



# KEY FACTS ABOUT ROAD CRASH FATALITIES



**DRUNK DRIVING** REMAINS ONE OF THE MAIN CONTRIBUTING FACTORS TO ROAD CRASHES



**25-34**  
YEARS OF AGE

DRIVERS BETWEEN THE AGES OF 25 AND 34 YEARS OF AGE ARE **MOST LIKELY TO DIE ON THE ROADS**



**MOST FATAL CRASHES** IN SOUTH AFRICA INVOLVE **YOUNG MEN** IN LIGHT VEHICLES, AND OCCUR OVER THE WEEKENDS



MOST CRASHES WERE RECORDED IN **GAUTENG, KWAZULU NATAL** AND **LIMPOPO**



**ALMOST 80% ROAD CRASHES IN SOUTH AFRICA OCCUR AS A RESULT OF A HUMAN FACTOR** (SPEED, NEGLIGENCE, ETC.). ROAD AND ENVIRONMENTAL FACTORS ACCOUNT FOR 17% WHILST THE REST OF THE CRASHES ARE DUE TO VEHICLE FACTORS



“Safe Roads in South Africa”



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

## Official Sign-Off

It is hereby certified that this Annual Report:

- Considers all the relevant policies, legislation and other mandates for which the RTMC is responsible; and
- Accurately reflects performance against the strategic outcome-oriented goals and objectives that the RTMC committed to achieve in the 2016/2017 period.

Adv. Makhosini Msibi  
Chief Executive Officer

Mr. Zola Majavu  
Chairman of the Board

# About this Report

## 1. Introduction

The 2016/2017 RTMC Annual Report complies with the Public Finance Management Act 1 of 1999 (PFMA), which gives effect to the legislative framework for the regulation of finances in the national, provincial and local governments. The Accounting Authority presents the Annual Report in line with Section 22 of the Road Traffic Management Corporation Act 20 of 1999 (RTMCA), Section 55 of the PFMA and Treasury Regulation 29.2 as prescribed.

## 2. Annual Reporting Period

The reporting cycle of the RTMC is 31 March, annually, as prescribed by the National Treasury. This Annual Report records the organisational and financial performance for the period 1 April 2016 to 31 March 2017. The Corporation also prepares and submits quarterly reports to the Executive Authority.

## 3. Scope of the Report

The report incorporates financial and performance information based on the approved 2016/2017 Annual Performance Plan (APP) which was tabled in Parliament on 10 March 2016.

## 4. Annual Report Approval Phases

Figure 1 shows the approval phases of the Annual Report before it is published.

Figure 1: Annual Report Approved Process



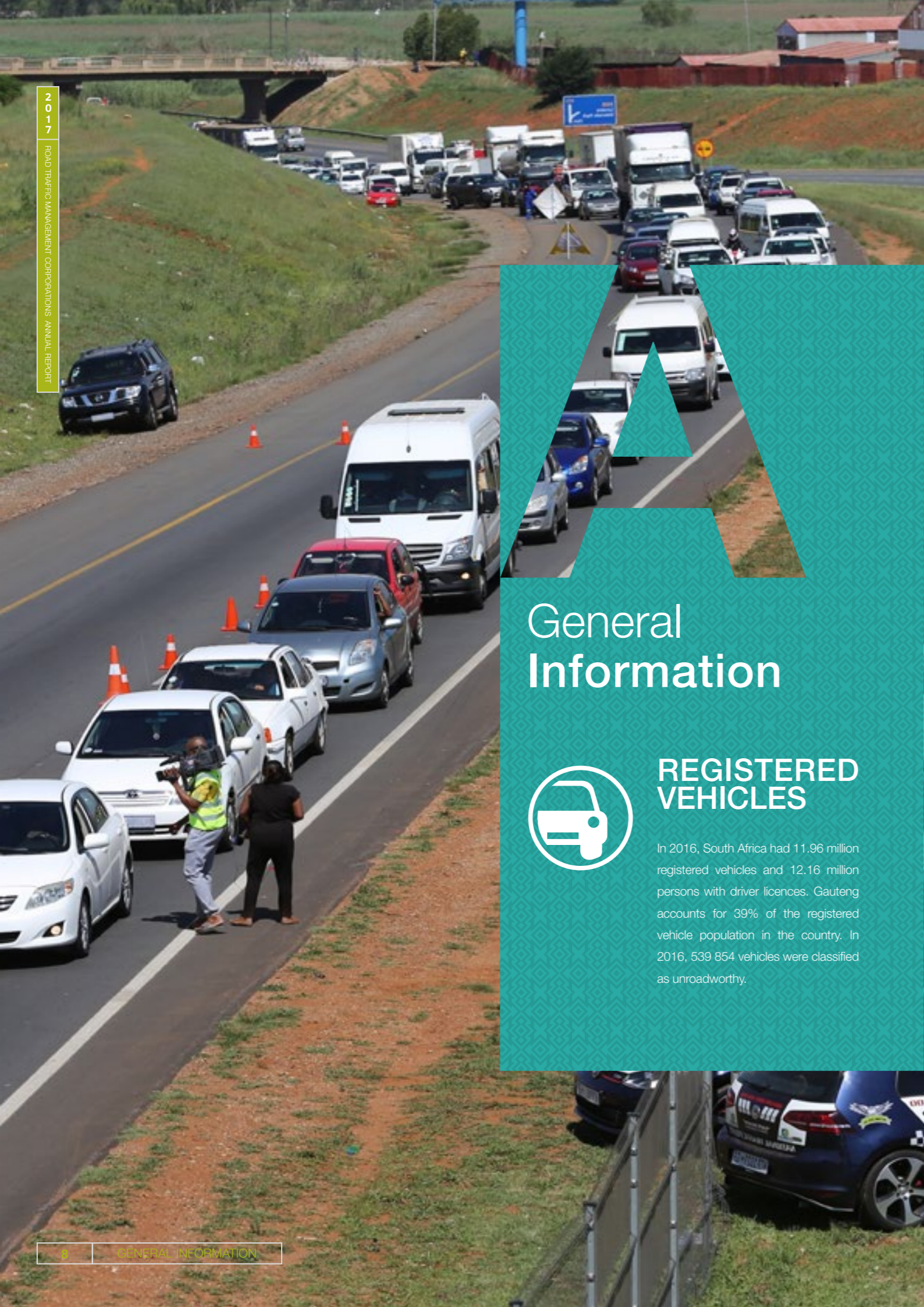
## 5. Target audience

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

<p><b>LEGISLATURE</b></p> <ul style="list-style-type: none"> <li>• Provincial Legislatures</li> <li>• Parliament</li> </ul>	<p><b>EXECUTIVE</b></p> <ul style="list-style-type: none"> <li>• National Government Departments</li> <li>• Provincial &amp; Local Government Departments</li> </ul>	<p><b>OTHER</b></p> <ul style="list-style-type: none"> <li>• Business Enterprises</li> <li>• Non-governmental Organisations</li> <li>• Interest Groups</li> <li>• Member Associations</li> <li>• Auditors</li> <li>• Public Entities</li> </ul>
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## General Information



### REGISTERED VEHICLES

In 2016, South Africa had 11.96 million registered vehicles and 12.16 million persons with driver licences. Gauteng accounts for 39% of the registered vehicle population in the country. In 2016, 539 854 vehicles were classified as unroadworthy.

# 1. General Information

## General information regarding the RTMC

Registered Name Road Traffic Management Corporation

Physical Address Eco Origin Office Park  
Block F  
349 Witch-Hazel Street  
Highveld Ext 79  
Centurion  
0157

Postal Address Private Bag X147  
Pretoria  
0001

Email Address [info@rtmc.co.za](mailto:info@rtmc.co.za)

Website Address [www.rtmc.co.za](http://www.rtmc.co.za)

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

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

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

Company Secretary Mr Mulalo Razwinani  
E-mail: [MulaloR@rtmc.co.za](mailto:MulaloR@rtmc.co.za)  
Qualifications:  
B Juris  
LLB  
Post Grad Dip in Institutional and African Regional Law  
Executive Development Programme

## 2. Acronyms

AARTO	Administrative Adjudication of Road Traffic Offences	NaTIS	National Traffic Information System
APP	Annual Performance Plan	NCOP	National Council of Provinces
ARC	Audit and Risk Committee	NDP	National Development Plan
CBRTA	Cross-Border Road Transport Agency	NGO	Non-Governmental Organisation
CEO	Chief Executive Officer	NLTA	National Land Transport Act
COO	Chief Operations Officer	NQF	National Qualifications Framework
CoE	Compensation of Employee	NRSS	National Road Safety Strategy
Corporation	Road Traffic Management Corporation	NRTA	National Road Traffic Act
CHoCOR	Culpable Homicide Crash Observation Report	NTACU	National Traffic Anti-Corruption Unit
CPA	Criminal Procedure Act	OHS	Occupational Health and Safety
CPD	Central Public Deposit	WSP	Workplace Skills Plan
CSR	Corporate Social Responsibility	PAIA	Promotion of Access to Information Act
DIM	Disclosure of Interest Management	PAJA	The Promotion of Administrative Justice Act
DLTC	Driving Licence Testing Centre	PET	Participatory Education Techniques
DPME	Department of Planning Monitoring and Evaluation	PFMA	Public Finance Management Act
DQP	Development Quality Partner	QCTO	Quality Council for Trades and Occupations
DOT	Department of Transport	RAF	Road Accident Fund
EFD	Electronic Financial Disclosure	RTIA	Road Traffic Infringement Agency
EOV	Examiner of Vehicles	RTMC	Road Traffic Management Corporation
ERP	Enterprise Resource Planning	RTMCA	Road Traffic Management Corporation Act
GRAP	Generally Recognised Accounting Practices	SABC	South African Broadcasting Corporation
ICAS	Independent Counselling and Advisory Services	SADC	South African Development Community
ICT	Information and Communication Technology	SDG	Sustainable Development Goals
IQA	Independent Quality Assurer	SAPS	South African Police Service
JCPS	Justice, Crime Prevention and Security	SARAP	South African Road Assessment Programme
MDGs	Millennium Development Goals	SALGA	South African Local Government Association
MEC	Member of the Executive Council	UN	United Nations
MOU	Memorandum of Understanding	UNDA	United Nations Decade of Action
MTSF	Medium-Term Strategic Framework	UNRSC	United Nations Road Safety Collaboration
		VTS	Vehicle Testing Station



### 3. Foreword by the Chairman



The financial year under review ushered a new era for the Board, with three former Board members retiring by rotation at the end of the third quarter and three new members commencing their term of office at the beginning of January 2017. The retention of the majority of Board Members by the Shareholders Committee signifies a vote of confidence in the Board, the need to retain institutional memory and recognition of the good work performed by the previous Board that had inherited an unstable and under-performing entity. The appointment of three new members will bring innovative ideas and enhance the Board's capacity to provide strategic leadership and transforming the RTMC into a high performing organisation.

The governance systems and processes that we implemented in the past three years continue to yield good results for the RTMC as evidenced by, amongst others, the improved working relationship between the RTMC and provinces through the National Road Safety Steering Committee, the efficiency and effectiveness of the Shareholders Committee, the reduced number of

Board meetings from fifteen meetings in 2014/2015, to seven meetings in 2016/2017. As a result of our focus on good corporate governance, the RTMC has, for a second financial year in succession, achieved a clean audit following year-end audit conducted by the Auditor General. During 2016/2017 financial year we have developed and implemented a Legal Compliance Framework to ensure compliance with all legislations affecting the RTMC and in 2017/2018 financial year we will again strengthen our corporate governance processes by fully implementing the recommendations of King IV Report on Corporate Governance which took effect on the 1<sup>st</sup> of April 2017.

During the period under review our Road Safety Programmes had strong focus on the youth, more particularly school learners, who were capacitated and benefitted through our Junior Traffic Training Centres, Scholar Patrol Programme, Road Safety Debates, Participatory Educational Technique and the Learner Licence Programme. The newly established National Youth Road Safety Structure commenced its work during the financial year under review and has played an

instrumental role ensuring that the road safety message is delivered to as many young people as possible through the implementation of targeted youth road safety programmes.

In 2017/2018 we will continue to support and implement programmes focused on youth, community and other stakeholders to ensure successful implementation of the NRSS. Our continued marketing of road safety through sport in particular soccer, and cricket matches has strengthened the brand of the RTMC and also assisted in spreading road safety messages to wider sporting public.

The National Traffic Law Enforcement Review Committee that was appointed by the Minister of Transport commenced its work in January 2017. We look forward to the completion of this Committee's work as it is tasked with the important task of conducting a comprehensive assessment of the Road Traffic Law Enforcement fraternity, to work towards the harmonisation and integration of Road Traffic Law Enforcement.

Although our annual performance was above 75% which is the agreed target in terms of the Governance Agreement entered into between the RTMC Board and the Shareholders Committee, the performance decline from 92% in the 2015/2016 financial year to 79% in 2016/2017 is a matter for concern and in this regard, the Board has urged management to take corrective measures and to employ all resources available to ensure the achievement of all performance targets in the 2017/2018 financial year.

We are confident that the implementation of the new organisational structure that was approved during the year under review will significantly improve our organisational performance during 2017/2018 financial year.

On behalf of the Board, I would like to extend special welcome to all new staff members who joined the RTMC from the Road Traffic Inspectorate Unit of the CBRTA and those who were transferred with the Boekenhoutkloof College from the Gauteng Provincial Government. I further extend my gratitude to the Minister of Transport, the Deputy Minister and the entire Shareholders Committee for their unwavering support and dedication to the cause of achieving safer roads in South Africa. To all our stakeholders who participated in the development of the 2016-2030 National Road Safety Strategy, we thank you and call upon you to help our country in implementing the Strategy so that we save the lives of our people. To management and all staff members, your loyalty and dedication has not gone unnoticed and we thank you for your hard work. In the words of Alfred Whitehead "no one who achieves success does so without acknowledging the help of others".

**Mr Zola Majavu**  
Chairman of the Board

## 4. Chief Executive Officer's Overview



The Road Traffic Management Corporation seems to have turned the corner after spending the last couple of years laying a solid foundation and reshaping the Corporation into an efficient and effective organisation. We are confident and certain that we have now entered a new era of growth. The successful acquisition of the Natis after an unprecedented marathon of litigation, the integration of the traffic inspectorate from the Cross Border Road Traffic Agency and the amalgamation of the Boekenhoutkloof Traffic College are significant milestones on this growth path; amplifying stability and our future trajectory.

Our resilience and determination during this growth phase, will always be guided and inspired by the words of the Algerian scholar Frantz Fanon who opined, “Each generation must discover its mission, fulfil it or betray it, in relative opacity.” And we are bold to declare that ,to this far, we have remained true to our mission to make the RTMC a dependable lead agency committed to making South African roads safe and free from carnages and injuries. We remain unflagging in our undertaking not to falter in our commitment as our task

is inherently interwoven with our country's economic growth and development including the reduction of the burden on the health system.

The World Health Organisation has found that road traffic injuries are the eighth leading cause of death globally and with an impact like communicable diseases such as a Malaria and HIV/AIDS. Should the current trend persist road traffic injuries will become the fifth leading cause of death globally, unless countries take urgent action. The gloomy picture articulated above instructs us to leave no stone unturned in rooting out corruption in our space and to uncompromisingly partner with all stakeholders to inculcate the culture of good citizenry and responsible road usage.

In the recent past the Corporation conducted a study that estimates that road traffic crashes cost the South African economy R142.9 billion per annum. This has a serious impact on the health system, social welfare and economic productivity of the country. Cognisant of these facts we have, in the year under review, strengthened our resolve

to improve safety on South African roads by enhancing cooperation and coordination within the three spheres of government and improving stakeholder participation in road safety programmes.

The 2016 - 2030 National Road Safety Strategy which was developed and approved under the sterling guidance of the Board, was subjected to a laborious and vigorous process of engagements with government departments, the private sector, community-based organisations, non-profit organisations and other interest groups. This process culminated in the approval of the Strategy by Cabinet on the 29th of March 2017, setting a new path for creating a “Safe and Secure road environment in South Africa.”

The performance of the Corporation, is unremittingly improving as epitomised by receiving successive clean audit from the Auditor-General, this is indeed proof that we have turned the corner in our efforts of building an organisation that is premised on good governance and provides leadership and direction in road traffic matters. While we accept that there is still a lot to be done, we however assert that significant milestones towards stability have been registered.

We heed the wise counsel of Nelson Mandela who advised that we “can only rest for a moment; and dare not linger; for the long walk is not ended”.

We would not have succeeded in the implementing our programmes without the guidance, counsel and support of the Board. I would like to extend a word of gratitude to the Board for its valuable inputs throughout the year.

Our sincere word of gratitude also goes to Honourable Minister of Transport Mr Joe Maswanganyi, Honourable Deputy Minister Sindisiwe Chikunga and the Shareholders Committee for their inspiring leadership. Their political wisdom and oversight has ensured that we remain focussed on the important task of ensuring safer roads for all South Africans.

It is proper and befitting that we thank our stakeholders in the governmental sector, the private sector, non-profit organisations and all road users for the important role they play and for constantly and rigorously evaluating and monitoring our performance. We confirm our unwavering commitment to the reduction of road trauma by creating a safe road environment in our country.

We will never be complacent and will forever remain vigilant and focused in our quest to do more as inspired by our icon Nelson Mandela's vision that “After climbing a great hill, one only finds that there are many more hills to climb.”

**Adv. M Msibi**  
Chief Executive Officer



## 5. Statement of Responsibility and Confirmation of the **Accuracy of the Annual Report**

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

In keeping with best practice, this report has been prepared in accordance to the King IV Report on Corporate Governance ("King IV").



**Mr Zola Majavu**  
Chairman of the Board

## 6. Strategic **Overview**

### Vision

The vision of the Road Traffic Management Corporation is:

**“SAFE ROADS IN SOUTH AFRICA”**

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

### Mission

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

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

### Values

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



# 7. Main Legislative Mandates

## Introduction

The RTMC was established in terms of the RTMCA. It is further governed, inter alia, by the provisions of the National Land Transport Act 5 of 2009 (NLTA), the National Road Traffic Act 93 of 1996 (NRTA), the PFMA, the Companies Act 71 of 2008 (CA) and the Criminal Procedure Act 51 of 1997 (CPA).

The strategic imperatives are aligned to government's 2030 National Development Plan (NDP) following focus areas:

- Health Care for All (Priority 8)
- Building Safer Communities (Priority 10)
- Fighting Corruption (Priority 14) and

Furthermore, the strategy imperatives are aligned to the Medium-Term Strategic Framework(MTSF).

## Constitution of the Republic of South Africa, 1996

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

Table 1: Our Mandate in Relation to Other Spheres of Government

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

## Road Traffic Management Corporation Act

The RTMCA was passed by Parliament in 1999 in line with the provisions of Section 44(2) of the Constitution of South Africa. The RTMCA aimed to establish the RTMC to pool powers and resources and to eliminate the fragmentation of responsibilities in road traffic management across the various spheres of government.

The 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.

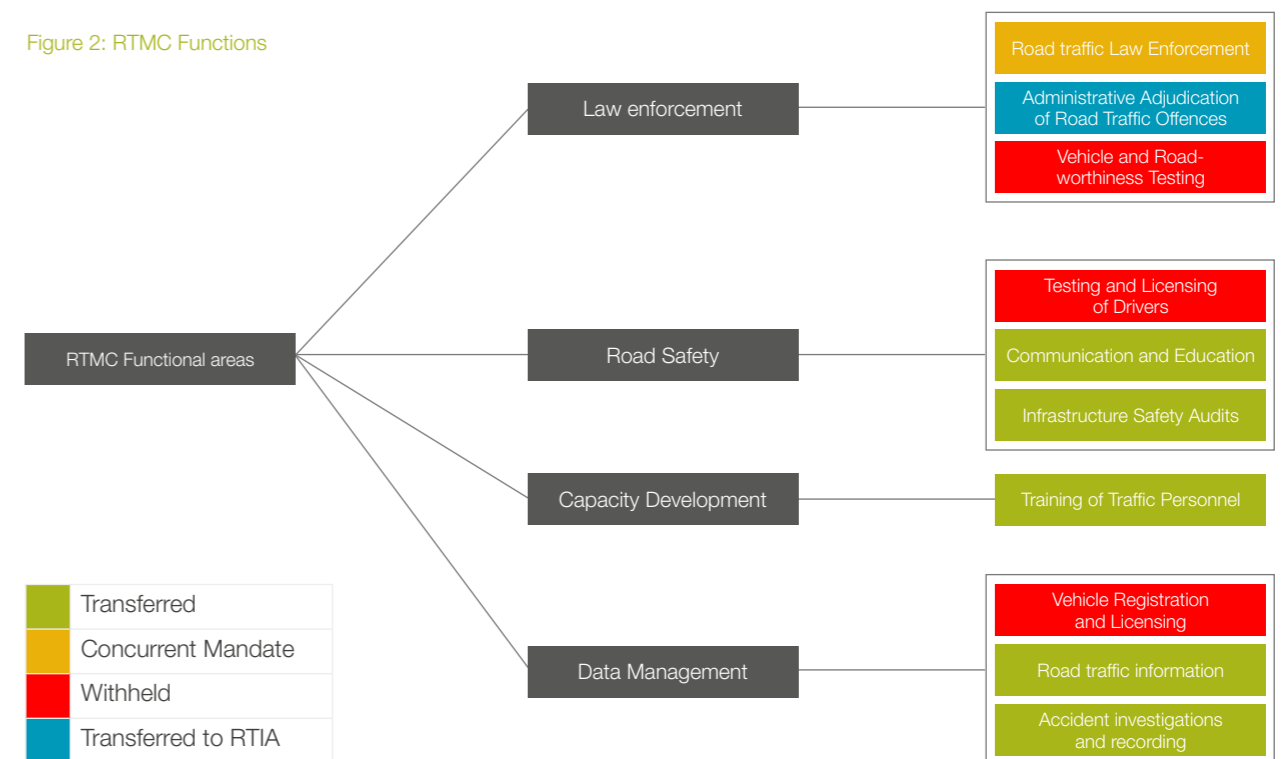
Table 2 shows the objectives of the RTMCA.

