Road Traffic
Management Corporation

Years of democracy

"What is important is not only to attain victory for democracy, it is to retain democracy"
Nelson Mandela, 2 May 1994 Victory speech

ARRIVE ALIVE

DECADE OF ACTION FOR ROAD SAFETY 2011-2020

2018 | 2019
Annual Report


Welcome the RTMC
Woman's Day Celebration
NATIONAL TRAFFIC POLICE
SOLUTION
VISION
You can stop
CORRUPTION
Road Traffic Management Corporation

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 the RTMC committed to achieving in the 2018/2019 period.

Adv. Makhosini Msibi
Chief Executive Officer

Mr Zola Majavu CD (SA)
Chairman of the Board

RTMC National Road Safety Debate & Participatory Educational Techniques

- About this report -

Introduction

The 2018/2019 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 Act (Act 20 of 1999) (RTMCA), Section 55 of the PFMA and Treasury Regulation 29.2.

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 2018 to 31 March 2019. 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 2018/2019 Annual Performance Plan (APP), which was tabled in Parliament on 15 March 2018.

Annual report approval phases

Figure 1 shows the approval phases of the annual report.

Target audience

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

Legislature	Executive	Other
• Provincial legislatures • Parliament	• National government • Provincial and Local government	• Business enterprises • Non-governmental organisations • Public and interest groups • Member associations • Auditors • Public entities

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Friday 30 August 2019

RTMC celebrating 25 years of Democracy

This report is penned at a time whereby South Africa is celebrating quarter of a century of human rights democracy, a milestone we should all be proud of. The 2019 general elections were testament that ours is a maturing democracy, pregnant with hope and alive with possibilities. Indeed, the past 25 years have been and continue to be a meandering road towards the ideal of a better life for all.

Moments of the past 25 years constitute a colourful backdrop as the Road Traffic Management Corporation finds itself in the final year of its 2015-2020 strategic cycle. In conclusion of the cycle, we draw our subthemes from a rich array of memories etched in significant moments of our history critical to nation building and national pride.

In the recognition that our entity is part of the heartbeat of the nation, the Corporation deemed it proper to highlight the following great moments:

- The founding President of the Republic of South Africa, Dr Nelson Rolihlahla Mandela casting his vote at Robben Island and the day of his inauguration.
- South Africa hosting the 2010 Soccer World Cup, becoming the first African country to do so.
- Mr. Mark Shuttleworth becoming the first South African space tourist.
- South African winning the Rugby World Cup.
- Formation of the RTMC

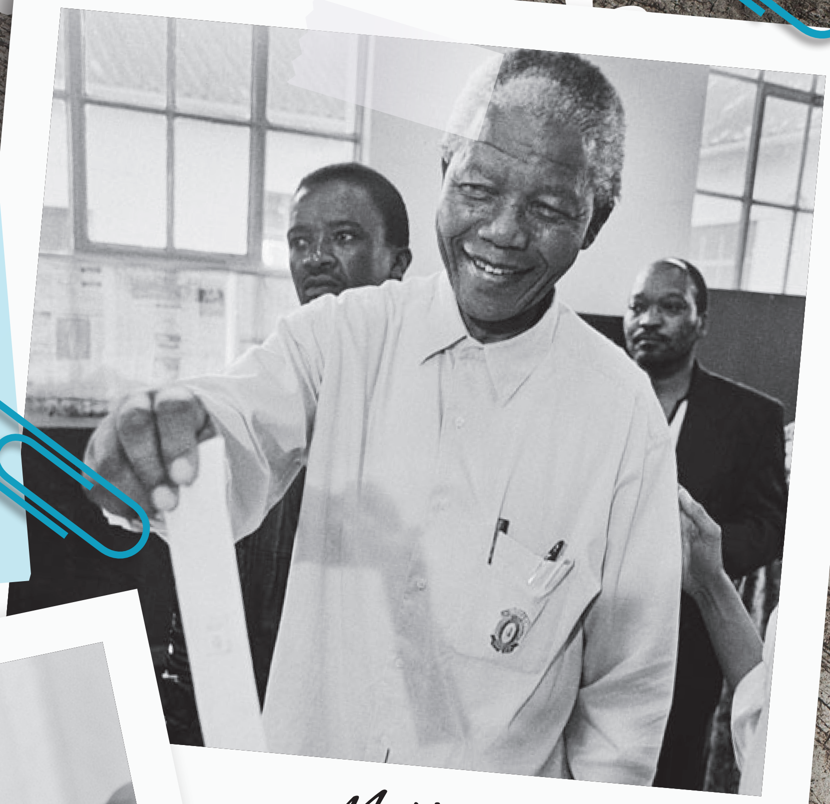
In reflecting on these achievements, we draw colossal inspiration and energy towards the future. As the country and its organs of democracy matures, we are convinced that we are on a guided path towards safe and secure roads. In doing so, we are building a capable institution that can intervene in complex road safety scenarios facing the country and provide effective leadership and solutions.

This report is written in the year where the Corporation is celebrating 14 years of operations. We have come a long way, it has been and remains a long road ahead. The RTMC strives to be an excellent African road safety lead agency.

We are still on course

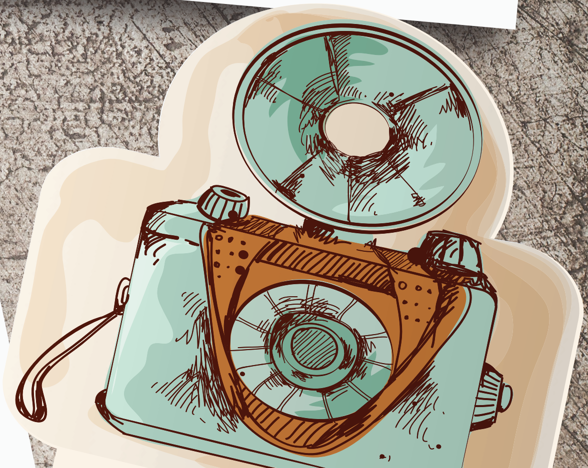
"Part A"

General Information



Madiba voting at Robben Island

Nelson Mandela inauguration



RTMC since 2005

Celebrating 25 years of democracy

1. General Information of the RTMC

Registered name

Road Traffic Management Corporation

Physical address

349 Witch Hazel Avenue | Highveld, Ext 79 | Centurion | 0157

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 Streets
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 & Acronyms

AARTO	Administrative Adjudication of Road Traffic Offences
APP	Annual Performance Plan
AIDS	Acquired Immune Deficiency Syndrome
ARC	Audit and Risk Committee
CEO	Chief Executive Officer
CBRTA	Cross-Border Road Transport Agency
COO	Chief Operations Officer
COTO	Committee of Transport Officials
CPA	Criminal Procedure Act
CSR	Corporate Social Responsibility
DLTC	Driving Licence Testing Centre
DoARS	Decade of Action for Road Safety 2011-2020
DoT	Department of Transport
DPSA	Department of Public Service and Administration
EHWP	Employeee Health and Wellness Programme
ERAC	Enterprise Risk and Audit Management Committee
ERP	Enterprise Resource Planning
HIV	Human Immunodeficiency Virus
MDG	Millennium Development Goals
M & E	Monitoring and Evaluation
MEC	Member of the Executive Council
MPLS	Multi-Protocol Layer Switching
NaTIS	National Traffic Information System
NRTIS	National Road Traffic Information System
NDP	National Development Plan
NGO	Non-Governmental Organisation
NRSS	National Road Safety Strategy
NRSSC	National Road Safety Steering Committee
NRTA	National Road Traffic Act
NRTLEC	National Road Traffic Law Enforcement Code
NTACU	National Traffic Anti-Corruption Unit
NTCMS	National Traffic Contravention Management System
NT	National Treasury
OHS	Occupational Health and Safety
PAIA	Promotion of Access to Information Act
PAJA	Promotion of Administrative Justice Act
PFMA	Public Finance Management Act
RTI	Road Transport Inspectorate
RTMC	Road Traffic Management Corporation
RTMCA	Road Traffic Management Corporation Act
SADC	Southern African Development Community
SARSAM	South African Road Safety Audit Manual
SARAP	South African Road Assessment Programme
SANTACO	South African National Taxi Council
SANS	South African National Standards
SASSETA	South African Security Sector Education and Training Authority
SDG	Sustainable Development Goals
SHC	Shareholders Committee
SMMEs	Small, Medium and Micro-sized Enterprises
SP	Strategic Plan
TRIPS	Tripartite Transport Registers and Information Platform Systems
UN	United Nations
QCTO	Quality Council for Trades and Occupations
VTS	Vehicle Testing Station
WSP	Workplace Skills Plan

3. Foreword by the Chairman of the Board

It is my privilege to present the RTMC Annual Report for the 2018/19 financial year. The report provides a holistic picture of RTMC's performance in terms of its operations, finances as well as its role as a lead agency responsible for road safety.

It is particularly pleasing to note that we are presenting this report in the year which South Africa celebrates 25 years of democracy and freedom. Reflecting on this period, the Honourable President Cyril Ramaphosa said: "This is a defining moment for our young nation. Today is the choice of history. It is a time for us to make the future we yearn for. It is through our actions that we will determine our destiny."

I concur with the President and confirm that the 2018/19 financial year has been a defining moment for the RTMC. This is the year in which the RTMC achieved 96% of the targets set out in the Annual Performance Plan 2018/19. Only one target was not achieved and a plan of action has been put in place to ensure that it is achieved.

To position the RTMC as a responsible corporate citizen, the Board approved the Environmental Sustainability Strategy. The Strategy seeks to advocate for environmental sustainability, reduce greenhouse gas emissions, promote the use of technologies, drive good governance and promote responsible consumption.

The Board also approved seven state of road safety reports. These reports confirmed that fatalities had declined by 8% this financial year. However more interventions needs to be put in place in provinces particularly those that contributed the highest number of fatalities such as KwaZulu-Natal, Gauteng, Eastern Cape, Limpopo and Mpumalanga.

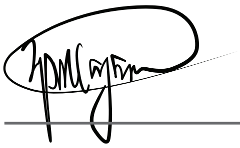
My term of office as the Chair of the RTMC Board is coming to an end and it has been a pleasure to serve the nation in this capacity. During our tenure, RTMC improved audit outcomes from qualified to unqualified and clean audit opinions. This is a solid foundation that the next team can build on and take the RTMC to greater heights.

Our message to our successors who will be appointed to the Board is to always remember the words of Thomas Sankara, former President of Burkina Faso who said: “It took the madmen of yesterday for us to be able to act with extreme clarity today. We must dare to invent the future”.

On behalf of the Board, I wish to extend our sincere gratitude to the former Honourable Minister of Transport, Dr Bonginkosi Nzimande, the Deputy Minister Honourable Ms. Sindisiwe Chikunga and the entire Shareholders Committee for their support and guidance.

We would also like to thank our stakeholders that worked with us to develop the National Road Traffic Law Enforcement Code and in implementing the National Road Safety Strategy.

We are grateful to the management and the employees of the RTMC who have worked hard to ensure the safe, secure and responsible use of roads in South Africa.



Mr Zola Majavu CD (SA)
Chairman of the Board

4. Overview by the CEO

The 2018/2019 annual report charts the road we have traversed for the past four years since adopting our 2015 - 2020 strategic plan. The coming year is the last mile in the implementation of this plan, and we will use the period to evaluate whether we have achieved the objectives we had set for ourselves, and to put in place a strategic plan for the next five years.

This report provides context to the financial results, performance information and governance within the Corporation and how the RTMC has improved the lives of South Africans using our roads on a daily basis.

An analysis of road safety statistics over the past three years demonstrates how we have begun to turn the corner. Evidence shows that road fatalities are beginning to decline. Over the past three years, deaths on our roads have been reduced from 14 071 in 2016 to 12 921 in 2018.

We acknowledge that we will not meet the United Nation Decade of Action goal to reduce road fatalities by 50% by 2020, with the year 2010 as the baseline. It is common cause that a decline in road crashes is preceded by a period of relative stability, this is where we find our performance at this stage of the period of the decade. We are, however, confident we have made progress.

Our road fatalities per 10 000 registered vehicles have decreased from 16.04 in 2010 to 11.47 in 2018. This has been achieved against the backdrop of a phenomenal increase in the number of vehicles in our country over the same period. The numbers of registered vehicles increased from 9.8 million to 12.4 million in the corresponding period.

It is an accepted fact that more work still needs to be done, but we are confident that we entered a period of time which the Setswana-speaking people describe as Mahube a naka tsa kgomo, the early morning, at dawn, when only the tips of the horn of the cattle can be seen etched against the morning sky.

Pixley ka Isaka Seme put it more eloquently when he said: “The brighter day is rising upon Africa. Already I seem to see her chains dissolved, her desert plains red with harvest, her Abyssinia and her Zululand the seats of science and religion, reflecting the glory of the rising sun from the spires of their churches and universities. Her Congo and her Gambia whitened with commerce, her crowded cities sending forth the hum of business, and all her sons (and daughters) employed in advancing the victories of peace – greater and more abiding that the spoils of war.”

We are under no illusion. We know that the road ahead will not be easy and we will be required to double our efforts. It is for this reason we have started training a new cadre of traffic officers on the National Qualification Framework level 6. This will ensure we produce highly motivated and competent traffic officers who will assist in ensuring a sustained reduction in road traffic fatalities.

To eliminate fragmentation within the traffic law enforcement fraternity, we have finalised consultations on the Road Traffic Law Enforcement Code, which is currently being reviewed by a panel of experts.

After spending time over the previous four years building the Corporation, we now see signs of resilience in our systems. We are working on positioning the RTMC as a true lead agency on road safety, capable of leading all sectors including non-government organisations, the private sector and all spheres of government in a common programme to implement the National Road Safety Strategy 2016 – 2030.

On behalf of the Executive Committee of the RTMC, I would like to extend our sincere gratitude to the Board for its guidance and support over the past financial year.

We also send a warm word of appreciation to Former Minister of Transport Dr Bonginkosi Nzimande, Deputy Minister Sindisiwe Chikunga and the Shareholders Committee for their inspiring leadership.

Our thanks also goes to management and staff for their continued loyalty, diligence and support. We have met 96% of our Annual Performance Plan targets, showing that the RTMC remains unflinching in its commitment to improve the lives of South Africans.

This is proof of what the first President of Ghana, Kwame Nkrumah, had in mind when he said: “The forces that unite us are intrinsic and greater than the superimposed influences that keep us apart.”

In conclusion, we bow our heads in respect for all those who have died on the roads during the year under review.

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:

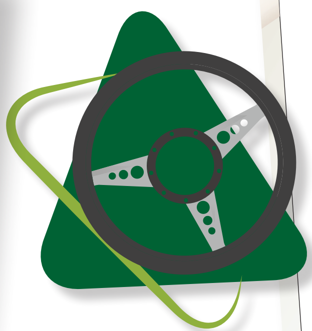
- Education
- Enforcement
- Engineering
- Evaluation
- Planning and co-ordination
- Partnerships

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: • Public Transport • Road Traffic Regulation • Vehicle Licensing
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)

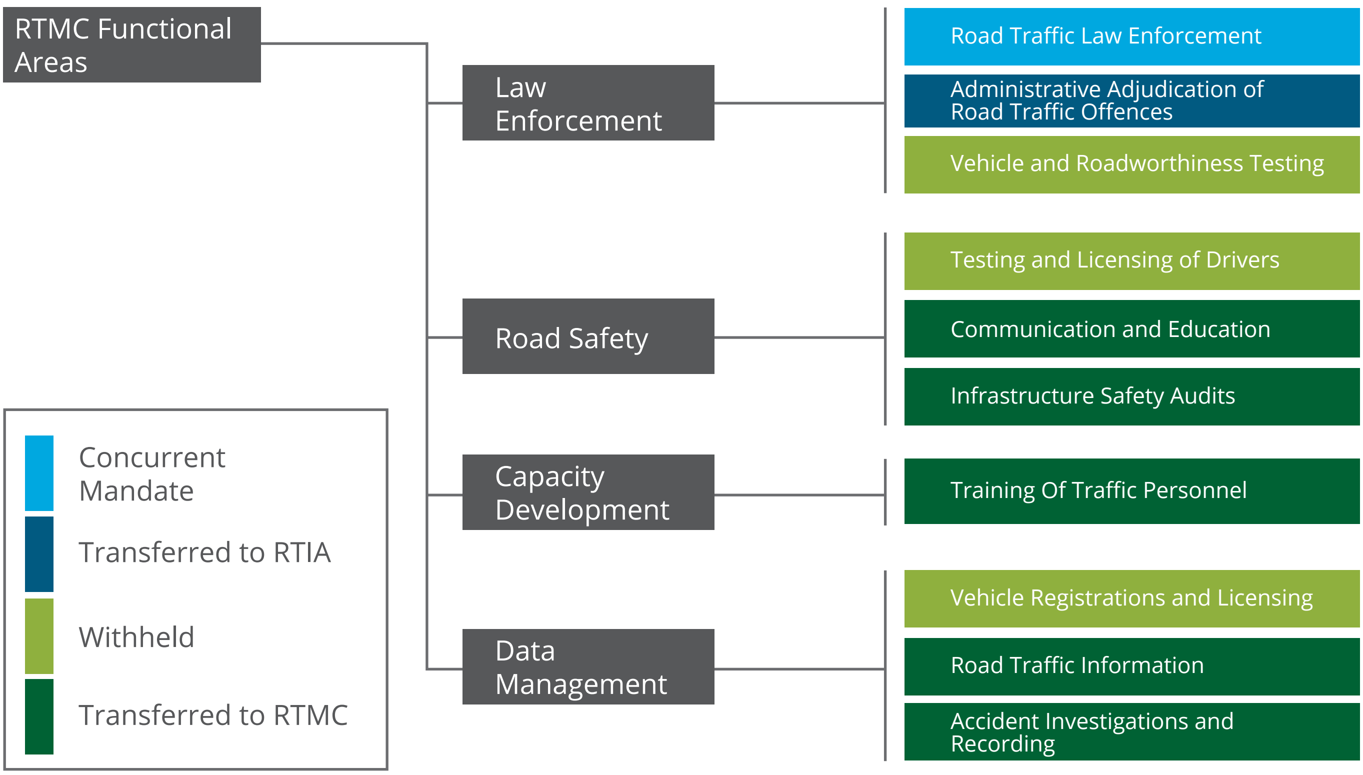
The Road Traffic Management Corporation Act (Act 20 of 1999) was passed by Parliament in 1999 in line with the provisions of Section 44(2) of the Constitution of South Africa. The Road Traffic Management Corporation Act established the RTMC to pool powers and resources and to eliminate the fragmentation of responsibilities in road traffic management across the various spheres of government.

The Road Traffic Management Corporation Act provides, in the public interest, for co-operative and co-ordinated strategic planning, regulation, facilitation and law enforcement in respect of road traffic matters by national, provincial and local government.

RTMC Objectives
• To establish the RTMC as a partnership between national, provincial and local government; • 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 ground-breaking 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: - Limiting investment of public funds to road traffic services which meet a social or non-commercial strategic objective and which have poor potential to generate a reasonable rate of return; and - 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; and • To develop human resources in the public and private sectors involved in road traffic.

In accordance with the founding legislation, the Shareholders Committee must, as part of the organisational structuring, establish as many functional units as are required in the business and financial plan. The ten (10) functions are listed in Section 18(1) of the RTMCA. Figure 2 shows the status of functions as per the shareholders committee resolution.

Figure 2: RTMC functions



The Shareholders Committee has not transferred the management of vehicle and roadworthiness testing, testing and licencing of drivers and vehicle registrations and licencing functions to the RTMC. Law enforcement is a concurrent mandate executed jointly with other authorities or agencies specifically to maximise impact and improve integration and co-ordination.

National Road Traffic Act (NRTA)

The NRTA (Act 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 National Road Traffic Act (NRTA) Section 52 outlines the powers of the CEO.

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 thereat
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. The transitional provisions of the NRTA, assign the role of the CEO to that of the Director–General of the Department of Transport.

Administrative Adjudication of Road Traffic Offences Act (AARTO)

The Administrative Adjudication of Road Traffic Offences Act (Act 46 of 1998) promotes road traffic quality by discouraging contraventions and facilitating the adjudication of infringements. The RTMC is an issuing authority and applies the AARTO infringement process in the execution of the duties of the national traffic police duties.

Criminal Procedure Act (CPA)

The purpose of the Criminal Procedures Act (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, other pieces of legislation are also applicable to the Corporation's conduct of its business:

- The Public Finance Management Act (Act 1 of 1999) (PFMA), which specifies the listing of the RTMC as a Section 3A public entity;
- The Promotion of Access to Information Act (Act 2 of 2000) (PAIA), which determines the way the RTMC may access information;
- The Promotion of administrative Justice act (Act 3 of 2000) (PAJA), aims to make the administration effective and accountable;
- 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 DoT. However, policy formulation is also carried out at a regional level and according to global norms.

Road Safety Policy/Instruments

Global policies/instruments				
Millennium development goals	Moscow declaration	Sustainable development goals	United Nations declaration	Global plan for road safety

Local policies/instruments		
National road safety strategy	Road safety conferences	Road safety summits

Regional policies/instruments	
Accra declaration	SADC Ministerial 10 key points

Global policy Instruments

The Millennium Development Goals (MDGs) 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. The UN passed Resolution 64/255 in 2010, recognising that road traffic injuries are a public health challenge threatening the successful achievement of the MDGs.

The decade of action for road safety 2011-2020 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 decade of action for road safety 2011-2020 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 (SDGs).

Five pillars of the Decade of Action

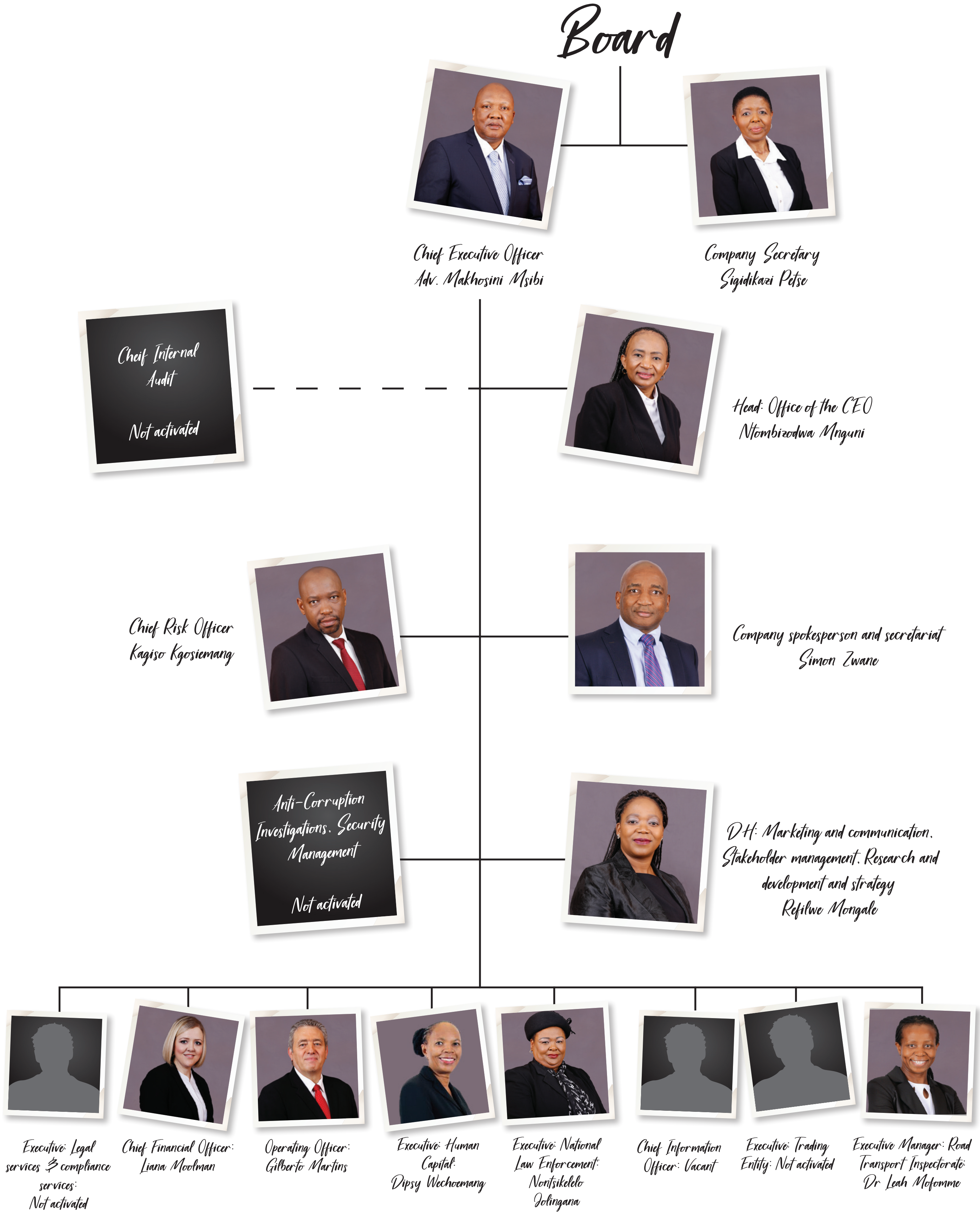
South Africa, represented by the Minister of Transport, is a participant to the UN decade of action for road safety. As a lead agency for road safety, the RTMC is a member of the United Nations Road Safety Collaboration. This entails monitoring local road safety programmes and reporting on progress in the reduction of road crashes, injuries and fatalities to the member state.

