systems

## Programme 2: Law enforcement

This programme is responsible for ensuring the implementation of integrated and coordinated law enforcement programmes. The programme includes national traffic law enforcement, law enforcement standards, planning and coordination.

### *Strategic Objectives for Programme 2: Law enforcement*

#### Strategic objective: Enforcement operations

Ensure compliance with traffic legislation through visible policing

#### Objective statement

Proactive law enforcement to enforce the laws of the road and implement effective punitive measures to reduce road crashes

#### Strategic objective: Enforcement standards, planning and coordination

Develop norms and standards for the traffic fraternity

#### Objective statement

To harmonise and regulate enforcement standards, policies and procedures, and coordinate road traffic enforcement operations across the three spheres of government for greater impact in reducing offences, injuries and fatalities

## Programme 3: Traffic intelligence and security

This programme focuses on anti-fraud and corruption prevention programmes that are undertaken to enhance efficiency, transparency and accountability. Investment in new technologies will play a pivotal role in promoting the prevention of fraud and corruption in the traffic environment.

### *Strategic Objectives for Programme 3: Traffic intelligence and security*

#### Strategic objective: National anti-fraud and corruption

Promote the prevention of fraud and corruption in the traffic fraternity

#### Objective statement

- Strengthen and build a resilient anti-corruption system within the fraternity
- Adopt a proactive, holistic approach to reduce and eliminate corrupt activities within the fraternity

## Programme 4: Strategic services

This programme has both an internal and external outlook and provides strategic services to the Corporation. The programme includes stakeholder management, research and development, and other related strategic services.

*Strategic objectives for Programme 4: Strategic services***Strategic objective: Research and development**

Invest in road safety research and development

**Objective statement**

- To ensure the undertaking of research that will assist in identifying the extent of the damage caused by road crashes to the lives of those affected directly and indirectly
- To foster relationship on a long-term basis to ensure institutions participate in road safety research

**Programme 5: Support services**

This programme is responsible for the overall management and administrative services in order for the RTMC to deliver on its mandate in a sustainable, effective and efficient manner. The programme includes financial services, human resources, information communication technology and legal and compliance management.

*Strategic Objectives for Programme 5: Support services***Strategic objective: Financial sustainability**

Promote and source investment from the private sector for road safety and traffic programmes

**Objective statement**

- Develop alternative sources of revenue for road safety programmes by coordinating, facilitating and strengthening partnerships with the private sector in order to sponsor and invest in road safety campaigns and initiatives
- Encourage and advocate for more funding for road safety programmes by creating a conducive environment to phase in private sector investment

**Strategic objective: Human resource**

Create a conducive environment for learning and performance by inculcating a culture of learning and development

**Objective statement**

Produce a capable workforce by developing and providing on-going training of personnel for increased performance in a transformative manner



## Programme Performance by Strategic objective

The tables below show the progress of programmes based on the strategic objectives. The objectives provide a synopsis of the total weight of the key activities that are performed in the realisation of the goals.

### Programme 1: Operations

The programme had ten performance indicators for the year under review and nine targets were met (90% of targets achieved).

KPI	Strategic target	Actual achievement 2016/2017	Key performance indicator 2017/2018	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement 2017/2018	Reason for variance
<b>Strategic objective 1 - To educate and create awareness on road safety and traffic matters</b>							
1	To develop and monitor the implementation of the national road safety strategy	Road shows undertaken to roll out the approved national road safety strategy was not achieved  Approval of the NRSS by Cabinet	Monitoring reports on the implementation of the national road safety strategy to monitor progress approved by the Board	2 monitoring reports on the implementation of the national road safety strategy approved by the Board	2 monitoring reports on the implementation of the national road safety strategy approved by the Board	-	-
2	To increase awareness on road safety matters among youth as one of the road user categories highly susceptible to road crashes	• 4 youth driver safety programmes implemented in 9 provinces • 4 youth driver safety programmes at institutions of higher learning implemented in 8 provinces resulted in an under-achievement	Youth programmes developed, coordinated and monitored	1 youth programme and 3 monitoring reports on youth programme developed	1 youth programme and 3 monitoring reports on youth programme developed	-	-
3	To educate and create awareness on road safety matters the Corporation will undertake several educational programmes at different echelons of society through mobilisation, advocacy and ambassadorship	• 5 programmes targeting children • 4 driver and passenger safety programmes implemented in 9 provinces • 4 pedestrian safety programmes implemented in 9 provinces • 4 cyclist safety programmes implemented in 9 provinces	Number of road safety educational programmes implemented with interest groups	4 road safety educational programmes implemented with interest groups	4 road safety educational programmes implemented with interest groups	-	-

4	To establish a community road safety structure, develop and monitor community based programmes	2 road safety community-based programmes implemented	Community-based programmes developed, coordinated and monitored	1 community-based programme and 3 monitoring reports on the implementing of the programme developed	1 community-based programme and 3 monitoring reports on the implementing of the programme developed	-	-
<b>Strategic objective 2 - Professionalise road safety and traffic fraternity</b>							
5.1	To develop and implement the NQF 6 traffic officer qualification	Number of traffic officers trained on the NQF 6 curriculum was not achieved	Number of NQF 6 modules completed for the enrolled students	6 modules on NQF level 6 completed for the enrolled students	0 modules on NQF level 6 completed for the enrolled students	6 modules on NQF level 6 completed for the enrolled students not completed	The target was not achieved due to a delay in acquiring the required training facilities
5.2	-	N/A	Number of traffic training colleges registered as assessment centres	13 colleges registered as assessment centres to train on the NQF level 6 traffic officers curriculum	13 colleges registered as assessment centres to train on the NQF level 6 traffic officers curriculum	-	-
6.1	To review the K53 and make recommendation of proposed amendments to the Department of Transport	N/A	Review of the K53 to determine best approaches in order to improve driver competencies and capabilities	K53 review report approved by the Board	K53 review report approved by the Board	-	-
6.2	To develop and implement the driving school instructor qualification	N/A	Development of occupational curriculum for driving school instructors	Developed occupational curriculum for driving school instructors submitted to QCTO for evaluation	Developed occupational curriculum for driving school instructors submitted to QCTO for evaluation	-	-
<b>Strategic objective 3 - Establish an integrated national road traffic information management system</b>							
7	35 state of road safety reports approved by the Board	7 state of road safety reports approved by the Board	Number of state of road safety reports approved by the Board	7 state of road safety reports approved by the Board	7 state of road safety reports approved by the Board	-	-
8	To develop, implement and maintain the national road traffic information systems	Databank developed and approved by the Board	Develop a centralised national crash data management system	Centralised national crash data management system developed	Centralised national crash data management system developed	-	-

## Monitoring reports on the implementation of the 2016-2030 national road safety strategy to monitor progress approved by the Board

Two monitoring reports on the 2016-2030 strategy were produced with key findings and recommendations indicating a need to streamline planning processes in the sector and to prioritise interventions as outlined in the implementation plan.

## Youth programme and three monitoring reports on youth programme developed

Youth programmes aimed at educating and creating awareness of road safety issues were developed. The Corporation developed youth programmes and monitored the implementation of the programmes by the youth structure. The focus of the programmes was directed at school-going children, pedestrian safety, young drivers and institutions of higher learning.

## Number of programmes implemented with interest group

Four road safety educational programmes were implemented with the South African National Taxi Council (SANTACO), NGOs, the freight industry and Phakisaworld Fleet Solution.

## Community-based programmes developed, coordinated and monitored

Community-based programmes are aimed at inculcating a culture of road safety at a community level. The Corporation developed community-based programmes and monitored the implementation of the programmes by community structures. The programmes focused on road safety activities in relation to safe crossing, driver safety, passenger and stray animal awareness.

## Thirteen colleges registered as assessment centres to train on the NQF level 6 traffic officer curriculum

Thirteen colleges were accredited as assessment centres by the Quality Council for Trades and Occupations (QCTO) after an audit process covering the assessment policy was undertaken by the RTMC and recommended to the QCTO for approval.

## Review of the K53 to determine best approaches to improve driver competencies and capabilities

A review of the K53 was undertaken and the following recommendations were made:

- The system of vehicle control will be included in the front of all K53 manuals (volumes 1–4) as this will provide drivers with a better understanding of the founding principles of K53, i.e. how to approach hazards when driving
- The use of a cellular phone or any other communication device is strictly prohibited during the test by both the examiner and applicant or any other party involved during the test
- Should a learner pass the yard test and fail the road test, the yard test results will remain valid for the duration of the learner's licence
- Vehicles fitted with parking sensors and reverse cameras may be used for the purpose of the test
- Vehicles fitted with self-parking devices shall not be used for the purpose of the test unless the self-parking device and or similar device can be deactivated during the test
- The driver or Driving Licencing and Testing Centre (DLTC) may use an electronic device to record the driving test
- Every DLTC shall have at least two approved pre-established test routes that shall be documented and placed on record
- At least 30% of the test route shall consist of a road where the general speed limit is at least between 80 and 100 km/h, unless otherwise approved by the national inspectorate for DLTC
- Testing shall only be conducted during normal office hours on weekdays, from 07:00 to 17:00 and Saturdays from 07:00 to 13:00. No testing shall take place on Sundays and public holidays. No practicing by any member of the public shall be allowed on the yard test area
- No more than three persons may be in a vehicle during the test, including the learner. Only the examiner must communicate with the applicant during the test
- The duration of the road test must be increased from 20 minutes to exceed at least 30 minutes for light motor vehicles
- The emergency stop for light motor vehicles must be done in a quiet area, within the first 10 minutes of the road test
- Training for heavy motor vehicle drivers on the professional driver qualification as determined by the Corporation must be made a requirement before testing heavy motor vehicle drivers
- Loading zone parking for C1 (old code 10) to be added to the yard test for heavy motor vehicles



### Development of occupational curriculum for driving school instructors

The aim of the driving school qualification is to train driving instructors to capacitate and standardise the training of learner drivers and to promote road safety. Learner drivers must be able to operate a motor vehicle safely in compliance with the prescribed legislation. This curriculum covers three components, namely knowledge modules, a practical module and a work experience module.

### Number of state of road safety reports approved by the Board

The state of road safety reports are produced to provide fatality data, major crash data, and vehicle/driver statistics. Reports were produced for the festive season and Easter long weekend, as well as quarterly and annual reports.

### Develop a centralised national crash data management system

The crash management system was developed to centralise the collection of crash data on the National Traffic Information System (NaTIS). It was designed to capture information from the paper-based form into an electronic system. The system will address the effective and controlled capturing of crash data for effective analytics and planning.



## Programme 2: Law enforcement

The programme had four performance indicators for the year under review and 100% of targets were achieved.

KPI	Strategic target	Actual achievement 2016/2017	Key performance indicator 2017/2018	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement 2017/2018	Reason for variance
<b>Strategic objective 4 – Ensure compliance with traffic legislation through visible policing</b>							
9	To conduct 3033 targeted road traffic law enforcement interventions in support of provinces towards realisation of the reduction of road crashes and fatalities	648 interventions conducted	Number of law enforcement interventions	795 road traffic law enforcement interventions	898 road traffic law enforcement interventions	The Corporation over-achieved by 103 road traffic enforcement interventions	The reason for the over-achievement was due to operational realignment that resulted in increased supervision, accountability and performance levels
10	To conduct 737 529 inspections in the execution of cross border enforcement	Transfer of road transport inspectorate functions from Cross-border Road Transport Agency (CBRTA) in the harmonisation and integration of law enforcement	Number of inspections conducted	245 843 inspections conducted	275 079 inspections conducted	The Corporation over-achieved by 30 345 road traffic enforcement inspections	The reason for the over-achievement was due to operational realignment resulting in increased supervision, accountability and performance levels
<b>Strategic objective 5: Develop norms and standards for the traffic fraternity</b>							
11	To develop and monitor the implementation of the national law enforcement code	1 report produced on the national law enforcement review and approved by the Board was not achieved	Draft report on the national law enforcement review approved by the Board	Draft law enforcement review report approved by the Board	Draft law enforcement review report approved by the Board	-	-
12	To develop and monitor the implementation of the national law enforcement strategy	-	Developed national road traffic law enforcement strategy in collaboration with provinces	National road traffic law enforcement strategy developed and approved by the Board	National road traffic law enforcement strategy developed and approved by the Board	-	-
13	To audit all the 9 provincial VTSs to ensure compliance with legislation	-	Report on the audit of the functionality of the VTSs to ensure compliance with legislation	A report on the functionality of the VTSs approved by the Board	A report on the functionality of the VTSs approved by the Board	-	-

### Number of law enforcement interventions

The National Traffic Police (NTP) undertake law enforcement interventions focused on drunken driving, speeding, public transport safety, vehicle roadworthiness, moving violations and overload control. Out of the 795 law enforcement interventions that were planned, 898 were executed, resulting in an over-achievement of 103.

### Number of inspections conducted

The integration of the Road Transport Inspectorate with the NTP has resulted in the implementation of Section 39 of the CBRTA under the RTMC. Out of the 245 843 inspections that were planned, 275 079 were conducted, resulting in an over-achievement of 29 236. The reason for the over-achievement was due to operational realignment resulting in increased supervision, accountability and performance levels.

### Draft report on the national law enforcement review approved by the Board

The committee produced the first draft law enforcement report. The report includes, among others, the current and future state of enforcement (structure, command and control, strategic-led enforcement etc). The draft report will be extensively consulted with all spheres of government and interest groups, both public and private.

### National road traffic law enforcement strategy developed and approved by the Board

The law enforcement strategy was approved by the Board. The strategy has the following key areas of focus:

- Administration: with the purpose to coordinate, regulate, facilitate and harmonise road traffic law enforcement
- Road traffic law enforcement: with the purpose to provide quality, effective and efficient road traffic law enforcement services and specialised interventions (informed by intelligence) throughout the three spheres of government
- Road transport law enforcement inspectorate: with the purpose to provide quality, effective and efficient road transport law enforcement on public passenger and freight transport services (informed by intelligence) throughout the three spheres of government
- Road traffic and transport law enforcement profiling and intelligence: with the purpose to collect and analyse road traffic information, traffic patterns, traffic volumes, deployment patterns, as well as current situation data, to provide road traffic and transport law enforcement with adequate, reliable and updated intelligence to inform their operations
- National road traffic joint operation centre: with the purpose to collect, consolidate, monitor and provide day-to-day support to all law enforcement operations throughout the three spheres of government
- Loads management: with the purpose to ensure safe transportation of goods, including dangerous goods and abnormal loads, in order to protect our road network infrastructure, thus making our roads safer
- Road traffic accident response: with the purpose of quick response and securing accident scenes to prevent secondary accidents and undertaking the entire road incident management system

### A report on the functionality of the vehicle testing centres approved by the Board

The RTMC conducted an audit on the functionality of VTS in the Sedibeng District, Gauteng. The procedures performed included documenting the systems and procedures at the VTS, identifying areas of risk, as well as compliance testing with regards to the NRTA and relevant South African National Standards.

*"It is wise to persuade people to do things and make them think it was their own idea."*

**Nelson Mandela**





### Programme 3: Traffic Intelligence and security

The programme had two indicators for the year under review and 100% of targets were achieved.

KPI	Strategic target	Actual achievement 2016/2017	Key performance indicator 2017/2018	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement 2017/2018	Reason for variance
<b>Strategic objective 6 – Promote the prevention of fraud and corruption in the traffic fraternity</b>							
14	To investigate 100% of corruption and fraud complaints	100% fraud and corruption complaints investigated	Percentage of cases of fraud and corruption investigated	100% fraud and corruption complaints investigated	100% fraud and corruption complaints investigated	N/A	N/A
15	To implement 175 of anti-fraud and corruption awareness campaigns	31 anti-fraud and corruption awareness programmes implemented	Number of anti-fraud and corruption awareness campaigns implemented	35 anti-fraud and corruption awareness programmes implemented	45 anti-fraud and corruption awareness programmes implemented	10 additional anti-fraud and corruption awareness programmes implemented	The increase in the levels of fraud and corruption, particularly in the Driving Licence Testing Centres (DLTCs), have necessitated an intensification of awareness programmes

### 100% fraud and corruption complaints investigated

The National Traffic Anti-Fraud and Corruption Unit (NTACU) received 147 complaints from the public, law enforcement agencies and government agencies. All cases received were investigated. During the period under review, the unit made 172 arrests. Two private vehicle testing stations were closed due to fraud and corruption.

The table below depicts the categories of arrests.

Category	Quantity
VTS	42
DLTC	19
Driving school officials	06
Runner	12
Bogus doctor	13
Law enforcement	47
Applicants	12
Cashier	03
Clerks	04
Other	14
Total	172

### Number of anti-fraud and corruption awareness programmes implemented

Anti-fraud and corruption awareness campaigns are conducted to create awareness of fraud and corruption. The RTMC conducted 45 awareness campaigns against a target of 35. The campaigns were directed at the public, as well as traffic officials.



#### Programme 4: Strategic services

The programme had three indicators for the year under review and only one target was not achieved (67% of targets were achieved).

KPI	Strategic target	Actual achievement 2016/2017	Key performance indicator 2017/2018	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement 2017/2018	Reason for variance
<b>Strategic objective 8 – Invest in road safety research and development</b>							
16	To publish 11 research reports	2 road safety research reports published	Number of road safety research studies published	2 road safety research reports published	0 road safety research reports published	2 road safety research reports were not published	Due to the financial constraints of the Corporation the research studies were not produced as envisioned
17	To execute the South African assessment programme across all nine provinces	1 South African road safety programme not implemented	Number of engineering programmes implemented	1 engineering programme implemented (SARAP)	1 engineering programme implemented (SARAP)	-	-
18		N/A	Review of the infrastructure audit manual	Infrastructure audit manual reviewed and approved by the Board	Infrastructure audit manual reviewed and approved by the Board	-	-



### Number of engineering programmes implemented

The South African Road Assessment Programme (SARAP) engineering programme was implemented on the N14 (P158/1) and countermeasures were proposed to address unsafe infrastructure conditions. Counter measure treatments were recommended to reduce fatal road crashes and injuries, for example, central median barriers (some form of physical median to prevent head-on collisions), roadside improvements such as hazard removal, and the implementation of roadside safety barriers.

### Review of the infrastructure audit manual

The review of the South African road safety audit manual (2012) was undertaken. The review entailed an extensive consultation process with the industry. This was done in order to consider lessons learnt since the publication and implementation of the manual in 2012.



## Programme 5: Support services

The programme had four indicators for the year under review and 100% of targets were achieved.

KPI	Strategic target	Actual achievement 2016/2017	Key performance indicator 2017/2018	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from Planned Target to actual achievement 2017/2018	Reason for variance
<b>Strategic objective 9 – Promote and source investment from private sector for road safety and traffic</b>							
19	To develop and implement an alternative funding model	5% revenue increase	Total % increase in revenue	4% revenue increase	31% revenue increase	Revenue increase was 27% above the set target	The increase in transaction fees and introduction of other new revenue streams resulted in the target being overachieved
<b>Strategic objective 10 – Create a conducive environment by inculcating a culture of learning and development</b>							
20	To develop and implement the human resource strategy	8% average vacancy rate maintained for all activated positions	% of the vacancy rate achieved for all activated posts	10% average vacancy rate maintained for activated positions	8% average vacancy rate maintained for activated positions	Vacancy rate maintained 2% below the 10%	The rigorous recruitment drive to strengthen the traffic intelligence and security unit in response to the increase in levels of corruption
21		80% of workplace skills plan target achieved 80% of workplace skills plan target achieved	% of workplace skills plan targets achieved	80% of workplace skills plan target achieved	120% of workplace skills plan target achieved	The workplace skills plan was exceeded by 40%	Financial aid received from SASSETA to assist the Corporation to create other training opportunities

### Total % increase in revenue

The Corporation, in line with its mandate, has committed to increase funding for road safety by identifying alternative revenue streams where possible. The Corporation increased its revenue by 31% from the previous financial year.

### 10% of the vacancy rate achieved for all activated posts

The target for the year was to maintain a 10% average vacancy rate for all activated positions. The Corporation vacancy rate was maintained at 8%. The rigorous recruitment drive to strengthen core functions of the Corporation has resulted in performance being maintained below the target by 2%.

### % of workplace skills plan targets achieved

A workplace skills plan is a responsive instrument to help fill the skills gap in the Corporation. The plan for the financial year was to achieve 80% of workplace skills plan targets, and the target was achieved through training programmes in the various disciplines.

### Strategies to address areas of underperformance

KPI No.	Key Performance indicator	Corrective action
1	Number of NQF 6 modules completed for the enrolled students	The target has been carried over to the 2018/2019 financial year. The Corporation has developed a feasibility document to ensure the sustainable implementation of the programme
2	Number of road safety research studies published	The target has been carried over to the 2018/2019 financial year. The plan to appoint a research panel and establish relationships with academia and research institutions to ensure that the target is achieved in 2018/2019

## 6. LINKING PERFORMANCE of the entity with the approved budget

Harmonisation of programmes with a similar mandate ensures that the link between the overall strategic performance and financial performance presents a fair reflection of the stability of the Corporation. The table below illustrates the detailed expenditure per programme and per economic classification.