Table 2: RTMCA objectives

Objectives
<ul style="list-style-type: none"> <li>• To establish the RTMC as a partnership between national, provincial and local spheres of government;</li> <li>• To enhance the overall quality of road traffic service provision, in particular to ensure safety, security, order, discipline and mobility on the roads;</li> <li>• To protect road infrastructure and the environment through the adoption of innovative practices and implementation of innovative technology;</li> <li>• To phase out, where appropriate, public funding and phase in private sector investment in road traffic on a competitive basis;</li> <li>• To introduce commercial management principles to inform and guide road traffic governance and decision-making in the interest of enhanced service provision;</li> <li>• To optimise the utilisation of public funds by:                             <ul style="list-style-type: none"> <li>Limiting investment of public funds to road traffic services which meet a social or non-commercial strategic objective and which have poor potential to generate a reasonable rate of return; and</li> <li>Securing, where appropriate, full-cost recovery on the basis of the user-pays principle;</li> </ul> </li> <li>• To regulate, strengthen and monitor inter-governmental contact and cooperation in road traffic matters;</li> <li>• To improve the exchange and dissemination of information on road traffic matters;</li> <li>• To stimulate research in road traffic matters and effectively use the resources of existing institutes and research bodies; and</li> <li>• To develop human resources in the public and private sectors that are involved in road traffic.</li> </ul>

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 line with the business and financial plan. The ten functions are listed in Section 18(1) of the RTMCA. Figure 2 shows the position of the functions as per the Shareholders Committee resolution.

Figure 2: RTMC Functions



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

## National Road Traffic Act

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

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

The CEO may:

- i. Prepare a comprehensive research programme to effect road safety in the Republic, carry it out systematically and assign research projects to persons who, in his or her opinion, are best equipped to carry them out;
- ii. Give guidance regarding road safety in the Republic by organising national congresses, symposiums, summer schools and study weeks by means of mass-communication media and in any other manner deemed by the CEO;
- iii. To perform his or her functions properly the CEO may;
- iv. Finance research in connection with road safety in the Republic;
- v. Publish a periodical to promote road safety and pay fees for matters inserted therein;
- vi. Give guidance to associations or bodies working towards the promotion of road safety in the Republic;
- vii. Organise national congresses, symposiums, summer schools and study weeks and, if necessary, pay the costs thereof, and remunerate persons performing thereat;
- viii. With a view to promoting road safety in the national sphere, publish advertisements in the mass-communication media.

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

## Administrative Adjudication of Road Traffic Offences Act

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

## Criminal Procedures Act

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

## Other legislation

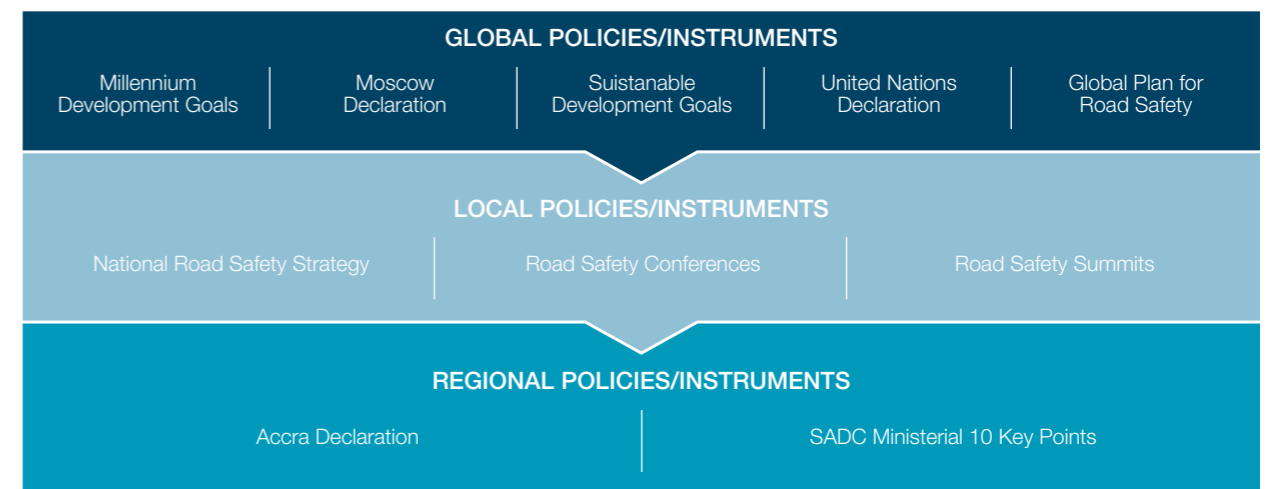
Apart from the mentioned legislation that anchors the RTMC's mandate and allows for the imposition of levies, the following legislation is also applicable to the Corporation's conduct of its business:

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

## Policy mandate

The policy direction on road traffic and safety is provided by the DoT. However, policy formulation is also carried out at a regional level and according to global norms.

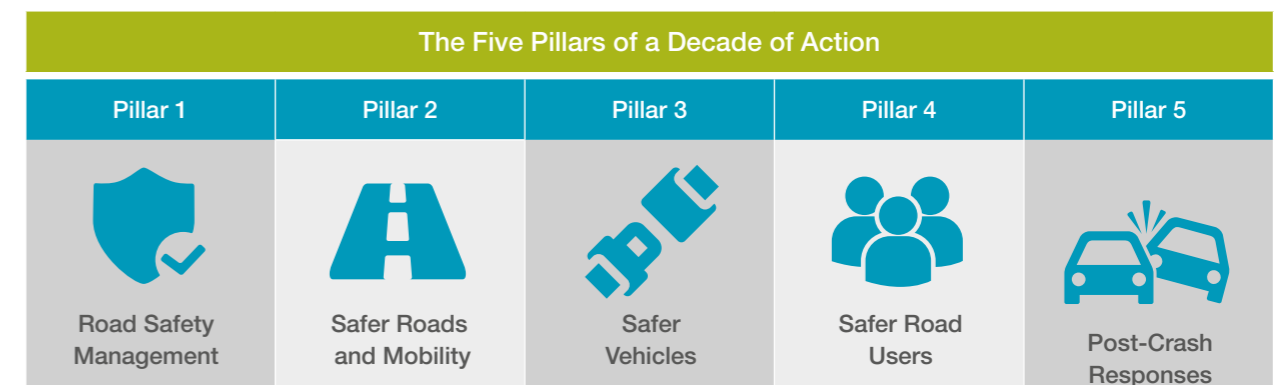
Figure 3: Road Safety Policies/Instruments



## Global policy instruments

The Millennium Development Goals (MDGs) were crafted in 2000 in response to the development challenges facing the global community. In 2009 during the inaugural global ministerial congress on road safety, parties adopted the Moscow Declaration, which called for a decade of action for road safety. The UN passed Resolution 64/255 in 2010, recognising that road traffic injuries are a public health challenge that threatens the successful achievement of the MDGs.

Figure 4 outlines the 5 pillars of action to address road safety.



Following the UN resolution, the decade of action for road safety 2011-2020 was launched on the 11 May 2011. This laid out a programmatic action plan aimed at reducing road traffic fatalities by 50% from the 2010 baseline. The global plan for the Decade of Action for Road Safety 2011-2020 was developed, which provided guidelines on approaches that can be applied to reduce road fatalities. Figure 4 shows the five pillars to address road safety. In 2015, the road safety targets were added to the Sustainable Development Goals (SDGs).

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

# 8. Organisational Environment

## Organisational structure

The organisational structure was approved on 3 July 2014 and the diagram depicts the structure as at 31 March 2017.

Figure 5: Organisational Structure

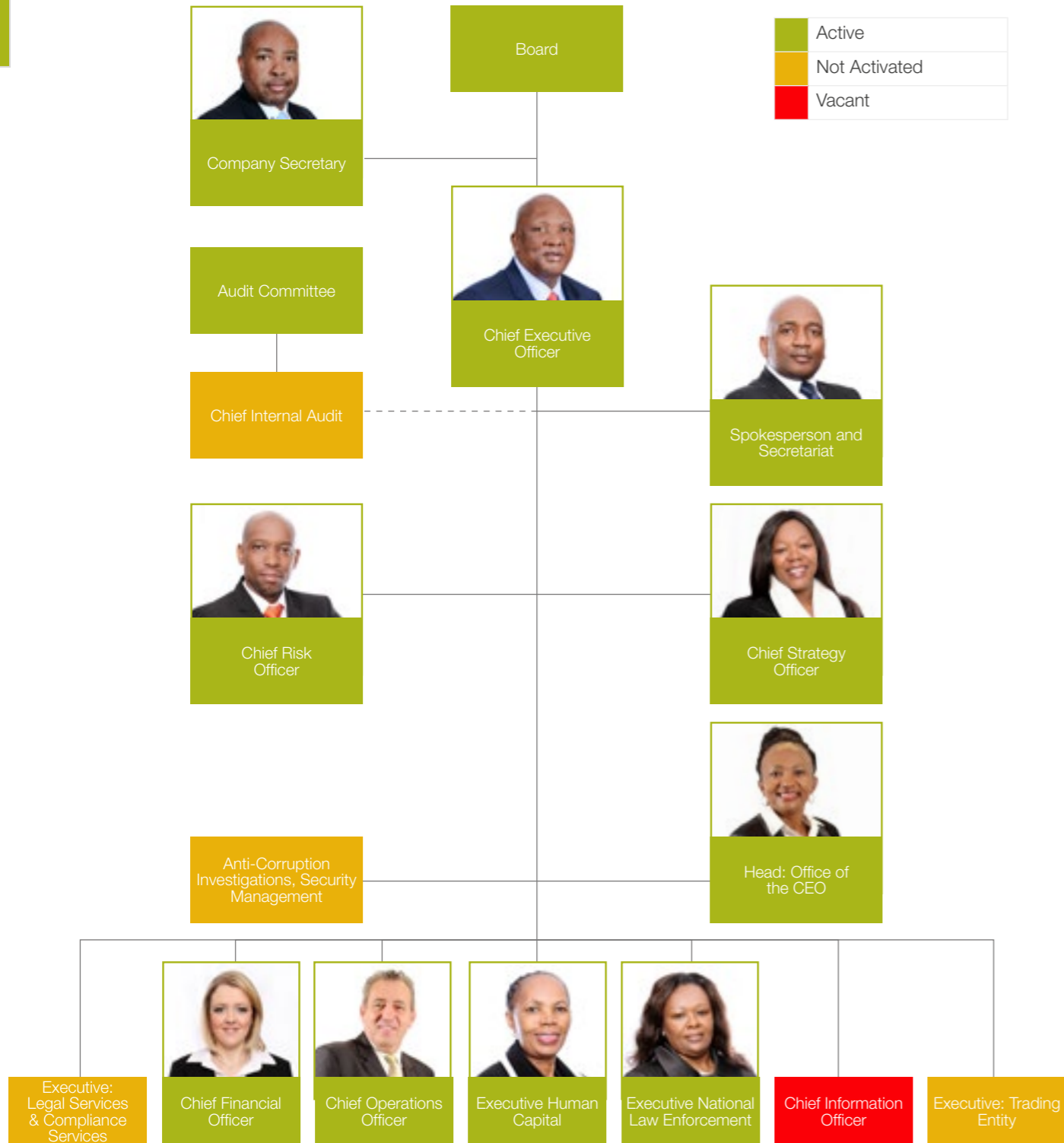


Table 3: Names of Appointees in the Organogram

Appointees in the Organogram			
Name of position	Name of incumbent	Status	Employment Equity
Chief Executive Officer	Adv Makhosini Msibi	Filled	Black Male
Chief Financial Officer	Ms Liana Moolman	Filled	White Female
Chief Operations Officer	Mr Gilberto Martins	Filled	White Male
Executive: Human Capital	Ms Dipsy Wechoemang	Filled	Black Female
Executive National Law Enforcement	Ms Nontsikelelo Jolingana	Filled	Black Female
Chief Strategy Officer	Ms Refilwe Mongale	Filled	Black Female
Spokesperson and Secretariat Services	Mr Simon Zwane	Filled	Black Male
Chief Risk Officer	Mr Kagiso Kgosiemang	Filled	Black Male
Divisional Head: NTACU, Security, Inspectorate, Investigations & Protection Services	None	Not Activated	N/A
Chief Internal Audit	None	Not Activated	N/A
Executive: Legal and Compliance Services	None	Not Activated	N/A
Chief Information Officer	None	Vacant	N/A
Executive: Trading Entity	None	Not Activated	N/A

## Acting appointments

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

Table 4: Incumbents in Acting Positions

Name of acting Person	Acting position	Acting duration		Comment
		Start	Finish	
Ms Modjadji Sheron Sebola	Executive Assistant to Group Executive: Human Capital	1 March 2016	1 September 2016	The position was vacant
Dr Hlengani Moyana	Chief Operations Officer	7 November 2016	31 January 2017	Mr Gilberto Martins was on sick leave



# 3

## Performance Information



### WORST TIME TO DRIVE?

In 2016, over 60% of the fatal road crashes took place either on Friday, Saturday or Sunday. Furthermore, over 50% of the road crash fatalities occurred between 18:00 and 06:00; with over 30% taking place between 17:00 and 21:00.

## 1. Auditor's report: Predetermined Objectives

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

annual performance plan (2016/2017) of the RTMC for the financial year ended 31 March 2017.

The performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the approved strategic plan (2015-2020) and

The audit conclusion received from the Auditor-General on the performance against predetermined objectives is included in the Auditor General Report under the predetermined objectives of the auditor's report pg. 84 to 86.

## 2. Situational Analysis

### Service and Organisational delivery environment

The Corporation achieved 79% of its set targets. The delivery environment was characterised by the following events that related or impacted on the planned delivery of programmes of the RTMC:

- The acquisition of NaTIS will enable the RTMC to:
- Improve, enhance and integrate road traffic data management systems, to produce quality data;
  - Pursue expansion opportunities in SADC; and
  - Implement the funding model that will assist in sourcing additional funding for road safety efforts and cost saving opportunities.

### National Road Safety Strategy (NRSS)

The 2016 - 2030 NRSS was developed and approved by the Board at the end of 2015/2016 financial year subsequently approved by Cabinet on 29 March 2017. The Cabinet approval process entailed numerous engagements with government departments, the private sector, community based organisations, non-profit organisation; and other interest groups in road safety. The strategy sets a new path for creating a "Safe and Secure road environment in South Africa".

### Acquisition of Boekenhoutkloof College

The Gauteng Provincial Executive Council approved the request for the transfer of the Boekenhoutkloof Traffic College to the RTMC on a long-term lease. The College will be integral in the establishment of a Centre of Excellence to implement the revised traffic officer and road safety practitioner qualification and other curricula to improve the quality of road traffic services.

### Acquisition of NaTIS system

The court battle over the National Traffic Information System(NaTIS) which was managed by a private firm Tasima on behalf of the Government, was concluded on the 26<sup>th</sup> of November 2016 when the Constitutional Court pronounced on the matter. In line with the Shareholders Committee resolution, which stated that the RTMC should gear itself for the management of the system, the RTMC was able to take over management of the system in April 2017 after further court battles ensued with Tasima.

### Transfer of the Road Transport Inspectorate (RTI) from the C-BRTA

The work towards the integration and harmonisation of road traffic services saw the transfer of the RTI function to the RTMC. The RTI inspectors perform their law enforcement duties as per Sections 38 and 39 of the C-BRTA Act.

### Key policy developments and legislative changes

There were no key policy developments or legislative changes during 2016/2017.

### 3. 2016/2017 Programme Champions

The management team as captured in the table below championed the 2016/2017 Annual Performance Plan Programmes:

Table 5: Programme Champions

Names	Gender	Position Rank	Programme	Sub-Programme
Mr Gilberto Martins	M	Chief Operations Officer	<b>Programme 1:</b> Operations	- Road safety - Training of Traffic Personnel - Road Traffic Information
Ms Nontsikelelo Jolingana	F	Executive: Law enforcement	<b>Programme 2:</b> Law Enforcement	- National Traffic Police - Law Enforcement Standards, Planning and Coordination
Ms Ntombizodwa Mnguni	F	Head: Office of the CEO	<b>Programme 3:</b> Traffic Intelligence and Security	- National Traffic Anti-fraud and Corruption
Ms Refilwe Mongale	F	Chief Strategy Officer	<b>Programme 4:</b> Strategic Services	- Stakeholder Management - Research and Development - Marketing and Communication
Ms Liana Moolman	F	Chief Financial Officer	<b>Programme 5:</b> Support Services	- Financial Sustainability
Ms Dipsy Wechoemang	F	Executive: Human Capital		- Human Resources
Mr Kevin Kara-Vala	M	Divisional Head: Road Traffic Information Systems		- Information Technology



### 4. Strategic Outcome-oriented Goals

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

Figure 6: Strategic Goals and Objectives

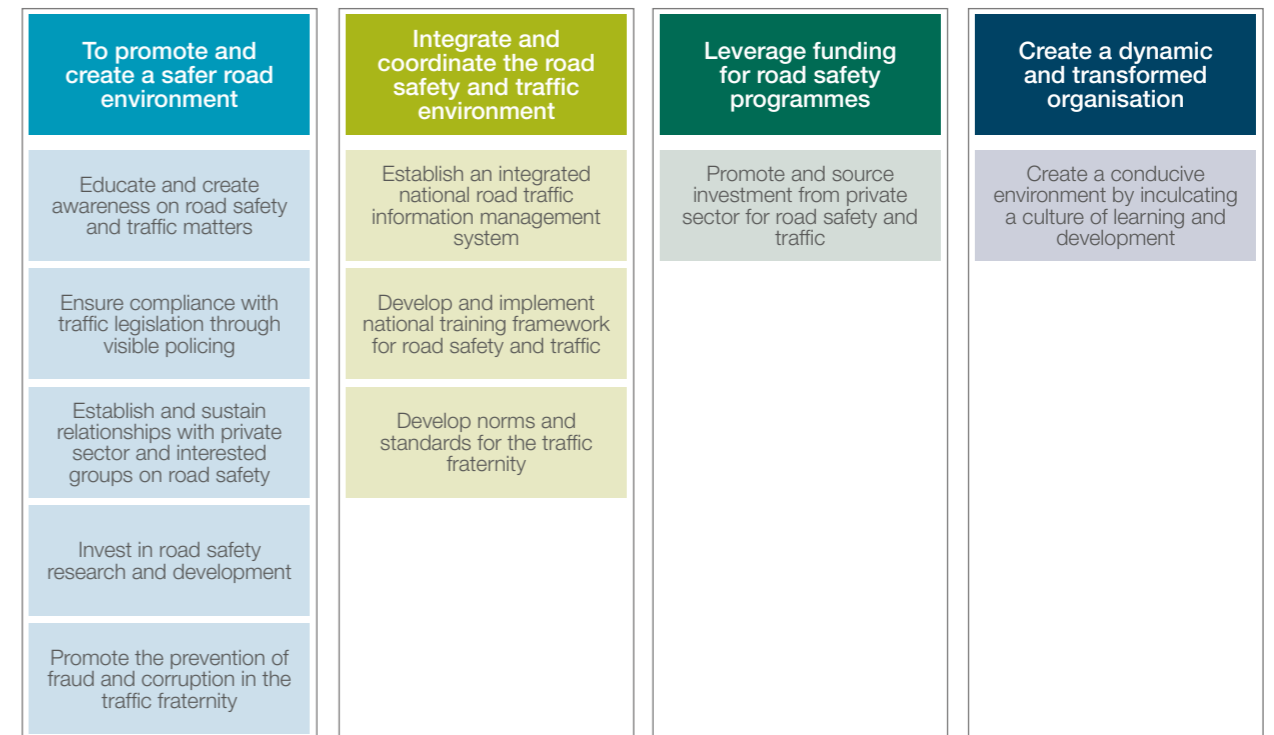


Table 6: Strategic Goal 1

<b>Strategic goal 1</b>	To promote and create a safer road environment
<b>Goal statement</b>	Road safety is a multidisciplinary field. Its diverse nature requires multiple collaborations both within the transport sector and with other stakeholders in order to facilitate an integrated and coherent approach to strategy formulation and implementation
<b>Justification</b>	<ul style="list-style-type: none"> <li>• Implement wide-scale road safety education and awareness programmes to influence behaviour of road users across all spectra of society</li> <li>• Maintain full support to the road safety programs across all spectra of society</li> <li>• Intensify awareness programmes on dangers of drunken driving, speeding, non-use of restraints, driver fatigue and drug usage</li> <li>• Create awareness on fraud and corruption</li> <li>• Initiate educational road safety programmes to inculcate a culture of road safety at a tender age</li> <li>• Prevent and combat corruption, through the development of an integrated national anti-corruption strategy</li> <li>• Institute strong anti-corruption programmes</li> <li>• Ensure compliance of the driving licence testing centres and vehicle testing stations</li> </ul>