Organisational environment

Organisational structure

The Corporation is in a transitional phase, migrating from the old structure to a new one. This realignment started in 2016/2017, resulting in the revision of the top structure of the Corporation, which was approved on 22 November 2016. The set process addressed changes within the Corporation such as the two section 197 transfers of the Road Transport Inspectorate from the CBRTA, and the Boekenhoutkloof Traffic Training College as well as the integration of the Natis function within the Corporation.

Organisational structure (continued)



The structure below was approved on 03 July 2014 and shows information of the incumbents as at 31 march 2019.

Name of position	Name of incumbent	Status	Employment equity
Chief Executive Officer[1]	Adv Makhosini Msibi	Filled	Black male
Company Secretary	Ms Sigidikazi Petse	Filled	Black female
Chief Financial Officer	Ms Liana Moolman	Filled	White female
Chief Operations Officer	Mr Gilberto Martins	Filled	White male
Executive: Human Capital[2]	Ms Dipsy Wechoemang	Filled	Black female
Executive National Law Enforcement	Ms Nontsikelelo Jolingana	Filled	Black female
Divisional Head: Marketing and communications, stakeholder management, research and development and strategy	Ms Refilwe Mongale	Filled	Black female
Executive Manager: Road Traffic Inspectorate[3]	Dr Leah Mofomme	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	Not activated	Not activated	Not activated
Chief Internal Audit	Not activated	Not activated	Not activated
Executive: Legal and compliance services	Not activated	Not activated	Not activated
Chief Information Officer	Not activated	Not activated	Not activated
Executive: Trading entity	Not activated	Not activated	Not activated

1. *CEO contract ended December 2018*
2. *Executive Human Capital services terminated 26 February 2019*
3. *Executive Manager RTI has been added into the structure due to the integration of the Road Transport Inspectorate (RTI) from Cross Border Road Transport Agency (CBRTA)*

In order to ensure the optimal utilisation of available resources some of the positions on the new structure were activated while others will be activated and filled over time. The table on the following page shows the information of the incumbents as at 31 March 2019 in newly approved structure.

Name of position	Name of incumbent	Status	Employment equity
 Chief Executive Officer[4]	Adv Makhosini Msibi	Filled	Black male
 Company Secretary[5]	Ms Sigidikazi Petse	Filled	Black female
 Group Executive: Law Enforcement and Road Safety	Mr Stephen Podile	Filled	Black male
Group Executive: Training and development	Not activated	Not activated	Not activated
Group Executive: Corporate finance	Not activated	Not activated	Not activated
 Group Executive: Corporate services	Mr Gilberto Martins	Acting	White Male
 Group Executive: Corporate services	Dr Leah Mofomme	Acting	Black female
Group Executive: National Road Traffic Information Management	Not activated	Not activated	

Acting appointments

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

Name of acting Person	Acting position	Acting duration		Comment
		Start	Finish	
Dr Leah Mofomme	Acting: Group Executive: Corporate services	Nov 2018	Feb 2019	Recruitment process underway
Ms Gloria Kgosiemang	Executive Assistant	Sep 2018	Sep 2018	Recruitment process underway
Ms Leigh-Ann Audagnotti-De Beer	IT Project Manager	Aug 2018	Jan 2019	The person who occupied the position was on sick leave
Ms Rebotile Tshabalala	IT Project Manager	Aug 2018	Jan 2019	Recruitment process underway
Mr Morne Gerber	Acting General Manager: Legal and labour relations	Oct 2018	Dec 2018	Recruitment process underway
Ms Rosina Moloto	Head: Road Traffic Information	May 2018	Sep 2018	The person who occupied the position was on maternity leave
Mr Gilberto Martins	Acting: Group Executive: Corporate services	Mar 2019	Active	Recruitment process underway

4. *The CEO was re-appointed in January 2019*
5. *The Company Secretary was appointed in April 2018*

"Part B"

Performance Information

South Africa Hosted the 2010 FIFA World Cup

Celebrating 25 years of democracy

1. Audit of predetermined objectives

Predetermined objectives

The CEO is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance on 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 (2018/2019), of the RTMC for the financial year ended 31 March 2019.

The audit conclusion received from the Auditor-General South Africa on the performance against predetermined objectives is included in the Audit Report under the predetermined objectives on pg. 70 to 73.

2. Situational Analysis

Service and organisational delivery environment.

The Corporation placed emphasis on becoming a strategy focused organisation that is able to adapt to change. In the period under review the Corporation continued to impart the culture of high performance and collaboration, led by programme champions who understand the vision and mission of the Corporation. The Corporation had 26 key performance indicators for the year under review. The Corporation achieved 25 targets (96%) and 1 target (4%) was under achieved. This is a vast improvement from the previous financial year performance of 91%. The Corporations ever improving performance can be attributed to teamwork and leadership.

Key policy developments and legislative changes

There were no key policy developments or legislative changes during 2018/2019 financial year.

3. 2018/2019 Programme champions

The management team as captured in the table below championed the 2018/2019 Annual Performance Plan programmes:

Programme champions

<table>
<tr><th>Names</th><th>Gender</th><th>Position Rank</th><th>Programme</th><th>Sub-programme</th></tr>
<tr><td>Mr Stephen Podile</td><td>M</td><td>Group Executive: Law Enforcement and Road safety</td><td>Programme 1: Operations and 2: Enforcement</td><td>• Road Safety
• National Traffic Police
• Law Enforcement standards, planning and co-ordination
• Training of traffic Personnel</td></tr>
<tr><td>Mr Kevin Kara-Vala</td><td>M</td><td>Divisional Head: Road Traffic Information Systems</td><td>Programme 1: Operations</td><td>• Road Traffic Information</td></tr>
<tr><td>Ms Ntombizodwa Mnguni</td><td>F</td><td>Head: Office of the CEO</td><td>Programme 3: Traffic intelligence and security</td><td>• National traffic anti-fraud and corruption cases</td></tr>
<tr><td>Dr Leah Mofomme</td><td>F</td><td>Acting Group Executive: Corporate services</td><td rowspan="2">Programme 3: Traffic intelligence and security</td><td rowspan="2">• Fraud and anti-corruption awareness campaigns</td></tr>
<tr><td>Mr Gilberto Martins</td><td>M</td><td>Acting Group Executive: Corporate services</td></tr>
<tr><td>Ms Refilwe Mongale</td><td>F</td><td>Chief Strategy Officer</td><td>Programme 4: Strategic</td><td>• Research and development</td></tr>
<tr><td>Ms Liana Moolman</td><td>F</td><td>Chief Financial Officer</td><td>Programme 5: Support services</td><td>• Financial sustainability</td></tr>
<tr><td>Dr Leah Mofomme</td><td>F</td><td rowspan="2">Acting Group Executive: Corporate services.</td><td rowspan="2">Programme 5: Support services</td><td rowspan="2">• Human Resources</td></tr>
<tr><td>Mr Gilberto Martins</td><td>M</td></tr>
</table>

Strategic Outcome-Oriented Goals

South African road safety priorities informed the development of strategic goals and objectives of the Corporation. The figure shows a summary of the 2015 - 2020 strategic goals and progress on the achievement of the 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

- 2 monitoring and evaluation reports on the implementation of the NRSS approved by the board
- 1 youth programme developed, and 1 monitoring report approved by the Board
- 2 road safety programmes implemented with interest groups
- 1 community programme developed, and 1 monitoring approved by the Board
- 2 reports produced on the inclusion of the Road Safety content into the education curriculum in collaboration with the Department of Basic Education
- 1 364 law enforcement interventions conducted
- 278 745 inspections conducted
- 100% of reported cases investigated
- 104 self-initiated cases investigated
- 40 anti-fraud and corruption awareness programmes implemented
- 2 research reports produced
- 1 SARAP road infrastructure assessments submitted to the relevant roads authority
- Environmental strategy approved by the Board

Strategic goal 2

Integrate and co-ordinate the road safety and traffic environment.

Goal statement

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

Progress on the achievement of goals

- 6 NQF level 6 traffic officer modules completed for enrolled students
- 120 facilitators upskilled on the NQF 6 traffic officer curriculum
- 6 NQF level 6 road safety practitioners modules completed for enrolled learners
- 7 state of road safety reports approved by the Board
- The report on the audit of Road Traffic Information on the Natis system was not approved by the Board as planned.
- 5 provincial authorities on the integrated road traffic information system
- Online motor vehicle registration services developed
- National Land Transport Information System (NLTIS) redesigned
- Two (2) law enforcement authorities using the National Traffic Contravention Management System (NTCMS)
- NRTLEC approved by the 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

- 57% increase in other revenue streams from the previous year
- 15% increase in expenditure spend on SMMEs from previous year

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

Implementation of an automated performance management system

5. Performance information by programme/ objectives

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 objective 1

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 the impact of interventions.

Strategic objective 2

To professionalise road safety and traffic fraternity.

Objective statement

Institutional capacity should be strengthened, by investing in training to enhance the skills of personnel, to create professionalism and Opportunities for career progression.

Strategic objective 3

Establish an integrated national road traffic information management system.

Objective statement

Improve the quality of road safety data through good practices, standardisation and Integrated management systems.

Programme 2: Law Enforcement

This programme is responsible for the provision of integrated and co-ordinated implementation of law enforcement programmes. The programme includes national traffic law enforcement, law enforcement standards, planning and co-ordination.

Strategic objective 4

Ensure compliance with traffic legislation through effective and efficient law enforcement.

Objective statement

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

Strategic objective 5

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 (3) 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 will be undertaken in order 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 objective 6

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 reducing and eliminating 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 objective 7

Invest in road safety research and development.

Objective statement

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

Programme 5: Support services

This programme is responsible for the provision of overall management of support functions 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 objective 8

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 9

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

Objective statement

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

Chairman & CEO of the RTMC

Programme Performance by Strategic objective

The tables below show the progress of programmes based on the strategic objectives. The objectives as presented provide a synopsis of the total weight of the key performance indicators and achievements.

Programme 1: Operations

There were 14 performance indicators that needed to be delivered for the year under review, 13 targets were met, one was not met, which resulted in 93% achievement of planned targets.

KPI	Strategic target	Actual achievement 2017/2018	Key performance indicator 2018/2019	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement 2018/2019	Reason for variance
Strategic objective 1 – To educate and create awareness on road safety and traffic matters							
1.1	Develop and monitor the implementation of the National Road Safety Strategy (NRSS)	2 monitoring and evaluation reports on the implementation of the NRSS approved by the board	Number of monitoring and evaluation reports on the implementation of the NRSS	2 monitoring and evaluation reports on the implementation of the NRSS approved by the board	2 monitoring and evaluation reports on the implementation of the NRSS approved by the board	-	-
1.2	To increase awareness on road safety matters among youth as one of the road user categories highly susceptible to road crashes	1 youth programme and 3 monitoring reports on youth programme developed	Youth programme developed and monitored for implementation	1 youth programme developed and 1 monitoring report produced	1 youth programme developed and 1 monitoring report produced	-	-
1.3	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	4 Road Safety educational programmes implemented with interest groups	Number of road safety programmes implemented with interest groups	2 road safety programmes implemented with interest groups	2 road safety programmes implemented with interest groups	-	-

KPI	Strategic target	Actual achievement 2017/2018	Key performance indicator 2018/2019	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement 2018/2019	Reason for variance
1.4	Establish community road safety structure, develop and monitor community-based programmes	1 community-based programme and 3 monitoring reports on the implementation of the programme developed	Community programme developed and monitored for implementation	1 community programme developed and 1 monitoring report produced	1 community programme developed and 1 monitoring report produced	-	-
1.5	-	-	Number of reports produced on the inclusion of the road safety content into the education curriculum in collaboration with the Department of Basic Education	2 reports produced on the inclusion of the road safety content into the education curriculum in collaboration with the Department of Basic Education	2 reports produced on the inclusion of the road safety content into the education curriculum in collaboration with the Department of Basic Education	-	-
Strategic objective 2 – Professionalise road safety and traffic fraternity							
2.1	Development and implementation of the NQF 6 traffic officer qualification	0 modules on NQF 6 completed for the enrolled students	Number of NQF level 6 traffic officer modules completed for enrolled students	6 NQF level 6 traffic officer modules completed for enrolled students	6 NQF level 6 traffic officer modules completed for enrolled students	-	-
2.2	-	13 colleges registered as assessment centres to train on the NQF Level 6 traffic officer's curriculum	Number of facilitators upskilled on the NQF level 6 traffic officer curriculum	120 facilitators upskilled on the NQF level 6 traffic officer curriculum	120 facilitators upskilled on the NQF level 6 traffic officer curriculum	-	-
3	The development of the crash investigation curriculum was put on hold, awaiting approval from QCTO and therefore was not planned for the year						
4	Development and implementation of the NQF 6 road safety practitioner qualification.	Approval by QCTO	Number of NQF level 6 road safety practitioners modules completed for enrolled learners	6 NQF level 6 road safety practitioners modules completed for enrolled learners	6 NQF level 6 road safety practitioners modules completed for enrolled learners	-	-

KPI	Strategic target	Actual achievement 2017/2018	Key performance indicator 2018/2019	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement 2018/2019	Reason for variance
Strategic objective 3 – Establish an integrated national road traffic information management system							
5.1	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	-	-
5.2	Development, implementation and maintenance of national road traffic information systems	Centralised national crash data management system developed	Report on the audit of road traffic information on the Natis	Report on the audit of road traffic information on the Natis system was approved by the Board	Not achieved	The report on the audit of road traffic information on the Natis system was not approved by the Board as planned	In the initial scoping of this project, it was anticipated that the review of this information could have been completed within the project deadlines. Given the criticality of the outcome of this KPI, it was decided that further in-depth review was required to ensure a quality product was produced.
6.1	Development, implementation and maintenance of national road traffic information systems	-	Number of provincial authorities on the integrated road traffic information system	5 provincial authorities on the integrated road traffic information system	5 provincial authorities on the integrated road traffic information system	-	-
6.2	Development, implementation and maintenance of national road traffic information systems	-	Development of motor vehicle online registration	Online motor vehicle registration services developed	Online motor vehicle registration services developed	-	-
6.3	Development, implementation and maintenance of National Road Traffic Information Systems	-	Redesign National Land Transport Information System	National Land Transport Information System (NLTIS) redesigned	National Land Transport Information System (NLTIS) redesigned	-	-
6.4	Development, implementation and maintenance of national road traffic information systems	-	Number of authorities using the national traffic contravention management system (NTCMS)	2 law enforcement authorities using the national traffic contravention management system (NTCMS)	2 law enforcement authorities using the national traffic contravention management system (NTCMS)	-	-

National Road Safety Strategy Report to monitor progress approved by the Board

The National Road Safety Strategy, was approved by cabinet in 2017. To track its implementation in the period under review, two monitoring reports were produced and approved by the Board.

Youth programme developed and one monitoring report on the youth programme

Young South Africans between the ages of 18 and 35 remain the most vulnerable road users. To curb the high road fatalities among this age group, a youth programme focusing on substance abuse, distracted, inattentive and high-speed driving was developed. A monitoring report on the implementation of the youth programme was produced.

Number of programmes implemented with interest groups

Two road safety programmes were developed and implemented with identified interest groups. Namely:

- A driver programme targeting long distance drivers
- A learner licence targeting learners in Limpopo, Mpumalanga, North-West and Eastern Cape were implemented

Community-based programmes developed, coordinated and monitored

Communities remain the golden thread that holds the nation together. To further the road safety message a community programme focusing on passenger and pedestrian safety was developed. The monitoring report on the implementation of the community programme was produced.

Number of reports produced on the inclusion of the Road Safety content into the education curriculum in collaboration with the Department of Basic Education

To teach children about road safety while they are still young, inculcating road safety values at an early stage is of paramount importance. The RTMC partnered with the Department of Education to develop a curriculum that integrates road safety education. Two reports were produced and approved to monitor progress.

Six NQF level 6 traffic officer modules completed for enrolled students

The programme started on 27 January 2019 at the Denel Aviation Academy in Kempton Park, with 278 learners enrolled. Six modules were completed. The outcome of the programme was:

Module	Number of learners who wrote	Number of learners who passed	Number of learners who failed	% passed	% failed
General orientation	278	252	26	90.6%	9.4%
Firearms control	278	275	3	98.9%	1.1%
Anti-corruption and other legislation	278	236	42	84.9%	15.1%
Professionalism and practice	278	257	21	92.4%	7.6%
Applied English communication	278	261	14	93.9%	6.1%
Road safety education and road safety systems	278	276	2	99.3%	0.7%

Number of facilitators upskilled on the NQF level 6 traffic officer curriculum

As part of imparting the necessary skills in the implementation of the NQF 6 traffic officer qualification, 120 facilitators were upskilled. The training covered basic crash investigation, tactical firearm skills, train the trainer EBAT, criminology, handle and use of firearms, road safety education and road safety systems.

Number of NQF level 6 road safety practitioner modules completed for enrolled learners

Managing the road traffic environment/road traffic system is a practical activity that requires skills training. The road safety practitioner training started with 120 learners, and aims to significantly contribute in changing road user behaviour, attitude and increase awareness on the safe use of roads as shared spaces.

The table below shows the outcome of the training during the 2018/2019 financial year. The number of enrolled learners changed during the year due to drop-outs:

Module	Number of learners who wrote	Number of learners who passed	Number of learners who failed	% passed	% failed
Road safety education and road safety systems	120	120	0	100%	0%
Legislation	114	66	48	57.9%	42.1%
Communication skills	118	114	4	96.6%	3.4%
Introduction to criminology	109	48	61	44%	56%
Public sector management	109	74	35	67.9%	32.1%
Introduction to research methodology	120	85	34	70.8%	29.2%

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. Seven (7) reports were produced for the festive season, Easter, four quarters and the calendar year.

Number of provincial authorities on the integrated road traffic information system

The integrated road traffic information system captures information from the Accident Report and Culpable Homicide Crash and the Observation Report (ChoCOR) capturing module. Five authorities Northern Cape, KwaZulu-Natal, Gauteng, Limpopo and North West are utilising the system.

Online motor vehicle registration services developed

The online system is designed for implementing a paperless registration process with external entities such as motor vehicle financiers, insurance companies and salvage dealers. The development of the system was completed, and testing was successfully concluded with two external stakeholders. The next phase of the project is to go live and introduce additional stakeholders. This will be implemented once the RTMC new revenue streams are approved after concurrence from the Minister of Finance to introduce the service offering.

Redesign National Land Transport Information System

The project team has completed the redesign documentation for the Registration Administration System (RAS), the Operator License Administration System (OLAS), the National Transport Register (NTR) and Subsidy Management System (SUMS). The aim is to improve the process of managing public transport routes and the issuing of operator licences.

Number of authorities using the National Traffic Contravention Management System (NTCMS)

The NTCMS is a system used to manage the issuing of citations in authorities where the Administrative Adjudication of Road Traffic Offences (AARTO) is not yet active. The system is being utilised for capturing by the Northern Cape Province and the Road Transport Inspectorate for cross-border offences.

Programme 2: Law enforcement

The programme had three performance indicators for the year under review, all targets were met which resulted in 100% attainment of planned targets.

KPI	Strategic target	Actual achievement 2017/2018	Key performance indicator 2018/2019	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement 2018/2019	Reason for variance
Strategic objective 4 – Ensure compliance with legislation through effective and efficient traffic law enforcement							
7	3 033 targeted road traffic law enforcement interventions in support of provinces towards the realisation of the reduction of road crashes and fatalities	898 road traffic law enforcement interventions	Number of law enforcement interventions	835 of law enforcement interventions	1 364 law enforcement interventions	Interventions conducted were above the set target resulting in an overachievement of 529	The target was overachieved due to improved daily performance monitoring, implementation of consequences management and the introduction of weekly performance monitoring meetings.
8	737 529 inspections conducted in the execution of cross border enforcement	275 079 inspections conducted	Number of inspections conducted	245 840 inspections conducted	278 745 inspections conducted	Inspections conducted were above the set target resulting in an overachievement of 32 905	The target was overachieved due to improved daily performance monitoring, implementation of consequences management and the introduction of weekly performance monitoring meetings.
Strategic objective 5: Develop norms and standards for the traffic fraternity							
9	Develop and Monitor the implementation of the National Road Traffic Law Enforcement Code (NRTLEC)	Draft law enforcement review report approved by the Board	Draft report on the national law enforcement review approved by the Board	NRTLEC approved by the Board	NRTLEC approved by the Board	-	-

Number of law enforcement interventions

The National Traffic Police undertook law enforcement interventions on drunken driving, speeding, public transport safety, vehicle roadworthiness, moving violations and overload control: 835 law enforcement interventions were planned, 1 364 were executed, resulting in an overachievement of 529.

Number of inspections conducted

The Road Transport Inspectorate (RTI) implemented Section 39 of the Cross-Border Road Transport Act (CBRTA) under the RTMC; 245 840 inspections were planned, and 278 745 were conducted, resulting in an overachievement of 32 905.

NRTLEC approved by the Board

The National Road Traffic Law Enforcement Code (NRTLEC) was developed in line Section 32 of the RTMC Act. The process entailed consultations with SALGA, provinces, SAPS and other interest groups (non-governmental organisations, community based organisations and private sector). The NRTLEC was also gazetted during February. Comments received from the consultation processes and gazetting were considered, and the NRTLEC was approved by the Board.

National Road Traffic Law Enforcement Code Consultation

Programme 3: Traffic intelligence and security

The programme had three indicators for the year under review; all targets were met resulting in 100% attainment of planned targets.

KPI	Strategic target	Actual achievement 2017/2018	Key performance indicator 2018/2019	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement 2018/2019	Reason for variance
Strategic objective 6 – Promote the prevention of fraud and corruption in the traffic fraternity							
10.1	100% of corruption and fraud complaints investigated	100% fraud and corruption complaints investigated	% of reported cases investigated	100% of reported cases investigated	100% of reported cases investigated	-	-
10.2			Number of self-initiated cases investigated	100 self-initiated cases investigated	104 self-initiated cases investigated	Self-initiated cases were above the set target resulting in an overachievement of 4	During investigation of cases, more cases were identified which resulted in the over achievement of the target
11	175 of anti-fraud and corruption awareness programmes implemented	45 anti-fraud and corruption awareness programmes implemented	Number of anti-fraud and corruption awareness programmes implemented	35 of anti-fraud and corruption awareness programmes implemented	40 anti-fraud and corruption awareness programmes implemented	Fraud and corruption awareness sessions conducted were above the set target resulting in an overachievement of 5	The zero tolerance towards corruption approach necessitated additional sessions in identified areas as as a result of fraud investigation and arrests.

Percentage of fraud and corruption reported cases investigated

The National Traffic Anti-fraud and Corruption Unit (NTACU) received 112 complaints from the public, law enforcement agencies, and government agencies alleging acts of corruption. All complaints of corruption were investigated.

Number of self-initiated cases investigated

The Corporation continues to ensure effective programmes are implemented to eliminate fraud and corruption. Self-initiated cases were introduced to heighten the focus on fraud and corruption; 104 self-initiated cases were investigated.

The following 74 arrests were the result of anti-fraud and corruption efforts during the year:

Category	Quantity
VTS	21
DLTC	7
Driving school officials	5
Runner	1
Law enforcement	14
Applicants	0
Cashier	0
Clerks	23
Other	3
Total	**74**

Number of anti-fraud and corruption awareness programmes implemented

Anti-fraud and corruption awareness campaigns with an internal and external focus were executed. The RTMC conducted 40 campaigns directed at the general public as well as the traffic officials in the different provinces.

Programme 4: Strategic services

The programme had three indicators for the year under review; 100% of planned targets were achieved.

KPI	Strategic target	Actual achievement 2017/2018	Key performance indicator 2018/2019	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement 2018/2019	Reason for variance
Strategic objective 8 – Invest in road safety research and development							
12	11 research reports published	0 road safety research reports published	Number of research reports	2 research reports produced	2 Research reports; Research on the effect of alcohol consumption on road crashes published Research on the reclassification of serious road traffic offenses on the Criminal Procedure Act (CPA) approved by the board	-	-
13	South African road assessment programme (SARAP) executed across the 9 provinces.	1 engineering programme implemented (SARAP)	Number of SARAP road infrastructure assessments submitted to the relevant roads authority	1 SARAP road infrastructure assessment submitted to the relevant roads authority	1 SARAP road infrastructure assessment submitted to the relevant roads authority	-	-
14	Develop and implement an environmental strategy	-	Development of the environmental strategy	Environmental strategy approved by the Board	Environmental strategy approved by the Board	-	-

Number of research reports

The Corporation produced two research studies: one on the effect of alcohol in road safety, and the other on the reclassification of serious road traffic offences in the Criminal Procedure Act.

