Road Traffic Management Corporation

2013/14 Annual Report

The RTMC is an Agency of the Department of Transport

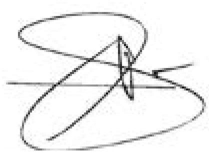
transport

Department:
Transport
REPUBLIC OF SOUTH AFRICA

OFFICIAL SIGN-OFF

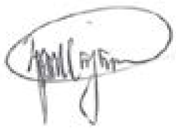
It is hereby certified that this annual report:

- Was developed by the management of the Road Traffic Management Corporation (RTMC) under the guidance of the RTMC Board
- Takes into account all the relevant policies, legislation and other mandates for which the RTMC is responsible; and
- Accurately reflects performance against the strategic outcome-oriented goals and objectives that the RTMC committed to achieve over the 2013/2014 period.



Adv. M Msibi

CEO: RTMC



Mr Z Majavu

Chairman: RTMC Board

About This Report

1. Introduction

This 2013/2014 RTMC Annual Report is in compliance with the Public Finance Management Act (PFMA) that 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 RTMC Act, Section 55 of the PFMA and Treasury Regulation 55.2.

2. Annual Reporting Period

The reporting cycle of the RTMC is 31 March, annually. Interim quarterly reports are developed and duly submitted to the National Department of Transport (NDOT) as per the provisions of the PFMA. This annual report records the business and financial performance for the period 01 April 2013 to 31 March 2014.

3. Scope of the Report

The report incorporates financial and performance information based on the approved 2013/14 Annual Performance Plan (APP) that was tabled before Parliament in June 2013. The performance information contains predetermined performance goals, objectives and key performance indicators. The financial report incorporates financial statements that are prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) as prescribed by the PFMA.

4. Annual Report Approval Phases

The annual report approval phases ensue as per the caption below, before it is published:

Figure 1: Annual Report Development Process

1st Draft Annual Report
- Submission by the Accounting Authority within two months (31 May 2014) after the end of the financial year to the National Treasury and the Auditor General for Auditing

2nd Draft Annual Report
- Submission by the Accounting Authority within five months (31 August 2014) after the end of the financial year to the National Treasury, Executive Authority and Shareholders Committee for Approval

Final Annual Report
- Tabling in Parliament by the Minister and the Provincial Legislatures by the Members of the Executive Council within 14 days of receipt of the approved annual report

5. Users of the Annual Report

The report is targeted at an array of stakeholders that have an interest in the corporate affairs of the RTMC. It will be published in hard copy, placed on the website of the corporation, distributed to parliament and provincial legislatures and distributed in accordance with the Legal Deposit Act.

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PART A:

GENERAL INFORMATION

SAFE

SECURE

RESPONSIBLE

PART A: GENERAL INFORMATION

1. Contact Details

Registered Name	**Road Traffic Management Corporation**
Physical Address	Boardwalk office park Boardwalk Boulevard Faerie Glen, 0043
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	Auditor General
Bankers	First National Bank

2. Abbreviations/Acronyms

AFS	Annual Financial Statements
AARTO	Administrative Adjudication of Road Traffic Offences
AGSA	Auditor General of South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
Authorities	Road Traffic Authorities
BAC	Bid Adjudication Committee
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
Corporation	Road Traffic Management Corporation
CRSC	Community Road Safety Council
DLCA	Driver License Card Account
DLTC	Driver License Testing Centre
EFT	Electronic Funds Transfer
eNaTIS/NaTIS	National Traffic Information System
ERP	Enterprise Resource Planning
ESS	Employee Shared Service
EVI	Electronic Vehicle Identification
EXCO	Executive Committee of the Corporation
FAR	Fixed Asset Register
GAAP	General Accounting Practices
GIS	Geographical Information System
GPS	Geographical Positioning System
GRAP	Generally Recognised Accounting Practices
HR	Human resources
ICT	Information and Communication Technology
ISA	Infrastructure Safety Auditors
IT	Information Technology
JIPSA	Joint Initiative on Priority Skills Acquisition
LETCOM	Law Enforcement Technical Committee
LGSETA	Local Government Sector Education Training Authority
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NAR	National Crash Register
NCOP	National Council of Provinces
NCAP	New Car Assessment Programme
NCR	National Contravention Register

NDOT	National Department of Transport
NDP	National Development Plan
NEHAWU	National Education Health and Allied Workers Union
NFCIC	National Fatal Crash Information Centre
NRTA	National Road Traffic Act
NRTLEC	National Road Traffic Law Enforcement Code
NRSAC	National Road Safety Advisory Council
NT	National Treasury
NTACU	National Traffic Anti Corruption Unit
NTCC	National Traffic Call Centre
OHS	Occupational Health and Safety
PAIA	Promotion of Access to Information Act
PCT	Portfolio Committee on Transport
PDS	Point Demerit System
PFMA	Public Finance Management Act
PPP	Public Private Partnerships
PrDP	Professional Driving Permit
QCTO	Quality Council for Trades and Occupations
RAF	Road Accident Fund
RPL	Recognition of Prior Learning
RTEC	Road Traffic Education Committee
RTIA	Road Traffic Infringement Agency
RTMC	Road Traffic Management Corporation
RTMCA	Road Traffic Management Corporation Act
RSA	Republic of South Africa
RSO	Road Safety Officers
SAQA	South African Qualifications Authority
SARAP	South African Road Assessment Programme
SANRAL	South African Roads Agency
SAPS	South African Police Services
SARSM	South African Road Safety Manual
SAQA	South African Qualification Authority
SC	Shareholders' Committee
SCOPA	Standing Committee on Public Accounts
SCM	Supply Chain Management
SLA	Service Level Agreement
SWOT	Strengths, Weaknesses, Opportunities, Threats

3. Foreword by the Chairman

It is my pleasure, as newly elected Chairman of the RTMC, to table the 2013/2014 Annual Report of the entity.

The RTMC Board and the CEO were appointed on the 4th of December 2013. The Entity's history has been fraught with controversy and the untenable situation was further compounded by the Shareholders Committee decision in 2013 to de-operationalise the RTMC – which decision was later rescinded in the same year.

Susan L. Taylor said: "In every crisis there is a message. Crises are nature's way of forcing change — breaking down old structures, shaking loose negative habits so that something new and better can take their place." It is this Board's view that we have entered a new era in the existence of the RTMC – an era where we will take with us only the lessons of the past, and not the negativity. We are on the threshold of a new dawn.

The RTMC has an important role to play in improving South Africa's economic and social performance. Through the proper management of the entity and by ensuring that it delivers on its mandate, the RTMC directly contributes to both the productivity of South Africa and the welfare of South Africans through the delivery of road traffic management and safety.

The Entity's strategic plan for 2014 - 2019 is anchored in country, regional and international imperatives such as the NDP and the Decade of Action for Road Safety 2011-2020 which implores us to spare no effort in reducing the road carnage and save the precious gift of "Life". The fight against road carnage cannot be a singular effort of the RTMC, but instead all role players need to reclaim their rightful positions in making South African roads safe. It is through these partnerships that we commit to concretise and make a difference on our country's roads.

The RTMC Board is very conscious of its responsibilities in fulfilling its mandate. We have a fiduciary responsibility to ensure that funds are utilised in interventions that are consistent with our mandate, invested and managed with extreme care and diligence, enabling RTMC to achieve its strategic goals.

We remain cognisant of the importance of adhering to good governance practices. We are also paying particular attention to the emerging role of IT Governance and will soon ensure that we are compliant in this regard. This will enable oversight; ensure strategic alignment between the goals and objectives of the organisation and the utilisation of our IT resources, to effectively achieve the desired results. Our endeavours will stand us in good stead as we prepare for a major overhaul of our IT system.

The Five Year Strategic Plan and the APP 2014/2015 was approved by the RTMC Board prior submission to the Minister of Transport. We can say with confidence that we have set clear objectives and identified our key risks and performance areas. Therefore, we are assured that the RTMC will deliver on its mandate as per the Act.

We are also persuaded that the executive management provides leadership characterised by the values of responsibility, accountability, fairness and transparency. Since the appointment of the CEO, there has been continued good progress in developing the RTMC's capability and stability. The Minister of Transport signed the RTMC Governance Agreement in April 2014, and we are looking forward to continued good relations with the Shareholder's Committee and all other stakeholders, as this type of engagement is critical to the Board.

Globally the clarion call has been made that road safety challenges can only be overcome through collaborative efforts. The RTMC working together with the NDOT will establish structures in support of road safety. This will take place in the form of the National Road Safety Advisory Council that would be a technical structure with a range of expertise on road safety matters. The Community Road Safety Councils provide access to grass roots and will be active in the constant communication and implementation of programmes by servicing the community and linking with related structures on a continuous basis.

Challenges Faced by the Board

It is generally accepted that a happy employee is a productive employee and most often this happiness is derived from the value an employee gets from his/her employer.

One of the most contentious areas between employers and employees is the issue of remuneration. RTMC is no exception in this regard. The Board and leadership are faced with a legacy of a remuneration system that is infested with issues of incomparable and irregular remuneration practices, with the concomitant results of demoralised staff and serious human resource imbalances. As attested, RTMC is faced with a pertinent challenge of the remuneration and funding model. The future funding model will also have to make provision for exploring the options of securing private sector funding for the purposes of road traffic management.

The Year Ahead

In the new financial year, RTMC aims to strengthen its focus on increasing its footprint throughout the country with the ultimate aim being the establishment of regional RTMC offices in all the provinces. This is the ideal situation that the organisation would like to find itself in. However, the magnitude of the task is not lost on RTMC. The implementation of such a task will require engagement with all key stakeholders and an acknowledgment of the tools required to achieve this goal.

Parallel to the above, various pieces of legislation that are juxtaposed to each other and which hamper the entity's ability to attain its mandate, will have to be reviewed and amended.

Gratitude

In conclusion, the Board wishes to express its appreciation to the Minister of Transport, the Shareholders' Committee and the NDOT for their support and cooperation. The Board also commends the then Acting CEO, Mr Gilberto Martins, who took the helm of the ship and who managed to stabilise the environment. The Board also thanks the newly appointed CEO for his insurmountable efforts made in the few short months since his appointment and commenced with the turnaround of the entity in very turbulent times.

To my newly appointed Board members – I look forward to the journey with you.

A reminder

Everyone wants safer roads. But everyone has a contribution to make. We pride ourselves on following most of the rules, most of the time, except maybe the one that will matter one day when we least expect it. Our personal habits can be the difference between life and death.

Our great icon Nelson Mandela was inspired by the poem "Invictus" by William Henley and had it written on a scrap of paper on his prison cell while he was incarcerated for 27 years on Robben Island:

I am the master of my fate: I am the captain of my soul

It matters not how strait the gate,

How charged with punishments the scroll,

I am the master of my fate:

I am the captain of my soul.

(shortened)

The RTMC board and staff are ready for the journey from which we shall emerge as the conquerors – as we are the masters of our fate.

Mr Z Majavu

Chairman: RTMC Board

4. Chief Executive Officer's Overview

Introduction and background

The 2013/14 financial year has presented us with challenges as well as great achievements, which would not have been possible without the enthusiasm and professionalism that the Board, Management and Staff have shown in dealing with road traffic management issues.

Whilst we pat ourselves on the back for these achievements, we are not oblivious to the complex challenges that must be addressed during the next financial year and beyond. We are also aware of the need to continuously review and improve the effectiveness and efficiency of our functions as the RTMC. We are therefore cautiously optimistic that we will rise to the occasion and ensure that there is orderly development and stability in the entity.

It may be opportune to define the branding and the logo of the entity as depicting the objectives of the institution in so far as it symbolises a two laned road and the implicit element of an arrow: creating a sense of moving forward into the future. The lines coming together hint at the value of working together and channelling energy and resources towards one goal. The choice of colours with blue and green represent the environment and growth. The rectangular borders represent proper road traffic guidance and road safety.

We are pleased to report on the objectives of the entity today, and singularly upbeat to share how we are going to move into the future. The element of lanes in our logo epitomises the sense of a journey that is waiting to be undertaken – to ensure that RTMC delivers on its mandate will be a journey, and not a destination.

Organisational performance

We believe it is common knowledge that all concerned with safety related issues are aware that traffic safety is not a discipline in its own right but a science comprising a number of disciplines and functional areas. Four prominent disciplines to manage traffic safety issues have been identified, namely the road environment (engineering), the need to control and regulate (law enforcement) various units in the road environment, the need to provide units with knowledge and skills, to develop positive attitudes (education) and to undertake research activities (logistical support) with a view to provide the authorities with information. Other relevant aspects are the role of rescue practitioners to manage all types of incidents on the road and the role of the courts.

Traffic safety issues needs to be managed systematically to accommodate the multi-faceted nature of traffic safety.

Aspects within the RTMC's performance environment that impact on its ability to deliver on its mandate include contradictory and overlapping legal mandates, for instance mid term transfer of AARTO to RTIA. The funding of the institution presents a major limitation in the operations and warrants an urgent development of an alternative funding models that will sustain its operations. Other areas of limitations find expression in the legacy remuneration systems, insufficient human capital, lack of skills and knowledge, lack of buy-in from stakeholders, insufficient controls and lack of corporate governance. RTMC's reflection to these challenges is evident in the summary of its organisational performance in this report.

Financial Overview

The lack of leadership and governance structures during the period under review, led to inadequate controls impacting on the audit outcome. As a Chief Executive Officer who had been in office for only three months of the year this is an opportunity to reflect on our performance and organisational culture as a corporation and transform the organisation by investing in good administration.

Over the past few months, we have intensified our efforts to ensure that we dealt with the improvement in audit outcomes by identifying the key controls that should be in place at the entity, assessing these on a quarterly basis and sharing the assessment with the Executive Authority, the Accounting Authority and the Audit and Risk Committee.

We further identified the following six key risk areas that need to be addressed to improve financial and performance management:

- Quality of submitted financial statements
- Quality of annual performance reports
- Supply chain management

- Financial health
- Information technology controls
- Human resource management

In this process we work closely with the accounting authority, the Audit and Risk Committee and internal audit units as they are key role players in providing assurance on the credibility of the financial statements, performance report as well as the entity's' compliance with legislation.

We also continue to strengthen our relationships with coordinating and monitoring departments (such as the National Treasury and the Departments of Public Service and Administration, and Performance Monitoring and Evaluation).

Financial Management

RTMC's annual business is conducted in terms of its Strategic Plan and its Business Plan and Budget, prepared in the year prior to the review period, and submitted to the Minister of Transport. The financial outcomes of RTMC's pursuits and results are reported annually in its Annual Financial Statements (AFS), which are published in its Annual Report. The AFS are prepared in accordance with the requirements of the PFMA, the Road Traffic Management Act, Treasury Regulations and GRAP.

Supply Chain Management (SCM)

The supply chain management environment always draws contradictions and controversy and we were spared no effort as we were found wanting in some areas due to the lack of the requisite skills and competencies.

It is critical that we enhance capabilities to address strategic issues in respect of SCM whilst simultaneously ensuring a more flexible deployment of resources to match priorities and create an enabling environment to strengthen monitoring and evaluation, prevent fraud, corruption, collusive tendering and improved service delivery as well as policy review. Equally important and prudent is the implementation and the setting of best practice norms and standards.

Capacity constraints

The lack of institutionalised procedures, systems as well as the absence of formalised business processes has the concomitant effect that all aspects of human resources are executed in an uncoordinated and haphazard manner. The reengineering and the alignment of legislation and policies applicable to the institution will go a long way to stabilise and improve performance informed by the solid foundation we seek to lay.

The unprecedented skills development process currently unfolding resonates well with our developmental trajectory of the 21st century cadres both in road safety, law enforcement as well as various components within the Corporation. The long awaited and overdue assumption of our responsibility and leadership to steer the ship into the right direction will gain momentum. It is no longer business as usual since we want to compete on an equal footing in the market.

Externally Focused Responsibilities and Initiatives

In the year under review the RTMC continued unabated to mobilise and engage stakeholders in its quest to ensure broad stakeholder participation and solicited buy in from all and sundry to improve on our road safety. Different approaches and communication mechanisms were used to engage stakeholders and the public at large in the processes and activities of the RTMC. These included amongst other the collaboration with the NDOT on the Ministerial National Road Safety Summit. Over and above mentioned efforts and initiatives; stakeholder meetings, public hearings, exhibitions, as well as the print and electronic media were further implored.

Legislative Committees

RTMC has interacted on several occasions with the Parliamentary Portfolio Committee on Transport (PCT) and the National Council of Provinces (NCOP) Select Committee on Public Service:

- To present the RTMC's Annual Report for 2012/13;
- To outline developments on the programmes implementation of the RTMC;
- To present the strategic plan and progress thereon; and
- To present progress on the expenditure patterns.

Acknowledgements

We are very cognisant of the critical role that the Shareholders' Committee plays in terms of RTMC's ongoing success. We would also like to take this opportunity to thank the Chairman and the Board for their support during this trying period. I am also humbled by the management and staff for their unwavering support and commitment. The gallant support and commitment by the stakeholders has not gone unnoticed and without such none of our achievements would have been possible.

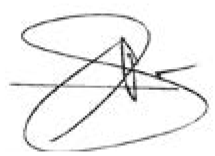
I would also like to express my deep and sincere gratitude to the Minister of Transport, Mme Dipuo Peters and the Acting Director-General, for their ongoing support and encouragement.

A special word of thanks and appreciation goes to Mr Gilberto Martins, our caretaker CEO, who did an admirable job of stabilising the RTMC environment during a very difficult period in its history.

Oliver Reginald Tambo said:

"Our victories have opened up new terrain of struggle, a front as full of possibilities for swift and decisive advances as it is laden with the chances of reversals. We are therefore burdened with much more complex tasks than ever before…."

Our Struggle to safer roads in South Africa continues….



Adv M Msibi

CEO

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 presents fairly the performance of the RTMC.

The Report has been prepared in keeping with best practice, pursuant to the recommendations of the King III Report on Corporate Governance ("King III").

Mr Z Majavu

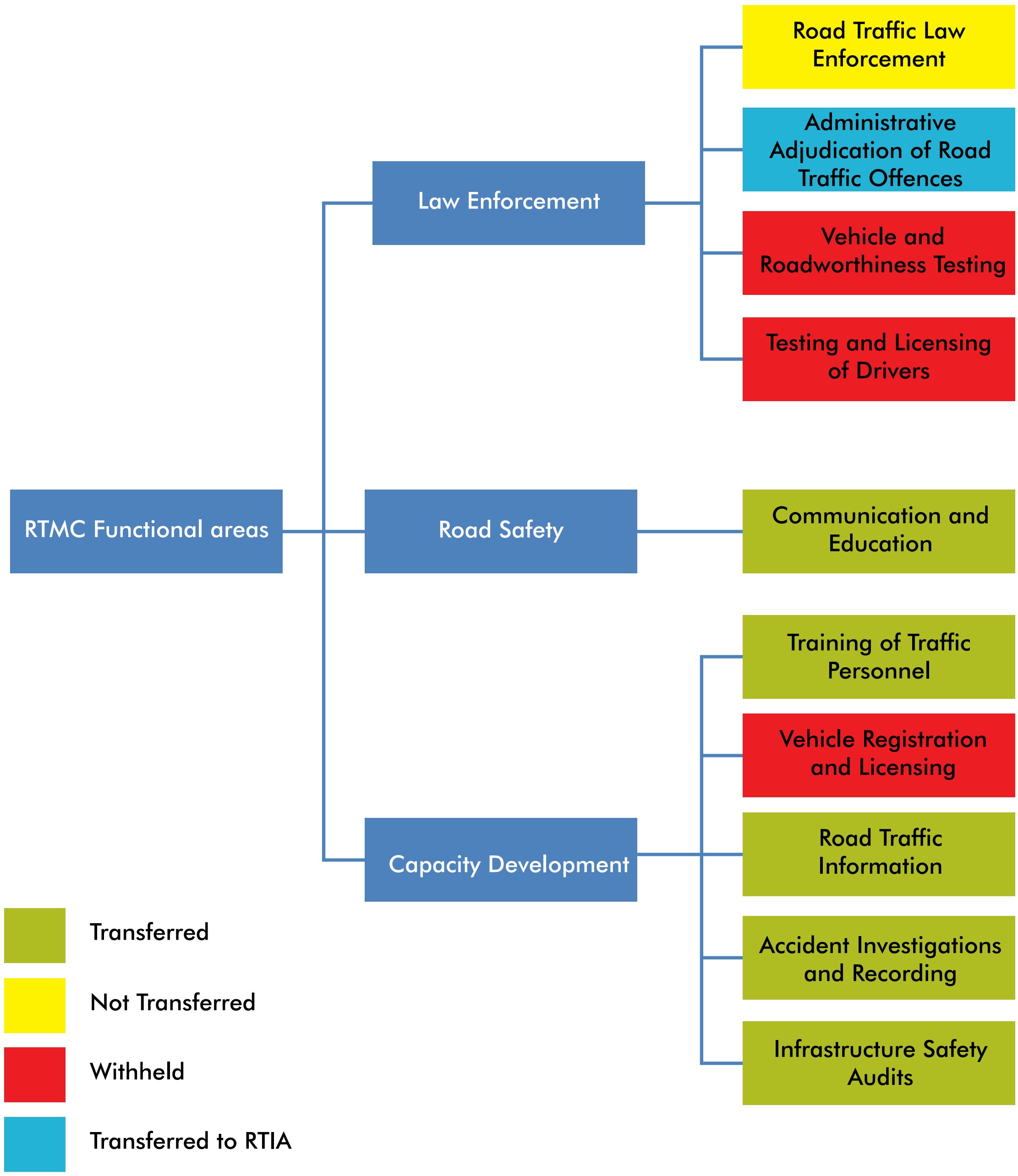
Chairman of the Board

6. Strategic Overview

6.1 Functional Areas

The RTMC is the Lead Agency on Road Safety in South Africa; the function extends to the areas of Capacity Development, Road Safety Education and Law Enforcement. 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 accordance with the business and financial plan. The following 10[1] functions are listed in Section 18 (1) of the RTMC Act:

Figure 2: Functional Areas



Areas of Vehicle and Roadworthiness Testing, Testing and Licensing of Drivers, and Vehicle Registrations and Licensing have never been transferred to the Corporation and are operationally executed by the provinces. Law Enforcement and AARTO are executed jointly with other authorities/agencies that share a common mandate with the RTMC.