<b>Justification</b>	<ul style="list-style-type: none"> <li>Identify and formulate research priorities to allow for rapid generation of knowledge, and information on traffic and road safety matters</li> <li>Ensure implemented road safety programmes are informed by supporting data to avoid wastage of already scarce resources</li> <li>Develop a clear framework to promote and coordinate research activities in road safety and ensure proper dissemination of information</li> <li>Introduce tools to assess hazardous roads locations</li> <li>Check for compliance to road traffic regulations by stopping and checking vehicles</li> <li>Conduct high impact operations</li> </ul>
<b>Progress on the achievement of goals</b>	<ul style="list-style-type: none"> <li>Road safety educational programmes implemented,</li> <li>Two programmes for youth were to be implemented, however one was not implemented at institutions of higher learning</li> <li>Fraud and corruption cases investigated and anti-corruption awareness campaigns conducted</li> <li>872 targeted interventions conducted namely; drunken driving, speed operation, overloading, public transport, moving violations and vehicle testing stations</li> <li>Two (2) research reports developed, one (1) report was not published</li> <li>Ten (10) stakeholder engagements conducted</li> </ul>

Table 7: Strategic Goal 2

<b>Strategic goal 2</b>	Integrate and coordinate the road safety and traffic environment
<b>Goal statement</b>	To harmonise traffic management standards, processes and procedures and to ensure coordination and integration in the execution of the key strategic imperatives within the traffic environment
<b>Justification</b>	<ul style="list-style-type: none"> <li>Set training norms and standards to standardise the road safety and traffic environment educational training</li> <li>Capacity building to ensure the fraternity has the required skill</li> <li>Set minimum recruitment standards for road safety and traffic officers</li> <li>Development of a curriculum at a professional level</li> <li>Professionalisation of the fraternity</li> <li>Integrate road traffic data management systems, to produce quality data to ensure continuous publication of the state of road safety reports on a continuous basis</li> <li>Collaborate with key stakeholders in developing a functional and sustainable traffic information management systems that can provide the necessary information for road safety, law enforcement programmes, and develop responsive strategies</li> <li>Improve the image of road traffic law enforcement</li> <li>Pooling of powers of all 3 spheres of government to execute effectively and efficiently on all road safety and traffic programmes with the aim of creating better coordination and integration within the fraternity</li> <li>Active participation of all stakeholders from the 3 spheres of government in the reduction of road crashes</li> <li>Enforced road traffic management in a coordinated manner</li> </ul>
<b>Progress on the achievement of goals</b>	<ul style="list-style-type: none"> <li>State of road safety reports were approved by the Board</li> <li>Databank was developed</li> <li>Training of traffic trainees was not implemented as planned</li> <li>Training material on road safety curriculum was not achieved</li> <li>The law enforcement review report was not finalised as planned</li> </ul>

Table 8: Strategic Goal 3

<b>Strategic goal 3</b>	Leverage funding for road safety programmes
<b>Goal statement</b>	Ensure adequate funding to facilitate sustainable road safety and traffic programmes and activities
<b>Justification</b>	<ul style="list-style-type: none"> <li>Phase in private sector investment from organisations with vested interest in road safety</li> <li>Ensure budget allocation to support national road safety programmes</li> </ul>
<b>Progress on the achievement of goals</b>	<ul style="list-style-type: none"> <li>The Corporation increased revenue by 5%</li> </ul>

Table 9: Strategic Goal 4

<b>Strategic goal 4</b>	Create a dynamic and transformed organisation
<b>Goal statement</b>	To ensure good governance in line with human development and political institutional reform by creating a focused and committed organisation, with the necessary skills, and good cooperative governance with the aim of improving the quality of services and a culture of compliance
<b>Justification</b>	<ul style="list-style-type: none"> <li>Development of staff</li> <li>Sustainable job creation</li> <li>Empowerment of staff</li> <li>Improvement of the corporate identity</li> <li>Promotion of good governance</li> <li>Responsible corporate citizenry to improve the quality of lives of our people</li> <li>Identification, justification and linking of mechanisms to oversee the use of information and related technology to create value and manage the risk associated with using information technology</li> </ul>
<b>Progress on the achievement of goals</b>	<ul style="list-style-type: none"> <li>Maintained 8% vacancy rate</li> <li>Implemented workplace skills</li> <li>Developed 5 ICT systems</li> </ul>



# 5. Performance Information by Programme/Objective

## Programme 1: Operations

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

Table 10: Road Safety Coordination, Education and Communication

<b>Strategic objective 1</b>	Educate and create awareness on traffic and road safety matters
<b>Objective statement</b>	Develop and implement a national road safety strategy to integrate all road safety programmes to maximise impact of interventions

Table 11: Training of Traffic Personnel Strategic Objective

<b>Strategic objective 2</b>	To professionalise road safety and traffic fraternity
<b>Objective statement</b>	Institutional capacity should be strengthened, by investing in training to enhance skill of personnel, to create professionalism and opportunities for career progression

Table 12: Road Traffic Information Strategic Objective

<b>Strategic objective 3</b>	Establish an integrated national road traffic information management system
<b>Objective statement</b>	Improve the quality of road safety data through good practices, standardisation and integrated management systems

## Programme 2: Law Enforcement

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

Table 13: National Traffic Law Enforcement Strategic Objective

<b>Strategic objective 4</b>	Ensure compliance with traffic legislation through visible policing
<b>Objective statement</b>	Proactive law enforcement to enforce the laws of the road and implement effective punitive measures to reduce road crashes

Table 14: Law Enforcement Standards, Planning and Coordination Strategic Objective

<b>Strategic objective 5</b>	Develop norms and standards for the traffic fraternity
<b>Objective statement</b>	To harmonise and regulate enforcement standards, policies and procedures and coordinate road traffic enforcement operations across the 3 spheres of government for greater impact in reducing offences, injuries and fatalities

## Programme 3: Traffic Intelligence and Security

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

Table 15: National Anti-Fraud and Corruption Strategic Objective

<b>Strategic objective 6</b>	Promote the prevention of fraud and corruption in the traffic fraternity
<b>Objective statement</b>	<ul style="list-style-type: none"> <li>Strengthen and build a resilient anti-corruption system within the fraternity</li> <li>Adopt a proactive, holistic approach to reducing and eliminating corrupt activities within the fraternity</li> </ul>

## Programme 4: Strategic Services

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

Table 16: Stakeholder Management Strategic Objective

<b>Strategic objective 7</b>	Establish and sustain relationships with private sector and interest groups
<b>Objective statement</b>	To create, operationalise and sustain an all-inclusive stakeholder platform that allows for collaboration in the execution of the mandate of the Corporation

Table 17: Research and Development Strategic Objective

<b>Strategic objective 8</b>	Invest in road safety research and development
<b>Objective statement</b>	<ul style="list-style-type: none"> <li>To ensure the undertaking of research that will assist in identifying the extent and the damage of road crashes to the lives of those affected directly and indirectly</li> <li>To foster relationships on a long term basis to ensure institutions participate in road safety research</li> </ul>

## Programme 5: Support Services

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

Table 18: Financial Sustainability Strategic Objectives

<b>Strategic objective 9</b>	Promote and source investment from the private sector for road safety and traffic programmes
<b>Objective statement</b>	<ul style="list-style-type: none"> <li>Develop alternative sources of revenue for road safety programmes by coordinating, facilitating and strengthening partnerships with the private sector in order to sponsor and invest in road safety campaigns and initiatives</li> <li>Encourage and advocate for more funding for road safety programmes by creating a conducive environment to phase in private sector investment</li> </ul>

Table 19: Human Resources Strategic Objectives

<b>Strategic objective 10</b>	Create a conducive environment for learning and performance by inculcating a culture of learning and development
<b>Objective statement</b>	Produce a capable workforce by developing and providing on-going training of personnel for increased performance in a transformative manner



## Programme Performance by Strategic Objective

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

### Programme 1: Operations

The programmes had 15 key performance indicators; only 11 were achieved and this resulted in a 73% achievement for Programme 1.

Table 20: Operations

KPI	Strategic objective	Actual achievement 2015/2016	Key performance indicator 2016/2017	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement 2016/2017	Reason for variance
<b>Strategic objective 1 – To educate and create awareness on road safety and traffic matters</b>							
1	Develop and monitor the implementation of the National Road Safety Strategy	National Road Safety Strategy approved by the Board	Number of road shows undertaken to roll out the approved National Road Safety Strategy	9 road shows covering national, provincial and local spheres of government on the roll out of the approved National Road Safety Strategy	Not achieved	6 road shows covering national, provincial and local spheres of government on the roll out of the approved National Road Safety Strategy were not conducted	Road shows were deferred pending the approval of the NRSS by cabinet. They will form part of a country wide campaign to communicate the approved NRSS by cabinet.
2	Number of evaluation reports on road safety transversal indicators implemented by provinces	4 evaluation reports on road safety transversal indicators implemented by provinces submitted to the Board	Number of evaluation reports on road safety transversal indicators implemented by provinces approved by the Board	4 evaluation reports on road safety transversal indicators implemented by provinces approved by the Board	4 evaluation reports on road safety transversal indicators implemented by provinces approved by the Board	N/A	N/A

KPI	Strategic objective	Actual achievement 2015/2016	Key performance indicator 2016/2017	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement 2016/2017	Reason for variance
<b>Strategic objective 1 – To educate and create awareness on road safety and traffic matters</b>							
3.1	To increase awareness on road safety matters among youth as one of the road user categories highly susceptible to road crashes	2 road safety programmes targeting youth implemented	Number of road safety programmes targeting youth implemented	4 youth driver safety programmes implemented in 9 provinces	4 youth driver safety programmes implemented in 9 provinces	N/A	N/A
3.2			Number of road safety programmes targeting youth implemented	4 youth driver safety programmes at institutions of higher learning implemented in 9 provinces	Not achieved	1 youth driver safety programme at an institution of higher learning was not implemented in 1 province	Due to the priorities of the academic term at the institution the programme was not implemented however, the under-achievement was addressed in April 2017, which falls outside the financial year.
4.1	To educate and create awareness on road safety matters the Corporation will undertake several educational programmes at different echelons of society through mobilisation, advocacy and ambassadorship namely at development age, schools and youth	4 road safety educational programmes implemented	Number of road safety educational programmes targeting children	5 road safety educational programmes targeting children	5 road safety educational programmes targeting children implemented	N/A	N/A
4.2			Number of road safety educational programmes targeting motor vehicle user	4 driver and passenger safety programmes implemented in 9 provinces	4 driver and passenger safety programmes implemented in 9 provinces	N/A	N/A
4.3			Number of road safety educational programmes targeting pedestrians	4 pedestrian safety programmes implemented in 9 provinces	4 pedestrian safety programmes implemented in 9 provinces	N/A	N/A
4.4			Number of road safety educational programmes targeting cyclists	4 cyclist safety programmes implemented in 9 provinces	4 cyclist safety programmes implemented in 9 provinces	N/A	N/A

KPI	Strategic objective	Actual achievement 2015/2016	Key performance indicator 2016/2017	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement 2016/2017	Reason for variance
<b>Strategic objective 1 – To educate and create awareness on road safety and traffic matters</b>							
5.1	Number of road safety community based structures established	2 road safety community based programmes established	Number of community based structures established	9 community road safety structures established	9 community road safety structures established	N/A	N/A
5.2	established and programmes implemented		Number of community based road safety programmes targeting stray animals	3 stray animals programmes implemented	3 stray animals programmes implemented	N/A	N/A
5.3			Number of community based programmes targeting interfaith groups	3 interfaith programmes implemented	3 interfaith programmes implemented	N/A	N/A
<b>Strategic objective 2 - Professionalise road safety and traffic fraternity</b>							
6	To professionalise road safety and traffic fraternity	Developed training material for the traffic officer curriculum approved by the independent quality assurer	Number of traffic officers trained on the NQF 6 curriculum	1000 traffic officers trained on the NQF 6 qualification	Not achieved	1000 traffic officers were not trained on the NQF 6 qualification	The needed infrastructure challenges could not be addressed during the period under review. The indicator has been included in the 2017/2018 APP.

KPI	Strategic objective	Actual achievement 2015/2016	Key performance indicator 2016/2017	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement 2016/2017	Reason for variance
<b>Strategic objective 2 - Professionalise road safety and traffic fraternity</b>							
7	To professionalise road safety and traffic fraternity	Developed road safety practitioner curriculum approved by the relevant DQP	Developed training material for the road safety practitioner curriculum approved by the relevant independent quality assurer	Developed training material approved by the relevant independent quality assurer	Not achieved	A developed training material was not approved by the relevant independent quality assurer	The Corporation submitted 15 modules to the Independent Quality Assurance Committee. The committee only approved 8 modules and 7 modules were not approved as they did not comply with the assessment criteria.
<b>Strategic objective 3 – Establish an integrated national road traffic information management system</b>							
8	Number of state of road safety reports approved by the Board	7 state of road safety reports published	Number of state of road safety reports approved by the Board	7 state of road safety reports approved by the Board	7 state of road safety reports approved by the Board	N/A	N/A
9	Develop, implementation and maintenance of national road traffic information bank	National Road Traffic Information Databank concept approved by the Board	Databank developed and approved by the Board	The National Road Traffic Information Databank developed and approved by the Board	National Road Traffic Information Databank developed and approved by the Board	N/A	N/A

## Road shows undertaken to roll out the approved 2016 - 2030 NRSS

The Corporation planned to execute nine (9) road shows to roll out the NRSS as part of finalising the implementation plan and funding requirements for the strategy. This target was not achieved as planned.

## Evaluation reports on road safety transversal indicators implemented by provinces

The Corporation developed four (4) evaluation reports on road safety transversal indicators implemented by provinces and these were subsequently approved by the Board. The aim of the evaluation reports is to evaluate the effectiveness of the programmes being implemented in the provinces as prescribed by the DoT and to make recommendations where necessary.

## Implementation of road safety programmes targeting youth

The Corporation undertook two (2) road safety programmes targeting youth, namely youth driver safety and youth safety at institutions of higher learning. The programmes are aimed at educating and creating awareness of road safety issues among youth aged between 18 and 35.

## Implementation of road safety educational programmes

Educational road safety programmes are implemented to foster a culture of road safety by improving the knowledge, skills and behaviour of road users. Four (4) road safety educational programmes addressing the following road user groups were implemented:

### Programmes targeting children

Programmes targeting schools to increase awareness on road safety at a tender age.

#### 1. Junior traffic training centres

The aim of the programme is to enhance children's practical road safety skills in a simulated environment and to encourage the children to emulate these skills in real life situations.

#### 2. Scholar patrol

The purpose is to increase the number of schools that create a safer environment for children to cross the road within the school's vicinity.

#### 3. Road safety debates

The programme is aimed at high school learners to encourage the sharing of safety knowledge among peers.

#### 4. Participatory educational technique (PET)

PET is aimed at encouraging learners to identify road safety challenges in their communities and to be part of developing and implementing sustainable solutions that can positively contribute to safer road users and the reduction of fatalities.

#### 5. Learner licences

The learner licence programme is directed at high school learners with the objective of empowering learners with the knowledge of the rules of road in readiness for acquiring a driver licence.

### Programmes targeting motor vehicle users

Road safety educational programmes implemented to foster a culture of road safety by improving the knowledge, skills and behaviour of motor vehicle users. The programme is targeting both drivers and passengers.

### Programmes targeting pedestrians

Pedestrian safety programmes are aimed at creating awareness of the importance of safe walking and creating demand for safer, pedestrian-friendly roads within communities.

### Programme targeting cyclists

The cyclist road safety programme is intended to reduce bicycle crash rates and the associated trauma through the promotion of safe and compliant behaviour and improved use of safety equipment, in consultation with cycling communities.

## Community based structures established

The Corporation established nine (9) community based structures to increase the participation of civil society in road safety. The structures have representation from both rural and urban areas. The structures were established in the following provinces:

Date	Area	Province
15 Sep 2016	Upington	Northern Cape
19 Sep 2016	Polokwane	Limpopo
26 Sep 2016	Vryburg	North West
09 Dec 2016	Pinetown	KwaZulu-Natal
12 Dec 2016	Mount Ayliff	Eastern Cape
13 Dec 2016	Roodepoort	Gauteng
26 Jan 2017	Thaba Nchu	Free State
15 Feb 2017	Kwa Mhlanga	Mpumalanga
16 Mar 2017	Hermanus	Western Cape

## Community based programmes

The Corporation implemented two (2) community based programmes as outlined below.

### Stray Animal Programme

The purpose of the stray animal programme is to reduce road crash fatalities because of unattended stray animals on the road. The Corporation implemented three (3) stray animals programmes during the year under review.

### Interfaith Communities Programme

The interfaith communities have a significant influence on how the public behaves on the road and as such, interaction with these communities provides a conducive platform to promote road safety. In this regard, three (3) interfaith community based programmes targeting interfaith groups were implemented.

## Training of 1000 traffic officers on the NQF Level 6 qualification

The Corporation developed a revised traffic officer qualification, which resulted in the qualification being elevated to NQF Level 6. The revised NQF level 6 qualification incorporates 15 modules. The target to train the 1000 traffic officers was not met.

## Development of road safety training material

The Corporation is in the process of finalising the revised road safety practitioner curriculum. The process was to finalise the training material was not achieved as envisioned. Of the fifteen (15) modules which were supposed to be developed, seven (7) of those were not approved by the DQP.

## State of road safety reports

The target for the year was to develop seven (7) state of road safety reports, namely Quarter 4, Easter, Quarter 1, Quarter 2, Festive Season, Calendar and Quarter 3 reports. These reports are produced to inform decision-making, planning, policies, and road safety strategies and, most importantly, to contribute to the Decade of Action by monitoring the reduction of the number of road crashes, injuries and fatalities.

## Development of the National Road Traffic Information Databank

The National Road Traffic Information Databank was developed and subsequently approved by the Board during the year under review. The databank is a system that will be used to manage, store and produce periodical reports of road crash data.

## Programme 2: Law Enforcement

The table below shows the progress of programmes based on the strategic objectives. The objectives as presented provide a synopsis of the total weight of the key activities that are performed in the realisation of the goals. There were four (4) performance indicators that needed to be delivered for the year under review; however, KPI 11 was not achieved and this resulted in 75% achievement for Programme 2.

Table 21: Progress of programmes based on the strategic objectives

KPI	Strategic objective	Actual achievement 2015/2016	Key performance indicator 2016/2017	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement 2016/2017	Reason for variance
<b>Strategic objective 4 – Ensure compliance with traffic legislation through visible policing</b>							
10	Number of targeted road traffic law enforcement interventions in support of provinces towards realisation of the 365 day road safety programme	477 295 vehicles stopped and checked by the National Traffic Police	Number of targeted Road Traffic Law Enforcement interventions in support of provinces towards realisation of the reduction of road crashes and fatalities of the 365 day road safety programme	648 interventions conducted	872 interventions conducted	224 more interventions were conducted	The Corporation undertook numerous interventions with other law enforcement agencies. The joint efforts contributed immensely towards the over achievement of set targets.
<b>Strategic objective 5: Develop norms and standards for the traffic fraternity</b>							
11.1	Report on the national law enforcement review approved by the Board	Not planned for 2015/2016	Report on the national law enforcement review approved by the Board	1 report produced on the national law enforcement review and approved by the Board	Not achieved	1 report on the national law enforcement review was not produced and approved by the Board	The appointment of the Review Committee was delayed as the members were only appointed on 2 December 2016 which hindered the ability to produce the report within the prescribed timeframes.

KPI	Strategic objective	Actual achievement 2015/2016	Key performance indicator 2016/2017	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement 2016/2017	Reason for variance
<b>Strategic objective 5: Develop norms and standards for the traffic fraternity</b>							
11.2	Transfer of Road Transport Inspectorate functions from CBRTA in the harmonisation and integration of law enforcement	Not planned for 2015/2016	Transfer of Road Transport Inspectorate functions from CBRTA in the harmonisation and integration of law enforcement	Road Transport Inspectorate function transferred and operational	Road Transport Inspectorate function transferred and operational	N/A	N/A
12	Number of law enforcement evaluation reports on transversal indicators implemented by provinces	4 evaluation reports on law enforcement transversal indicators implemented by provinces submitted to the Board	Number of evaluation reports on law enforcement transversal indicators implemented by provinces	4 evaluation reports on law enforcement transversal indicators implemented by provinces approved by the Board	4 evaluation reports on law enforcement transversal indicators implemented by provinces approved by the Board	N/A	N/A

### The National Traffic Police

Targeted interventions are conducted by the National Traffic Police to enhance visible policing. The interventions are intended to address key contributory behaviours such as drunk driving, speeding, overloading, fatigue and non-use of restraints. These interventions target hazardous locations informed by contributory factors. The target for the year was to conduct 648 interventions. The target was over-achieved as 224 additional interventions were conducted.

### The Law Enforcement Review Committee report

The Review Committee is a body established to conduct a review of road traffic fraternity across the country. The key deliverable of the Committee is to undertake a review of road traffic law enforcement with the aim of harmonisation the road traffic fraternity. The report of the Review committee was not finalised as planned.