### Detailed expenditure per programme and per economic classification

Programme/activity/objective	Approved budget allocation 2017/2018	Adjusted budget allocation 2017/2018	Actual expenditure 2017/2018	Under/ (over) expenditure	Annual spent % of allocated budget	Budget allocation 2016/2017	Actual expenditure 2016/2017	Under/ (over) expenditure	Annual spent % of allocated budget
<b>Operations</b>	<b>108 901 608</b>	<b>115 765 121</b>	<b>137 711 167</b>	<b>-21 946 046</b>	<b>119%</b>	<b>107 907 878</b>	<b>90 931 287</b>	<b>16 976 591</b>	<b>84%</b>
Cost of employees	48 695 665	72 595 665	75 901 294	-33 05 629	105%	45 016 203	50 345 527	-5 329 324	112%
Goods & services	60 205 943	43 169 456	61 809 874	-18 640 418	143%	62 891 675	40 585 760	22 305 915	65%
<b>Law enforcement</b>	<b>167 377 759</b>	<b>202 234 215</b>	<b>198 850 401</b>	<b>3 383 814</b>	<b>98%</b>	<b>155 534 792</b>	<b>170 224 753</b>	<b>-14 689 961</b>	<b>109%</b>
Cost of employees	116 653 716	172 653 716	176 692 793	-4 039 077	102%	107 839 313	119 024 222	-11 184 909	110%
Goods & services	50 724 043	29 580 499	22 157 607	7 422 892	75%	47 695 479	51 200 531	-3 505 052	107%
<b>Traffic intelligence and security</b>	<b>11 368 794</b>	<b>15 968 794</b>	<b>13 714 336</b>	<b>2 254 458</b>	<b>86%</b>	<b>10 651 759</b>	<b>12 806 892</b>	<b>-2 155 133</b>	<b>120%</b>
Cost of employees	8 243 052	12 843 052	12 301 806	541 246	96%	7 620 202	10 898 839	-3 278 637	143%
Goods & services	3 125 742	3 125 742	1 412 530	1 713 212	45%	3 031 557	1 908 053	1 123 504	63%
<b>Strategic service.</b>	<b>113 266 344</b>	<b>92 125 719</b>	<b>100 072 015</b>	<b>-7 946 296</b>	<b>109%</b>	<b>108 167 510</b>	<b>140 870 946</b>	<b>-32 703 436</b>	<b>130%</b>
Cost of employees	33 324 509	43 474 509	44 119 438	-6 897 369	116%	34 302 011	47 298 237	-12 996 226	138%
Goods & services	79 941 835	48 651 210	55 952 577	-1 048 927	102%	73 865 499	93 572 709	-19 707 210	127%
<b>Support services</b>	<b>335 807 495</b>	<b>393 328 151</b>	<b>695 250 691</b>	<b>-301 922 540</b>	<b>177%</b>	<b>318 796 061</b>	<b>349 417 643</b>	<b>-30 621 582</b>	<b>110%</b>
Cost of employees	141 648 246	179 965 058	221 646 880	-39 831 546	78%	130 945 240	139 540 515	-8 595 275	107%
Goods & services	158 225 635	177 429 479	408 281 942	-312 365 832	276%	153 659 139	163 769 749	-10 110 610	107%
Capital expenditure	35 933 614	35 933 614	65 321 868	-29 388 254	182%	34 191 682	46 107 380	-11 915 698	135%
<b>Total expenditure</b>	<b>736 722 000</b>	<b>819 422 000</b>	<b>1 145 598 610</b>	<b>-326 176 610</b>	<b>140%</b>	<b>701 058 000</b>	<b>764 251 522</b>	<b>-63 193 522</b>	<b>109%</b>



## Total % increase in revenue from current and alternative revenue streams through efficiencies

The Corporation, in line with its mandate, has committed to increase funding for road safety by identifying alternative revenue streams where possible. The Corporation increased its revenue by 31% from the previous financial year.

## Budget virement

The Corporation-approved budget for 2017/2018 was R736 million, but due to the additional revenue, budgeted revenue increased to R819 million. The budget was adjusted as follows:

### Adjusted budget

Current revenue budget	R736 722 000
Add: additional revenue	
Increase in transaction fees	R60 500 000
Infringements from road traffic inspectorate	R18 000 000
Boekenhoutkloof traffic college	R4 200 000
<b>Adjusted revenue budget</b>	<b>R819 422 000</b>

The total movement in the budget amounted to a R82.7 million increase in both revenue and expenditure.

## Expenditure per programme

A year-on-year expenditure comparison reflected that expenditure significantly increased during the financial year under review as compared to the previous year; R1.1 billion was spent in comparison with R764 million in 2016/17. It is however important to note that the Corporation raised a provision for bad debts amounting to R176 million for monies due from the Department of Transport. The tables below depict the financial performance of the programmes during the year under review.

### Financial Performance of programmes 2017/18

Programme/activity/objective	Approved budget allocation 2017/2018	Adjusted budget allocation 2017/2018	Actual expenditure 2017/2018	Under/ (over) expenditure	Annual spent % of allocated budget	Budget allocation 2016/2017	Actual expenditure 2016/2017	Under/ (over) expenditure	Annual spent % of allocated budget
Operations	108 901 608	115 765 121	137 711 167	-21 946 046	119%	107 907 878	90 931 287	16 976 591	84%
Law enforcement	167 377 759	202 234 215	198 850 401	3 383 814	98%	155 534 792	170 224 753	-14 689 961	109%
Traffic intelligence and security	11 368 794	15 968 794	13 714 336	2 254 458	86%	10 651 759	12 806 892	-2 155 133	120%
Strategic service	113 266 344	92 125 719	100 072 015	-79 46 296	109%	108 167 510	140 870 946	-32 703 436	130%
Support services	335 807 495	393 328 151	695 250 691	-301 922 540	177%	318 796 061	349 417 643	-30 621 582	110%
<b>Total expenditure</b>	<b>736 722 000</b>	<b>819 422 000</b>	<b>1 145 598 610</b>	<b>-326 176 610</b>	<b>140%</b>	<b>701 058 000</b>	<b>764 251 522</b>	<b>-63 193 522</b>	<b>109%</b>

The performance of the programmes can be summarised:

- Operations** overspent by 19% against the allocated budget for the year as compared to the prior year where an underspend of 16% was recorded. The variance can be attributed to the expenditure incurred on the road safety curriculum development collaboration with the Department of Basic Education. The Corporation committed R30 million to the project
- Law enforcement** underspent by 2% against the allocated budget for the year as compared to the overspending in the previous year of 9%. During the year under review the Road Traffic Inspectorate was integrated into the Corporation's law enforcement unit, which contributed to the overspending
- Traffic intelligence** and security underspent by 14% against allocated budget for the year, as compared to the overspending of 20% in the previous year. This was mainly due to the development of the profiling system that was to be outsourced; however, the system was developed internally, resulting in savings
- Strategic services** overspent by 9% against allocated budget against a 30% overspend in the previous year. The Corporation continued to promote road safety through vigorous marketing that included television productions, story integration, visual media and other platforms
- Support services** overspent by 77% of the allocated budget against a 10% overspend in the previous year. It is however important to take cognisance of the fact that a provision for bad debts was raised to the amount of R176 million for monies due from the Department of Transport. The expenditure for the NaTIS system, amounting to more than R130 million on goods and services alone, is also included under support services

*Expenditure per economic classification*

Programme/activity/objective	Approved budget allocation 2017/2018	Adjusted budget allocation 2017/2018	Actual expenditure 2017/2018	Under/ (over) expenditure	Annual spent % of allocated budget	Budget allocation 2016/2017	Actual expenditure 2016/2017	Under/ (over) expenditure	Annual spent % of allocated budget
Cost of employees	352 346 441	481 532 000	455 401 283	26 130 717	95%	325 722 969	367 107 340	-41 384 371	113%
Goods & services	348 441 945	301 956 386	624 875 459	-322 919 073	207%	341 143 349	351 036 802	-9 893 453	103%
Capital expenditure	35 933 614	35 933 614	65 321 868	-29 388 254	182%	34 191 682	46 107 380	-11 915 690	135%
<b>Total expenditure</b>	<b>736 722 000</b>	<b>819 422 000</b>	<b>1 145 598 610</b>	<b>-326 176 610</b>	<b>140%</b>	<b>701 058 000</b>	<b>764 251 522</b>	<b>-63 193 522</b>	<b>109%</b>

*Compensation of employees*

Staff compensation increased by R88 million, to R455 million, from R367 million in the previous year. This was due to staff increases and other staff-related costs. The Corporation employee numbers increased due to the integration of the Road Traffic Inspectorate from CBRTA and taking control of the management of the Boekenhoutkloof Training College. The staff complement increased from 609 in 2016/2017 to 772 this financial year.

*Goods and services*

The overspending of R322 million in goods and services can mainly be attributed to the pressures brought on by the NaTIS-related services (R137 million), curriculum development on road safety collaboration with the Department of Basic Education (R30 million) and book entry provision for bad debts amounting to R176 million.

*Capital expenditure*

The Corporation spent R65 million in procurement of assets. The cost drivers were the implementation of the enterprise resource system (Oracle EBS), four mobile weighbridges, buses and computer hardware.

*Revenue Streams*

Source of revenue	2017/2018				Annual collection as % of annual	2016/2017			Annual collection As % of annual
	Approved estimate	Adjusted estimate	Actual amount collected	Over/(under) collection		Estimate	Actual amount collected	Over/(under) collection	
Grant income	198 555 000	198 555 000	198 555 000	-	100%	193 862 000	193 862 000	-	100%
Transaction fees	505 426 000	565 926 000	585 317 558	19 391 568	103%	471 313 408	453 143 790	-18 169 618	96%
Aarto infringements	5 757 000	5 757 000	8 499 626	2 742 626	148%	10 274 880	8 823 193	-1 451 687	86%
Boekenhoutkloof	-	4 200 000	4 430 489	230 489	105%	-	-	-	-
Road traffic inspection	-	18 000 000	30 200 650	12 200 660	168%	-	-	-	-
Finance revenue	25 984 000	26 984 000	3 617 790	-23 366 210	13%	25 607 712	16 330 705	-9 277 007	64%
Proceeds on sale of assets	-	-	136 668	136 668	-	-	-	-	-
Other income	-	-	10 556 496	10 558 496	-	-	194 871 232	194 971 323	-
<b>Total revenue collection</b>	<b>736 722 000</b>	<b>819 422 000</b>	<b>841 316 297</b>	<b>21 894 297</b>	<b>103%</b>	<b>701 058 000</b>	<b>867 030 920</b>	<b>165 972 920</b>	<b>124%</b>

The Corporation derived its revenue from the following sources:

- Grant income from the National Department of Transport
- Transaction fees from licences
- Infringement fees from fines issued by National Traffic Police and Road Traffic Inspectorate
- Fees collected for training at Boekenhoutkloof College
- Fees charged for access to NaTIS data
- Interest received from investments (call account and investment account at the Reserve Bank)
- Sponsorships

The budgeted amount of R736 million was adjusted due to additional revenue from the new functions amounting to R83 million — this increased the budgeted revenue to R819 million. The budgeted amount for transaction fees was R505 million and a collection of R585 million was recorded. The over-recovery was attributed to an increase of transaction fees by R30 per transaction that took effect in February 2018.

*Capital investment finance*

The RTMC did not have infrastructure budget and thus no expenditure was incurred in this regard.





# C GOVERNANCE Information

*"You strike a woman, you strike  
a rock"*

**Albertina Sisulu**





## 1. LEVELS of governance and accountability

### Portfolio committee

In the year under review, the Corporation appeared before the Portfolio Committee on Transport to account on the delivery of its mandate.

### Governance framework

The RTMC was established in terms of Section 3 of the RTMCA. It is further governed, inter alia, by the provisions of the NLTA, NRTA, PFMA, CPA and it subscribes to the principles contained in the King IV Report on corporate governance.

The governance structures of the RTMC are:

- The Shareholders Committee
- The Board of Directors
- Audit and Risk Committee
- Strategy, Monitoring and Evaluation Committee
- Social and Ethics Committee
- Remuneration Committee
- Executive Committee



RTMC Executive Committee



## 2. SHAREHOLDERS Committee

There were some changes in the composition of the Shareholders Committee during the period under review, also noting that some provinces have two MECs because of the difference in scope of MEC functions within these provinces. The Shareholders Committee comprised:

### Shareholders Committee

				
<b>Mr Joseph Maswanganyi</b> Minister of Transport Chairperson	<b>Dr Bonginkosi Nzimande</b> Minister of Transport Chairperson	<b>Ms Sindisiwe Chikunga</b> Deputy Minister of Transport	<b>Ms Weziwe Tikana</b> MEC: Safety and Liaison – Eastern Cape	<b>Mr Donald Grant</b> MEC: Transport and Public Works – Western Cape
				
<b>Mr Ismail Vadi</b> MEC: Roads and Transport – Gauteng	<b>Ms Sizakele Nkosi-Malobane</b> MEC: Community Safety – Gauteng	<b>Dr Mpho Motlhabane</b> MEC: Community & Safety Management – North West	<b>Mr Madoda Sambatha</b> MEC: Public Works & Roads – North West	<b>Ms Mmule Maluleke</b> MEC: Public Works & Roads – North West
				
<b>Mr Samuel Mashinini</b> MEC: Police, Roads & Transport – Free State	<b>Ms Nandi Ndalane</b> MEC: Transport & Community Safety – Limpopo	<b>Ms Makoma Makhurupetje</b> MEC: Transport & Community Safety – Limpopo	<b>Ms Pauline Williams</b> MEC: Transport, Safety & Liaison – Northern Cape	<b>Mr Lebogang Motlhapang</b> MEC: Transport, Safety & Liaison – Northern Cape
				
<b>Mr Petrus Ngomane</b> MEC: Community Safety, Security and Liaison – Mpumalanga	<b>Ms Sasekani Manzini</b> MEC: Public Works, Roads and Transport – Mpumalanga	<b>Mr Mxolisi Kaunda</b> MEC: Transport, Community Safety and Liaison – KwaZulu-Natal	<b>Ms Jean De la Harpe</b> SALGA nominee – National	<b>Ms Nombulelo Hermanus</b> SALGA nominee – National

 Served as a member during the year under review and is no longer a MEC for the portfolio

 A member by the end of the financial year under review

The following provinces are represented by two MEC's: Gauteng, Mpumalanga and North West

### 3. BOARD of Directors

The Board is accountable to the Shareholders Committee in terms of the provisions of the RTMCA, the PFMA and the governance agreement between the Board and the Shareholders Committee. During the period under review, the Board continued to receive support from the Shareholders Committee and from provincial departments responsible for road traffic matters. The Board will continue to manage the good relations it has with its shareholders to ensure the delivery of its mandate.

In keeping with the approved Board Charter, the Board executed its responsibilities by:

- Providing effective leadership and control in terms of approving the RTMC strategy and ensuring control over its operational implementation
- Representing and serving the shareholders' interests by overseeing and appraising the strategies, policies and the performance of the RTMC
- Ensuring that the RTMC continues to operate as a viable and sustainable going concern
- Providing oversight of the human, operational and financial resources available to achieve strategic objectives
- Ensuring appropriate balance of power and authority so that no one individual can dominate the Board's decision-making
- Ensuring effective communication between the RTMC and its internal and external stakeholders
- Ensuring that appropriate governance structures, policies and procedures are in place
- Approving senior management structure, responsibilities and succession plans



RTMC Board members



## Board composition

The RTMC Board comprises an independent non-executive chairperson, seven non-executive directors appointed by the Shareholders Committee, one shareholder representative appointed by the Minister and the CEO. In keeping with good corporate governance practice, the roles of Chairperson and CEO are distinct.

## Board members



Mr Zola Majavu CD (SA)  
(Chairman of the Board)



Ms Tembeka Mdlulwa



Ms Pinkie Manqele



Mr John Motsatsing  
(Shareholder representative)



Ms Daphline Ewertse



Mr Thulani Kgomo



Prof Maredi Mphahlele



Ms Thandi Thankge



Dr Eddie Thebe

*Board composition*

The RTMC Board comprises an independent non-executive chairperson, seven non-executive directors appointed by the Shareholders Committee, one shareholder representative appointed by the Minister and the CEO. In keeping with good corporate governance practice, the roles of Chairperson and CEO are distinct.

*Board members*

Name	Qualifications	Date of appointment
Mr Zola Majavu CD (SA) (Chairman of the Board)	<ul style="list-style-type: none"> <li>• BA (Law)</li> <li>• LLB</li> <li>• Higher Diploma in Sports Law</li> <li>• Attorney of High Court of SA</li> <li>• Chartered Director SA</li> </ul>	Re-appointed on 1 January 2017
Ms Tembeka Mdlulwa	<ul style="list-style-type: none"> <li>• B Juris</li> <li>• LLB</li> <li>• Attorney of High Court of SA</li> </ul>	Re-appointed on 1 January 2017
Ms Pinkie Manqele	<ul style="list-style-type: none"> <li>• B Tech Policing</li> <li>• Diploma in Police Management; Certificate in Community Policing and Human Rights</li> <li>• Certificate in Police Management</li> <li>• Diploma in Practical Accounting</li> </ul>	Re-appointed on 1 January 2017
Mr John Motsatsing (Shareholder representative)	<ul style="list-style-type: none"> <li>• B Proc</li> <li>• Transport Management Diploma</li> </ul>	Appointed on 18 March 2014
Ms Daphline Ewertse	<ul style="list-style-type: none"> <li>• Honours Bachelor of Accounting Science</li> <li>• Postgraduate Diploma in Auditing</li> </ul>	Appointed on 1 December 2015
Mr Thulani Kgomo	<ul style="list-style-type: none"> <li>• B Proc</li> <li>• Attorney of High Court of SA</li> </ul>	Appointed on 1 December 2015
Prof Maredi Mphahlele	<ul style="list-style-type: none"> <li>• Teachers Diploma in Science and Mathematics</li> <li>• BSc in Science and Mathematics</li> <li>• BSc Honours in Computer Science</li> <li>• MSc in Computer Science</li> <li>• D Tech in Computer Science</li> </ul>	Appointed on 1 January 2017
Ms Thandi Thankge	<ul style="list-style-type: none"> <li>• M Com in Business Management</li> <li>• BA Honours in Industrial Psychology</li> <li>• BA Industrial Psychology</li> <li>• Diploma in Library and Information Services</li> <li>• Registered Master HR Professional, Generalist with South African Board of People Practice (SABPP)</li> </ul>	Appointed on 1 January 2017
Dr Eddie Thebe	<ul style="list-style-type: none"> <li>• D Tech</li> <li>• M Tech in Public Relation Management</li> <li>• BA Communications Honours</li> <li>• BA Communications</li> <li>• Road Traffic Diploma</li> </ul>	Appointed on 1 January 2017



#### Board meetings attended

Board member	25 Apr 2017 Special	29 May 2017	28 Jul 2017	30 Aug 2017 Special	19 Sept 2017 Special	30 Oct 2017	16 Nov 2017 Strat. session	31 Jan 2018	27 Mar 2018 Special
Mr Zola Majavu CD (SA) (Chairman of the Board)	P	P	P	P	P	P	P	P	P
Adv Makhosini Msibi (CEO)	A	P	P	P	P	P	P	P	P
Ms Tembeka Mdlulwa	P	P	P	P	P	P	A	A	A
Ms Pinkie Manqele	P	P	P	P	P	P	P	P	P
Mr John Motsatsing	P	A	P	A	P	P	A	P	P
Ms Daphline Ewertse	A	P	P	A	P	P	P	P	P
Mr Thulani Kgomo	P	P	P	A	P	P	A	P	P
Prof Maredi Mphahlele	P	P	P	P	P	P	P	A	P
Ms Thandi Thankge	P	P	P	P	P	P	P	P	P
Dr Eddie Thebe	A	P	P	P	A	P	P	P	P
P – Present                      A – Absent with apology									

## 4. BOARD committees

#### Audit and Risk Committee

Member	Date of appointment
Ms Daphline Ewertse (Chairperson)	29 January 2016 (1 October 2017)
Dr Cleopas Sanangura	19 September 2014 (Retired September 2017)
Ms Nomusa Mufamadi	19 September 2014 (Re-appointed on 1 October 2017)
Prof Maredi Mphahlele	31 January 2017
Mr Thulani Kgomo	29 May 2017
Ms Nomvuyo Mhlakaza	1 October 2017
Ms Gloria Mnguni	1 October 2017

#### Meetings attended to by members of the Audit and Risk Committee

Members	22 May 2017	19 July 2017	20 October 2017	25 January 2018
Dr Cleopas Sanangura (Chairperson)	P	P	Rtrd	Rtrd
Ms Nomusa Mufamadi	P	P	P	P
Ms Daphline Ewertse	P	P	P	P
Mr Thulani Kgomo	*	P	P	P
Prof Maredi Mphahlele	A	P	P	P
Ms Nomvuyo Mhlakaza	**	**	P	P
Ms Gloria Mnguni	**	**	P	P
P – Present                      A – Absent with apology                      Rtrd – Retired * Appointed on 29/05/2017    ** Appointed on 01/10/2017				

*Strategy, Monitoring and Evaluation Committee*

Members	Date of appointment
Ms Pinkie Manqele (Chairperson)	31 January 2017
Ms Tembeka Mdlulwa	31 January 2017
Mr Thulani Kgomo	31 January 2017
Ms Daphline Ewertse	31 January 2017
Mr John Motsatsing	14 July 2014

*Meetings attended by members of the Strategy, Monitoring and Evaluation Committee*

Member	23 May 2017	20 July 2017	24 August 2017 Special	24 October 2017	24 January 2018	13 March 2018 Special
Ms Pinkie Manqele (Chairperson)	P	P	P	P	P	P
Ms Tembeka Mdlulwa	P	P	A	P	A	A
Mr Thulani Kgomo	P	P	P	P	P	P
Ms Daphline Ewertse	P	P	A	A	P	A
Mr J Motsatsing	A	P	A	A	P	A
Ms Daphline Ewertse	P	P	A	A	P	A
P – Present                      A – Absent with apology						

*Members of the Social and Ethics Committee*

Members	Date of appointment
Mr Thulani Kgomo (Chairperson)	31 January 2017
Ms Pinkie Manqele	31 January 2017
Ms Thandi Thankge	31 January 2017
Dr Eddie Thebe	31 January 2017

*Meetings attended to by members of the Social & Ethics Committee*

Member	22 May 2017	19 July 2017	20 October 2017	25 January 2017
Mr Thulani Kgomo (Chairperson)	A	P	P	P
Ms Pinkie Manqele	P	P	P	P
Ms Thandi Thankge	P	P	P	P
Dr Eddie Thebe	P	P	P	P
P – Present                      A – Absent with apology				

*Remuneration Committee*

Members	Date of appointment
Ms Tembeka Mdlulwa (Chairperson)	31 January 2017
Mr Thulani Kgomo	31 January 2017
Ms T Thankge	31 January 2017
Prof Maredi Mphahlele	31 January 2017
Dr Eddie Thebe	29 May 2017

*Meetings attended by members of the Remuneration Committee*

Member	24 May 2017	24 July 2017	24 October 2017	13 March 2018
Ms Tembeka Mdlulwa	P	P	P	A
Mr Thulani Kgomo	P	R	R	R
Ms T Thankge	P	P	A	P
Prof Maredi Mphahlele	P	P	P	P
Dr Eddie Thebe	*	A	P	P
P – Present                      A – Absent with apology                      R – Reshuffled * Appointed on 29/05/2017				

## 5. NATIONAL Road Safety Advisory Council

The main function of the National Road Safety Advisory Council (NRSAC) is to provide inputs into the strategic direction, oversight and critical assessment of proposed road safety initiatives and campaigns. The Road Safety Advisory Council makes recommendations and reports to the Minister of Transport, but does not deliver road safety initiatives – this is done through RTMC, National Department of Transport and the provincial departments of transport.