1 Functions in yellow are partially transferred
Functions in red are not transferred

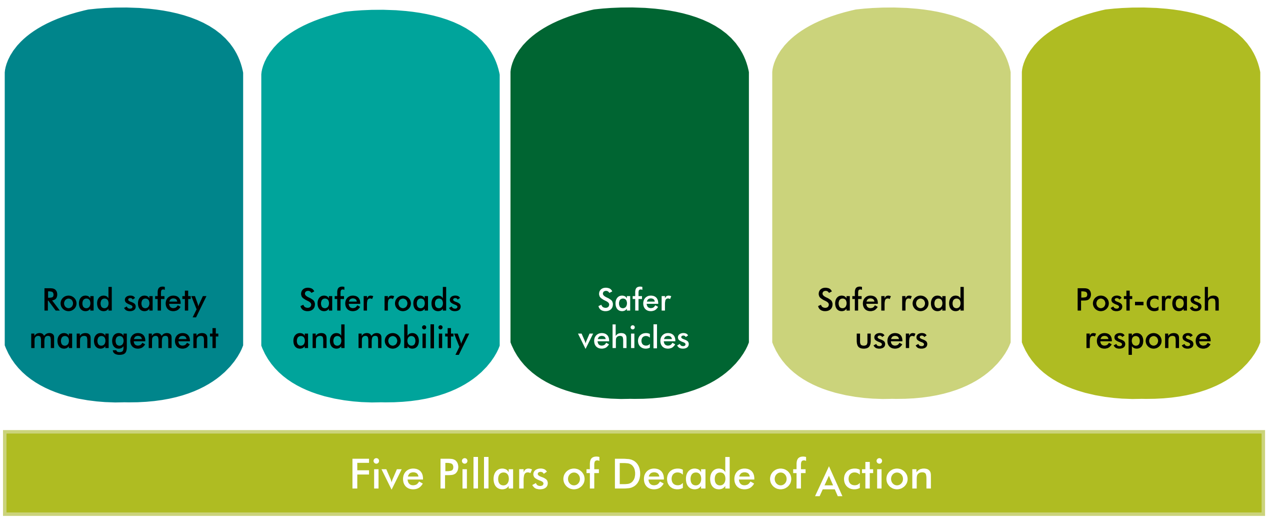
6.2 The Decade of Action for Road Safety 2011- 2020 (Decade of Action)

The Decade of Action is a global campaign for road safety and was launched on 11 May 2011 globally. It is the United Nations response to the growing road traffic injuries pandemic resulting in avoidable loss of life and injuries.

The signatory countries to the Decade of Action declaration are committed to the reduction of road fatalities by 50% by the year 2020. In this regard investment and broad participation in road safety programmes is encouraged and is heralded as a critical success factor. It is understood that in order to reduce the road carnages it would take collaborative efforts including government, business, non-governmental organisation and the broader civil society.

The RTMC is a member of the United Nations Road Safety Collaboration (UNRSC) under the auspice of the World Health Organisation (WHO). It reports periodically on progress towards the attainment of the goals of the Decade of Action. The global plan for road safety is premised on five pillars as captured below.

Figure 3: Pillars of the Decade of Action for Road Safety 2011-2020



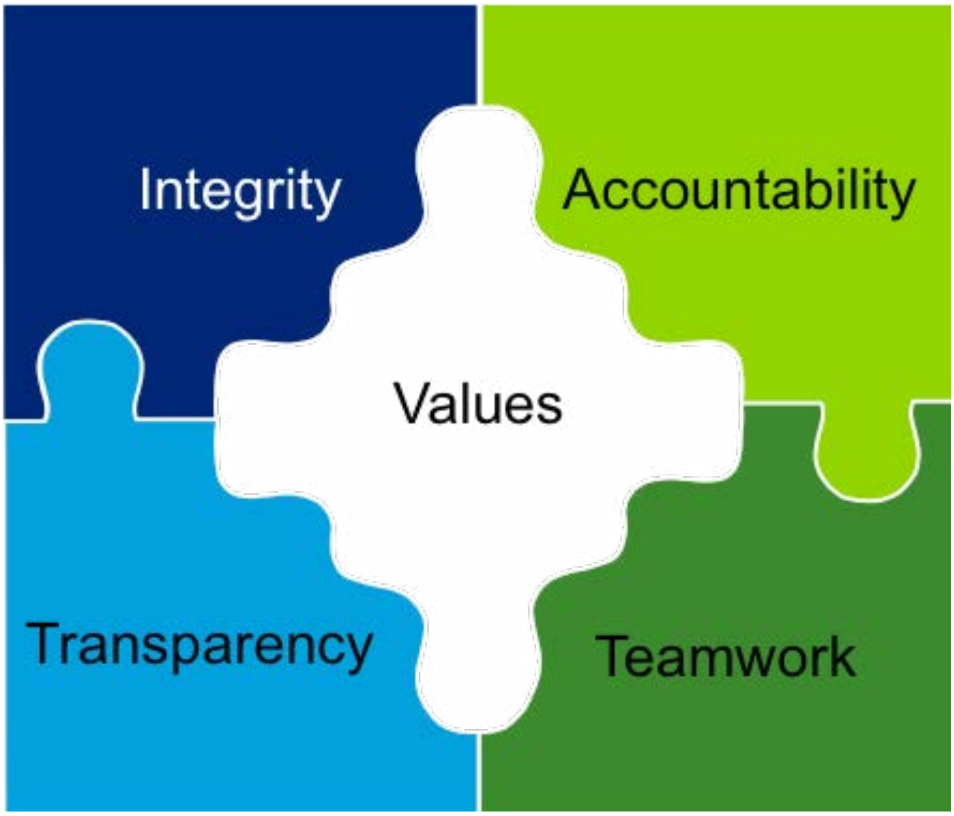
6.3 Vision Mission and Values

The Vision, Mission and Values of the RTMC as captured below were reviewed in February 2014 and find expression in the approved 2014 -2019 Strategic Plan:

Figure 4: RTMC Vision and Mission

Vision	Safe Roads in South Africa
Mission	Ensure safe, secure and responsible use of roads in South Africa through: • Education • Enforcement • Coordination • Partnerships • Planning • Engineering

Figure 5: RTMC Values



7. Legislative and other mandates

The Legislative mandate is derived from the Constitution of South Africa, the Road Traffic Management Corporation Act and the National Road Traffic Act.

7.1 Constitution of the Republic of South Africa, 1996 (the Constitution)

The mandate of the RTMC is aligned with Chapter 3, Section 41 (h) of the Constitution. The pooling of powers and resources and the elimination of the fragmentation of responsibilities on road traffic management across the three levels of government in a cooperative way with public interest serves as an underlying principle.

7.2 Road Traffic Management Corporation Act 20 of 1999 (the RTMCA)

The RTMCA was approved by Parliament in 1999 in line with the provisions of Sections 41(h) and 44(2) of the Constitution. It aimed to establish the RTMC to pool powers and resources and to eliminate the fragmentation of responsibilities for all aspects of road traffic management across the various levels of government.

The RTMC is listed under Schedule 3A of the PFMA, it is a National Public Entity defined in accordance with the following criteria:

1. National Government Public Entity
2. Established in terms of National Legislation
3. Fully or substantially funded either from the national revenue fund or by way of a tax, levy or other monies imposed in terms of the national legislation.

The RTMCA provides, in the public interest, for cooperative and coordinated strategic planning, regulation, facilitation and law enforcement in respect of road traffic matters by the national, provincial and local spheres of government.

7.3 National Road Traffic Act 93 of 1996 (the NRTA)

The NRTA prescribes national principles, requirements, guidelines, frameworks and national norms and standards that must be applied uniformly in road traffic management. It further provides for specific powers in order to execute the functions of RTMC. Chapter V11 of the National Road Traffic Act addresses the management of Road Safety as follows in relation to the Chief Executive Officer of the RTMC:

a) 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; and
b) Give guidance regarding road safety in the Republic by means of the organising of national congresses, symposiums, summer schools and study weeks, by means of mass-communication media and in any other manner deemed fit by the Chief Executive Officer.

In order to perform the functions properly, the Act recommends that the following may be undertaken:

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

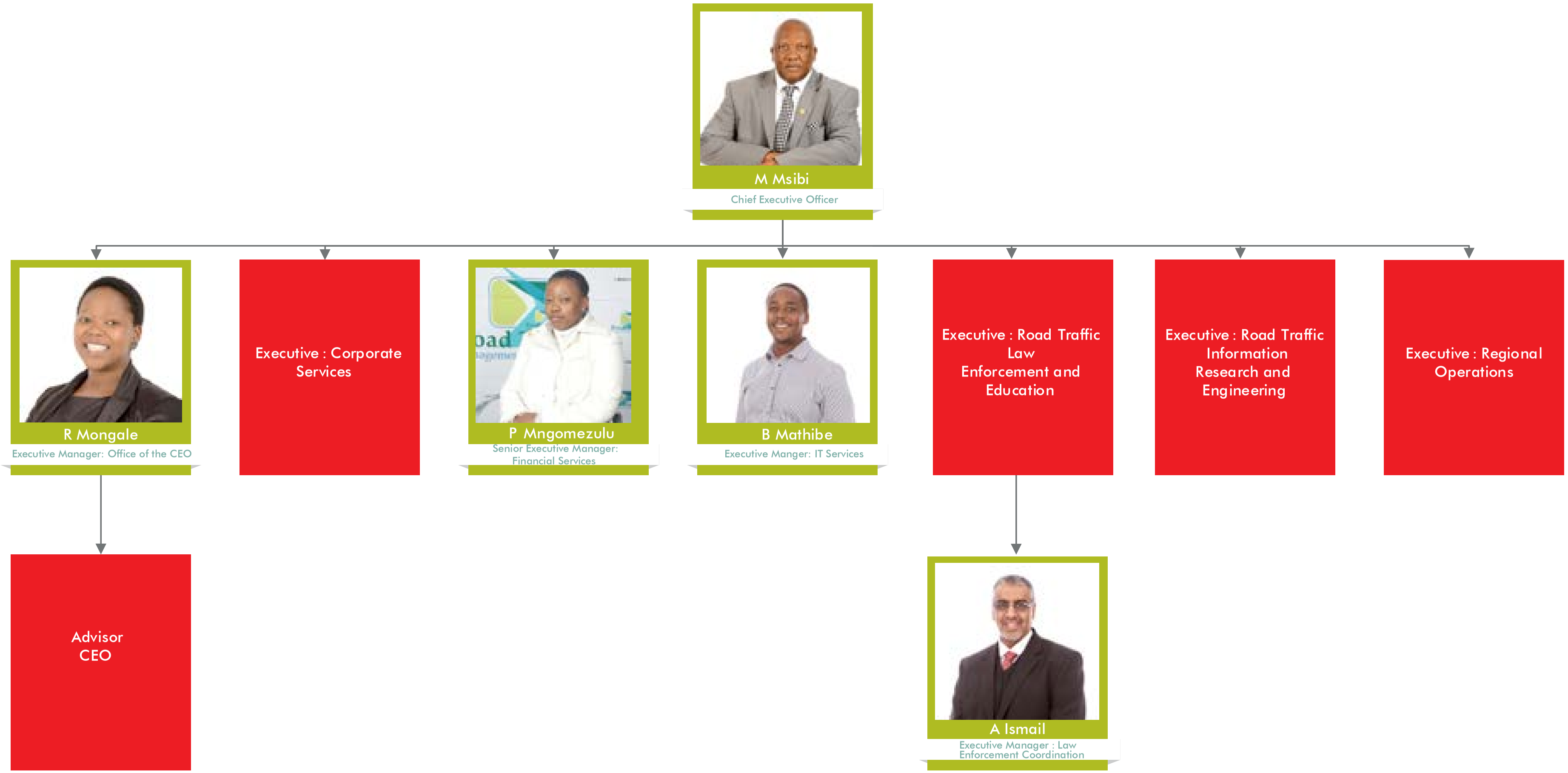
7.4 Other legislation

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

- The Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), which specifies the listing of the RTMC as a Section 3 Public Entity;
- The Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA), which determines the way that the RTMC has to treat access to information;
- The Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) (PAJA), that determines just administrative action of the RTMC.
- The RTMC's mandate are further derived from written government policies developed by the Minister of Transport (DOT) in terms of the Road Traffic Management Act.

8. Organisational Structure[2]

The following organisational structure depicts the RTMC structure as at 31 March 2014. The structure depicts the direct reports to the CEO. The positions in red were vacant for the duration of the year under review.



2 The organisational structure was meant to be a transitional measure and a work in progress in 2009 and has been used to date
Some of the structured functions are still resident within the NDOT
The NTP is not included in the structure
There has been a gradual inclusion of positions that were not included at the conception of the structure
Regional offices were never rolled out
The functions of vehicle registration and licensing, vehicle roadworthiness and testing and driver licensing and testing are included in the Road Traffic Law Enforcement and Education Branch

8.1 Acting Appointments

In view of the depletion of personnel at the top management layer, it became necessary and inevitable to appoint acting personnel in certain positions in order to implement programmes and execute a level of control over the functioning of the units.

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

Mr Collins Letsoalo
Chief Executive Officer
Acting Duration
Start: April 2013
End: July 2013

Mr Gilberto Martins
Chief Executive Officer
Acting Duration
Start: Aug 2013
End: Dec 2013

Chief Operations Officer
Acting Duration
Start: Jan 2014
End: March 2014

Ms Refilwe Mongale
Chief Operations Officer
Acting Duration
Start: April 2013
End: Jan 2014

Ms Mampe Kumalo
Executive Manager: Road Safety Education
Acting Duration
Start: April 2013
End: Oct 2013

Mr Michael Mogorosi
Chief Financial Officer
Acting Duration
Start: April 2013
End: July 2013

Mr Kopano Maponyane
Executive Manager: Human Resources
Acting Duration
Start: May 2013
End: Jan 2014

Ms Mpho Manyasha
Executive Manager: Office of the CEO
Acting Duration
Start: April 2013
End: July 2013

Mr B Nkhwashu
Chief: National Traffic Police
Acting Duration
Start: April 2013
End: Dec 2013

8.2 2013/14 Programme Champions

The management team as captured in the table below championed the 2013/14 APP programmes:

Ms M Bekker

Position: Senior Manager: Road Safety
Programme: Safe Road Users

Mr M Jele

Position: Senior Manager: Engineering
Programme: Safe Roads, Safe Vehicles and Road Traffic Information

Ms Refilwe Mongale

Position: Executive Manager: Office of the CEO
Programme: Stakeholder Management

Mr B Mathibe

Position: Executive Manager: Information Technology
Programme: Information Systems

Mr Z Nkabinde

Position: Senior Manager: National Traffic Police
Programme: National Traffic Police

E Naidoo

Position: Manager: Crash Investigations
Programme: Crash Investigations

Mr J Pillay

Position: Senior Manager: National Traffic Anti Corruption Unit
Programme: National Traffic Anti Corruption Unit

P Plaatjies

Position: Senior Manager: Traffic Training
Programme: Training of Traffic Personnel

Mr A Ismail

Position: Executive Manager: Law Enforcement Coordination
Programme: Law Enforcement Coordination

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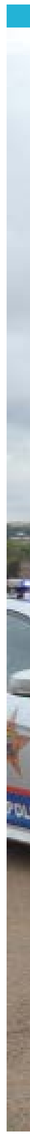
9.2 Reason for under collection 44

9.3 Capital investment Finance 44



PART B:

PERFORMANCE INFORMATION

SAFE

SECURE

RESPONSIBLE

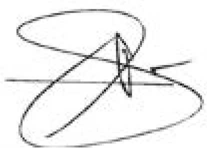
1. Statement of Responsibility for Performance Information for the year ended 31 March 2014.

The Accounting Authority assumed duty during December 2013 and is responsible for the preparation of the RTMC's performance information and for the assessments made in this information. The Chief Executive Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

The performance information fairly reflects the actual achievements against planned objectives, indictors and targets as per the approved Strategic Plan (2014/15 – 2017/18) and Annual Performance Plan (2013/14 – 2015/16) of the RTMC for the financial year ended 31 March 2014. Due to capacity constraints experienced in the year under review, the RTMC did not achieve all its objectives and some were transferred to RTIA when the AARTO function moved.

The external auditors have examined RTMC's performance information for the year ended 31 March 2014 and their report is presented on pages 74 to 77.

The Executive Authority approved the performance information of the entity set out from page 37 to page 65.



Adv M Msibi

CEO: RTMC

2. Auditor-General's Report: Predetermined Objectives

The audit conclusion received from the Auditor General on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

3. Situational Analysis

3.1 Service Delivery Environment

National Coordination

The role of a lead agency on road safety as envisioned in the formation of the RTMC as a national resource is to guide strategic efforts, exploit opportunities and provide guidance. This leadership role should be achieved through harmonisation of efforts, determination of targets for delivery and enhanced knowledge of the road safety intelligence environment in order to give effect to lasting and impactful traffic management and road safety efforts.

The implementation model during the period was characterised by institutional independence. The absence of integrated planning and monitoring and evaluation systems as a valuable control measure on the implementation and impact of programmes impacted on the imperatives of the RTMC. Programmes that have a provincial execution element were cascaded down to provinces and these were limited to road safety flagship projects. The national rolling enforcement plan which served as a blueprint for law enforcement targets as determined by the authorities under the leadership of the RTMC was a commendable effort to organise the fraternity, albeit with limitations.

During the course of the year joint collaborations with other public entities of the NDOT resulted in the implementation of programmes in accordance with the 365-day programme of road safety, championed by political principals. This yielded a positive spin off and resulted in increase outputs on the road safety education and awareness campaigns.

The caption below depicts the approach adopted during the period under review:

Figure 6: Implementation Approach

RTMC
- RTMC planning and reporting
- RTMC implementation of programmes

Nine Provinces
- Provincial planning and reporting
- Limiited provincial planning and reporting to the RTMC on agreed programmes

Government Departments and Entities
- Ongoing collaboration on Road Safety programmes in line with the 365-day road safety plan
- Separate planning and reporting on programmes

Planning and Execution

The Corporation did not in all instances ensure that there is alignment in terms of the strategic outcome orientated goals, strategic objectives, performance indicators and targets between the Strategic Plans, APP and budget related documents. This resulted in targets not being met as some of the KPI's that were approved during the beginning of the year, did not fall within the mandate of the RTMC. This has been corrected during the planning processes for 2014/15.

The delivery environment is also dictated by the environmental factors outside the immediate scope of the RTMC. Challenges that hampered the key success factors for effective and efficient delivery during the year included the following:

- The role of the RTMC was constrained by the consideration of the Shareholders Committee to dissolve the entity. This impacted negatively on programme delivery and created uncertainty on the going concern status of the RTMC.
- Lack of leadership in the absence of the board and a permanent executive management. This resulted in acting senior positions and a lack of accountability coupled with staff vacancies in critical areas
- Shared mandate with other agencies often created blurred lines on road safety leadership

3.2 Organisational Environment

The task at hand required the adoption of robust strategies in the fulfilment of the mandate with particular focus on road safety, law enforcement, regulation and coordination.

In the nature of the mandate itself it presupposed that concomitant resources and capabilities would be made available to execute the fundamental mandates. Regrettably the state of instability that prevailed within the organisation compromised the very noble objectives of our being, such as the absence of a functional board to take charge and provide direction as well as oversight in the functioning of the institution.

The administrative challenges impacted on sound governance as evident in the recruitment strategy where people with no requisite skills were recruited into the organisation, the misplacement of skills, undue assignment of responsibilities to individuals without skills and the necessary competencies.

In the year under review, some of the internal challenges included:

- Low stakeholder participation and buy in on the programmes of the RTMC
- Lack of provincial footprint which resulted in the inability to monitor progress on programmes and the effectiveness of road safety implementation
- Inability to develop and implement enabling business systems to support core business in its mandate

3.3 Key policy developments and legislative changes

During the year under review the implementation of the AARTO was formally transferred to the RTIA, this placed the national roll out of AARTO under the administration of the agency. The change of the policy imperative had a huge impact on the reorganisation and the delivery capacity of the organisation, the transfer of the AARTO functions as a going concern midstream resulted in unavoidable reengineering and some of the key performance which were planned for implementation and had to be discontinued.