### Transfer of the CBRTA transport inspectorate

As part of the process to harmonise and integrate enforcement across the country, the Shareholders Committee took a resolution to transfer the Road Traffic Inspectorate (RTI) of the Cross-Border Road Traffic Agency (CBRTA) inspectorate function to the RTMC. The function is responsible for cross border enforcement. A joint Entity task team was established to deal with transfer process which included due diligence, and consultations with representative labour Union. Progress reports were provided to the Shareholders Committee and the Board to keep them abreast of the process.

The Corporation undertook joint operations with CBRTA which enabled integration in the command and control of the function. The Entities signed a Memorandum of Understanding (MoU) and Tripartite agreement between CBRTA, RTMC and POPCRU. The deliverables of the RTI have been included in the deliverables of the Corporation during the 2017/2018 financial year.

## Evaluation report on law enforcement transversal indicators

The RTMC developed four evaluation reports on law enforcement transversal indicators implemented by provinces and this was subsequently approved by the Board. The aim of the evaluation reports is to evaluate the effectiveness of the programmes being implemented in the provinces as prescribed by the DoT and making recommendations where necessary.

### Programme 3: Traffic Intelligence and Security

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

The programme had 2 indicators that needed to be delivered for the year under review and 100% of the targets were achieved.

Table 22: Progress of programmes based on the strategic objectives

KPI	Strategic objective	Actual achievement 2015/2016	Key performance indicator 2016/2017	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement 2016/2017	Reason for variance
<b>Strategic objective 6 – Promote the prevention of fraud and corruption in the traffic fraternity</b>							
13	100% of corruption and fraud complaints investigated	100% fraud and corruption complaints investigated	100% of fraud and corruption cases investigated	100% fraud and corruption cases investigated	100% fraud and corruption cases investigated	N/A	N/A
14	Number of anti-fraud and corruption awareness campaigns implemented	31 anti-fraud and corruption awareness programmes implemented	Number of anti-fraud and corruption awareness campaigns implemented	30 anti-fraud and corruption awareness programmes implemented	33 anti-fraud and corruption awareness programmes implemented	3 more anti-fraud and corruption awareness programmes implemented	The increase in the levels of fraud and corruption particularly in the DLTCs have necessitated an intensification of awareness programmes.

### Percentage of corruption and fraud complaints investigated

All corruption and fraud cases are recorded, analysed and investigated. The RTMC investigated 69 cases and this led to the arrest of 45 people for fraud and corruption practices.

## Anti-fraud and corruption awareness campaigns implemented

Anti-fraud and corruption awareness campaigns are conducted to create awareness of fraud and corruption. The RTMC conducted 33 awareness campaigns against a target of 30. The campaigns were directed at the public as well as the driving licence testing centres.

### Programme 4: Strategic Services

The table below shows the progress of programmes based on the strategic objectives. The objectives as presented provide a synopsis of the total weight of the key activities that are performed in the realisation of the goals. The programme had four (4) indicators that needed to be delivered for the year under review however, 1 target was not achieved resulting in 75% attainment of planned targets.

Table 23: Progress of programmes based on the strategic objectives

KPI	Strategic objective	Actual achievement 2015/2016	Key performance indicator 2016/2017	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement 2016/2017	Reason for variance
<b>Strategic objective 7 – Establish and sustain relationships with private sector and interested groups on road safety matters</b>							
15	Number of Stakeholders engagements executed	8 road safety programmes implemented with stakeholders	Number of Stakeholders engagements executed	10 Stakeholders engagements executed	10 Stakeholders engagement executed	N/A	N/A
16	Number of national road safety marketing campaigns implemented in support of road safety	12 National road safety marketing campaigns implemented in support of road safety	Number of national road safety campaigns implemented in line with the 365 day programme	12 National road safety marketing campaigns implemented in line with the 365 day programme	12 National road safety marketing campaigns implemented in line with the 365 day programme	N/A	N/A
17	Number of CSR programmes implemented	8 CSR programmes implemented	Number of CSR programmes implemented	8 CSR programmes implemented	8 CSR programmes implemented	N/A	N/A

KPI	Strategic objective	Actual achievement 2015/2016	Key performance indicator 2016/2017	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement 2016/2017	Reason for variance
<b>Strategic objective 8 – Invest in road safety research and development</b>							
18	Number of road safety research reports published	2 road safety research reports published	Number of road safety research reports published	3 road safety research reports published	2 road safety research reports published	1 road safety research report was not published	Limited Engineering and infrastructure capacity within the RTMC and provinces to implement and coordinate the SARAP.

### Stakeholder engagement executed

The RTMC established and sustained relationships with both the private and public sector through ten (10) stakeholder engagements sessions. The key engagements were held as follows:

Stakeholders engagements
Engagement with members of the media at FNB stadium on 21 May 2016
Stakeholder engagement at the South African Transport Conference held from 4 to 7 July 2016
Cost of Crashes stakeholder engagement held on 13 September 2016
Vehicle Standards and Systems summit held at CSIR from 26 to 27 September 2017
Engagement through culture at Mangaung Cultural Festival from 7 to 9 October 2016
Engagement through sport with stakeholders from different backgrounds at FNB Stadium on 29 October 2016
National Traffic Indaba with the law enforcement fraternity held from 6 to 9 December 2016
Engagement through sport with stakeholders at FNB stadium on 4 March 2017
Road safety for children campaign which took the form of a golf day on 2 March 2017.
SANS 390001 roundtable discussion held on 27 March 2017

### National road safety marketing campaigns

The Corporation created and maintained full public and political attention as well as support for road safety initiatives and built awareness around road safety through education, training and marketing campaigns. The Corporation embarked on twelve (12) road safety marketing campaigns during the year under review.

The campaigns focused on the following key themes:

Themes	Message
Freedom Day	The campaign was aimed at encouraging positive road user behaviour throughout the month and beyond. The campaign advocated for safe movement on our roads. The messaging focused on speed, and drunk driving.
Workers' Month	The campaign targeted commuters who travel on a daily basis to work. The key messaging focused on drunk driving, speeding and obeying the rules of the road by all road users. Radio adverts and LED billboard board advertising were utilised.
Youth Month	The overall goal of the campaign was to promote and create a safer road environment by communicating messages that promote behavioural change among youth. The messaging included texting and driving, drugs and drunken driving and obeying the rules of the road at all times.
Election campaign	The campaign covered a variety of road safety issues encouraging road users to buckle up, not to speed highlighted the impact of drunk driving and advocated for no drinking and driving.
Women's Month	The campaign was aimed at celebrating women for their contribution in the road safety fraternity and it promoted positive road usage from women road users. The messaging addressed wearing of seatbelts, drinking and driving and compliance with road rules.
Back to school	The campaign was aimed at raising awareness and promoting a safe roads back to school campaign. The messaging targeted scholar transport and focused on buckling up and safety of scholar transport.
Transport Month	The campaign was aimed at ensuring that road safety is heightened during the transport month. Transport Month by showing different service offerings. The key messaging of the campaign included drinking and driving, buckling up and speeding.
World Day of Remembrance for Road Crash Victims (UN)	The campaign was aimed at commemorating the many millions killed and injured on the world's roads, together with their families, friends and many others who are also affected.
Festive season campaign	The campaign is aimed at raising road safety awareness and promotes mutual understanding among road users.
Human rights campaign	The campaign was aimed at raising road safety awareness and promotes mutual understanding among road users. Messaging focused on promoting respect among road users.
Care for your loved ones campaign	The campaign was aimed at promoting tolerance and love for family and other road users. Key messaging focused on the dangers of texting and driving and the importance of wearing seatbelts to save lives of loved ones.
Easter campaign	The Easter period is characterised by high traffic volumes as a result of school holidays, religious pilgrimages and holidaymakers. The campaign was centered on raising road safety awareness to people who were travelling to various destinations during the Easter period.

## Corporate social responsibility programmes implemented

The RTMC recognises its responsibility as a corporate citizen towards its stakeholders and the communities in which it operates. It is committed to sustainable development, poverty alleviation and community involvement. The Corporation implemented eight (8) CSR programmes.

### Research report published

Effective research on road safety matters is an essential prerequisite to better understanding of the road safety problem experienced by the country. Research and development products thus form the basis for the determination of strategies, policies and countermeasures in the promotion of road safety. These products are aimed at improving road safety expertise in South Africa and will assist the RTMC and various road safety parties with intelligence and innovation to respond to road safety challenges faced by South Africa. The Corporation published the Cost of Crashes and the Traffic Offence Survey however it was unable to undertake the South African Assessment Programme (SARAP).

### Programme 5: Support Services

The table below shows the progress of programmes based on the strategic objectives. The objectives as presented provide a synopsis of the total weight of the key activities that are performed in the realisation of the goals. The programme had four indicators and they were all achieved, which resulted in 100% achievement.

Table 24: Progress of programmes based on the strategic objectives

KPI	Strategic objective	Actual achievement 2015/2016	Key performance indicator 2016/2017	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement 2016/2017	Reason for variance
<b>Strategic objective 10 – Promote and source investment from private sector for road safety and traffic</b>							
19	Total % increase in revenue from current and alternative revenue streams through efficiencies	Not planned for 2015/2016	Total % increase in revenue from current and alternative revenue streams through efficiencies	3% revenue increase	5% revenue increase	Revenue increase was 2% above the set target	The RTMC increased sponsorship revenue and transaction fees
20	% of the vacancy rate achieved for all activated posts	7% average vacancy rate maintained for all activated positions achieved	% of the vacancy rate achieved for all activated posts	10% average vacancy rate maintained for activated positions	8% average vacancy rate maintained for activated positions	vacancy rate maintained 2% below the 10%	The rigorous recruitment drive to strengthen the Traffic Intelligence and Security unit in response to the increase in levels of corruption

KPI	Strategic objective	Actual achievement 2015/2016	Key performance indicator 2016/2017	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement 2016/2017	Reason for variance
<b>Strategic objective 10 – Promote and source investment from private sector for road safety and traffic</b>							
21	% of Workplace Skills Plan targets achieved	80% of Workplace Skills Plan target achieved	% of Workplace Skills plan targets achieved	80% of workplace skills plan target achieved	80% of workplace skills plan target achieved	N/A	N/A
22	Number of ICT Systems developed	Not planned for 2015/2016	Number of ICT systems developed	5 ICT systems developed	5 ICT systems developed	N/A	N/A

### Increase in revenue from current and alternative streams

The Corporation, in line with its mandate, has committed to increase funding for road safety by identifying alternative revenue streams where possible. That resulted in an increase in sponsorship supported by 100% (R1.9m). The Corporation also increased the transaction fees from the previous year by 7.93%.

### Percentage of the vacancy rate achieved for all activated posts

The target for the year was to maintain a 10% average vacancy rate for all activated positions. The Corporation maintained an 8% vacancy rate as at the end of the financial year. The rigorous recruitment drive to strengthen the Traffic Intelligence and Security unit in response to the increase in levels of corruption resulted in the Corporation exceeding the target by 2%.

### Percentage of workplace skills plan targets achieved

A workplace skills plan (WSP) is a responsive instrument to the skills gap in the Corporation. The plan for the financial year was to achieve 80% of workplace skills plan targets and the target was achieved through training programmes in the various disciplines that respond to the operations of the RTMC strategy.

### ICT systems developed

The Corporation developed five ICT systems as planned. The systems are designed to improve efficiencies within the organisation. The following systems were developed during the financial year under review:

System	Short Description
Spago Business Intelligence tool	SpagoBI is an open source business intelligence suite which covers all the analytical areas of business intelligence projects, with innovative themes and engines.
ChoCOR	Culpable Homicide Crash Observation Report (ChoCOR) is a form completed by the SAPS at the scene of a crash. It captures crash related information.
Disclosure of Interest Management (Electronic Financial Disclosure) (DIM)	The DIM application automates the process of completion and approval of disclosures.
Enterprise Project Management and Collaboration tool	The tool allows the Corporation to automate reporting on projects throughout the organisation. All activities, performance and evidence can be recorded. The tool has notification capability it notifies project members of tasks to be completed and keeps the programme and project member abreast of completion of work.
First phase of ERP (HR and payroll module)	Phase 1 of the Oracle ERP system automates the business processes in human capital and payroll onto a single integrated system landscape. The system integrates into the financial module and replaces the need for multiple systems managing the work flow.

## 6. Strategies to address areas of Underperformance

Table 25: Key Performance Indicators Not Achieved

KPI	Key performance indicator	Corrective action
1	Number of road shows undertaken to roll out the approved National Road Safety Strategy	A decision was taken that the road shows will form part of a country wide campaign to communicate the Cabinet-approved NRSS. The process will be finalised in April 2017. The process will lead to the finalisation of the implementation plan and the required funding requirements for the NRSS.
3.2	Number of road safety programmes targeting youth implemented	The under achievement was addressed in April 2017, after the end of the financial year.
6	Number of traffic officers trained on the NQF Level 6 Traffic Officer Curriculum	The target has been included in the 2017/2018 APP. The number of traffic trainees will be aligned to the available resources and infrastructure.
7	Developed training material for the road safety practitioner curriculum approved by the relevant independent quality assurer	The Corporation will be sourcing the necessary skills to finalise the modules which were not approved.
11.1	Report on the National Law Enforcement Review approved by the Board	The target has been included in the 2017/2018 APP.
18	Number of road safety research reports published	The Engineering Technical Committee comprising the RTMC, Entities and Provinces has incorporated capacity development in the terms of reference of the committee.



## 7. Linking Performance of the Entity with the Approved Budget

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

Table 26: Expenditure per programme and per economic classification

Programme/ Activity/ Objective	Budget Allocation 2016/2017 R	Actual Expenditure 2016/2017 R	Under/ (Over) Expenditure R	Annual Spent as % of Allocated Budget	Budget Allocation 2015/2016 R	Actual Expenditure 2015/2016 R	Under/ (Over) Expenditure R	Annual Spent as % of Allocated Budget
Operations	107 907 878	90 931 287	16 976 591	84%	91 845 467	82 090 723	9 754 744	89%
Cost of Employees	45 016 203	50 345 527	-5 329 354	112%	35 919 527	30 470 183	5 449 344	85%
Goods & Services	62 891 675	40 585 760	22 305 915	65%	55 925 940	51 620 540	4 305 400	92%
Law Enforcement	155 534 792	170 224 753	-14 689 961	109%	172 529 877	155 738 024	16 791 853	90%
Cost of Employees	107 839 313	119 024 222	-11 184 909	110%	117 551 483	105 855 850	11 695 633	90%
Goods & Services	47 695 479	51 200 531	-3 505 052	107%	54 978 394	49 882 174	5 096 220	91%
Traffic Intelligence and Security	10 651 759	12 806 892	-2 155 133	120%	12 736 683	9 712 573	3 024 110	76%
Cost of Employees	7 620 202	10 898 839	-3 278 637	143%	10 584 677	8 581 991	2 002 686	81%
Goods & Services	3 031 557	1 908 053	1 123 504	63%	2 152 006	1 130 582	1 021 424	53%
Strategic Services	108 167 510	140 870 946	-32 703 436	130%	62 863 653	97 101 939	-34 238 286	154%
Cost of Employees	34 302 011	47 298 237	-12 996 226	138%	13 102 218	32 374 575	-19 272 357	247%
Goods & Services	73 865 499	93 572 709	-19 707 210	127%	49 761 435	64 727 364	-14 965 929	130%
Support Services	318 796 061	349 417 643	-30 621 532	110%	319 947 022	499 563 543	-179 616 521	156%
Cost of Employees	130 945 240	139 340 515	-8 595 275	107%	131 634 726	128 804 066	2 830 660	98%
Goods & Services	153 659 139	163 769 749	-10 110 610	107%	114 013 411	359 771 198	-245 757 787	316%
Capital Expenditure	34 191 682	46 107 380	-11 915 698	135%	74 298 885	10 988 279	63 310 606	15%
<b>Total Expenditure</b>	<b>701 058 000</b>	<b>764 251 522</b>	<b>-63 193 522</b>	<b>109%</b>	<b>659 922 702</b>	<b>844 206 802</b>	<b>-184 284 100</b>	<b>128%</b>



## Expenditure per programme

Goods and services expenditure decreased during the financial period under review. In 2016/2017 R764m was spent in comparison with R844m in the 2015/2016 financial year. It is however, important to note that the total spent in the previous year was inflated by the NaTIS related expenses, especially on court orders amounting to R176m. The 2016/2017 financial year saw continuous legal action to conclude the transfer of NaTIS. NaTIS was transferred just after financial year-end.

The tables below depict the financial performance of the programmes during the year under review.

Table 27: Financial performance

Programme/ Activity/Objective	Budget Allocation 2016/2017 R	Actual Expenditure 2016/2017 R	Annual Spent as % of Allocated Budget	Under/ (Over) Expenditure R	Budget Allocation 2015/2016 R	Actual Expenditure 2015/2016 R	Under/ (Over) Expenditure R	Annual Spent as % of Allocated Budget
Operations	107 907 878	90 931 287	84%	16 976 591	91 845 467	82 090 723	9 754 744	89%
Law Enforcement	155 534 792	170 224 753	109%	-14 689 961	172 529 877	155 738 024	16 791 853	90%
Traffic Intelligence and Security	10 651 759	12 806 892	120%	-2 155 133	12 736 684	9 712 573	3 024 111	76%
Strategic Services	108 167 510	140 870 946	130%	-32 703 436	62 863 654	97 101 939	-34 238 285	154%
Support Services	318 796 061	349 417 643	110%	-30 621 582	319 947 020	499 563 543	-179 616 523	156%
<b>Total Expenditure</b>	<b>701 058 000</b>	<b>764 251 522</b>	<b>109%</b>	<b>-63 193 522</b>	<b>659 922 702</b>	<b>844 206 802</b>	<b>-184 284 100</b>	<b>128%</b>

The performance of the programmes can be summarised as follows:

- Operations spent 84% of its allocated budget as compared to the prior year where 89% spent was recorded. The variance can be attributed to the delay in the training of traffic trainees as well as cost saving from the in-sourcing of the crash investigation function.
- Law enforcement overspent on its budget by 9% as compared to prior year's underspending of 10%. During the year under review the Corporation intensified its facilitation and coordination efforts.
- Traffic intelligence and security reflects an overspend of 20% which is mainly attributed to the increase number of resources to ensure stability and bring about effective and efficient anti-fraud and corruption activities.
- Strategic services reflect a significant increase in relation to the previous year; this is mainly attributable to the vigorous marketing campaigns the Corporation embarked on. The RTMC heightened its efforts to promote road safety across South Africa through different media platforms including, amongst others, visual media, television production and story integration.
- Support services spent 110% of the allocated budget against a 156% recorded spend in the previous financial year. It is however important to take cognisance of the fact that NaTIS resulted in a cost of R176m on related expenditure that was provided for in March 2016 in line with the court order.

## Expenditure per economic classification

Table 28: Expenditure

Programme/ Activity/Objective	Budget Allocation 2016/2017 R	Actual Expenditure 2016/2017 R	Under/ (Over) Expenditure R	Annual Spent as % of Allocated Budget	Budget Allocation 2015/2016 R	Actual Expenditure 2015/2016 R	Under/ (Over) Expenditure R	Annual Spent as % of Allocated Budget
Cost of Employees	325 722 969	367 107 340	-41 384 371	113%	307 329 754	306 086 665	1 243 089	100%
Goods & Services	341 143 349	351 036 802	-9 893 453	103%	289 690 634	527 131 858	-237 441 224	182%
Capital Expenditure	34 191 682	46 107 380	-11 915 698	135%	62 902 314	10 988 279	51 914 035	17%
<b>Total Expenditure</b>	<b>701 058 000</b>	<b>764 251 522</b>	<b>-63 193 522</b>	<b>109%</b>	<b>659 922 702</b>	<b>844 206 802</b>	<b>-184 284 100</b>	<b>128%</b>

### Compensation of employees

The staff compensation of employees increased by R61m to R367m from R307m in the previous year due to staff increases and other staff related costs.

### Goods and services

Even though the Corporation reflected an overspending of R9.9m the amount is lower than the 2015/2016 financial year, emunity to R237 million which was mainly due to a payment towards a court order for the Natis.

### Capital expenditure

The Corporation spent R46.6m in the procurement of assets. The major cost drivers were the implementation of the new enterprise resource planning (ERP) system currently being implemented. The biggest cost drivers were, amongst others, purchasing of computer equipment in the form of hardware refreshes as well as software licenses.

## Revenue streams

Table 29: Revenue

Source of Revenue	Estimate 2016/2017 R	Actual Amount Collected 2016/2017 R	Over/ (Under) Collection 2016/2017 R	Annual Collection as % of Allocated Budget	Estimate 2015/2016 R	Actual Amount Collected 2015/2016 R	Over/ (Under) Collection 2015/2016 R	Annual Collection as % of Allocated Budget
Grant Income	193 862 000	193 862 000	-	100%	184 104 000	184 104 000	-	100%
Transaction fees	471 313 408	453 143 790	-18 169 618	96%	454 149 589	419 844 264	-34 305 325	92%
AARTO Infringements	10 274 880	8 823 193	-1 451 687	86%	2 154 240	10 106 018	7 951 778	469%
Finance Revenue	25 607 712	16 330 705	-9 277 007	64%	19 514 880	25 465 593	5 950 713	130%
Other income	-	194 871 232	194 871 232	0%	-	67 414	67 414	0%
Total revenue collected	701 058 000	867 030 920	165 972 920	124%	659 922 709	639 587 289	-20 335 420	97%

The Corporation derived its revenue from the following sources:

- Grant income from the National Department of Transport;
- Transaction fees from licence renewals;
- Infringement fees from fines issued by the National Traffic Police;
- Interest received from investments (call account and investment account at the Reserve Bank); and
- Sponsorships

The budgeted amount for transaction fees was R471m; a collection of R453m was recorded. However, an increase of 5% year-on-year collection on overall revenue is recorded, the increase can be attributed mainly to the 7.9% increase of transaction fees.