To meet its objective, the Road Safety Advisory Council undertakes the following functions:

- Provides an independent technical advisory service on road safety matters to the Minister
- Advises on policy gaps and needs, engineering, public education, enforcement and community engagements measures to deliver safer roads, safer travel speeds, safer vehicles and safer drivers
- Advises on research-based solutions to road safety issues
- Advises on measures to improve the safety of roads and to reduce the deaths of people, injuries to people and damage to property resulting from crashes occurring on roads
- Advises on the recommendations to relevant bodies and persons on the action that should be taken to implement those measures
- Advises on coordinating and agreeing on top-level strategies between agencies on road safety issues and providing oversight of progress towards the achievements of national targets
- Advises on the establishment of good practice guidelines to facilitate implementation of good practice road safety activities
- Recommends to the Minister on processes that should be taken to implement road safety measures
- Evaluates the effectiveness of measures
- Reports to the Minister on its operations and achievements
- The Minister may request the Road Safety Advisory Council to undertake specific tasks on an ad-hoc basis, consistent with the intent of these terms of reference
- Keeps abreast of international research and good practice, including annual visits to leading jurisdictions in the road safety field attending conferences and sharing knowledge

The NRSAC has been a sounding board and made contributions to the current strategy, and to other updates provided by the RTMC on the road safety campaigns/plans and Easter/festive season plan. The NRSAC highlighted pertinent issues to the RTMC especially around data collection, education, licencing and technology. Members of NRSAC participated in various transport indaba/seminars and provided meaningful contributions to various committees.

Being a diverse group with different areas of expertise and interests has meant that there was a great deal of cross-pollination of ideas and debates within the NRSAC. The mix of experiences, backgrounds and perspectives created a unique set of skills that was available to the Minister and the RTMC.

## *The composition of the NRSAC*

The NRSAC has 17 members as appointed by the Shareholders Committee.

Members	Date of appointment
Prof Marion Sinclair	7 January 2015
Prof Roger Behrens	7 January 2015
Ms Pumza Tuswa	10 January 2014
Ms Paulina Ramusi	10 January 2014
Ms Maria Raoleka	10 January 2014
Ms Innocentia Motau	10 January 2014
Ms Faith Lingwati	26 September 2014
Mr Zondi Maswanganyi	25 September 2014
Mr Vernon Billet	7 January 2015
Mr Themba Baloyi	8 June 2015
Mr Skhumbuzo Mpanza	7 January 2015
Mr John Mabhida	7 January 2015
Mr Jan Coetzee	10 January 2014
Mr Ismail Amod	10 January 2015
Mr Herbert Ngcamphalala	10 January 2015
Mr Eric Mafuyeka	10 January 2014
Mr Eckart F Kruger	7 January 2015

## *Meetings attended by members of the NRSAC*

Member	19 May 2017	25 August 2017	29 November 2017	16 February 2018
Prof Roger Behrens	P	P	A	P
Prof Marion Sinclair	P	P	P	P
Ms Pumza Tuswa	P	P	P	P
Ms Maria Raoleka	P	P	P	P
Ms Paulina Ramusi	P	P	P	P
Ms Innocentia Motau	P	P	P	P
Ms Faith Lingwati	P	P	P	P
Mr Skhumbuzo Mpanza	A	Resigned	Resigned	Resigned
Mr Herbert Ngcamphalala	P	P	P	P
Mr Eric Mafuyeka	P	P	P	P
Mr Zondi Maswanganyi	P	P	A	A
Mr Vernon Billet	A	A	A	A
Mr Themba Baloyi	P	P	P	A
Mr John Mabhida	A	A	A	A
Mr Jan Coetzee	P	P	A	Resigned
Mr Ismail Amod	P	P	P	Resigned
Mr Eckart Kruger	P	P	A	A
P – Present      A – Absent with apology				



## 6. NATIONAL Youth Structure

Over the past three years South Africa has experienced a large increase in the number of road fatalities, especially in the youth category. Further analysis of the road fatality data indicated that the 18-to-35 age group is the most vulnerable to road fatalities. It is against this background that the RTMC, as the lead agency in road safety, established a National Youth Structure jointly with provinces and transport entities. The main purpose of the youth structure is to advocate on road safety-related matters and conduct driver training programmes.

The National Youth Structure was re-elected in July 2017 and is constituted of 13 members from nine provincial government departments and two co-opted members from organised youth structures and NGOs. The structure is responsible for implementing road safety programmes such as driver workshops, pedestrian awareness and vehicle safety programmes. These programmes were conducted at schools, institutions of higher learning, as well as in communities. They focused on pedestrians, and impaired and distracted driving.

The youth implemented driver workshops on substance abuse, distracted driving, reckless and negligent driving and vehicle safety. The workshops targeted young drivers in vulnerable communities and townships. Road safety youth programmes targeting young people as pedestrians were also conducted.

### *Institutions of higher learning that hosted road safety youth programmes*

Institution	Province
Maluti TVET College – Phuthaditjhaba	Free State
Maluti TVET College – Bethlehem	Free State
Mokopane TVET College	Limpopo
Ingwe TVET College	Eastern Cape
Amajuba TVET College	KwaZulu-Natal
Sol Plaatjie University	Northern Cape
University of Free State	Free State
Northlink College	Western Cape
Taletso TVET College	North West
Upington TVET College	Northern Cape
False Bay TVET College	Western Cape

### *Members of the National Youth Structure*

Name	Province/organisation	Date of appointment	Date terminated
Nomfundo Zwane	KwaZulu-Natal	1 July 2017	31 December 2017
Jeffrey Moshoeu	Limpopo	1 July 2017	-
Maleshoane Dipholo	North West	1 July 2017	-
Xolani Msimango	Gauteng	1 July 2017	-
Richard Monchusi	Northern Cape	1 July 2017	-
Brendan Bosch	Free State	1 July 2017	-
Simtembile Vayeke	Eastern Cape	1 July 2017	-
Sam Masango	Mpumalanga	1 July 2017	-
Patho Tebese	Western Cape	1 July 2017	-
Zithulele Radebe	Cosatu Young Workers	1 July 2017	-
Tumelo Zwane	South African Youth Council	1 July 2017	-
Thapelo Maleke	South African Chamber of Commerce	1 July 2017	31 December 2017
Motlalepula Motloun	Kasi Road Safety – Gauteng	1 July 2017	-
Tebogo Radebe	Disability People of South Africa	1 July 2017	-

*Meetings attended by members of the Youth Structure*

Member	26 September 2017	27 September 2017	1 February 2018	2 February 2018
Nomfundo Zwane	P	P	T	T
Jeffrey Moshoeu	P	A	P	P
Maleshoane Dipholo	P	P	P	P
Xolani Msimango	P	P	P	P
Richard Monchusi	A	P	P	P
Brendan Bosch	P	P	P	P
Simtembile Vayeke	P	P	P	P
Sam Masango	P	P	A	P
Patho Tebese	P	P	P	P
Zithulele Radebe	P	P	P	P
Tumelo Zwane	P	P	P	P
Thapelo Maleke	P	P	T	T
Motlalepula David Motlounq	P	P	A	P
Tebogo Radebe	P	A	P	P
P – Present                      A – Absent with apology                      T – Terminated				

## 7. RISK management

The RTMC recognises the importance of effectively identifying, measuring and managing risks. Guided by the principles set out in the enterprise risk management framework, the risk management function continues to drive a high-performing, risk-conscious organisation.

The first line of defence is that all employees, led by management recognise their responsibility to manage risks within their defined areas of control. The second line of defence is to empower line management with 'risk management' subject matter expertise. The Enterprise Risk and Audit Management Committee (ERAC) was established with representation from the different business areas. Officials on the ERAC were meticulously selected and appointed, based on their ability to influence and drive their respective units towards becoming risk conscious in both strategic thinking and operational decision-making.

The internal audit, as a third line of defence, continues to provide independent assurance to those charged with governance and oversight. They ensure that systems of internal controls are appropriate and that risk management and governance processes are adequate to support the Corporation to achieve its objectives.

The Audit and Risk Committee periodically reviews pre-defined risk management reports aimed at giving the Board assurance that internal controls remain adequate and that the Corporation is geared towards sustaining a clean administration.

The Corporation conducts an annual strategic risk assessment and ongoing operational risk assessments. All risks identified are monitored and those posing a significant risk are escalated to the Audit and Risk Committee. The progress made by the Corporation in the management of risks is reflected in the reported table below.

Management of risks – strategic risks

Risk no	Risk name	Risk description	Mitigations planned/implemented	Risk status
1	Legislative environment impeding RTMC in achieving its objectives	Difficulty in realisation of RTMC objectives due to non-alignment applicable traffic laws	<ul style="list-style-type: none"> <li>Legislative review in progress</li> </ul>	<p>Risk not fully addressed and moved to operational level</p> <p>Work aimed at legislative review is now managed operationally as a project</p>
2	Inadequate human capital skills within the fraternity	Standardisation of curriculum to ensure appropriate and relevant training standards for road safety and law enforcement are implemented	<ul style="list-style-type: none"> <li>NQF level 6 curriculum for traffic officers has been developed</li> <li>NQF level 6 curriculum for road safety practitioners has been developed</li> <li>Human resources has developed an HR strategy, which is currently being implemented</li> <li>An independent employee climate survey was undertaken, the recommendations of which continue to be implemented to position the RTMC as an employer of choice</li> </ul>	Risk adequately addressed
3	Lack of stakeholder coordination in order to achieve the mandate of RTMC	Maximisation of stakeholder participation – engagement of different stakeholders/institutions that the RTMC needs to coordinate and deliver on its mandate	<ul style="list-style-type: none"> <li>The RTMC has developed a stakeholder management framework and continues to maximise these engagements in achieving its mandate</li> <li>Memoranda of understanding have been concluded with several key stakeholders including, but not limited to, SAPS, the departments of Health and Home Affairs; collaborations have also been forged with private entities and community-based structures</li> </ul>	Risk addressed
4	Fraud and corruption	The RTMC operates in an environment that is prone to fraud and corruption perpetuated by traffic officials, the public and internal RTMC staff	<ul style="list-style-type: none"> <li>Fraud and corruption continue to plague the environment; while great strides have been made to minimise this risk, such practices will not be eliminated easily. The RTMC has a unit focused on investigating fraud and corruption cases and undertaking awareness campaigns</li> <li>Gaining full control of the NaTIS system has already allowed NTACU to have an intelligence-led investigation on fraud and corruption</li> <li>The RTMC has established an ethics management function</li> </ul>	<p>Risk still prevails included in the new register</p> <p>In the context of the operating environment this risk will remain as attempts are made to eliminate fraud and corruption in the traffic fraternity</p>

*Management of risks – strategic risks (Continued)*

Risk no	Risk name	Risk description	Mitigations planned/implemented	Risk status
6	Unquantified impact analysis of programmes	Analysis and evaluation of the level of success brought by programmes implemented to reduce the number of crashes	<ul style="list-style-type: none"> <li>The RTMC has established a monitoring and evaluation function</li> <li>Programme managers continue to be empowered to monitor and evaluate the effectiveness of set programmes</li> </ul>	Risk status addressed
7	Ineffective and inadequate information systems	<p>RTMC depends on fragmented systems to support and enable business to achieve its objectives</p> <p>Innovation is key to driving the achievement of goals</p>	<ul style="list-style-type: none"> <li>The RTMC is in the process of implementing an ERP system. This will eliminate the fragmentation of its information asset management</li> <li>A databank for road traffic information has been developed</li> </ul>	<p>Risk partially addressed</p> <p>Oracle: Implementation still on-going; risks managed at operational level</p> <p>NaTIS: Uninterrupted systems operations and protection of information asset still remain a risk; associated risks have been thus identified</p>
8	Risk that the RTMC will not be financially sustainable	<p>RTMC depends on fragmented systems to support and enable business to achieve its objectives</p> <p>Innovation is key to driving the achievement of goals</p>	<ul style="list-style-type: none"> <li>The funding model has been developed</li> </ul>	<p>Risk partially addressed</p> <p>Focused projects are being implemented to fully achieve the objective of the funding model. These will be monitored at APP and operational level</p>

## 8. INTERNAL audit

The internal audit function is an independent function, which reports to the RTMC Board through the Audit Committee. The internal audit's strategic and operational plans were approved by the audit committee during the year under review and the unit successfully tabled all audit reports during the year.

The internal audit function maintains a risk-based audit approach, in line with the international standards for the professional practice of internal auditing. The unit interacted with all stakeholders in identifying risks, internal control evaluation/testing, consulting and quality control reviews.

Key areas of audit and additional focus for the period under review include:

- Financial accounting and internal control discipline
- Supply chain and asset management
- Human resources
- Performance information and strategic consultative engagements
- Business operations support in VTS reviews and Section 56 new revenue stream

The internal audit team highlighted control deficiencies to management's attention for corrective action and timely follow up.



## 9. MANAGING conflict of interest

Directors are required to submit their general declaration of interests on an annual basis, detailing:

- Shareholdings held in public companies
- Shareholdings and members' interests held in private companies and close corporations
- Directorships in companies
- Interests in entities, such as partnerships, joint ventures and trusts
- Interests held by spouses and/or dependents/relatives within the second degree of consanguinity
- Interests in contracts to do with the RTMC

## 10. CODE of ethics

The RTMC Board approved a code of ethics that regulates relationships between employees and third parties, intra-employee relationship conflicts of interest, and clarifies what are or are not acceptable practices. Any breach of the code of ethics is dealt with as misconduct in terms of the RTMC disciplinary code.

## 11. HEALTH, safety and environmental issues

The RTMC seeks to ensure, as far as it is reasonably possible, the health and safety of all employees in the workplace, as well as that of people conducting business on its premises. The objectives of the RTMC are to improve the understanding of occupational health and safety standards by all workplace parties and to improve health and safety conditions in the workplace by means of research, inspections, investigations and enforcement of legislation. The RTMC complies with the Occupational Health and Safety Act (Act 85 of 1993). To ensure compliance, the corporation displays a policy statement signed by the CEO. During the period under review, the Health and Safety Committee continued to improve the working environment by managing and monitoring occupational health and safety risks in accordance with the approved policies. The committee has developed, implemented and monitored risk registers that identify risks contained within the workplaces. The risk register includes scheduled compliance inspections and completion of corrective actions within allocated timeframes as determined by the initial risk assessments.

The Health and Safety Committee continued to work in partnership with the service providers in health and safety programmes to improve their performance in the reduction of injuries and illness. In June 2016, it developed and implemented mandatory agreements with the service providers for security and cleaning services to ensure compliance with legislative and regulatory requirements.

## 12. IT GOVERNANCE report

As of 5 April 2017, the Corporation took control of the management of the NaTIS by order of the North Gauteng High Court. The information technology and governance unit invested in technological advancement to create an enabling environment for business. The unit continued to focus on ensuring effective service availability and stability to external stakeholders (relying on a robust NaTIS) and internal stakeholders (relying on business applications to ensure the achievement of strategic objectives).

IT services maintained 98% availability over the course of the year. The next phase will be to refresh the core infrastructure, as well as to provide a launching pad for several new services aimed at reinvigorating the client experience. These services will promote accessibility, data enhancement, an active citizenry and an overall improved user experience.

The National Crash Data Management System (NCDMS) was developed and plans are being put in place to roll out the system. Phase 1 of the National Traffic Contravention Management System (NTCMS) will be developed in the 2018/2019 financial year. The NCDMS and NTCMS are important milestones to improve the quality of road traffic information.

The migration of functions from the segregated systems to the new Oracle EBS platform will result in greater efficiency with regards to company resources and business processes. Project PEU seeks to use technology to improve the way the Corporation does business and to accelerate the delivery of services. Project PEU embodies the Corporation's green ambition and the envisioned benefits will be:

- Reduction in overhead costs
- Improved collaboration between business units
- Better analytics on organisational performance and financial indicators
- Simplified regulatory compliance
- Decrease in time to generate weekly and monthly financial reports
- Increase in productivity of support business units
- Improved asset management and tracking

Other achievements for the period under review include development of the disclosure information management system (DIMS). The DIMS is an internally developed application used by 'ethics and compliance' to manage financial disclosure of all staff and board members. End-user training commenced and will be fully deployed in 2018/19

Infrastructure and network optimisation took place and resulted in:

- The relocation of the facilities server room and partial implementation of disaster recovery sites for business applications
- The migration of Boekenhoutkloof Traffic Training College to the corporation's network
- The migration of Road Transport Inspectorate regional offices to the Corporation's network
- The deployment of the back-office sites
- New servers were secured for the enterprise resource-planning environment, as well as the development, quality assurance and production environments
- Desktop optimisation took place and equipment was refreshed as per the asset management policy

Network bandwidth and expansion was undertaken in order to address:

- Redundant network connectivity
- The Corporation has redesigned the MPLS network for all regional sites and head office and the procurement of this new multi-protocol layer switching network will enhance the connectivity of all sites to the head office



## 13. AUDIT AND RISK committee report

Report of the Audit & Risk Committee in terms of Regulation 27.1 of the Public Finance Management Act No. 1 of 1999 as amended.

The Audit & Risk Committee reports that its terms of reference were approved by the Board. During the period under review, the Committee performed its duties in terms of the provisions thereof and has discharged its responsibilities contained therein. The Audit & Risk Committee has, inter alia, reviewed the following:

### Internal control and risk management

The effectiveness of the internal control systems:

- The risk areas that could inhibit the achievement of strategic objectives
- The effectiveness of the system and process of risk management and;
- ICT governance focusing on the implementation strategic projects, amongst which are, Enterprise Resource Planning System

### Financial information and finance function

- The adequacy, reliability and accuracy of financial information provided by Management and other users of such information; and
- The experience, expertise and resources of the finance and the internal audit function

### Internal audit and external audit

- Accounting and auditing concerns identified as a result of internal and external audits;
- The effectiveness of the internal audit;
- The activities of the internal audit, including its annual work programme, coordination with the auditor-general and the responses of management to specific recommendations; and
- The independence and objectivity of internal and external auditors

The committee is of the opinion, based on the information and explanation given by Management and internal audit, as well as discussions with the auditor-general on the result of their audits, that:

- The internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the financial statements and that accountability for assets and liabilities is maintained;
- The expertise, resources and experience of the finance function and internal audit is maintained
- The system and process of risk management is adequate;
- The Internal audit charter was approved by the Committee and it is satisfied that the internal audit performed its duties in accordance with the approved internal audit plan; and
- The Committee is satisfied with the auditor-general's independence and objectivity

The Audit and Risk Committee is satisfied that the financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The Audit and Risk committee is further satisfied that the RTMC's financial statements comply, in all material respects, with the requirements of the Public Finance Management Act, 1999 (Act No.1 of 1999) as amended, and General Recognised Accounting Practice. The Audit and Risk Committee has therefore recommended the adoption of the financial statements by the Board.