4. Strategic Outcome Oriented Goals

The priorities as well as the South African Road Safety realities guided the development of the 2013/14 goals. The caption below provides the RTMC strategic context for the period under review:

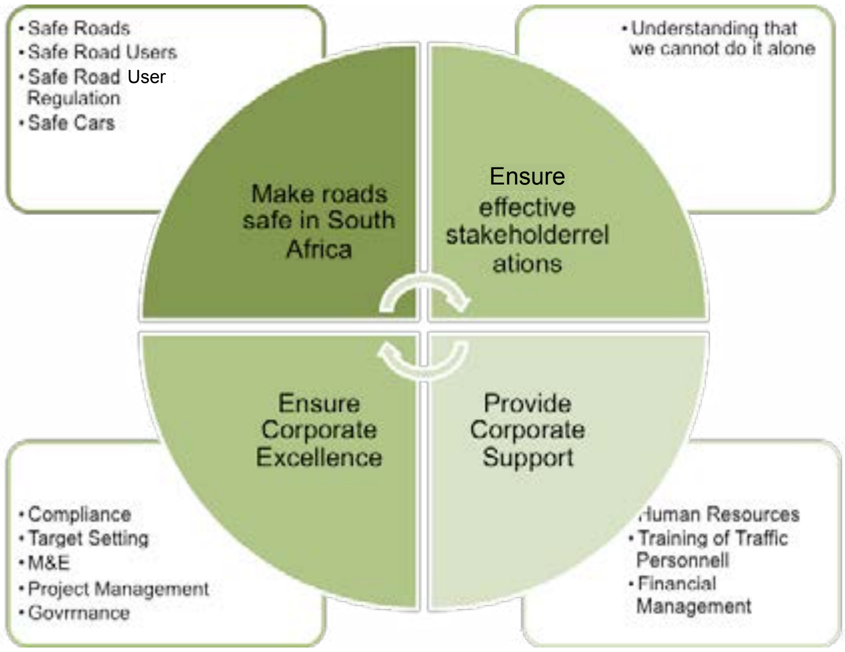


Figure 7: Strategic Goal 1

Strategic Goal 1	To Make Roads Safe in South Africa
Goal Statement	To prevent road crashes in the country by halving fatalities by 50% by 2020 and achieving the reversal of the increasing trend in road traffic fatalities and injuries
Justification	In line with the Millennium Development Goals, the decade of action on road safety 2011-2020. High road fatalities
Progress on the achievement goals	The goal was impacted by the commitment to deliver on programmes outside the mandate of the Corporation. The success extent of the programme was in the roll out the educational programmes.

Figure 8: Strategic Goal 2

Strategic Goal 2	To co-ordinate, and regulate road traffic law enforcement
Goal Statement	To harmonise and regulate enforcement standards, policies and procedures and co-ordinate road traffic enforcement operations across the three spheres of government for greater impact in reducing offences, injuries and fatalities.
Justification	• Most crashes are caused as a result one or more offences being committed • The high road death toll resulting in a cost to the economy • The emotional cost as a result of the senseless loss of life to families is incalculable. • Poor image of road traffic law enforcement leading to low morale and poor public support.
Progress on the achievement of goals	The national traffic anti corruption unit continued to operate as a corruption buster in the fraternity and registered success where some investigations have led to the arrests of those aught on the wrong side of the law. The process for the regulation of the traffic law enforcement environment was already underway as at the end of the 2013/14 financial year with the code gazetted both nationally and provincially. The efforts of all traffic authorities were registered through the stopping and checking of targeted number of vehicles. The National Traffic Police made their contribution on 24/7 traffic policing as well as the ability to provide capacity in other authorities at certain intervals.

Figure 9: Strategic Goal 3

Strategic Goal 3	**Effective Stakeholder Management**
Goal Statement	To conclude and fully implement partnership agreements with relevant stakeholders
Justification	Active participation of all stakeholders in the prevention of road crashes. Achieving broad participation in the development of solutions, monitoring and reporting
Progress on achievement of Goals	Limited stakeholder agreements were concluded during the period under review and the collaboration with stakeholders has led to the successful implementation of programmes.

Figure 10: Strategic Goal 4

Strategic Goal 4	**To provide Corporate Support and Ensure Corporate Excellence for improved road safety in the Country.**
Goal Statement	To support core business as a strategic service delivery vehicle and optimise service delivery in road safety through effective and efficient institutional structures and road safety information management.
Justification	For the business to perform effectively through deployment of effective HR, IT, Finance, Communication and Legal Services and ensure reliable information management and ensure that performance can be enhanced and objectively assessed (Promoting a performance culture).
Progress on achievement of Goals	The RTMC continued to investigation and record major fatal crashes in line with the stipulated criteria.

5. Performance Information by Programme/Objectives

5.1 Programme Description

Programme 1: Make Roads Safe

The core functions of the Corporation that pertain to safe road users, safe roads and safe vehicles are packaged in this programme. The conceptualisation of these programmes is line with the Global Plan for Road Safety 2011- 2020.

Figure 11: Make Roads Safe Strategic Objectives

Strategic objective 1	Safe Road Infrastructure
Objective statement	To ensure a safe road infrastructure as a measure to prevent crashes in the country.
Strategic objective 2	Safe Roads Users
Objective statement	To encourage voluntary road user compliance in the medium to long term
Strategic Objective 3	Safe Vehicles
Objective statement	To develop standards for safe cars in the country

Programme 2: Law Enforcement and Coordination

The road traffic law enforcement function in line with section 18(1) (a) of the RTMCA, the operations of the NTP as established in terms of section 93 (A) of the NRTA and the Anti Corruption efforts in the fraternity are packaged in this programme.

Figure 12: Law Enforcement and Coordination Strategic Objectives

Strategic Objective 4	Develop law enforcement standards, policies and procedures in the country.
Objective statement	To set law enforcement standards, policies and procedure for law enforcement in the country.
Strategic Objective 5	Eradicate the traffic fraternity of corrupt practises
Objective statement	To eradicate the corrupt practises practised by law enforcement officers in the traffic fraternity
Strategic Objective 6	To co-ordinate traffic enforcement operations.
Objective statement	To coordinates traffic law enforcement operation for visible policing to ensure safe roads
Strategic Objective 7	To provide traffic law enforcement services
Objective statement	To enforce traffic law to reduce the levels of non-compliance and thus reduce crashes and fatalities

Programme 3: Stakeholder Management

The pooling of powers and resources as articulated in the objectives of the founding legislation of the Corporation required that the stakeholder management function find expression in the goals of the Corporation. This provides for an inclusive stakeholder platform for two way communication and complementary efforts by all interested parties.

Figure 13: Stakeholder Management Strategic Objectives

Strategic objective 8	Ensure stakeholder participation in the fulfilment of the RTMC mandate
Objective statement	To being inclusive and collaborative in our efforts to prevent crashes in South Africa

Programme 4: Corporate Support and Excellence

The support functions of the Corporation for effective delivery of mandate are housed under this programme. The deliverables include training of traffic personnel, road traffic information, and development of a road safety system.

Figure 14: Corporate Support and Excellence Strategic Objectives

Strategic objective 9	**Improve collection of data and strengthen road safety information management**
Objective statement	To optimise service delivery in road traffic through effective and efficient institutional structures
Strategic objective 10	**Provide a support platform for core business to deliver on the RTMC mandate**
Objective statement	To manage and co-ordinate the effective, efficient delivery platforms for the RTMC

5.2 Programme performance by strategic objectives Strategic Objective

The table below captures the progress on programmes based on the objectives as determined. The objective as presented provide synopsis of the total weight of the key activities that are performed in the realisation of the goals.

Figure 15: Performance on Strategic Objectives

Strategic Objective	Actual Achievement 2012/13	Planned target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement 2013/14	Comment on Deviation
Programme 1: Make Roads Safe					
Objective 1					
Ensure Safe Roads Infrastructure	Preparatory processes for the implementation of SARAP concluded	4000 km of assessed roads Installation of cameras at 2 hazardous locations	Not achieved	Assessment of 2 243 km of road and 2 locations with camera installations	The assessments were commenced in phases. 1 757km's were commenced with. However, due to a lack of capacity to implement and strategic misalignment the targets were not met. Reviewed and removed from future periods
Objective 2					
Develop safe road users	6 programmes implemented	9 programmes planned for implementation	6 programmes implemented	3 programmes not implemented	Conflicting mandate impacted on the delivery of targets
Objective 3					
Promote safe vehicles	NCAP implementation not Achieved	Compulsory minimum standards for cars	Not achieved	Minimum standards for vehicles not developed	Strategic misalignment. Reviewed and removed from future periods
Programme 2: Law Enforcement and Coordination					
Objective 4					
Develop law enforcement standards, policies and procedures	Not achieved	Approved NRTLEC	Code gazetted in provinces and nationally	Code not approved	Delayed publication of the code resulted in approval delays. The matter has since been corrected. AARTO function transferred to RTIA
Objective 5					

Strategic Objective	Actual Achievement 2012/13	Planned target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement 2013/14	Comment on Deviation
Eradicate the traffic fraternity of corrupt practices	Not planned in 2012/13	100% investigation of reported corruption incidents	96%	4%	Two cases were not investigated during the year under review
Objective 6					
Coordinate traffic enforcement operations	Coordination and implementation of NREP	Coordination and implementation of NREP	NREP Implemented	N/A	N/A
Objective 7					
Provide traffic law enforcement services	749 Traffic law enforcement operations	1080 Traffic law enforcement operations	655 Traffic law enforcement operations conducted	425 operations were not conducted	Capacity constraints pertaining to planning, management and systems in NTP
Programme 3: Stakeholder Management					
Objective 8					
Ensure stakeholder participation in the fulfilment of the RTMC mandate	Stakeholder database	Conclusion of 4 agreements Implementation of 16 programmes	2 agreements concluded and 23 programmes implemented with stakeholders	2 Agreements were not concluded upon between stakeholders. 7 Programmes, over and above the planned ones were implemented.	Lack of dedicated stakeholder management function to develop relationships and implement objectives
Programme 4: Corporate Support and Excellence					
Objective 9					
Improve collection of data and strengthen road safety information management	Development of CIMS	4 programmes planned for implementation	Not achieved	4 programmes not implemented	Capacity, planning, systems, processes challenges resulted in the non delivery of programmes
Objective 10					
Provide a support platform for RTMC to deliver on its mandate	Not achieved	7 programmes planned for implementation	2 programmes implemented	5 programmes were not implemented	Capacity, planning, systems, processes challenges resulted in the non delivery of programmes

5.3 Programme performance by Key Performance Indicator

5.3.1 Programme 1: Make Roads Safe

Ensure Safe Road Infrastructure

Figure 16: Ensure Safe Road Infrastructure Key Performance Indicators

KPI	Key Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement	Deviation from planned target to actual achievement for 2013/14	Comment on Deviation
KPI 1	Number of Kilometres of road assessed	Planning instruments completed	4 000km	Certain phases of assessments were conducted on 1757.11 km	No assessment were commenced on 1 242.89 Kms	Lack of internal capacity and poor stakeholder participation resulted in the non-achievement of the target.
KPI 2	Number of hazardous locations with camera installations	Not planned in 2012/13	2	Camera installations in hazardous locations did not commence	2 camera installations at hazardous locations not implemented	Delayed scoping of project and allocation of resources to ensure project delivery

a) South African Road Assessment Programme

The indicator was structured in four stages. Stage 1 entailed undertaking surveys of identified kilometres of road. This was to be followed by stage 2 incorporating coding of surveyed kilometres of road. Stage 3 would then follow encapsulating the finalization of star ratings and subsequently followed by stage 4, entailing safer road investment plans. The RTMC appointed the programme manager during the first quarter. This was followed by the successful survey of 4000 kilometres of identified roads during the second quarter and coding training was also provided to the coding team during the same quarter.

Coding also commenced in the second quarter, however, due to internal capacity constraints, progress with coding was hampered. It was thus not possible to finalise star ratings and safer road investment plans. The RTMC, guided by its revised strategic direction, is currently reviewing the indicator in attempts to rationalise it and partner with the National Department of Transport in order to optimise the outputs of the indicator.

Although at a preliminary state, some findings and recommendations on certain routes forming part of the 4000 km of identified routes, i.e. R 573 (a.k.a. Moloto Road), have already been put to good use in response to road safety challenges frequenting these routes. Such findings have informed remedial strategies for these routes. Plans are underway to implement safety enhancing features as a result of these findings and recommendations.

b) Camera installations on hazardous locations

The installation of cameras at hazardous locations has not kicked off as planned. The cameras are to be linked to the war room of the Corporation; this would give real time intelligence on occurrences at the piloted hazardous location. The nature of the programme requires skilled technical personnel to support its delivery; as such the shortage of personnel in the Corporation and inadequate resource allocations have resulted in the delay in the implementation of the programme.

Develop Safe Road Users

Figure 17: Develop Safe Road Users Key Performance Indicators

KPI	Key Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement	Deviation from planned target to actual achievement for 2013/14	Comment on Deviation
KPI 3	Total number of schools on scholar patrol	23 540 unverified learners participated in scholar patrol	2422	1 156 registered schools on scholar patrol.	1 126 scholar patrol crossings still to be achieved.	The planned target refers to a cumulative target set and not only for the year under review. Furthermore, the baseline was not determined accurately. The application has been corrected going forward.
KPI 4	Developed and implemented road safety school curriculum	Road safety implemented in foundation (Grade R-3) and Intermediate (Grade 4-6) phases	Implemented Curriculum	Not Achieved	The RTMC participates in the Department of Basic Education's quarterly Curriculum Information Forums. It is during these forums where content knowledge on road safety education is shared amongst RTMC and Subject Advisors of the Department. The Curriculum was not developed	Not in line with the mandate of the RTMC and not considered in future planning periods. The RTMC utilised the Department of Basic Education's curriculum.
KPI 5	Total number of Junior Training Centres established	Not planned in 2012/13	2	2	N/A	N/A
KPI 6	Number of educational programmes implemented	3	3	3	N/A	N/A
KPI 6.1	Road Safety Debate Finals	National Debate Competition held	1	1	N/A	N/A
KPI 6.2	Participatory Educational Techniques Finals	National Debate PET Competition held	1	1	N/A	N/A
KPI 6.3	Driver of the Year	1	1	1	N/A	N/A
KPI 7	Total number of road safety awareness Interventions conducted	Get there. No regrets campaign launched	20	35	15 more awareness campaigns were launched than originally planned.	Increased output resulting from the 365 day programmes.

KPI	Key Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement	Deviation from planned target to actual achievement for 2013/14	Comment on Deviation
KPI 8	100% Monitoring and evaluation of safe road user programme	Not planned in 2012/13	Monitoring and evaluation of safe road user programmes	Not achieved	Monitoring and evaluation was not conducted	Lack of agreed systems with provinces
KPI 9	Approved National Road Safety Strategy	Strategy framework presented to the Portfolio Committee on Transport and Road Safety Conference	Draft Concept	Not Achieved	Strategy not developed by RTMC	Conflicting mandate led to abandonment of process initiated by RTMC

a) Road Safety Awareness Campaigns

The achievements on road safety awareness campaigns is informed by the revival of school visits, intensified road safety awareness activities targeting cyclists, pedestrians, passengers and drivers. Establishment of relationships with the nine Provinces, Department of Education, Road Safety Officers and Road Safety Councils in the Provinces. The increased output was also informed by the complementary efforts between the NTP and the Road Safety Education Officers. The "safe kids walk this way" was piloted in the Eastern Cape in October 2013.

The development of the 365 day road safety programme resulted in increased momentum on the road safety awareness campaigns as a result of the pooling of resources by the Department of Transport and its entities.

The awareness campaigns were facilitated in various formats:

- **School visits** - presentations on road safety and the Danny Cat mascot was used to enhance the teaching and learning process. The presented content is aligned to the CAPS for Foundation Phase and Intermediate Phase.
- **Rural areas** - the additional use of mobile Junior Traffic Training mats to enhance the learner experience.
- **Cyclist safety** - addressed in schools where there were learners who made use of bicycles to go to the school.
- **Level crossing safety** - addressed in schools where learners had to cross level crossings.
- **Pedestrian awareness activities** - addressed using the topics of visibility, distracted walking, drunken walking, jay walking and walking on freeways
- **Driver awareness activities** - addressed using the topics of driving under the influence of alcohol, texting and driving, Speeding, dangerous overtaking and seatbelts.
- **Passenger safety** – addressed using the topics of buckling up, bad passenger behaviour, drunk passengers, rights and responsibilities of passengers

b) Road Safety Curriculum

The RTMC participates in the Department of Basic Education's quarterly Curriculum Information Forums. It is during these forums where content knowledge on road safety education is shared amongst RTMC and Subject Advisors of the Department.

c) Scholar Patrol

Verification of existing scholar patrol crossings was completed. Registration forms were collected as evidence of proper registration. The verification process was necessary to establish a reliable baseline in order to allow for smart planning in future periods based on correct baselines. The table below captures the results of the verification exercise.

The Corporation continued to support schools with scholar patrol equipment and learner insurance. Additional to the Scholar Patrol programme, meetings were held with local authorities in order to implement traffic calming measures in the vicinity of schools, this resulted in the implementation of measures in identified hotspots.

d) *Junior Traffic Training Centres*

Two Junior Traffic Training Centres were established in the year under review in Hitekani and Lakeview primary schools. The infrastructure creates a platform for a simulated environment for learners to apply theoretic lesson to practise. The centres are a shared facility that can be accessed by the neighbouring schools.

e) *Flagship Projects*

The flagship programmes of the corporation are the national school road safety debates, the participatory educational techniques (PET) and the driver of the year (DOTY) competitions. The programmes start at a district level graduating to provincial and culminating into national finals which are hosted by the RTMC.

The National Debates were held from the 25th to the 26th of September 2013 in Port Elizabeth, PET targets grade 10 and 11 who wish to expand their skills and knowledge in road safety through conducting research, presentations and have the ability and confidence to speak in public, the finals were held on the 2nd of December 2013 and the DOTY was held from the 4th to the 6th of March 2014.

Safe Vehicles

The safety of vehicles has been determined as an important contributory factor in road crashes and therefore the safety standards of vehicles is paramount is a considered factor in road safety.

Figure 18: Safe Vehicles Key Performance Indicator

KPI	Key Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement	Deviation from planned target to actual achievement for 2013/14	Comment on Deviation
KPI 10	Compulsory minimum standards for safe cars	Not achieved	Compulsory minimum standards for vehicles	Not achieved	100% deviation from target	Target not in line with RTMC mandate and removed from future planning periods

The rationale for the inclusion of this indicator was to introduce compulsory minimum standards for new vehicles by the end of the period under review. This would have been preceded by the consultation session with the agencies that have the mandate to look at standards of vehicles. The deliverable proved to be outside the mandate of the Corporation and was not achieved and has been removed from future implementation plans.

5.3.2 Programme 2: Law Enforcement and Coordination

The RTMC is responsible for the coordination of road traffic interventions across the three tiers of Government. The objective is to ensure harmonisation of operations to maximise the achievement of the Decade of Action by halving road crashes by 50% by the year 2020. This is done through the facilitation of quarterly technical committee meetings comprising of National, Provincial and Metropolitan Traffic Departments as well as representatives from SAPS, Cross Border Road Transport Agency, Military Police and the Institute of Traffic and Municipal Police Officers.

Figure 19: Develop Law Enforcement Standards, Policies and Procedures Key Performance Indicators

KPI	Key Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement	Deviation from planned target to actual achievement for 2013/14	Comment on Deviation
KPI 11	Approved National Road Traffic Law Enforcement Code	Report on national law enforcement code compiled	Approved NRTLEC	Code was published in the Government Gazette on the 10th of January 2014 and 8 Provincial Gazetted by the 27th of March 2014.	Code not approved	Delayed publication of the code Process has been resuscitated
KPI 12	Number of provinces on AARTO	Provincial workshop held in eight provinces AARTO amendment bill published	9	Not Applicable	N/A	The function resides with Road Traffic Infringement Agency
KPI 13	Number of provinces in which AARTO awareness is completed	Provincial workshop held in eight provinces	9 Provinces	Not Applicable	N/A	The function reside with Road Traffic Infringement Agency

a) National Road Traffic Law Enforcement Code

One of the Strategic Objectives of the RTMC in terms of the RTMCA is to manage the development and the implementation of the code. The NRTLEC is meant to harmonise the fraternity by eliminating fragmentation that results in the challenges of planning, standards, norms, regulations and systems amongst other challenges that are currently faced by the road fraternity.

The RTMCA provides that the CEO of the RTMC must develop the NRTLEC in consultation with affected parties and that the draft should be published in the national and provincial gazettes. To this extend the code was published in the national gazette on the 10th of January with a submission of comments deadline date of 10 February 2014. This was followed by publication in the provincial gazettes.

b) Road Traffic Chiefs Summit and Awards Function

The RTMC hosted the Road Traffic Chiefs Summit and Awards Function in East London in support of the function of coordinating law enforcement. Deserving officers were acknowledged for their performance and dedication to the profession, this also served as a motivation for up-and-coming officers. The delegation also paid homage to the fallen Traffic Officers who lost their lives in the line of duty. The summit received presentations on best practices approaches to various road safety problems. The resolutions of the summit are included in the additional information section to this report.

c) Eradication of Corrupt Practises

The National Traffic Anti-Corruption Unit (NTACU) has been active in investigating corruption cases that are reported to the RTMC. The complaints pertain to the members of the fraternity that practise unethical conduct in law enforcement operations by soliciting bribes, issuing fraudulent certificates and therefore not abiding by the ethical conduct of the profession. In this regard the unit collaborates with other law enforcement agencies in its operations.

Figure 20: Eradicate the traffic fraternity of corrupt practices – Performance Information

KPI	Key Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement	Deviation from planned target to actual achievement for 2013/14	Comment for Deviation
KPI 14	Percentage of corruption complaints investigated	Not part of 2012/13 APP	100%	97%	3 % - 2 cases out of 76 were still being investigated	2 Investigations are ongoing as at year end. .

d) National Rolling Enforcement Plan

The plan serves as a tool for the coordination and reporting of targets for law enforcement operations. It takes account of the efforts of the provincial authorities and the NTP. It also aims to enhance visible policing and targets enforcement efforts in a manner that addresses the prevalent problems for maximum effect.