## Capital Investment Finance

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



G

Governance Information

FATALITIES

Of all the road users that died in road crashes between January and December 2016, pedestrians were the highest ranking, at 38.4%. These fatalities were closely followed by those of passengers (32.7%) and drivers (25.6%). KwaZulu Natal and Gauteng lost 1 315 and 1 287 pedestrians in 2016.

# 1. Corporate Governance Report

The RTMC recognises the principles contained in the King Report on Corporate Governance for South Africa and has noted the coming into effect of King IV with which the RTMC will strive to comply during the 2017/2018 financial year.

year, will include compliance monitoring of 27 pieces of legislation that are part of the approved Legal Register.

A number of measures were put in place during the 2016/2017 financial year to enhance corporate governance. These included strengthening of internal control measures which, among others, included the enhancement of the supply chain management policy, gradual implementation of an approved legal compliance framework, the first phase of which focused on monitoring compliance with the Occupational Health and Safety Act. The next phase, which will be implemented during the 2017/2018 financial

Governance of ethics took centre stage during the year under review and this was strengthened by enhancement of our ethics reporting mechanism which focused on the following:

- Occupational Health and Safety
- Employment Equity
- Preferential Procurement and Enterprise Development
- Corporate Social Investment
- Anti-corruption programmes
- Disciplinary action taken against unethical behaviour
- Compliance with laws

## 2. Levels of Governance and Accountability

### Portfolio Committee

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

subscribes to the principles contained in the King III Report on corporate governance for South Africa and the protocol on corporate governance in the public sector.

### Governance framework

The RTMC was established in terms of Section 3 of the RTMCA. It is further governed, inter alia, by the provisions of the National Land Transport Act (Act 5 of 2009), the NRTA, PFMA, Companies Act (Act 61 of 1973), CPA and it

The governance structures of the RTMC are as follows:

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

### 3. Shareholders Committee

The were some changes in the composition of Shareholders Committee during the period. The report will reflect some Provinces with two MECs instead of one MEC. The Shareholders Committee comprised as follows:

Table 30: Shareholders Committee Members

 <b>Mr Joe Maswanganyi</b> Minister of Transport National Chairperson	 <b>Ms Dipuo Peters *</b> Minister of Transport National Chairperson	 <b>Ms Sindisiwe Chikunga</b> Deputy Minister of Transport	 <b>Mr Butana Komphela *</b> MEC: Police, Roads and Transport Free State	 <b>Mr Sam Mashinini **</b> MEC: Police, Roads and Transport Free State	 <b>Mr Vusi Shongwe *</b> MEC: Community Safety, Security and Liaison Mpumalanga
 <b>Mr Pat Ngomane **</b> MEC: Community Safety, Security and Liaison Mpumalanga	 <b>Ms Dumisile Nhlengethwa *</b> MEC: Public Works, Roads and Transport Mpumalanga	 <b>Ms Sasekani Manzini **</b> MEC: Public Works, Roads and Transport Mpumalanga	 <b>Mr Ismail Vadi ***</b> MEC: Roads and Transport Gauteng	 <b>Ms Sizakele Nkosi- Malobane ***</b> MEC: Community Safety Gauteng	 <b>Mr Gaoge Molapisi *</b> MEC: Community Safety and Transport North West
 <b>Dr Mpho Motlhabane **</b> MEC: Community Safety and Transport North West	 <b>Mr Madoda Sambatha</b> MEC: Public Works & Roads North West	 <b>Ms Mapule Mokaba- Phukwana *</b> MEC: Transport, Safety, Security and Liaison Limpopo	 <b>Ms Nandi Ndalane **</b> MEC: Transport, Safety, Security and Liaison Limpopo	 <b>Ms Martha Bartlette *</b> MEC: Transport, Safety and Liaison Northern Cape	 <b>Ms Pauline Williams **</b> MEC: Transport, Safety and Liaison Northern Cape
 <b>Ms Weziwe Tikana</b> MEC: Safety and Liaison Eastern Cape	 <b>Mr Donald Grant</b> MEC: Transport and Public Works Western Cape	 <b>Mr Willie Mchunu *</b> MEC: Transport, Community Safety and Liaison KwaZulu-Natal	 <b>Mr Mxolisi Kaunda **</b> MEC: Transport, Community Safety and Liaison KwaZulu-Natal	 <b>Ms Jean De la Harpe</b> SALGA nominee National	 <b>Mr Sizwe Ramaremela</b> SALGA nominee National

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

\*\* a member by the end of the financial year under review

\*\*\* Province has dual membership

### 4. Board of Directors

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

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

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



## Board composition

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

The changes to the composition of the Board were as follows:

- Term of office of six independent non-executive directors who were appointed in 2013 expired on 31 December 2016.
- On 1 January 2017, three of the non-executive directors were re-appointed, namely Mr Zola Majavu, Ms Pinkie Mathabathe and Ms Tembeka Mdlulwa.
- Three new non-executive directors were appointed, namely Prof Maredi Mphahlele, Ms Thandi Thankge and Dr Eddie Thebe.
- Three independent non-executive directors were not reappointed, namely, Messrs Sam Ledwaba, Rowan Nicholls and Paul Browning.

The table below shows the details of the Board Members

Table 31: Board Members













 <p><b>Mr Zola Majavu</b> - BA (Law) - LLB - Higher Diploma in Sports Law - Attorney of High Court of SA  Appointed on 1 December 2013 Re-appointed on 1 January 2017</p>	 <p><b>Mr Sam Ledwaba</b> - B Juris - LLB - Attorney of High Court of SA  Appointed on 1 December 2013 Retired on 31 December 2016</p>	 <p><b>Ms Tembeka Mdlulwa</b> - B Juris - LLB - Attorney of High Court of SA  Appointed on 1 December 2013 Re-appointed on 1 January 2017</p>	 <p><b>Mr Paul Browning</b> - Fellow Chartered Institute Transport and Logistics SA  Appointed on 1 December 2013 Retired on 31 December 2016</p>
 <p><b>Ms Pinkie Mathabathe</b> - B Tech Policing - Diploma in Police Management: Certificate in Community Policing and Human Rights - Certificate in Police Management - Diploma in Practical Accounting  Appointed on 1 December 2013 Re-appointed on 1 January 2017</p>	 <p><b>Mr Rowan Nicholls</b> - B Com - Certified Internal Auditor - Chartered Accountant (SA) - Registered Accountant and Auditor  Appointed on 1 December 2013 Retired on 31 December 2016</p>	 <p><b>Mr John Motsatsing</b> - B Proc - Transport Management Diploma  Appointed on 18 March 2014</p>	 <p><b>Ms Daphline Ewertse</b> - B Accounting Science - Honours Bachelor of Accounting Science - Postgraduate Diploma in Auditing  Appointed on 1 December 2015</p>
 <p><b>Mr Thulani Kgomo</b> - B Proc - Attorney of High Court of SA  Appointed on 1 December 2015</p>	 <p><b>Prof Maredi Mphahlele</b> - Teachers Diploma in Science and Mathematics - B Sc in Science and Mathematics - B Sc Honours in Computer Science - M Sc in Computer Science - D Tech in Computer Science  Appointed on 1 January 2017</p>	 <p><b>Ms Thandi Thankge</b> - M Com in Business Management - BA Honours in Industrial Psychology - BA Industrial Psychology - Diploma in Library and Information Services - Registered Master HR Professional, Generalist with South African Board of People Practice - Practitioner (SABPP)  Appointed on 1 January 2017</p>	 <p><b>Dr Eddie Thebe</b> - D Tech - M Tech in Public Relation Management - BA Communications Honours - BA Communications - Road Traffic Diploma  Appointed on 1 January 2017</p>

Table 32: Board Meeting Attendance Continuation

Board member	5 May 2016	30 May 2016 Special	29 July 2016	30 August 2016 Special	22 November 2016	31 January 2017	30 March 2017 Special
Mr Zola Majavu (Chairman)	P	P	P	P	P	P	P
Adv Makhosini Msibi (CEO)	P	P	P	P	P	P	A
Mr Sam Ledwaba	P	P	P	A	A	Rtrd	Rtrd
Ms Tembeka Mdlulwa	P	P	P	P	P	P	A
Mr Paul Browning	P	P	P	P	P	Rtrd	Rtrd
Ms Pinkie Mathabathe	P	P	P	P	P	P	P
Mr Rowan Nicholls	P	P	P	P	P	Rtrd	Rtrd
Mr John Motsatsing	P	P	P	A	P	A	A
Ms Daphline Ewertse	P	P	A	A	A	P	P
Mr Thulani Kgomo	P	P	A	P	P	P	A
Prof Maredi Mphahlele	*	*	*	*	*	P	P
Ms Thandi Thankge	*	*	*	*	*	P	P
Dr Eddie Thebe	*	*	*	*	*	P	P
Dr Cleopas Sanangura	#	#	-	-	#	#	#

P – Present                      A – Absent with apology                      Rtrd – Retired  
 \* – Appointed on 01/01/2017                      # – By Invitation

## 5. Board Committees

### Audit and Risk Committee

Members of the Audit and Risk Committee are:

Table 33: Audit Committee Members

Member	Date of appointment
Dr Cleopas Sanangura (Chairperson)	19 September 2014
Ms Nomusa Mufamadi	19 September 2014
Mr Rowan Nicholls	26 February 2014
Ms Daphline Ewertse	29 January 2016
Mr Thulani Kgomo	5 May 2016

Table 34: Audit and Risk Committee Meeting Attendance

Board member	22 April 2016	28 May 2016 Special	27 July 2016	16 November 2016	26 January 2016
Dr Cleopas Sanangura (Chairperson)	P	P	P	P	P
Ms Nomusa Mufamadi	A	P	P	P	P
Mr Rowan Nicholls	P	P	P	P	Rtrd
Ms Daphline Ewertse	P	P	R	R	R
Mr Thulani Kgomo	*	*	P	P	P
P – Present      A – Absent with apology      R – Reshuffled Rtrd – Retired      * – Appointed on 05/05/2016					

## Strategy, Monitoring and Evaluation Committee

The Strategy Monitoring and Evaluation Committee members are:

Table 35: Strategy Monitoring and Evaluation Committee Members

Member	Date of appointment
Mr Sam Ledwaba (Chairperson)	26 February 2014
Adv Makhosini Msibi (CEO)	26 February 2014
Ms Tembeka Mdlulwa	26 February 2014
Mr Paul Browning	26 February 2014
Ms Pinkie Mathabathe	26 February 2014
Mr John Motsatsing	14 July 2014
Mr Thulani Kgomo	29 January 2016
Ms Daphline Ewertse	5 May 2016

## Strategy, Monitoring and Evaluation Committee attendance of meetings

Table 36 Strategy Monitoring and Evaluation Committee Meeting Attendance

Member	21 April 2016	30 May 2016 Special	25 July 2016	24 August 2016 Special	17 November 2016	23 January 2017	23 March 2016 Special
Mr Sam Ledwaba (Chairperson)	P	P	P	P	P	Rtrd	Rtrd
Adv Makhosini Msibi (CEO)	P	P	P	P	P	P	P
Ms Tembeka Mdlulwa	P	P	P	P	P	P	P
Mr Paul Browning	P	P	P	P	P	Rtrd	Rtrd
Ms Pinkie Mathabathe	A	P	A	P	P	P	P
Mr John Motsatsing	P	P	A	A	A	P	A
Mr Thulani Kgomo	P	P	R	R	R	R	R
Ms Daphline Ewertse	*	*	P	P	P	P	P
Mr Zola Majavu	#						
# By invitation      Rtrd – Retired      R – Reshuffled A – Absent with apology      P – Present      * – Appointed on 05/05/2016							

## Social and Ethics Committee

Social and Ethics Committee members are:

Table 37: Social and Ethics Committee members:

Member	Date of appointment
Mr Rowan Nicholls (Chairperson)	26 February 2014
Adv Makhosini Msibi	26 February 2014
Mr Paul Browning	26 February 2014
Ms Pinkie Mathabathe	26 February 2014
Mr Thulani Kgomo	29 January 2016

## Social and Ethics Committee attendance of meetings

Table 38: Social and Ethics Committee Meeting Attendance

Member	22 April 2016	27 July 2016	16 November 2016	26 January 2016
Mr Rowan Nicholls (Chairperson)	P	P	P	Rtrd
Adv Makhosini Msibi	P	P	P	P
Mr Paul Browning	P	P	P	Rtrd
Ms Pinkie Mathabathe	A	P	P	P
Mr Thulani Kgomo	P	P	P	P
Rtrd – Retired      A – Absent with apology      P – Present				

## Remuneration Committee

Members of the Remuneration Committee are:

Table 39: Remuneration Committee Members

Member	Date of appointment
Ms Tembeka Mdlulwa (Chairperson)	26 February 2014
Adv Makhosini Msibi	26 February 2014
Mr Sam Ledwaba	26 February 2014
Ms Daphline Ewertse	29 January 2016

## Remuneration Committee attendance of meetings

Table 40: Remuneration Committee Meeting Attendance

Member	21 April 2016	25 July 2016	25 November 2016	23 January 2017
Ms Tembeka Mdlulwa (Chairperson)	P	P	P	P
Adv Makhosini Msibi (CEO)	P	P	P	P
Mr Sam Ledwaba	P	P	P	Rtrd
Ms Daphline Ewertse	P	P	P	P
Mr Zola Majavu	#		#	
# By invitation	Rtrd – Retired	R – Reshuffled	A – Absent with apology	P – Present

## 6. National Road Safety Advisory Council (NRSAC)

The main function of the National Road Safety Advisory Council is to provide inputs into the strategic direction, oversight and critical assessment of proposed road safety initiatives and campaigns.

The Road Safety Advisory Council will recommend and report to the Minister of Transport, but will not deliver road safety initiatives – this will be done through RTMC, National Department of Transport and the provincial departments of transport.

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

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

## The Composition of the NRSAC

The NRSAC has 17 members as appointed by the Shareholders Committee

Table 41: Appointed NRSAC members

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

## Advisory Committee attendance of meetings

Table 42: Advisory Committee attendance

Member	12 May 2016	26 July 2016	4 November 2016	17 February 2017
Mr Herbert Vusumuzi Ngcamphalala	P	P	P	P
Mr Ismail Amod	P	P	A	P
Mr Eric Mafuyeka	P	P	P	P
Ms Paulina Ntebo Ramusi	P	P	P	P
Mr Jan Coetzee	A	P	P	P
Ms Nomawazi Faith Lingwati	P	P	P	P
Ms Innocentia Itumeleng Motau	P	P	P	P
Ms Pumza Patiswa Tuswa	P	P	P	P
Mr Ronnie Maswanganyi	P	P	P	P
Ms Maria Mankwana Raoleka	P	P	P	P
Mr Themba Baloyi	P	P	P	P
Mr Eckart F Kruger	P	P	P	P
Mr Vernon Billet	A	P	A	A
Mr Skhumbuzo Mpanza	P	P	A	P
Mr John Mabida	P	P	P	P
Prof Marion Sinclair	P	P	A	P
Prof Roger Behrens	A	P	A	P
	P – Present	A – Absent with apology		

## 7. Youth Structure

South African youth are most affected by road crashes. It has therefore become necessary for government to engage this sector of society. The 2015 Annual Road Safety Summit introduced the seventh commission which was "Youth and Road Safety". The aim was to have the youth participate in road safety programmes.

The fifth resolution out of the nine resolutions taken by the Youth and Road Safety Commission was to conduct provincial youth summits in 2016. This resulted in provincial and national youth road safety structures being established. The national youth structures met on 7 June, 15 July, 29 July, 29 August, 19 to 21 October 2016, and 12 January and 24 February 2017. The structure executed its programmes and plan of action through working together with Entities, DoT and the RTMC.

## 8. Risk Management

In pursuing its strategic goals and exploiting associated opportunities the RTMC recognises the importance of effectively identifying, measuring and managing risks. Guided by the principles set out in Enterprise Risk Management Framework, the Risk Management function continues to drive a culture of a high performing- risk conscience organisation.

The first line of defence that is, all employees are led by their line managers in their business areas recognise their responsibility to manage risks within their defined span of control.

Our (Risk Management unit) role as a second line of defence was strengthened by our ability to empower line management with subject matter expertise in this discipline. Year-end 2017 saw the establishment of the Enterprise Risk and Audit Management Committee (ERAC). ERAC represents an equivalent of a Risk Champion Forum in other institutions. The officials representing the different business areas on ERAC were meticulously selected and appointed based on their ability to influence and drive their respective units towards becoming risk conscious in their strategic and operational decision making.

Internal Audit, as a third line of defence, continues to provide independent assurance to those charged with governance and oversight that systems of internal controls are appropriate, that risk management and governance process are adequate in supporting the Corporation to achieve its objectives.

Through its Audit and Risk Committee (ARC) the Board continues to exercise oversight on the activities of Risk Management. The ARC periodically reviews pre-defined risk management reports aimed at giving it assurance that internal controls remain adequate and that the Corporation is geared towards sustaining a clean administration.

The Corporation conducts strategic risk assessment annually and the operational risk assessments on an on-going basis. All risks identified are monitored and those posing a significant risk exposure elevated to the Audit and Risk Committee. The progress made by the entity in the management of risks is evident in the reported performance of the entity in the 2016/2017 financial year.

## Strategic Risks

Table 43: Strategic Risks

Risk name	Risk description	Current business processes / controls in place to manage identified risks	Status as at April 2017
Legislative environment impedes the RTMC's ability to achieve its objectives	Difficulty in realisation of RTMC objectives due to non-alignment of rules and regulation (Laws) RTMC as a lead agency is to ensure the elimination of fragmentation of responsibilities, but this is a challenge due to different legislation and by-laws of different provinces.	Legislative review in progress.  Establishment of some regional offices (co-ordination with local authorities).	<ul style="list-style-type: none"> <li>• Work aimed at enabling Legislative changes continues, these initiatives will inadvertently take longer to achieve owing to the required cumbersome process.</li> <li>• Regional offices have not been established.</li> </ul>
Inadequate human capital skills within the fraternity.	Standardisation of curriculum to ensure appropriate and procedures. Consistency in law enforcement. Dependency of Traffic law enforcers to provinces due to lack of development within the organisation and hence the need for a new curriculum in terms of training and knowledge management programmes. This impacts on performance and can tarnish the image of the organisation.	Ensuring compliance to training standards.  Setting training standards for the fraternity.  Facilitating skill development programmes.	<ul style="list-style-type: none"> <li>• NQF Level 6 curriculum for Traffic Officers has been developed.</li> <li>• NQF Level 6 curriculum for Road Safety Practitioners had been developed.</li> <li>• Human Resources has developed a HR Strategy which is currently being implemented.</li> <li>• An independent employee climate survey was performed, the recommendations there to continue to be implemented to position the RTMC as an employer of choice.</li> </ul>
Lack of stakeholder coordination in order to achieve the mandate of RTMC.	Maximisation of stakeholder participation i.e. engagement of different stakeholders/institutions that the RTMC needs to coordinate and deliver on its mandate. RTMC is depended to other organisations in ensuring the decrease of road crashes and fatalities. Joint participation is thus of utmost importance. Enforcement require education, awareness campaigns and policing and therefore outlining the responsibilities and to ensure that obligations are adhered to.	Concluding Memorandum of Understanding (MOUs) with various stakeholders.  Operational committees and formal structure dealing with stakeholder.  Engagement with public and private entities.  Provincial and national conferences.  Legislative review conducted to identify current universe and compliance requirements.  Development and implementing of a communication strategy.	<ul style="list-style-type: none"> <li>• The RTMC has developed a Stakeholder Management Framework. Fully implemented the Framework will stand the RTMC in good stead in achieving improved stakeholder participation and corporation in achieving its mandate.</li> <li>• Considering the importance of Stakeholder management for the RTMC, this key area will be continuously monitored to ensure it remains effective.</li> </ul>