Ms D Ewertse  
**Audit and Risk Committee Chairperson**

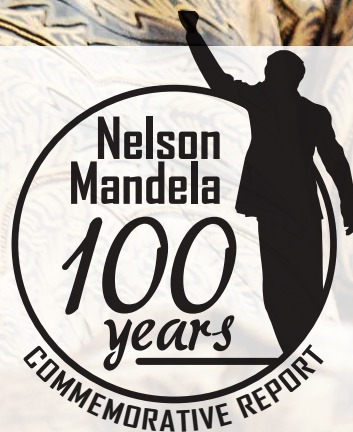


A close-up portrait of Nelson Mandela, an elderly man with short, curly white hair, looking slightly to the right with a gentle expression. He is wearing a blue and white patterned shirt. The background is softly blurred, showing hints of a flag with yellow, green, and red colors.

# D CORPORATE Social Responsibility

*"There can be no greater gift than  
that of giving one's time and energy  
to helping others without expecting  
anything in return."*

**Nelson Mandela**





## INTRODUCTION

The RTMC plays an important role in the economic and social transformation of its stakeholders and communities, and aims to facilitate sustainable corporate social responsibility programmes. The Corporation recognises the need for involvement in projects that promote equity and have a lasting impact on the lives of marginalised citizens in South Africa. In this regard the five corporate social responsibility programmes were conducted during the year under review:

RTMC indoor mobile school library



There is a very big need for functional libraries in disadvantaged and rural public schools in South Africa. The RTMC donated the RTMC indoor mobile school library to Hambani Primary School in the village of Daggakraal, Mpumalanga on 26 June 2017. The school did not have a library (it is the first school in the community to have a library) and it will serve the learners with more than 700 books on different subjects.



## Nelson Mandela Day corporate social responsibility project



The 18<sup>th</sup> of July has become synonymous with the birthday of world leader, freedom fighter and humanitarian, former President of the Republic of South Africa, Mr Nelson Rolihlahla Mandela. In commemoration of Nelson Mandela Month, the RTMC hosted the RTMC's Nelson Mandela Day corporate social responsibility project at Tshireletso orphanage and home-based care centre in New Eersterus, Hammanskraal. The Corporation provided the centre with groceries such as maize meal, rice, samp, mealie rice, canned food, cooking oil, soup packets, dried foods, toys, water-pots, water warming urns, cooking utensils and blankets. Furthermore, the staff participated in the 67 minutes for Mandela Day by preparing a hot, cooked meal for 114 children at the centre.

## Winter warmer school uniform corporate social responsibility project

In partnership with the Free State Department of Police, Roads and Transport, the RTMC hosted a winter warmer school uniform corporate social responsibility project at Itumeleng Mabelle Primary School in Odendaalsrus, Free State. The initiative provided the learners at the school with a full school uniform that included school shoes, trousers, tunics, shirts and dri-macs to keep the learners warm during the winter season. The school confirmed that 516 learners from poverty-stricken households were in need of social intervention and the winter warmer school uniform project will go a long way towards addressing this need.

## Road safety child-headed household initiative corporate social responsibility project

In partnership with the Department of Transport, the RTMC hosted the 2017 road safety child-headed household corporate social responsibility project. The project forms part of the festive campaign and was held on 14 December 2017. The handover event was led by the Deputy Minister of Transport, Honourable Sindisiwe Chikunga, who addressed the beneficiaries and the community of Elukwatwini and Nhlazatshe in Mpumalanga. The initiative was aimed at donating 100 festive season grocery packs to the child-headed households of road safety crash victims and to incapacitated road crash survivors. The Deputy Minister together with the RTMC Board members and community representatives presented the groceries to representatives of the beneficiary households during the hand over.



In partnership with the Gauteng Department of Community Safety, the RTMC hosted the road safety educational toys and dignity packs corporate social responsibility project on 3 March 2018. The handover event was led by MEC Sizakele Nkosi-Malobane, who handed over the educational toys and dignity packs to the beneficiaries at Unity Primary School situated at Tarlton Farm, Gauteng. One hundred and fifty dignity packs and 50 educational toys were donated to needy learners in the school identified by the school's social welfare committee. Furthermore, the MEC handed over RTMC-branded school safety bags, stationery items and road safety books to 150 beneficiaries at Kwaagafontein Farm School, situated at De La Rey Farm, Krugersdorp in Gauteng.

*"I was not a messiah, but an ordinary man who had to become a leader because of extraordinary circumstances."*

**Nelson Mandela**



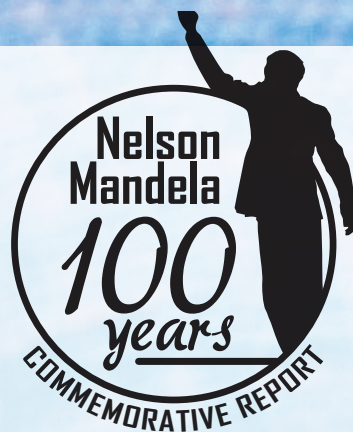




# E HUMAN Resource Management

*"I did not mind going to jail myself,  
and I had to learn to cope without  
Walter, but when my children went to  
jail, I felt that the Boers were breaking  
me at the knees."*

**Albertina Sisulu**





## INTRODUCTION

The need to attract and retain the best human resource talent in the labour market is an important element in enabling the corporation to achieve its strategic goals and long-term vision of creating safe roads in South Africa. The corporation is committed to implementing effective human resources management strategies and interventions to position RTMC as a preferred employer of choice and enable us to attract and retain the best available talent in the market.

The corporation implemented several key programmes to build capacity and enhance skills development, with a focus on the youth. In 2017/18 a total of fifty-five (55) deserving young graduates were recruited in the corporation's internship programme for a period of 12 months. These are important annual interventions aimed at sustaining the talent base and ensuring the retention of the correct skills and expertise.

The corporation has a comprehensive human resource plan which is implemented on an ongoing basis and reviewed regularly to ensure alignment with the overall strategy of the organisation and changes in the environment. Key Human Resource Management interventions also include implementation of a Performance Management and Development System which is aimed at the development of our employees and ensuring sustained organisation performance. Monitoring reports on implementation of this system show an overall good level of compliance by employees with key requirements.

The corporation also has a comprehensive employee wellness programme which offers on-going support to employees in effectively dealing with the demands of the work environment and other personal/societal factors which may have an impact on their performance. The wellness services are also extended to the immediate family members within the set limit to ensure a holistic approach to dealing with employee health and wellness matters.



## HR PRIORITIES and the impact thereof

The recruitment strategy is to ensure the capacitation of strategic functions of the Corporation as per the legislative mandate of the RTMC. The implementation of the approved integrated human resource strategy continued as planned. The Employee Health and Wellness Programme (EHWP) has been implemented within the realities of austerity measures. The organisational structure review process is still underway and will be carried over to the 2018/2019 financial year.

The Corporation has been tasked by the Shareholder Committee to work with provinces to ensure the efficient and effective implementation of a 24/7 shift system. Consultations have commenced with key departments such as the Department of Public Service and Administration, National Treasury, provincial departments and other key stakeholders.

## EMPLOYEE DEVELOPMENTAL opportunities

Training and development is part of succession planning and talent management. As part of training and development, the RTMC offers a range of training programmes such as induction, learnerships, training and development opportunities, bursaries, and the upskilling programme as part of progression and succession. The following initiatives were implemented:

- Partnerships with Mpumalanga, Ekurhuleni Metro, Tshwane Metro and Johannesburg Metro to train a total of 30 learners to be completed in 30 November 2018.
- The allocation of the South African Security Sector Education and Training Authority (SASSETA) grant to the corporation to support training initiatives and appointment of interns is reflected in the table below:

### *SASSETA grant allocation*

No.	Project name	Number allocated	Amount allocated
1	Defensive and offensive driving skills	15	R180 000
2	Internship programme	25	R1 500 000
3	Internship graduate placement	5	R300 000
4	Occupational directed education training and development practitioner	30	R367 992
5	Bursaries	6 (R50 000 per learner)	R300 000
6	TUT work integrated learning	26	R875 000 Bank SETA funded
<b>Total</b>		<b>107</b>	<b>R3 522 992</b>

## EMPLOYEE PERFORMANCE management framework

The RTMC views performance management as a strategic business process as it informs and drives a number of business policies and practices. Performance management has the following intended outcomes:

- Providing a systematic framework for performance planning, performance monitoring, reviews and performance appraisal
- Promoting a shared sense of responsibility among staff for the achievement of strategic objectives
- Promoting a culture of transparency and participation through open dialogue about goals and their achievement, personal development and performance improvement
- Ensuring that employees are given the direction and support required to excel in their jobs
- The performance reviews were completed, and performance rewards were paid within budget

## EMPLOYEE HEALTH and wellness programme

Employee health and wellness activities were implemented throughout the year, with wellness clinics conducted twice per month. The employee assistance programme continued to help employees deal with personal problems that might adversely impact their work performance, health and wellbeing.

## SOCIAL activities

The RTMC aligned its social activities with the national calendar and participates in health month, youth month, women's month, Mandela Day, World Aids Day etc. During the month of December the corporation undertook activities focusing on the HIV/AIDS pandemic through sharing of messages and voluntary testing.

## HR statistics

### Personnel cost by branch

In the financial year under review, the employee expenditure constituted 40% of the total expenditure budget of the RTMC.

#### Personnel cost by branch

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	No. of employees	Average personnel cost per employee (R'000)
Operations	137 711	75 901	55%	140	542
Law enforcement	198 850	176 693	89%	372	475
Traffic intelligence and security	13 714	12 302	90%	25	492
Strategic services	100 072	50 372	50%	31	1625
Support services	695 251	140 134	20%	204	687
<b>Total</b>	<b>1 145 599</b>	<b>455 401</b>	<b>40%</b>	<b>772</b>	<b>590</b>

#### Personnel cost by salary band

Employee expenditure constitutes 40% of the RTMC's total budget

Level	Personnel expenditure (R0'000)	Percentage of personnel expenditure to total personnel cost	Personnel expenditure as a % of total expenditure (R0'000)	No. of employees	Average personnel cost per employee (R0'000)
Top management	21 323	5%	2%	8	2 665
Senior management	47 398	10%	4%	53	894
Professional qualified	100 544	22%	9%	97	1 037
Skilled	157 766	35%	14%	324	487
Semi-skilled	128 371	28%	11%	290	443
<b>Total</b>	<b>455 401</b>	<b>100%</b>	<b>40%</b>	<b>772</b>	<b>590</b>

#### Training costs

Level	Personnel expenditure (R0'000)	Training Expenditure (R0'000)	Personnel expenditure as a % of total expenditure (R0'000)	No. of employees	Average training cost per employee (R0'000)
Top management	21 323	3	0%	1	3,00
Senior management	47 398	98	0%	26	4
Professional qualified	100 544	515	1%	55	9
Skilled	157 766	581	0%	274	2
Semi-skilled	128 371	764	1%	493	2
<b>Total</b>	<b>455 401</b>	<b>1 961</b>	<b>0,4%</b>	<b>849</b>	<b>2,3</b>







#### Performance rewards

The RTMC has a well-embedded and standardised process for setting performance objectives and evaluating performance. The table below provides more information.

Programme	Performance rewards (number of employees)	Performance bonus (R ')	Personnel expenditure (R ')	Percentage performance rewards to total personnel costs
Top management	4	2 961	21 323	14%
Senior management	16	1 057	47 398	2%
Professional qualified	42	1 841	100 544	2%
Skilled	52	1 159	157 766	1%
Semi-skilled	50	868	128 371	1%
<b>Total</b>	<b>164</b>	<b>7 886</b>	<b>455 401</b>	<b>2%</b>

Note: The financial information provided above is for the payment of bonuses implemented in the 2017/2018 financial year for the 2016/2017 performance cycle.

#### Employment and vacancy by branch

Management of vacancy rates reflects the changes in demand and assists the Corporation in making decisions around capacity requirements. The following tables summarise the number of posts on the establishment, the number of employees and the vacancy rate. The vacancy rate reflects the percentage of posts that are not filled.

#### Vacancy rate

Programme	2016/2017 number of employees	2017/2018 approved posts	2017/2018 number of employees	Percentage of vacancies
Operations	107	178	140	21%
Law enforcement	246	376	372	1%
Road traffic intelligence and security	21	28	25	4%
Strategic services	32	47	31	19%
Support services	203	209	204	7.7%
<b>Total</b>	<b>609</b>	<b>838</b>	<b>772</b>	<b>8%</b>

#### Appointments and terminations

There were 32 appointments and 48 terminations.

Opening balance	609
New appointees	17
Minus terminations	(48)
Road transport inspectorate	138
Boekenhoutkloof college	56
<b>Total permanent staff</b>	<b>772*</b>

\*Total excludes 28 temporary staff

## *Reasons for termination of employment*

Termination type	Number	Percentage of total number of staff leaving
Death	1	0.1%
Resignation	18	2%
Dismissals	5	0.6%
Contract expiry	24	3%
<b>Total</b>	<b>48</b>	<b>6%</b>

## *Misconduct and disciplinary cases finalised*

Nature of disciplinary action	Number
Verbal warning	0
Written warning	0
Final written warning	4
Suspended without pay (sanction alternative to dismissal)	4
Dismissal	5
No grounds to charge	0
Still in progress	4
<b>Total</b>	<b>17</b>

## EMPLOYMENT equity

The RTMC is committed to transformation and ensuring that its workforce conforms to the country's national employment profile, particularly that of the traffic sector. Recruitment practices are aligned to the RTMC's employment equity plan and continue to promote opportunities for people with disabilities.

In the 2015/16 financial year the Minister of Transport pronounced the need for consolidation of all law enforcement functions within the transport portfolio towards the constitutional imperative of a single police service. To kick-start this process, the Minister directed the RTMC and CBRTA to expedite the merging of their law enforcement functions. This resulted in the integration of the Road Transport Inspectorate (RTI) function from CBRTA to the RTMC during the 2016/17.

During the same period the Boekenhoutkloof College was also transferred to the RTMC. This resulted in the acquisition of 193 employees from these two Entities under section 197 of the Labour Relations Act (Act 66 of 1995); 56 from Boekenhoutkloof College and 137 from CBRTA.

The integration and acquisition of the two entities has limited the ability of the Corporation to effectively and strategically coordinate its employment equity initiatives in a consolidated employment equity plan for the RTMC. The corporation anticipated an increase in the number of staff including but not limited to the intake of traffic trainees. The filling of these positions is currently at different stages of the recruitment process.

*Equity actuals 2016/2017 vs 2017/2018 – Male*

Levels	Male							
	African		Coloured		Indian		White	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Top management	1	2	0	0	0	0	1	1
Senior management service	28	27	2	2	3	3	5	5
Professional qualified	28	52	3	4	3	4	11	16
Skilled	97	150	6	7	2	5	8	17
Semi-skilled	135	125	2	2	2	2	1	1
Unskilled	0	16	0	0		0	0	0
<b>Total</b>	<b>289</b>	<b>372</b>	<b>13</b>	<b>15</b>	<b>10</b>	<b>14</b>	<b>26</b>	<b>40</b>

*Equity actuals 2016/2017 vs 2017/2018 – Female*

Levels	Female							
	African		Coloured		Indian		White	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Top management	3	4	0	0	0	0	1	1
Senior management service	10	11	0	0	0	0	2	2
Professional qualified	30	37	1	1	1	2	2	2
Skilled	88	139	3	4	3	2	9	10
Semi-skilled	114	97	4	4	0	0	0	0
Unskilled	0	15	0	0	0	0	0	0
<b>Total</b>	<b>245</b>	<b>303</b>	<b>8</b>	<b>9</b>	<b>4</b>	<b>4</b>	<b>14</b>	<b>15</b>

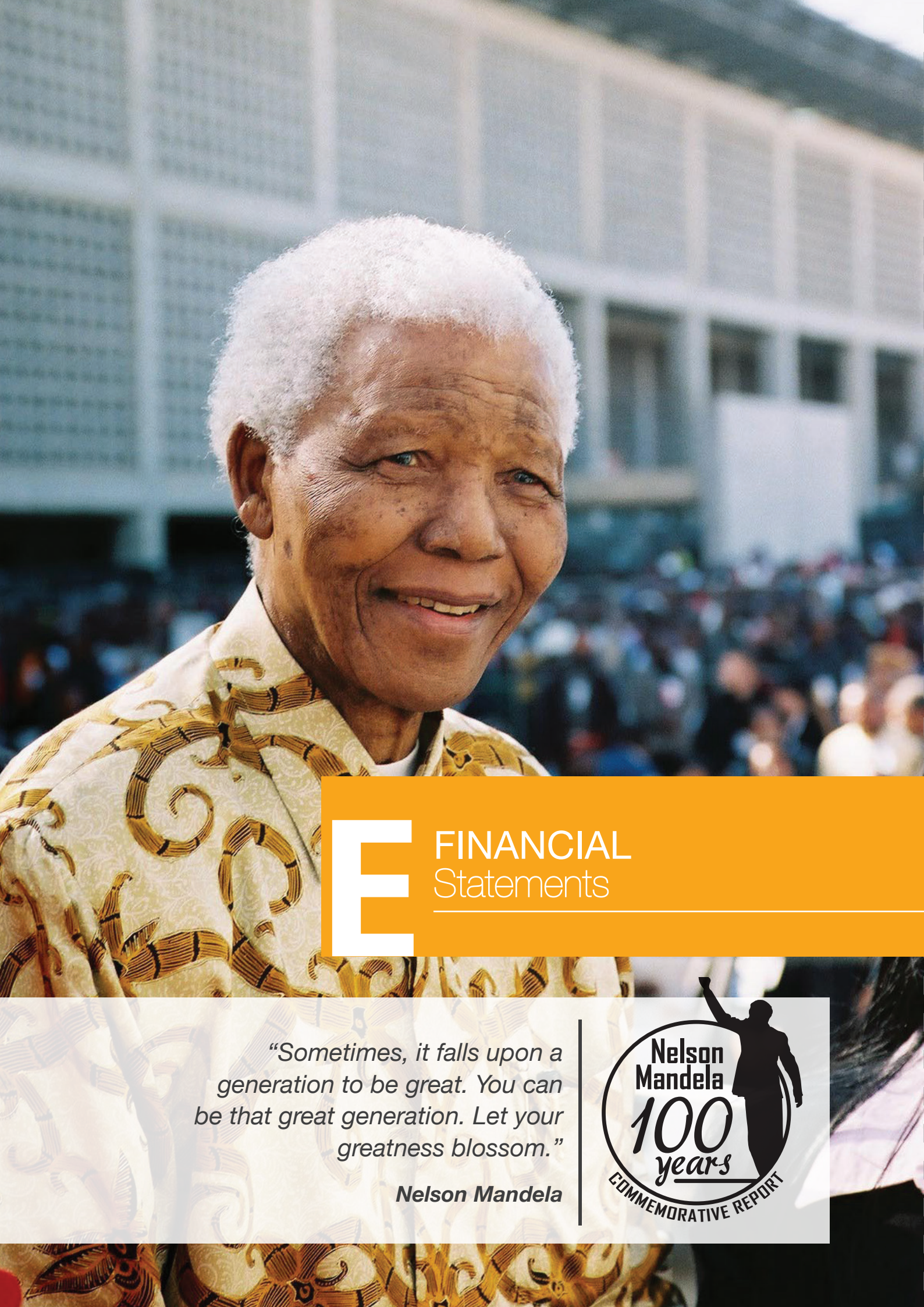
*Disability*

Levels	Male		Female	
	2016/17	2017/18	2016/17	2017/18
Top management	0	0	0	0
Senior management service	0	1	0	0
Professional qualified	1	0	0	0
Skilled	0	2	0	0
Semi-skilled	0	1	1	3
<b>Total</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>3</b>

*Employment equity analysis per race*

Race	Male 2016/17	Male 2017/18	Female 2016/17	Female 2017/18	Achievement	
					Male 2017/18	Female 2017/18
African	289	372	245	303	48.2%	39.2%
Coloured	13	15	8	9	1.9%	1.2%
Indian	10	14	4	4	1.8%	0.5%
White	26	40	14	15	5.2%	1.9%
<b>Total</b>	<b>338</b>	<b>441</b>	<b>271</b>	<b>331</b>	<b>57.1%</b>	<b>42.9%</b>

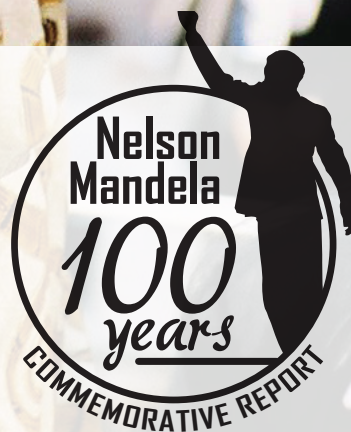




# E FINANCIAL Statements

*"Sometimes, it falls upon a generation to be great. You can be that great generation. Let your greatness blossom."*

**Nelson Mandela**





# FINANCIAL INDEX

The reports and statements set out below comprise the annual financial statements presented to Parliament:

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## Accounting Authority's responsibilities and approval

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

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

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

The Accounting Authority acknowledges that they are ultimately responsible for the systems of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner, that in all reasonable circumstances, is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to mitigate it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members have reviewed the entity's cash flow forecast for the 12 months up to 31 March 2019 and, in the light of this review and the current financial position, are satisfied that the entity has access to adequate resources to continue its operational existence for the foreseeable future.