Research on the effect of alcohol consumption on road crashes published

The key findings from the research indicated:

- Drivers are the largest proportion of victims with positive BAC, with an over-representation of males, and that most alcohol-related RTCs occurred during the early evening and during spring;
- Human factors play a significant role in the likelihood of driving under the influence, with young adults most likely to engage in drink driving;
- Only one South African study found that the lack of enforcement of laws, regulations and policies may result in the increased burden to alcohol-related RTCs
- In relation to the consequences of alcohol-related RTCs, the results indicated that more severe crashes resulted in greater costs, and that medical costs related to RTCs increases with the number of injuries sustained.
- South Africa's cost estimate is estimated to be two to four times higher than comparable low-to middle-income countries, although the cost of alcohol-related RTCs are largely unknown in South Africa.

The study recommended:

- The local research platform be strengthened to develop interventions and strategies to prevent alcohol use while driving;
- Future research should focus on the analysis of existing alcohol data, especially that related to RTCs in South Africa;
- More research be conducted to assess the severity of injury and crash outcomes between BAC positive and BAC negative RTCs;
- Research be conducted on causes of death, type of injuries, and number of injuries sustained because of alcohol-related RTCs, and
- Lastly, there must be a focus on economic costs attributable to BAC positive RTCs and how and why these costs differ compared to BAC negative RTCs.

Research on the reclassification of serious road traffic offences on the Criminal Procedure Act (CPA) approved by the Board

The Corporation identified a need for the reclassification of road traffic offences. Research was conducted via public opinion, canvassing the views of motorists. The research explored global best practice in terms of legislation, and comparisons were drawn to South African legislation. A quantitative approach was adopted, with 5 000 motorists responding to the survey.

Number of engineering programmes implemented

The SARAP engineering programme was implemented on a section of road in KwaZulu-Natal. Countermeasures to improve the rating of the road were identified for possible implementation. Different scenarios were detailed that could be implemented based on the budget and policy positions of the authority.

Development of the environmental strategy

The environmental strategy was developed and approved by the Board. It has five (5) goals: to advocate for environmental sustainability, reduce greenhouse gas emissions, promote the use of technologies, drive good governance and promote responsible consumption. The goals are based on current practices within the Corporation, and are linked to the SDGs, NDP and other policy instruments and strategies.

Programme 5: Support services

The programme had three indicators and all were attained; 100% of planned targets were achieved.

KPI	Strategic target	Actual achievement 2017/2018	Key performance indicator 2018/2019	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement 2018/2019	Reason for variance
Strategic objective 10 – Promote and source investment from private sector for road safety and traffic							
15	Develop and implement an alternative funding model	31% revenue increase	Total % increase in other revenue streams	30% increase in other revenue streams from the previous year	57% increase in other revenue streams from the previous year	The target was 30%, but the Corporation achieved 27% above the planned target resulting in a 57% revenue increase	The Corporation implemented mechanisms to improve efficiencies and identify revenue leakages across all revenue generating streams.
16	South African road assessment programme (SARAP) executed across the 9 provinces. Implementation of the procurement strategy	-	Total %increase in expenditure spend on SMMEs	10% increase in expenditure spend on SMMEs from previous year	15% increase in expenditure spend on SMMEs from previous year	The target was 10%, however, the Corporation achieved 5% above the planned target of 10% resulting in 15% expenditure spend	The Corporation planned to increase its spend on SMMES with 10% from the previous financial year; the actual increase brought about an increase of 15%. Factors contributing to the overachievement include the use of SMMEs for procurement below R500 000, encouraging participation in bids advertised, and the establishment of panels.
Strategic objective 10 – Create a conducive environment by inculcating a culture of learning and development							
17	8% average vacancy rate maintained for activated position	120% of workplace skills plan target achieved	Implementation of an automated performance management system	Implementation of an automated performance management system	Implementation of an automated performance management system	-	-

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

The Corporation, in line with its mandate, committed to increasing funding for road safety by identifying alternative revenue streams where possible. The Corporation increased its revenue by 57% against a target of 30%. It has implemented mechanisms to improve efficiencies and identify revenue leakages across all the revenue generating streams. This resulted in the over-achievement of the target due to:

- A R30 increase in the transaction fees was realised for the full financial year under review as compared to the previous financial year where the impact of the increase only took effect during the last two months of the financial year (February to March);
- The increase in AARTO fees can be attributed to more visibility of law enforcement on the roads and effectiveness of the back office;
- The increase in revenue collected from the Boekenhoutkloof Traffic College is attributed to the Corporation having full control of the management of the college during the current financial year;
- The increase of 31% for the Natis data access charges is due to the legislated increase in the Post Office fees. More vehicle manufacturers requested vehicle information on recall campaigns during the year; and
- Lastly, the liquidity of the Corporation improved compared to the previous financial year. The availability of more cash resources enabled the Corporation to invest more funds, resulting in a 94% increase in interest income.

Total % increase in expenditure spend on SMMEs

The Corporation had planned to increase its spend on SMMEs from 10% the previous financial year, but the actual increase was 15%. Factors that contributed to the overachievement included:

- The drive and commitment towards the utilisation of SMMEs on all procurement below R500 000;
- Majority of the bids advertised during the year were advertised with a specific requirement to encourage and promote SMME appointments; and
- The establishment of panels, contributed significantly.

Implementation of an automated performance management system

Organisations are increasingly focused on performance management as a central component of their talent management system. How an organisation manages its performance reflects the difference between effective and ineffective execution of business strategies. The Corporation needed to implement a robust functionality to support it in aligning its employees to its goals and improving strategy execution. The automated performance management system provides an integrated set of performance management functions that encompass objective setting and management (known as workforce performance management), appraisals, and questionnaire administration. The functionality available from the performance management system includes:

- Defining objectives and tracking them throughout the year;
- Allocating objectives to individuals based on their roles;
- Evaluating an individual's competencies and progress on objectives at a point in time;
- Enabling feedback on an individual's performance by multiple participants;
- Monitoring the progress of performance evaluation within the enterprise; and
- Enabling capturing performance agreements and bi-annual appraisals for all RTMC employees

Strategies to address areas of underperformance

The only indicator not achieved in the year under review related to the report on the audit of road traffic information on the Natis system. The indicator has been factored into the financial planning for 2019/2020.

KPI No.	Key Performance indicator	Corrective action
1	The report on the audit of road traffic information on the Natis system approved by the Board	A service provider has already been appointed and the project will be finalised by the 30 September 2019

6. Linking performance of the entity with the approved budget

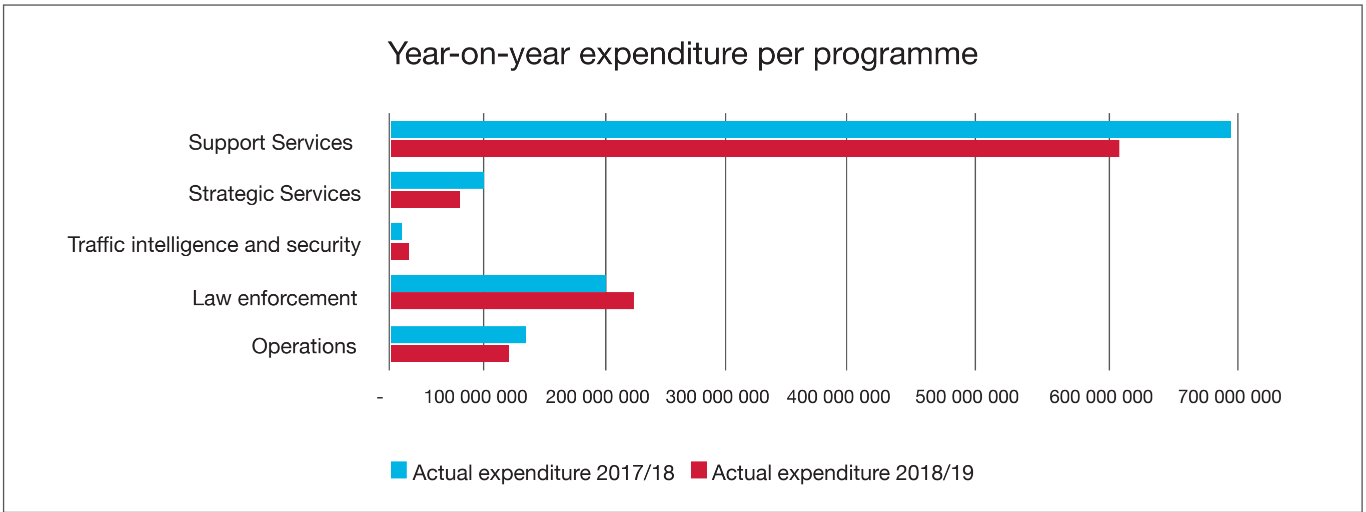
Expenditure per programme

A year-on-year expenditure comparison reflects a decrease compared to the previous year, R1.05 billion was spent in comparison with R1.1 billion in the 2017/18 financial year. In total, the Corporation spent 85% of its allocated budget. The Corporation raised a provision for bad debts to the amount of R176 million in 2017/18 financial year, which contributed to the difference in spending. The tables below show the financial performance of the programmes during the year under review.

Financial Performance of programmes 2018/19

Programme/activity/ objective	Approved budget allocation 2018/2019	Actual expenditure 2018/2019	Annual spent % of allocated budget	Under/ (over) expenditure	Approved budget allocation 2017/2018	Adjusted budget allocation 2017/2018	Actual expenditure 2017/2018	Under/ (over) expenditure	Annual spent % of allocated budget
Operations	152 360 522	122 398 399	80%	29 962 122	108 901 608	115 765 121	137 711 167	-21 946 046	119%
Law enforcement	228 477 966	225 024 027	98%	3 453 939	167 377 759	202 234 215	198 850 401	3 383 814	98%
Traffic intelligence and security	23 390 000	20 619 909	88%	2 770 091	11 368 794	15 968 794	13 714 336	2 254 458	86%
Strategic service	157 292 865	74 298 260	47%	82 994 605	113 266 344	92 125 719	100 072 015	-7 946 296	109%
Support services	670 729 224	609 469 761	91%	61 259 463	335 807 495	393 328 151	695 250 691	-301 922 540	177%
Total expenditure	**1 232 250 575**	**1 051 810 356**	**85%**	**180 440 219**	**736 722 000**	**819 422 000**	**1 145 598 610**	**-326 176 610**	**140%**

The graphic below shows a year-on-year comparison of expenditure per budget programme:



- ***Operations*** underspent by 20% against allocated budget for the year compared to the year prior where an overspending of 19% was recorded. The variance can mainly be attributed to the traffic trainee project that was delayed due to challenges experienced with obtaining a suitable venue. The project only started in January with 300 students.
- ***Law enforcement*** underspent by 2% against allocated budget for the year compared to the previous year, reflecting an under spending of 2%. Upskilling of traffic officers contributed to underspend as traffic operations were staggered to ensure all officers operated at the same level.
- ***Traffic intelligence and security*** underspent by 12% of allocated budget, against underspend of 14% the previous year; the variance can be attributed to operations being executed in Gauteng and the neighbouring provinces.
- ***Strategic services*** underspent by 53% against the allocated budget for the year. The reason for the significant decline was the deferment of the second season of the television drama 'Ingozi' that promotes awareness of road safety.
- ***Support services*** underspent by 10% of allocated budget against a 77% overspend in the previous year. The previous year, however, was influenced by a provision for bad debts (R176 million owed by Department of Transport) as well as expenditure incurred in terms of the acquisition of new functions such as Natis, Road Traffic Inspectorate as well as Boekenhoutkloof Traffic College. The Corporation budgeted for all the new functions in the year under review.

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

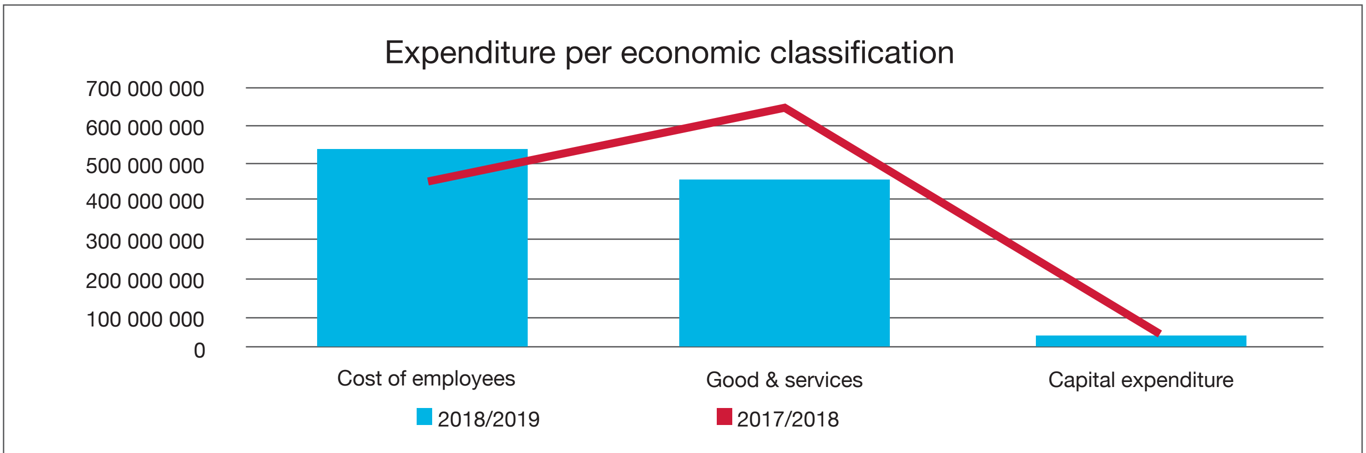
Programme/activity/ objective	Approved budget allocation 2018/2019	Actual expenditure 2018/2019	Under/ (over) expenditure	Annual spent % of allocated budget	Approved budget allocation 2017/2018	Adjusted budget allocation 2017/2018	Actual expenditure 2017/2018	Under/ (over) expenditure	Annual spent % of allocated budget
Operations	152 360 522	122 398 399	29 962 122	80%	108 901 608	115 765 121	137 711 167	-21 946 046	119%
Cost of employees	79 922 840	80 711 922	-789 082	101%	48 695 665	72 595 665	75 901 294	-3 305 629	105%
Goods & services	72 437 682	41 686 478	30 751 204	58%	60 205 943	43 169 456	61 809 874	-18 640 418	143%
Capital expenditure	-	-	-	-	-	-	-	-	-
Law enforcement	228 477 966	225 024 027	3 453 939	98%	167 377 759	202 234 215	198 850 401	3 383 814	98%
Cost of employees	192 120 706	201 349 748	-9 229 042	105%	116 653 716	172 653 716	176 692 793	-4 039 077	102%
Goods & services	36 357 260	23 674 279	12 682 981	65%	50 724 043	29 580 499	22 157 607	7 422 892	75%
Capital expenditure	-	-	-	-	-	-	-	-	-
Traffic intelligence and security	23 390 000	20 619 909	2 770 091	88%	11 368 794	15 968 794	13 714 336	2 254 458	86%
Cost of employees	19 186 010	18 664 863	521 147	97%	8 243 052	12 843 052	12 301 806	541 246	96%
Goods & services	4 203 990	1 955 046	2 248 944	47%	3 125 742	3 125 742	1 412 530	1 713 212	45%
Capital expenditure	-	-	-	-	-	-	-	-	-
Strategic service.	157 292 865	74 298 260	82 994 605	47%	113 266 344	92 125 719	100 072 015	-7 946 296	109%
Cost of employees	55 123 821	60 678 005	-5 554 185	110%	33 324 509	43 474 509	50 371 878	-6 897 369	116%
Goods & services	102 169 044	13 620 255	88 548 789	13%	79 941 835	48 651 210	49 700 137	-1 048 927	102%
Capital expenditure	-	-	-	-	-	-	-	-	-
Support services	670 729 224	609 469 761	61 858 591	91%	335 807 495	393 328 151	695 250 691	-301 922 540	177%
Cost of employees	195 067 069	174 101 899	20 965 169	89%	141 648 246	179 965 058	140 133 512	39 831 546	78%
Goods & services	346 561 243	387 077 149	-39 916 779	112%	158 225 635	177 429 479	489 795 311	-312 365 832	276%
Capital expenditure	129 100 912	48 290 712	80 810 200	37%	35 933 614	35 933 614	65 321 868	-29 388 254	182%
Total expenditure	**1 232 250 575**	**1 051 810 356**	**180 440 219**	**85%**	**736 722 000**	**819 422 000**	**1 145 598 610**	**-326 176 610**	**140%**

Expenditure per economic classification

The expenditure per classification shows 99% of the budget for compensation of employees (CoE) was spent compared to the previous financial year, when 95% of the budget for CoE was utilised. 83% of the budget for goods and services was spent, compared to the previous financial year when there was overspending of 107% due to provision for bad debts which were material. Only 37% of the capital budget was spent on the acquisition of the new fleet, and the delay in the finalisation of the acquisition of land contributed to non-spending of 63%.

Programme/activity/ objective	2018/2019				2017/2018				
	Approved budget allocation	Actual expenditure	Under/ (over) expenditure	Annual spent % of allocated budget	Approved budget allocation	Adjusted budget allocation	Actual expenditure	Under/ (over) expenditure	Annual spent % of allocated budget
Cost of employees	541 420 445	535 506 437	5 914 008	99%	348 565 188	481 532 000	455 401 283	26 130 717	95%
Goods & services	561 729 218	468 013 206	93 716 011	83%	352 223 198	301 956 386	624 875 459	-322 919 073	207%
Capital expenditure	129 100 912	48 290 712	80 810 200	37%	35 933 614	35 933 614	65 321 868	-29 388 254	182%
Total expenditure	**1 232 250 575**	**1 051 810 356**	**180 440 219**	**85%**	**736 722 000**	**819 422 000**	**1 145 598 610**	**-326 176 610**	**140%**

The below graph depicts the year-on-year comparison by economic classification segment:



Compensation of employees

Staff compensation increased by R80 million to R535 million from R455 million in the previous year due to staff increases and other staff related costs. Employee numbers increased due to the appointment of staff in key positions as well as the appointment of data capturers and interns. The permanent staff complement increased from 772 in the previous year 2017/18 to 800 this financial year. However, if we include traffic trainees, temporary staff and interns the number increased from 800 in 2017/2018 to 1 159 this financial year.

Goods and services

The under spending of R94 million in goods and services is mainly attributed to the deferment of the television drama on road safety education and the delay in the training of 1 000 traffic trainees. Due to challenges experienced with obtaining a suitable venue, only 300 traffic trainees started the project in January 2019.

Capital expenditure

The Corporation spent R48 million in the procurement of assets. Cost drivers were the implementation of the Enterprise Resource Planning (ERP) System (Oracle EBS), computer hardware and the procurement of motor vehicles to augment the existing but ageing fleet.

Budget virement

The approved budget for 2018/2019 was R1.2 billion. During this financial year, the Corporation applied a budget virement between programmes to accommodate for anomalies brought about by structuring of employees on the entity's ERP. A budget virement was also applied between goods and services and capital expenditure to accommodate the augmentation of motor vehicles as well as the procurement of land for building and a permanent office park. Procurement of the latter was delayed due to the registration process, which will see procurement be completed in the next financial year. The budget virement did not alter the total approved budget of R1.2 billion for the 2018/19 financial year.

Revenue streams

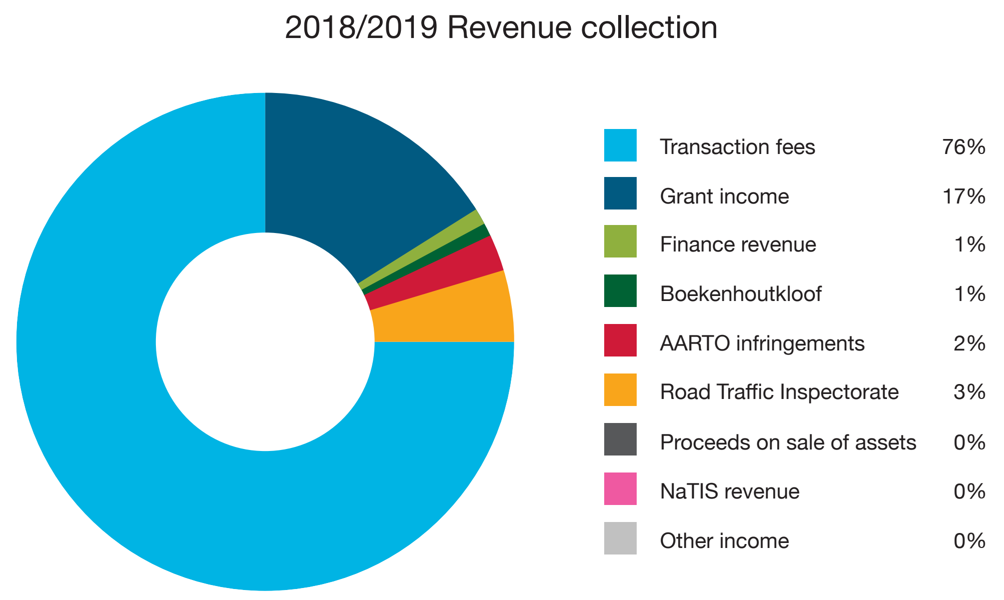
The Corporation derived its revenue from:

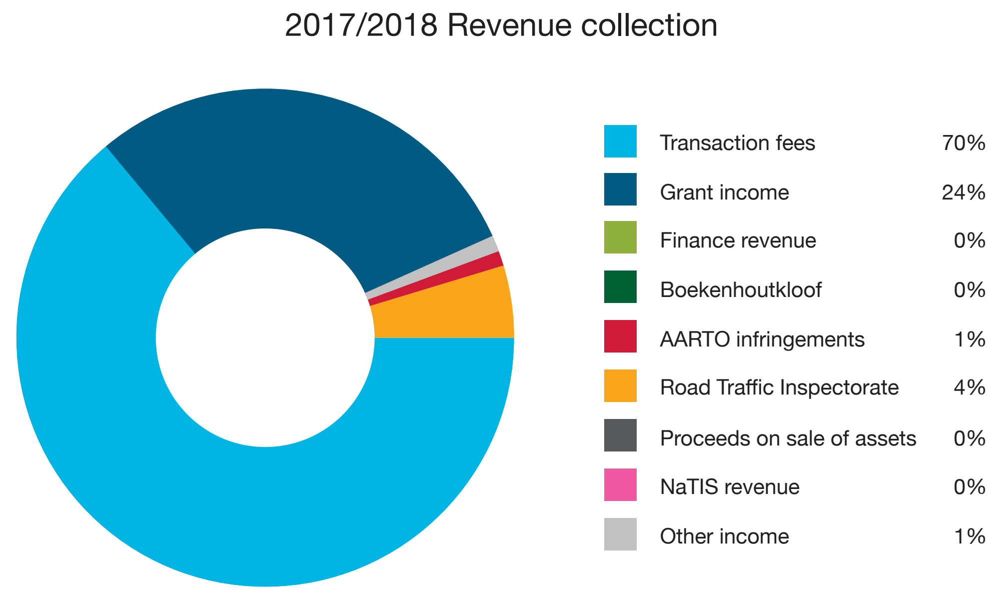
- Grant income from the national Department of Transport;
- Transaction fees from licences;
- Infringement fees from fines issued by National Traffic Police and Road Traffic Inspectorate;
- Fees collected for training at Boekenhoutkloof College;
- Fees charged for access to Natis data;
- Interest received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

The table below provides details of the revenue collected during 2018/2019.