Figure 21: Coordinate Traffic Enforcement Operations

KPI	Key Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement	Deviation from planned target to actual achievement for 2013/14	Comment for Deviation
KPI 15	Stop and check a million vehicles per month	13 364 946 vehicles reported as stopped and checked by the 9 provinces	12,000 000 (stop and check) 120 000 (alcohol screening)	13,451,218 (stop and check) 1 687 332 (alcohol screening)	Over performance by 1,451,218 vehicles stopped and checked Overperformance by 1 567 332 alcohol screenings	The operation reports are received from Provinces.

In the year under review, the following progress were reported:

- Target was 12,000,000 and 13,451,218 vehicles were stopped and checked for the financial year.
- Target was 120,000 and 1,687,332 drivers were screened for alcohol for the financial year.

e) National Traffic Police

The National Traffic Police was established to intensify the policing of the national network. As a specialised intervention force, it is intended to be available and adequately skilled for deployment to any traffic related situation in the country where the need is established. The responsibilities of the Police are executed by the staff compliment of a Chief of Traffic Police, 30 Assistant Superintendents and 195 Traffic Officers.

Figure 22: Provide Traffic Law Enforcement Services Key Performance Indicator

KPI	Key Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement	Deviation from planned target to actual achievement for 2013/14	Comment for Deviation
KPI 16	Number of traffic law enforcement operations conducted	632 road side checks competed 11 joint operations 28 road blocks 106 Special operations	1 080	655	425 operations were not conducted	Lack of capacity to implement the number of required operations

The Police provide law enforcement services with regard to high visibility, roadside checkpoints, alcohol abuse enforcement, multidisciplinary roadblocks and drag racing. The police work on a 24/7 shift basis and embark on targeted operations. They were deployed across the country based on specific needs in the year under review, including the Joint Operations Committee for the burial processes of the former President of the Republic, Mr Nelson Mandela.

5.3.3 Programme 3: Stakeholder Management

The stakeholder management function endeavours to promote collaboration with external parties in the promotion of road safety. In the year under review a number of programmes were implemented in support of road safety programmes.

Figure 23: To ensure stakeholder participation in the fulfilment of the RTMC Mandate Key Performance Indicator

KPI	Key Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement	Deviation from planned target to actual achievement for 2013/14	Comment for Deviation
KPI 17	Annual Road Safety Decade of Action International conference	Achieved	1	Not achieved	The RTMC contributed towards the ministerial summit held	National Road Safety Summit will be held in October 2014 by NDOT
KPI 18	Total number of programmes implemented with stakeholders	Stakeholder database in place and updated regularly	16	23	7 programmes over and above the target was implemented with the Stakeholders	The increase in output is informed by the extensive stakeholder engagement exercise on the strategy consultation
KPI 19	Total number of agreements concluded	Not part of 2012/13 APP	4	2	2 Agreements were not concluded on with relevant stakeholders	Lack of capacity to drive stakeholder relations and implement programmes

The following are some of the programmes that were executed during the year under review:

a) United Nations Global Road Safety Week

The Corporation led the launch of the 2nd Global Road Safety Week in Soweto on 04 May 2013. The highlight of the launch was a "road safety walk" which started at Chris Hani Baragwanath Bridge and ended at the Nike Sport Centre where the launch was officially marked. The Minister of Transport, dignitaries together with the community including learners walked for 4km carrying posters and placards in support of the "Long Short Walk" which was the global theme for the campaign.

The walk was led by a motorcade including emergency services from the Local Metropolitan and the National Traffic Police. The South African Police brass band together with drum majorettes from the community and the Corporation's road safety mascot, Danny Cat was also part of the procession.

The launch was well patronised by the Transport Road Agencies with the entities manning fully branded refreshment points en-route the walk. The NTP Officers were also stationed on the route accompanied by designated marshals. The following Stakeholders amongst others contributed to the heralded success of hosting one of the best events in the globe:

- City of Johannesburg
- World Health Organisation
- Transport Entities
- South African Road Safety Council

b) Private Sector Participation

Scania South Africa collaborated with the RTMC on the Festive Season Safety Campaign held from 4-18 December 2013. The campaign was directed to both heavy and light motor vehicle drivers with Scania paying additional effort on heavy vehicle roadworthiness and driver fitness, driver health was incorporated as part of the campaign. 927 heavy vehicles were stopped and checked. Scania contributed to skills development by training traffic officers in the comprehensive inspection of heavy goods vehicles.

Petroleum Companies in the form of Shell and Engen Petroleum participated in road safety activities. On 06 June 2013 the RTMC collaborated with Engen Petroleum in the implementation of the Driver Wellness Campaign in Umtata. The purpose of the Driver Wellness Initiative was to sensitise heavy vehicle drivers on their health issues that has an impact on their safety as drivers. On 19 June 2013, the RTMC participated in the Shell Safety Day in the Western Cape.

Kumba Iron Ore & RadioHeads, KuraraFM partnered with the RTMC and Provincial Road Safety on road safety awareness in Kuruman, Northern Province. The campaign flighted the RTMC's "Get There No Regrets" live reads from 2-14 December 2013, an outside broadcast and road safety presentations were undertaken in the communities.

c) Public Sector Participation

Eskom supported by the RTMC embarked on a "Health and Safety For All" campaign in November 2014. The Corporation was involved in exhibitions and road safety presentations with the National Traffic Police undertaking fitness evaluations of Eskom's vehicles and drivers. Eskom also undertook a wellness walk and the NTP marshalled the walk. Approximately 500 staff members were targeted and 162 vehicles were stopped and checked.

Ethekwini Transport Authority (ETA) sought the participation of the RTMC in the eThekwini Beach Festival from 19-23 December 2013. The Corporation joined the ETA'S drama presentation and promoted the Corporation's service offerings together with providing hints and tips on road safety. Beach goers including children were asked questions on road safety and were presented with RTMC promotional material. 2 000 people were targeted.

d) Public Transport Stakeholder Workshop

The beginning of September was one of the most devastating and fatal road safety periods in South Africa, with more than sixty lives lost and over a hundred people injured in crashes, predominantly involving public transport vehicles. Stakeholders were invited to a workshop on 16 September 2013, where road agencies together with Provinces, Municipalities, non-governmental, private sector organisations, bus and freight associations and other role-players were engaged to contribute as a collective to ensure a uniformed approach to road safety. The Acting CEO outlined his vision and expansion of efforts to address the carnage with particular focus on "Operation Kwanele".

e) RTMC Stakeholder Engagement Sessions

The RTMC hosted a strategic plan consultative process over three days from 3-10 February 2014 in Kempton Park, Emperor's Palace. The purpose of the sessions was to communicate the strategic direction, receive inputs and rally support behind the implementation of the strategy. Industry role players ranging from the private sector, NGO's, driving school associations, taxi associations, freight and public transport operators, provincial department of transport, agencies of the department of transport, labour unions and other enforcement agencies graced the sessions and made valuable contributions.

f) Provincial Stakeholder Engagement Sessions

The RTMC in its efforts to promote its strategic vision held engagement sessions with Provinces. The sessions were held as follows:

Figure 24: Provincial Stakeholder Sessions

Date	25/02/14	26/02/14	27/02/14	03/03/14	04/03/14	25/03/14	28/03/14
Province	North West	Western Cape	Northern Cape	KwaZulu-Natal	Free State	Eastern Cape	Limpopo

Each session was held over a day and the RTMC's strategic plan for 2014-2019 was comprehensively presented to Provinces, detailing the Corporation's mandatory obligation as the lead road safety agency in the country. The underlining message of the sessions was to promote a spirit of camaraderie whereby road safety initiatives with Provinces will be undertaken collaboratively rather than working in silos.

g) University Student Campaign

The Corporation on the request of the University of Free State (UFS) participated in an "Anti-Drink and Drive" Campaign at the campus. The University undertook this advocacy effort, as many students were involved in crashes related to alcohol usage. Students were made aware of the ramifications of drinking and driving and, they signed a pledge committing their support to the campaign. The campaign was undertaken in conjunction with National Prosecuting Authority (NPA), South African National Road Agency Limited (SANRAL) and the South African Police Services (SAPS).

5.3.4 Programme 4: Corporate Support and Excellence

The Corporation did not achieve the indicators relating to road traffic information as planned; measures are being put in place for corrective action in order to meet delivery objectives in forthcoming periods.

Figure 25: Improve collection of date and strengthen road safety information

KPI	Key Performance Indicator	Actual Achievement q1 2012/2013	Planned Target 2013/2014	Actual Achievement	Deviation from planned target to actual achievement for 2013/14	Comment for Deviation
KPI 20	Traffic offence survey report	Not achieved	1	Not Achieved	Survey not done	Reviewing methodology for the Traffic Offence Survey
KPI 21	Number of provinces on crash information management system (CIMS)	Development of CIMS	9	Not Achieved	CIMS not rolled out	Implementation to be reviewed
KPI 22	Number of state of road safety reports completed	Not achieved	6	1	5 Reports not concluded.	Delays in receiving accident report forms from SAPS stations Reengineering of the Road Traffic Information collection process
KPI 23	Implemented second hand car index	Not part of 2012/13 APP	Implementation of index	Not Achieved	Second hand car index not implemented	Process to get approval of access to required data taking longer than anticipated

a) National Traffic Call Centre

The RTMC was successful in implementing the 24/7 operation of the National Traffic Call Centre (NTCC). Additional personnel were employed to fulfil this role outside normal working hours.

Figure 26: Provide a support platform for core business to deliver on its mandate

KPI	Key Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement	Deviation from planned target to actual achievement for 2013/14	Comment for Deviation
KPI 24	Registered crash investigation course for traffic personnel	Not achieved	Registered course	Not Achieved	Course not registered	Delay in the QCTO qualification development process
KPI 25	Colleges monitored and evaluated	Colleges monitored	13	10 monitored 13 evaluated	3 colleges not monitored	Three Colleges did not have any intake for basic training.
KPI 26	Total number of examiner of vehicle training providers	Not achieved	3	Not Achieved	Training providers not appointed	The Corporation decided not to grant blanket approval to Private Providers to train Examiners of vehicles
KPI 27	Revised basic qualification for traffic officers	Not achieved	Revised qualification	Not Achieved	Qualification not developed	Delay in the QCTO qualification development process

KPI	Key Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement	Deviation from planned target to actual achievement for 2013/14	Comment for Deviation
KPI 28	Developed Learner information Management System	Not part of 2012/13 APP	Developed LIMS	Not Achieved	System not developed	It was envisaged that the system would be developed internally, however there was a lack of capacity to develop the same.
KPI 29	% Investigation of reported major fatal crashes	Not part of 2012/13 APP	100%	100%	N/A	N/A
KPI 30	Developed DLTC service delivery improvement model	Not part of 2012/13 APP	Pilot Report-1 province	Not Achieved	Model not developed and implemented	Function residing in provinces and the RTMC did not have the capacity to implement the project

b) *Monitoring of Traffic Training Colleges*

In ensuring the mandate that Traffic Colleges meet the required standards as stipulated in Regulation 2B of the NRTA and the Policy Document for Traffic Training Centres, the Corporation produced summative assessments instruments and monitors and evaluates colleges. In the year under review the Corporation monitored 10 and evaluated 13 Traffic Training Colleges, with the remaining colleges not having any intake for basic training during the period under review.

c) *Crash Investigations*

The RTMC is responsible for the investigation of crashes in line with the following criteria:

1. Crashes in which five or more persons are killed
2. Fatal crashes in which four or more vehicles are involved
3. Fatal crashes in which vehicles carrying hazardous substances are involved
4. Any high profile crash at the discretion of the Corporation

In the year under review 122 crashes were investigated. The identified contributory factors for major fatal crashes are:

- Driver failed to keep vehicle under control
- Drove in wrong lane
- Overtook when unlawful or unsafe
- Driver failed to keep a proper lookout
- Speed too high for circumstances and Intoxicated Drivers

6. Strategies to address areas of underperformance

The underperformance as reported shows root cause elements that can be classified as captured in the table below.

Figure 27: Challenges and Mitigations

Internal environmental factors		Corrective Action
Contributory Factors	**Critical Success Factors**	
People	Adequate Personnel Complement	Development and Implementation of a structure that is aligned to the mandate and strategy
	Appropriately skilled personnel	Matching and placing of personnel according to skills and implementation of continues development plans
Leadership and Governance	Collapse of Board and EXCO	Board Appointed and CEO appointed in December 2013
Compliance	Implementation of delegations of authority	Financial and Human resource delegations to be implemented
	Conclusion of performance agreements with all personnel	Conclusion of performance agreements with senior management and personnel in line with an appropriate remuneration dispensation for attracting and retaining the best in the field
Systems	Adequate infrastructure to support core mandate	Development and Implementation of IT strategy
Strategies	Planning	Inclusive strategic planning
	Execution	Provinces and municipalities to implement programmes, allowing for an increase in output
	Reach	Regional offices to be established
Relationships	Lack of confidence from stakeholders	Repositioning exercise Corporate rebranding Development and implementation of a Stakeholder strategy

7. Changes to Planned Targets

In-year changes were not registered during the year under review. The following developments impacted the attainment of key performance indicators:

- Transfer of AARTO to RTIA
- The lead role of the NDOT on the development of the national road safety strategy

8. Linking performance of the entity with the approved budget

The following analysis has been done with regards to the entity's performance and the budget allocated to it:

It is imperative to note that the RTMC did not budget for any programmes in the 2012/13 financial year therefore a year on year comparison is not possible. The budgeting process in the 2013/14 financial year had a lot of shortcomings and the under-utilization of the current financial application system, Pastel Evolution, led to expenditure not linked to the APP correctly. In conclusion this caused a very skew picture of the spending on programmes as per the APP. Due to this proper analysis of the performance of the Corporation linked to expenditure, were rendered closed to impossible. Despite the aforementioned, the spending patterns in general, remained at a low throughout the period under review.

With the budgeting process for the 2014/15 financial year measures were implemented to ensure that expenditure is linked to the APP. Set-up changes was made to ensure compliance with the control measure and on-going monitoring will be done.

Programme/Activity/ Objective	2012/13			2013/14		
	Budget	Actual Expenditure	(Over)/Under expenditure	Budget	Actual Expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Make Roads Safe						
Objective 1						
Ensure safe Roads Infrastructure				21 780	3 600	18 180
Objective 2						
Develop safe road users				46 514	1 826	44 688
Objective 3						
Safe vehicles				-	-	-
Programme 2: Law Enforcement and Coordination						
Objective 4						
Develop law enforcement standards, policies and procedures				20 000	4 170	15 830
Objective 5						
Eradicate the traffic fraternity of corrupt practices				7 178	-	7 178
Objective 6						
Coordinate traffic enforcement operations				-	-	-
Objective 7						
Provide traffic law enforcement services				-	-	-
Programme 3: Stakeholder Management						
Objective 8						
Ensure stakeholder participation in the fulfilment of the RTMC mandate				1 500	-	1 500
Programme 4: Corporate Support and Excellence						
Objective 9						
Improve collection of data and strengthen road safety information management				11 200	603	10 597
Objective 10						
Provide a support platform for RTMC to deliver on its mandate				5 300	3 712	1 588

9. Revenue Collection

9.1 Revenue streams

The Corporation derived its revenue from the following streams:

- Grant Income
- Transaction fees from licences
- SASSETA sponsorships (Internship programme)
- Interest received – Bank

9.2 Reason for under collection

Transaction fees derived from licence paid for vehicles on the South African roads was budgeted by the Corporation at R42 per licences. These licence fees are collected from all nine provinces in South Africa. Licence fees were however collected at R36 per licence. The budgeted figure was based on a decision taken to increase transaction fees but the increase was never implemented.

Measures taken

Implementation of an increased transaction fee is still under discussion. Due to the aforementioned the Corporation budgeted for an amount of R42 per licence, based on approval of the increase per licence fee from R36 to R42.

Figure 28: Sources of Revenue

Source of revenue	2012/13			2013/14		
	Estimate	Actual Amount Collected	Over/(Under) Collection	Estimate	Actual Amount Collected	Over/(Under) Collection
Grant income	**82 412**	**82 412**	**-**	**166 946**	**166 946**	**-**
Transaction fees		389 327	389 327	420 000	409 986	(10 014)
AARTO infringements		4 674	4 674	1 920	4 362	2 442
Finance Revenue		7 923	7 923	4 000	18 169	14 169
Other income		23 047	23 047	0	6 016	6 016

9.3 Capital investment Finance

The RTMC at this point in time does not have an infrastructure budget and do not maintain any buildings.

"Our human compassion binds us, the one to the other, not in pity or patronizingly, but as human beings we learnt how to turn common suffering into hope for the future"

Nelson Mandela

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PART C:
GOVERNANCE

SAFE

SECURE

RESPONSIBLE

PART C: GOVERNANCE

1. Corporate Governance

Good governance in the public and private sectors has gained prominence in recent years, more particularly in the wake of global corporate scandals such as the collapse of ENRON, WORLDCOM and LEISURENET Group mainly due to lack of adherence to good corporate governance principles.

In South Africa, there is an increased effort to fight corruption and to promote good governance in the public as well as the private sector. This effort has been strengthened by the promulgation of laws such as the Prevention and Combating of Corrupt Activities Act (Act 12 of 2004); Promotion of Access to Information Act (Act 2 of 2000); Promotion of Administrative Justice Act (Act 3 of 2000) and publication of various King Reports on Corporate Governance for South Africa.

As a National Public Entity, the RTMC is committed to achieving the highest level of good corporate governance and it subscribes to the following ethical principles:

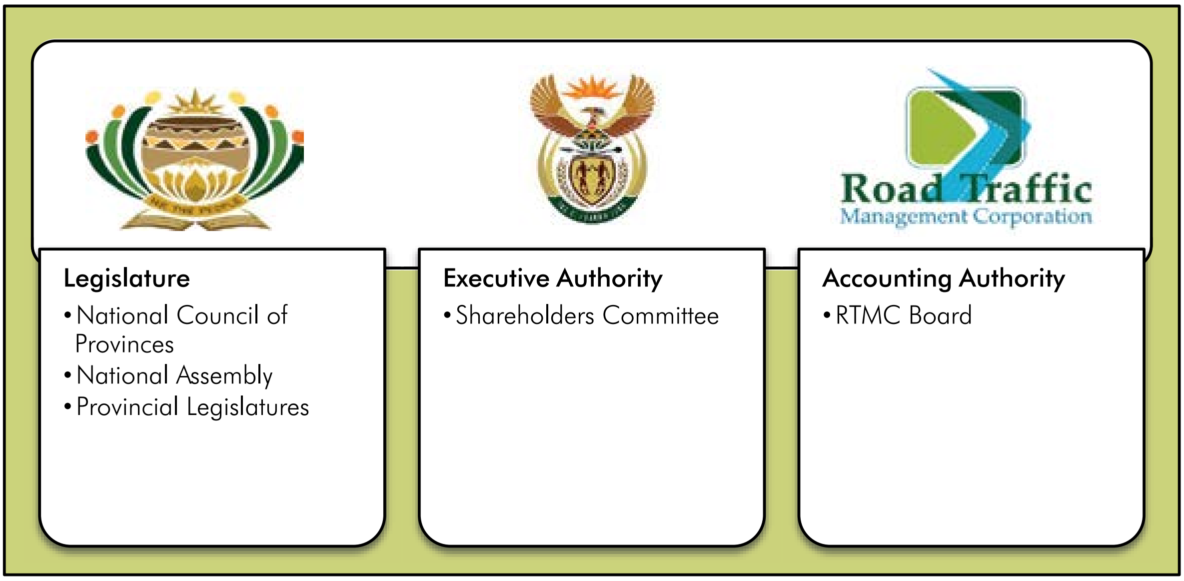
- Responsibility
- Accountability
- Transparency; and
- Fairness

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

2. Portfolio Committees

Parliament is the legislative arm of the republic with two houses, the National Assembly and the National Council of Provinces (NCOP), The Corporation reports on a periodic basis to the respective committees of the National Assembly and NCOP on its affairs as per the committee programmes. The Minister of Transport is a Member of Parliament and the Executive Authority accountable for the affairs of the RTMC. The provincial legislatures are the legislative structures of the provinces, where the MECs are accountable. The diagram below depicts the various levels of governance that apply to the RTMC:

Figure 29: Governing Structures



Parliament exercises its role through evaluating the performance of the public entity by interrogating their annual financial statements and other relevant documents that have to be tabled as well as any other documents tabled from time to time. The Portfolio Committee exercises oversight over the service delivery performance of public entity, as such reviews the non-financial information contained in the annual reports of public entities and is concerned with service delivery and enhancing economic growth.

In the year under review the RTMC appeared before the Portfolio committee and the Select Committee on Public Services, the following matters amongst others were raised:

1. Financial sustainability
2. Intensification of strategies to reduce fatalities on our roads
3. Strategic direction and turnaround of the RTMC
4. Visible road safety efforts throughout the country and specific focus on rural areas

The Standing committee on Public Accounts (SCOPA) reviews the annual financial statements and audit reports of the external auditor.

3. Governance Framework

The RTMC is established in terms of Section 3 of the RTMCA. It is further governed by the provisions of the Administrative Adjudication of Road Traffic Offences Act (AARTO), National Land Transport Act, the National Road Traffic Act and the Criminal Procedure Act and as a National Public Entity it subscribes to good corporate governance principles contained in the King III Report on Corporate Governance for South Africa 2009, and Protocol on Corporate Governance in the Public Sector 2007 and the Companies Act, 71 of 2008.