## Strategic Risks (continued)

Table 43: Strategic Risks

Risk name	Risk description	Current business processes / controls in place to manage identified risks	Status as at April 2017
Fraud and corruption.	The RTMC operates in an environment that is prone to fraud and corruption perpetuated by traffic officials, the public and internal RTMC staff. The effects of these practices have a huge bearing on road crashes in South Africa due to drivers and vehicles that should not be on the road.	<p>Develop and implement Fraud prevention plan.</p> <p>Fraud awareness campaigns.</p> <p>Code of ethics.</p> <p>Integrated fraud management framework.</p> <p>Anti-corruption unit established.</p>	<ul style="list-style-type: none"> <li>• Fraud and Corruption continue to plague our environment, while great strides have been made minimize this risk, it is clear that these practices will not be eliminated easily. Focused work to deal with these instances have been included in the 17/18 APP.</li> <li>• Gaining full control of the NaTIS system has already allowed National Traffic Anti-Corruption (NTACU) to have intelligent led investigation on fraud and corruption.</li> <li>• The RTMC has established an Ethics management function. The said function will be based in the CEO's office.</li> </ul>
Lack of business continuity.	Capability to continue delivery of services at acceptable predefined levels following a disruptive event. The major external and uncontrollable factors can influence and affect the performance and strategies of RTMC which require a backup systems should we encounter changes due to a disruptive event. More compelling events are for example skills and knowledge and ICT.	Develop a risk based business continuity plan.	<ul style="list-style-type: none"> <li>• Disaster Recovery Plan aimed at identifying critical business process has been developed for our primary operating site e.g. Boardwalk Park, Faerie Glen.</li> <li>• Gaining full control of NaTIS has placed an increased responsibility on RTMC to improve and capacitate its ability to minimise the effect of disruption should a disaster occur.</li> </ul>
Unquantified impact analysis of programmes.	Analysis of level of success brought by implemented programmes. Evaluation of implemented programmes to ensure that programmes yield the positive results to impact on the number of road crashes. Innovative interventions to counter act the changing environment and be able to identify the shortcomings.	Internal and external oversight committees including capacitating monitoring and evaluation.	<ul style="list-style-type: none"> <li>• The RTMC has established a Monitoring and Evaluation function. Programme managers continue to be empowered to monitor and evaluate the effectiveness of set programmes.</li> </ul>

## Strategic Risks (continued)

Table 43: Strategic Risks

Risk name	Risk description	Current business processes / controls in place to manage identified risks	Status as at April 2017
Ineffective and inadequate information systems.	RTMC depends on fragmented system to support and enable business to achieve its objectives. IT systems need to be continuously modernised so they enable business to achieve it's strategic objectives These systems must be integrated and geared towards driving efficiencies.	Alignment of system architecture with RTMC objectives.	<ul style="list-style-type: none"> <li>• The RTMC has gained full control over the NaTIS system effective April 2017. Some certainty now exist as to the strategic direction the system could be employed towards. RTMC is assessing the reliability of the inherited system including the need for maintenance and due modernisation the capacity of the infrastructure is also monitored to minimize the risk of risk of service disruption.</li> <li>• The RTMC is in the process of implementing an ERP system. This will eliminate the fragmentation of our information asset management.</li> </ul>
The risk that the RTMC will not be financial sustainable.	Need for the Corporation to identify alternative revenue streams, assess these and develop a funding model that leads to self- financial sustainability. Due to limited fiscal budget and the spending trends in terms of road safety programmes, more funding is required to invest in road safety campaigns and initiatives.	Develop and implement and alternative funding model.	<ul style="list-style-type: none"> <li>• The RTMC developed a funding model strategy. The achievement of the said strategy is dependent on the RTMC gaining full control of NaTIS.</li> </ul>

## 9. Internal Audit Function

The internal audit function is an independent function, which reports to the RTMC Board through the Audit Committee. The internal audit's strategic and operational plans are approved by the committee. It monitors the performance of the internal audit function through quarterly reporting. The primary purpose of the internal audit function is to provide reasonable assurance regarding the adequacy and effectiveness of the entity's internal controls, governance and organisational performance against set targets. The internal audit function maintains a risk-based audit approach, in line with the international standards for the professional practice of internal auditing.

Key areas of audit for the period under review include:

- Finance
- Supply Chain Management
- Human Resources
- Performance Information
- Core Business Operations

The internal audit team brought control deficiencies to management's attention for corrective action. Where practical, the audit team also provided independent advisory services to business units within the entity.

## 10. Managing Conflict of Interest

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

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

## 11. Code of Ethics

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

## 12. Health, Safety and Environmental Issues

The RTMC seeks to ensure as far as it is reasonably possible, the health and safety of all employees in the workplace, as well as that of people conducting business on its premises. The objectives of the RTMC are to improve the understanding of occupational health and safety standards by all workplace parties and to improve health and safety conditions in the workplace by means of research, inspections, investigations and enforcement of legislation.

The RTMC complies with the Occupational Health and Safety Act (Act 85 of 1993). To ensure compliance, the corporation displays a policy statement signed by the CEO. During the period under review, the RTMC Health and Safety Committee continued to improve the working environment by managing and monitoring occupational health and safety risks in accordance with the approved policies. The RTMC Health and Safety Committee has developed, implemented and monitored risk registers that identify risks contained within the workplaces. The risk register includes scheduled compliance inspections and completion of corrective actions within allocated time frames as determined by the initial risk assessments.

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

## 13. Audit and Risk Committee Report

### Report of the Audit & Risk Committee In Terms of Regulation 27.1 of the Public Finance Management Act No.1 of 1999, As Amended

The Audit and Risk Committee (ARC) Terms of Reference were duly approved by the Board and during the financial year under review it has performed its duties in terms of the provisions thereof and has discharged all responsibilities contained therein. The Committee has, inter alia, reviewed the following:

#### Internal Control and Risk Management

- The effectiveness of the internal control systems;
- The operational and strategic risk areas that could negatively affect the achievement of strategic objectives;
- The effectiveness of risk mitigation strategies implemented;
- ICT governance focusing on preparing the Corporation to implement strategic projects among others ERP system, cyber security, data integrity; and
- Monitoring the state of readiness to take over the management of the Natis system.

#### Financial Information and Finance Function

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

#### Internal Audit and External Audit

- Accounting and auditing concerns identified as a result of internal and external audits;
- The effectiveness of the of the Internal Audit function;

- The activities of the internal audit, including its annual work programme, coordination with the Auditor-General and the responses of management to specific recommendations; and
- The independence and objectivity of internal and external auditors.

The Committee is of the opinion, based on the information and explanation given by management and internal audit, as well as discussions with the Auditor-General on the result of their audits, that:

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

The Committee is satisfied that the financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgments and estimates. The Committee is further satisfied that the financial statements of the RTMC comply, in all material respects, with the requirements of the Public Finance Management Act No.1 of 1999, as amended, and Generally Recognised Accounting Practice. The Committee has therefore recommended the adoption of the 2016/2017 financial statements by the Board.



**Dr C Sanangura**  
Audit and Risk Committee Chairman



## Corporate Social Responsibility



### CHILD SEATS

Of the children who died as passengers in 2016, 4.6% were 4 or less years old. Some of these children fatalities were as a result of not using child seats. In April 2015, the Minister of Transport approved the amendments to the Act and its Regulations whereby; it was made compulsory for children 3 years of age (or less) to be placed in a child seat when travelling on passenger cars.

The RTMC plays an important role in the economic and social transformation of its stakeholders and in communities and aims to facilitate sustainable Corporate Social Responsibility (CSR) programmes. The CSR programmes focus on health, social welfare, education and skills development and have a rural bias.

The programmes also extend to vulnerable youth, children and the needy. 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 and is responsive to the triple challenges of unemployment, poverty and inequality. The Corporate Social Responsibility activities undertaken during the year are reflected below:

## 1. RTMC Indoor Mobile Library Project

On 28 June 2016, the Corporation hosted the RTMC indoor mobile library project in Limpopo province, where the mobile library was handed over to Mosima Primary School in the village of Botlokwa. The library consists of a total of 740 books. The initiative was aimed to further contribute towards the progress and academic development of learners through inculcating the culture of reading, speaking and writing as well as to grow a strong interest in the field of maths and science.



## 2. Winter Warmer School Uniform Project

On 29 June 2016, the RTMC hosted the 2016 project at Malenkwana Primary School in the deep rural village of Wegdraai, in Bochum. The initiative provided the learners at the school with full school uniform which included school shoes, trousers, tunics, shirts and Drimacs to keep the learners warm during the winter season. A total of 426 learners from impoverished households in the surrounding villages benefitted.

### 3. Nelson Mandela Winter **Warmer Drive**

The RTMC held a winter warmer drive across the provinces in response to the 2016 Cabinet theme for Nelson Mandela Day, focusing on education and literacy, food security, shelter and environment as part of contributing towards community development. Through this project, the corporation was able to provide a total of 750 mattresses, blankets, sanitary towels and food parcels to the beneficiaries from vulnerable households some whose homes were destroyed and damaged by fire, forced evictions and winter storms.



### 4. Fight against **Substance Abuse**

Drugs and irresponsible use of alcohol are societal issues that result in pain and grief including the escalating rate of road crashes. On 23 September 2016, the RTMC hosted the fight against substance abuse initiative in partnership with Tsantsabane Alcohol and Drug Services (TADS) in Tsantsabane, Postmasburg, Northern Cape Province.

The initiative focused on increasing the fight against drug and alcohol abuse by the youth. Substance abuse remains one of the high contributors of road carnages in this age group. The Corporation contributed towards the refurbishment of the TADS community centre that offers free substance abuse rehabilitation and counselling services to the affected citizens and households from the surrounding communities.

### 5. National Feminine **Care Project**

The RTMC as part of its initiatives launched its national feminine care project at Jordan Secondary School in Emfuleni, Evaton Informal Settlements. The sanitary towels project targets female learners from poverty stricken and disadvantaged households as part of the national feminine care project.

This initiative assists in keeping the girl child in school, especially during the exams period as research confirms that female learners who cannot afford sanitary towels tend to miss approximately five school days monthly. In November, the project was rolled out in Gauteng, North West, Limpopo, Eastern Cape and KwaZulu-Natal, with the target being less privileged schools and benefiting a total of over 2827 female pupils in more than 10 schools countrywide.

### 6. Festive Season Grocery Hamper **Community Project**

The RTMC in partnership with the North West Department of Community Safety and Transport Management hosted the RTMC festive season grocery hampers community project in Lonely Park, Ward 29, Mahikeng. The event was hosted on 24 December 2016 and focused on households which are child-, youth- and vulnerable-old-citizens-headed. A total number of 220 households from the surrounding disadvantaged communities benefitted from the initiative.

RTMC together with the DoT also hosted a road safety child-headed household educare initiative, where grocery packs were handed over to 100 disadvantaged households which were affected by road crashes. The handover event took place on 19 December 2016 in the rural Engoje, Louwsburg, KwaZulu-Natal.



### 7. Learner Support and **Back-to-school Project**

On 30 March 2017, the RTMC hosted its back-to-school project at Mbabalana Senior Primary School in Mbabalana Village, Libode, Eastern Cape with an aim of contributing towards the safety of the learners on the road. It provided 269 learners with reflective RTMC branded school bags, road safety reflective strips and RTMC branded reflective water bottles, because majority of the learners walk long distances to school on a daily basis. Also, 41 learners from impoverished households received school shoes. Furthermore, the RTMC also through the learner support programme assisted in funding the school fees of Zethembe Mbanjwa, who comes from a child-headed household that survives on state social grants and handouts from the community.

### 8. National School Nutrition **Programme Hand-over**

The RTMC hosted a national school nutrition programme hand-over event in Mbabalana Senior Primary School, in Mbabalana Village, Eastern Cape. The event took place on 30 March 2017. The school feeding scheme provides only one meal on a daily basis. The RTMC contributed towards providing learners with a second meal to the learners in a form of a hot lunch. It also provided the school with cooking utensils, water heating urns, maize meal, rice, samp, mealie rice, canned food, cooking oil, soup packets, and dry ingredients that contributed towards the lunch meal for the learners.

# Human Resource Management



## TOP 10

According to the World Health Organisation without sustained action, road traffic crashes are predicted to be amongst the Top 10 cause of death by 2030. In South Africa, 42.8% of the drivers who died in 2016 were between the ages of 20 and 34. Equally so 44.4% of those who died in the same age group were passengers.

## 1. Introduction

Human resource management is one of the critical and essential support functions of the RTMC. It ensures the attraction, development and retention of highly skilled and highly motivated personnel. One of the key priorities of HR management is to ensure that the organisational policies and procedures are implemented fairly, to provide recruitment services, training, performance management, mentoring and coaching of employees, and deciding on remuneration of pay structures and grades.

This is to ensure that the whole talent management value chain is addressed and that all components work together for the good with the value placed on all the RTMC staff and that the RTMC is well-capacitated with scarce and critical skills, attracts and retains the best talent, and has the requisite skills and competencies for delivering against its mandate.

## 2. HR Priorities and the Impact thereof

The priority during the period under review was to develop an integrated HR strategy which clearly outlines the RTMC's approach and the value placed on human resources as an asset. The HR strategy has been approved and it is now being implemented according to the road map set out in the strategy.

The merging and amalgamation of the functions Road Transport Inspectorate from CBRTA; Boekenhoutkloof Traffic College; and the long-awaited takeover of the NaTIS was the focus for this financial year. These projects, although complex in their nature, were successfully achieved.

The realignment of the Organisation structure of the Corporation was approved by the Board on the 22 November 2016 and the process is currently being finalised.

As at 31 March 2017, the staff complement was 609, placing the vacancy rate at 8%. The RTMC could attract skills because of its attractive, competitive remuneration packages.

### Workforce planning framework and strategies to attract and recruit a skilled and capable workforce

To position RTMC as an employer of choice and a learning organisation, that is committed to the continual training and development of employees by means of various learning programmes, such as internships, learnerships, bursaries, mentorship and coaching, seminars and registration on professional bodies for certain categories of professions. A total of 879 training opportunities were provided to employees, inclusive of those who attended more than one training intervention.

The commitment to promote a learning culture that enables employees to develop their full potential will continue and be intensified. The target of 80% of the RTMC Workplace Skills Plan was achieved. One of the highlights during the period was the up-skilling programme for the National Traffic Police whereby 99 graduated in the Examiner of Drivers Licence certificate (EDL) and 98 in Examiner of Vehicles (EOV).

### 3. Employee Performance Management Framework

The RTMC has a well-embedded and standardised performance management framework to manage high performance and poor performance. The RTMC provides employees with clearly defined and consistently communicated performance expectations. At the beginning of every year, clear goals are set for the employees that they need to attain by the end of the financial year.

Managers are responsible for rating, rewarding and holding employees accountable for achieving specific business goals, and creating innovation. Formal performance reviews are conducted twice a year, in September and March. Year-end performance ratings are key inputs in determining performance incentives.

### 4. Employee Health and Wellness Programme

A comprehensive health and wellness programme is in place, which encourages employees to choose a healthier, and more-balanced lifestyles. The employee health and wellness programme is intended to ensure the overall well-being of employees in terms of health, emotional, financial and occupational health and safety. This is done through partnering with Independent Counselling and Advisory Services International (ICAS) as a service provider.

### 5. Social Activities

The RTMC has aligned its social activities with the national calendar where it participates in Health Month, Youth Month, Women’s Month, Mandela Day, World AIDS Day and so on. The December month and the World AIDS Day was dedicated to reflecting on the HIV/AIDS pandemic and to spread the message through posters and pamphlets.

#### Sport

Netball, soccer, and volleyball codes were established and two sports days were held on 10 June 2016 and 22 March 2017. The RTMC soccer club was successfully affiliated with the corporate soccer league to encourage regular practice and exercise.

#### Choir

The RTMC choir participates in RTMC functions and joint events. One of the highlights was the choir’s partnership with Ekurhuleni, Tshwane and Johannesburg, where the respective choirs formed a mass choir for the RTMC’s wreath laying ceremony on 4 November 2016 to honour traffic officers who died in the line of duty.

### Policy development

The RTMC reviews policies related to HR as and when it deems necessary. The recruitment, selection and placement policy was reviewed and approved by the Board during the period under review.

### 6. HR Statistics

#### Personnel cost by branch

In the financial year under review, the employee expenditure constituted R325 921 000 of the total expenditure budget of the RTMC as illustrated in the table below.

Table 44: Personnel cost by branch

Programme Activity Objectives	Total expenditure for the entity (R'000)	Personal Expenditure (R'000)	Personnel Expenditure as a % of a total exp. (R'000)	No. Of employees (R'000)	Average personnel cost per employee (R'000)
Operations	85 515	43 897	51%	107	410
Law Enforcement	148 406	108 987	73%	246	443
Traffic Intelligence and Security	11 502	9 821	85%	21	468
Strategic Services	135 366	36 772	27%	32	1 149
Support Services	299 512	126 444	42%	213	623
<b>Total</b>	<b>680 301</b>	<b>325 921</b>	<b>48%</b>	<b>609</b>	<b>534</b>

#### Personnel cost by salary band

Table 45: Personnel cost by 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 (R'000)	Average personnel cost per employee (R'000)
Top Management	14 570	4%	2%	6	2 428
Senior Management	27 255	8%	4%	50	545
Professional Qualified	63 288	19%	9%	79	801
Skilled	83 134	26%	12%	216	385
Semi-Skilled	137 674	42%	20%	258	534
<b>Total</b>	<b>325 921</b>	<b>100%</b>	<b>48%</b>	<b>609</b>	<b>535</b>

Employee expenditure constitutes 48% of the RTMC’s total budget

## Training costs

Table 46: 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 (R'000)
Top Management	16 741	39	0%	18	2
Senior Management	31 317	369	1%	73	5
Professional Qualified	72 721	516	1%	100	5
Skilled	95 526	555	1%	329	2
Semi-Skilled	158 195	259	0%	416	1
<b>Total</b>	<b>374 554</b>	<b>1 738</b>	<b>0%</b>	<b>936</b>	<b>1.86</b>

## Employment and vacancy by branch

Management of vacancy rates reflects the changes in manpower demand and assists the Corporation in making decisions around capacity requirements. The staff complement decrease from 664 to 609 at 31 March 2017.

Table 47: Employment and vacancy by branch

Programme	2015/2016 No. of employees	2016/2017 Approved posts	2016/2017 No. of employees	% of vacancies
Operations	141	136	107	21%
Law Enforcement	258	262	246	6%
Road Traffic Intelligence and Security	7	22	21	5%
Strategic Services	31	35	32	9%
Support Services	197	205	203	0.5%
<b>Total</b>	<b>664</b>	<b>660</b>	<b>609</b>	<b>8%</b>

## Appointments and terminations

There were 52 appointments and 43 terminations as outlined in the table below.

Table 48: Appointments and terminations

Item	Number
Total staff complement as at March 2016	600
Appointments	52
Terminations	(43)
<b>Grand Total as at 31 March 2017</b>	<b>609</b>

## Reasons for termination of employment

Table 49: Reasons for termination

Termination type	Number	% of total number of staff leaving
Death	0	0.0%
Resignation	6	14.3%
Dismissals	7	16.7%
Contract expiry	29	69.0%
<b>Total</b>	<b>42</b>	<b>100.0%</b>

## Misconduct and disciplinary cases finalised

Table 50: Misconduct and disciplinary cases

Nature of disciplinary action	Number
Verbal warning	0
Written warning	1
Final written warning	4
Suspended without pay	5
Suspended with pay	5
Dismissal	7
No grounds to charge	1
Still in progress	5
<b>Total</b>	<b>28</b>

## Employment and vacancy by branch

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

## Equity targets

Table 51: Equity

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	1	0
Senior Management Service	28	0	2	5	3	5	5	0
Professional Qualified	28	16	3	3	3	1	11	0
Skilled	97	0	6	5	2	15	8	6
Semi-Skilled	135	0	2	0	2	0	1	0
<b>Total</b>	<b>289</b>	<b>17</b>	<b>13</b>	<b>13</b>	<b>10</b>	<b>21</b>	<b>26</b>	<b>6</b>

Levels	Male		Coloured		Indian		White	
	African		Current	Target	Current	Target	Current	Target
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	0	0	0	0	0	1	0
Senior Management Service	10	0	0	10	0	10	2	10
Professional Qualified	30	22	1	5	1	10	2	0
Skilled	88	0	3	12	3	12	9	0
Semi-Skilled	114	0	4	0	0	7	0	6
<b>Total</b>	<b>245</b>	<b>22</b>	<b>8</b>	<b>27</b>	<b>4</b>	<b>39</b>	<b>14</b>	<b>16</b>

### Disability targets

Table 52: Disability targets

Levels	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management Service	0	0	0	1
Professional Qualified	1	0	0	1
Skilled	0	0	0	2
Semi-Skilled	0	0	1	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>4</b>

### Employment equity analysis per race as at 31 March 2017

Table 53: Disability targets

Gender	Male	Female	Achievement	
			Male	Female
<b>Target</b>			<b>55%</b>	<b>45%</b>
African	289	245	48%	40%
Coloured	13	8	2 %	1.3%
Indian	10	4	2 %	1%
White	26	14	4 %	2%
<b>Total</b>	<b>338</b>	<b>271</b>	<b>56%</b>	<b>44%</b>







# Financial Statements



## CRASH STUDY

In the 2016/2017 Financial Year, the Corporation conducted a Cost of Crashes study for 2015. The study indicated that South Africa lost R143 Billion, with over R 100 billion accounting for human causality.

# Financial Statements Contents

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# Statement of Responsibility for Performance Information for the Year Ended 31 March 2017.

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

The performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the approved strategic plan (2015-2020) and annual performance plan (2016/2017) of the RTMC for the financial year ended 31 March 2017.

The audit conclusion received from the Auditor-General on the performance against predetermined objectives is included in the Auditor General Report under the predetermined objectives of the auditor's report pg. 84 to 86.