	2018/2019				2017/2018				
Sourcce of revenue	Approved estimate	Actual amount collected	Under/ (over) collection	Annual collection as % of annual	Approved estimate	Adjusted estimate	Actual amount collected	Under/ (over) collection	Annual collection as % of annual
Grant income	200 238 000	200 238 000	-	100%	198 555 000	198 555 000	198 555 000	-	100%
Transaction fees	928 949 435	909 500 442	-19 448 993	98%	505 426 000	565 926 000	585 317 568	19 391 568	103%
AARTO infringements	8 955 345	22 804 555	13 849 210	255%	5 757 000	5 757 000	8 499 626	2 742 626	148%
Boekenhoutkloof	4 439 400	13 021 815	8 582 415	293%	-	4 200 000	4 430 489	230 489	105%
Road Traffic Inspectorate	30 000 000	37 161 400	7 161 400	124%	-	18 000 000	30 200 660	12 200 660	168%
Finance revenue	-	7 119 110	7 119 110	0%	26 984 000	26 984 000	3 617 790	-23 366 210	13%
Proceeds on sale of assets	-	-	-	0%	-	-	136 668	136 668	0%
NaTIS revenue	59 668 395	4 197 018	-55 471 377	7%	-	-	-	-	0%
Other income	-	2 005 756	2 005 756	0%	-	-	10 558 496	10 558 496	0%
Total expenditure	**1 232 250 575**	**1 196 048 095**	**-36 202 480**	**97%**	**736 722 000**	**819 422 000**	**841 316 297**	**21 894 297**	**114%**

The below graphic schemation provides a year-on-year revenue comparison:





The approved budget for revenue amounted to R1.2 billion and R1.1 billion was collected. The transaction fees were the highest revenue contributor to total revenue at 76% in 2018/2019. The budgeted amount for transaction fees was R929 million, but the actual collection was R909 million. The Corporation had planned to increase the transaction fees by an additional R10 in 2018/2019 but it was not implemented as the Corporation is still awaiting approval from National Treasury.

Capital investment finance

The RTMC budgeted R47 million for the acquisition of land to build permanent office space. Due to delays in the approval processes as outlined in the PFMA, the transaction was not concluded by year-end.

"Part C"

Mark Shuttleworth, the fist South African space tourist

Governance Information

Celebrating 25 years of democracy

1. Levels of governance and accountability

Portfolio Committee

The Corporation appeared before the Portfolio Committee on Transport to account for the delivery of its mandate as required during 2018/2019.

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, and CPA and subscribes to the principles contained in the King IV Report on Corporate Governance, 2016.

The governance structures of the RTMC are as follows:

- 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

Shareholders Committee

There were some changes in the composition of the Shareholders Committee during the period under review. The report reflects some provinces with two MECs instead of one due to differences in the scope of MEC functions within provinces. The Shareholders Committee comprises:

Dr Bonginkosi Nzimande
Minister of Transport
Chairperson

Ms Sindisiwe Chikunga
Deputy Minister
of Transport

Ms Weziwe Tikana
MEC: Safety and Liaison – Eastern Cape

Mr Donald Grant
MEC: Transport and Public Works
– Western Cape

Mr Ismail Vadi
MEC: Roads and Transport – Gauteng

Ms Sizakele Nkosi-Malobane
MEC: Community Safety
– Gauteng

Dr Mpho Motlhabane
MEC: Community & Safety Management
– North West

Ms Mmule Maluleke
MEC: Public Works & Roads
– North West

Mr Samuel Mashinini
MEC: Police, Roads & Transport – Free State

Ms Nandi Ndalane
MEC: Transport, Safety, Security & Liaison
– Limpopo

Ms Makoma Makhurupetje
MEC: Transport, Safety, Security & Liaison
– Limpopo

Ms Pauline Williams
MEC: Transport, Safety & Liaison
– Northern Cape

Mr Lebogang Motlhaping
MEC: Transport, Safety & Liaison
– Northern Cape

Mr Petrus Ngomane
MEC: Community Safety, Security and Liaison – Mpumalanga

Ms Sasekani Manzini
MEC: Public Works, Roads and Transport
– Mpumalanga

Mr Mxolisi Kaunda
MEC: Transport, Community Safety and Liaison – KwaZulu-Natal

Ms Jean De la Harpe
SALGA nominee – National

Ms Nombulelo Hermanus
SALGA nominee – National

Mr Gillion Mashego
MEC: Public works, Roads & Transport
– Mpumalanga

Mr Gaoage Molapisi
MEC: Public works & Roads
– North West

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

Name	Portfolio	Date of appointment
Dr Blade Nzimande **	Minister of Transport	Chairperson
Ms Sindisiwe Chikunga	Deputy Minister of Transport	
Mr Sam Mashinini	MEC: Police, Roads and Transport	Free State
Mr Pat Ngomane	MEC: Community Safety, Security and Liaison	Mpumalanga ***
Ms Sasekani Manzini *	MEC: Public Works, Roads and Transport	
Mr Gillion Mashego	MEC: Public Works, Roads and Transport	
Mr Ismail Vadi	MEC: Roads and Transport	Gauteng ***
Ms Sizakele Nkosi-Malobane	MEC: Community Safety	
Dr Mpho Motlhabane	MEC: Community Safety and Transport	North West ***
Ms Mmule Maluleke *	MEC: Public Works & Roads	
Mr Gaoage Molapisi**	MEC: Public Works & Roads	
Ms Nandi Ndalane *	MEC: Transport, Safety, Security & Liaison	Limpopo
Ms Makoma Makhurupetje**	MEC: Transport, Safety, Security & Liaison	
Ms Pauline Williams *	MEC: Transport, Safety and Liaison	Northern Cape
Mr Lebogang Motlhaping**	MEC: Transport, Safety and Liaison	
Ms Weziwe Tikana	MEC: Safety and Liaison	Eastern Cape
Mr Donald Grant	MEC: Transport and Public Works	Western Cape
Mr Mxolisi Kaunda	MEC: Transport, Community Safety and Liaison	KwaZulu-Natal
Ms Jean De la Harpe	SALGA nominee	National
Ms Nombulelo Hermanus	SALGA nominee	

* Served as a member during the year under review and is no longer an MEC for the portfolio
** A Member by the end of the financial year under review
*** Province has dual membership

Board of Directors

The Board is accountable to the Shareholders Committee in terms of the provisions of the Road Traffic Management Corporation Act, the Public Finance Management Act and the Governance Agreement entered 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 its approved Board Charter, the Board executed its responsibilities that include:

- 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 on the human, operational and financial resources available to achieve strategic objectives
- Ensuring the 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
- Reviewing and approving the Board Charter and the terms of reference of all Board Committees in line with King IV and best practices.

Board composition

The RTMC comprises an independent Non-Executive Chairman, seven Non-Executive Members appointed by the Shareholders Committee, one shareholder representative appointed by the Minister and the Chief Executive Officer. In keeping with good corporate governance practices, the roles of the Chairman and the Chief Executive Officer are distinct.

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

Ms Tembeka Mdlulwa

Ms Pinkie Mangele

Mr John Motsatsing
(Shareholder representative)

Ms Daphline Ewertse

Mr Thulani Kgomo

Prof Maredi Mphahlele

Ms Thandi Thankge
CD (SA)

Dr Eddie Thebe

The table below shows the details of the Board members:

Name	Qualifications	Date of appointment
Mr Zola Majavu CD (SA)	• BA (Law) • LLB • Higher Diploma in Sports Law • Attorney of High Court of SA • Chartered Director SA	Re-appointed 1 January 2017
Ms Tembeka Mdlulwa	• B Juris • LLB • Attorney of High Court of SA	Re-appointed 1 January 2017
Ms Pinkie Manqele	• B Tech Policing • Diploma in Police Management • Certificate in Community Policing and Human Rights • Certificate in Police Management • Diploma in Practical Accounting	Re-appointed 1 January 2017
Mr John Motsatsing	• B Proc • Transport Management Diploma	Appointed 18 March 2014
Ms Daphline Ewertse	• B Accounting Science • Honours Bachelor of Accounting Science • Postgraduate Diploma in Auditing	Re-appointed 1 December 2018
Mr Thulani Kgomo	• B Proc • Attorney of High Court of SA	Reappointed 1 December 2018
Prof Maredi Mphahlele	• Teachers Diploma in Science and Mathematics • B Sc in Science and Mathematics • B Sc Honours in Computer Science • M Sc in Computer Science • D Tech in Computer Science	Appointed 1 January 2017
Ms Thandi Thankge CD (SA)	• M Com in Business Management • BA Honours in Industrial Psychology • BA Industrial Psychology • Diploma in Library and Information Services • Registered Master HR Professional, Generalist with South African Board of People Practice Practitioner (SABPP) • Chartered Director SA	Appointed 1 January 2017
Dr Eddie Thebe	• D Tech • M Tech in Public Relation Management • BA Communications Honours • BA Communications • Road Traffic Diploma	Appointed 1 January 2017

Board meetings

Board member	30/04/2018	30/05/2018 Special	22/06/2018 Special	31/07/2018	22/08/2018 Special	20/09/2019 Special	30 /10/2018	29/11/2018 Special	29/01/2019	29/03/2019 Special
Mr Zola Majavu (Chairman)	P	P	P	P	P	P	P	P	P	P
Adv Makhosini Msibi (CEO)	P	A*	P	P	P	A	P	P	P	P
Ms Tembeka Mdlulwa	P	A	A	P	A	A	P	A	P	P
Ms Pinkie Manqele	P	A	P	P	P	P	P	A	P	P
Mr John Motsatsing	P	P	P	P	A	A	A	A	A	P
Ms Daphline Ewertse	P	P	A	A	A	A	P	P	P	P
Mr Thulani Kgomo	A	P	P	P	P	P	A	P	P	P
Prof Maredi Mphahlele	P	P	P	P	A	A	P	P	P	P
Ms Thandi Thankge	P	P	P	P	P	P	P	P	P	P
Dr Eddie Thebe	P	P	P	A	P	P	P	P	P	P
P – Present A – Absent with apology A* – Absent on special leave										

Board Committees

The Board delegates powers to its Committees, of which committee members are specialists in their respective fields and areas of governance. The Board also delegates powers to the Chief Executive Officer to provide adequate direction to the Corporation's operations to ensure that the strategy is successfully implemented. The Chief Executive is assisted by the Executive Committee. To assist with the effective discharge of its duties, the following Board Committees have been established:

- Strategy Monitoring and Evaluation Committee;
- Audit and Risk Committee;
- Remuneration Committee; and
- Social and Ethics Committee.

The Board charter and the Terms of Reference set out the roles and responsibilities of the Board and its Committees and are achieved through the execution of the annual work plans, effective meetings, and strategy workshops. The Annual Work Plans are based on the terms of reference and set out in the Board and Committees' areas for consideration. The Board charter and Board Committees terms of reference were reviewed and approved by the Board during the year under review.

Audit and Risk Committee

The Audit and Risk Committee's constitution, functioning and reporting adheres strictly to the PFMA requirements. Members of the Audit and Risk Committee are:

Member	Date of appointment
Ms Daphline Ewertse (Chairperson)	Re-appointed – 1 December 2018
Ms Nomusa Mufamadi	Re-appointed – 1 October 2017
Prof Maredi Mphahlele	31 January 2017
Ms Nomvuyo Mhlakaza	1 October 2017
Ms Gloria Mnguni	1 October 2017

Audit and Risk Committee attendance of meetings

Members	23/04/2018	22/05/2018 Special	24/07/2018	26/08/2018 Special	23/10/2018	23/01/2019
Ms Daphline Ewertse (Chairperson)	P	P	P	P	P	P
Ms Nomusa Mufamadi**	P	P	P	P	P	A
Mr Thulani Kgomo*	A	A	A	A	P	P
Prof Maredi Mphahlele	P	P	P	A	P	P
Ms Nomvuyo Mhlakaza**	P	P	A	P	P	P
Ms Gloria Mnguni**	P	P	P	A	P	P

* Mr Kgomo attends the meetings as an invitee
** External independent members

Strategy, Monitoring and Evaluation Committee

The Strategy Monitoring and Evaluation Committee is established as a committee of the Board of Directors in respect of all other duties assigned to it by the Board of Directors in terms of its terms of reference. The Strategy Monitoring and Evaluation Committee members are:

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 to 29 January 2019
Prof Maredi Mphahlele	29 January 2019
Mr John Motsatsing	14 July 2014

Strategy, Monitoring and Evaluation Committee attendance of meetings

Members	23/04/2018	22/05/2018 Special	18/06/2018 Special	24/07/2018	16/08/2018 Special	22/10/2018	22/11/2018 Special	22/01/2019	6/02/2019 Special	20/03/2019 Special
Ms Pinkie Manqele (Chairperson)	P	P	P	P	P	P	P	P	P	P
Ms Tembeka Mdlulwa	A	A	P	P	P	P	A	P	P	A
Mr Thulani Kgomo	A	P	A	A	P	P	P	A	P	P
Ms Daphline Ewertse	P	P	A	P	P	P	A	P	R	R
Mr John Motsatsing	P	A	P	A	P	P	P	P	A	A
Prof Maredi Mphahlele	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	P

Prof Mphahlele was appointed as a member of the Strategy, Monitoring and Evaluation Committee with effect from 29 January 2019.
P – Present A – Absent with apology R – Reshuffled

Social and Ethics Committee

Social and Ethics Committee members are:

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
P – Present	A – Absent with apology

Social and Ethics Committee attendance of meetings:

Members	24/04/2018	23/07/2019	23/10/2018	23/01/2019
Mr Thulani Kgomo (Chairperson)	P	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 of the Remuneration Committee are:

Members	Date of appointment
Ms Tembeka Mdlulwa	31 January 2017
Ms Thandi Thankge	31 January 2017
Prof Maredi Mphahlele	31 January 2017 to 29 January 2019
Ms Daphline Ewertse	29 January 2019

Remuneration Committee attendance of meetings:

Members	24/04/2018	24/05/2018 Special	25/07/2018	18/09/2018 Special	22/10/2018	22/01/2019
Ms Tembeka Mdlulwa	A	P	P	P	P	P
Ms Thandi Thankge	P	P	P	P	P	P
Prof Maredi Mphahlele	P	P	P	P	P	P
Dr Eddie Thebe	P	P	A	P	P	P
P – Present	A – Absent with apology					

2. Youth structure

In 2015, the World Health Organisation hosted the annual Road Safety Summit in Brazil. During the assessment of the status of road safety for countries, it was established that youth were the most vulnerable group involved in road fatalities. South Africa has responded to the clarion call to establish a youth structure. In South Africa, youth involvement in road safety started in earnest with provincial summits from 06 May 2016 to 25 May 2016. These summits resulted in a National Youth Summit, which was held on 24-25 June 2016 at Saint Georges Hotel in Gauteng. The Summit adopted the declaration in which youth committed themselves to being road safety ambassadors. On the 29-30 June 2017 the second National Road Safety Summit took place at Velmore Hotel in Pretoria. Eight of the nine NEC members who served on the national structure were re-elected:

Province	Member	Designation
Mr Sam Masango	Mpumalanga	National Chairperson
Ms Nomfundo Zwane	KwaZulu-Natal	National Co-ordinator
Mr Brendon Bosch	Free State	National Spokesperson
Ms Patho Tebese	Western Cape	National Head of Campaigns
Mr Junior Vayeke	Eastern Cape	National Administrator
Mr Richard Mochusi	Northern Cape	Member
Mr Xolani Msimango	Gauteng	Member
Mr Jeffery Mashoeu	Limpopo	Member
Ms Maleshoane Dipholo	North West	Member

The following youth members were co-opted to ensure a wide variety of young people were reflected in the composition of the structure. The co-opted members and their organisations are:

Name	Organisation	Sector
Mr Pule Motloung	Kasi Road Safety	NGO
Mr Thapelo Maleke	South African Youth Council	Chamber of Business
Mr Zithulele Radebe	Cosatu	Labour
Mr Teboho Radebe	DPSA	Disability

The changes to the National Executive structure were:

Name	Provinces	Replacement	Reason
Ms Nomfundo Zwane	KZN	Mr N. Mngadi	Above the age of 35
Mr Thapelo Maleke	South African Youth Council	Mr Tumelo Zwane	Above the age of 35

The NEC members served from 1 July 2017 to 30 June 2018. Their contracts were extended from 1 July 2018 to 30 September 2018. The RTMC, with the Department of Transport, is in the process of re-establishing the National Youth structure jointly with provinces and key interest groups.

3. National Road Safety Steering Committee

The National Road Safety Steering Committee is the structure responsible for the co-ordination of government activities through the three spheres of government. The main objective is to co-ordinate road safety programmes and projects, and provide oversight across all spheres of government and in partnership with civil society towards making South African roads safer and in the short term, the achievement of the United Nations Decade of Action for road safety goal to reduce road crash fatalities by 50% by 2020 and the realisation of the South African 2016 – 2030 National Road Safety Strategy. To achieve the objective the Committee undertook to:

- Drive and continuously evaluate the national programmes and initiatives to achieve the goal of reducing road crash fatalities by 50% in 2020, through education, enforcement, engineering and evaluation of programmes and initiatives at all levels of government and through partnerships with civil society groups
- Establish technical committees and workgroups and appoint members as proposed and as required to achieve the above goal – with each technical committee and workgroup having specific, measurable, achievable, realistic and time-bound goals against which they will report
- Utilise research, data and statistics as intelligence to continuously identify key focus areas that are informed and supported by national and international imperatives such as the UN Decade of Action for Road Safety
- Develop and implement policies and infrastructure solutions to protect all road users those who are most vulnerable such as pedestrians, cyclists, motorcyclists and users of unsafe public transport, as well as children, the elderly and people living with disabilities
- Strengthen enforcement and awareness of existing legislation and where needed review/improve legislation as well as vehicle and driver registration systems
- Promote harmonisation of road safety, vehicle safety regulations and international good practices
- Co-ordinate, integrate, monitor and guide initiatives, programmes among all stakeholders – including all spheres of Government – towards the achievement of the national road safety goal(s)
- Assist and guide provinces in setting up and managing the required structures to co-ordinate and guide road safety programmes and plans at provincial and local levels towards the achievement of local, provincial, national and international road safety goals; and
- Report on progress and escalate issues and risk to the Committee for Transport Officials (COTO), the RTMC Board and Shareholders' Committee and Minister and MEC (MINMEC) on at least a quarterly basis or as and when required

The National Road Safety Steering Committee Composition

The structure is constituted by the national Department of Transport, provincial heads of department responsible for traffic and road safety, transport related state owned entities (RTMC, RTIA, RAF, and SANRAL), SALGA, Metro police departments, SAPS and relevant government departments taking into consideration that road safety is the shared responsibility which includes the Department of Health (DoH), Department of Education (DoE), National Prosecuting Authorities (NPA). The structure is chaired by the Chief Executive Officer of the RTMC as the lead agency on road safety in South Africa. Taking into consideration the level accountability of provincial heads of departments to execute their duties in the attainment of traffic and road safety mandate the function of the NRSSC in provinces is delegated to provincial chief directors for the effective functioning of the structure.

RTMC Board Members

National Road Safety Steering Committee Attendance

The table below provides attendance of members to the NRSSC meeting for 2018/19 year under review.

Members	06-08 June 2018	25-26 September 2018	27-28 February & 01 March 2019
National Department of Transport	P	P	P
Eastern Cape	P	P	P
Free State	P	P	P
Gauteng	P	P	P
KwaZulu-Natal	P	A	A
Limpopo	P	AA	AR
Mpumalanga	P	P	P
Northern Cape	P	P	P
North West	A	A	A
Western Cape	P	P	P
CBRTA	P	P	AR
RAF	P	P	AA
RTMC	P	P	P
RTIA	A	A	P
SANRAL	P	P	A
SALGA	A	A	A
SAPS	AR	AP	AR
Buffalo City Metro Police	P	A	P
City of Cape Town Metro Police	A	P	A
Durban Metro Police	A	A	A
Ekurhuleni Metro Police	A	A	A
JMPD	AR	A	A
Mangaung Metro Police	P	A	P
Nelson Mandela Bay Metro Police	P	P	P
TMPD	A	A	A
NPA	AP	AA	P
Department of Health	Ad Hoc	P	
Department of Education	Ad Hoc	Ad Hoc	Ad Hoc
P – Present A – Absent AR – Absent with representation AA Absent with apology			

2018/19 National Road Safety Steering Committee achievements.

The section below outlines the achievements of the Committee for 2018/19 financial year under review and includes:

- Establishment and co-ordination of provincial structures
- National planning of events such as National Wreath Laying Ceremony in remembrance of traffic officers fallen in the line of duty in partnership with provincial authorities and ITMPO SA / ILO SA, national road safety debates and PETs, Easter period and festive season operations
- Co-ordination and verification of road traffic performance statistics
- Identification of hazardous areas and determination of national priorities to reduce road crashes and fatalities
- Monitoring the implementation of the national road safety strategy

4. Risk management

The RTMC views risk management as a critical business process in driving the achievement of our organisational objectives. Our approach to enterprise risk management (ERM) enables sufficient agility for management to deal with uncertainty, thus exploiting opportunities in an environment that demands speedy decision-making. We have implemented relevant processes to ensure the approved risk profile is monitored, and periodically reported on those charged with governance per depiction below:

During the year under the review eight strategic risks were identified as critical to the achievement of our goals/objectives. We give details as to the progress made in mitigating these risk and our intention with the residual risks:

Risk No.	Risk	Current strategies	Assessment of progress as at 31/03/2019	Proposed way forward
1	Failure to coordinate and monitor the implementation of the National Roads Safety Strategy (NRSS) resulting in increased road fatalities.	Finalise implementation plan of the NRSS and the required reporting mechanisms.	Not-Achieved	Business Unit granted extension to develop and have implementation plan by 31 August 2019
		Improve on the communication and working relations between the RTMC and identified implementing agencies.	Partially-Achieved	Clearly defined roles and responsibility assigned to implementing agents of the NRSS will be included in the implementation plan to address short-comings identified in the functioning of the current structures e.g. NRSCC and COTO
		Develop and implement the Monitoring & Evaluation system that will be used for the implementation of the NRSS	Partially-Achieved	The current monitoring and evaluation is confined to identified indicators that are being implemented within the Medium Term Strategic Framework (MTSF)
		Strengthening the Coordinating structures across the spheres of government	Partially-Achieved	These will continue. The implementation plan should however gear this coordination's towards the achievement of the NRSS objectives.
2	The amalgamation of national traffic police (NTP) and road transport inspectorate (RTI) function into a single command unit.	Road Traffic Inspectorate (RTI) officers are being trained on National Traffic Act and National Traffic Police (NTP) are been trained on CBRTA Act	Achieved	-
		RTI officers are being trained on National Traffic Act and NTP are been trained on CBRTA Act	Achieved	-
3	Failure to protect information assets from unauthorised access, control and disclosure	Implementation of the comprehensive Unified Threat Management solution.	Not-Achieved	An assessment of level of protection over Natis information assets is underway. The outcomes will be used to improve controls over Natis data access and its use
		Periodic review of user access rights. Audit trails to be reviewed and evidence kept that these reviews are performed.	Not-Achieved	ICT Security to remain a focal point that requires strengthening to minimize the risk posed by unauthorised systems access.
		An effective ICT Steering Committee	Partially-Achieved	The Corporation has established an ICT Steering committee, focus should turn to making it effective in exercising oversight.

Risk No.	Risk	Current strategies	Assessment of progress as at 31/03/2019	Proposed way forward
4	Interruption of service due to the inability of current infrastructure to continue running Natis.	ICT Infrastructure needs urgent upgrade	Not-Achieved	The current performance and capacity constraints of Natis due to aging Infrastructure is posing a sustainability risk to the Corporation
5	Failure to recruit, develop and retain key skills necessary to ensure the RTMC is geared towards a culture of high performance	Implementation of the approved HR Strategy	Achieved	Oracle module for Performance management intrduced
		Review performance management system	Partially-achieved	Finalization of review of performance management system will be accompanied by a reward framework in 2019/20
		Develop and implement a talent management framework	Partially-achieved	Talent management framework will be finalised in 2019/20
6	Inability to continuously improve and sustain internal controls thus leading to deteriorating control environment and or regression in audit outcomes.	Requirement that the Corporation should be audit ready every quarter	Achieved. The RTMC obtained a clean audit for the year ended 2018/19	-
7	Financial sustainability of the RTMC and the impact thereof on the delivery of our mandate/ programmes.	Proper implementation of the funding model with a specific focus on quick wins (e.g. Online licence renewal)	Not-achieved	Business case has been developed. RTMC is awaiting DoT presentation of this case to National Treasury for approval.
		Identify private sector stakeholders with similar interest on road safety (e.g. Liquor Industry) to establish partnerships on collaboration and funding the road safety programs	Achieved	In pursuing the objective of phasing out public funding for road safety the Corporation will endure to increase these sources of funding.
		Full implementation of cost containment measures on non-core expenditure (e.g. Reduction of travel cost, Reduction of catering cost etc.)	Partially-achieved	Reductions have been realised in some areas, however programme driven cost did increase.
		Review the current operating model of the Corporation in line with the founding legislation for improved efficiencies	Not-achieved	Business case developed RTMC awaiting DoT presentation of this case to National Treasury for approval.