The governance structure of the RTMC is as follows:

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

4. Shareholders Committee

The Shareholders Committee is composed of the Minister of Transport; Provincial MEC's responsible for matters connected with road traffic, two representatives nominated by SALGA and the Chief Executive Officer of the RTMC. Members of the Shareholders Committee at the end of the period under review were as per the table below:

Figure 30: Members of the Shareholders Committee

Name	Portfolio	Jurisdiction
Ms ED Peters:	Minister of Transport	National
Adv M Msibi	Road Traffic Management Corporation	National
Mr B Khompela	MEC: Police, Roads and Transport	Free State
Mr PDN Maloi	MEC: Public Safety	North West
Mr R Elisha	MEC: Public Works, Roads and Transport	North West
Ms F Mazibuko	MEC: Community Safety and Liaison	Gauteng
Mr I Vadi	MEC: Roads and Transport	Gauteng
Ms D Mahlangu	MEC: Roads and Transport	Mpumalanga
Mr TW Mchunu	MEC: Transport	KwaZulu-Natal

Name	Portfolio	Jurisdiction
Mr VR Shongwe:	MEC: Community Safety, Security and Liaison	Mpumalanga
Mr L Masoga	MEC: Roads and Transport	Limpopo
Ms T Marawu	MEC: Transport, Roads and Public Works	Eastern Cape
Mr R Carlisle	MEC: Transport and Public Works	Western Cape
Mr N Jack	MEC: Transport, Safety and Liaison	Northern Cape
Mr D Rook	MEC: Roads and Public Works	Northern cape

In terms of the Governance Agreement the role of the Shareholders Committee includes:

- The appointment of non-executive directors to the Board;
- Overall assessment of Board performance;
- Reporting to Parliament on the financial and socio-economic performance of the RTMC.

In accordance with the RTMC Act, the Shareholders Committee is required to meet at least four times a year. During the year under review, the Shareholders Committee met on 19 April 2013, 02 August 2013, 19 November 2013 and 09 February 2014.

5. Board of Directors

Since the expiry of the term of the previous Board of Directors in 2010, the RTMC has not had a Board until the 4th December 2013 when the Minister of Transport, Ms Dipuo Peters appointed a new Board to provide strategic direction to the RTMC.

The role and responsibilities of the Board includes:

- Absolute responsibility for the delivery of performance to ensure that the RTMC delivers on its mandate;
- Ensuring full and effective control over the public entity;
- Ensuring compliance with applicable laws, regulations and government policy;
- Ensuring the preparation of financial statements
- Formulation, monitoring and review of the corporate strategy, major plans of action, budgets and plans;
- Ensuring adequate and effective risk management framework; and
- Development of a clear definition of materiality.

The board maintains its role by adhering to the following principles

- Managing potential conflicts of interest;
- Attending board meetings;
- Ensuring board induction; and
- Maintaining integrity, responsibility and accountability.

6. Board Charter

The roles and responsibilities of the board are defined in the governance agreement entered into between the Shareholder and the RTMC. The Board was in the process of developing a board charter that will further define the roles and responsibilities of the Board and those of executive management at the time of reporting.

7. Board Composition

The total composition of appointed Non-Executive Board Members was eight and one board member, Mr Ike Nxasana passed on in December 2013 before the first sitting of the Board. A Shareholder Representative and the CEO of the Corporation are additional members of the Board. The Board composition is as captured in the table below:

RTMC Board of Directors

Mr Zola Majavu

Chairman

BA (Law), LLB

Higher Diploma in Company Law

Certificate in Sports Law

Attorney of High Court of SA

Dr Nalini Maharaj

Deputy Chairman

PhD Criminal Justice

LLB, B. Proc

Financial and Accounting Principles for Public Entities

Attorney of High Court of SA

Certificate in mediation, Corporate Governance and Supply Chain Management

Mr Sam Ledwaba

Non-Executive Director

B. Juris, LLB

Attorney of High Court of SA

Mr Paul Browning

Non-Executive Director

Fellow, Chartered Institute of Transport and Logistics SA

Ms Maria Mathabathe

Non-Executive Director

B Tech Policing

Diploma in Police Management

Certificate in Community Policing and Human Rights

Certificate in Police Management

Diploma in Practical Accounting

Mr John Motsatsing[3]

Shareholder Representative

B Proc,

Transport Management Diploma

3 Shareholder Representative appointed with effect from 18 March 2014

Ms Tembeka Mdlulwa

Non-Executive Director

B. Juris, LLB

Mr Rowan Nicholls

Non-Executive Director

B.Com

Chartered Institute of Auditors

Chartered Accountant (SA)

Member of the Institute of Chartered Shipbrokers (MICS)

Member of the Institute of Directors

Adv Makhosini Msibi

Chief Executive Officer

B. Juris, LLB

Admitted Advocate of the High Court

Since appointment on 04 December 2013, the Board has met as captured in the table below:

Figure 31: Board Meeting Attendance

BOARD OF DIRECTORS AND ATTENDANCE OF MEETINGS					
Board Member	9/01/14	14/01/14	23/01/14	26/02/14	10/03/14
Mr Zola Majavu (Chairman)	P	P	P	P	P
Dr Nalini Maharaj (Deputy Chairman)	P	P	P	P	P
Adv Makhosini Msibi (CEO)	P	P	P	P	A
Ms Maria Mathabathe	P	P	P	P	A
Mr Paul Browning	P	P	P	P	P
Mr Sam Ledwaba	P	P	P	P	P
Ms Tembeka Mdlulwa	A	A	P	P	P
Mr Rowan Nicholls	P	A	P	P	P
Mr John Motsatsing	-	-	-	-	-

Key: P-Present A-Absent with apology

8. Board Committees

With the exception of the Audit and Risk Committee, which was appointed on 01 October 2011, three new Board Committees (Strategy, Monitoring and Evaluation; Remuneration and Social and Ethics) were established on 26 February 2014.

8.1 Audit and Risk Committee

The Audit and Risk Committee was established in terms of Section 51 of the PFMA and its composition is captured in the table below. The majority of members of the Audit and Risk Committee are independent and the Auditor General attends meetings by invitation.

The Audit and Risk Committee has approved terms of reference which clearly define the roles and responsibilities of the Committee which includes, inter alia, the following:

- Ensuring the effectiveness of internal control systems;
- Ensuring adequacy, reliability and accuracy of financial information; and
- Recommending to the Board any matter concerning accounting policies, financial control, records and reporting.

During the year under review the Audit and Risk Committee has satisfied its duties and responsibilities as outlined in the approved terms of reference. In order to discharge its responsibilities the committee considered quarterly financial and organisational performance reports and the review of internal audit reports in accordance with the internal audit plan.

Audit and Risk Committee Members

Ms Boitumelo Mabusela

Chairman

CA(SA)

Dr Nalini Maharaj*

Non-Executive Director

PhD Criminal Justice

LLB, B. Proc

Attorney of High Court of SA

Mr Xolani Sibiya

Independent member

CA(SA), CFA and Mcom

Ms Zandile Nkabinde

Independent member

BCom Honours Informatics

Mr Rowan Nicholls*

Non-Executive Director

CA(SA)

Member	Position	Qualifications
Mr Zola Fihlani	Independent member	Mcom (Tax)
Mr Slingsby Mda[2]	Independent member	CA(SA)

2 Mr Mda resigned from the Audit Committee on 14 August 2013

*Dr Maharaj and Mr Nicholls were appointed to the committee on 26th of February 2014

Figure 32: Audit and Risk Committee Meetings

AUDIT AND RISK MEMBERS AND ATTENDANCE OF MEETINGS				
Members	**17/04/13**	**27/05/13**	**29/07/13**	**28/10/13**
Ms Boitumelo Mabusela	P	A	P	P
Ms Zandile Kabini	P	P	P	P
Mr Zola Fihlani	A	P	A	A
Mr Slingsby Mda	P	-	-	-
Mr Xolani Sibiya	A	P	P	P

Key: P-Present A-Absent with apology

Audit and Risk Committee Members and Attendance

The Audit and Risk Committee consisted of 4 members, after one member resigned in August 2013. The committee has met 4 times during the financial year. Two additional members namely, Mr Rowan Nicholls CA(SA) and Dr Nalini Maharaj LLB, B.Proc who are also RTMC Board members were appointed the Audit and Risk Committee.

The Audit and Risk Committee has considered the 2013/14 annual financial statements as well as the interim Auditor General's report and the annual financial statements have been submitted to the Board for approval and subsequently submitted to the Department of Finance and the Auditor-General within the period prescribed by the PFMA.

The Audit and Risk Committee has not recommended any changes to the accounting policies.

8.2 Strategy, Monitoring and Evaluation

The Committee was established on 26 February 2014, and it constituted by the following Board members:

- Mr Sam Ledwaba (Chairman)
- Ms Tembeka Mdlulwa
- Mr Paul Browning
- Ms Maria Mathabathe

The role and responsibilities of the Committee includes:

- Ensuring and overseeing the strategy development process;
- Monitoring strategy implementation and performance evaluation; and
- Recommending quarterly and annual performance reports to the Board.

8.3 Social and Ethics Committee

The Social and Ethics Committee was established on 26 February 2014 in terms of Section 43 (5) of the Companies Regulations, 2011 and it is constituted by the following Board members:

- Dr Nalini Maharaj ;
- Mr Paul Browning
- Ms Maria Mathabathe
- Mr Rowan Nicholls (Chairman)

The role and responsibilities of the Committee includes monitoring the RTMC'S activities having regard for the relevant legislation, legal and best practices broadly in the areas of ethics and stakeholder management (specifically employees, communities, consumers and the environment).

8.4 Remuneration Committee

The Committee was established on 26 February 2014. The Committee is comprised of the following Board members:

- Ms Tembeka Mdlulwa (Chairman)
- Mr Sam Ledwaba
- Dr Nalini Maharaj

The role and responsibilities of the Committee includes:

- Assisting the Board with the establishment, implementation and regular review of remuneration policies;
- Regulating the remuneration packages of senior management, including but not limited to, basic salary, fees, allowances, benefits in kind, commissions, annual bonuses, performance based incentives (both short term and long term), pensions, long service awards and any other benefits;
- Setting remuneration principles at all employment levels;
- Regulating the reimbursement of Board members, senior managers and other employees for expenses incurred in discharging their responsibilities; and
- Regulating the evaluation of executive management's and other employees' performance for the purposes of payment of performance based remuneration.

The Committee meetings were held as follows:

Figure 33: Remuneration Committee Meetings

REMUNERATION COMMITTEE MEMBERS AND ATTENDANCE OF MEETINGS		
MEMBERS	10/03/2014	31/03/2014
Ms Tembeka Mdlulwa	P	P
Mr Sam Ledwaba	P	P
Dr Nalini Maharaj	P	P

Key: P-Present A-Absent with apology

9. Remuneration

Non-executive directors with the exception of those in the public service or employed by state owned entities are remunerated on the basis of Board and Board Committee meeting attendance and preparation. The fees are based on the determination made by the Minister in accordance with National Treasury instructions. The Remuneration of Board Members, Committee Members and Executive Management is included in the financial statements.

10. Risk management

Whilst the Audit and Risk Committee has a risk management impetus, the administrative risk management function was not established, as at 31 March 2014, plans are underway to develop and implement a risk management function.

11. Internal Control Unit

The RTMC had not established an internal control unit as at 31 Mach 2014. The implementation of the function will find expression in the implementation of the organisational structure.

12. Internal Audit function

In accordance with the definition of internal auditing and the authority to establish and maintain an internal audit function as contained in the PFMA and its Treasury Regulations, the objective of the RTMC internal audit function is to:

- Provide professional, independent and objective assurance and consulting activity designed to add value and improve the operations of RTMC; and
- Assist RTMC in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The key activities of Internal Audit are to:

- Develop and implement a rolling three-year annual audit plan based on RTMC's key areas of risks, including any risks or control concerns identified by management, and submit the plan to the Audit and Risk Committee for review and approval as well as periodic updates;
- Build a professional audit staff with sufficient knowledge, skills, and experience and professional certifications to meet the requirements of this Charter;
- Consider the scope of work of the external auditors and other assurance providers, as appropriate, for the purpose of providing optimal audit coverage;
- Provide an independent assurance over governance, risk management and systems of internal control, as well as over combined assurance framework;
- Provide a written assessment of the effectiveness of the company's system of internal control, performance and risk management to the Board; and
- Perform an objective assessment of the adequacy and effectiveness of risk management and all other elements of the internal control.

During the review period, the Internal Audit Unit planned 31 assignments and completed 23.

13. Compliance with laws and regulations

RTMC reports on compliance with the Public Finance Management Act, 1999 (Act No. 1 of 1999) and Treasury Regulations in its quarterly reports submitted to the Department of Transport.

A comprehensive compliance framework that will define the compliance universe and will provide for compliance monitoring and reporting was under development at the time of reporting. While a formal compliance framework is not in place as yet, the Audit and Risk Committee maintains oversight over the status of compliance with legislation and regulations.

14. Fraud and Corruption

The social and ethics committee of the board has been established and was in the process of developing a fraud prevention plan at the time of reporting.

15. Minimising Conflict of Interest

The Bid Adjudication Committee (BAC) has also been duly appointed by the CEO in line with the delegation of authority matrix approved by the Accounting Authority. All Individuals who are involved in the bidding processes (evaluation and adjudication of bids) are required to declare any interest prior to proceeding with the process. Any individual who might be conflicted is excused from the process of either evaluating or adjudicating on the bid.

Any individual who participates in the evaluation of a bid is not allowed to adjudicate on the same bid if they happen to be a member of the BAC.

The Human Resources division also keeps a record of interests declared by staff members on an annual basis. In the event that a staff member is found to have interest that is not declared, this is considered a contravention of RTMC policies and disciplinary measures are taken against the individual.

16. Code of Conduct

The RTMC's conditions of service contain a code of ethics that regulates inter alia relationships between employees and third parties, intra employee relationship and it further regulates conflicts of interests and clarifies what is acceptable and unacceptable practise.

Any breach of the code of ethics is dealt with as misconduct in terms of RTMC's disciplinary code.

17. Health, Safety and Environmental issues

RTMC cares for its employees and their work environment and seeks to ensure, as far as it is reasonably possible, the health and safety of all employees in the workplace and all other persons conducting business on its premises.

RTMC is committed to the fulfilment of the requirements stipulated in the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) and to this end, has established a Health and Safety Committee that monitors the health and safety of employees and their work environment.

18. Company Secretary

The RTMC has appointed a company secretary whose duties include:

- Providing guidance to directors on ethical issues;
- Observance of the statutory and regulatory requirements;
- Compiling board papers;
- Assisting the chairman of the board; and
- Implementation of the board programme.

19. Corporate Social Responsibility

The RTMC recognises the need for involvement in projects that promote equity and impact on the lives of marginalised citizens in South Africa. This is in the spirit of seeking to be a part of the moral fibre of society by making a valuable contribution that impacts lives. The Corporate Social Responsibility (CSR) programmes undertaken during the year under review were centred on education, which was adopted as a theme for the year.

Nelson Mandela International Day

18 July 2013 marked the fourth "Nelson Mandela International Day"- a day that people around the world are encouraged to spend at least 67 minutes "giving back" to their communities in honour of the 67 years that President Mandela gave in service and sacrifice to free South Africa from the shackles of apartheid.

The RTMC team humbly and generously offered their time and efforts at their first official "Nelson Mandela Day" at Mahube Valley Primary School where colleagues selflessly and in the "spirit of giving and volunteerism" brought smiles to the learners and staff at the school. The following contributions were made:

- Preparing lunch for the learners and staff and donating catering equipment for the school feeding scheme;
- Empowering learners on road safety with the road safety mascot;
- Providing soccer and netball kits for the respective teams;
- Planting trees in a school characterised by soil erosion and lack of shelter;
- Painting and erecting Mahube School signage;
- Enhancing the school library with books; and
- Learners were also treated to entertainment in the form of jumping castles and face painting with a Madiba birthday cake specially made for the occasion.

Career Days

The objective of the Career Day was to expose youth to various career options and also facilitate person-to-person interaction between still-at-school youth and potential employers, training institutions and employment agencies. The following programmes were supported:

- On 25 April 2013 the team visited Marble Hall, in Mpumalanga where they presented the different career opportunities to learners in the field of traffic management and also had an opportunity to enlighten 1 500 learners on the service offerings of the Corporation.
- The RTMC participated at the Johannesburg South Career Day and Expo from 25-26 July 2013 in Orange Farm. 2000 youth attended the Expo and the Corporation was provided with an opportunity to inform and advise the youth on careers available in the RTMC.
- The Corporation again sponsored a career expo exhibition in Sebokeng on 28 July 2013. The Entity got a chance to interact with the South African youth regarding careers in traffic management and the importance of road safety in saving lives. The RTMC social media platforms were promoted and youth was encouraged to engage in road safety related debates.

Blood Donations

The well maintained relationship between RTMC and the South African National Blood Services (SANBS) has seen the SANBS visiting the Corporation in this period four times, where willing employees volunteered to donate blood to save the lives of many South Africans many of whom are victims of car crashes.

20. Audit and Risk Committee Report

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its role and responsibilities arising from section 51 (1)(a) of the PFMA and treasury regulations 3.1. The committee also reports that it has adopted the appropriate terms of reference in the form of an Audit and Risk Committee Charter, and has regulated its affairs and discharged its responsibilities in compliance with the charter.

The Effectiveness of Internal Controls

In line with the requirements of the PFMA, internal audit provides the Audit and Risk Committee and management with the assurance that the internal controls are appropriate and effective. This is achieved by means of risk management process, as well as the identification of corrective actions and recommended enhancements to the controls and processes.

The reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management report of the Auditor- General, indicate deficiencies in the systems of internal controls , in particular that of the financial and performance management environments. There is a need for attention in these areas, to ensure that the performance information is relevant, reliable and measurable in compliance with the PFMA and that a proper record keeping system is implemented to ensure complete, relevant and accurate information is accessible and available to support financial reporting. In certain instances, the matters reported previously have not been fully and satisfactorily addressed.

Accordingly we can report that the system of internal control was not entirely effective for the year under review. Management has acknowledged that these issues must be addressed as a matter of urgency, and has assured the committee that measures are being introduced, despite the under staffing limitations facing the organisation.

The Audit and Risk Committee will continue to monitor progress of matters raised above and related issues.

Evaluation of Annual Financial Statements

The Audit and Risk Committee has performed the following function in relation to the financial statements of RTMC for the year ended 31 March 2014:

- Reviewed and discussed the audited financial statements to be included in the annual report with management and the Auditor-General;
- Reviewed the Auditor General's management report and management responses thereto;
- Reviewed the appropriateness of accounting policies;
- Reviewed and discussed the appropriateness of assumptions made by Management in preparing the financial statements;
- Reviewed and discussed the significant accounting and reporting issues, and understand their impact on the financial statements.
- Reviewed and discussed significant adjustments resulting from the audit
- Obtained assurance from Management with respect to the accuracy of the financial statements;

The Audit and Risk Committee concurs and accepts the Auditor-General's conclusions and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Governance Structure

A Board of Directors was appointed by the shareholders committee in December 2013 and has met five times within the financial year since their office term started. To ensure effective functionality, over and above the Audit and Risk Committee the Board has established the following sub committees to focus on specific aspects of the business:

- Strategy, Monitoring and Evaluation Committee
- Remuneration Committee
- Social and Ethics Committee

Adv Makhosini Msibi was appointed in December 2013 as the Chief Executive Officer. The Audit and Risk Committee welcome these appointments which have brought a level of stability to the entity.

The Chief Financial Officer resigned from the entity at a critical time towards year end. This posed challenges to the entity relating to the Auditor General audit, nevertheless the team managed to execute the external audit successfully. There is an urgent need to appoint a Chief Financial Officer to ensure stability of the finance department.

There is also an urgent need to establish a Risk Management function and appoint a Chief Risk Officer, to enable a structured and effective way of identifying, preventing, monitoring and mitigating all risks relating to RTMC.

Internal Audit

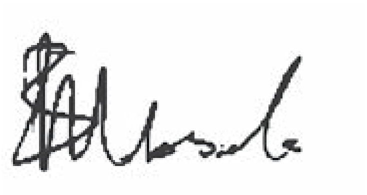
The Audit and Risk Committee is not fully satisfied that the internal audit function is operating effectively due to lack of resources and relevant skills in the department. These limitations results in pertinent risk issues not being addressed satisfactorily. The internal audit department needs to be adequately resourced as a matter of priority.

Auditor-General

The Audit and Risk Committee has met with the Auditor-General: South Africa, to ensure that there are no unresolved issues.

Conclusion

The Audit and Risk Committee wishes to thank the CEO, management team and the staff of RTMC, for their continued commitment to the sustainability of the Entity. We encourage the RTMC team to work towards achieving an unqualified audit opinion in the next year and commit to continue to guide and support them as the Audit and Risk Committee. Our appreciation extends to the acting Chief Financial Officer and the Finance team for their efforts regarding the preparation of these financial statements for the year ended March 2014 and to the Auditor-General team for the value they continue to add to the RTMC.



Chairperson: Audit and Risk Committee

Date: 31 July 2014

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PART D:

HUMAN RESOURCE MANAGEMENT

SAFE

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PART D: HUMAN RESOURCE MANAGEMENT

1. Introduction

Integral to the RTMC strategy of realising "Safe Roads in South Africa" is to ensure that, the Corporation is resourced with talented, energised and passionate people. The staff compliment increased from 371 at the end of March 2013 to 437 at the end of March 2014.

Attracting best talent available remained a key driver of the human resources agenda in the year under review. The Corporation is fully committed to transformation and the intention is to ensure that natural demographics of the South African society are reflected in the workforce. It is however worth mentioning that the recruitment drive for the financial year under review had to be suspended due to the possible dissolution of the RTMC.

In the period under review, the RTMC undertook an extensive engagement programme to enable deeper understanding of the role of each employee in realising the objective of the RTMC. Organised labour and the Corporation embarked on a process of building Relationship by Objectives. The RTMC continues to foster strong relationships with relevant role-players such as employee unions to ensure that employee interests are respected and protected, and that there is mutual understanding and prioritisation of the best interest of the entity and its employees. In the year under review both NEHAWU and POPCRU were recognised trade unions, entrusted with the promotion of the interests of employees.