## Accounting Authority's Responsibilities and Approval

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

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

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

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

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

The members have reviewed the entity's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

Following protracted litigation between TASIMA, Department of Transport and RTMC, which resulted in various court judgments including that of the Constitutional Court which ordered TASIMA to hand over the NaTIS system to the RTMC, the RTMC finally took control of the system on 5 April 2017. The taking over of the NaTIS system will not have an impact on 2016/2017 financial statements.

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

The entity derives its revenue from government grant, transaction fees, interest from investments as well as infringement fees.

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

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

The annual financial statements set out on pages 88 to 142 which have been prepared on the going concern basis, were approved by the accounting authority on 28 July 2017 and were signed on its behalf by:



**Z. Majavu**  
Chairman of the Board  
28 July 2017

## Report of the Auditor-General to Parliament on the Road Traffic Management Corporation

### Opinion

1. I have audited the financial statements of the Road Traffic Management Corporation set out on pages 88 to 142, which comprise the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Road Traffic Management Corporation as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with generally recognised accounting practice (GRAP) and the requirements of the PFMA.

### Basis for opinion

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

### Emphasis of matter

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

### Significant subsequent events

7. With reference to note 27 to the financial statements, the following transfer of functions took effect in April 2017:

- Transfer of NaTIS from the Department of Transport and Tasima - RTMC took full control and effected the transfer of same on 5 April 2017.
- Transfer of the Boekenhoutkloof Traffic College from the Gauteng Department of Community Safety to the RTMC effective 1 April 2017.
- Transfer of the Road Transport Inspectorate from Cross Border Road Transport Agency (CBRTA).

The related financial and performance information will only be recognised in the 2017-18 financial year because RTMC only gained control over these functions as from April 2017.

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

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the Road Traffic Management Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the public entity or cease operations, or there is no realistic alternative but to do so.

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

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

### Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2017:

Programmes	Pages in annual performance report
Programme 1 – Operations	32 – 37
Programme 2 – Law Enforcement	38 – 40
Programme 3 – Traffic Intelligence and Security	40 - 41
Programme 4 – Strategic Services	41 – 44

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
  - Operations
  - Law enforcement
  - Traffic intelligence and security
  - Strategic services.

### Other matter

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

### Achievement of planned targets

18. Refer to the annual performance report on pages 30 to 45 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

### Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### Other information

20. The Road Traffic Management Corporation's accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
21. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
22. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the

selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### Internal control deficiencies

23. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

#### Other reports

24. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation

and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

25. At the date of this report an investigation was being carried out by the Public Protector. The investigation relates to allegations made to the Public Protector's office by a third party and was still in progress at the date of this report. The impact, if any, on the RTMC's financial statements can only be determined once the investigation has been concluded.

*Auditor-General*  
Pretoria  
31 July 2017



## Annexure – Auditor-General's Responsibility for the Audit

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

#### Financial statements

2. In addition to my responsibility for the audit of the financial statements, as described in the auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.

- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Road Traffic Management Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### Communication with those charged with governance

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

# Statement of Financial Position

as at 31 March 2017

	Note(s)	2017	2016
		R	Restated R
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	2	6 998 184	15 325 115
Cash and cash equivalents	3	118 023 498	435 778 998
Inventories	4	7 615 089	5 149 618
Receivables from non exchange transactions	5	209 745 152	40 357 441
		<b>342 381 923</b>	<b>496 611 172</b>
<b>Non Current Assets</b>			
Property, plant and equipment	6	57 351 859	60 691 492
Intangible assets	7	29 915 137	399 414
		<b>87 266 996</b>	<b>61 090 906</b>
Non Current Assets		87 266 996	61 090 906
Current Assets		342 381 923	496 611 172
<b>Total Assets</b>		<b>429 648 919</b>	<b>557 702 078</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	8	25 605	286 339
Payables from exchange transactions	9	39 518 688	36 438 268
Provisions	10	54 062 856	191 089 977
		<b>93 607 149</b>	<b>227 814 584</b>
<b>Non Current Liabilities</b>			
Finance lease obligation	8	-	25 605
Provisions	10	570 834	515 338
		<b>570 834</b>	<b>540 943</b>
Non Current Liabilities		570 834	540 943
Current Liabilities		93 607 149	227 814 584
<b>Total Liabilities</b>		<b>94 177 983</b>	<b>228 355 527</b>
Assets		429 648 919	557 702 078
Liabilities		(94 177 983)	(228 355 527)
<b>Net Assets</b>		<b>335 470 936</b>	<b>329 346 551</b>
<b>Accumulated surplus</b>		<b>335 470 936</b>	<b>329 346 551</b>

# Statement of Financial Performance

For the Year ended 31 March 2017

	Note(s)	2017	2016
		R	Restated R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Festive overtime provision adjustment		15 469 739	-
Gain on inventory write off		2 068	-
Sundry income		821 646	67 414
Project Income Sponsorships		1 961 731	-
Interest received	12	16 330 705	25 559 954
Gains on disposal of assets		186 849	-
<b>Total revenue from exchange transactions</b>		<b>34 772 738</b>	<b>25 627 368</b>
<b>Revenue from non exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants		193 862 000	184 104 000
Infringement fees (AARTO income)		8 823 193	10 120 010
Transaction fees		453 143 790	419 844 264
NaTIS refund		176 429 197	-
<b>Total revenue from non exchange transactions</b>		<b>832 258 180</b>	<b>614 068 274</b>
Total revenue from exchange transactions		34 772 738	25 627 368
Total revenue from non exchange transactions		832 258 180	614 068 274
<b>Total revenue</b>	<b>11</b>	<b>867 030 918</b>	<b>639 695 642</b>
<b>Expenditure</b>			
Employee related cost	13	(367 107 340)	(306 373 953)
Depreciation and Amortisation		(19 149 459)	(18 364 424)
Finance costs	14	(16 116)	(700 225)
Debt impairment	15	(31 620 503)	(68 864 693)
Repairs and maintenance		(653 130)	(423 222)
Loss on assets written off	6	-	(859 065)
Operating expenditure	16	(299 597 595)	(440 446 960)
<b>Total expenditure</b>		<b>(718 144 143)</b>	<b>(836 032 542)</b>
<b>Surplus (deficit) for the year</b>		<b>148 886 775</b>	<b>(196 336 900)</b>

# Statement of Changes in Net Assets

for the year ended 31 March 2017

	Accumulated surplus R	Total net assets R
Opening balance as previously reported	558 402 121	558 402 121
Prior year adjustments (refer to note 23)	3 150 630	3 150 630
<b>Balance at 01 April 2015 as restated</b>	<b>561 552 751</b>	<b>561 552 751</b>
Distribution of accumulated surplus funds to provinces as restated (refer to note 23)	(35 869 300)	(35 869 300)
Net income (losses) recognised directly in net assets	(35 869 300)	(35 869 300)
Deficit for the year as restated (refer to note 23)	(196 336 900)	(196 336 900)
Total recognised income and expenses for the year	(232 206 200)	(232 206 200)
Total changes	(232 206 200)	(232 206 200)
<b>Balance at 01 April 2016 as restated</b>	<b>329 346 551</b>	<b>329 346 551</b>
Distribution of accumulated surplus funds to provinces	(142 762 390)	(142 762 390)
Net income (losses) recognised directly in net assets	(142 762 390)	(142 762 390)
Surplus for the year	148 886 775	148 886 775
Total recognised income and expenses for the year	6 124 385	6 124 385
Total changes	6 124 385	6 124 385
<b>Balance at 31 March 2017</b>	<b>335 470 936</b>	<b>335 470 936</b>

# Cash Flow Statement

for the year ended 31 March 2017

	Note(s)	2017 R	2016 Restated R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers		2 293 530	4 335 355
Grants		193 862 000	184 104 000
Interest income		16 401 809	25 465 593
Transaction fees		435 241 257	411 525 675
Other income		7 386 256	91 698
		<b>655 184 852</b>	<b>625 522 321</b>
<b>Payments</b>			
Employee costs		(350 425 103)	(280 363 764)
Suppliers		(446 848 721)	(284 667 676)
Finance costs		-	(639 126)
Distribution of accumulated surplus		(133 291 925)	(70 905 300)
		(930 565 749)	(636 575 866)
Total receipts		655 184 852	625 522 321
Total payments		(930 565 749)	(636 575 866)
<b>Net cash flows from operating activities</b>	<b>18</b>	<b>(275 380 897)</b>	<b>(11 053 545)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(13 423 188)	(6 809 303)
Proceeds from sale of property, plant and equipment	6	54 930	-
Purchase of other intangible assets	7	(28 703 890)	(134 522)
Property, plant and equipment obtained by means of finance lease		-	368 712
<b>Net cash flows from investing activities</b>		<b>(42 072 148)</b>	<b>(6 575 113)</b>
<b>Cash flows from financing activities</b>			
Payments made Finance lease liabilities		(302 455)	(1 037 765)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(317 755 500)</b>	<b>(18 666 423)</b>
Cash and cash equivalents at the beginning of the year		435 778 998	454 445 421
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b>118 023 498</b>	<b>435 778 998</b>

# Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2017

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
<b>Statement of Financial Performance</b>						
<b>Revenue from exchange transactions</b>						
Festive overtime provision adjustment	-	-	-	15 469 739	<b>15 469 739</b>	29a
Sundry income	-	-	-	2 972 294	<b>2 972 294</b>	29b
Interest received	25 607 712	-	<b>25 607 712</b>	16 330 705	<b>(9 277 007)</b>	29c
<b>Total revenue from exchange transactions</b>	<b>25 607 712</b>	-	<b>25 607 712</b>	<b>34 772 738</b>	<b>9 165 026</b>	-
<b>Revenue from non exchange transactions</b>						
Infringement fees (AARTO income)	10 274 880	-	<b>10 274 880</b>	8 823 193	<b>(1 451 687)</b>	29d
NaTIS refund	-	-	-	176 429 197	<b>176 429 197</b>	-
Government grants	193 862 000	-	<b>193 862 000</b>	193 862 000	-	-
Transaction fees	471 313 408	-	<b>471 313 408</b>	453 143 790	<b>(18 169 618)</b>	-
<b>Total revenue from non exchange transactions</b>	<b>675 450 288</b>	-	<b>675 450 288</b>	<b>832 258 180</b>	<b>156 807 892</b>	-
<b>Total revenue</b>	<b>701 058 000</b>	-	<b>701 058 000</b>	<b>867 030 918</b>	<b>165 972 918</b>	-
<b>Total expenditure</b>	<b>(701 058 000)</b>	-	<b>(701 058 000)</b>	<b>(718 144 143)</b>	<b>(17 086 143)</b>	-
Employee cost	(182 438 020)	(143 284 949)	<b>(325 722 969)</b>	(367 107 340)	<b>(41 384 371)</b>	29e
Depreciation and amortisation	(18 792 220)	-	<b>(18 792 220)</b>	(19 149 459)	<b>(357 239)</b>	-
Finance cost	(139 030)	-	<b>(139 030)</b>	(16 116)	<b>122 914</b>	29f
Repairs and maintenance	(54 010 868)	51 092 959	<b>(2 917 909)</b>	(653 130)	<b>2 264 779</b>	29g
Operating expenditure	(377 486 180)	58 191 990	<b>(319 294 190)</b>	(331 218 098)	<b>(11 923 908)</b>	-
Capital expenditure	(68 191 682)	34 000 000	<b>(34 191 682)</b>	-	<b>34 191 682</b>	-
<b>Total expenditure</b>	<b>(701 058 000)</b>	-	<b>(701 058 000)</b>	<b>(718 144 143)</b>	<b>(17 086 143)</b>	-
<b>Total revenue</b>	701 058 000	-	<b>701 058 000</b>	867 030 918	<b>165 972 918</b>	-
<b>Total expenditure</b>	(701 058 000)	-	<b>(701 058 000)</b>	(718 144 143)	<b>(17 086 143)</b>	-
<b>Surplus for the year</b>	-	-	-	148 886 775	<b>148 886 775</b>	-
<b>Profit (loss) for the year</b>	-	-	-	148 886 775	<b>148 886 775</b>	-

## Accounting Policies

### 1. Presentation of Annual Financial Statements

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

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

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

#### 1.1 Comparative figures

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

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

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

### 1.2 Property, plant and equipment

Property, plant and equipment are tangible non current assets that are held for use in the supply of goods and services or for administrative purposes, and are expected to be 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 directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transaction. However when property, plant and equipment are acquired through non exchange transactions, those items are initially measured at their fair value 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. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimates.

The assets' residual values, useful lives and depreciation methods are reassessed only when there is an indication of change. Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Vehicles utilised for training purposes are depreciated over a period of 11 years and buses over a period of 10 years. Certain computer equipment is depreciated over a period of 5 years.

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

Item	Average useful life
Furniture and fixtures	5 - 7 years
Motor vehicles	5 - 11 years
Office equipment	4 - 6 years
Computer equipment	3 - 5 years
Communication devices	2 years
Firearms	10 years

Assets purchased under the finance leases are depreciated over the shorter of the assets useful life and lease term.

### 1.3 Intangible assets

An asset is identified as an intangible asset when it:

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

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

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

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets. Amortisation is provided to write down the intangible assets over their estimated useful life on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	4 - 6 years

Intangible assets are derecognised:

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

### 1.4 Financial instruments

#### Initial recognition

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

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

#### Initial measurement of financial assets and financial liabilities

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

#### Subsequent measurement of financial assets and financial liabilities

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

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

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

#### Reclassification

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

- Combined instrument that is required to be measured at fair value; or

- An investment in a residual interest that meets the requirements for reclassification.

#### Gains and losses

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

#### Offsetting

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

#### Impairment and uncollectibility of financial assets

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

#### Financial assets measured at amortised cost:

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

The carrying amount of the assets is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account.

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



Financial assets measured at cost:

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

#### Policies relating to specific financial instruments

##### Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

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

#### Policies relating to specific financial instruments

##### Trade and other receivables

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

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

##### Trade and other payables

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

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value.

If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability,

or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

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

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

##### Financial liabilities

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

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by

way of a non exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non exchange Transactions (Taxes and Transfers).

#### Presentation

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

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

### 1.5 Employee benefits

#### Short term employee benefits

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

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

#### Defined contribution plans

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

### 1.6 Leases

Leases are classified as finance lease where substantially all the risks and rewards incidental to ownership of an asset are transferred to the entity through the lease agreement. Assets subject to operating leases, i.e. those leases

where substantially all the risks and rewards incidental to ownership are not transferred to the lessee through the lease. Assets classified as finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

#### Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

#### Operating leases - lessee

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

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

### 1.7 Revenue from exchange transactions

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

An exchange transaction is one in which the corporation receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

#### Measurement

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

#### Interest, royalties and dividends

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

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

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

### 1.8 Revenue from non exchange transactions

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

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

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

#### Measurement

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

#### 1.8.1. Infringement fees

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

#### Initial recognition

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

#### Subsequent recognition

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

#### 1.8.2. Government grants

Government grants are recognised as revenue when:

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

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

#### 1.8.3. Transaction fees

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

#### 1.9 Borrowing costs

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

#### 1.10 Transfer of functions between entities

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

#### 1.11 Irregular expenditure

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

#### 1.12 Fruitless and wasteful expenditure

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

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

### 1.13 Budget information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar. General purpose of financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2016/04/01 to 2017/03/31. The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.14 Related parties

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

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period. Where transactions occurred between the entity and any one or more related parties, and those transactions were not within:

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

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

### 1.15 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;

- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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

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

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

### 1.16 Significant judgements and estimates

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

#### Judgements

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

#### Estimates

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

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

#### Other provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

#### Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, and expected future use and the entity's expectations about the For the year ended 31 March 2017 availability of finance to replace the asset at the end of its useful life.

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

#### Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the

utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

#### Impairment testing

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value in 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 10 Provisions.

#### Taxation

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

Annual returns of income together with supporting documentation, such as financial statements must be submitted to the Tax Exemption Unit. The institution

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

### 1.17 Inventories

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity. When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write down of inventories to net replacement value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net replacement value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Subsequently inventories are measured at the lower of cost and net replacement value.

In the prior year the accounting policy referred to net realisable value. However, in line with GRAP 12.18 inventories shall be measured at the lower of cost and current replacement cost where they are held for distribution at no cost. The accounting policy was thus adjusted to be in line with GRAP.

### 1.18 Impairment of non cash generating assets

Cash generating assets are those assets held by the entity with the primary objective of generating a commercial

return. When an asset is deployed in a manner consistent with that adopted by a profit orientated entity, it generates a commercial return.

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

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

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

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

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

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

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

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

Useful life is either:

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

#### Identification

When the carrying amount of a non cash generating asset exceeds its recoverable service amount, it is impaired. The Corporation assesses at each reporting date whether there

is any indication that a non cash generating asset may be impaired. If any such indication exists, the Corporation estimates the recoverable service amount of the asset.

#### Value in use

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

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

#### Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the Corporation would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Reversal of an impairment loss

The Corporation assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non cash generating asset may no longer exist or may have decreased. If any such indication exists, the Corporation estimates the recoverable service amount of that asset. An impairment loss recognised in prior periods for a non cash generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss for a non cash generating asset is recognised immediately in surplus or deficit.

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

### 1.19 New standards and interpretations

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

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2017 or later periods:

Standard/ Interpretation:	Effective date : Years beginning on or after	Expected impact:
GRAP 20 : Related Party Disclosures	Not yet determined	Unlikely to have a material impact
GRAP 32 : Standard of GRAP on Service Concession Arrangements: Grantor	Not yet determined	Unlikely to have a material impact
GRAP 108 : Statutory Receivables	Not yet determined	Unlikely to have a material impact
GRAP 109: Accounting by Principles and Agents	Not yet determined	Unlikely to have a material impact
IGRAP17: Interpretation of the standard of GRAP of Service Concession. Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	Not yet determined	Unlikely to have a material impact

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

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 2. Receivables from exchange transactions

	2017 R	2016 Restated R
Deposits	1 413 911	1 307 973
Staff advances	481 217	664 799
Staff debtors	202 234	178 624
Receivables Other	989 688	4 410 624
Upskilling overpayment	311 947	573 485
Prepayments	3 739 394	8 442 484
	<b>7 138 391</b>	<b>15 577 989</b>

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

Opening balance	(252 874)	(875 615)
Unused amounts reversed	112 667	622 741
	<b>(140 207)</b>	<b>(252 874)</b>

#### Receivables from exchange transactions after impairment

Deposits	1 413 911	1 307 973
Staff advances	481 217	664 799
Staff debtors	62 027	141 458
Receivables Other	989 688	4 194 916
Upskilling overpayment	311 947	573 485
Prepayments	3 739 394	8 442 484
	<b>6 998 184</b>	<b>15 325 115</b>

## 3. Cash and cash equivalents consist of:

Cash on hand	38	1 017
Bank balances	13 518 829	33 981 317
Reserve bank call account	104 504 631	401 796 664
	<b>118 023 498</b>	<b>435 778 998</b>

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 4. Inventories

	2017	2016
	R	Restated R
Ammunition	174 265	171 243
Branding and promotional items	1 665 973	585 636
Consumable stores	1 352 179	1 094 868
Uniform Stock	368 218	354 208
Roadblock essentials	655 994	644 658
Road safety educational materials	2 633 175	1 019 229
Traffic training material	765 285	1 279 776
<b>Total</b>	<b>7 615 089</b>	<b>5 149 618</b>

### Inventory pledged as security

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

## 5. Receivables from non exchange transactions

AARTO Infringements	36 644 873	30 115 210
NaTIS Transaction Fees	88 021 814	105 792 906
Department of Transport debt	176 925 128	242 011
<b>Total</b>	<b>301 591 815</b>	<b>136 150 127</b>

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

Opening balance	(95 792 686)	(42 268 097)
Provision for impairment	(31 716 393)	(68 973 443)
Amounts written off as uncollectible (transaction fees)	35 662 416	15 448 854
<b>Total</b>	<b>(91 846 663)</b>	<b>(95 792 686)</b>

### Receivables from non exchange transactions after impairment

AARTO Infringements	158 169	13 992
NaTIS Transaction Fees	32 903 866	40 343 449
Department of Transport debt	176 683 117	-
<b>Total</b>	<b>209 745 152</b>	<b>40 357 441</b>

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 6. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Fire arms	1 980 932	(1 031 013)	949 919	1 787 189	(839 130)	948 059
Furniture and fittings	4 348 430	(2 918 733)	1 429 697	4 338 233	(2 515 053)	1 823 180
Motor vehicles	75 701 913	(35 265 009)	40 436 904	72 825 389	(22 005 512)	50 819 877
Office equipment	2 571 689	(1 025 807)	1 545 882	1 864 687	(699 368)	1 165 319
Computer equipment	18 589 503	(8 898 638)	9 690 865	12 720 081	(7 855 009)	4 865 072
Leasehold improvements	2 987 219	(2 965 457)	21 762	2 960 498	(2 960 497)	1
Communication devices	870 666	(209 685)	660 981	98 132	(65 614)	32 518
Finance lease equipment	2 965 139	(2 935 019)	30 120	2 994 377	(2 684 970)	309 407
Work in progress - Parkhomes	2 585 729	-	2 585 729	728 059	-	728 059
<b>Total</b>	<b>112 601 220</b>	<b>(55 249 361)</b>	<b>57 351 859</b>	<b>100 316 645</b>	<b>(39 625 153)</b>	<b>60 691 492</b>

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

	Opening balance	Additions	Disposals	Depreciation	Total
Fire arms	948 059	193 743	-	(191 883)	949 919
Furniture and fittings	1 823 180	26 677	(3 336)	(416 824)	1 429 697
Motor vehicles	50 819 877	4 649 555	(703 923)	(14 328 605)	40 436 904
Office equipment	1 165 319	726 880	(6 049)	(340 268)	1 545 882
Computer equipment	4 865 072	6 821 654	(66 211)	(1 929 650)	9 690 865
Leasehold improvements	1	26 721	-	(4 960)	21 762
Communication devices	32 518	772 534	-	(144 071)	660 981
Finance lease equipment	309 407	-	(2 313)	(276 974)	30 120
Work in progress - Parkhomes	728 059	1 857 670	-	-	2 585 729
<b>Total</b>	<b>60 691 492</b>	<b>15 075 434</b>	<b>(781 832)</b>	<b>(17 633 235)</b>	<b>57 351 859</b>

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 6. Property, plant and equipment (continued)

### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Fire arms	1 127 267	-	-	(179 208)	948 059
Furniture and fittings	2 112 337	164 984	(11 256)	(442 885)	1 823 180
Motor vehicles	62 081 465	3 756 093	(763 192)	(14 254 489)	50 819 877
Office equipment	838 765	558 012	-	(231 458)	1 165 319
Computer equipment	5 542 846	1 216 801	(80 494)	(1 814 081)	4 865 072
Leasehold improvements	99 203	-	-	(99 202)	1
Communication devices	63 025	16 642	-	(47 149)	32 518
Finance lease equipment	873 754	368 712	(4 125)	(928 934)	309 407
Work in progress - Parkhomes	-	728 059	-	-	728 059
	<b>72 738 662</b>	<b>6 809 303</b>	<b>(859 067)</b>	<b>(17 997 406)</b>	<b>60 691 492</b>

Parkhomes are still under Work in Progress stage, as a result, no depreciation. Material is currently stored on site.