Risk No.	Risk	Current strategies	Assessment of progress as at 31/03/2019	Proposed way forward
8	Failure to curb fraud and corruption.	Intensified ethics management program modelled on exemplary behaviour of leadership should be developed and rolled out.	Achieved	Comprehensive Ethics Strategy to be tabled by the designated Ethics Officer (1st Quarter 2019/20)
		1. Criminal checks for all employees currently underway. 2. Senior Management SSA vetting.	Achieved	The vetting of traffic trainees had to be prioritised thus leading re-scheduling of others. Considering that all employees ought to be vetted we advise the implementation of this business process is monitored in the business unit's operational plan.
		High-level exception reports generated by the audit of DLTC's and VTS' should form the basis of focused investigation to ensure fraud and corruption is curbed	Achieved- exceptions identified continue to be followed.	Move to operational plan. Audit reports should continue to be used to inform intelligent led investigations to curb fraud and corruption at DLTC's and VTS's.
		RTMC to intensifying Anti-corruption awareness campaign at targeted areas.	Achieved.	The impact of these engagements should be objectively assessed.
		NTACU continues to investigate reported cases and initiate other investigations	Achieved: KPI targets for year-end 2018/19	The scourge of fraud and corruption must continue to be addressed.

5. Internal audit function

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

The internal audit function adopts 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 evaluating/testing, consulting and ad-hoc audit related support internal assignments.

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

- Financial accounting and related internal control audits
- Supply chain and asset management
- Human resources and related activities
- Performance information and strategic consultative engagements
- Business operations support in VTS/DLTC reviews and agreed upon operational audits covering road safety and statistics programmes

The internal audit reports highlighted areas of internal control deficiencies for management attention to assist with corrective action in strengthening clean administration.

6. Conflict of interest

All employees and members of the Board manage conflict of interest through mandatory annual declarations of interests. During the year under review, all employees completed the annual declaration of interests through an automated system that was developed to enhance the process of declaration. Members of the Board are required to declare any conflict of interest, at all meetings of Board and its Committees, on an on-going basis.

7. Code of ethics

RTMC has a Code of Ethics in place, which is applicable to all its employees and members of the Board and stakeholders (to the extent relevant). The purpose of the Code is to establish standards that promote and encourage ethical behaviour and decision-making by all employees, board members and stakeholders. The Code ensures the RTMC always maintains high ethical standards.

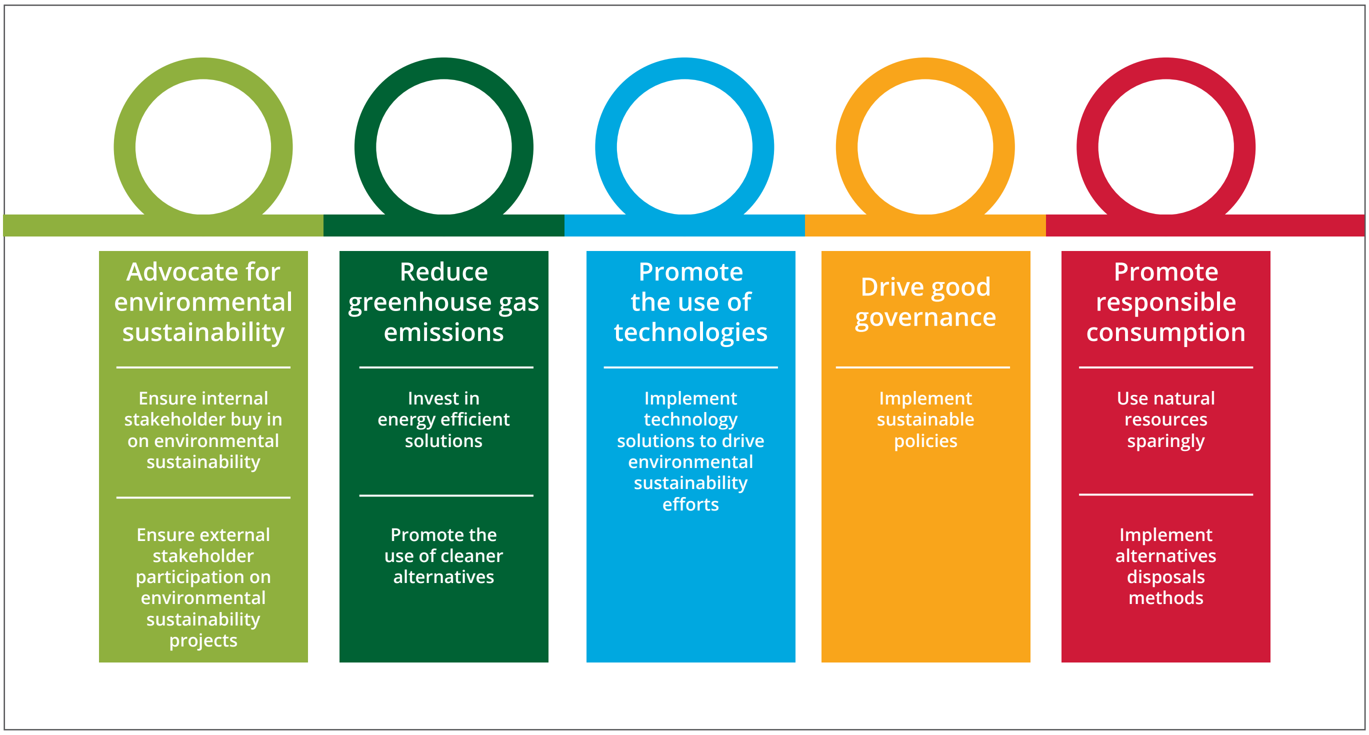
8. Health, safety and environmental issues

Health and safety

Safety incidents and damage are reported through a safety management system. OHS monthly meetings are held in all RTMC offices and the committee review and monitor the OHS management systems to ensure that the Corporation premises and operations conform to the OHS standard and regulatory. The Corporation has an open reporting culture and encourages the reporting of all incidents. Safety representatives are appointed in each unit and trained in various areas of health and safety. OHS awareness training was conducted to the office staff at Boekenhoutkloof Traffic Training College and regional offices. Topics covered in the included: general duties of the employer; duties of employees at work; appointment and function of the SHE representatives and OHS committees; direct costs of injuries to the employees and employer, hazards and risk in the workplace etc.

Environmental issues

The Corporation developed an environmental strategy that focuses on initiatives to address environmental matters. The goals of the environmental strategy are based on the current practices in the Corporation, the philosophy around goal setting to deter the unsustainable practice and to promote desired behavioural patterns. The five goals, which are linked, to the SDGs, NDP and other policy instruments and strategies are shown in the figure below:



9. I.T governance report

The Corporation through its IT environment continued to effectively enable the organisation to implement new technologies. The critical elements in the deliverance of this strategic imperatives was premised on skills of the ICT resources that focused on effective system availability and stability. Furthermore, emphasis was placed on effective and efficient management of external stakeholders that rely on the National Traffic Information System (NaTIS) business applications.

The systems were maintained at 98% availability over the course of the year. The successful improvement in the availability of the NaTIS proved the resilience of the business continuity strategy of the Corporation. The focus for the next phase, is the core infrastructure refresh by providing a launch pad for several services aimed at establishing a reinvigorated client experience. This includes promoting accessibility, data enhancement, an active citizenry and developing a good overall user experience.

NaTIS was deployed to Lesotho in November 2018 as part of an initiative to offer the software to neighbouring countries within the Southern African Development Community (SADC) and beyond. The Lesotho government makes use of limited functions but further modules will be operationalised as resources are capacitated. Lesotho, therefore, joins Namibia as users of the NaTIS in the region and serves as a stanchion for the offer of using the tech structure for integration of all transport systems in the region and beyond. This will allow the countries to harmonise road transport processes in line with the SADC protocol and Tripartite Transport Registers and Information Platform Systems (TRIPS) initiatives.

The NaTIS online booking service was implemented in September 2018 with participation by all drivers' licence testing centres (DLTCs) in Gauteng. The Corporation is engaging with the Gauteng department of roads and transport to ensure that the offering is continuously enhanced. The platform will provide the basis for the Corporation to deploy other online services in the future, including financial transactions.

The National Crash Data Management System (NCDMS) was deployed in the five provincial offices. Whilst, the National Traffic Contravention Management System (NTCMS) was deployed in two authorities. The NCDMS and NTCMS are important milestones in improving the quality of road traffic information, which is one of the strategic interventions of pillar one as defined in the National Road Safety Strategy 2016-2030.

The Corporation has automated functions such as performance management on the ERP platform, which it hopes will result in greater efficiency in terms of company resources and business processes. The following were the achievements for the year under review:

- Infrastructure and network optimisation: Deployment of the Corporation's multiprotocol label switching (MPLS) network to link head office, regional and training sites
- Desktop optimisation: The refresh of equipment according to the asset management policy
- ICT security and risk management: An end-to-end vulnerability analysis is currently underway to address the utilisation of the Corporation's core information assets and to identify mitigation initiatives aimed at reducing the risk of abuse
- ICT governance maturity: Operations of the ICT governance structures has been improved. A cross-functional approach to the implementation of a good IS governance across NRTIS unit is being implemented in line with the Corporation's ICT governance framework

10. Audit and Risk Committee report

Report of the Audit & Risk Committee in terms of Regulation 27.1 of the Public Finance Management Act, 1999 (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 discharged its responsibilities contained therein. The Audit & Risk Committee has reviewed, amongst others 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 system and process of risk management and;
- ICT governance

Financial information and finance function

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

Internal 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, co-ordination with the Auditor-General and the responses of Management to specific recommendations;
- 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 and internal audit functions is maintained;
- The system and process of risk management is adequate;
- The Committee 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 & Risk Committee is satisfied that the Financial Statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The Audit & Risk Committee is further satisfied that the RTMCs Financial Statements comply, in all material respects, with the requirements of the Public Finance Management Act, 1999 as amended and General Recognised Accounting Practices. The Audit & Risk Committee has therefore recommended the adoption of the Financial Statements by the Board.

Ms D Ewertse
Audit and Risk Committee Chairperson

"Part D"

Corporate Social Responsibility

RTMC
RTMC
SINCE
2005

Celebrating 25 years of democracy

Introduction

The Road Traffic Management Corporation 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 RTMC recognises the need for involvement in projects that promote equity and have a lasting impact on the lives of marginalised citizens in South Africa. The CSR programmes focus on health, social welfare, and education. The Corporation's focus area is to also build safer communities and make a valuable contribution to the lives of people, including vulnerable children. The Corporation conducted six CSR programmes during the year under review:

Feminine care

The Corporation hosted the Feminine Care Corporate Social Responsibility Project, in partnership with the Northern Cape Department of Transport, Safety and Liaison. Sanitary towels were given to 968 learners as part of the initiative. Furthermore, 19 bicycles were handed over to the learners identified by the school's social welfare committee, to assist them in getting to school. The event took place on 28 May 2018. The Office of the MEC, the RTMC representatives, councillors and the local Chief from Laxey in Kuruman presented the donated items to the learners.

Education day and feminine hygiene

In partnership with a local education foundation, the RTMC CSR programme hosted an Education Day and Feminine Hygiene Corporate Social Responsibility Project, in Bopedi, Ga Nkoana, in the province of Limpopo. The event took place on 1 June 2018 and was attended by over one thousand learners from different quintile 1 rated schools in the surrounding villages. The event provided career guidance and highlighted the importance of education to learners who do not have access to such information. Learners were also informed of the career opportunities offered by different institutions, government and the RTMC.

Five hundred learners were identified by the schools governing body as requiring social interventions in the form of personal hygiene care. These learners were provided with sanitary towels to ensure they can effectively participate in school. The MEC of Education in Limpopo, Executive Mayor of Sekhukhune, the King KK Sekhukhune, the Office of the Limpopo Premier, soccer and television personalities were present to hand over the sanitary towels and share their life experiences.

RTMC Nelson Mandela Day

The Corporation hosted the 2018 Nelson Mandela Day project at Thusong Youth Centre in Alexandra in Johannesburg on 18 July 2018. Corporation staff committed their 67 minutes and more to prepare nutritious and warm meals for the children from less privileged and poverty-stricken households in the township. In excess of 1 800 orphaned children and those coming from child-headed families participated in the programme. The children were also entertained and had an opportunity to engage in extramural activities and road safety education activations prior to lunch being served. Over 100 unemployed adults and the elderly also benefitted.

The event was in collaboration with Food Lovers Centurion, which donated groceries, vegetables and assisted in preparing the nutritious meals with non-perishable food saved for days to come to feed the children. Over and above the food donated, the RTMC also made its contribution by donating stationery for the children, cooking pots and water urns.

Free eye testing and 'MyEyeSightMySafety' eye testing

The Corporation, in partnership with Brien Holden Vision Institute through its CSR programme, hosted the Free Eye Testing Corporate Social Responsibility Project in Richards Bay, Boardwalk Inkwazi Boulevard Mall, Ster- Kinekor. The event highlighted the importance of eye testing and the benefits of having good eyesight while travelling and walking to school daily. The handover event took place on 26 July 2018. Optometrists and ophthalmologistsassessed the learners from Maqhingendoda High School in Mkhazane Village, Ulundi, resulting in 50 learners acquiring spectacles.

The initiative also assists learners during the school term and exam periods. Ster-Kinekor at Inkwazi Mall provided them with an opportunity to watch a movie while using their spectacles, a first-time experience for all the learners who had never gone outside their village.

On the 14 November 2018, the Corporation hosted another eyesight initiative with Brien Holden Vision Institute (BHVI). It hosted the Free Eye Testing Corporate Social Responsibility Project at Oakmoor Taxi Rank in Tembisa, Johannesburg. The handover of the readers and shaded glasses took place on 21 November 2018. Seventy-two (72) people had their eyes tested and 23 were referred to eye specialists for advanced care and a further 21 were provided with free readers. The initiative was aimed at educating short and long distance public transport drivers and commuters on the importance of visual awareness and its contribution to road safety in driving, walking on the road and reading road signs.

Festive season grocery hampers

The RTMC hosted the Festive Season Grocery Hamper and Christmas Party CSR Project to provide groceries to children at Bula Mahlo Home and Day Care in Lifateng Section, Tembisa. The event took place on 19 December and 42 children were beneficiaries of the programme. The Corporation also donated festive season grocery hampers to families of road safety victims, child-headed households and the elderly in disadvantaged areas of Limpopo and KwaZulu-Natal.

Impumelelo Ezandleni Zethu

The RTMC and the Gauteng Department of Community Safety handed over 18 MySafety School Bags to orphaned learners attending Seotloana Primary School in Tembisa , who had been identified by the school's social services committee as requiring support. The handover was also utilised to educate learners on the importance of visibility by wearing visible clothing on the road due to the number of fatalities that involve pedestrians. The bags had road safety reflective strips aimed at increasing visibility measures and ensuring learners are safe on the roads, while also contributing and promoting environmental sustainability through eradicating plastic bags being use to carry school books.

Chairman on the road

RTMC My Eyesight My Safety Initiative

"Part E"

Caster Semenya & Chad le Clos both winning Gold at the Olympics

RTMC

SINCE 2005

Human Resource Management

Celebrating 25 years of democracy

Introduction

Human resource management ensures optimum and efficient utilisation and development of human capital and provides an advisory service on matters pertaining to organisational effectiveness and development, individual performance management, sound employee relations, employee health and wellness. It also offers effective and efficient recruitment, selection and placement services, as well as research and development of human resources policies and practices. Given the changes that confronted the Corporation as well as the demands placed on the human resource function, the following areas were the key focus:

- Administration and benefits
- Performance management, including rewards and recognition
- Employment equity and transformation
- Learning and development
- Employee wellness and occupational health and safety
- Employee relations and wellness

HR statistics

Employment and vacancy by branch

The RTMC has grown in line with the budget approved by the Department of Transport and National Treasury over the medium term. Management of vacancy rates reflects the changes in manpower demand and assists the Corporation in making decisions around capacity requirements. The following tables summarise the number of posts in the establishment, the number of employees, and the vacancy rate, which reflects the percentage of unfilled posts.

Programme	2017/18 Number of employees	2018/2019 Approved posts	2018/2019 Number of employees	% of vacancies
Operations	140	178	142	20%
Law enforcement	372	429	381	11%
Road traffic intelligence and security	25	36	29	19%
Strategic services	31	49	40	18%
Support services	204	210	208	1.0%
Total	**772**	**902**	**800**	**11%**

Personnel cost by salary band

Employee expenditure constitutes 51% of the RTMC's total budget representing a 9% increase as compared to the previous financial year (42%).

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	21 513	4%	2%	7	3 073
Senior management	84 514	16%	8%	56	1 509
Professional qualified	129 195	24%	12%	196	659
Skilled	180 715	34%	17%	244	741
Semi-skilled	104 291	19%	10%	252	414
Unskilled	15 278	3%	1%	45	340
Total	**535 506**	**100%**	**51%**	**800**	**669**

Appointments and terminations

There were 63 appointments and 35 terminations as outlined in the table below.

Total staff complement as at 31 March 2018	772
New appointees	63
Minus terminations	(35)
Total permanent staff as at 31 March 2019	**800***
Traffic trainees	278
Temporary employees	78
Interns	54
Total	**1 159**

**Excludes temporary employees*

Reasons for termination of employment

Termination type	Number	% of total number of staff leaving
Death	2	6%
Resignation	16	46%
Dismissals	10	29%
Ill health	3	9%
Contract expiry	1	3%
Retirement	3	9%
Total	**35**	**100%**

Staff Retention

During the reporting period, the RTMC successfully hosted a long service recognition event, the first of this nature to be hosted by the Corporation. Eighty employees (10% of total staff complement) received long service recognition awards for having completed 10, 15, 20, 30 and 40 years of service respectively. They each received a nominal cash amount, a certificate and an RTMC branded wall clock as a token of appreciation. The event was attended by the RTMC Board, executives, spouses/partners of the recipients and RTMC employees.

Performance rewards

The RTMC has a well-embedded and standardised process for setting performance objectives and evaluating performance. Performance rewards for the 2017/18 financial year were implemented in December 2018, following approval from the Board. The amount paid was R18 561 831. The table which follows provides more information.

Programme	Performance rewards (number of employees)	Performance bonus	Personnel expenditure	% Performance rewards to total personnel costs
Top management	3	3 844 155	21 512 580	18%
Senior management	43	3 245 883	84 514 449	4%
Professional qualified	86	3 751 056	129 195 266	3%
Skilled	219	5 308 126	180 715 430	3%
Semi-skilled	117	2 151 309	104 291 088	2%
Unskilled	25	261 302	15 277 623	2%
Total	**493**	**18 561 831**	**535 506 437**	**32%**

Employee performance management framework

Performance management focuses on defining key performance indicators (KPIs) for all employees to implement a high-performance management culture that is outcome-oriented, consistent, simple and practical. All employees are equally subject to RTMC's performance management system.

Employment equity

The RTMC's contribution towards the government's social and economic transformation agenda remains on course. The RTMC always endeavours to excel and contribute positively to the achievement of employment equity (EE) targets. As of 31 March 2019, the workforce demographic representation was made up of 95% designated groups and 5% non-designated groups. Designated groups refer to black people (in other words, black people, coloureds or Indians), women, and people with disabilities. The Corporation has a total of seven (7) employees with disabilities representing 0.86% of the total workforce.

Equity actuals 2017/2018 vs 2018/2019

EE target for males

	Male							
	African		Coloured		Indian		White	
Level	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Top management	2	2	0	0	0	0	1	1
Senior management	27	31	2	2	3	4	5	5
Professional qualified	52	53	4	4	4	4	16	15
Skilled	150	146	7	6	5	6	17	17
Semi-skilled	125	133	2	5	2	2	1	2
Unskilled	16	25	0	0	0	0	0	0
Total	372	390	15	17	14	16	40	40

EE target for females

	Female							
	African		Coloured		Indian		White	
Level	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Top management	4	3	0	0	0	0	1	1
Senior management	11	12	0	0	0	0	2	2
Professional qualified	37	39	1	1	2	2	2	2
Skilled	139	141	4	3	2	2	10	9
Semi-skilled	97	94	4	4	0	0	0	0
Unskilled	15	21	0	0	0	0	0	0
Total	303	311	9	8	4	4	15	14

Disability

	Male		Female	
Levels	2017/18	2018/19	2017/18	2018/19
Top management	0	0	0	0
Senior management service	0	0	0	0
Professional qualified	3	3	0	0
Skilled	0	0	2	2
Semi-skilled	1	1	1	1
Unskilled	0	0	0	0
Total	4	4	3	3

The Corporation implemented initiatives such as the conversion of the annual report 2017/18 to Braille. The copies were handed to the South African National Council for the Blind, the Department of Transport (DoT), Blind SA and the Department of Social Development. The annual report was also distributed internally to one of the employees as part of raising awareness on disabilities.

Employment equity analysis per race

Race	Male 2017/18	Male 2018/19	Female 2017/18	Female 2018/19	Achievement Male 2018/19	Achievement Female 2018/19
African	372	390	303	311	56%	44%
Coloured	15	17	9	8	68%	32%
Indian	14	16	4	4	80%	20%
White	40	40	15	14	74%	26%
Total	**441**	**463**	**331**	**337**	**58%**	**42%**

Misconduct and disciplinary cases finalised

Nature of disciplinary action	Number
Verbal warning	0
Written warning	1
Final written warning	3
Suspended without pay	4
Suspended with pay	2
Dismissal	10
No grounds to charge	0
Still in progress	6
Total	**26**

Training and development

Skills development continues to be at the forefront of the human capital people agenda at the RTMC. During the reporting period, the Corporation surpassed the set target of 80% in the implementation of the workplace skills plan which resulted in an over-achievement of 21%. Employees were trained on various training programmes with most of the employee from semi-skilled followed by skilled. A total of R1 241 000.00 was invested in skills development. CBRTA officials were trained to acquire the "NTP" skill in December 2018.The table below provides more information.

Level	Personnel expenditure (R0'000)	Training Expenditure (R0'000)	Training expenditure as % of personnel expenditure (R0'000)	No. of employees	Average training cost per employee (R0'000)
Top management	21 513	18	0,1%	7	2,6
Senior management	84 514	115	0,1%	56	2,1
Professional qualified	129 195	230	0,2%	196	1,2
Skilled	180 715	361	0,2%	244	1,5
Semi-skilled	104 291	410	0,4%	252	1,6
Unskilled	15 278	107	0,7%	45	2,4
Total	**535 506**	**1 241**	**0,2%**	**800**	**1,6**

NTP Upskilling

A total of one hundred and fifty (150) traffic officers were trained on Cross-Border legislation and related training interventions in order to ensure that there is integration within Law Enforcement function. The training programme has started on the 18th June 2018 at Boekenhoutkloof Traffic College. The indicated hundred and fifty (150) traffic officers were found to be competent and are resultantly undergoing practical training which amongst others includes, identification of vehicles, stop and check techniques, inspection of vehicles, identification of offences or contraventions, completion of inspection forms, completion of declaration by drivers, procedure notification, recording of incidents in pocket book and registration of all cases generated. The erstwhile CBRTA traffic Inspectorate officials are also subjected to Traffic related training interventions as informed by training needs analyses report with the primary aim of ensuring smooth integration within the RTMC. Where applicable, a Recognition of Prior Learning Policy (RPL) is considered.

Bursary programme

The Corporation continues to develop its staff to ensure the organisation has the skills and expertise it requires to meet the changing demands of its environment and operations. Approval was granted for the implementation of the bursary programme in the Corporation. Employees are benefitting from the bursary scheme towards the full qualifications with the accredited higher institutions of learning through the SASSETA partnership.

Internship programme

The Corporation in partnership with SASSETA and bank Seta continued to provide opportunities for young graduates to receive experiential training in line with their qualifications, through the internship programme. A total of 55 students were hosted in the various business units. Thirty of the interns were graduates who had completed their qualifications and needed workplace experience to enhance future employment opportunities. Twenty-five were final year students from Tshwane University of Technology who needed to attend the work learning integrated programme in order to fulfil the requirements of their qualification, which is a scarce and critical skill for the Corporation. The Corporation has retained all the interns who completed their 12-month internship programme as contract workers.

Employee health and wellness programme

The Corporation recognises that employees perform their best when they are healthy, and that optimal employee performance is necessary for the organisation to be a leader in its field. For this reason, the Corporation reviewed and enhanced its employee wellness programme to provide them with the tools to cope with internal and external challenges, which have a bearing on their physical, mental and emotional being. Balancing the demands of work and family life is not always easy, so for this reason, the Corporation contracted Independent Counselling Advisory Services (ICAS) to provided a confidential 24 hour a day, 365 days a year personal support and information service for employees and their families to call for help in dealing with everyday situations and more serious concerns.

The service includes telephone consulting, face-to-face counselling, life management services and HIV counselling, managerial services, independent medical assessment, primary health care services at Denel premises. The Corporation has set up an on-site clinic to provide services at Denel premises for the traffic trainees.

ICAS has successfully implemented the following programmes for the Corporation: toll free telephonic supportive counselling (24/7/365), personal face-to-face counselling, 24 hours trauma counselling, electronic health tips linked to the annual health calendar, induction sessions to all employees, managerial and employees training sessions to enhance utilisation of the programme by managers, independent medical assessments to employees and provision of primary health care services at the Denel college clinic.