The Annual Financial Statements are prepared on the basis that the entity is a going concern and that the National Department of Transport has neither the intention nor the need to liquidate the entity.

The entity derives its revenue from government grants, transaction fees, NaTIS data charges, the usage and leasing out of the Boekenhoutkloof facilities, interest from investments as well as infringement fees.

The accounting authority is primarily responsible for the financial affairs of the entity.

The Auditor-General of South Africa is responsible for independently auditing and reporting on the entity's annual financial statements.

The annual financial statements set out on pages 75 to 126, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2018 and were signed on its behalf by:



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Mr Zola Majavu CD (SA)  
**Chairman of the Board**  
31 July 2018



# Report of the auditor-general to Parliament on the Road Traffic Management Corporation

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Road Traffic Management Corporation (RTMC) set out on pages 75 to 126, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and 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.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the RTMC as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with GRAP and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### Basis for opinion

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

### Emphasis of matter

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

### Material provision for impairment

7. As disclosed in note 15 to the financial statements, a material provision for impairment of R149 125 477 was incurred as a result of a provision for the impairment of the R176 million that has been outstanding from the National Department of Transport for more than a year.

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

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA, and for such internal

control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor-general's responsibilities for the audit of the financial statements**

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

### **Report on the audit of the annual performance report**

#### **Introduction and scope**

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2018:

<b>Programmes</b>	<b>Pages in the annual performance report</b>
Programme 1 – operations	23 – 24
Programme 2 – law enforcement	27
Programme 3 – traffic intelligence and security	29
Programme 4 – strategic services	31

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Operations
  - Law enforcement
  - Traffic intelligence and security
  - Strategic services.

### **Other matter**

17. I draw attention to the matter below.

### **Achievement of planned targets**

Refer to the annual performance report on pages 23 to 34 for information on the achievement of planned targets for the year and explanations provided for the under and/or over achievement of targets.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

18. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
19. The material finding on compliance with specific matters in key legislations are as follows:



## Procurement and contract management

20. A contract to the value of R8 493 927 was awarded to a joint venture bidder of which one party to the joint venture was not registered on the Central Supplier Database (CSD) and also did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.

### Other information

21. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### Internal control deficiencies

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in a finding on compliance with legislation included in this report.

## Financial and performance management

### Proper record keeping

25. The entity did not have a proper filing system and proper record management system to maintain information that supported the awards of bids and to ensure that all bid documents are properly filed and available for audit.

### Compliance monitoring

26. Supply Chain Management (SCM) did not exercise effective controls to verify the accuracy and completeness of the information submitted by the bidders and the bid evaluation committee did not perform adequate review of the information captured in the evaluation report to ensure compliance with SCM prescripts resulting in material non-compliance with procurement legislation.

## Other reports

27. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
28. At the date of this report, an investigation had been carried out by the Board, as was directed by the Minister, into allegations against the Chief Executive Officer. The Board will now submit the report to the Minister. The impact, if any, on the financial statements of the RTMC can only be determined once the investigation has been concluded.

*Auditor-General*

Pretoria

31 July 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the entity’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
  - conclude on the appropriateness of the board of directors, which constitutes the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Road Traffic Management Corporation’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



# Statement of financial position as at 31 March 2018

	Note(s)	2018 R	2017 Restated R
<b>Assets</b>			
<b>Current assets</b>			
Receivables from exchange transactions	2	7 340 118	7 006 421
Cash and cash equivalents	3	14 719 228	118 023 498
Inventories	4	5 573 868	7 615 089
Receivables from non-exchange transactions	5	87 493 230	209 912 526
		<b>115 126 444</b>	<b>342 557 534</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	218 586 656	59 223 518
Intangible assets	7	296 164 109	29 915 137
		<b>514 750 765</b>	<b>89 138 655</b>
Non-current assets		514 750 765	89 138 655
Current assets		115 126 444	342 557 534
<b>Total assets</b>		<b>629 877 209</b>	<b>431 696 189</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Finance lease obligation	8	9	25 605
Payables from exchange transactions	9	93 777 599	42 784 445
Provisions	10	41 691 481	52 137 497
		<b>135 469 089</b>	<b>94 947 547</b>
<b>Non-current liabilities</b>			
Provisions	10	782 913	756 733
Non-current liabilities		782 913	756 733
Current liabilities		135 469 089	94 947 547
<b>Total liabilities</b>		<b>136 252 002</b>	<b>95 704 280</b>
Assets		629 877 209	431 696 189
Liabilities		(136 252 002)	(95 704 280)
<b>Net assets</b>		<b>493 625 207</b>	<b>335 991 909</b>
<b>Reserves</b>			
Revaluation reserve		55 699 990	-
Accumulated surplus		437 925 217	335 991 909
<b>Total net assets</b>		<b>493 625 207</b>	<b>335 991 909</b>

## Statement of financial performance as at 31 March 2018

	Note(s)	2018 R	2017 Restated R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Natis training fees		14 969	-
Natis data charge		1 751 292	-
Festive overtime provision adjustment		7 637 848	15 469 739
Boekenhoutkloof facilities		4 437 407	-
Gain on inventory write-off		-	2 068
Sundry income		303 763	821 646
Project income - sponsorships		722 334	1 961 731
Interest received	12	3 617 790	16 330 705
Gains on disposal of assets		-	186 849
<b>Total revenue from exchange transactions</b>		<b>18 485 403</b>	<b>34 772 738</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants		198 555 000	193 862 000
Administration of infringement fees (rti income)		30 200 660	-
Donations received		121 371	-
Infringement fees (aarto income)		8 499 626	8 990 566
Transaction fees		585 317 568	453 143 790
Natis refund		-	176 429 197
<b>Total revenue from non-exchange transactions</b>		<b>822 694 225</b>	<b>832 425 553</b>
Total revenue from exchange transactions		18 485 403	34 772 738
Total revenue from non-exchange transactions		822 694 225	832 425 553
<b>Total revenue</b>	11	<b>841 179 628</b>	<b>867 198 291</b>
<b>Expenditure</b>			
Employee related cost	13	(455 401 283)	(367 001 788)
Depreciation and amortisation		(39 144 410)	(19 159 016)
Finance costs	14	(1 781 700)	(16 116)
Debt impairment	15	(149 125 477)	(31 620 503)
Repairs and maintenance		(3 237 057)	(653 130)
Loss on inventory write-off	4	(93 397)	-
Loss on assets written-off	6	(11 430 355)	-
Operating expenditure	16	(420 063 063)	(300 154 228)
<b>Total expenditure</b>		<b>(1 080 276 742)</b>	<b>(718 604 781)</b>
<b>(Deficit) surplus for the year</b>		<b>(239 097 114)</b>	<b>148 593 510</b>

## Statement of changes in net assets for the year ended 31 March 2018

	Revaluation Reserve R	Accumulation Surplus R	Total net assets R
Opening balance as previously reported	-	329 346 551	329 346 551
Prior year adjustments (refer to note 23)	-	814 238	814 238
<b>Balance at 01 April 2016 as restated</b>	<b>-</b>	<b>330 160 789</b>	<b>330 160 789</b>
Distribution of accumulated surplus funds to provinces	-	(142 762 390)	(142 762 390)
Net income (losses) recognised directly in net assets	-	(142 762 390)	(142 762 390)
Surplus for the year as restated (refer to note 23)	-	148 593 510	148 593 510
Total recognised income and expenses for the year	-	5 831 120	5 831 120
Total changes	-	5 831 120	5 831 120
<b>Balance at 01 April 2017 as restated</b>	<b>-</b>	<b>335 991 909</b>	<b>335 991 909</b>
Distribution of accumulated surplus funds to provinces	-	(14 467 159)	(14 467 159)
Acquisition of land & buildings through finance lease (refer to note 6)	55 699 990	-	55 699 990
Transfer of assets from NaTIS (refer to note 27)	-	352 161 805	352 161 805
Transfer of assets from Boekenhoutkloof Traffic College (refer to note 27)	-	2 111 740	2 111 740
Transfer of assets from Cross Border Road Transport Agency (refer to note 27)	-	1 224 036	1 224 036
Net income (losses) recognised directly in net assets	55 699 990	341 030 422	396 730 412
Deficit for the year	-	(239 097 114)	(239 097 114)
Total recognised income and expenses for the year	55 699 990	101 933 308	157 633 298
Total changes	55 699 990	101 933 308	157 633 298
<b>Balance at 31 March 2018</b>	<b>55 699 990</b>	<b>437 925 217</b>	<b>493 625 207</b>



## Cash flow statement for the year ended 31 March 2018

	Note(s)	2018 R	2017 Restated R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from RTIA		2 327 180	2 293 530
Receipts from CBRTA		16 346 064	-
Grants		194 535 400	193 862 000
Interest income		3 613 606	16 401 809
Transaction fees		585 111 943	435 241 257
Other income		6 753 203	7 386 256
		<b>808 687 396</b>	<b>655 184 852</b>
<b>Payments</b>			
Employee costs		(438 044 763)	(350 425 103)
Suppliers		(389 216 453)	(444 520 664)
Finance costs		(1 781 312)	-
Distribution of accumulated surplus		(23 937 624)	(133 291 925)
		<b>(852 980 152)</b>	<b>(928 237 692)</b>
Total receipts		808 687 396	655 184 852
Total payments		(852 980 152)	(928 237 692)
<b>Net cash flows from operating activities</b>	18	<b>(44 292 756)</b>	<b>(273 052 840)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(44 741 993)	(13 423 188)
Proceeds from sale of property, plant and equipment	6	130 847	54 930
Purchase of other intangible assets	7	(14 374 376)	(31 031 947)
<b>Net cash flows from investing activities</b>		<b>(58 985 522)</b>	<b>(44 400 205)</b>
<b>Cash flows from financing activities</b>			
Payments made - Finance lease liabilities		<b>(25 992)</b>	<b>(302 455)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(103 304 270)</b>	<b>(317 755 500)</b>
Cash and cash equivalents at the beginning of the year		118 023 498	435 778 998
<b>Cash and cash equivalents at the end of the year</b>	3	<b>14 719 228</b>	<b>118 023 498</b>

# Statement of comparison of budget and actual amounts for the year ended 31 March 2018

Budget on Accrual basis	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable Basis	Difference between final budget and actual	Reference
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## Statement of Financial Performance

### Revenue from exchange transactions

NaTIS data charge	-	-	-	1 751 292	1 751 292	29a
Sundry income	-	-	-	8 678 914	8 678 914	-
Interest received	26 984 000	-	26 984 000	3 617 790	(23 366 210)	29c
Boekenhoutkloof facilities	-	4 200 000	4 200 000	4 437 407	237 407	29b
<b>Total revenue from exchange transactions</b>	<b>26 984 000</b>	<b>4 200 000</b>	<b>31 184 000</b>	<b>18 485 403</b>	<b>(12 698 597)</b>	<b>-</b>

## Revenue from non-exchange transactions

Infringement fees (AARTO income)	5 757 000	-	5 757 000	8 499 626	2 742 626	29d
Administration of infringement fees (RTI income)	-	18 000 000	18 000 000	30 200 660	12 200 660	29e
Government grants	198 555 000	-	198 555 000	198 555 000	-	-
Donations received	-	-	-	121 371	121 371	-
Transaction fees	505 426 000	60 500 000	565 926 000	585 317 568	19 391 568	29f
<b>Total revenue from non-exchange transactions</b>	<b>709 738 000</b>	<b>78 500 000</b>	<b>788 238 000</b>	<b>822 694 225</b>	<b>34 456 225</b>	<b>-</b>
<b>Total revenue</b>	<b>736 722 000</b>	<b>82 700 000</b>	<b>819 422 000</b>	<b>841 179 628</b>	<b>21 757 628</b>	<b>-</b>
<b>Expenditure</b>						
Employee cost	(348 565 188)	(132 966 812)	(481 532 000)	(455 401 283)	26 130 717	29g
Depreciation and amortisation	(19 376 113)	-	(19 376 113)	(39 144 410)	(19 768 297)	-
Finance cost	(143 345)	-	(143 345)	(1 781 700)	(1 638 355)	29h
Repairs and maintenance	(3 008 573)	-	(3 008 573)	(3 237 057)	(228 484)	29i
Operating expenditure	(329 695 167)	50 266 812	(279 428 355)	(580 712 292)	(301 283 937)	-
Capital expenditure	(35 933 614)	-	(35 933 614)	-	35 933 614	-
<b>Total expenditure</b>	<b>(736 722 000)</b>	<b>(82 700 000)</b>	<b>(819 422 000)</b>	<b>(1 080 276 742)</b>	<b>(260 854 742)</b>	<b>-</b>
Total revenue	736 722 000	82 700 000	819 422 000	841 179 628	21 757 628	-
Total expenditure	(736 722 000)	(82 700 000)	(819 422 000)	(1 080 276 742)	(260 854 742)	-
<b>Deficit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(239 097 114)</b>	<b>(239 097 114)</b>	<b>-</b>
Profit (loss) for the year	-	-	-	(239 097 114)	(239 097 114)	-

## Accounting policies

### 1. Presentation of annual financial statements

The annual financial statements has been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP), as issued by the Accounting Standards Board in accordance with Section 91 (1) of the Public Finance Management Act, (Act No 1 of 1999).

The annual financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise. These annual financial statements are presented in South African Rand, which is the functional currency of the entity. All amounts have been rounded to the nearest rand.

These annual financial statements were prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

#### 1.1 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not a Standard of GRAP. The nature and reason for such reclassification and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods except for transactions disclosed on note 23.

#### 1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the supply of goods and services or for administrative purposes, and are expected to be utilised for a period of more than 12 months.

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

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

Property, plant and equipment is initially measured at cost.

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

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transaction. However when property, plant and equipment are acquired through non-exchange transactions, those items are initially measured at their fair value or carrying value, based on the applicability of GRAP106 and GRAP105 respectively, as at date of acquisition.

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

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment, with the exception of land and buildings, is carried at cost less accumulated depreciation and any impairment losses.



Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimates.

The assets' residual values, useful lives and depreciation methods are reassessed only when there is an indication of change.

Land and buildings are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

<b>Item</b>	<b>Average useful life</b>
Land and buildings	99 years
Machinery and equipment	22 years
Furniture and fixtures	5-7 years
Motor vehicles	5-11 years
Office equipment	4-6 years
Computer equipment	3-5 years
NaTIS computer equipment	1-13 years
Communication devices	2 years
Firearms	10 years

Land and buildings acquired under the finance leases are depreciated over the lease term.

### 1.3 Intangible assets

An asset is identified as an intangible asset when it:

- Is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- Arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction; the cost shall be its fair value as at the date of acquisition. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

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

## Accounting policies

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets however, they are tested for impairment annually or whenever there is an indication that the asset may be impaired.

For all other Intangible assets amortisation is provided on a straight line basis over their useful life.

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

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

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

Amortisation for intangible assets with a finite useful life is amortised over their estimated useful life on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	4-6 years

Intangible assets with an indefinite useful life are not amortised however, assessed for impairment at least annually.

Intangible assets are derecognised:

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

## 1.4 Financial instruments

### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when, and only when the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

### Initial measurement of financial assets and financial liabilities

When a financial instrument is recognised, the entity measures its fair value plus, in the case of a financial asset or a financial liability transaction costs that are directly attributable to the acquisition or issue of the financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

### Subsequent measurement of financial assets and financial liabilities

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost. All financial assets and financial liabilities are measured after initial recognition using the following categories:

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

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

**Reclassification**

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- Combined instrument that is required to be measured at fair value; or
- An investment in a residual interest that meets the requirements for reclassification.

**Gains and losses**

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

**Offsetting**

The entity does not offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists and the parties intend to settle on a net basis.

**Impairment and uncollectibility of financial assets**

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

**Financial assets measured at amortised cost:**

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

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

**Financial assets measured at cost:**

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

**Policies relating to specific financial instruments****Cash and cash equivalents**

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

**Trade and other receivables**

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

## Accounting policies

### Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest method.

### Derecognition

#### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

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

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

#### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms



is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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

### **Presentation**

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

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

## 1.5 Employee benefits

### **Short-term employee benefits**

Short-term employee benefits encompasses all those benefits that become payable in the short-term, i.e. within a financial year or within 12 months after the financial year. Therefore, short-term employee benefits include remuneration, compensated absences and bonuses.

Short-term employee benefits are recognised in the statement of financial performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short-term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

### **Defined contribution plans**

Contributions made towards the fund are recognised as an expense in the statement of financial performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

## 1.6 Leases

Leases are classified as finance lease where substantially all the risks and rewards incidental to ownership of an asset are transferred to the entity through the lease agreement. Assets subject to operating leases, i.e. those leases where substantially all the risks and rewards incidental to ownership are not transferred to the lessee through the lease. Assets classified as finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

### **Finance leases – lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the future minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

## Accounting policies

### 1.6 Leases (Continued)

#### Operating leases – lessee

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the lease term. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the statement of financial position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured at the undiscounted difference between the straight-line lease payments and the contractual lease payments.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the other entity no longer anticipates economic benefits to flow from the asset.

### 1.7 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the corporation 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.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest method.

### 1.8 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### 1.8.1. Infringement fees

As part of the RTMC's legislative mandate, it is required to issue fines. Revenue is recognised even though there may be uncertainty of whether the revenue will ultimately be collected.

**Initial recognition**

At the time of initial recognition of infringement fees the full amount that is collectable by the RTMC is recognised as revenue on the date the infringement is issued.

**Subsequent recognition**

Subsequent to the initial recognition of the revenue, the revenue is assessed for impairment. The probability of collecting revenue is assessed when the accounts fall into arrears and is impaired in accordance with past experience.

**1.8.2. Government grants**

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- The amount of the revenue can be measured reliably, and
- To the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

**1.8.3. Transaction fees**

Transaction fees are recognised when there is a registration of learners licence, motor vehicle licence, drivers licence, as well as renewal of motor vehicle and drivers licences.

**1.8.4. Administration of infringement fees**

The Road Traffic Inspectorate was transferred to the RTMC. As compensation for the administration of the function, the value of the issued fines is paid to the RTMC by the Cross Border Road Traffic Agency (CBRTA). Revenue is recognised on the issuance of fines in line with IGRAP 1.

**Initial recognition**

At the time the infringement is issued, the full amount is collectable by CBRTA is recognised as revenue.

**Subsequent recognition**

Subsequent to the initial recognition of the revenue, the revenue is assessed for impairment. The probability of collecting revenue is assessed when the accounts fall into arrears and is impaired in accordance with historical experience.

**1.9 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

**1.10 Transfer of functions between entities****Definitions**

Transfers of functions between entities under common control are accounted for by the transferor by derecognising assets and liabilities at their carrying amounts at the date of transfer. Any difference between the assets and liabilities derecognised and consideration paid, if any, is recognised in accumulated surplus or deficit.

**1.11 Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is disclosed as such in the notes to the annual financial statements and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

## Accounting Policies

### 1.12 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is disclosed as such in the notes to the annual financial statements and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

The recovery of irregular and fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of irregular and fruitless and wasteful expenditure is treated as other income.

### 1.13 Budget information

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

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

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

The approved budget covers the fiscal period from 2017/04/01 to 2018/03/31.

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

### 1.14 Related parties

The entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the entity and any one or more related parties, and those transactions were not within:

- Normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- Terms and conditions within the normal operating parameters established by the reporting entity's legal mandate.

Further details about those transactions are disclosed in the notes to the financial statements

### 1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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



A provision is used only for expenditures for which the provision was originally recognised.

Contingent assets and contingent liabilities are not recognised but are disclosed unless the possibility of flow of resources is remote. If the disclosures of contingencies may seriously prejudice the entity then the general nature of the contingency is disclosed, together with the reason as to why further information is not disclosed.