Staying in touch with employees was institutionalised and platforms in support of internal communications were enhanced. An internal Newsletter is circulated to staff monthly to provide feedback on the programmes of the corporation and to communicate the latest developments. Coupled with the newsletter is an intranet portal that houses policies and information for employees to stay abreast of developments.

1.1 Employee Health and Wellness

The RTMC has a comprehensive wellness programme aimed at encouraging employees to choose healthier, more balanced lifestyles. The objective is to offer a productive environment where employee emotional wellbeing is valued, and to enhance productivity in the workplace.

During the period under review, a new Employee Health and Wellness Service Provider was appointed. The services are available 24/7 365 days, ranging from work related to personal challenges, which include but are not limited to alcohol, marital problems, health, work related stress, relationships, trauma and others that may impact negatively on the performance of the employee. Employees were inducted on how to utilise the program to enhance productivity in the workplace and on how to access services (which also cater for the immediate family members of the employee) through various methods.

A Wellness Day was held on the 9th May 2013 and 4th December 2013, where employees were afforded an opportunity to undergo health screenings and the exercise informed the health status of the Corporation. An aerobics day was held on the 6th September 2013, conducted by the Faerie Glen Virgin Active, with the aim of encouraging employees to adopt a healthy lifestyle, through regular exercise.

HIV/AIDS Awareness

World Aids Day was held on the 4th December 2013, to spread the message about the plight of HIV and AIDS and to remember the infected and the affected. The RTMC continues to recognise World Aids day as a day of reflection on the societal matter relating to the HIV/AIDS pandemic.

Discovery 702 – Walk the Talk

The staff of the Corporation as part of its team building and health wellness efforts participated in the Discovery 702 Walk the Talk on 28 July 2013 and simultaneously embarked on a road safety promotion exercise as colleagues walked with posters bearing road safety messages to create awareness.

Walkers included entire families from toddlers to grandparents and the four Walks ranged in distance from 5km to 30km. Most of the Corporation staff walked the 5 and 8km route with Ms Dineo Mono from Human Resources walking 38km.

1.2 Policy development

The Corporation has reviewed its Human Resources related policies and an organizational wide consultation process was undertaken during the year under review with the primary intention of mitigating against all identified limitations. Organized labour has been consulted in order to ensure that the said policies are informed by the inputs of all role-players.

1.3 Internal Programmes

Women's Day

Women's day is proclaimed a day dedicated to all women in South Africa. It was in 1956 when women from all parts of the country marched to the Union Building protesting against pass laws or legislation which prevented them from free movements as black South African women. Women's day is now commemorated yearly by all women in remembrance of the women who showed no fear in their quest to fight for the struggle against an oppressive regime.

As part of the Women's Day commemorations the Corporation together with the National Department of Transport, the Limpopo Provincial Department of Roads and Transport and other stakeholders held a road block manned by female traffic officers from the Province and the Corporation on 26 August 2013 in Limpopo where the Deputy Minister of Transport, Hon. Sindisiwe Chikunga was in attendance.

Additionally, the female colleagues of the Corporation held a commemorative event on 30 August 2013 in Pretoria, where the Deputy Minister of Transport, Ms. Sindisiwe Chikunga delivered the keynote address. Participants had an opportunity to go into commissions to discuss and come up with a programme of action for women in line with the theme for Women's Month: 2013 "A Centenary of Working Together towards Sustainable Women Empowerment and Gender Equality".

Heritage Day

On Friday, 20 September 2013, the Corporation celebrated its diversity by commemorating Heritage Day. Colleagues dressed in their cultural attire and they celebrated by singing traditional songs, dancing and eating traditional food.

1.4 Skills development

The commitment to promoting a learning culture which enables employees to develop their full potential was financed to the amount of R2 098 000 on learning activities in the 2013/14 financial year. The RTMC bursary programme caters for employees willing to pursue their academic development at an accredited tertiary Institution, 39 bursaries were awarded to employees at the cost of R526.709.00. The corporation runs an internship programme, comprised of 35 Interns at the total costs of R1,026.043.00 per annum.

1.5 Challenges

The human Resource challenges faced by the Corporation during the period under review include the following:

- The Corporation went through a difficult period during the financial year, that could have led to the winding down of the Corporation. Most of the Corporation activities including recruitment drive were suspended indefinitely due to the impending closure. The Shareholders Committee later rescinded the said decision in July 2013. The turnaround strategy had to be developed before the actual recruitment strategy could be implemented.
- The non-compliance of staff with employee self service leave management system has led to administrative challenges in managing leave to the optimum level.
- The Organisational structure has been for an extended period of time repugnant with the strategic trajectory of the organisation thus led to inconsistencies and incompatibilities in relation to the appointment of critical staff.

1.6 Future plans

The implementation of an integrated human resource strategy aimed at supporting recently developed organisational strategy. This will include among others a review of job profiles, remuneration dispensation aligned to performance management, matching and placement of personnel in accordance with their skill competencies and implementing continuous professional development interventions.

2. Human Resource Statistics

Figure 34: Personnel Cost by Branch

Programme Activity Objectives	Total expenditure for the entity (R'000)	Personnel Expenditure R'000)	Personnel Expenditure as a % of total exp. (R'000)	No. Of employees	Average personnel cost per employee (R'000)
Office of the CEO	28 635	10 172	35.5	26	391
Financial Services	28 610	10 335	36.1	25	413
Corporate Support	33 853	7 045	20.8	37	190
Traffic Engineering, information and Research	14 057	10 403	74.0	44	236
Information Systems	9 139	5 112	55.9	12	426
Law Enforcement Education and Training	96 312	72 137	74.9	293	232
Total	**210 606**	**115 204**	**54.7**	**437**	**264**

Figure 35: Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel expenditure to total personnel cost (R'000)	Personnel Expenditure as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	4 181	3.6	2	2	2 090.
Senior Management	14 476	12.6	6.9	21	689
Professional Qualified	35 109	30.5	16.7	87	403
Skilled	61 114	53	29	324	189
Semi Skilled	324	3.3	0.2	3	108
Unskilled	0	0	0	0	0
Total	**115 204**	**100**	**54.7**	**437**	**264**

Performance Rewards

The RTMC has a well-embedded and standardised process for the setting of performance objectives and the evaluation of performance. Formal performance reviews are conducted twice a year during September and March. Year-end performance ratings are key inputs in determining performance incentives.

To encourage good performance, the RTMC disbursed R1 213 491 to deserving employees as a way of incentivising their efforts in relation to the 2012/13 financial year. The process was limited to employees in the salary level 1 -12 category.

Figure 36: Performance Rewards

Programme/Activity Objectivity	Performance Rewards	Personnel Expenditure (R'000)	% Performance Rewards to total personnel costs
Top Management	0	4 181	0%
Senior Management	0	14 476	0%
Professional Qualified	559 783	35 109	0.5%
Skilled	653 708	61 114	0.6%
Semi Skilled	0	324	0%
Unskilled	0	0	0%
Total	**1 213 491**	**115 204**	**1.1%**

Training Costs

Figure 37: Training Costs

Programme/Activity Objectivity	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training as a % of personnel costs	No. of employees trained	Avg. Training cost per employee
Top Management	4 181	71	1.7%	1	71 250
Senior Management	14 476	91	0.63%	8	11 344
Professional qualified	35 109	958	2.81%	95	10 081
Skilled	61 114	978	1.44%	195	5 013
Semi skilled	324	0	0	0	0
Unskilled	0	0	0	0	0
Total	**115 204**	**2 098**	**1.82%**	**299**[4]	**7 014**

Figure 38: Employment and Vacancy by Branch

Programme	2012/13 No. of employees	2013/14 Approved Posts	2013/14 No. of employees	% of vacancies
Office of the CEO	17	50	26	48
Financial Services	21	49	25	48.97
Corporate Support	21	45	37	17.77
TEIR	31	58	44	24.13
Information Systems	8	42	12	71.42
Law Enforcement	317	313	293	6.38
TOTAL	**415**	**557**	**437**	**21.5.%**

Figure 39: Employment and Vacancy by Salary Band

Salary band	2012/13 No. of employees	2013/14 Approved Posts	2013/14 No. of employees	% of vacancies
Top Management	1	6	2	66.7
Senior Management	15	27	21	22.2
Professional Qualified	81	204	87	57.4%
Skilled	312	320	324	-1.3%
Semi skilled	6	0	3	0
Total	**415**	**557**	**437**	**21.5%**

Figure 40: Annual turnover rates by salary band

Salary Band	Number of employees at beginning of period-April 2013	Appointments and transfers into the RTMC	Terminations and transfers out of the RTMC	Employees at the end of the period
Top Management	1	1	0	2
Senior Management Service	14	7	3	18
Professional Qualified	73	16	7	82
Skilled	277	40	48	269
Semi Skilled	3	0	3	0
Total	**368**	**64**	**61**	**371**

4 This figure illustrates the actual number of training opportunities created

Figure 41: Reasons for termination of employment

Termination Type	Number	% of Total number of staff leaving
Death	0	0
Resignation	61	14
Total	**61**	**14**

Two executives resigned during the period under review:

P. Mngomezulu - Resignation March 2014

B. Nkhwashu - Resignation December 2013

Figure 42: Misconduct and disciplinary hearings finalised

Nature of Disciplinary Action	Number
Verbal warning	0
Written warning	0
Final written warning	2
Suspended without pay	0
Suspended with pay	7

Figure 43: Equity Targets

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	2	0	0	0	0	0	0
Senior Management Service	10	13	1	1	3	1	0	2
Professional Qualified	35	65	4	10	3	4	6	4
Skilled	152	153	2	15	2	6	0	22
Semi Skilled	0	0	0	0	0	0	0	0
Total	**198**	**233**	**7**	**26**	**8**	**11**	**6**	**28**

Figure 44: Equity Targets

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	2	0	1	0	0	0	0
Senior Management Service	2	10	0	1	0	0	2	1
Professional Qualified	31	55	1	10	1	2	1	2
Skilled	106	120	6	15	0	4	1	17
Semi Skilled	0	0	0	0	0	0	0	0
Total	**140**	**187**	**7**	**27**	**1**	**6**	**4**	**20**

Figure 45: Disability Targets

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	1	0	0
Senior Management Service	0	0	0	1
Professional Qualified	0	2	0	2
Skilled	0	2	0	2
Semi Skilled	0	0	0	0
Total	**0**	**5**	**0**	**5**

Section Index

The reports and statements set out below comprise the Annual Financial Statements presented to the Minister of Transport:

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PART E:

ANNUAL FINANCIAL STATEMENTS

SAFE

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General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Road Safety
Business address	Boardwalk Office Park
	Phase 5, Boardwalk Boulevard
	Faerie Glen
	Pretoria
	0001
Postal address	Private Bag X147
	Pretoria
	0001
Bankers	First National Bank
	Standard Bank
Auditors	Auditor-General of South Africa

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. Furthermore, is 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 of the Road Traffic Management Corporation to ensure that the Annual Financial Statements fairly present the state of affairs of the Corporation as at the end of the financial year. This should include the results of its operations and cash flows for the period under review. The external auditors are engaged to express an independent opinion on the Annual Financial Statements, to that extent they were given unlimited access to all financial records and related data.

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

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Accounting Authority of the Road Traffic Management Corporation acknowledge its responsibility for the systems of internal financial control established by the Corporation and place considerable importance on maintaining a strong control environment. To enable the Corporation to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of misstatement 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 Corporation and all employees are required to maintain the highest ethical standards in ensuring the Corporation's business is conducted in a manner, which in all reasonable circumstances is above reproach. The focus of risk management in the Corporation is on identifying, assessing, managing and monitoring all known forms of risk across the Corporation. While operating risk cannot be fully eliminated, the Corporation endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Corporation has reviewed the Corporation's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, it is satisfied that the Corporation has adequate resources to continue its operational existence for the foreseeable future.

The Corporation is dependent on the Department of Transport and transaction fees for continued funding of its operations. The Annual Financial Statements are prepared on the basis that the Corporation is a going concern and that the Department of Transport has neither the intention nor the need to liquidate or curtail materially the scale of the Corporation.

The Accounting Authority is primarily responsible for the financial affairs of the Corporation.

The Auditor-General of South Africa is responsible for independently reviewing and reporting on the Corporation's Annual Financial Statements.

The Annual Financial Statements set out on pages 81 to 113 which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2014 and were signed on its behalf by:

Z. Majavu

Chairman

Accounting Authority

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE ROAD TRAFFIC MANAGEMENT CORPORATION

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Road Traffic Management Corporation set out on pages 81 to 113, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, and the cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (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.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Property, plant and equipment

6. The entity did not maintain an updated asset register in accordance with the requirements of the standards of GRAP. This, together with the ineffective system of control over assets as reported in paragraph 27, impacted on the amount recognised as property, plant and equipment. Consequentially, property, plant and equipment were understated by R 3,145,149.

Qualified opinion

7. In my opinion, except for the effects of the matter described in the basis for the qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Road Traffic Management Corporation as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with GRAP and the requirements of the PFMA.

Emphasis of matters

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

Restatement of corresponding figures

9. As disclosed in note 27 of the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of errors discovered during the 2013/14 accounting period and were subsequently corrected.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the Road Traffic Management Corporation for the year ended 31 March 2014:

    - Programme 1: Make Roads Safe on pages 32 to 35
    - Programme 2: Law Enforcement and Coordination on pages 35 to 37

12. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. The material findings in respect of the selected programmes are as follows:

Programme 1: Make Roads Safe

Usefulness of reported performance information

Measurability of indicators and targets

16. Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 20% of the indicators were not well defined.
17. Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator. A total of 50% of the indicators were not verifiable.

    This was because management not did adhere to the requirements of the Framework for Managing Programme Performance Information (FMPPI) due to a lack of proper systems and processes and technical indicator descriptions.

Presentation of performance information

18. Reasons for variances between planned and actual achievements reported in the annual performance report were not given for 40% (>20%) of the targets not achieved, as required by the National Treasury's *Guide for the preparation of the annual report*. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and limited review of the presentation of the annual performance report by management.

Reliability of reported performance information

19. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significant important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements and a lack of technical indicator descriptions for the accurate measurement, recording and monitoring of performance, monitoring of the completeness of source documentation in support of actual achievements.

Programme 2: Law Enforcement and Coordination

Usefulness of reported performance information

Measurability of indicators and targets

20. Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator. A total of 50% of the indicators were not verifiable.

    This was because management did not adhere to the requirements of the Framework for Managing Programme Performance Information (FMPPI) due to a lack of proper systems and processes and technical indicator descriptions.

Presentation of performance information

21. Reasons for variances between planned and actual achievements reported in the annual performance report were not given for 33% (>20%) of the targets not achieved, as required by the National Treasury's *Guide for the preparation of the annual report.* This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and limited review of the presentation of the annual performance report by management.

Reliability of reported performance information

22. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significant important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements and a lack of technical indicator descriptions for the accurate measurement, recording and monitoring of performance, monitoring of the completeness of source documentation in support of actual achievements.

Additional matter

23. We draw attention to the following matter. Our conclusion is not modified in respect of this matter.

Achievement of planned targets

24. Refer to the annual performance report on pages 23 to 45 for information on the achievement of the planned targets for the year.

<u>Compliance with legislation</u>

25. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements for the year under review

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records as required by section 55(1)(a) and (b) of the Public Finance Management Act. Material misstatements of current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Asset Management

27. Proper control systems to safeguard and maintain assets were not adequately implemented, as required by section 51(1)(c) of the PFMA.

<u>Internal control</u>

28. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, and the findings on non-compliance with legislation included in this report:

Leadership

29. There was insufficient oversight on financial and performance reporting resulting in material adjustments to the financial statements and inadequate performance information reporting. Furthermore, policies and procedures were not established to ensure that misstatements are detected and corrected timeously.

Financial and performance management

30. Record keeping was not appropriate for audit purposes to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting resulting in financial and performance reports not being supported and evidenced by reliable information.

Auditor-General

Pretoria

31 July 2014

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Accounting Authority's Report

The members submit their report for the year ended 31 March 2014.

1. Mandate

The entity was incorporated on 01 April 2005 and obtained its certificate to commence business on the same day.

The Road Traffic Management Corporation was established by an Act of Parliament that was passed in 1999, providing for a Corporation that would pool the powers of the Members of the Executive Committee with the objective of eliminating fragmentation within the traffic fraternity. The Corporation facilitates coordinated strategic planning and cooperation within the three spheres of Government, in order to achieve its objectives.

The RTMC is listed as a Schedule 3A Public Corporation in terms of section 47 of the Public Finance Management Act (Act 1 of 1999 as amended) with effect from the 15th of November 2002.

2. Review of activities Main business and operations

The partnership between the Corporation, National Department, Provincial and local spheres of government is essentially focused on all the responsibilities relating to Road Traffic and Road Safety. In tandem with its mandate as espoused in the Road Traffic Management Corporation's strategic plan the Corporation endeavors in all course to achieve its objectives whilst ensuring that all roads are safe in South Africa.

The operating results and state of affairs of the entity are fully set out in the attached Annual Financial Statements and do not in our opinion require any further comment.

Important policy decisions and strategic issues facing the Corporation

During the year under review the implementation of the Administrative Adjudication of Road Traffic Offences (AARTO) was formally transferred to the Road Traffic Infringement Agency (RTIA). Therefore, the national roll out of AARTO and its management is now the responsibility of RTIA. To this extent all related functions that were to be performed by the RTMC were equally transferred to RTIA. The approved AARTO Key Performance Indicators were discontinued from the performance objectives of the RTMC.

Comment on significant events that have taken place during the year

The Accounting Authority and the CEO were appointed on 4 December 2013. This initiative enhanced governance in the Corporation whilst ensuring that the Accounting Authority, together with management instill the culture of good governance and provides the necessary strategic direction.

Capacity constraints

During the year under review the Corporation was confronted with a number of daunting challenges since the Corporation operated with skeleton structures which fact underpinned the state of uncertainty, anxiety and indecisiveness rooted on the lack of strategic leadership and accountability. The state of affairs was further compounded by the lack of requisite skills and the appropriate placement of relevant human capital.

The non-conducive environment that prevailed within the Corporation as well as the absence of governance lead to the institution operating without proper and approved structures. Such structures were never aligned to the strategy of the Corporation, compromising governance to a greater extent. The newly appointed Accounting Authority and the CEO are currently reviewing the organizational structure with a view of formalizing and institutionalizing good governance. This endeavor will ensure that the necessary capacity and skills relevant to the strategy of the Corporation are acquired.

3. Going concern

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. Subsequent events

On 3 May 2014, the institution fell prey to an unfortunate criminal occurrence as an amount of R8 598 325,74 was mysteriously and fraudulently transferred from one of the main bank accounts of RTMC to unknown sources. On discovery of this fraudulently activity the matter was immediately reported to the relevant law enforcement agencies, National Treasury and the Auditor General of South Africa as required by the PFMA. The police are ceased with this matter and frequent update is provided. This negatively impacted operations within the ICT and the Finance divisions.

5. Corporate governance

General

The Accounting Authority is committed and promotes good business integrity, transparency and professionalism in all its activities. Integral to its commitment the Accounting Authority supports the highest standards of corporate governance and the ongoing development of best practice.

The Corporation confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King III Report on Corporate Governance for South Africa. The Accounting Authority clarifies the responsibilities of management in this respect, at Board meetings and monitors the Corporation's compliance with the code on a three monthly basis.

The salient features of the Corporation's adoption of the Code are outlined below:

Accounting Authority

The Accounting Authority constituted as follows:

- Non-executive members, all of whom are independent directors as defined in the Code; and
- Executive members.

Key to its responsibilities, the Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;

The Accounting Authority has been appointed in December 2013 and is constituted as follows:

1. Audit and Risk Committee
2. Social and Ethics Committee
3. Strategy, Monitoring and Evaluation Committee
4. Remuneration Committee

Chairman and Chief Executive

The roles and responsibilities of the Chairman and Chief Executive are clearly delineated in ensuring that no individual has unfettered powers and discretion.

6. Shareholder Relations

The Corporation through its Executive Authority, on a continuous basis, engages the Shareholders Committee on critical and significant issues in accordance with the Road Traffic Management Corporation's mandate and approved strategic plan.

7. Stakeholder relations

The Corporation, on a continuous basis, engages with all its stakeholders in accordance with Road Traffic Management Corporation's mandate as a lead institution in the Road Safety and Traffic environment. Various structures have been put in place to ensure and create a platform of collaboration. The Corporation commits itself to improve relations with its stakeholders and create an effective communication channel.