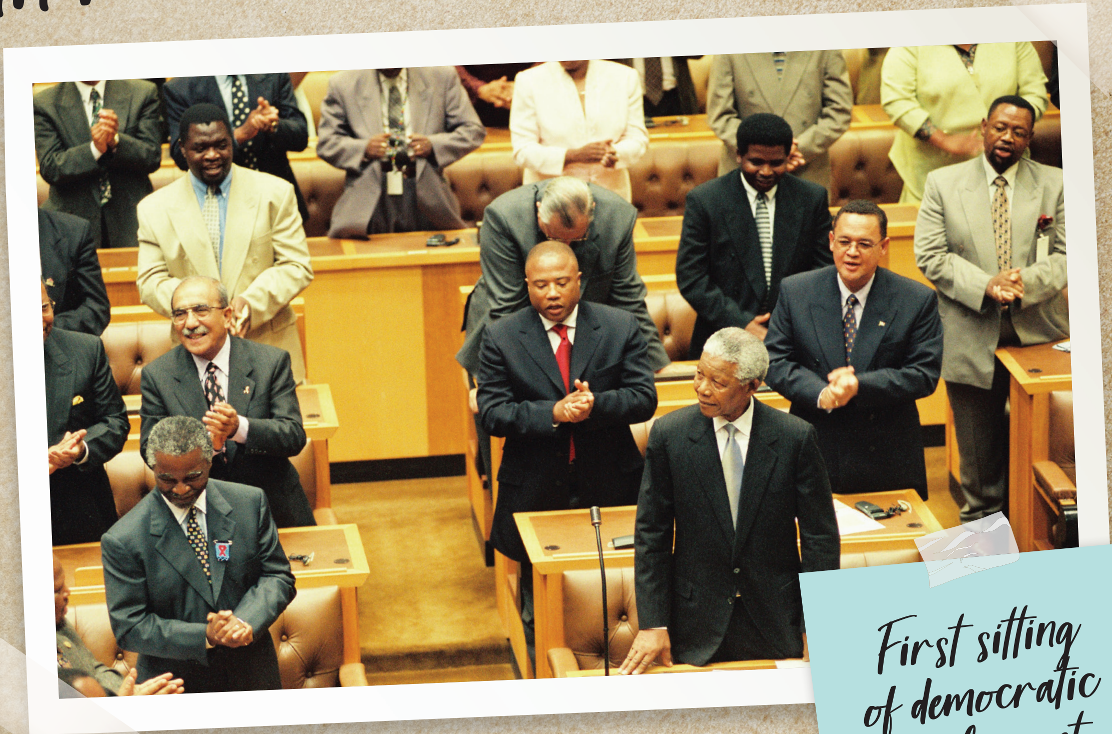
Social activities

The Corporation promotes healthy lifestyles through engagement in sport and recreational activities, which enhances productivity. The RTMC has aligned its social activities with the national health calendar and implements the important national days such as the Women's Day, Heritage Day, Mandela Day, Youth Month and World Aids Day.

"Part F"

RTMC
SINCE 2005

Annual Financial Information



First sitting of democratic parliament

Celebrating 25 years of democracy

- Financial Index -

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

Statement of Financial Position	74
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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 has 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 is 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 to 31 March 2020 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 grant, transaction fees, NaTIS data charge, 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 are responsible for independently auditing and reporting on the entity's annual financial statements.

The annual financial statements set out on pages 4 to 57, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2019 and were signed on its behalf by:

Mr Zola Majavu CD (SA)
Chairman of the Board
31 July 2019

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 74 to 123, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Road Traffic Management Corporation as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act no. 1 of 1999) (PFMA).

Basis for the 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* parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes) 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 matters

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

Restatement of corresponding figures

7. As disclosed in note 23 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2019.

Responsibilities of the accounting authority for the financial statements

8. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting authority is responsible for assessing the 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 appropriate governance structure 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/measures 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 2019:

Programmes	Pages in annual performance report
Programme 1 – operations	23 – 27
Programme 2 – law enforcement	28 – 29
Programme 3 – traffic intelligence and security	30 – 31
Programme 4 – strategic services	32 – 33

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 these programmes:

- Operations
- Law enforcement
- Traffic intelligence and security
- Strategic services.

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 23 to 35 for information on the achievement of planned targets for the year and explanations provided for the underachievement of one target.

Report on the audit of compliance with legislation

Introduction and scope

19. 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.

20. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

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

25. 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. I did not identify any significant deficiencies in internal control.

Other reports

26. 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.

27. At the date of this report, the Public Protector was investigating allegations, made to the Public Protector's office in 2016-17 by a third party. The investigation was still in progress at the date of this report. The impact, if any, on the RTMC's financial statements can only be determined when the investigation has been concluded.

Auditor - General

Pretoria
31 July 2019

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 public 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 31 March 2019

	Note(s)	2019 R	2018 Restated R
Assets			
Current assets			
Receivables from exchange transactions	2	24 536 152	10 454 336
Cash and cash equivalents	3	129 806 678	14 719 228
Inventories	4	5 118 349	5 573 868
Operating lease asset	5	102 540	-
Receivables from non-exchange transactions	6	116 329 644	87 226 219
		275 893 363	**117 973 651**
Non-current assets			
Property, plant and equipment	7	215 665 108	217 533 086
Intangible assets	8	294 794 885	296 164 109
		510 459 993	**513 697 195**
Non-current assets		510 459 993	513 697 195
Current assets		275 893 363	117 973 651
Total assets		**786 353 356**	**631 670 846**
Liabilities			
Current liabilities			
Finance lease obligation	9	9	9
Operating lease liability	5	-	1 482 587
Payables from exchange transactions	10	48 831 682	97 055 175
Provisions	11	60 782 794	48 842 589
		109 614 485	**147 380 360**
Non-current liabilities			
Provisions	11	545 314	1 133 821
Non-current liabilities		545 314	1 133 821
Current liabilities		109 614 485	147 380 360
Total liabilities		**110 159 799**	**148 514 181**
Assets		786 353 356	631 670 846
Liabilities		(110 159 799)	(148 514 181)
Net assets		**676 193 557**	**483 156 665**
Reserves			
Revaluation reserve		55 699 990	55 699 990
Accumulated surplus		620 493 567	427 456 675
Total net assets		**676 193 557**	**483 156 665**

Statement of financial performance for the year ended 31 March 2019

	Note(s)	2019 R	2018 Restated R
Revenue			
Revenue from exchange transactions			
NaTIS training fees		-	14 969
NaTIS data charge		4 181 608	1 736 592
Provision (festive)		-	7 637 848
Boekenhoutkloof training and facilities		13 021 815	4 551 048
Secondment income		211 497	-
Sundry income		789 985	300 366
Project income - sponsorships		849 015	722 334
Insurance reimbursements		170 669	3 397
Interest received	13	7 119 110	3 617 790
Total revenue from exchange transactions		**26 343 699**	**18 584 344**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants		200 238 000	198 555 000
Administration of infringement fees (RTI income)		37 161 400	23 783 350
Donations received		-	121 371
Infringement fees (AARTO income)		22 804 555	8 890 414
Transaction fees		909 500 442	585 317 568
Total revenue from non-exchange transactions		**1 169 704 397**	**816 667 703**
Total revenue from exchange transactions		26 343 699	18 584 344
Total revenue from non-exchange transactions		1 169 704 397	816 667 703
Total revenue	12	**1 196 048 096**	**835 252 047**
Expenditure			
Employee related cost	14	(535 182 622)	(456 755 616)
Depreciation and amortisation	7 & 8	(44 965 404)	(39 144 410)
Finance costs	15	(38 092)	(1 781 700)
Debt impairment	16	(22 992 142)	(143 365 967)
Repairs and maintenance		(2 759 748)	(3 237 057)
Loss on inventory write-off	4	-	(93 397)
Loss on assets written-off	7	(8 684 166)	(11 430 355)
Operating expenditure	17	(388 389 030)	(422 962 211)
Total expenditure		**(1 003 011 204)**	**(1 078 770 713)**
Surplus (Deficit) for the year		**193 036 892**	**(243 518 666)**

Statement of changes in net assets for the year ended 31 March 2019

	Revaluation Reserve R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	-	335 991 909	335 991 909
Prior year adjustments (refer to note 23)	-	(7 338 111)	(7 338 111)
Balance at 01 April 2017 as restated	**-**	**328 653 798**	**328 653 798**
Distribution of accumulated surplus funds to provinces	-	(14 467 159)	(14 467 159)
Acquisition of land & buildings through finance lease (refer to note 7)	55 699 990	-	55 699 990
Transfer of assets from NaTIS	-	353 282 293	353 282 293
Transfer of assets from Boekenhoutkloof Traffic College	-	2 111 740	2 111 740
Transfer of assets from Cross Border Road Transport Agency	-	1 394 669	1 394 669
Net income (losses) recognised directly in net assets as restated	55 699 990	342 321 543	398 021 533
Deficit for the year as restated (refer to note 23)	-	(243 518 666)	(243 518 666)
Total recognised income and expenses for the year	55 699 990	98 802 877	154 502 867
Total changes	55 699 990	98 802 877	154 502 867
Balance at 01 April 2018 as restated	**55 699 990**	**427 456 675**	**483 156 665**
Surplus for the year	-	193 036 892	193 036 892
Total changes	-	193 036 892	193 036 892
Balance at 31 March 2019	**55 699 990**	**620 493 567**	**676 193 557**

Cash flows from operating activities for the year ended 31 March 2019

	Note(s)	2019 R	2018 Restated R
Cash flows from operating activities			
Receipts			
Receipts from RTIA		2 827 093	2 327 180
Receipts from administration fees (RTI)		44 343 304	16 346 064
Grants		200 238 000	194 535 400
Interest income		7 112 885	3 613 606
Transaction fees		868 986 490	585 111 943
Other income		10 284 619	6 753 203
		1 133 792 391	**808 687 396**
Payments			
Employee costs		(532 480 153)	(438 044 763)
Suppliers		(437 832 519)	(389 216 453)
Finance costs		(25 102)	(1 781 312)
Distribution of accumulated surplus		-	(23 937 624)
		(970 337 774)	(852 980 152)
Total receipts		1 133 792 391	808 687 396
Total payments		(970 337 774)	(852 980 152)
Net cash flows from operating activities	10	**163 454 617**	**(44 292 756)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(48 396 540)	(44 741 993)
Proceeds from sale of property, plant and equipment	7	631 204	130 847
Purchase of other intangible assets	8	(601 831)	(14 374 376)
Net cash flows from investing activities		**(48 367 167)**	**(58 985 522)**
Cash flows from financing activities			
Payments made - Finance lease liabilities		**-**	**(25 992)**
Net increase/(decrease) in cash and cash equivalents		**115 087 450**	**(103 304 270)**
Cash and cash equivalents at the beginning of the year		14 719 228	118 023 498
Cash and cash equivalents at the end of the year	3	**129 806 678**	**14 719 228**

Statement of comparison of budget and actual amounts for the year ended 31 March 2019

Budget on Accrual basis	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable Basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue from exchange transactions						
eNaTIS data charge	59 668 395	-	**59 668 395**	4 181 608	**(55 486 787)**	28a
Sundry income		-	**-**	2 021 166	**2 021 166**	
Interest received	-	-	**-**	7 119 110	**7 119 110**	28b
Boekenhoutkloof training & facilities	4 439 400	-	**4 439 400**	13 021 815	**8 582 415**	28c
Total revenue from exchange transactions	**64 107 795**	**-**	**64 107 795**	**26 343 699**	**(37 764 096)**	
Revenue from non-exchange transactions						
Infringement fees (AARTO income)	8 955 345	-	**8 955 345**	22 804 555	**13 849 210**	28d
Administration of infringement fees (RTI income)	30 000 000	-	**30 000 000**	37 161 400	**7 161 400**	28e
Government grants	200 238 000	-	**200 238 000**	200 238 000	**-**	
Transaction fees	928 949 435		**928 949 435**	909 500 442	**(19 448 993)**	28f
Total revenue from non-exchange transactions	**1 168 142 780**	**-**	**1 168 142 780**	**1 169 704 397**	**1 561 617**	
Total revenue	**1 232 250 575**	**-**	**1 232 250 575**	**1 196 048 096**	**(36 202 479)**	
Employee cost	(541 420 445)	-	**(541 420 445)**	(535 182 622)	**6 237 823**	28g
Depreciation and amortisation	(19 423 550)	(22 000 000)	**(41 423 550)**	(44 965 404)	**(3 541 854)**	
Finance cost	(151 514)	-	**(151 514)**	(38 092)	**113 422**	
Repairs and maintenance	(2 003 349)	-	**(2 003 349)**	(2 759 748)	**(756 399)**	
Operating expenditure	(591 014 393)	72 863 589	**(518 150 804)**	(420 065 338)	**98 085 466**	
Capital expenditure	(78 237 324)	(50 863 589)	**(129 100 913)**	-	**129 100 913**	28h
Total expenditure	**(1 232 250 575)**	**-**	**(1 232 250 575)**	**(1 003 011 204)**	**229 239 371**	
Total revenue	1 232 250 575	-	**1 232 250 575**	1 196 048 096	**(36 202 479)**	
Total expenditure	(1 232 250 575)	-	**(1 232 250 575)**	(1 003 011 204)	**229 239 371**	
Deficit for the year	**-**	**-**	**-**	**193 036 892**	**193 036 892**	
Profit (loss) for the year	-	-	**-**	193 036 892	**193 036 892**	

Accounting polices

1. Presentation of Annual Financial Statements

The annual financial statements have 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 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 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 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 comparitives 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 comparitives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods except for the transactions disclosed in note 22.

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 nonexchange 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.

Accounting policies

1.2 Property, plant and equipment | continued

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:

Item	**Average useful life**
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

Accounting polices

1.3 Intangible assets | continued

- The expenditure attributable to the asset during its development can be measured reliably

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.

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, assesed 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 a 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.

Accounting policies

1.4 Financial instruments | continued

- 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.

Accounting polices

1.4 Financial instruments | continued

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.

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.

Accounting policies

1.4 Financial instruments | continued

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.

Accounting polices

1.6 Leases | continued

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.

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.

NaTIS data charge

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Boekenhoutkloof training and facilities

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction

Accounting policies

1.7 Revenue from exchange transactions | continued

at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably

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

Accounting Policies

1.8 Revenue from non-exchange transactions | continued

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 collected fines is paid to the RTMC by the Cross Border Road Traffic Agency (CBRTA). Revenue is recognised on the collection of fines in line with the Memorandum of Understanding and addendum signed by the two entities.

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.

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 2018/04/01 to 2019/03/31.

Accounting Policies

1.13 Budget information | continued

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

Accounting polices

1.16 Significant judgements and estimates | continued

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 condition, expected condition at the end of the period of use, its current use, and expected future use and the entity's expectations for the year ended 31 March 2019 availability of finance 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 value 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 the 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 valuein- use calculations and fair values less costs to sell. These calculations require the use of estimates 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.

Accounting policies

1.16 Significant judgements and estimates | continued

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 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 writedown 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.

Accounting polices

1.18 Impairment of non-cash-generating assets | continued

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 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.

Accounting policies

1.18 Impairment of non-cash-generating assets | continued

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 early adopted

The RTMC has chosen to early adopt GRAP 109 - Accounting by Principals and Agents, effective 01 April 2019.

1.19.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods:

Standard/interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 20 : Related Party Disclosures	1 April 2019	Unlikely to have a material impact
GRAP 32 : Standard of GRAP on Service Concession Arrangements: Grantor	1 April 2019	Unlikely to have a material impact
GRAP 108 : Statutory Receivables	1 April 2019	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	1 April 2019	Unlikely to have a material impact
IGRAP 1: Applying the probability test on initial recognition of revenue	Not yet determined	Unlikely to have a material impact
IGRAP 20: Accounting for adjustments to Revenue	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 2019

2. Receivables from exchange transactions

	2019 R	2018 Restated R
NaTIS data charge	92 822	17 179
Deposits	1 946 618	1 583 292
Staff advances	444 492	411 330
Staff debtors	222 279	235 769
Receivables - Other	230 510	53 016
Boekenhoutkloof training and facilities	9 666 006	1 456 929
Upskilling overpayment	10 507	27 020
Prepayments	12 383 425	7 088 780
	24 996 659	**10 873 315**
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	(418 978)	(140 207)
Provision for impairment	(41 529)	(278 771)
	(460 507)	**(418 978)**
Receivables from exchange transactions after impairment		
NaTIS data charge	92 822	17 179
Deposits	1 946 618	1 583 292
Staff advances	340 459	411 330
Staff debtors	38 019	79 468
Receivables - Other	227 389	49 895
Boekenhoutkloof traning and facilities	9 503 957	1 197 372
Upskilling overpayment	3 463	27 020
Prepayments	12 383 425	7 088 780
	24 536 152	**10 454 336**

3. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash on hand	1 860	8 335
Bank balances	21 691 232	6 421 398
Reserve Bank call account	108 113 586	8 289 495
	129 806 678	**14 719 228**

A call account with First National Bank was opened on the 2 November 2018.

Notes to the financial statements for the year ended 31 March 2019

4. Inventories

	2019 R	2018 Restated R
Ammunition	286 690	446 895
Consumable stores	655 648	3 050 938
Uniform stock	1 374 940	1 103 564
Printing and stationery	1 951 272	-
Office refreshments	332 278	-
Roadblock essentials	517 521	441 403
Road safety educational materials	-	198 645
Traffic training material	-	332 423
	5 118 349	**5 573 868**

Inventory pledged as security

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

5. Operating lease asset/ (liability)

Current assets	102 540	-
Current liabilityes	-	(1 482 587)
	102 540	**(1 482 587)**

6. Receivables from non-exchange transactions

AARTO - Infringements	63 352 942	43 375 481
CBRTA RTI - Administration of infringement fees	79 415	8 516 790
Receivables - Other	775 754	775 754
NaTIS Transaction Fees	130 080 391	89 566 439
Department of Transport debt	3 242 497	179 925 614
	197 530 999	**322 160 078**

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

Opening balance	(234 933 860)	(91 846 663)
Provision for impairment	(22 950 612)	(143 087 197)
Amounts written off as uncollectible	176 683 117	-
	(81 201 355)	**(234 933 860)**

AARTO - Infringements	-	390 789
CBRTA RTI - Administration of infringement fees	79 415	8 516 790
Receivables - Other	538 774	538 774
NaTIS transaction fees	115 711 455	77 779 866
Department of Transport debt	-	-
	116 329 644	**87 226 219**

Notes to the financial statements for the year ended 31 March 2019

7. Property, plant and equipment

	2019			2018		
	Cost / valuation	Accumulated depreciation and accumulated impairment	Carrying Value R	Cost / valuation	Accumulated depreciation and accumulated impairment	Carrying value R
Leasehold property	55 700 000	(1 125 253)	54 574 747	55 700 000	(562 626)	55 137 374
Fire arms	3 124 358	(1 489 844)	1 634 514	1 980 932	(1 229 106)	751 826
Furniture and fittings	8 239 314	(5 002 103)	3 237 211	8 567 416	(3 998 914)	4 568 502
Motor vehicles	119 543 513	(60 082 180)	59 461 333	97 519 430	(46 611 246)	50 908 184
Office equipment	21 057 086	(12 128 176)	8 928 910	24 587 790	(7 772 199)	16 815 591
Computer equipment	109 130 885	(30 986 233)	78 144 652	97 278 909	(18 486 968)	78 791 941
Leasehold improvements	1 996 184	(1 576 192)	419 992	1 800 017	(554 659)	1 245 358
Communication devices	3 253 760	(2 306 889)	946 871	3 001 151	(2 013 620)	987 531
Machinery and equipment	199 444	(29 917)	169 527	199 444	(19 944)	179 500
Work in progress - Computer equipment	4 517 059	-	4 517 059	4 517 058	-	4 517 058
Finance lease equipment	1 775 510	(1 775 435)	75	1 783 276	(1 783 272)	4
Work in progress - Parkhomes	3 630 217	-	3 630 217	3 630 217	-	3 630 217
Total	**332 167 330**	**(116 502 222)**	**215 665 108**	**300 565 640**	**(83 032 554)**	**217 533 086**

Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Disposals	Depreciation	Total R
Leasehold property	55 137 374	-	-	(562 627)	54 574 747
Fire arms	751 826	1 149 120	(1 354)	(265 078)	1 634 514
Furniture and fittings	4 568 502	590 292	(477 460)	(1 444 123)	3 237 211
Motor vehicles	50 908 184	25 945 461	(659 156)	(16 733 156)	59 461 333
Office equipment	16 815 591	1 214 527	(1 982 532)	(7 118 676)	8 928 910
Computer equipment	78 791 941	20 853 159	(6 179 797)	(15 320 651)	78 144 652
Leasehold improvements	1 245 358	196 167	-	(1 021 533)	419 992
Communication devices	987 531	500 440	(22 566)	(518 534)	946 871
Machinery and equipment	179 500	-	-	(9 973)	169 527
Work in progress - Computer equipment	4 517 058	1	-	-	4 517 059
Finance lease equipment	4	71	-	-	75
Work in progress - Parkhomes	3 630 217	-	-	-	3 630 217
	217 533 086	**50 449 238**	**(9 322 865)**	**(42 994 351)**	**215 665 108**

Notes to the financial statements for the year ended 31 March 2019

7. Property, plant and equipment / continued

Reconciliation of property, plant and equipment – 2018

	Opening balance	Additions	Disposals	Depreciation	Total R
Leasehold property	-	55 700 000	-	(562 626)	55 137 374
Fire arms	949 919	-	-	(198 093)	751 826
Furniture and fittings	1 429 697	4 506 685	(49 191)	(1 318 689)	4 568 502
Motor vehicles	40 436 904	22 357 547	(224 924)	(11 661 343)	50 908 184
Office equipment	1 545 882	25 087 816	(2 012 341)	(7 805 766)	16 815 591
Computer equipment	10 217 002	91 072 170	(9 329 867)	(13 167 364)	78 791 941
Leasehold improvements	21 762	1 868 267	(86 363)	(558 308)	1 245 358
Communication devices	1 784 153	1 108 679	(60 243)	(1 845 058)	987 531
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
	59 191 055	**207 262 710**	**(11 762 929)**	**(37 157 750)**	**217 533 086**

Parkhomes are still under work in progress stage, as a result, no depreciation. The Parkhomes project has been put on hold, however materials that have been manufacutred are stored off-site.

	2019 R	2018 Restated R
Assets subject to finance lease (net carrying amount)		
Leasehold property	54 574 747	55 137 374
Finance lease equipment	75	4
	54 574 822	**55 137 378**

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 lease commenced on 01 April 2017. The property was valued by an independent valuer at year end of the previous financial year.

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

8. Intangible assets

	2018			2017		
	Cost / valuation	Accumulated ammortisation and accumulated impairment	Carrying Value R	Cost / valuation	Accumulated ammortisation and accumulated impairment	Carrying value R
Computer software	266 511 065	(5 605 900)	260 905 165	266 491 564	(3 634 845)	262 856 719
Intangible assets under development	33 889 720		33 889 720	33 307 390	-	33 307 390
Total	**300 400 785**	**(5 605 900)**	**294 794 885**	**299 798 954**	**(3 634 845)**	**296 164 109**

Notes to the financial statements for the year ended 31 March 2019

8. Intangible assets / continued

Reconciliation of intangible assets – 2019

	Opening balance	Additions	Ammortisation	Total R
Computer software	262 856 719	19 501	(1 971 055)	260 905 165
Intangible assets under development	33 307 390	582 330	-	33 889 720
	296 164 109	**601 831**	**(1 971 055)**	**294 794 885**

Reconciliation of intangible assets – 2018

	Opening balance	Additions	Ammortisation	Total R
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
	29 915 137	**268 235 632**	**(1 986 660)**	**296 164 109**

NaTIS Asset with indefinite useful life

The 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 foreseeable future.

Based on the aforementioned, it was concluded 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.

Assessment of useful life

Below are amongst others, reasons supporting the assessment of an indifinite useful life.

The NaTIS is custom built. The Corporation (and the Department of Transport before that) is the only legislated provider(s) of the services and has been providing such since 1993. Thus, therefore there will always be a demand of such services as derived from Natis to public and business at all material times for an indefinite period. Therefore, Natis operates and functions in a stable environment.

The operations of the Corporation and future functions are inherently dependent on this asset. The asset is critical to the Section 18 functions of the Corporation i.e. Road Traffic Information, Registration & Licensing, Driver Fitness, Vehicle Fitness, Law Enforcement and AARTO and has been in existence in since 2007 in its current form (and since 1993 in a previous configuration). Another management team would not be able to manage the asset without the concomitant legislative mandate.

There are no realistic competitors nor potential competitors as the Corporation is the only one with a legislative mandate to perform the function.

The Natis software application is a completely turn-key, open source application and is not subject to any licence agreements thus do not have period of control nor similar limits on the use

As the Corporation utilises open source technologies the current investment in human capital and refresh of tangible assets are the only requirements to achieve the future economic benefits.