### 1.16 Significant judgements and estimates

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

#### Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements.

#### Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies the following estimates, were made:

#### Other provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

#### Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's expected condition at the end of the period of use. Its current use, expected future use, the entity's expectations for the year ended 31 March 2018 and the availability of funds to replace the asset at the end of its useful life.

In evaluating how the condition and use of the asset informs the useful life and residual values management considers the impact of technology and minimum service requirements of the assets.

#### Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance, estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates

## Accounting policies

### 1.16 Significant judgements and estimates (continued)

and assumptions. It is reasonably possible that the conditions at the time of assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including amongst others environmental conditions, together with economic factors such as inflation etc.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 – Provisions.

#### Taxation

The Corporation is exempt from income tax as an institution established by law for the purpose of section 10(1)(cA)(i) of the Income Tax Act.

Annual returns of income together with supporting documentation, such as financial statements must be submitted to the Tax Exemption Unit. The institution must also adhere to the following requirements, i.e. no profits or gains will be distributed to any person, the funds will be utilised solely for investment or object for which it was established and on dissolution of the institution, the remaining assets must be transferred to anybody with objects similar to those of the institution and which is itself exempt from income tax in terms of section 10(1)(cA)(i) of the Act or the State.

### 1.17 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net replacement value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net replacement value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Subsequently inventories are measured at weighted average cost. The net replacement value does not apply as the Corporation does not sell any of its inventory items.

In line with GRAP 12.18 inventories shall be measured at the lower of cost and current replacement cost where they are held for distribution at no cost.

## 1.18 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

- (a) The period of time over which an asset is expected to be used by the entity; or
- (b) The number of production or similar units expected to be obtained from the asset by the entity.

### Identification

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

### Value in use

The value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of the non-cash-generating assets is determined using the following approach:

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the Corporation would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary

## Accounting policies

### 1.18 Impairment of non-cash-generating assets (continued)

for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### **Recognition and measurement**

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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

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

#### **Reversal of an impairment loss**

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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



## 1.19 New standards and interpretations

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

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2018 or later periods:

Standard/interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 20: Related party disclosures	Not yet determined	Unlikely to have a material impact
GRAP 32: Standard of GRAP on service concession arrangements: grantor	Not yet determined	Unlikely to have a material impact
GRAP 108: statutory receivables	Not yet determined	Unlikely to have a material impact
GRAP 109: Accounting by principles and agents	Not yet determined	Unlikely to have a material impact
IGRAP17: Interpretation of the standard of GRAP of service concession arrangements where a grantor controls a significant residual interest in an asset	Not yet determined	Unlikely to have a material impact

The aggregate impact of the initial application of the statements and interpretations on the entity's annual financial statements is not expected to be material.

Notes to the financial statements for the year ended 31 March 2018

## 2. Receivables from exchange transactions

	2018 R	2017 Restated R
NaTIS data charge	31 879	-
Deposits	1 570 014	1 413 911
Staff advances	411 330	481 217
Staff debtors	235 769	210 471
Receivables - Other	53 016	989 688
Boekenhoutkloof facilities	1 343 288	-
Upskilling overpayment	25 020	311 947
Prepayments	4 088 780	3 739 394
	<b>7 759 096</b>	<b>7 146 628</b>

### Reconciliation of provision for impairment of trade and other receivables

Opening balance	(140 207)	(252 874)
Provision for impairment	(278 771)	-
Unused amounts reversed	-	112 667
	<b>(418 978)</b>	<b>(140 207)</b>

### Receivables from exchange transactions after impairment

NaTIS data charge	31 879	-
Deposits	1 570 014	1 413 911
Staff advances	411 330	481 217
Staff debtors	79 468	70 264
Receivables - Other	49 895	989 688
Boekenhoutkloof facilities	1 083 732	-
Upskilling overpayment	25 020	311 947
Prepayments	4 088 780	3 739 394
	<b>7 340 118</b>	<b>7 006 421</b>

## 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	8 335	38
Bank balances	6 783 734	13 518 829
Reserve Bank call account	7 927 159	104 504 631
	<b>14 719 228</b>	<b>118 023 498</b>

## 4. Inventories

	2018 R	2017 Restated R
Ammunition	446 895	174 265
Branding and promotional items	-	1 665 973
Consumable stores	3 050 938	1 352 179
Uniform stock	1 103 564	368 218
Roadblock essentials	441 403	655 994
Road safety educational materials	198 645	2 633 175
Traffic training material	332 423	765 285
	<b>5 573 868</b>	<b>7 615 089</b>

During the 2nd last week of March 2018, central Gauteng experienced heavy rainfalls, and during one of the storms one of the store rooms flooded. Several boxes of books got wet and damaged beyond use.

### Inventory pledged as security

None of the above inventory have been pledged as security/surety for liabilities.

## 5. Receivables from non-exchange transactions

AARTO - Infringements	42 984 693	36 812 247
CBRTA RTI - Administration of infringement fees	14 934 100	-
Receivables - Other	775 754	-
NaTIS Transaction Fees	89 566 439	88 021 814
Department of Transport debt	179 925 614	176 925 128
	<b>328 186 600</b>	<b>301 759 189</b>

### Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(91 846 663)	(95 792 686)
Provision for impairment	(148 846 706)	(31 716 393)
Amounts written off as uncollectible	-	35 662 416
	<b>(240 693 369)</b>	<b>(91 846 663)</b>
AARTO - Infringements	-	325 543
CBRTA RTI - Administration of infringement fees	9 174 590	-
Receivables - Other	538 774	-
NaTIS transaction fees	77 779 866	32 903 866
Department of Transport debt	-	176 683 117
	<b>87 493 230</b>	<b>209 912 526</b>

On the 17 July 2018 the Constitutional Court handed down an order in favour of the RTMC and the NDoT, which will provide substantiation for the NDoT and the RTMC to recover undue profit and payment received by Tasima in the period 23 June 2015 to September 2017. The recoverability of the debt will be evaluated based on the action taken in the near future.

Notes to the financial statements for the year ended 31 March 2018

## 6. Property, plant and equipment

	2018			2017		
	Cost / valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost / valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	55 700 000	(562 626)	55 137 374	-	-	-
Fire arms	1 980 932	(1 229 106)	751 826	1 980 932	(1 031 013)	949 919
Furniture and fittings	8 396 782	(3 998 914)	4 397 868	4 348 430	(2 918 733)	1 429 697
Motor vehicles	97 519 430	(46 611 246)	50 908 184	75 701 913	(35 265 009)	40 436 904
Office equipment	23 837 956	(7 772 199)	16 065 757	2 571 689	(1 025 807)	1 545 882
Computer equipment	96 842 987	(18 486 968)	78 356 019	18 589 503	(8 898 638)	9 690 865
Leasehold improvements	1 800 017	(554 659)	1 245 358	2 987 219	(2 965 457)	21 762
Communication devices	5 411 111	(2 013 620)	3 397 491	2 552 438	(209 685)	2 342 753
Machinery and equipment	199 444	(19 944)	179 500	199 444	(9 557)	189 887
Work in progress - Computer equipment	4 517 058	-	4 517 058	-	-	-
Finance lease equipment	1 783 276	(1 783 272)	4	2 965 139	(2 935 019)	30 120
Work in progress - Parkhomes	3 630 217	-	3 630 217	2 585 729	-	2 585 729
<b>Total</b>	<b>301 619 210</b>	<b>(83 032 554)</b>	<b>218 586 656</b>	<b>114 482 436</b>	<b>(55 258 918)</b>	<b>59 223 518</b>

### Reconciliation of property, plant and equipment – 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property	-	55 700 000	-	(562 626)	55 137 374
Fire arms	949 919	-	-	(198 093)	751 826
Furniture and fittings	1 429 697	4 336 051	(49 191)	(1 318 689)	4 397 868
Motor vehicles	40 436 904	22 357 547	(224 924)	(11 661 343)	50 908 184
Office equipment	1 545 882	24 337 982	(2 012 341)	(7 805 766)	16 065 757
Computer equipment	9 690 865	91 162 385	(9 329 867)	(13 167 364)	78 356 019
Leasehold improvements	21 762	1 868 267	(86 363)	(558 308)	1 245 358
Communication devices	2 342 753	2 960 039	(60 243)	(1 845 058)	3 397 491
Machinery and equipment	189 887	-	-	(10 387)	179 500
Work in progress - Computer equipment	-	4 517 058	-	-	4 517 058
Finance lease equipment	30 120	-	-	(30 116)	4
Work in progress - Parkhomes	2 585 729	1 044 488	-	-	3 630 217
	<b>59 223 518</b>	<b>208 283 817</b>	<b>(11 762 929)</b>	<b>(37 157 750)</b>	<b>218 586 656</b>



## Notes to the financial statements for the year ended 31 March 2018

### Reconciliation of property, plant and equipment – 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Fire arms	948 059	193 743	-	(191 883)	949 919
Furniture and fittings	1 823 180	26 677	(3 336)	(416 824)	1 429 697
Motor vehicles	50 819 877	4 649 555	(703 923)	(14 328 605)	40 436 904
Office equipment	1 165 319	726 880	(6 049)	(340 268)	1 545 882
Computer equipment	4 865 072	6 821 654	(66 211)	(1 929 650)	9 690 865
Leasehold improvements	1	26 721	-	(4 960)	21 762
Communication devices	32 518	2 454 306	-	(144 071)	2 342 753
Machinery and equipment	199 444	-	-	(9 557)	189 887
Finance lease equipment	309 407	-	(2 313)	(276 974)	30 120
Work in progress - Parkhomes	728 059	1 857 670	-	-	2 585 729
	<b>60 890 936</b>	<b>16 757 206</b>	<b>(781 832)</b>	<b>(17 642 792)</b>	<b>59 223 518</b>

Parkhomes are still under work in progress stage, as a result, no depreciation. Material is currently stored off site.

2018 R	2017 Restated R
55 137 374	-
4	30 120
<b>55 137 378</b>	<b>30 120</b>

### Assets subject to finance lease (net carrying amount)

Leasehold property	55 137 374	-
Finance lease equipment	4	30 120
	<b>55 137 378</b>	<b>30 120</b>

### Finance lease property

The leasehold property consists of the Boekenhoutkloof Traffic College that was leased to the RTMC under a 99 year lease, with an option to extend at R1 per year. The property was valued by an independent value at year end.

None of the above assets have been pledged as security/surety.

## 7. Intangible assets

	2018			2017		
	Cost / valuation	Accumulated amortisation and accumulated impairment	Carrying Value	Cost / valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	266 491 564	(3 634 845)	262 856 719	13 947 259	(3 743 231)	10 204 028
Intangible assets under development	33 307 390	-	33 307 390	19 711 109	-	19 711 109
<b>Total</b>	<b>299 798 954</b>	<b>(3 634 845)</b>	<b>296 164 109</b>	<b>33 658 368</b>	<b>(3 743 231)</b>	<b>29 915 137</b>

## Notes to the financial statements for the year ended 31 March 2018

### Reconciliation of intangible assets – 2018

	Opening balance	Additions	Ammortisation	Total
Computer software	10 204 028	254 639 351	(1 986 660)	262 856 719
Intangible assets under development	19 711 109	13 596 281	-	33 307 390
	<b>29 915 137</b>	<b>268 235 632</b>	<b>(1 986 660)</b>	<b>296 164 109</b>

### Reconciliation of intangible assets – 2017

	Opening balance	Additions	Ammortisation	Total
Computer software	399 414	11 320 838	(1 516 224)	10 204 028
Intangible assets under development	-	19 711 109	-	19 711 109
	<b>399 414</b>	<b>31 031 947</b>	<b>(1 516 224)</b>	<b>29 915 137</b>

The significant increase in intangible assets is due to the take on of the NaTIS system on 5 April 2017.

A new ERP system was also implemented during the year and will be finalised in the next financial year.

The NaTIS asset was evaluated for possible impairment and the following are some of the factors considered in the process:

- Negotiations are underway to implement NaTIS in SADC countries in the near future;
- Online platforms to be implemented, using NaTIS as basis, for online renewal of licence discs;
- Several future revenue streams, fully dependent on NaTIS, have been identified and will be implemented in the near future.

Based on the aforementioned, the conclusion was made that no impairment is necessary in the current financial year as the system is deemed to produce future economic benefits for the Corporation for an indefinite period as it is continuously evolving.

## 8. Finance lease obligation

	2018 R	2017 Restated R
<b>Minimum lease payments due – Within one year</b>	<b>9</b>	<b>25 992</b>
	<b>9</b>	<b>25 992</b>
less: future finance charges	-	(387)
<b>Present value of minimum lease payments</b>	<b>9</b>	<b>25 605</b>
<b>Present value of minimum lease payments due – Within one year</b>	<b>9</b>	<b>25 605</b>

In the prior year phones and ipads were under a finance lease. During the current year, the RTMC is participating in the RT15 contract of Treasury for communication devices and making outright purchases. Refer to note 6.

During the current year, the Boekenhoutkloof Traffic College was acquired under a finance lease of 99 years at R1 per year. The initial recognition of the lease liability and asset, determining the present value of the minimum lease payments, was determined using the prime rate of 10.5% as at 1 April 2017.

## 9. Payables from exchange transactions

	2018 R	2017 Restated R
Trade payables	41 665 602	19 896 604
Accrued employee costs	15 812 444	8 097 687
Accrued expenses	36 086 053	14 785 279
Other creditors	213 500	4 875
	<b>93 777 599</b>	<b>42 784 445</b>

## 10. Provisions

### Reconciliation of provisions – 2018

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for festive overtime – provinces	14 421 558	-	(6 783 710)	(7 637 848)	-
Performance bonus	26 341 723	7 921 680	(7 816 216)	-	26 447 187
Provision for leave	11 374 216	3 870 078	-	-	15 244 294
Provision for capped leave (non-current)	756 733	63 752	(10 660)	(26 912)	782 913
	<b>52 894 230</b>	<b>11 855 510</b>	<b>(14 610 586)</b>	<b>(7 664 760)</b>	<b>42 474 394</b>

### Reconciliation of provisions - 2017

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for festive overtime – provinces	23 433 407	14 421 558	(7 963 668)	(15 469 739)	14 421 558
Provision for NaTIS expenditure	137 426 219	-	(137 426 219)	-	-
Provision for crash investigations	2 152 000	2 268 000	(2 950 000)	(1 470 000)	-
Performance bonus	18 013 805	26 341 723	(18 013 805)	-	26 341 723
Provision for leave	8 239 209	11 374 216	(8 239 209)	-	11 374 216
Provision for capped leave (non-current)	707 629	-	-	49 104	756 733
	<b>189 972 269</b>	<b>54 405 497</b>	<b>(174 592 901)</b>	<b>(16 890 635)</b>	<b>52 894 230</b>

	2018 R	2017 Restated R
Non-current liabilities	782 913	756 733
Current liabilities	41 691 481	52 137 497
	<b>42 474 394</b>	<b>52 894 230</b>

### Provision for Performance bonuses

Employees entitlement to performance bonus for the year is recognised based on prior period board approval as a percentage of the cost of employees budget. The provision becomes due after an employee qualifies for performance bonus as a result of the performance measurement tool applied or based on a methodology approved by the Board.

## Notes to the financial statements for the year ended 31 March 2018

Payment of performance bonuses is at the sole discretion of the Board. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

### Provision for leave

Employees entitlement to annual leave is recognised when it accrues, employees forfeit this entitlement after an 18-month period. A provision is made on the estimated liability for annual leave as a result of services rendered by employees up to the amount of the obligation.

### Provision for capped leave

Capped leave is only paid upon death or retirement of an employee. Employees will forfeit capped leave upon resignation. For the year under review, there was only one resignation of an employee with capped leave.

There was a prior period error resulting from an incorrect package used for the calculation of capped leave in the prior year, refer to note 23.

## 11. Revenue

	2018 R	2017 Restated R
NaTIS data charge	1 751 292	-
Infringement fees (AARTO income)	8 499 626	8 990 566
Government grants	198 555 000	193 862 000
NaTIS training fees	14 969	-
Interest received	3 617 790	16 330 705
Administration of infringement fees (RTI income)	30 200 660	-
Project income - Sponsorships	722 334	1 961 731
Gain on inventory write-off	-	2 068
NaTIS refund	-	176 429 197
Donations received	121 371	-
Gains on disposal of assets	-	186 849
Boekenhoutkloof facilities	4 437 407	-
Festive overtime provision adjustment	7 637 848	15 469 739
Sundry income	303 763	821 646
Transaction fees	585 317 568	453 143 790
	<b>841 179 628</b>	<b>867 198 291</b>

### Amount included in the revenue arising from exchange of goods and services as follows:

NaTIS data charge	1 751 292	-
NaTIS training fees	14 969	-
Interest received	3 617 790	16 330 705
Project income - Sponsorships	722 334	1 961 731
Gain on inventory write-off	-	2 068
Gains on disposal of assets	-	186 489
Boekenhoutkloof facilities	4 437 407	-
Festive overtime provision adjustment	7 637 848	15 469 739
Sundry income	303 763	821 646
	<b>18 485 403</b>	<b>34 772 378</b>



The amount included in revenue arising from non-exchange transactions is as follows:

	2018 R	2017 Restated R
Government grants	198 555 000	193 862 000
Administration of infringement fees (RTI income)	30 200 660	-
Donations received	121 371	-
Infringement fees (AARTO income)	8 499 626	8 990 566
Transaction fees	585 317 568	453 143 790
NaTIS refund	-	176 429 197
	<b>822 694 225</b>	<b>832 425 553</b>

R176 429 197 was paid in 2016/17 financial year in line with the Tasima court case however, the shareholders resolved that this amount should be recovered from the NDoT.

## 12. Finance income

### Interest revenue

Bank	<b>3 617 790</b>	<b>16 330 705</b>
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Notes to the financial statements for the year ended 31 March 2018

### 13. Employee related costs

	2018 R	2017 Restated R
Basic salaries	256 913 311	218 270 576
Bonus provision	7 921 680	30 182 875
Medical aid – company contributions	2 909 634	-
UIF	1 394 522	1 052 600
SDL	3 784 738	3 039 076
Leave gratuity	1 098 543	541 109
Post-employment benefits: Pension, defined contribution plan (employee contributions)	31 819 042	20 434 340
Travel, motor car, accommodation, subsistence and other allowances	3 918 152	7 964 506
Overtime payments	5 950 023	7 056 857
Long-service awards	110 000	165 000
Acting allowances	246 550	239 147
Car allowance	5 424 350	4 668 623
Housing benefits and allowances	28 421 803	27 510 621
Non-pensionable allowances	87 182 386	34 550 979
Service bonus - 13th cheque	15 902 528	11 325 479
Settlement – labour disputes	2 404 021	-
	<b>455 401 283</b>	<b>367 001 788</b>

Company contribution for medical relates to the Road Traffic Inspectorate, this came into effect as a result of the transfer of employees from Cross-Boarder Road Traffic Inspectorate. Their structuring is consistent to the previous structuring at the Cross-Boarder Road Traffic Agency. However, they are now structured on cost to company.

Contract staff is utilised on an ad-hoc basis when needed for capturing in the main.

Staff complement	772	587
Contract staff	28	22
	<b>800</b>	<b>609</b>

The staff complement increased from 609 in 2017 to 800 in 2018, included was 56 employees transferred from Gauteng Department of Community Safety and 138 from Cross-Boarder Road Transport Agency. These employees were transferred under Section 197 of the Labour Relations Act.

### 14. Finance costs

Trade and other payables	1 781 312	-
Finance cost	388	16 116
	<b>1 781 700</b>	<b>16 116</b>

Interest on trade and other payables was mainly incurred as a result of late payments due to insufficient funds. Also refer to Note 25.

## 15. Debt impairment

	2018 R	2017 Restated R
Contributions to debt impairment provision	149 125 477	31 603 727
Debts written off	-	16 776
	<b>149 125 477</b>	<b>31 620 503</b>

The significant increase in the debt impairment is as a result of the impairment of the R176 million that has been outstanding from the NDoT for more than a year. In addition to this an amount of about R3 million was withheld from the quarterly grant for which the department is yet to provide sufficient evidence.