The Annual Financial Statements set out on pages 81 to 113, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2014 and were signed on its behalf by:

Z. Majavu

Chairman

Accounting Authority

Date: 31 July 2014

Statement of Financial Position as at 31 March 2014

	Notes	2014 R	2013 Restated R
Assets			
Current Assets			
Cash deposits	2	603,035	603,035
Receivables from exchange transactions	3	89,455,990	101,925,983
Cash and cash equivalents	4	624,767,927	375,675,768
Receivables from non-exchange transactions	35	85,633,239	25,005,816
		800,460,191	**503,210,602**
Non-Current Assets			
Property, plant and equipment	5	31,835,342	20,372,747
Intangible assets	6	401,171	359,931
		32,236,513	20,732,678
Total Assets		**832,696,704**	**523,943,280**
Liabilities			
Current Liabilities			
Finance lease obligation	7	1,467,282	122,953
Operating lease liability	10	962,903	1,523,444
Payables from exchange transactions	8	25,810,734	92,117,220
Provisions	9	5,857,875	6,028,662
		34,098,794	**99,792,279**
Non-Current Liabilities			
Finance lease obligation	7	1,191,178	217,247
Total Liabilities		**35,289,972**	**100,009,526**
Net Assets		**797,406,732**	**423,933,754**
Accumulated Surplus		**797,406,732**	**423,933,754**

Statement of Financial Performance

	Notes	2014 R	2013 Restated R
Revenue			
Revenue from exchange transactions			
Collection fees	11	2,425,736	2,966,219
Other income	12	1,642,008	131,660
Project Income - Sponsorships		4,710,680	22,805,022
Interest received	13	18,168,949	7,923,110
Total revenue from exchange transactions		**26,947,373**	**33,826,011**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	20	166,946,000	82,412,000
Infringement fees		1,936,654	1,970,235
Transaction fees	14	409,985,934	389,237,292
Total revenue from non-exchange transactions		**578,868,588**	**473,619,527**
Total revenue	**15**	**605,815,961**	**507,445,538**
Expenditure			
Employee related cost	16	(118,561,602)	(110,766,892)
Depreciation and Amortisation		(5,064,749)	(1,843,775)
Impairment loss/ Reversal of impairments		(2,387,490)	-
Finance costs	17	(329,919)	(207,163)
Debt impairment	18	(10,297,576)	(35,825,364)
Repairs and maintenance		(1,275,780)	(111,569)
Other operating expenditure	19	(94,425,867)	(59,663,067)
Total expenditure		**(232,342,983)**	**(208,417,830)**
Operating surplus		**373,472,978**	**299,027,708**
Surplus for the year		**373,472,978**	**299,027,708**

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Opening balance as previously reported	122,089,729	122,089,729
Correction of errors	(360,926)	(360,926)
Restatement of assets	3,177,243	3,177,243
Balance at 01 April 2012 as restated	**124,906,046**	**124,906,046**
Surplus for the year	**299,027,708**	**299,027,708**
Total changes	**299,027,708**	**299,027,708**
Balance at 01 April 2013	423,933,754	423,933,754
Surplus for the year	373,472,978	373,472,978
Total changes	**373,472,978**	**373,472,978**
Balance at 31 March 2014	**797,406,732**	**797,406,732**

Cash Flow Statement

	Notes	2014 R	2013 Restated R
Cash flows from operating activities			
Receipts			
Receipts from customers		35,355,440	16,123,227
Grants		83,473,000	82,412,000
Interest income		18,168,949	7,923,110
Transaction fees		409,985,934	389,237,292
Other income		10,753,396	27,873,137
		557,736,719	**523,568,766**
Payments			
Employee costs		(118,561,598)	(110,766,891)
Suppliers		(173,115,234)	(157,214,177)
Finance costs		(163,066)	(195,150)
Prior year correction		-	(134,822)
		(291,839,898)	**(268,311,040)**
Net cash flows from operating activities	22	**265,896,821**	**255,257,726**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(18,701,280)	(10,198,683)
Property, plant and equipment obtained by means of finance lease	5	3,301,389	387,534
Purchase of other intangible assets	6	(254,794)	(153,352)
Net cash flows from investing activities		**(15,654,685)**	**(9,964,501)**
Cash flows from financing activities			
Payments made - Finance lease liabilities		(1,149,977)	(59,344)
Net increase/(decrease) in cash and cash equivalents		**249,092,159**	**245,233,881**
Cash and cash equivalents at the beginning of the year		375,675,768	130,441,887
Cash and cash equivalents at the end of the year	4	**624,767,927**	**375,675,768**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference -Refer to Note 37 for detail
	R	R		R	R	
Statement of Financial Performance						
Revenue from exchange transactions						
Project income - Sponsorships	-	-	**-**	4,710,680	**4,710,680**	a
Infringement fees and Collections	1,920,000	-	**1,920,000**	4,362,389	**2,442,389**	b
Sundry income	-	-	**-**	1,642,008	**1,642,008**	c
Interest received	4,000,000	-	**4,000,000**	18,168,949	**14,168,949**	d
Total revenue from exchange transactions	**5,920,000**	**-**	**5,920,000**	**28,884,026**	**22,964,026**	
Revenue from non-exchange transactions						
Government grants	166,946,000	-	**166,946,000**	166,946,000	**-**	
Transaction fees	420,000,000	-	**420,000,000**	409,985,934	**(10,014,066)**	
Total revenue from non-exchange transactions	**586,946,000**	**-**	**586,946,000**	**576,931,934**	**(10,014,066)**	
Total revenue	**592,866,000**	**-**	**592,866,000**	**605,815,960**	**12,949,960**	
Employee cost	(153,186,386)	-	**(153,186,386)**	(118,561,602)	**34,624,784**	e
Depreciation and amortisation	(6,350,000)	-	**(6,350,000)**	(5,064,749)	**1,285,251**	f
Finance cost	(70,000)	-	**(70,000)**	(329,919)	**(259,919)**	g
Repairs and maintenance	(56,169,414)	-	**(56,169,414)**	(1,275,780)	**54,893,634**	h
General expenses	(263,173,000)	-	**(263,173,000)**	(104,723,443)	**158,449,557**	i
Loss on disposal of assets	-	-	**-**	(2,387,490)	**(2,387,490)**	j
Capital expenditure	(113,917,200)	-	**(113,917,200)**	-	**113,917,200**	
Total expenditure	**(592,866,000)**	**-**	**(592,866,000)**	**(232,342,983)**	**360,523,017**	
Surplus for the year	**-**	**-**	**-**	**373,472,977**	**373,472,977**	

Accounting Policies

1. Presentation of Annual Financial Statements

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

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

1.1 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 used during more than one period.

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Property, plant and equipment 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.

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

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

Item	Average useful life
Plant and machinery (Also including other law enforcement equipment)	5 - 10 years
Furniture and fittings	5 - 7 years
Motor vehicles	7 years
Office equipment (including computer equipment)	3 - 6 years
Leasehold improvements	3 - 4 years
Finance lease assets	2 - 3 years

1.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
- receive cash or another financial asset from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

Management determines the classification of its financial assets at initial recognition.

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

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

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.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

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 directly OR 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 directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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

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

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

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

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

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

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

Financial liabilities

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

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

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

Presentation

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

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

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

1.3 Leases

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

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

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 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 of on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.4 Provisions and contingencies

Provisions are recognised when:

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

- a reliable estimate can be made of the obligation.

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

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

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

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

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

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

1.5 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.

1.6 Significant judgements and sources of estimation uncertainty

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

Trade receivables / Held to maturity investments and/or loans and receivables

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

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

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 [name a key assumption] 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 [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

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 9 - Provisions.

Taxation

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

Annual returns of income together with supporting documentation, such as financial statements must be submitted to the Tax Exemption Unit. The institution must also adhere to the following requirements, i.e. no profits or gains will distributed to any person, the funds will be utilized 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.

Allowance for doubtful debts

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

1.7 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 recognized 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 recognized as an expense when it is incurred.

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

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

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. Amortization is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortization is provided on a straight line basis over their useful life.

The amortization period and the amortization 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 amortized over its useful life.

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

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

Item	Useful life
Computer software	4 - 6 years

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.9 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.

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 recognized, in surplus or deficit, using the effective interest rate method.

1.10 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

1.11 Comparative figures

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

1.12 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.13 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

a) this Act; or
b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.14 Budget information

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

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

The approved budget covers the fiscal period from 01/04/2013 to 31/03/2014.

The budget for the economic entity includes all the entities approved budgets under its control.

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.

1.15 New standards and interpretations

1.15.1 Standards and interpretations effective and adopted in the current period

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

Standard/ Interpretation:	Effective date :	Years beginning on or after	Expected impact:
GRAP 25 : Employee benefits	01/04/2013		No material impact

1.15.2 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 2014 or later periods :

Standard/ Interpretation:	Effective date :	Years beginning on or after	Expected impact:
GRAP 18 : Segment Reporting	Not yet determined		Unlikely to have a material impact
GRAP 105 : Transfer of functions between entities under common control	Not yet determined		Unlikely to have a material impact
GRAP 106 : Transfer of functions between entities not under common control	Not yet determined		Unlikely to have a material impact
GRAP 20 : Related parties	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 Annual Financial Statements

2. Deposits

The amount relates to a deposit paid on lease premises. Amount of R 603 035 was paid to MT & Developments, to enter into lease agreements for rental of office accommodation. The lease term with MT & Developments commenced on the 1st of January 2011 and will expire on the 31st of December 2014.

	2014 R	2013 R
Deposits	**603,035**	**603,035**

3. Receivables from exchange transactions

	2014 R	2013 R
Receivables - other	5,771,803	175,721
Prepayments	1,010,250	1,009,141
RTIA debtors accounts	948,159	967,258
Sundry receivables	280,738	1,324,434
Transaction fees due	99,564,167	117,090,475
	107,575,117	**120,567,029**

Reconciliation of provision for impairment of trade and other receivables

	2014 R	2013 R
Opening balance	18,641,046	-
Movement in provision for impairment	(521,921)	18,641,046
	18,119,125	**18,641,046**

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Receivables from exchange transactions

	2014 R	2013 R
Receivables - other	5,771,803	175,721
Prepayments	1,010,250	1,009,141
RTIA debtors accounts	711,119	924,403
Sundry receivables	280,738	1,324,434
Transaction fees due	81,682,080	98,492,284
	89,455,990	**101,925,983**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2014 R	2013 R
Cash on hand	364	216
Bank balances	6,182,449	10,551,100
eNaTIS current/ call accounts	618,585,114	318,419,010
AARTO current/ call acounts	-	46,705,442
	624,767,927	**375,675,768**

On 1 October 2013 a shareholder resolution was passed that the AARTO functions dealt with by RTMC will be moved to RTIA as AARTO principally deal with RTIA. The call/currents accounts of AARTO was transfered and the process was completed on 18 December 2013.

5. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation t	Carrying value
	R	R	R	R	R	R
Plant and machinery	1,928,904	(514,824)	1,414,080	1,928,904	(331,756)	1,597,148
Furniture and fittings	4,160,069	(1,101,080)	3,058,989	2,724,050	(1,265,368)	1,458,682
Motor vehicles	17,318,370	(1,157,441)	16,160,929	11,212,457	(214,109)	10,998,348
Office equipment	11,755,797	(3,279,195)	8,476,602	7,075,827	(1,465,577)	5,610,250
Leasehold improvements	797,989	(580,106)	217,883	797,989	(426,177)	371,812
Finance lease equipment	3,500,793	(993,934)	2,506,859	387,532	(51,025)	336,507
Total	**39,461,922**	**(7,626,580)**	**31,835,342**	**24,126,759**	**(3,754,012)**	**20,372,747**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Write off	Depreciation	Total
	R	R	R	R	R
Plant and machinery	1,597,148	-	-	(183,068)	1,414,080
Furniture and fittings	1,458,682	2,482,006	(299,597)	(582,102)	3,058,989
Motor vehicles	10,998,348	7,615,372	(1,426,593)	(1,026,198)	16,160,929
Office equipment	5,610,250	5,180,437	(476,285)	(1,837,800)	8,476,602
Leasehold improvements	371,812	122,079	-	(276,008)	217,883
Finance lease equipment	336,507	3,301,386	(185,014)	(946,020)	2,506,859
	20,372,747	**18,701,280**	**(2,387,489)**	**(4,851,196)**	**31,835,342**

Reconciliation of property, plant and equipment - 2013 - Restated

	Opening balance	Additions	Depreciation	Total
	R	R	R	R
Plant and machinery	1,773,417	-	(176,269)	1,597,148
Furniture and fittings	1,739,036	43,106	(323,460)	1,458,682
Motor vehicles	1,629,812	9,556,945	(188,409)	10,998,348
Office equipment	6,137,006	211,100	(737,856)	5,610,250
Leasehold improvements	584,609	-	(212,797)	371,812
Finance lease equipment	-	387,532	(51,025)	336,507
	11,863,880	**10,198,683**	**(1,689,816)**	**20,372,747**

Assets subject to finance lease (Net carrying amount)

Finance lease equipment	2,506,859	336,507
	2,506,859	**336,507**

Finance lease equipment

Finance lease equipment consists of copiers, phones and iPad's.

Xerox and Minolta machines are leased from Bytes Technologies for a period of 3 years. The rental expense are different for each type of machine leased. The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 7.

Phones and iPads are leased from MTN on a 2 year contract basis. The contract commenced during the 2014 financial period. 9 Machines are currently in used by RTMC. 7 of the machines were already being leased in the previous period.

On 1 November 2012 RTMC agreed to lease a Xerox WC 7556 colour copier and 6 WC 5755 copiers at a monthly rental of R 3 894,79 and R 1 374,84 respectively. The total lease expense for 2013 was therefore R 12 143,83 per month escalating by 8% each year.

On 4 July 2013 RTMC agreed to lease a Xerox WC 5855 copier at a monthly rental of R 1 374,80. On 5 August 2013 a lease contract for Xerox WC 7125 colour copier was entered into at a monthly rental of R 2 898,14. Both the leases has an escalation in monthly premiuims of 8% per annum. The total lease expense for 2014 was therefore R 16 416,81 per month.

6. Intangible assets

	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
	R	R	R	R	R	R
Computer software	1,042,472	(641,301)	401,171	787,678	(427,747)	359,931

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
	R	R	R	R
Computer software	359,931	254,794	(213,554)	401,171

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
	R	R	R	R
Computer software	360,537	153,352	(153,958)	359,931

7. Finance lease obligation

Minimum lease payments due

	2014	2013
	R	R
- within one year	1,571,156	145,726
- in second to fifth year inclusive	1,280,766	232,108
	2,851,922	377,834
less: future finance charges	(193,462)	(37,634)
Present value of minimum lease payments	**2,658,460**	**340,200**
Present value of minimum lease payments due		
- within one year	1,467,282	122,953
- in second to fifth year inclusive	1,191,178	217,247
	2,658,460	**340,200**
Non-current liabilities	1,191,178	217,247
Current liabilities	1,467,282	122,953
	2,658,460	**340,200**

It is entity policy to lease certain property, plant and equipment under finance leases.
The lease term was 3 years for copiers and 2 years for phones and ipads.

Interest rates are fixed at the contract date. All leases have fixed repayments.The copiers bear interest at 8% and the phones and ipads bear interest at 9% per year. No arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 5.=

8. Payables from exchange transactions

	2014	2013
	R	R
Trade payables	5,470,224	13,009,856
Department of Transport	63,131	63,131
Accrued employee costs	6,601,728	3,293,603
AARTO infringement fees	5,819,932	75,737,615
Other accrued expenses	7,853,929	13,015
Insurance Premiums Control	1,790	-
	25,810,734	**92,117,220**

Unallocated receipts disclosed as payables from exchange transactions in 2013 Annual Financial Statements was reclassified to receivables from exchange transactions in 2014. RTMC is in the process of reconciling payments received from eNaTIS to prior period invoices billed to eNaTIS to allocate the various receipts.

9. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
	R	R	R	R	R
Compensation Commissioner	-	368,393	-	-	368,393
Performance bonus	2,219,388	-	(1,258,040)	(961,348)	-
Provision for leave (Including capped leave)	3,809,274	1,680,208	-	-	5,489,482
	6,028,662	**2,048,601**	**(1,258,040)**	**(961,348)**	**5,857,875**

Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Total
	R	R	R	R
Performance bonus	-	2,219,388	-	2,219,388
Provision for leave	3,838,332	-	(29,058)	3,809,274
	3,838,332	**2,219,388**	**(29,058)**	**6,028,662**

The provisions represent management's best estimate of the entity's liability.

Provision for Performance bonusses

The provision for performance bonusses was adjusted after review from the Accounting Authority as the decision was made that there will be no performance bonusses paid for the 2013/2014 financial year.

10. Operating lease asset / (accrual)

Current liabilities	(962,903)	(1,523,444)
	(962,903)	(1,523,444)

The Office buildings are leased from M & T Developments. Building blocks A,B and C (unit C3 and C4) are leased from MT & Developments. The lease of building block A and B commenced on 1st of January 2011 and will expire on 31 December 2014 (48 months). RTMC decided in 2013/14 financial year to lease Block C and the lease commenced on 1 July 2013 and will expire on 31 December 2014 (18 months). The monthly lease payment for block A, B and C escalates with 9% per year and takes place on the 1st of January (Block A and B) and 1st of July (Block C) each year.

The monthly rental for Block A and B was R 816 771,38 (April 2013 to December 2013) and R 890 280,80 (January 2014 to March 2014). In the 2012/13 financial year R 687 460,13 per month (April 2012 to December 2012) and R 749 331,54 (January 2013 to March 2013) and for Block C - R 88 976,37 per month (1 July 2013 to March 2014).

The lease smoothing liabilty was R 1 523 444 in 2013 financial year and only related to Block A and B. The liability in 2014 amounted to R 938 878,56 (Block A and B) and R 24 023,62 (Block C)

11. Collection fees

	2014 R	2013 R
Administration and management fees received - AARTO	**2,425,736**	**2,966,219**
	2,425,736	**2,792,715**

The RTMC is empowered by Regulation 2 of the AARTO Act to perform administrative functions of the Road Traffic Infringement Agency (RTIA). The RTMC collects infringement fees on behalf of other issuing authorities and charges 3% collection fee as per the AARTO regulations.

The AARTO fees was income for infringements issued by RTMC's National Traffic Police Unit.

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

AARTO - infringement fees	**1,936,654**	**1,970,235**

12. Other income

Sundry Income	1,084,058	67,527
Tender fees	35,000	46,000
Insurance claims received	522,950	18,133
	1,642,008	**131,660**

Insurance claims received was for 2 vehicles written off during accidents in the current year.

13. Investment revenue

Interest revenue		
Bank	**18,168,949**	**7,923,110**

14. Transaction fees

eNaTIS transaction fees	**409,985,934**	**389,237,292**

Fees are received from the Department of Transport for each vehicle license issued in South Africa.

15. Revenue

Infringement fees	1,936,654	1,970,235
Government grants and Subsidies	166,946,000	82,412,000
Collection fees	2,425,736	2,966,219
Interest received	18,168,949	7,923,110
Project Income - Sponsorships	4,710,680	22,805,022
Sundry income	1,642,008	131,660
Transaction fees	409,985,934	389,237,292
	605,815,961	**507,445,538**

	2014 R	2013 R
The amount included in revenue arising from exchanges of goods or services are as follows:		
Collection fees	2,425,736	2,966,219
Interest received	18,168,949	7,923,110
Project Income - Sponsorships	4,710,680	22,805,022
Sundry income	1,642,008	131,660
	26,947,373	**33,826,011**

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

Government grants and Subsidies	166,946,000	82,412,000
Infringement fees	1,936,654	1,970,235
Transaction fees	409,985,934	389,237,292
	578,868,588	**473,619,527**

16. Employee related costs

Basic salaries	77,498,184	70,133,786
Bonus (reversal)	(961,348)	5,114,767
Medical aid - company contributions	5,013,508	9,035,872
UIF	621,048	1,464,573
SDL	961,002	3,879,673
Leave pay provision	1,916,744	77,567
Post-employment benefits - Pension - defined contribution plan	9,136,235	10,992,272
Travel, motor car, accommodation, subsistence and other allowances	864,121	738,308
Overtime payments	2,449,488	-
Acting allowances	1,063,370	212,516
Car allowance	3,009,845	1,445,679
Housing benefits and allowances	4,797,109	2,511,408
Non pensionable allowances	4,591,889	2,733,792
Service bonus	4,955,050	2,310,046
Back pay	2,645,245	12,126
Bargaining council levies	112	104,507
	118,561,602	**110,766,892**

No performance bonus was provided for in 2014 and the 2013 provision not utilized was reversed in 2014. Refer to note 9

In the end of 2014 financial year RTMC retained 378 employees (2013 : 371)

17. Finance costs

Trade and other payables	163,066	195,150
Finance leases	166,853	12,013
	329,919	**207,163**

	2014 R	2013 R
18. Debt impairment		
Contributions to debt impairment provision	10,133,096	18,641,046
Debts written off	164,480	17,184,318
	10,297,576	**35,825,364**
19. Other operating expenditure		
Advertising	9,579,259	18,310,632
Auditors remuneration	3,603,749	1,913,085
Bank charges	1,111,187	654,042
Cleaning	679,043	505,235
Compensation commissioner expense	1,910,247	-
Computer expenses	422,744	1,346,562
Consulting and professional fees	6,545,174	2,090,337
Corporate gifts, donations	3,442	18,900
Donations	63,392	-
Electricity	1,586,250	1,329,953
Employee wellness programme	141,529	151,073
Entertainment	2,147,541	474,327
Fuel and oil	833,130	1,089,951
General expenses	213,836	228,452
Insurance	1,652,785	940,138
Labour Relations	583,822	1,290,989
Lease rentals on operating lease	10,262,030	9,007,421
License fees	8,537	8,860
Motor vehicle expenses	4,336,267	2,378,603
Other expenses	-	87
Postage and courier	398,116	24,529
Printing and stationery	2,183,341	975,653
Projects - annual performance plan	14,195,809	10,436,309
Recruitment cost	526,778	78,622
Road numbering	-	31,057
SAPO truebill	1,284,998	746,590
Sale of goods	-	(3,517)
Security	2,254,208	537,889
Subscriptions and membership fees	35,147	11,558
Telephone and fax	4,719,772	2,398,948
Training	3,053,010	391,435
Travel - local	16,601,852	2,136,189
Uniforms	1,508,654	-
Venue expenses	1,980,218	159,158
	94,425,867	**59,663,067**

Breakdown of the Travelling expense : Travel - R 8 892 505 (2013: R 1 388 523) and Accommodation - R 7 709 347 (2013: R747 666).