The system is a monolithic (massive) application which is being unbundled for efficient management, existing modules are transplanted to the latest technology stacks in a modular fashion to take advantage of technological advancements thus such technology can only improve and not be obsolete.

Further, the Corporation wishes to declare that the following are future potential revenue on the expansion on the same Natis Intangible Asset.

The Coporation intends to genenrate additional revenue from the introduction of the following services:

- Online Vehicle registration (Paperless) and Notification of Change of Ownership
- Online Vehicle Licensing
- Online payments to confirm pre-bookings
- Online crash reporting (replacement of AR forms)
- These future economic benefits include the implementation of the Tripartite Regional Registers and the Information Platform System (TRIPS) in the SADC, East Africa Community Market for Eastern and Southern Africa regional blocks with NaTIS already being implemented in Lesotho and Namibia.
- Sale of anonymized data to third parties for research, business planning, etc purposes.

Notes to the financial statements for the year ended 31 March 2019

9. Finance lease obligation

	2019 R	2018 Restated R
Minimum lease payments due – Within one year	9	9
Present value of minimum lease payments due – Within one year	**9**	**9**

In the prior year, 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.

10. Payables from exchange transactions

Trade payables	28 368 268	39 689 643
Accrued employee costs	9 690 809	16 609 200
Accrued expenses	10 424 813	40 542 832
Other creditors	347 792	213 500
	48 831 682	**97 055 175**

11. Provisions

Reconciliation of provisions – 2019

	Opening balance	Additions	Utilised during the year	Total R
Provision for compensation commisioner	-	2 403 651	-	2 403 651
Provision for performance bonus	26 447 187	24 424 557	(18 561 833)	32 309 911
Provision for leave	22 395 402	3 673 830	-	26 069 232
Provision for capped leave (non-current)	1 133 821	-	(588 507)	545 314
	49 976 410	**30 502 038**	**(19 150 340)**	**61 328 108**

Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total R
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	16 834 028	5 571 673	(10 299)	-	22 395 402
Provision for capped leave (non-current)	1 094 782	76 611	(10 660)	(26 912)	1 133 821
	58 692 091	**13 569 964**	**(14 620 885)**	**(7 664 760)**	**49 976 410**

	2019 R	2018 Restated R
Non-current liabilities	545 314	1 133 821
Current liabilities	60 782 794	48 842 589
	61 328 108	**49 976 410**

Notes to the financial statements for the year ended 31 March 2019

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.

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.

12. Revenue

	2019 R	2018 Restated R
Secondment income	211 497	-
NaTIS data charge	4 181 608	1 736 592
Infringement fees (AARTO income)	22 804 555	8 890 414
Insurance reimbursements	170 669	3 397
Government grants	200 238 000	198 555 000
NaTIS training fees	-	14 969
Interest received	7 119 110	3 617 790
Administration of infringement fees (RTI income)	37 161 400	23 783 350
Project income - Sponsorships	849 015	722 334
Donations received	-	121 371
Boekenhoutkloof training and facilities	13 021 815	4 551 048
Festive overtime provision adjustment	-	7 637 848
Sundry income (*)	789 985	300 366
Transaction fees	909 500 442	585 317 568
	1 196 048 096	**835 252 047**

The amount included in the revenue arising from exchange of goods and services as follows:

Secondment income	211 497	-
NaTIS data charge	4 181 608	1 736 592
Insurance reimbursements	170 669	3 397
NaTIS training fees	-	14 969
Interest received	7 119 110	3 617 790
Project income - Sponsorships	849 015	722 334
Boekenhoutkloof facilities	13 021 815	4 551 048
Festive overtime provision adjustment	-	7 637 848
Sundry income (*)	789 985	300 366
	26 343 699	**18 584 344**

*Sundry income include amongst others RTI lease and NaTIS SAPO deployment

Notes to the financial statements for the year ended 31 March 2019

12. Revenue / continued

Sponsorships received in-kind

Stakeholder	Sponsorship offering	Value in kind	Status
SA Taxi Finance	October Transport Month Scholar Patrol Programme	R 61 072.90	Painting material bought directly from supplier (by SA Taxi).
Santam Pty Ltd	Truck driver wellness day : Cateting for RTMC and government officials (including still water and soft drinks), Lunch packs (Including fruit and water) for truck drivers, 250 goodie bags (cooler lunch box, face towel) for truck drivers, 300 bronchures.	R 70 000.00	Truck driver well day held on the 08 November 2018.

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

	2019 R	2018 Restated R
Government grants	200 238 000	198 555 000
Administration of infringement fees (RTI income)	37 161 400	23 783 350
Donations received	-	121 371
Infringement fees (AARTO income)	22 804 555	8 890 414
Transaction fees	909 500 442	585 317 568
	1 169 704 397	**816 667 703**

13. Finance income

Interest revenue		
Bank	**7 119 110**	**3 617 790**

14. Employee related costs

Basic salaries	300 127 739	258 617 465
Bonus provision	24 433 934	7 921 680
Medical aid – company contributions	2 943 990	2 909 634
UIF	1 539 697	1 394 522
SDL	4 503 196	3 784 738
Leave gratuity	824 876	1 098 543
Post-employment benefits: Pension, Defined contribution plan (employee contributions)	35 837 896	31 819 042
Travel, motor car, accommodation, subsistence and other allowances	4 301 114	3 918 152
Overtime payments	6 931 940	5 950 023
Long-service awards	332 500	110 000
Acting allowances	664 680	246 550
Car allowance	5 952 752	5 424 350
Housing benefits and allowances	28 049 968	28 421 803
Non-pensionable allowances	101 824 149	87 182 386
Service bonus - 13th cheque	16 012 428	15 552 707
Settlement – labour disputes	901 763	2 404 021
	535 182 622	**456 755 616**

Notes to the financial statements for the year ended 31 March 2019

14. Employee related costs / continued

Employee related cost includes Board members, Traffic review committee members and Youth committee members.

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

	2019 R	2018 Restated R
Permanent employees	800	772
Contract employees	78	28
Traffic Trainees	278	-
Interns	3	-
	1 159	**800**

15. Finance costs

Trade and other payables	38 092	1 781 312
Finance cost	-	388
	38 092	**1 781 700**

16. Debt impairment

Contributions to debt impairment provision	22 992 142	143 365 967
	22 992 142	**143 365 967**

This relates mainly to AARTO infringement notices.

Notes to the financial statements for the year ended 31 March 2019

17. Operating expenditure

	Note(s)	2019 R	2018 Restated R
Advertising and awareness campaigns	(a)	4 702 360	37 935 568
Minor assets		81 708	97 936
Auditors remuneration		6 042 146	4 963 264
Bank charges		749 158	428 921
Cleaning		230 576	1 935 599
Compensation commissioner expense	(b)	2 403 651	1 111 709
Corporate social responsibility	(c)	3 111 423	1 982 784
Consumables		1 433 887	680 725
Computer expenses		33 911 606	32 770 301
Consulting and professional fees	(d)	11 994 936	15 069 401
Corporate gifts, donations		441 254	2 528
Administration fees		6 728	2 736
Road safety curriculum		-	30 000 000
Electricity		6 480 010	5 270 154
Employee wellness programme		1 302 657	2 655 758
Catering		1 775 224	2 103 344
NaTIS SMME support		1 316 094	4 471 296
Fuel and oil		11 658 092	8 398 479
Section 197 Court Order	(e)	28 447 000	36 454 446
Insurance	(f)	1 895 669	7 465 542
Labour relations		10 826 788	13 664 107
Lease rentals on operating lease		30 161 529	29 985 837
Legal fees		8 986 794	8 662 419
Motor vehicle expenses	(g)	12 991 350	7 095 463
Postage and courier	(h)	1 737 455	476 049
Printing and stationery	(i)	13 702 056	4 338 032
Projects – Annual Performance Plan	(j)	29 015 352	22 194 569
Recruitment cost	(k)	15 764 290	6 444 020
SAPO Truebill		41 296 939	44 079 013
Security		9 756 382	7 427 863
Staff welfare		3 006 376	815 921
Subscriptions and membership fees		147 679	126 775
Telephone and fax	(l)	55 484 611	48 304 345
Training		2 022 850	3 756 137
Travel – local		30 470 670	24 674 079
Travel – overseas		283 508	589 775
Uniforms		1 912 079	3 155 913
Venue expenses		2 838 143	3 371 403
		388 398 030	**422 962 211**

Notes to the financial statements for the year ended 31 March 2019

17. Operating expenditure / continued

a) Advertising and awareness campaigns

- The significant decrease is contributed by the Corporation deferring the third season of the television production 'Ingozi', which is an educational drama series on road safety aspects. This is also the reason for the underspent relfected in relation to the budget amount

b) Compensation commissioner expense

- This commissioner is under the Department of Labour, and RTMC is obliged to pay an annual levy in order to ensure that injuries on duty are covered. RTMC did not comply with this levy for the past three financial years. The annual amount is determined by the number of employees as well as employee costs. During the budget virement process the provision was made for the unbudgeted spent

c) Corporate Social Responsibility (CSR)

- RTMC embarked on focused and accelerated CSR projects. Projects during the year under review included amongst others, the distribution of grocery packs, blankets and school uniforms.The lower budget spent can be attributed to resources being prioritised for the strategic projects

d) Consulting and professional fees

- During the previous year the Corporation acquired the services of consultants to execute asset verification of the assets transferred as part of Section 42. In the current financial year, the only consulting services was the Audit of Vehicle testing stations which was a continuation from the previous financial year. The spent however reflects a lower than budget amount, this is due to internal resources being utilised for development of research documents

e) Section 197 Court Order

- The last payment to former Tasima employees in line with section 197 order was in December 2018. There were no subsequent payments, this led to a budget underspent

f) Insurance

- The Corporation initiated self-insurance during the financial year which resulted in a signifcant cost-saving

g) Motor vehicle expenses

- Due to aging fleet, the cost to maintain vehicles has increased but the Corporation has since acquired new fleet which was delivered in the third quarter as well as the fourth quarter. The cost associated with the aging fleet is also the reason for the budget overspent for the year under review

h) Postage and courier

- The Corporation has regional offices around the country, as a result, courier services is utilised to send operational suppliers to and from those regions and head office hence the increase

i) Printing and stationery

- The growth of the Corporation resulted in an increase in stationery supplies to employees and regional offices. Accident Report forms to the value of R5.6million were procured during the year. The actual spent is also a reflection of budget overspent reflected for the financial year under review

j) Projects - Annual Performance Plan

Amongst others, the following significant projects were undertaken:

- Coordinated Traffic Traning R16 845 746, this includes upskilling of officers transferred from CBRTA, the 300 traffic trainees undergoing training on NQF level 6
- Road Safety Education R3 758 200,this involves awareness campaigns, we also acquired simulators as part of enhanced road safety education in schools etc
- Participatory Education Technique (PET) R4 980975. This is an annual school debate competition and read safety related matters that involves all provinces

k) Recruitment costs

- In an effort to improve performance, the Corporation recruited personnel in key positions, in addition to this the traffic trainee project of a 1000 commenced with 300 traffic trainees being recruited from January 2019

l) Telephone and fax

- Included in this item is R47 million that relates to payment of data lines in the operation of NaTIS

Notes to the financial statements for the year ended 31 March 2019

18. Cash used in operations

	2019 R	2018 Restated R
Surplus (deficit)	193 036 892	(243 518 666)
Adjustments for:		
Depreciation and amortisation	44 965 404	39 144 410
Loss on disposal of assets	8 684 166	11 523 752
Finance costs – Finance leases	-	388
Debt impairment	22 992 142	143 365 967
Movements in operating lease assets and accruals	(1 585 127)	1 482 587
Movements in provisions	11 351 698	(17 921 852)
Distribution of accumulated funds to provinces	-	(14 467 158)
Prior year error adjustment	-	7 338 111
Changes in working capital:		
Inventories	455 519	2 041 221
Receivables from exchange transactions	(14 081 816)	(3 447 915)
Other receivables from non-exchange transactions	(29 103 425)	128 445 817
Reversal of debt impairment	(22 992 142)	(149 125 477)
Payables from exchange transactions	(50 268 694)	50 846 059
	163 454 617	**(44 292 756)**

19. Operating leases

Operating leases – as lessee (expense)

	2019 R	2018 Restated R
Minimum lease payments due – JR – 209 Investments (Pty) Ltd		
- Within one year	**-**	**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 01 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.

	2019 R	2018 Restated R
Minimum lease payments due – JHI properties		
- Within one year	2 528 257	10 113 028
- In second to fifth year inclusive	-	2 528 257
	2 528 257	**12 641 285**

The Waterfall Park office building, situated in Midrand, is leased from JHI properties. The lease of the building commenced on 01 July 2017 and expires on 30 June 2019. The monthly lease payment for the building escalates with 9% per annum and takes place on 01 July. Monthly rental for the building is R842 752.

	2019 R	2018 Restated R
Minimum lease payments due – Mowana Properties		
- Within one year	**522 101**	-

The Waterfall Edge office building, situated in Midrand, is leased from Mowana properties. The lease of the building commenced on 01 June 2018 and will expire on 30 June 2019. The monthly lease payment for the building escalates with 8% per annum and takes place on 01 June. Monthly rental for the building is R174 034.

Notes to the financial statements for the year ended 31 March 2019

19. Operating leases / continued

	2019 R	2018 Restated R
Minimum lease payments due - Rayveen CC		
- Within one year	**210 178**	-

The regional office building, situated in Mokopane, is leased from Rayveen CC. The lease of the building commenced on 01 April 2018 and will expire on 31 December 2019. The monthly lease payment for the building escalates with 6% effective 01 June 2018. Monthly rental for the building is R23 353.

	2019 R	2018 Restated R
Minimum lease payments due - Moroala Enterprise		
- Within one year	**149 500**	-

The Nelspruit Region, is leased from Moroala Enterprise. The lease of the building commenced on 01 May 2018 and will expire on 31 August 2019. The monthly lease payment for the building is fixed throughout the lease period. Monthly rental for the building is R29 900.

	2019 R	2018 Restated R
Minimum lease payments due - Bhyats Motors (Pty) Ltd		
- Within one year	**247 200**	-

The regional office building, situated in Zeerust, is leased from Bhyats Motors (Pty) Ltd. The lease of the building commenced on 01 April 2018 and will expire on 31 March 2020. The monthly lease payment for the building escalates with 6% effective 01 April 2019. Monthly rental for the building is R20 600

	2019 R	2018 Restated R
Minimum lease payments due - Castle Rock Properties (Pty) Ltd		
- Within one year	372 921	-
- In second to fifth year inclusive	186 460	-
	559 381	**-**

The Durban Region, is leased from Castle Rock Properties (Pty) Ltd. The lease of the building commenced on 01 October 2018 and will expire on 30 September 2020. The monthly lease payment for the building escalates with 6% per annum and takes place on 01 October. Monthly rental for the building is R31 078.

	2019 R	2018 Restated R
Minimum lease payments due - Bornfree Investments 275 (Pty) Ltd		
- Within one year	**169 392**	-

The Upington Regional office, is leased from Bornfree Investments 275 (Pty) Ltd. The lease of the building commenced on 01 April 2018 and will expire on 31 March 2020. The monthly lease payment for the building escalates with 8% per annum and takes place on 01 February. Monthly rental for the building is R14 116.

	2019 R	2018 Restated R
Minimum lease payments due - Proud Afrique Trading 90 (Pty) Ltd		
- Within one year	217 316	-
- In second to fifth year inclusive	18 110	-
	235 426	**-**

The Ladybrand Regional office, is leased from Proud Afrique Trading 90 (Pty) Ltd. The lease of the building commenced on 01 May 2018 and will expire on 30 April 2020. The monthly lease payment for the building escalates with 7% per annum and takes place on 01 May. Monthly rental for the building is R146 271.

Notes to the financial statements for the year ended 31 March 2019

19. Operating leases / continued

	2019 R	2018 Restated R
Minimum lease payments due - Konica Minolta (Pty) Ltd		
- Within one year	35 084	210 502
- In second to fifth year inclusive	-	35 084
	35 084	**245 586**

The lease relates to eight photocopy machines leased from Konica Minolta (Pty) Ltd. The lease of the photocopiers commenced on 01 June 2016 and expires on 31 May 2019.The monthly lease payments are fixed at R17 542 for the duration of the lease term.

	2019 R	2018 Restated R
Minimum lease payments due - Motswako Office Solutions (Pty) LTD		
- Within one year	97 586	292 757
- In second to fifth year inclusive	-	97 586
	97 586	**390 343**

The lease relates to two photocopy machines leased from Motswako Office Solutions (Pty) Ltd. The lease of the photocopiers commenced on 01 August 2016 and expires on 31 July 2019. The monthly lease payments are fixed at R21 317 for the duration of the lease term.

	2019 R	2018 Restated R
Minimum lease payments due - Bytes Documents Solutions		
- Within one year	183 223	284 233
- In second to fifth year inclusive	40 138	206 883
	223 361	**491 116**

The lease relates to twenty two photocopy machines leased from Bytes Documents Solutions. The lease term of the photocopiers ranges from 01 March 2017 to 31 October 2020.

	2019 R	2018 Restated R
Minimum lease payments due - Denel SOC Limited		
- Within one year	414 000	-
- In second to fifth year inclusive	310 500	-
	724 500	**-**

The lease relates to lecture rooms based in Denel Soc Limited. The lease commenced on 01 November 2018 and expires on 31 December 2020.The monthly lease payments are fixed at R34 500 for the duration of the lease term.

	2019 R	2018 Restated R
Minimum lease payments due - Pureau Fresh Water Company (Pty) Ltd		
- Within one year	33 953	67 905
- In second to fifth year inclusive	-	33 953
	33 953	**101 858**

The lease relates to fifty eight leased from Pureau Fresh Water Company (Pty) Ltd. The lease of water dispensers commenced on 01 October 2017 and expires on 31 September 2019.The monthly lease payments are fixed at R 5 657 for the duration of the lease term.

Notes to the financial statements for the year ended 31 March 2019

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 R 6 774 750. The matter will finally go on trial
- Financial exposure is R6 774 750 plus legal costs

Tasima (Pty) Ltd vs RTMC - Labour Disputes: 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 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
- The RTMC appealed to the constitutional Court and is currently awaiting the Constitutional Court to provide a directive
- Financial exposure is R37 million per annum plus legal fees

Rekwele Chaufeur 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 till date refused to attend and address the special plea
- The financial exposure in the said matter is R1 562 467 plus cost in the event that the plaintiff is successful.

Mohlaleng Investment Holdings (Pty) Ltd

- Makhabela Huntley Adekeye Inc (MHA) Attorneys were appointed to instituted 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 Mohlakeng to the amount of R900 422 and was instructed to recover the costs for relocating offices to the amount of R1 102 323. Mohlaleng filed a counter claim to the amount of R 1 831 950. The matter is ongoing

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.The file was closed as the complianant abandoned his claim

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
- 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 judgement
- RTMC successfully opposed the summary judgement application and filed its plea
- The financial exposure amounts to R3 850 000. The litigation is ongoing

Acquisition of land

- The RTMC has provisionally appointed a service provider to purchase land for purposes of office accomodation. The transaction is subject to fulfilment of section 54 of the PFMA, which is still underway. The total cost of the land amounts to R39 864 719

Notes to the financial statements for the year ended 31 March 2019

20. Contingent assets and liabilities / continued

Contingent asset:

Acquisition of land

- The RTMC has provisionally appointed a service provider to purchase land for purposes of office accomodation. The transaction is subject to fulfilment of section 54 of the PFMA, which is still underway. The total cost of the land amounts to R39 864 719

21. Related parties

	2019 R	2018 Restated R
a) The following payments were paid to related parties:		
Related party transactions		
1) Key management		
Salaries and other short term employee benefits	29 520 679	23 484 708
2) Mobile weighbridges		
North West	-	2 134 650
3) Law enforcement vehicles fitted with appropriate equipment		
Gauteng	-	8 468 402
Limpopo	-	3 864 107
b) Services rendered on behalf of related parties (CBRTA)		
Administration of infringement fees	37 161 400	23 783 350
c) Expenses incurred by related parties on behalf of RTMC		
Expenses	1 021 415	2 296 246

RTMC provides law enforcement function on behalf of the C-BRTA. Furthermore, certain contracts such as leasing of regional offices were honoured by the C-BRTA on behalf of the RTMC as part of the transition process.

d) Utilisation of parking space

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

e) Secondments

Two RTMC employees were seconded to the North West Provincial Department of Transport on behalf of the National Department of Transport in terms Section 100 of the Constitution. The secondment is for a period of 3 months (1 February 2019 to 30 April 2019) and is subject to extension.

Secondment income	211 497	-

Notes to the financial statements for the year ended 31 March 2019

22. Non-executive and executive management's remuneration

	Remuneration	Other benefits*	Performance bonus paid or receivable	Total R
Executive Management				
2019				
Adv M Msibi (CEO)	3 413 645	2 275 763	3 634 899	9 324 307
N.J. Jolingana	1 276 391	865 886	-	2 142 277
K.K. Kgosiemang	1 203 690	813 547	102 165	2 119 402
G.P. Martins	1 410 912	944 171	-	2 355 083
Dr A.L. Mofomme	2 076 857	227 633	106 988	2 411 478
R. Mongale	1 213 740	777 919	103 018	2 094 677
L. Moolman	1 251 670	837 734	106 237	2 195 641
S. Petse from 01 April 2018	1 224 444	840 683	75 475	2 140 602
S. Podile from 01 May 2018	1 630 288	1 110 521	-	2 740 809
D.D. Wechoemang to 28 February 2019	1 170 025	826 377	-	1 996 402
	15 871 662	**9 520 234**	**4 128 782**	**29 520 678**

	Remuneration	Other benefits	Performance bonus paid or receivable	Total R
2018				
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
	12 704 385	**7 737 601**	**3 042 722**	**23 484 708**

Non-executive members

	Retainer and meeting fees	Total R
2019		
Z. Majavu CD(SA) – Chairman	920 245	920 245
D.H. Ewertse	589 554	589 554
T.M.N. Kgomo	586 316	586 316
M.M. Manqele	740 610	740 610
T. Mdlulwa	678 893	678 893
Prof M.I. Mphahlele	638 758	638 758
C.T. Thankge	638 758	638 758
Dr E.M. Thebe	562 135	562 135
	5 355 269	**5 355 269**

Notes to the financial statements for the year ended 31 March 2019

22. Non-executive and executive management's remuneration / continued

	Retainer and meeting fees	Total R
2018		
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
	4 952 220	**4 952 220**

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	Meeting attendance	Travel reimbursement	Total R
2019			
D.H Ewertse	120 218	-	120 218
G.P. Mnguni	129 607	672	130 279
N.M. Mhlakaza	129 607	923	130 530
N.M. Mufumadi	131 403	1 144	132 547
	510 835	**2 739**	**513 574**

	Meeting attendance	Travel reimbursement	Total R
2018			
Dr C. Sanangura - Chairperson to 30 September 2017	288 163	2 515	290 678
D.H Ewertse - Chairperson from 01 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
	598 449	**3 898**	**602 347**

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 2019

23. Prior period errors

	Note(s)	Total R
Statement of financial position		
Increase in provisions	(a)	(7 502 016)
Increase in receivables from non exchange transactions	(b)	(267 012)
Increase in receivables from exchange transactions	(c)	3 114 218
Increase in trade and other payables	(d)	(3 277 572)
Increase in accumulated surplus (Section 42)	(e)	(1 291 122)
Decrease in opening accumulated surplus	(f)	7 338 111
Decrease in property, plant and equipment	(g)	(1 053 570)
Increase in operating lease liability	(h)	(1 482 586)
		(4 421 549)
Statement of financial performance		
Increase in revenue from non exchange transactions	(i)	6 026 521
Increase in revenue from exchange transactions	(m)	(98 940)
Increase in employee costs	(k)	1 354 333
Decrease in provision for bad debts RTI	(k)	(5 759 510)
Increase in compensation commissioner	(k)	1 111 709
Increase in office refreshments	(k)	51 800
Increase in legal fees	(k)	266 877
Increase in talent management	(k)	31 875
Increase in labour relations	(k)	332 310
Decrease in Insurance	(k)	(3 000 000)
Increase in consulting fees	(k)	786 048
Increase in water and electricity	(k)	29 261
Increase in computer expense	(k)	393 703
Increase in Telephone & fax	(k)	1 092 170
Decrease in Employee wellness programme	(k)	(22 315)
Increase in security expenses	(k)	1 904
Increase in operating lease	(k)	1 267 758
Increase in cleaning	(k)	39 718
Increase in recruitment costs	(k)	516 327
		4 421 549

a) Provisions

- In 2015/16 financial period the corporation migrated from the DPSA salary dispensation (Notches) to Patterson (Total cost to company), however the calculation of capped leave provision from 2016/17 and 2017/18 was not amended to be in line with this change. This resulted in an understatement of provisions (R338 050) and (R12 858). respectively
- A leave provision for interns in 2017/18 financial year was incorrectly raised. This resulted in an overstatement of provisions (R 10 298)
- In 2015/16 financial period the corporation migrated from the DPSA salary dispensation (Notches) to Patterson (Total cost to company), however the calculation of leave provision from 2016/17 and 2017/18 was not amended to be in line with this change. This resulted in an understatement of provisions (R5 459 812) and (R1 701 594) respectively
- A correction of applicability of iGrap1 which was incorrectly applied in the previous financial year, as an agent iGrap1 is not applicable to RTMC on RTI Infringements. This resulted in an overstatement of provisions (R5 759 510)