Notes to the financial statements for the year ended 31 March 2018

## 16. Operating expenditure

	Note(s)	2018 R	2017 Restated R
Advertising and awareness campaigns	(a)	37 935 568	75 311 437
Minor assets		97 936	220 623
Auditors remuneration		4 963 264	5 453 296
Bank charges	(b)	428 921	152 463
Cleaning	(c)	1 895 881	915 661
Corporate social responsibility	(d)	1 982 784	4 066 310
Consumables		680 725	818 167
Computer expenses	(e)	32 376 597	12 479 291
Consulting and professional fees	(f)	14 283 353	7 260 813
Corporate gifts, donations		2 528	-
Administration fees		2 736	-
Road safety curriculum	(g)	30 000 000	-
Electricity	(c)	5 240 893	4 719 947
Employee wellness programme	(h)	2 678 074	915 031
Catering	(d)	2 103 344	3 343 055
NaTIS SMME support	(e)	4 471 296	-
Fuel and oil	(c)	8 398 479	6 413 232
Section 197 Court Order	(e)	36 454 446	-
Insurance	(c)	10 465 542	6 985 157
Labour relations	(i)	13 331 797	16 044 908
Lease rentals on operating lease	(c)	28 718 078	23 985 159
Legal fees	(j)	8 395 541	10 466 707
Motor vehicle expenses	(c)	7 095 463	4 285 433
Postage and courier		476 049	900 487
Printing and stationery		4 338 032	4 241 448
Projects – Annual Performance Plan	(k)	22 194 569	40 325 178
Recruitment cost		5 927 693	2 612 945
SAPO Truebill	(c)	44 079 013	-
Security	(c)	7 425 959	1 127 920
Staff welfare		764 121	65 114
Subscriptions and membership fees		126 775	91 318
Telephone and fax	(e)	47 212 174	9 250 423
Training		3 724 262	2 016 554
Travel – local	(d)	24 674 079	38 333 267
Travel – overseas		589 775	-
Uniforms	(c)	3 155 913	1 924 666
Venue expenses	(d)	3 371 403	15 428 218
		<b>420 063 063</b>	<b>300 154 228</b>



**a) Advertising and awareness campaigns**

- As a result of severe financial constraints, the ability to advertise and create road safety awareness was under severe constraints.

**b) Bank charges**

- Due to the significant expansion of the business in the current financial year, the number of transactions equally significantly increased. The implementation of the ERP system also brought about several implementation requirements relating to the bank.

**c) Transfers related operating costs**

The integration of NaTIS, the Road Traffic Inspectorate as well as the Boekenhoutkloof Traffic College brought about increase overhead costs in the form of amongst others:

- Cleaning.
- Electricity.
- Fuel and oil.
- Insurance.
- Rental.
- Motor vehicle expenses.
- Security.
- Uniforms.

**d) Corporate social responsibility**

Extensive measures were implemented to further the cost containment as prescribed by National Treasury due to the significant financial constraint experienced. Items that were affected included amongst others:

- Corporate Social Investment.
- Catering.
- Travel.
- Venues.

**e) NaTIS related expenditure:**

The following expenditure relates to payments as a result of transfer of NaTIS:

- Computer expenses – R11.7 million.
- NaTIS SMME support – R4.4 million.
- Section 197 Court Order – paid R36 million.
- SAPO Truebill – R43 million.
- Telkom – R37 million.

**f) Consulting and professional fees**

- Services were sought from different service providers to assist with asset verification of the transferred assets.

**g) Road safety curriculum**

- The Corporation partnered with the Department of Basic Education to develop road safety as part of the education curriculum.

**h) Employee wellness programme**

- An increase in the number of employees, within the Corporation, resulted in a significant increase in the employee assistant programmes implemented. This service was also utilised during the upskilling training of traffic officers.

## Notes to the financial statements for the year ended 31 March 2018

### **i) Labour relations**

- During the year under review the number of disciplinary hearings decreased as well as the duration of the cases, resulting in a decrease in labour related costs.

### **j) Legal fees**

- Legal costs relating to the Tasima court case were significantly decreased in the current financial year.

### **k) Projects - Annual Performance Plan**

Amongst others, the following significant projects were undertaken:

- Coordinated Traffic Training R11 456 239.
- Road safety education R5 629 048.
- Participatory education techniques (PET) R3 248 232.

## **17. Distribution of accumulated surplus funds to provinces (Refer to Note 21)**

During the 2014/15 financial year the RTMC Shareholders Committee resolved that funds will be distributed to provinces from accumulated surpluses in line with Section 24 of the RTMC Act.

During the 2016/17 financial year the RTMC Shareholders Committee resolved that the RTMC:

- Contributes an amount not exceeding R400 000 per province for expenditure incurred on national traffic law enforcement indaba;
- Purchase of law enforcement vehicles, moving violations for Limpopo, Gauteng and Mpumalanga;
- Purchase additional mobile weighbridges for North West Province from accumulated surpluses; and
- Distributes funds to provinces for road safety programme amounting R39 000 000.

## 17. Distribution of accumulated surplus funds to provinces (Refer to Note 21) (cont)

### Road safety related programmes

Province	2018 Amount distributed	2017 Restated Amount distributed
Eastern Cape	-	6 000 000
Gauteng	-	9 000 000
Mpumalanga	-	6 000 000
Northern Cape	-	6 000 000
North West	-	6 000 000
Western Cape	-	6 000 000
	-	<b>39 000 000</b>

## 18. Cash used in operations

(Deficit) surplus	(239 097 114)	148 593 510
<b>Adjustments for:</b>		
Depreciation and amortisation	39 144 410	19 159 016
Loss on disposal of assets	11 523 752	(186 849)
Finance costs – Finance leases	388	16 116
Debt impairment	149 125 477	31 620 503
Movements in provisions	(10 419 836)	(138 711 085)
Distribution of accumulated funds to provinces	(14 467 158)	(142 762 390)
Prior year error adjustment	-	(814 238)
<b>Changes in working capital:</b>		
Inventories	2 041 221	(2 465 471)
Receivables from exchange transactions	(333 697)	8 318 694
Other receivables from non-exchange transactions	122 419 296	(169 555 085)
Reversal of debt impairment	(149 125 477)	(31 620 503)
Payables from exchange transactions	44 895 982	5 354 942
	<b>(44 292 756)</b>	<b>(273 052 840)</b>

Notes to the financial statements for the year ended 31 March 2018

## 19. Operating leases

### Operating leases – as lessee (expense)

#### Minimum lease payments due – JR – 209 Investments (Pty) Ltd - Within one year

2018 R	2017 Restated R
15 867 139	-

The office building is leased from JR – 209 Investments (Pty) Ltd situated in Eco-Park. The lease of the building commenced on 1 April 2017 and expires on 31 March 2019. Monthly rental fluctuated during the first year as a result of phasing of the relocation. The monthly lease payments for the building escalates with 9% per annum effective 1 April.

#### Minimum lease payments due – JHI properties

- Within one year

- In second to fifth year inclusive

10 113 028	2 237 673
2 528 257	-
<b>12 641 285</b>	<b>2 237 673</b>

The Waterfall Park office building, situated in Midrand, is leased from JHI properties. The lease of the building commenced on 1 July 2017 and expires on 30 June 2019. The monthly lease payment for the building escalates with 9% per annum and takes place on 1 July. Monthly rental for the building is R842 752.



## 20. Contingent assets and liabilities

### Contingent liabilities:

#### Waymark Infotech (Pty) Ltd

- Waymark Infotech (Pty) Ltd, herein after referred to as Waymark, was appointed to develop and install an Enterprise Resource Planning System (ERP) at the RTMC. Waymark instituted legal action against the RTMC in 2010 for the outstanding contract price, in the amount of R6 774 750. The RTMC successfully defended the matter as the Court ordered absolution of the instance as Waymark failed to prove their case.
- Waymark again instituted legal action against the RTMC for the same amount, R6 774 750, and the RTMC instructed Adams & Adams to assist in defending the matter. The RTMC filed a special plea, based upon the prescription of Waymark's claim. The RTMC's application to separate the RTMC's claim for prescription was successful.
- On 12 December 2016, Judge Ranchod upheld the RTMC's defence, and counterclaim for declaratory relief, in respect of the Section 66 PFMA point. The consequence of this judgment is the dismissal of the Plaintiff's claim, with costs awarded in the RTMC's favour, including the costs occasioned by the employment of senior counsel.
- On 5 January 2017, Waymark's attorneys served a Notice of Application for Leave to Appeal. Waymark's application for leave to appeal was argued at court on 28 March 2017 and the leave to appeal was granted, to the Supreme Court of Appeal.
- However deemed unlikely, legal's estimate of the financial exposure in the said matter is R 6 774 750 plus legal costs in the event that Waymark is successful in the matter.

#### Tasima (Pty) Ltd vs Department of Transport and RTMC

- The RTMC under the order of Tuchten J effectively took control of the NaTIS on 5 April 2017. Tasima in response to its failed Leave to Appeal application before Tuchten J on 5 April 2017, petitioned to the Supreme Court of Appeal (SCA). On 1 June 2017 the SCA dismissed Tasima's application for leave to appeal with costs on the grounds that it bore no prospects of success.
- Tasima brought an application in terms of section 17(2)(f) of the Superior Court Act for reconsideration and variation of the order made by SCA on 1 June 2017 in which they dismissed Tasima's application. In August the SCA dismissed Tasima's section 17(2)(f) application with costs, again on the grounds that it bore no prospects of success. Tasima in response has brought an application for leave to appeal to the Constitutional Court, to which the RTMC filed its answering and opposing papers. This matter was heard in the Constitutional Court on 8 March 2018 and judgement is reserved.

#### Tasima (Pty) Ltd vs RTMC – Labour Matters

##### *Steenkamp Order*

- In April 2017 Tasima lodged an urgent application for a declaratory order that the Tasima employees must transfer to the RTMC in terms of Section 197 of the Labour Relations Act. On 25 May 2017 Steenkamp J ordered amongst others that, with effect from 5 April 2017, the contracts of employment of the Tasima employees transferred automatically from Tasima to the RTMC.
- Steenkamp J in addition ordered, as an interim order, that the RTMC is to pay the salaries of the employees until final determination of the declaratory order. RTMC brought an application for leave to appeal and Steenkamp J granted the RTMC leave to appeal on the declaratory order, but dismissed the RTMC application for leave to appeal on the interim order.
- RTMC filed its petition for leave to appeal to the Judge President of the Labour Appeal Court (LAC) and the LAC subsequently granted the RTMC leave to appeal. The RTMC is currently awaiting the directive by the LAC for the appeal to be heard.

##### *Solejee Order*

- Subsequent to the Steenkamp J order Tasima brought an urgent application against the RTMC for contempt and payment of salaries. RTMC opposed the application but Solejee J order the RTMC to pay the salaries as per the interim order of Steenkamp J. RTMC appealed the order and was granted leave to appeal to the LAC. The RTMC is currently awaiting the directive by the LAC for the appeal to be heard.

Notes to the financial statements for the year ended 31 March 2018

## 20. Contingent assets and liabilities (continued)

### *Rabkin-Naiker Order*

- Tasima, subsequent to the Solejee J Order brought an urgent application against the RTMC for contempt and payment of R3.7 million for salaries paid by Tasima in April 2017. RTMC opposed the application and Rabkin-Naiker J ordered the RTMC to pay the amount as claimed.
- The RTMC appealed the matter, but the leave to appeal was dismissed by Rubkin-Naiker J. RTMC filed its petition for leave to appeal to the Judge President of the Labour Appeal Court ("LAC") and the LAC subsequently granted the RTMC leave to appeal. The RTMC is currently awaiting the directive by the LAC for the appeal to be heard.

### **Rekwele Chaffeur Drive (Pty) Ltd**

- Rekwele issued summons to claim purported outstanding costs for rental of vehicles by RTMC. RTMC defended the matter and filed a special plea. Rekwele has to date refused to attend and address the special plea. The financial exposure in the said matter is R1 562 467.24 plus costs in the event that the plaintiff is successful.

### **Mohlaleng Investment Holdings (Pty) Ltd**

- Makhabela Huntley Adekeye Inc (MHA) Attorneys were appointed to institute legal action against Mohlaleng for the outstanding deposit as well as for all expenses the RTMC incurred as a result of the RTMC relocating offices from Silver Lakes. MHA issued summons to Mohlaleng to the amount of R900 421.93 and was instructed to recover the costs for relocating offices to the amount of R1 102 323.34. Mohlaleng filed a counter claim to the amount of R1 831 950.14. The matter is set for trial in February 2019.

### **RTMC vs Telkom**

- On the 3 October 2017 Telkom suspended the telecommunications services it is rendering to RTMC without any notice. The suspension was based on an outstanding balance due by the Department of Transport in terms of an agreement Telkom had with the Department of Transport before 5 April 2017. The RTMC brought an urgent application compelling Telkom to restore all suspended services.
- On 25 October 2017, Telkom again without due notice to the effect, suspended the telecommunications services on the basis that the order obtained by the RTMC on the 3rd lapsed and that Telkom was entitled to suspend services as per the terms and conditions of its agreement with the Department of Transport. The RTMC brought an urgent application, compelling Telkom to restore the suspended services with immediate effect.
- RTMC successfully obtained the final order in this matter on the 10 April 2018. Telkom filed a Notice of Application for Leave to Appeal.

### **Mavunga vs RTMC**

- Plaintiff issued summons for unlawful arrest and RTMC defended the matter and has filed its Plea. The litigation is ongoing and financial exposure amounts to R103 000 plus RTMC legal costs.

### **Nkwatsi, Oliphant, Ntombela, Likhoele, Meje, Kokozela vs RTMC**

- Respective Plaintiffs issued summons for unlawful arrest and RTMC has defended the matters and will file its plea. The litigation is ongoing and financial exposure amounts to R500 000 plus RTMC legal costs.

### **Putco Mafani vs RTMC**

- Civil Claim - service provider Issued summons against RTMC for breach of contract Repudiation.
- The RTMC defended the matter and the service provider brought an application for summary judgment.
- RTMC successfully opposed the summary judgement application and will file its plea. The financial exposure amounts to R3 850 000. The litigation is ongoing.

### **Howard Dembovsky (JPISA) vs Minister of Transport and others**

- Mr Howard Dembovsky, in his personal capacity and as the chairperson of Justice Project South Africa aims to bring an application for an order, which among others and in as far as it relates to the Department, RTIA and the Corporation, in the following terms:
- All notifications issued in terms of Section 341 of the Criminal Procedure Act, 51 of 1977 (CPA) that have not been served in terms of Section 87(1) of the National Road Traffic Act 93 of 1996 (NRTA) are irregular and void.

## 20. Contingent assets and liabilities (continued)

- Sections of the NRTA are unconstitutional;
- Sections of the CPA are unconstitutional;
- Sections of the Administrative Adjudication of Road Traffic Offences Act 46 of 1998 (AARTO) and actions and process of the RTIA are irregular and unconstitutional;
- The Corporation is in contempt in its failure to comply with remedies set out in the report “A matter of interpretation” of the Public Protector handed down in 2014;
- The Corporation is ordered to finalise and implement the Law Enforcement Code within 60 days from such order;
- The Corporation has already appointed a legal team and filed its Notice of Intention to oppose the application and the legal team is preparing the opposing papers. The litigation is ongoing.

### **Contingent assets:**

- The insurance company, on behalf of RTMC is in the process of attempting to recover funds from third parties that were found to be the cause of accidents involving RTMC vehicles. Should these claims be successful and the insurance company recover from third parties, RTMC will receive a refund of the excess amounts paid in respect of these accidents amounting to R146 038.
- Interest amounting to R5 959 was incorrectly charged to the RTMC, a dispute has been lodged with the bank to reverse the interest and the Corporation is awaiting feedback from the bank.

Notes to the financial statements for the year ended 31 March 2018

## 21. Related parties

The following payments were paid to related parties:

### Related party transactions

#### 24/7 Festive overtime

	2018 R	2017 Restated R
Current year provision	-	14 421 558

#### National Traffic Law Enforcement Indaba

Eastern Cape Provincial Government Transport	-	384 615
Free State Provincial Government: Police Roads & Transport	-	347 692
Gauteng Provincial Government CPG Community Safety PMG	-	400 000
KZN Provincial Government	-	400 000
Limpopo Provincial Government Transport	-	255 385
Mpumalanga Department of Community Safety Security & Liaison	-	326 154
Northern Cape Department of Transport & Liaison	-	252 308
North West Department of Public Safety & Liaison	-	280 000
Western Cape Department of Transport	-	67 692

#### Corporate social responsibility

Mpumalanga Department of Community Safety Security & Liaison	-	514 200
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#### Key management

Salaries and other short-term employee benefits	23 484 708	23 119 721
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Travel foreign advance receivable

Opening balance	Foreign advance repaid
23 402	(23 402)

Advocate M. Msibi (CEO) was paid an advance to travel overseas from 26 March 2017 to 7 April 2017; however due to unforeseen circumstances, the CEO cancelled the trip and repaid the advance in April 2017.



## 21. Related parties (continued)

### Distribution of accumulated surplus funds to provinces:

	2018 R	2017 Restated R
<b>1) Road safety related programmes</b>		
Eastern Cape Provincial Government Transport	-	6 000 000
Gauteng Provincial Government: Department of Community Safety PMG	-	9 000 000
Mpumalanga Department of Community Safety Security & Liaison	-	6 000 000
Norththerrn Cape Department of Transport and Liaison	-	6 000 000
North West Department of Public Safety & Liaison	-	6 000 000
Western Cape Department of Transport	-	6 000 000
<b>2) Mobile weighbridges</b>		
Free State	-	8 538 600
North West	2 134 650	19 211 850
Gauteng	-	8 538 600
Western Cape	-	8 538 600
Eastern Cape	-	8 538 600
Mpumalanga	-	8 538 600
Northern Cape	-	8 538 600
KwaZulu-Natal	-	8 538 600
Limpopo	-	4 269 300
<b>3) Law enforcement vehicles fitted with appropriate equipment</b>		
Gauteng	8 468 402	3 356 285
Limpopo	3 864 107	3 356 285
Mpumalanga	-	11 084 623

Payments made during the current financial year in line with the mobile eeighbridges and law enforcement vehicles fitted with appropriate equipment above, were outstanding payments for the 2016/2017 resolutions.

RTMC utilises parking space of South African National Road Agency (SANRAL) offices at no cost.

Notes to the financial statements for the year ended 31 March 2018

## 22. Board members and executive management's remuneration

### Executive Management

#### 2018

	Remuneration	Other benefits	Performance bonus paid or receivable	Total
Adv M Msibi (CEO)	3 160 782	2 110 888	2 697 750	7 969 420
N.J. Jolingana	1 158 496	811 685	-	1 970 181
K.K. Kgosiemang	1 083 223	797 864	86 478	1 967 565
B. Mathibe to 5 June 2017	194 478	168 265	-	362 743
G.P. Martins	1 397 009	969 325	-	2 366 334
Dr A.L. Mofomme	1 921 264	44 127	-	1 965 391
R. Mongale	1 092 267	806 933	87 200	1 986 400
L. Moolman	1 126 401	818 656	89 925	2 034 982
M. Razwinani to 31 August 2017	411 969	401 285	81 369	894 623
D.D. Wechoemang	1 158 496	808 573	-	1 967 069
	<b>12 704 385</b>	<b>7 737 601</b>	<b>3 042 722</b>	<b>23 484 708</b>

#### 2017

	Remuneration	Other benefits	Performance bonus paid or receivable	Total
Adv M Msibi (CEO)	2 781 000	2 124 000	2 925 000	7 830 000
N.J. Jolingana	1 081 200	815 151	86 912	1 983 263
K.K. Kgosiemang	1 011 373	733 851	146 460	1 891 684
B. Mathibe	723 610	516 539	85 331	1 325 480
G.P. Martins	1 303 800	931 460	164 000	2 399 260
R. Mongale	1 017 600	749 389	161 840	1 928 829
L. Moolman	1 049 400	755 366	165 000	1 969 766
M. Razwinani	949 548	703 591	149 300	1 802 439
D.D. Wechoemang	1 081 200	771 800	136 000	1 989 000
	<b>10 998 731</b>	<b>8 101 147</b>	<b>4 019 843</b>	<b>23 119 721</b>

### Non-executive members

#### 2018

	Retainer and meeting fees	Total
Z. Majavu CD(SA) – Chairman	871 905	871 905
D.H. Ewertse	559 020	559 020
T.M.N. Kgomo	663 449	663 449
M.M. Manqele	692 699	692 699
T. Mdlulwa	616 413	616 413
Prof M.I. Mphahlele	488 153	488 153
C.T. Thankge	555 377	555 377
Dr E.M. Thebe	505 204	505 204
	<b>4 952 220</b>	<b>4 952 220</b>

## 22. Board members and executive management's remuneration (continued)

	Retainer and meeting fees	Travel reimbursement	Total
<b>2017</b>			
Z. Majavu CD(SA) – Chairman	807 653	-	807 653
P.J. Browning	469 819	779	470 598
D.H. Ewertse	493 558	-	493 558
T.M.N. Kgomo	515 992	-	515 992
S. Ledwaba	460 414	-	460 414
M.M. Manqele	471 124	-	471 124
T. Mdlulwa	649 996	-	649 996
Prof. M.I. Mphahlele – Appointed 1 January 2017	89 738	-	89 738
R.G. Nicholls	406 248	-	406 248
C.T. Thankge	89 738	-	89 738
Dr E.M. Thebe – Appointed 1 January 2017	89 738	-	89 738
	<b>4 544 018</b>	<b>779</b>	<b>4 544 797</b>

Board members' remuneration is structured into two elements consisting of a monthly retainer and meeting fees capped at their specific packages.