The Travel local account has increased significantly due to a change of strategy which also see an increase in the budget available for programmes as per the Annual Performance Plan. Programmes of the Corporation request extensive travelling to all provinces within South Africa to successfully attain objectives and build relationships. Expenditure for travelling and accomodation is evidence of the drive by the Corporation to implement its improved strategy which strives towards reaching its goals and objectives.

	2014 R	2013 R

20. Government grants and subsidies

Unconditional grants		
Department of Transport Grant	166,946,000	82,412,000

21. Auditors' remuneration

Auditor-General of South Africa	**3,603,749**	**1,913,085**

22. Cash generated from operations

Surplus	373,472,978	299,027,708
Adjustments for:		
Depreciation and amortisation	5,064,749	1,843,775
Finance costs - Finance leases	166,853	12,013
Impairment deficit	2,387,490	-
Debt impairment	10,297,576	35,825,364
Movements in operating lease assets and accruals	(560,541)	(225,941)
Movements in provisions	(170,787)	2,190,330
Prior year correction	-	(134,822)
Changes in working capital:		
Inventories	-	18,497
Receivables from exchange transactions	12,469,993	23,317,446
Other receivables from non-exchange transactions	(60,627,423)	(7,212,716)
Reversal of debt impairment	(10,297,576)	(35,825,364)
Payables from exchange transactions	(66,306,491)	(63,578,564)
	265,896,821	**255,257,726**

23. Operating leases

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	9,287,714	10,021,875
- in second to fifth year inclusive	-	8,012,527
	9,287,714	**18,034,402**

Operating lease payments represent rentals payable by the Corporation for the properties leased and water coolers leased from Sivaya Trading Investment and Consulting CC. The monthly rental escalates with 9% each year for the premises. The coolers are leased for 1 year and the monthly rental amounts to R 35 529.35. The water cooler rental agreement commenced on 1 March 2014. Leases are negotiated for an average term of four years and rentals are fixed for an average of one year. No contingent rent is payable.The Office buildings are leased from M & T Developments. Building blocks A,B and C (unit C3 and C4) are leased from MT & Developments. The lease of building block A and B commenced on 1st of January 2011 and will expire on 31 December 2014 (48 months). RTMC decided in 2013/14 financial year to lease Block C and the lease commenced on 1 July 2013 and will expire on 31 December 2014 (18 months). The mothly lease payment for block A, B and C escalates with 9% per year and takes place on the 1st of January (Block A and B) and 1st of July (Block C) each year. The monthly rental for Block A and B was R 816 771,38 (April 2013 to December 2013) and R 890 280,80 (January 2014 to March 2014). In the 2012/13 financial year R 687 460,13 per month (April 2012 to December 2012) and R 749 331,54 (January 2013 to March 2013) and for Block C - R 88 976,37 per month (1 July 2013 to March 2014). Refer to note 10

24. Contingencies

Van der Merwe du Toit Inc. Attorneys issued summons to recover the outstanding amounts relating to the various lease agreements concluded between their clients Tijger Vallei 1 (Pty) Ltd (2 agreements), Carslwald Gardens (Pty)Ltd, Jamwa Beleggings (Pty)Ltd, Awaiz @ 5th Avenue Investments CC and Clifton Dunes Investments 166 (Pty)Ltd ("the Owners") for the offices situated in Hazel Dean Office Park, Silver Lakes and the RTMC. The RTMC defended the matters on the basis that the assessment rates and damages to the properties were never substantiated by any documents. The matter is currently subjudice and the amount is R 212 895.

Intercape instituted action against the RTMC claiming compensation for damages because of loss of income as a result of removing their busses from the road and for crimen injuria. The matter is still pending before court and the amount in issue is R 200 000.

The RTMC instructed Makhabela Huntley Adekeye Inc (MHA) Attorneys to institute legal action against Mohlaleng for the outstanding deposit as well as for all expenses the RTMC incurred as a result of the RTMC relocating offices from Silver Lakes. A summons was issued to claim the deposit without including the costs incurred by the RTMC for relocation of offices. The relocation costs for relocating offices were R 773,448 for Tenant Installation Allowance and R 328,875 with regard to the cabling of the Information Technology system to the new premises.Subsequently Mohlaleng filed a counter claim in the amount of R 1,831,950.

25. Related parties

Related party balances
Key management

	2014 R	2013 R
Salaries and other short term employee benefits	8,593,549	7,962,140
Transactions paid on behalf of RTMC		
Salaries - Department of Transport *	1,889,267	3,710,892
Sponsorships - Department of Transport	-	272,000
Sponsorships - RTIA	-	15,000
Sponsorships		
Road Accident Fund	-	835,557
Audit and Risk Commitee members		
Meeting and Travelling fees	134,011	31,970

* Salaries paid by the Department of Transport was for employees seconded in by them during the year. The period in the 2014 financial year for which these employees was seconded was from 1 April 2013 to 31 July 2013 (3 employees) , September 2013 (2 employees) and October 2013 to 31 March 2014 (1 employee).

26. Board members' remuneration

Executive Management

2014

	Remuneration	Other benefits*	Total
C.P. Letsoalo (Acting CEO up to 3 August 2013)	237,769	304,992	542,761
P. Mngomezulu	884,757	302,943	1,187,700
R. Mongale	853,926	248,721	1,102,647
M. Mogorosi	924,424	22,854	947,278
A. Ismail	723,840	361,377	1,085,217
M. Kumalo	600,588	339,156	939,744
B. Mathibe (appointed 10/07/2013)	539,994	213,365	753,359
GP Martins (COO) (Acting CEO from 1 September 2013 to 31 December 2013)	527,750	307,892	835,642
Adv. M Msibi (CEO and board member- appointed January 2014)	435,000	233,450	668,450
	5,728,048	**2,334,750**	**8,062,798**

2013

	Remuneration	Other benefits*	Total
C.P. Letsoalo - (Acting CEO)	675,481	940,122	1,615,603
J. Mogotsi	365,202	614,301	979,503
P. Mngomezulu	727,688	501,220	1,228,908
T. Tsholetsane (SEM)	242,118	200,606	442,724
B. Nkwashu	522,895	368,075	890,970
D. Tembe	528,716	362,014	890,730
G. Botha (SEM)	-	43,103	43,103
R. Mongale	523,329	370,454	893,783
M. Mogorosi	81,854	65,017	146,871
M. Madzivhandila	486,470	343,475	829,945
	4,153,753	**3,808,387**	**7,962,140**

* Other benefits comprised of travel allowances, acting allowances and medical benefits. During the 2013 financial year no Accounting Authority and no Independant Non-executive members existed.

The Accounting Authority was appointed on 1 December 2013.

Non-executive members

2014	Meeting attendance	Travel fees	Total
Z. Majavu	120,806	18,569	139,375
Dr N. Maharaj	46,048	3,978	50,026
P.J. Browning	46,048	668	46,716
R.G. Nicholls	37,414	-	37,414
S Ledwaba	46,048	2,643	48,691
M.M. Mathabathe	37,414	1,137	38,551
T. Mdlulwa	34,536	1,429	35,965
	368,314	**28,424**	**396,738**

Audit and Risk Commitee members remuneration

2014

	Meeting fees	Travel fees	Total
S.W. Mda	4,112	407	4,519
B.Z. Mabusela	47,356	5,840	53,196
L.Z. Fihlani	14,157	3,035	17,192
Z.M. Kabini	37,991	2,848	40,839
X. Sibiya	16,448	1,817	18,265
	120,064	**13,947**	**134,011**

2013

	Total
B.K. Mofokeng	7,420
B.Z. Mabusela	15,275
L.Z. Fihlani	1,855
Z.M. Kabini	7,420
	31,970

27. Prior period errors

1. The rental of copiers were incorrectly classified as operating leases in 2013. Due to the principals set out in GRAP 13 the leases should have been accounted for as finance leases. Assets were consequently not capitilised which lead to an understated of R 387 532 and the finance lease liability was not recorded causing an understatement in liabilities of R 340 200. The incorrecting accounting treatment also lead to an understatement of accumulative depreciation of R 52 605. The effect of the error on accumulative surpuls was R 5 274 overstatement as the interest expense was understated by R 12 013 depreciation expense was understated by R 52 605 and the operating lease payments were overstated by R 59 345. For more detail on this matter refer to Note 5

2. SASSETA income in the Statement of Financial Performance and the corresponding customer control account in the Statement of Financial Position for prior year was understated by R 63 000. SASSETA invoices for the 2012/13 financial year was ommitted to be recognised in the financial year it occurred in. The SASSETA omittance lead to an understatement of R 63 000 in Retained earnings in the Statement of Net Assets.

3. During the process of handing over the AARTO funtion to RTIA, an in depth process was done where all the prior year reconciliations and journals were reviewed. In the AARTO reconciliation process, it was noted and recalculated to establish exactly how much was due by other parties in terms of AARTO other collections. An amount of R 486 716 could not be reconciled and was thus written off. This was part of the 2011/12 reconciliations. The 2011/12 accumulative surplus was therefore overstated and the error should be corrected by decrease in the opening balance of accumulative surplus for the comparitive figures. These errors were detected and rectified. AARTO fees for the prior year were understated by R 88 634. The Statement of Financial Performance did not reflect the AARTO administration fee of R 88 634 under Infringement fees and Collections. The AARTO debtor in the Statement of Financial Position was therefore understated by the amount of R 88 634 in 2012/13 and overstated with an amount of R 486 716 in 2011/12 year.

4. Reversal of credit note not matched in 2013 financial period. Unreconcilable difference of R 63 576 on the travel account for Standard Bank. The Supplier control account was overstated in the previous period which lead to an understatement of opening balance of accumulative surplus.

5. A new Fixed Asset Register (FAR) was compiled due to the duplications and ommitances found in the previous FAR. The 2012/13 assets were therefore restated to reflect a more accurate figure for the cost, accumulative depreciation and amortisation, additions, disposals and write-off's in the previous period. Due to the changes the accumulative surplus was restated. Refer to Note 5

6. Audit journal incorrectly processed in 2012. R 62 210 was processed incorrect and the journal was therefore reversed. The Sundry Supplier Account was therefore incorrectly increased and the expense overstated by R 62 210.

7. An accrual was raised during the 2012/13 financial year for an invoice that was only received in April 2014. The invoice was subsequently written off with a credit note received from the supplier. The accrual must be reversed as a result of the prior period accrual that was erroneously processed. The expense accrual account in the Statement of Financial Position was overstated and the consultation expense account in the Statement of Financial Performance also overstated with R 74 378.

8. The rental expense for April 2013 was captured as an expense in the 2013 financial period. This was an error as the rental is paid in advance. The amount should have been recorded as a prepayment of R 816 771. The error was corrected which lead to the increase in prepayment asset and decrease in the lease expense in 2013.

9. Prepaid expense for public liability insurance (MARSH) was incorrectly accounted for in 2013. The period of insurance was from 1 May 2012 to 30 April 2013. Therefore one month (April 2013) was prepaid. The April premium was incorrectly expensed. The Asset (Prepaid expense) was not recognised at R 31 250.

10. Accrual was not raised for cell phone expenses incurred during March 2013 which was paid in 2014 financial period. The April 2013 invoice from the supplier included the services delivered by them in March 2013. The accrual should have been raised for R 13 008. Communication expenses was overstated by R 13 008 and accruals understated by R 13 008. The correction of the prior period error wil increase accruals and decrease communication expenditure.

The correction of the errors results in adjustments as follows:

	2014 R	2013 R
Statement of financial position		
Increase in property, plant and equipment - leased assets		387,532
Increase in finance lease obligation		(340,200)
Increase in accumulated depreciation on leased assets		(52,605)
Increase in customer control account		63,000
Increase in customer control account - AARTO		88,634
Decrease in customer control account - AARTO		(486,716)
Decrease in opening balance of accumulative surplus		486,716
Decrease in supplier control account		63,576
Increase in accumulative surplus opening balance		(63,576)
Decrease in asset cost		(8,035,413)
Decrease in accumulative depreciation on assets		12,431,701
Opening balance accumulative surplus		(4,396,288)
Decrease in sundry supplier account/ accruals		62,210
Increase in accumulative surplus opening balance		(62,210)
Decrease in sundry supplier account/ accruals		74,378
Decrease in accumulative depreciation		1,494,479
Increase in prepayments		848,021
Increase in accruals		13,008
		2,576,247
Statement of Financial Performance		
Increase in interest expense		(12,013)
Increase in depreciation		(52,605)
Decrease in operating lease payments		59,345
Increase in project income		63,000
Increase in administration fees received		88,634
Decrease in depreciation		1,494,479
Decrease in operating expenses		74,378
Decrease in operating lease expense		816,771
Decrease in insurance expense		31,250
Decrease in communication expense		13,008
		2,576,247

28. Financial Risk and Capital Risk Management

Capital risk management

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

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

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

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.

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 on highly reputable financial institutions are used.

Trade and other receivables

The Corporation's exposure to credit risk is influence mainly by the Department of Transport

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 exposure to credit risk will result if the Department of Transport fails to refund the RTMC for expenditure that the RTMC has incurred and had already paid for. The exposure to credit risk will increase should the expenditure incurred not be approved by the Department of Transport.

The Corporation does establish an allowance for impairment.

Credit risk exposure

The carrying amount of financial represents the maximum credit exposure at the reporting date.

Concentrations of credit risk

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

Geographical Area (Provinces)

The PFMA prohibits the Corporation to have any credit facility.

The RTMC has limited credit risk exposure as all its cash and equivalents are place with highly reputable financial institutions. AARTO is included in Gauteng as the expenses were incurred for the JMPD & TMPD which are in Gauteng.

Provinces	2014 R	2013 R
Gauteng	13,632,998	34,373,334
Eastern Cape	6,675,176	7,742,484
Free State	2,316,626	2,018,975
Kwazulu Natal	3,369,606	3,133,470
Limpopo	3,709,511	17,282,260
Mpumalanga	36,073,903	32,881,490
Northern Cape	8,491,945	4,830,297
Western Cape	751,284	6,063,621
North West	10,843,206	-
Unallocated receipts (All Provinces)	(4,182,175)	(9,833,647)
TOTAL	**81,682,080**	**98,492,284**

Financial instrument

Major receivables of the Corporation consists of the following:		
eNaTIS- Transaction fees	81,682,080	98,492,284
AARTO	2,160,239	25,005,816
Department of transport - Grant	83,473,000	-
The other receivables of the Corporation consists of the following:		
Prepayments	1,010,250	1,009,141
RTIA	711,119	924,855
Sundry receivables	6,052,541	1,500,155
	170,892,229	**126,931,799**

Ageing of Financial Assets

The following table provides information regarding the credit quality of assets which expose the Corporation to credit risk:

Financial assets that are past due but not impaired - 2014

Financial Asset	Neither past due nor impaired	0 -2 months	3 - 5 months	More than 5 months	Impaired financial assets	Total carrying amount
Trade and other receivables	43 548 511	45 452 749	5 492 945	103 621 027	(18 839 206)	179 276 026
Unallocated receipts	(4 182 175)	-	-	-	-	(4 182 175)
Cash and cash equivalents	624 767 927	-	-	-	-	624 767 927
Deposits	603 035	-	-	-	-	603 035
Total	**664 737 297**	**47 452 749**	**5 492 945**	**103 621 027**	**(18 839 206)**	**800 464 813**

Financial assets that are past due but not impaired - 2013

Financial Asset	Neither past due nor impaired	0 -2 months	3 - 5 months	More than 5 months	Impaired financial assets	Total carrying amount
Trade and other receivables	39 354 272	43 386 999	16 585 488	54 189 057	(18 641 046)	134 874 770
Unallocated receipts	(9 833 647)	-	-	-	-	(9 833 647)
Cash and cash equivalents	375 675 767	-	-	-	-	375 675 767
Deposits	603 035	-	-	-	-	603 035
Total	**405 799 427**	**43 386 999**	**16 585 488**	**54 189 057**	**(18 641 046)**	**501 319 925**

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.

Foreign exchange risk

The Corporation has no exposure to currency risk as it operates in the ZAR environment only and is not exposed to foreign exchange fluctuations.

Equity price risk

The corporation has no exposure to equity risk.

29. Fruitless and wasteful expenditure

	2014 R	2013 R
Interest paid on supplier invoices	**161,372**	-

Interest paid on late payments to Telkom, Post Office and Standard Bank. Investigation and discussions to address this issue is underway.

30. Irregular expenditure

	2014	2013
Opening balance	209,592,634	408,978,803
Procurement of goods and services	3,010,483	(199,386,169)
	212,603,117	**209,592,634**

Analysis of expenditure awaiting condonation per age classification

	2014	2013
Current year	3,010,483	(199,386,169)
Prior years	209,592,634	408,978,803
	212,603,117	**209,592,634**

Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	
Irregular expenditure incurred as a result of noncompliance with Supply Chain Management procedures.	Management is in process taking disciplinary action against the responsible employees.	**3,010,483**
		3,010,483

31. In-kind donations and assistance received

	2014	2013
Sponsorships - DOTY		
Eastern Cape Provincial Department	-	15,000
Drive Report	-	15,000
Skygistics	-	15,000
Barloworld Logistics	-	15,000
Bakwena platinum	-	15,000
Eskom	-	400,000
RTIA	-	15,000
Syntell Catering	-	30,000
BP SA - 5laptops, 5 printers, 5 desktops	-	368,000
SASSETA	637,028	818,159
Standard Bank	-	100,000
Trans Freight Rail	4,037,652	3,737,295
SANRAL	-	17,184,318
North West Provincial Department	-	14,250
	4,674,680	**22,742,022**

	2014 R	2013 R

32. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

	2014	2013
Statement of financial position		
Receivables from exchange transactions		(9,833,647)
Payables from exchange transactions		9,833,647
Payables from exchange transactions (accrued employee cost)		(3,809,274)
Provisions		3,809,274
Payables from exchange transactions		1,523,444
Operating lease liability		(1,523,444)
Receivables from exchange transactions		(25,005,816)
Receivables from non - exchange transactions		25,005,816
Statement of Financial Performance		
Provision for bad debts		8,957,539
Bad debts written off		(8,957,539)
Consulting and professional fees		191,057
Audit Fees		(191,057)
Revenue from exchange transactions		(1,970,235)
Revenue from non - exchange transactions		1,970,235

33. Transfer of Functions

Administrative Adjudication of Road Traffic Offences (AARTO)

During the year under review the implementation of the Administrative Adjudication of Road Traffic Offences (AARTO) was formally transferred to the Road Traffic Infringement Agency (RTIA), effective 1 October 2013. The final transfer was done on 18 December 2013. Therefore the national roll out of AARTO is now under the administration of the RTIA. To this extent functions that were to be performed by the RTMC were transferred to RTIA. The approved AARTO Key Performance Indicators were discontinued from the performance objectives of the RTMC.

Both these entities are under the control of the Department of Transport and in the same sphere of government.

As the entities are under common control, the assets and liabilities will be recognised by RTIA at their carrying amounts and was derecognised by RTMC at their carrying amounts.

The carrying amounts of RTMC's assets, liabilities and net assets transferred were as follows:

	2014	2013
Trade payables		103,834,612
Trade receivables		5,342,967
Cash and cash equivalents		98,491,644

34. Commitments

The following commitments have been made in terms of contracts awarded but not affected in the Financial Statements. The commitments figures for 2013 was revised and the figures below are the actual contingencies that should have been reflected in the Annual Financial Statements.

	2014	2013
Authorised expenditure		
Security service	436,419	1,018,310
Cleaning service	376,575	878,674
Employee Health and Wellness program	208,140	435,202

	2014 R	2013 R
35. Receivables from non-exchange transactions		
AARTO - Infringements	2,160,239	25,005,816
Government grants and subsidies	83,473,000	-
	85,633,239	**25,005,816**

Receivables from non-exchange transactions impaired

As of 31 March 2014, other receivables from non-exchange transactions of R 2,880,318 (2013: R -) were impaired and provided for.

The amount of the provision was R (720,080) as of 31 March 2014 (2013: R -).

36. Change in estimate

Property plant and equipment

The useful life of motor vehicles was estimated to be 5 years in the previous years. In the current period management have revised their estimate to 7 years as this was seen as a better estimate of the assets service potential. The effect of this revision has decreased the depreciation charges for the current and future periods by R 398,490 per year.

The change in the accounting estimate has the following effect for the current and future years:

The change in the accounting estimate has no effect on the cost and residual value of the asset.

The change in the accounting estimate will lead to an R 398 490 decrease in the accumulative depreciation for the current year. There will be no change on the accumulative depreciation for the future periods.

The change in the accounting estimate will lead to a R 401 911.48 (5 years - R 1 406 690 per year, 7 years R 1 004 778.7 per year) decrease in depreciation expense for the current year.

The change in the accounting estimate will lead to an R 398 489.89 (5 years - R 8 888 917, 7 years R 8 490 428) increase in depreciation expense for the future periods.

37. 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) Realisation of the 3% collection fee were effected through the period under review.
b) Insurance payments received for 2 cars written off in accidents. The revenue was not budgeted for.
c) The invoice for Transnet's contractual obligation was raised for the period under review. The revenue was not budgeted for.
d) Interest received is higher than budgeted due to the high bank account balances maintained.
e) The Corporation have a very high vacancy and staff turnover rates and therefore the underspending in labour cost.
f) Fixed Asset Register was recompiled. The previous inaccurate asset register lead to budget figures being distorted.
g) Relates mainly to late payments to creditors and the interest charge on the Standard Bank Travel card.
h) Saving due to eNatis system that was not transferred.
i) General slow spending pattern throughout the period under review.
j) Fixed Asset Register was recompiled. The previous inaccurate asset register lead to budget figures being distorted.

NOTES

Road Traffic
Management Corporation

Registered Name	Road Traffic Management Corporation
Physical Address	Boardwalk office park
	Boardwalk Boulevard
	Faerie Glen, 0043
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