Notes to the financial statements for the year ended 31 March 2019

23. Prior period errors / continued

b) Receivables from non exchange transactions

- Infringement fees (AARTO income) relating to 2017/18 financial year received after submission of financial statements we recorded in 2018/19 financial year. This resulted in an understatement of receivables from non exchange transactions (R390 789)
- A correction of applicability of iGrap1 which was incorrectly applied in the previous financial year, as an agent iGrap1 is not applicable to RTMC on RTI Infringements. This resulted in an overstatement of receivables from non exchange (R6 417 310)

c) Receivables from non-exchange transactions

- A prepayment of self insurance was incorrectly expensed in the previous financial year, resulting in an understatement of receivables from exchange (R3 000 000)
- A debt relating to eNaTIS Data Charge was incorrectly raised in the previous financial year, resulting in an overstatement of receivables from exchange transactions (R14 700)
- Deposit for office space was incorrectly classified as operating leases, resulting in an understatement in the previous financial year (R13 278)
- A debt relating to Boekenhoutkloof training was incorrectly raised in the previous financial year, resulting in an overstatement of receivables from exchange transactions (R54 151)
- Training fees relating to Boekenhoutkloof College were erroneously ommitted in the previous financial year, resulting in an understatement of receivables from exchange transactions (R167 790)
- An incorrect amount for staff debtor was raised in the previous financial year, resulting in receivables from exchange transactions to be understated (R2 000)

d) Trade payables

- Computer expense for 2017/18 financial year were errouneously duplicated, resulting in an overstatement of trade payables (R68 251)
- Discount received relating to communication devices was errouneously omitted in 2016/17 and 2017/18 financial years, resulting in an overstatement of trade payables (R558 600) and (R1 851 360) respectively
- Computer expense invoices relating to 2016/17 (R49 864) and 2017/18 (R102 919) received after submission of financial statements. This resulted in an understatement (R152 783)
- Computer expense invoices relating to 2017/18 received after submission of financial statements were recorded in the 2018/19 financial year. This resulted in an understatement (R356 052)
- An invoice for data lines relating to 2017/18 financial year, received after submission of financial statements. This resulted in an understatement of trade payables (R322 165)
- A creditor for security expenditure was incorrectly raised in the prior year. This resulted in an overstatement of trade payables (R108 129)
- Invoice for data costs relating PTT's was incorrectly billed in 2015/16 financial year, this resulted in an overstatement of trade payables (R24 700)
- A credit note for employee wellness relating to 2017/18 financial year, received after submission of financial statements was recorded in the 2018/19 financial year. This resulted in an overstatement (R22 316)
- Consulting fees for 2013/14 financial year were errouneously duplicated, resulting in an overstatement of trade payables (R699)
- Invoice for labour relations was erroneously omitted in the in trade payables in the previous financial year. This resulted in an understatement (R332 310)
- An incorrect amount for staff debtor was raised in the previous financial year, resulting in trade payables to be understated (R2 000)
- Water and Electricity relating to March 2018 was erroneously omitted in the previous financial year, resulting in an understatement (R29 261)
- An accrual for service bonus was incorrectly calculated in the previous financial year. This resulted in an overstatement of accrued employee costs (R349 821)
- An invoice for recuitment costs relating to 2017/18 financial year, received after submission of financial statements. This resulted in an understatement (R516 326)

Notes to the financial statements for the year ended 31 March 2019

23. Prior period errors / continued

- Invoice for legal fees was erroneously omitted in the in trade payables in the previous financial year, resulting in an understatment of trade payables (R266 877)
- Talent management invoices were omitted in the previous year resulting in an understatement (R31 875)
- In 2015/16 financial year, the Compensation Commissioner reported a discrepancy regarding the Corporation's submissions of return of earnings. The delays by the Compensation Commissioner in resolving the discrepancy, resulted in late submissions of 2015/16 to 2017/18 financial year returns. This resulted in an understatement (R2 627 495)
- A goods received note was erroneously processed on Oracle in the previous financial year, resulting in an understatement (R68 251)
- Invoices for consulting fees relating to 2017/18 financial year, received after submission of financial statements was recorded in the 2018/19 financial year. This resulted in an understatement (R786 048)
- An invoice for cellphone expenditure relating to 2017/18 was incorrectly recorded into the 2018/19 financial year. This resulted in an understatement of the accounts (R770 005)

e) Accumulated surplus/deficit

- Invoice for data costs relating PTT's was incorrectly billed in 2015/16 financial year, this resulted in an understatement of accumulated surplus (R24 700)
- Computer expense invoices relating to 2016/17 financial year, received after submission of financial statements was recorded in the 2018/19 financial year. This resulted in an overstatement (R49 864)
- Consulting fees for 2013/14 financial year were errouneously duplicated, this resulted in an understatement of accumulated surplus (R699)
- In 2015/16 financial period, the corporation migrated from the DPSA salary dispensation (Notches) to Patterson (Total cost to company), however the calculation of leave provision for 2016/17 was not amended to be in line with this change. This resulted in an overstatement of accumulated surplus (R5 459 812)
- In 2015/16 financial year, the Compensation Commissioner reported a discrepancy regarding the Corporation's submissions of return of earnings. The delays by the Compensation Commissioner in resolving the discrepancy, resulted in late submissions of 2015/16 and 2016/17 financial year returns. This resulted in an overstatement of (R577 925) and (R937 861) respectively
- In 2015/16 financial period the corporation migrated from the DPSA salary dispensation (Notches) to Patterson (Total cost to company), however the calculation of capped leave provision for 2016/17 was not amended to be in line with this change. This resulted in an overstatement of accumulated surplus (R338 050)

f) Accumulated surplus/deficit (Section 42)

- Furniture & Fittings relating to Cross Boarder Road Transport Agency transfer were errouneously classified as minor assets in 2016/17 financial period, resulting in an understatement of accumulated surplus (R170 633)
- Computer equipment relating to NaTIS transfer were errouneously classified as minor assets in 2016/17 financial period, resulting in an understatement of accumulated surplus/deficit (R370 654)
- Office equipment was inccorrecltly included in the NaTIS transfer in 2016/17 financial year, resulting in an overstatement of accumulated surplus (R159 902)
- Office equipment relating to NaTIS transfer were errouneously classified as minor assets in 2016/17 financial period, resulting in an understatement of accumulated surplus/deficit (R909 736)

g) Property, plant and equipment

- Discount received relating to communication devices was errouneously omitted in 2016/17 and 2017/18 financial years, resulting in an overstatement of property, plant and equipment (R558 600) and (R1 851 360) respectively
- Computer equipment was errouneously expensed in the previous financial year, resulting in an understatement of property, plant and equipment (R3 464)
- Computer equipment relating to NaTIS transfer were errouneously classified as minor assets in 2016/17 financial period, resulting in an understatement of property, plant and equipment (R370 654)

Notes to the financial statements for the year ended 31 March 2019

23. Prior period errors / continued

- Furniture & Fittings relating to Cross Boarder Road Transport Agency transfer were errouneously classified as minor assets in 2016/17 financial period, resulting in an understatement of property, plant and equipment (R170 633)
- Office equipment was incorrecltly included in the NaTIS transfer in 2016/17 financial year, resulting in an overstatement of property, plant and equipment (R159 902)
- Office equipment relating to NaTIS transfer were errouneously classified as minor assets in 2016/17 financial period, resulting in an understatement of property, plant and equipment (R909 736)
- A goods received note was erroneously processed on Oracle in the previous financial year, resulting in an understatement of property, plant and equipment (R68 251)
- Computer expenses were errouneously classified as computer equipment in the previous financial year. This resulted in an overstatement of property, plant and equipment (R6 447)

h) Operating lease liabilities

- Adjustment relating to operating lease smoothing was ommitted in the previous financial year, resulting in an understatement of operating lease liabilities (R1 482 587)

i) Employee Costs

- An accrual for service bonus was incorrectly calculated in the previous financial year. This resulted in an overstatement of employee costs (R349 821)
- In 2015/16 financial period the corporation migrated from the DPSA salary dispensation (Notches) to Patterson (Total cost to company), however the calculation of capped leave provision from 2016/17 and 2017/18 was not amended to be in line with this change. This resulted in an understatement of employee cost (R12 858)
- Provision for leave relating to interns was incorrectly raised, resulting in an overstatement of employee costs (R10 298)
- In 2015/16 financial period, the corporation migrated from the DPSA salary dispensation (Notches) to Patterson (Total cost to company), however the calculation for 2017/18 leave provision has not been amended to be in line with this change. This resulted in an understatement of employee cost (R1 701 594)

j) Provision for bad debts - RTI

- A correction of applicability of iGrap1 which was incorrectly applied in the previous financial year, as an agent iGrap1 is not applicable to RTMC on RTI Infringements. This resulted in an overstatement of provision for bad debts (R5 759 510)

k) Operating expenditure

- 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)
- Computer expense for 2017/18 financial year was errouneously duplicated, resulting in an overstatement (R68 251).
- A creditor for security expenditure was incorrectly raised in the prior year. This resulted in an overstatement (R108 129)
- Computer expense invoices relating to 2017/18 financial year, received after submission of financial statements was recorded in the 2018/19 financial year. This resulted in an understatement (R102 919)
- Labour relation invoices were omitted in the previous year resulting in understatement (R332 310)
- An invoice for recuitment costs relating to 2017/18 financial year, received after submission of financial statements was recorded in the 2018/19 financial year. This resulted in an understatement (R516 326)
- An invoice for data lines relating to 2017/18 financial year, received after submission of financial statements was recorded in the 2018/19 financial year. This resulted in an understatement (R322 165)
- Computer expense invoices relating to 2017/18 received after submission of financial statements were recorded in the 2018/19 financial year. This resulted in an understatement (R356 052)

Notes to the financial statements for the year ended 31 March 2019

23. Prior period errors / continued

- A credit note for employee wellness relating to 2017/18 financial year, received after submission of financial statements was recorded in the 2018/19 financial year. This resulted in an overstatement (R22 316)
- Computer equipment was errouneously expensed in the previous financial year, resulting in an overstatement of computer expenses (R3 464)
- Cleaning and security was incorrectly classified as operating leases in previous financial year (R39 718) and (110 033) respectively
- Water and Electricity relating to March 2018 was erroneously omitted in the previous financial year, resulting in an understatement (R29 261)
- Deposit for office space was incorrectly classified as operating leases, resulting in an overstatement in the previous financial year (R13 278)
- Invoice for legal fees was erroneously omitted in the in trade payables in the previous financial year, resulting in an understatment (R266 877)
- Talent management invoice was omitted in the previous year resulting in an understatement (R31 875)
- In 2015/16 financial year, the Compensation Commissioner reported a discrepancy regarding the Corporation's submissions of return of earnings. The delays by the Compensation Commissioner in resolving the discrepancy, resulted in late submissions of 2017/18 financial year return. This resulted in an understatement (R1 111 709)
- Computer expenses were errouneously classified as computer equipment in the previous financial year. This resulted in an understatement (R6 447)
- Invoices for consulting fees relating to 2017/18 financial year, received after submission of financial statements was recorded in the 2018/19 financial year. This resulted in an understatement (R786 048)
- Adjustment relating to operating lease smoothing was ommitted in the previous financial year, resulting in an understatement of operating lease expense (R1 482 587)
- An invoice for cellphone expenditure relating to 2017/18 was incorrectly recorded in 2018/19 financial year. This resulted in an understament of operating expenditure (R770 005)
- A prepayment of self insurance was incorrectly expensed into the previous financial year, resulting in n overstatement (R3 000 000)

l) Revenue from non-exchange transactions

- Infringement fees (AARTO income) relating to 2017/18 financial year received after submission of financial statements were recorded in 2018/19 financial year. This resulted in an understatement of Infringement fees (R390 789)
- A correction of applicability of iGrap1 which was incorrectly applied in the previous financial year, as an agent iGrap1 is not applicable to RTMC on RTI Infringements. This resulted in an overstatement of RTI Infringement fees (R6 417 310)

m) Revenue from exchange transaction

- An invoice relating to eNaTIS Data Charge was incorrectly raised in the previous financial year, this resulted in an overstatement of revenue from exchange transaction in 2017/18 financial year (R14 700)
- An invoice relating to Boekenhoutkloof training was incorrectly raised in the prevoius fianancial year, resulting in an overstatement of revenue from exchange transaction (R54 151)
- Training fees relating to Boekenhoutkloof College was erroneously ommitted in the previous fianancial year, resulting in an understatement of revenue from exchange transaction (R167 790)

n) Reclassification

- Salaries payable to GPG Community Safety was incorrectly classified as an accrual for upskilling (R1 144 577)
- An accrual for computer expenses was incorrectly classified as a creditor (R149 166)
- Office refreshments were incorrectly classified as operating leases (R51 800)

Capital risk management

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

Notes to the financial statements for the year ended 31 March 2019

24. Financial risk and capital risk management

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 adhoc 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 is as follows:

Financial liabilities – 2019	Within 1 year	1-5 years	More than 5 years	Total R
Finance lease obligation	9	-	-	9
Payables from exchange transactions	48 831 682	-	-	48 831 682
	48 831 691	**-**	**-**	**48 831 691**

Financial liabilities – 2018	Within 1 year	1-5 years	More than 5 years	Total R
Finance lease obligation	9	-	-	9
Payables from exchange transactions	97 055 175	-	-	97 055 175
	97 055 184	**-**	**-**	**97 055 184**

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.

Notes to the financial statements for the year ended 31 March 2019

24. Financial risk and capital risk management / continued

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 2018/19: R222 527 658 and 2017/18: R333 033 393 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 prea (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.

Provinces	2019 R	2018 R
Eastern Cape	17 007 763	8 862 598
Free State	11 216 016	3 508 416
Gauteng	28 454 796	26 759 094
KwaZulu-Natal	19 071 485	9 157 229
Limpopo	6 400 583	5 881 054
Mpumalanga	14 814 729	12 365 056
North West	3 460 032	3 417 132
Northern Cape	18 916 107	16 160 648
Western Cape	16 337 506	9 053 838
Unallocated receipts (All provinces)	(5 598 625)	(5 598 625)
Provision for bad debts	(14 368 936)	(11 786 573)
	115 711 456	**77 779 867**

Financial instruments

Major receivables of the corporation consists of the following:		
NaTIS - transaction fees	115 711 456	77 779 867
Deposits	1 946 618	1 583 292
Receivables – Other	766 163	588 669
CBRTA RTI – Administration of infringment fees	105 535	8 516 790
Boekenhoutkloof facilities	9 503 957	1 197 372
	128 033 729	**89 665 990**

Notes to the Financial Statements for the year ended 31 March 2019

24. Financial risk and capital risk management / continued

Financial assets that are past due but not impaired - 2019

Financial asset	Neither past due nor impaired	0-2 months	3 - 5 months	More than 5 months	Impaired financial assets	Total carrying amount R
Trade and other receivables	84 497 715	69 165 281	27 363 352	45 283 037	(81 661 862)	144 647 523
Unallocated receipts	(5 728 345)	-	-	-	-	(5 728 345)
Cash & cash equivalents	129 806 678	-	-	-	-	129 806 678
Deposits	1 946 618	-	-	-	-	1 946 618
	210 522 666	**69 165 281**	**27 363 352**	**45 283 037**	**(81 661 862)**	**270 672 474**

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 R
Trade and other receivables	138 316 165	16 300 991	4 539 353	177 892 217	(235 352 838)	101 695 888
Unallocated receipts	(5 598 625)	-	-	-	-	(5 598 625)
Cash & cash equivalents	14 719 228	-	-	-	-	14 719 228
Deposits	1 583 292	-	-	-	-	1 583 292
	149 020 060	**16 300 991**	**4 539 353**	**177 892 217**	**(235 352 838)**	**112 399 783**

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 Corporation`s 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 2019

25. Fruitless and wasteful expenditure

	2019 R	2018 Restated R
VAT paid to a supplier that is not VAT registered	780 545	-
Penalties on enforcement orders	-	6 960
Interest and penalties on tax payments	37 705	843 610
Interest on late payment to suppliers	25 102	100 862
Fruitless and wasteful expenditure condoned for write-off during the year	-	(951 432)
	843 352	**-**

Progress on investigations of fruitless expenditure

Vat erroneously paid to a supplier was recovered in May 2019.

26. Irregular expenditure

Opening balance	8 493 927	-
Add: Irregular expenditure – current year	-	9 425 368
Less: Amounts condoned	-	(931 441)
	8 493 927	**8 493 927**

Irregular expenditure was approved for condonation in the current year by the Board and submitted to National Treasury as they are the condoning authority. The RTMC is awaiting feedback from National Treasury.

Notes to the financial statements for the year ended 31 March 2019

27. Commitments

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

Contract commitments

Description	Note(s)	**2019 Within 12 months**	**2018 Within 12 months**
Operating lease on rental of office equipment		1 418 045	1 281 631
Leasing of student accommodation	(a)	32 507 280	-
Inspection of driver centres & vehicle testing stations	(b)	12 728 919	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		1 066 275	666 666
Operating leases on rental of office space	(c)	31 761 777	26 096 732
Research study on road crashes to be conducted		-	1 003 996
Provision of recruitment service		4 862 404	-
Insurance		-	4 808 333
Harmonisation of traffic fraternity		-	554 640
Employee assistance, health and wellness contract		76 541	6 608 973
NaTIS Unix & Linux services		146 477	1 797 345
Employee vetting		429 782	447 452
Provision of Security Services		4 542 815	13 952 089
Off site Storage		165 915	278 342
Enterprise resource planning Solution System		1 595 876	10 336 957
Promotion of Road Safety through Television and Radio Advertising		674 467	1 976 464
Road safety messages through drama series, theatre production and story integration		-	45 447 756
Parkhomes	(d)	17 998 341	17 998 488
Consultant Fee : Training Facility		3 072 119	3 072 119
Provision of weighbridges		-	2 134 740
Communication services		17 520	15 869
Public liability & group accident insurance		195 388	190 095
Development of SLA's/contracts		246 240	500 000
		113 506 181	**151 280 110**
Commitments beyond 12 months		**110 466 446**	**33 275 807**

a) Lease student accommodation

Commitment relates to the renting of accommodation for traffic trainees.

b) Inspection of drivers' centres and vehicle testing stations

Commitment relates to the audit of driver licence testing centres and vehicle testing stations.

c) 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 six regional offices.

d) Parkhomes

Commitment relates to the building of accommodation for traffic trainees.

Notes to the financial statements for the year ended 31 March 2019

27. Commitments / continued

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

Purchase order commitments		**2019**	**2018**
Description	Note(s)	**Within 12 months**	**Within 12 months**
Training		672 661	228 365
Publications			5 080
Consulting services		461 782	10 123
Recruitment costs		92 000	92 000
Leasing of office equipment		781 639	187 478
Printing and stationery	(a)	13 254 566	3 384 043
Professional fees		1 796 696	1 149 581
Lease registration		18 370	-
Catering		94 128	7 750
Road safety material	(b)	6 233 902	2 511 699
Law enforcement material		156 142	148 115
Repairs & maintenance		2 028 542	152 895
Courier services		-	134 605
Procurement of computer & office equipment	(d)	63 851 399	8 351 324
Parkhomes		7 095 907	7 008 496
Franking machine		-	2 594
OHS audit		-	18 000
Nursing services		284 046	-
Uniform & ammunition	(c)	10 663 905	747 571
Risk workshop		-	20 309
Fumigation services		487 666	-
Domain Services		24 002	26 910
Hewlett Packard support		-	449 750
Provision for nursing services		-	195 858
Office Furniture		100 312	-
Motor Vehicle		7 838 540	-
Translation of National Road Safety		140 500	140 500
Provision of Banking Services		500 000	500 000
Provision of Boardpack services		226 999	438 608
Internet link		820 945	1 142 157
		117 624 649	**27 053 811**

a) Printing of stationery

Commitment relates to the accident report forms and stationery for training.

b) Road safety material

Commitment relates to the road safety educational material.

c) Uniform and ammunition

Commitment relates to the procurement of traffic trainees, Road Traffic Inspectorates and National Traffic Police uniform and ammunition.

d) Procurement of computer and office equipment

Computer equipment relates mainly of NaTIS equipment

Notes to the financial statements for the year ended 31 March 2019

28. 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

The online platform for vehicle licences was anticipated to be fully functional by the end of the first quarter however, it remains outstanding. The initial tender process ended in a non-award, a new procurement process is underway. This resulted in the under-collection.

b.) Interest received

Taking into consideration the financial status during the 2018 financial year a decision was taken not to budget for revenue from bank interest. The current economic environment and financial status has improved as a result of the increase in transaction fees.

c.) Boekenhoutkloof training facilities

During the third quarter a significant number of traffic officers from Gauteng Province were trained at Boekenhoutkloof College, thus resulting in a steep increase in revenue generated from the traffic training.

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. The application of iGrap 1 also contribute to the increase in revenue insofar as revenue is recognised at initial value and not at receipt of payment.

e.) Administration of infringement fees (RTI income)

In the previous financial year all officers under the Road Traffic Inspectorate were subjected to the same up-skilling training which is conducted for the National Traffic Police. The effort from the Corporation to create a harmonious law enforcement and create equal working conditions improved the productivity which resulted in an increase in the issuing and collection of infringement fees.

f.) Transaction fees

Transaction fees increased from R42 to R72 at the beginning of February 2018. Revenue generation from Transaction Fees is expected to be in line with budget during the latter part of the 2019 financial year despite the annual increase not being implemented as yet.

g.) Employee cost

The Employee budget includes a provision for appointment of key positions which was not filled during the first half of the financial year.

h.) Operating expenditure

During the financial year under review the corporation reflected on underspent in the operating expenditure, refer to note 17

i.) Capital expenditure

During the financial year the Corporation initially budgeted an amount of R78 237 323 for capital purchases. This amount was further augmented by a virement of R50 863 589, amending the budgeted amount to R129 100 912, to cater for the purchase of land, which will enable the Corporation establish permanent office accommodation. At year-end the procurement process was not yet completed resulting in an underspending.

Notes to the financial statements for the year ended 31 March 2019

29. Early adoption of GRAP 109: Accounting by Principals and agents

The RTMC has applied GRAP 109, which is an early adoption of standard which is only effective from 01 April 2019. This early adoption will result in more reliable and relevant information about the impact of transactions relating to the principal and agent and events on the Corporations financial statements.

The policy decision was taken by the former Minister of Transport, Honourable Dipuo Peters, to consolidate all law enforcement functions within the Transport portfolio, towards the Constitutional imperative of a single police service. This was also done in order to utilise existing and established resources (economies of scale) to run the Road Traffic Inspectorate (RTI) function law enforcement efficiently and effectively, pending the legislative review.

Pursuant to this decision, a binding arrangement was entered into between the C-BRTA and the RTMC in terms of which the latter will undertake the law enforcement function (Road Traffic Inspectorate) on behalf significant terms agreed upon:

The functions of the Road Traffic Inspectorate as provided for in Section 39 of the C-BRTA Act, 1998 are now performed by the RTMC.

All employees of the RTI and their employment contracts were transferred to the RTMC, resulting in RTMC being the new employer for the employees.

RTMC to operationalise the role and functions of the RTI as envisaged in the C-BRTA Act, 1998 subject, inter-alia, the following, at minimum:

- The mandate of the C-BRTA as contained in the C-BRTA Act, 1998, remains vested in the C-BRTA
- The Chief Executive Officer of the C-BRTA remains vested with the powers as set forth in Section 37(a)(a) of the C-BRTA Act, 1998, and only personnel appointed by the Chief Executive Officer of the C-BRTA may exercise the powers and perform the functions of the RTI in terms of the C-BRTA Act, 1998
- In terms of the binding arrangement, the following transactions are undertaken by the RTMC with transport operators on behalf of C-BRTA:
  - Inspection and enforcement of road transport rules;
  - Issue of fines and collection of penalty income

The C-BRTA remains the principal in the arrangement as the mandate and the responsibility for the function as contemplated in Section 39 of the C-BRTA Act while the RTMC undertakes the function on its behalf. Risks associated with the execution of the function remains with the C-BRTA. There are no assets and/or liabilities under the custodianship of the RTMC that belongs to the C-BRTA.

Amount collected by the Agency consist of the following:

	2019 R	2018 R
Service fee		
Administration of infringements	37 161 400	23 783 350
Amount outstanding	105 535	8 516 790

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