### Audit and Risk Committee members remuneration

<b>2018</b>			
Dr C. Sanangura – Chairperson to 30 September 2017	288 163	2 515	290 678
D.H Ewertse – Chairperson from 1 October 2017	56 333	-	56 333
G.P. Mnguni	89 736	-	89 736
N.M. Mhlakaza	67 302	1 141	68 443
N.M. Mufumadi	96 915	242	97 157
	<b>598 449</b>	<b>3 898</b>	<b>602 347</b>

	Meeting attendance	Travel reimbursement	Total
<b>2017</b>			
Dr C. Sanangura – Chairperson	243 747	3 807	247 554
N.M. Mufumadi	67 302	957	68 259
R.G. Nicholls	81 249	-	81 249
	<b>392 298</b>	<b>4 764</b>	<b>397 062</b>

Audit and Risk Committee members who are also Board members do not get additional compensation for serving on the Audit and Risk Committee. Their total retainer amount is merely split between Board and Audit and Risk Committee fees.

Notes to the financial statements for the year ended 31 March 2018

## 23. Prior period errors

	Note(s)	Total
<b>Statement of financial position</b>		
Decrease in provisions	(a)	1 739 459
Increase in receivables from non exchange transactions	(c)	167 374
Increase in trade and other payables	(d), (e) & (f)	(3 265 755)
Increase in opening accumulated surplus	(g)	(814 238)
Increase in receivables from exchange transactions	(b)	8 237
Increase in property, plant and equipment	(h)	1 871 659
		(293 264)
<b>Statement of financial performance</b>		
Increase in revenue from non exchange transactions	(k)	(167 374)
Increase in depreciation	(m)	9 557
Decrease in employee costs	(i)	(105 552)
Increase in computer expense	(j)	532 494
Decrease in licenses	(l)	(1 322)
Increase in subscriptions costs	(l)	1 322
Decrease in security expenses	(j)	(108 129)
Increase in travel and accommodation	(j)	132 268
		<b>293 264</b>

### a) Provisions

- An incorrect basic salary of an employee was used to cost capped leave in 2015/16 financial year (initials and surnames are identical for both employees). This resulted in provisions to be understated (R191 430).
- An incorrect basic salary of an employee was used to cost capped leave in 2016/17 financial year (initials and surnames are identical for both employees). Further the capped leave balance of one employee was overstated. This resulted in provisions to be overstated (R5 531).
- The number of days per month to calculate the daily leave rate was changed from 21 days to 21.67 days. This resulted in an overstatement of the provision for leave in the 2015/16 and 2016/2017 financial year with (R262 870) and (R100 022) respectively.
- Travel expenses were incorrectly raised as a contingent liability as well as a provision. This resulted in provisions to be overstated (R1 562 467).

### b) Staff debtors

- An incorrect amount for staff debtor was raised in the previous financial year, resulting in receivables from exchange transactions to be understated (R1 914).
- An amount of R1 006 was incorrectly deducted instead of R1 083 in 2016/17 financial year, resulting in an overstatement of receivables from exchange transactions (R77).
- A cellphone debt was erroneously omitted in 2015/16 financial year. This resulted in an understatement of receivables from exchange transactions. (R6 400).

### c) Receivables from non-exchange transactions

- Infringement fees (AARTO income) relating to 2016/17 financial year received after submission of financial statements were recorded in 2017/18 financial year. This resulted in an understatement of receivables from non-exchange transactions (R167 374).



## 23. Prior period errors (Continued)

### d) Accrued employee costs

- An amount of R1 006 was incorrectly deducted instead of R1 083 in 2016/17 financial year, resulting in an overstatement of accrued employee costs (R77).
- An incorrect amount for staff debtor was deducted in the previous financial year, resulting in an understatement of accrued employee costs (R1 914).

### e) Accruals

- An incorrect accrual amount for computer expenses was raised in the previous financial year resulting in an understatement of trade and other payables (R19 705).
- A security expenditure for March 2017 was raised as an accrual and a creditor, resulting in an overstatement of trade and other payables (R108 129).
- An accrual for computer expenses was erroneously omitted in the previous financial year (R512 789).

### f) Trade payables

- A prior period invoice for accommodation was disputed which resulted in the payables to be understated (R132 268).
- Communication devices purchased in 2016/17 financial year via the RT15 contract were erroneously omitted in trade and other payables (R1 681 771).
- An amount due to DoT related to 2010/11 salaries and cellphone cost was not raised in creditors, resulting in an understatement of trade and other payables (R1 025 514).

### g) Accumulated surplus/deficit

- An incorrect basic salary of an employee was used to cost capped leave in 2015/16 financial year (initials and surnames are identical for both employees). This resulted in an overstatement of accumulated surplus (R191 430).
- The number of days per month to calculate the daily leave rate was changed from 21 days to 21.67 days. This resulted in an understatement of accumulated surplus for leave in the 2015/16 financial year with (R262 870).
- Staff debtor relating to cellphone expense was not raised in 2015/16 financial year. This resulted in an understatement of accumulated surplus (R6 400).
- An amount due to DoT related to 2010/11 salaries and cellphone cost was not raised in creditors, resulting in an understatement of accumulated surplus (R1 025 514).
- Travel expenses 2015/16 financial year were incorrectly raised as a contingent liability as well as a provision. This resulted in accumulated surplus to be understated (R1 562 467).
- During the moving of offices, it was brought to management's attention that the generator located at the old building was actually owned by the Corporation. Documents relating to the purchase of the generator could not be detected. The generator was valued and brought into the fixed asset register with a useful life of 22 years on 1 April 2016 (R199 444).

### h) Property, plant and equipment

- Communication devices purchased in 2016/17 financial year via the RT15 contract were erroneously omitted resulting in an understatement of property, plant and equipment (R1 681 771).
- During the moving of offices, it was brought to management's attention that the generator located at the old building was actually owned by the Corporation. Documents relating to the purchase of the generator could not be detected. The generator was valued and brought into the fixed asset register with a useful life of 22 years on 1 April 2016. This resulted in the understatement of cost and accumulated depreciation (R199 444) and (R9 557) respectively.

### i) Employee Costs

- An incorrect basic salary of an employee was used to cost capped leave in 2016/17 financial year (initials and surnames are identical for both employees). Further the capped leave balance of one employee was overstated. This resulted in employee costs to be overstated (R5 531).

Notes to the financial statements for the year ended 31 March 2018

## 23. Prior period errors (continued)

- The number of days per month to calculate the daily leave rate was changed from 21 days to 21.67 days. This resulted in an overstatement of leave balance (R100 022).

### j) Operating expenditure

- A prior year travel invoice was omitted resulting in understatement of travel (R132 268).
- An incorrect accrual amount for computer expenses was raised in the previous financial year (R19 705).
- A security expenditure for March 2017 was raised as an accrual and a creditor (R108 129).
- Computer expense invoice was erroneously omitted in the previous financial year (R532 494).

### k) Revenue from non-exchange transactions

- Infringement fees (AARTO income) relating to 2016/17 financial year received after submission of financial statements were recorded in 2017/18 financial year. This resulted in an understatement of Infringement fees (R167 374).

### l) Reclassification

- Subscriptions costs were incorrectly classified as licences in the previous financial year (R1 322).

### m) Depreciation

- During the moving of offices, it was brought to management's attention that the generator located at the old building was actually owned by the corporation. Documents relating to the purchase of the generator could not be detected. The generator was valued and brought into the fixed asset register with a useful life of 22 years on 1 April 2016. This resulted in the understatement of depreciation (R9 557).

## 24. Financial risk and capital risk management

### Capital risk management

The Corporation is exposed to financial risk through its financial assets and financial liabilities.

The Accounting Authority has overall responsibility for the establishment and oversight of the corporation's risk management framework. The Accounting Authority has established the Risk Management Committee, which is responsible for developing and monitoring the corporation's risk management policies. The committee reports regularly to the Accounting Authority on its activities.

The corporation's risk management policies are established to identify and analyse the risks faced by the corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the corporation's activities. The corporation, through its training and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The corporation's Audit Committee oversees how management monitors compliance with the Corporation's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the corporation. The corporation's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The corporation's exposure to risk, its objectives, policies and processes for managing the risk arising from its financial instruments and methods used to measure the corporation's exposure to these risks, have not changed significantly from the prior year.

The corporation does not have major exposure to credit, liquidity and market risk, which is described in more detail below. The corporations's cash and short-term deposits are placed with high quality financial institutions as well as the South African Reserve Bank.

### Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. The contractual obligation follows on the next page.

#### Financial liabilities – 2018

	Within 1 year	1-5 years	More than 5 years	Total
Finance lease obligation	9	-	-	9
Payables from exchange transactions	93 777 599	-	-	93 777 599
	<b>93 777 608</b>	<b>-</b>	<b>-</b>	<b>93 777 608</b>

#### Financial liabilities – 2017

	Within 1 year	1-5 years	More than 5 years	Total
Finance lease obligation	25 992	-	-	25 992
Payables from exchange transactions	42 784 446	-	-	42 784 446
	<b>42 810 438</b>	<b>-</b>	<b>-</b>	<b>42 810 438</b>

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as outstanding receivables and committed transactions. For banks and financial institutions, only highly reputable financial institutions are used.

#### Trade and other receivables

The Corporation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base.

Due to the nature and mandate of the RTMC's activities, and the sector in which the RTMC operates, the RTMC works in an environment that deals mainly with the Department of Transport. There are no external sales value contracts.

The Corporation does establish an allowance for impairment.

#### Credit risk exposure

The gross carrying amount of the receivables for 2017/18: R335 945 696 and 2016/17: R308 905 817 and represents the maximum credit exposure at the reporting date.

#### Concentrations of credit risk

We consider provinces having different risk associated with credit risk and therefore disclose them as such. The concentrations of credit risk for trade and other receivables as follows:

#### Geographical area (provinces)

The PFMA prohibits the Corporation to have any credit facility. The RTMC has limited credit risk exposure as all its cash and equivalents are placed with highly reputable financial institutions.

## Notes to the financial statements for the year ended 31 March 2018

**Provinces**

	2018	2017
Eastern Cape	8 862 598	2 609 757
Free State	3 508 416	2 312 520
Gauteng	26 759 094	17 149 296
KwaZulu-Natal	9 157 229	5 827 955
Limpopo	5 881 054	2 009 410
Mpumalanga	12 365 056	44 726 569
North West	3 417 132	1 535 500
Northern Cape	16 160 648	12 669 373
Western Cape	9 053 838	4 780 059
Unallocated receipts (All provinces)	(5 598 625)	(5 598 625)
Provision for bad debts	(11 786 573)	(55 117 948)
	<b>77 779 867</b>	<b>32 903 866</b>

**Financial instruments**
**Major receivables of the corporation consists of the following:**

	2018	2017
NaTIS - transaction fees	77 779 867	32 903 866
Deposits	1 570 014	1 413 911
Receivables – Other	594 790	989 688
CBRTA RTI – Administration of infringement fees	9 174 590	-
Boekenhoutkloof facilities	1 083 732	-
	<b>90 202 993</b>	<b>35 307 465</b>



**Financial assets that are past due but not impaired - 2018**

Financial asset	Neither past due nor impaired	0-2 months	3 - 5 months	More than 5 months	Impaired financial assets	Total carrying amount
Trade and other receivables	135 643 122	16 300 991	4 539 353	177 892 217	(241 112 347)	93 263 336
Unallocated receipts	(5 598 625)	-	-	-	-	(5 598 625)
Cash & cash equivalents	14 719 228	-	-	-	-	14 719 228
Deposits	1 570 014	-	-	-	-	1 570 014
	<b>146 333 739</b>	<b>16 300 991</b>	<b>4 539 353</b>	<b>177 892 217</b>	<b>(241 112 347)</b>	<b>103 953 953</b>

**Financial assets that are past due but not impaired – 2017**

Financial asset	Neither past due nor impaired	0-2 months	3 - 5 months	More than 5 months	Impaired financial assets	Total carrying amount
Trade and other receivables	42 245 779	8 663 012	187 411 358	69 171 757	(91 986 870)	215 505 036
Unallocated receipts	(5 598 625)	-	-	-	-	(5 598 625)
Cash & cash equivalents	118 023 498	-	-	-	-	118 023 498
Deposits	1 413 911	-	-	-	-	1 413 911
	<b>156 084 563</b>	<b>8 663 012</b>	<b>187 411 358</b>	<b>69 171 757</b>	<b>(91 986 870)</b>	<b>329 343 820</b>

**Market risk**

Market risk is the risk that changes in the market prices, such as interest rates, foreign exchange rates and equity prices will affect the value of the Corporation's financial assets and the amount of the Corporation's liabilities.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Corporations exposure to market risk and its objectives, policies and procedures for managing market risks have not changed significantly from the prior period. Refer below for more detail.

**Interest rate risk**

The Corporation has limited exposure to interest risk. Cash and cash equivalents carry interest at a variable rate. The RTMC is not allowed to have an overdraft facility, in terms of the PFMA.

**Equity price risk**

The Corporation has no exposure to equity price risk.

Notes to the financial statements for the year ended 31 March 2018

## 25. Fruitless and wasteful expenditure

Penalties on enforcement orders
Interest and penalties on tax payments
Interest on late payment to suppliers
Fruitless and wasteful expenditure condoned for write-off during the year

2018 R	2017 Restated R
6 960	-
843 610	-
100 862	-
(951 432)	-
-	-

### Disciplinary steps or criminal proceedings

With regards to the fruitless expenditure disclosed, investigations were performed to find the root cause. It was found that these costs were incurred in the normal performance of operational duties. Legal was consulted and concurred that there were no signs of gross negligence and this resulted in no individual being found criminally liable in law. The amounts were condoned for write-off purposes however the suppliers are continuously being engaged to encourage write off of these amounts from their side.

## 26. Irregular expenditure

Opening balance
Add: Irregular expenditure – current year
Less: Amounts condoned

2018 R	2017 Restated R
-	216 586 555
9 425 368	-
(931 441)	(216 586 555)
<b>8 493 927</b>	-

### Details of irregular expenditure – current year

Incident	Disciplinary steps taken/ criminal proceedings	2018 R
Non compliance – SCM processes (goods and services)	Irregular expenditure was condoned in the current year	931 441
Non compliance – SCM processes (goods and services)	Process of investigation is on going	8 493 927
		<b>9 425 368</b>

## 27. Transfer of functions

The following transfer of functions to RTMC aim to strengthen our ability to successfully execute our mandate in line with the RTMC Act.

### 27.1. Transfer of NaTIS

#### **Section 42 transfer of NaTIS function and assets: NDoT**

In terms of the court judgment the NaTIS was taken over effectively 5 April 2017 from NDoT through Section 42.

NDoT is on the modified cash basis of accounting and RTMC on GRAP and full accrual basis of accounting. The assets were transferred at net book value and remaining useful lives were determined in terms of the replacement strategy on the assets in use.

The total value of the Section 42 transfer can be split into:

- Tangible assets (PPE) R97 513 455
- Intangible asset (NaTIS System) R254 648 350

### 27.2. Transfer of Boekenhoutkloof Traffic College

#### **Section 42 transfer of Boekenhoutkloof Traffic College and assets: Gauteng Department of Community Safety**

The Boekenhoutkloof Traffic College and assets were transferred from GDoCS to RTMC in terms of a provincial cabinet memo with the effective date of 1 April 2017.

The Department and the corporation is not under common control and not on the same basis of accounting. All assets transferred through Section 42 were valued at fair value and amounted to R2 111 741. No liabilities were transferred to the RTMC.

### 27.3. Delegation of Road Transport Inspectorate from Cross Border Road Transport Agency (CBRTA)

#### **Section 42 delegation of RTI operations and assets: CBRTA**

The Shareholders Committee, on 9 May 2016, resolved that the Road Transport Inspectorate's operations, which is provided for by Section 23(d) of the Cross Border Road Transport Agency Act (CBRTA), be delegated from the CBRTA to RTMC as part of the harmonisation and integration of traffic law enforcement in the country. The assets were transferred from CBRTA to RTMC in terms of Section 42 with the effective date 1 April 2017 to the total value of R1 224 036. No liabilities were transferred to the RTMC. The entities are both on accrual basis of accounting and have similar accounting policies and the assets were transferred on net book value. GRAP 17 and GRAP 105 were applied.

Notes to the financial statements for the year ended 31 March 2018

## 28. Commitments

The following commitments have been made in terms of contracts awarded but not affected in the Financial Statements:

<b>Contract Commitments</b>	<b>Note(s)</b>	<b>Within 12 months</b>
<b>Description</b>		
Operating lease on rental of office equipment		1 281 631
Research study on road crashes to be conducted		1 003 996
Inspection of driver centres & vehicle testing stations		9 356 550
Development of databank for road crashes		1 310 873
Promotion of road safety through the use of LED board and billboard services		1 444 000
Recording, transcription & secretariat services		666 666
Operating leases on rental of office Space	(a)	26 096 732
Insurance		4 808 333
Harmonisation of traffic fraternity		554 640
Employee assistance, health and wellness contract	(b)	6 608 973
NaTIS Unix & Linux services		1 797 345
Employee vetting		447 452
Provision of security services		13 952 089
Off site storage		278 342
Enterprise resource planning Solution System	(c)	10 336 957
Promotion of road safety through television and radio advertising		1 976 464
Road safety messages through drama series, theater production and story integration	(d)	45 447 756
Parkhomes		17 998 488
Consultant Fee: training facility		3 072 119
Provision of weighbridges		2 134 740
Communication services		15 869
Public liability & group accident insurance		190 095
Development of SLAs/contracts		500 000
		<b>151 280 110</b>

### a) Operating lease on rental of office space

The commitment relates to rental of the office space at Eco Park, the Waterfall building situated in Midrand and four regional offices.

### b) Employee assistance, health and wellness contract

The commitment relates to a contract for a provision of employee health and wellness and other related services. The total contractual obligation is capped at R15 million for a period of three years.



**c) Enterprise resource planning solution system**

The commitment is for provision of an Enterprise Resource Planning solution for the corporation which is still in process.

**d) Road Safety Messages Through Drama Series, Theatrical Production and Story Integration**

The commitment relates to a contract for the development of a drama series, theatrical production and story integration to promote road safety.

**Other commitments**

Description	Within 12 months
Training	228 365
Publications	5 080
Recruitment costs	92 000
Leasing of office equipment	187 478
Printing and stationery	3 384 043
Professional fees	1 149 581
Consulting services	10 123
Catering	7 750
Road safety material	2 511 699
Law enforcement material	148 115
Repairs & maintenance	152 895
Courier services	134 605
Procurement of computer & office equipment	8 351 324
Parkhomes	7 008 496
Franking machine	2 594
OHS audit	18 000
Uniform & ammunition	747 571
Risk workshop	20 309
Domain services	26 910
Hewlett Packard support	449 750
Provision for nursing services	195 858
Translation of national road safety	140 500
Provision of banking services	500 000
Provision of Board pack services	438 608
Internet link	1 142 157
	<b>27 053 811</b>

Notes to the financial statements for the year ended 31 March 2018

## 29. Budget differences

### Material differences between budget and actual amounts

Reasons for variances greater than 10% between approved budget and actual amount on the various items disclosed in the statement of financial performance are explained below:

#### Statement of Financial Performance

##### a) NaTIS data charge

The Corporation initiated a number of new revenue streams which included fees charged for services related to NaTIS. This revenue stream is a result of a funding model developed for the Corporation by a service provider.

##### b) Boekenhoutkloof facilities

During the 2017/18 financial year the Corporation took control of Boekenhoutkloof Training College from the Gauteng Department of Community Safety. Revenue earned is related to training programmes conducted at the college.

##### c) Interest received

The financial year under review had a number of challenges which placed a heavy financial burden on the Corporation. This resulted in lower than usual cash balances maintained in the bank accounts, which subsequently resulted in lower than budgeted interest received.

##### d) Infringement fees (AARTO income)

The law enforcement engaged in vigorous visibility campaigns during the financial year which resulted in an increase in the number of infringements issued to offenders. Stringent measures to have infringers pay fines was also introduced. For example, motorists are not allowed to renew licences unless outstanding fines are paid.

##### e) Infringement fees (RTI income)

The Road Traffic Inspectorate function was acquired from CBRTA at the beginning of the 2017/18 financial year. The Corporation recognised revenue for infringements issued by officers to motorists crossing the South African borders.

##### f) Transaction fees

During the financial year under the review the Corporation increased the transaction fees levied on renewal on vehicle licences with R30, which resulted in a fee increase from R42 to R72 per licence. The increase was effected at the beginning of February 2018.

##### g) Employee cost

The acquisition of the functions mentioned place additional stress on compensation of employee budget of the Corporation which resulted in a budget shift that was affected to compliment the approved employee cost budget.

##### h) Interest paid

The financial challenges, related to cash flow, experienced by the Corporation resulted in late payments to suppliers which subsequently had interest charges.

##### i) Repairs and maintenance

The transfer of NaTIS to the Corporation at the beginning of the financial year resulted in maintenance charges to ensure the smooth operation of the system country wide. Coupled to this, the Corporation moved premises which brought additional IT and general repairs and maintenance.

## NOTES









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**The Road Traffic Management Corporation (RTMC)**

is an Agency of The Department of Transport and a  
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