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

	2017	2016
		Restated
	R	R
Finance lease equipment	30 120	309 407

### Finance lease equipment

Finance lease equipment consists of Push To Talk (PTT's), phones and ipad's.

Cellphones, PTT's and Ipads are leased from MTN on a 2 year contract basis.

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

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 7. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	13 947 259	(3 743 231)	10 204 028	2 626 421	(2 227 007)	399 414
Intangible assets under development	19 711 109	-	19 711 109	-	-	-
<b>Total</b>	<b>33 658 368</b>	<b>(3 743 231)</b>	<b>29 915 137</b>	<b>2 626 421</b>	<b>(2 227 007)</b>	<b>399 414</b>

### Reconciliation of intangible assets 2017

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

### Reconciliation of intangible assets 2016

	Opening balance	Additions	Amortisation	Total
Computer software	631 907	134 522	(367 015)	399 414

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 8. Finance lease obligation

	2017	2016
	R	Restated R
<b>Minimum lease payments due</b>		
- within one year	25 992	302 455
- in second to fifth year inclusive	-	25 992
	25 992	328 447
less: future finance charges	(387)	(16 503)
<b>Present value of minimum lease payments</b>	<b>25 605</b>	<b>311 944</b>
<b>Present value of minimum lease payments due</b>		
- within one year	25 605	286 339
- in second to fifth year inclusive	-	25 605
	25 605	311 944
Non current liabilities	-	25 605
Current liabilities	25 605	286 339
	25 605	311 944

Interest rates are fixed at the contract date. All leases have fixed payment terms. The phones and ipads bear interest at 9.38% 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 6.

## 9. Payables from exchange transactions

Trade payables	17 057 049	24 123 051
Accrued employee costs	8 095 850	7 708 673
Accrued expenses	14 360 914	4 601 669
Other creditors	4 875	4 875
	<b>39 518 688</b>	<b>36 438 268</b>

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 10. Provisions

### Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Adjustments	Total
Provision for festive overtime provinces	23 433 407	14 421 558	(7 963 668)	(15 469 739)	14 421 558
Provision for NaTIS expenditure	137 426 219	-	(137 426 219)	-	-
Provision for crash investigations	2 152 000	2 268 000	(2 950 000)	(1 470 000)	-
Performance bonus	18 013 805	26 341 723	(18 013 805)	-	26 341 723
Provision for leave	8 502 079	11 737 108	(8 502 079)	-	11 737 108
Provisions for travel costs	1 562 467	-	-	-	1 562 467
Provision for capped leave (non current)	515 338	-	-	55 496	570 834
	<b>191 605 315</b>	<b>54 768 389</b>	<b>(174 855 771)</b>	<b>(16 884 243)</b>	<b>54 633 690</b>

### Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Provision for festive overtime provinces	-	23 433 407	-	23 433 407
Provision for NaTIS expenditure	-	137 426 219	-	137 426 219
Provision for crash investigations	-	2 152 000	-	2 152 000
Performance bonus	2 421 870	18 013 805	(2 421 870)	18 013 805
Provision for leave	5 344 914	8 502 079	(5 344 914)	8 502 079
Provisions for travel costs	1 562 467	-	-	1 562 467
Provision for capped leave (non current)	1 199 986	-	(684 648)	515 338
	<b>10 529 237</b>	<b>189 527 510</b>	<b>(8 451 432)</b>	<b>191 605 315</b>
Non current liabilities			570 834	515 338
Current liabilities			54 062 856	191 089 977
			<b>54 633 690</b>	<b>191 605 315</b>



# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 10. Provisions (continued)

### Festive Overtime

To ensure the effective implementation of the 365 days 24/7 law enforcement across the country, the RTMC agreed to pay the Festive overtime of the Provinces. Claims are to be submitted to the RTMC with support of the operations and hours worked. RTMC is in the process of obtaining the required documentation to verify the claims. A provision was thus made for the amounts claimed by the Provinces, but is subject to verification.

### Provision for Performance bonuses

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

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

### Provision for Leave

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

### Provision for Travel Costs

RTMC is disputing a number of invoices on the travel account and is yet to reach consensus with the travel agent. In following a conservative approach management deemed it prudent to provide for the amount in question.

### Provision for Capped Leave

Capped leave is only forfeited upon resignation and was thus provided for.

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 11. Revenue

	2017	2016
	R	Restated R
<b>Infringement fees</b>	8 823 193	10 120 010
Government grants	193 862 000	184 104 000
Interest received	16 330 705	25 559 954
Project Income Sponsorships	1 961 731	-
Gain on inventory write off	2 068	-
NaTIS refund	176 429 197	-
Gains on disposal of assets	186 849	-
Festive overtime provision adjustment	15 469 739	-
Sundry income	821 646	67 414
Transaction fees	453 143 790	419 844 264
	<b>867 030 918</b>	<b>639 695 642</b>

### The following included in revenue arising from exchanges of goods or services are as follows:

Interest received	16 330 705	25 559 954
Project Income Sponsorships	1 961 731	-
Gain on inventory write off	2 068	-
Gains on disposal of assets	186 849	-
Festive overtime provision adjustment	15 469 739	-
Sundry income	821 646	67 414
	<b>34 772 738</b>	<b>25 627 368</b>

The festive overtime provision adjustment of R15 469 739, constitutes the reversal of the balance of the provision after the payout of R7 963 668. The provision raised for the current year is R14 421 558 which indicates a favourable net movement of R1 048 181.

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

<b>Transfer revenue</b>		
Government grants	193 862 000	184 104 000
Infringement fees	8 823 193	10 120 010
Transaction fees	453 143 790	419 844 264
NaTIS refund	176 429 197	-
	<b>832 258 180</b>	<b>614 068 274</b>

R176 429 197 was paid in line with the Tasima court case, however, the shareholders resolved that this amount should be recovered from the Department of Transport.

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 12. Finance income

	2017	2016
	R	Restated R
<b>Interest revenue</b>		
Bank	16 330 705	25 559 954

## 13. Employee related costs

Basic salaries	218 376 128	179 774 922
Bonus provision	30 182 875	23 958 236
UIF	1 052 600	1 005 293
SDL	3 039 076	2 437 956
Leave gratuity	541 109	520 070
Post employment benefits – Pension – Defined contribution plan (employee contributions)	20 434 340	15 176 524
Travel, motor car, accommodation, subsistence and other allowances	7 964 506	6 869 413
Overtime payments	7 056 857	9 680 289
Long service awards	165 000	-
Acting allowances	239 147	411 900
Car allowance	4 668 623	4 325 706
Housing benefits and allowances	27 510 621	27 236 190
Non Pensionable Allowances	34 550 979	23 046 621
Service Bonus	11 325 479	9 121 307
Settlement for labour disputes	-	2 809 526
	<b>367 107 340</b>	<b>306 373 953</b>
Staff complement	609	664

## 14. Finance costs

Trade and other payables	-	639 126
Finance leases	16 116	61 099
	<b>16 116</b>	<b>700 225</b>

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 15. Debt impairment

	2017	2016
	R	Restated R
Contributions to debt impairment provision	31 603 727	68 350 701
Debts written off	16 776	513 992
	<b>31 620 503</b>	<b>68 864 693</b>

## 16. Operating expenditure

Advertising and awareness campaigns (a)	75 311 437	51 271 517
Minor assets	220 623	229 074
Auditors remuneration	5 453 296	4 407 677
Bank charges	152 463	162 769
Cleaning	915 661	836 079
Corporate social responsibility (b)	4 066 310	1 762 933
Consumables	818 167	352 271
Computer expenses	11 946 797	10 421 752
Consulting and Professional fees (c)	7 260 813	16 911 476
Electricity	4 719 947	4 013 875
Employee Wellness Programme	915 031	141 018
Catering	3 343 055	3 065 148
Fuel and oil	6 413 232	6 530 117
General Expenses	-	12 119
Insurance	6 985 157	4 363 594
Labour Relations (d)	16 044 908	9 138 994
Lease rentals on operating lease	23 985 159	20 316 448
Legal fees	10 466 707	14 099 333
License fees	1 322	2 448
Motor vehicle expenses (e)	4 285 433	2 618 173
Postage and courier	900 487	429 996
Printing and stationery	4 241 448	5 568 981
Projects – Annual Performance Plan (f)	40 325 178	66 788 464
Recruitment Cost	2 612 945	3 630 329
NaTIS expenditure	-	137 426 219
SAPO Truebill	-	11 231 611
Security	1 236 049	1 004 624
Staff welfare	65 114	308 948

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 16. Operating expenditure (continued)

	2017	2016
	R	Restated R
Subscriptions and membership fees	89 996	33 026
Telephone and fax (g)	9 250 423	28 008 248
Training	2 016 554	1 751 821
Travel - local (h)	38 200 999	25 613 724
Uniforms	1 924 666	1 360 854
Venue expenses (i)	15 428 218	6 633 300
	<b>299 597 595</b>	<b>440 446 960</b>

### a) Advertising and awareness campaigns

During the year under review the Corporation embarked on a vigorous drive to promote road safety in the country. High end expenditure items included the introduction of production storylines in well known television series as well as the production of television drama called INGOZI focusing on road safety.

### b) Corporate social responsibility

The number of CSR projects during the year review increased significantly, projects for the year included the distribution of grocery packs, blankets to disaster stricken areas and school uniforms.

### c) Consulting and professional fees

Various services were sought from different service providers to assist with nursing services, office space accommodation and Harmonisation of the Law Enforcement project.

### d) Labour relations

An increase in the number of disciplinary hearings as well as the duration of such cases had an increasing impact on the labour relations related costs. In an effort to curb these costs the Corporation will train officials on labour related matters.

### e) Motor vehicle expenses

During the year under review law enforcement events increased significantly which lead to vehicles being used extensively.

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 16. Operating expenditure (continued)

### f) Projects - Annual Performance Plan

Amongst others, the following significant projects were undertaken:

- Coordinated Traffic Training R9 536 302
- Participatory Education Techniques (PET) R2 752 874
- Festive Season R14 421 558
- Accident investigation R2 268 000
- Road Safety Education R9 931 135

### g) Telephone and fax

At the end of 2016 financial year the Corporation incurred cost in line with the court case.

### h) Travel-local

The vigorous drive to promote road safety in the country lead to an increase in the number of events throughout South Africa which lead to teams of officials travelling to the most rural areas.

### i) Venues and facilities

The year under review saw the Corporation embarking on reaching the most rural of areas which in return yielded projects like the Stray Animals Projects, Youth & Taxi workshops, during which conferences/workshops took place educating these stakeholders on issues of road safety. During the 2016/2017 financial year the Corporation also held its first annual National Road Safety Summit and Law Enforcement Indaba which contributed significantly to the cost incurred for venue hire.

## 17. Distribution of accumulated surplus funds to provinces

During the 2014/2015 financial year the RTMC Shareholders Committee resolved that funds will be distributed to provinces from accumulated surpluses. Subsequent to the resolution taken and receiving the required business plans, the RTMC transferred funds amounting to R31 600 000 in 2015/2016 to the respective provinces based on the business cases presented by them for the below mentioned respective programmes.

During the 2015/2016 financial year the RTMC Shareholders Committee resolved that the RTMC funds the purchase of weighbridges for provinces from accumulated surpluses.

During the 2016/2017 financial year the RTMC Shareholders Committee resolved that the RTMC:

- Contributes an amount not exceeding R400 000 per province for expenditure incurred on National Traffic law Enforcement Indaba;
- Purchase of law enforcement vehicles, moving violations for Limpopo, Gauteng and Mpumalanga; and
- Purchase additional mobile weighbridges for North West Province from accumulated surpluses
- Distributes funds to provinces for Road Safety Programmes amounting to R39 000 000.

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 17. Distribution of accumulated surplus funds to provinces (continued)

### 1) Road safety related programmes

Province	2017	2016
	R Amount distributed	R Amount distributed
Eastern Cape	6 000 000	-
Gauteng	9 000 000	-
Limpopo	-	6 600 000
Mpumalanga	6 000 000	-
Northern Cape	6 000 000	-
North West	6 000 000	-
Western Cape	6 000 000	-
	<b>39 000 000</b>	<b>6 600 000</b>

### 2) Law enforcement and road safety improvement

Gauteng	-	25 000 000
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### 3) Mobile Weighbridges

Free State	8 538 600	-
Gauteng	8 538 600	-
Mpumalanga	8 538 600	-
North West	19 211 850	-
Western Cape	8 538 600	-
Eastern Cape	8 538 600	-
Northern Cape	8 538 600	-
KwaZulu Natal	8 538 600	-
Limpopo	4 269 300	4 269 300
	<b>83 251 350</b>	<b>4 269 300</b>

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 17. Distribution of accumulated surplus funds to provinces (continued)

Province	2017	2016
	R Amount distributed	R Amount distributed

### 4) Law Enforcement Vehicles

Gauteng	3 356 285	-
Limpopo	3 356 285	-
Mpumalanga	11 084 623	-
	<b>17 797 193</b>	<b>-</b>

### 5) National Traffic Law Enforcement Indaba

Eastern Cape	384 615	-
Free State	347 692	-
Gauteng	400 000	-
KwaZulu Natal	400 000	-
Limpopo	255 385	-
Mpumalanga	326 154	-
Northern Cape	252 308	-
North West	280 000	-
Western Cape	67 692	-
	<b>2 713 846</b>	<b>-</b>

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 18. Cash used in operations

	2017 R Amount distributed	2016 R Amount distributed
Surplus (deficit)	148 886 775	(196 336 900)
<b>Adjustments for:</b>		
Depreciation and amortisation	19 149 459	18 364 424
Loss on disposal of assets	(186 849)	859 065
Finance costs - Finance leases	16 116	61 099
Debt impairment	31 620 503	68 864 693
Movements in provisions	(136 971 625)	178 541 269
Distribution of accumulated funds to provinces	(142 762 390)	(35 869 300)
Prior year error adjustment	-	3 425 449
<b>Changes in working capital:</b>		
Inventories	(2 465 471)	(5 149 618)
Receivables from exchange transactions	8 326 931	(6 319 894)
Other receivables from non exchange transactions	(169 387 711)	54 870 198
Reversal of debt impairment	(31 620 503)	(68 864 693)
Payables from exchange transactions	13 868	(23 499 337)
	<b>(275 380 897)</b>	<b>(11 053 545)</b>

## 19. Operating leases

### Operational leases - as lessee (expense)

#### Minimum lease payments due

- within one year	-	14 786 191
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The Office building is leased from M & T Developments situated in Faerie Glen. The lease of the building commenced on 01 April 2016 and expired 31 March 2017. Monthly rental for the building was R1 278 537. The monthly lease payments for the building escalates with 9% per annum effective 1 January.

#### Minimum lease payments due

- within one year	2 237 673	8 765 929
- in second to fifth year inclusive	-	2 237 673
	<b>2 237 673</b>	<b>11 003 602</b>

The Waterfall Park office building, situated in Midrand, is leased from JHI properties. The lease of the building commenced on 01 July 2015 and will expire on 30 June 2017. The monthly lease payment for the building escalates with 9% per annum and takes place on 01 July. Monthly rental for the building is R739 873.

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 20. Contingent assets and liabilities

### Contingent liabilities:

#### Waymark Infotech (Pty) Ltd

- Waymark Infotech (Pty) Ltd, herein after referred to as Waymark, was appointed to develop and install an Enterprise Resource Planning System (ERP) at the RTMC. Waymark instituted legal action against the RTMC in 2010 for the outstanding contract price, in the amount of R 6 774 750. The RTMC successfully defended the matter as the Court ordered absolution of the instance as Waymark failed to prove their case.
- Waymark again instituted legal action against the RTMC for the same amount, R 6 774 750, and the RTMC instructed Adams & Adams to assist in defending the matter. The RTMC filed a special plea, based upon the prescription of Waymark's claim. The RTMC's application to separate the RTMC's claim for prescription was successful.
- On 12 December 2016, Judge Ranchod's upheld the RTMC's defence, and counterclaim for declaratory relief, in respect of the Section 66 PFMA point. The consequence of this judgment is the dismissal of the Plaintiff's claim, with costs awarded in the RTMC's favour, including the costs occasioned by the employment of senior counsel.
- On 05 January 2017, Waymark's attorneys served a Notice of Application for Leave to Appeal. Waymark's application for leave to appeal was argued at court on 28 March 2017 and the leave to appeal was granted, to the Supreme Court of Appeal.
- However deemed unlikely, legal's estimate of the financial exposure in the said matter is R 6 774 750 plus legal costs in the event that Waymark is successful in the matter.

#### Culverwell vs RTMC and M.S. Xulu

- Legal action was instituted against the RTMC and Mr M.S. Xulu, by Mr A.M. Culverwell. Mr Culverwell alleged, amongst others, that Mr Xulu whilst acting within the course and scope of his employment of the RTMC, bashed on Mr Culverwell's window, compelled him to remove his number plate, shouted at Mr Culverwell and issued an infringement notice on him. Based on these allegations Mr Culverwell alleged that Mr Xulu unlawfully, intimidated, humiliated, insulted and embarrassed Mr Culverwell, and that he feared for his wife's safety.
- The RTMC referred the matter to the RTMC's insurers and they appointed Mr P Viljoen of Savage Jooste & Adams Inc to act on their behalf. Pleadings are closed and the matter enrolled for 21 April 2015 but the notice withdrew. Plaintiff to re enrol the matter or abandon the claim.
- However deemed unlikely, the financial exposure in the said matter is R 50 000 in the event that Mr Culverwell is successful in the matter.

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 21. Related parties

	2017	2016
	R	Restated
<b>The following payments were paid to related parties:</b>		
<b>Related party transactions</b>		
<b>24/7 Festive Overtime</b>		
Actual paid	-	7 963 668
Current year provision	14 421 558	-
<b>National Road Safety Debate</b>		
Mpumalanga Department of Community Safety Security & Liaison	-	229 327
<b>National Traffic Law Enforcement Indaba</b>		
Eastern Cape Provincial Government Transport	384 615	-
Free State Provincial Government: Police Roads & Transport	347 692	-
Gauteng Provincial Government CPG Community Safety PMG	400 000	-
KZN Provincial Government	400 000	-
Limpopo Provincial Government Transport	255 385	-
Mpumalanga Department of Community Safety Security & Liaison	326 154	-
Northern Cape Department of Transport & Liaison	252 308	-
North West Department of Public Safety & Liaison	280 000	-
Western Cape Department of Transport	67 692	-
<b>Corporate Social Responsibility</b>		
Mpumalanga Department of Community Safety Security & Liaison	514 200	-
<b>Key management</b>		
Salaries and other short term employee benefits	23 119 721	18 786 535
Travel foreign advance receivable	Foreign advance	Closing Balance
Adv. M Msibi (CEO)	<b>23 402</b>	<b>23 402</b>

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

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 21. Related parties (continued)

	2017	2016
	R	Restated
<b>Distribution of accumulated surplus funds to provinces:</b>		
<b>1) Road Safety Related Programmes</b>		
Eastern Cape Provincial Government Transport	6 000 000	-
Gauteng Provincial Government: Department of Community Safety PMG	9 000 000	-
Limpopo Provincial Government: Department of Roads and Transport	-	6 600 000
Mpumalanga Department of Community Safety Security & Liaison	6 000 000	-
Northern Cape Department of Transport and Liaison	6 000 000	-
North West Department of Public Safety & Liaison	6 000 000	-
Western Cape Department of Transport	6 000 000	-
The R9 million due to Gauteng Provincial Government for road safety related programmes was accrued for.		
<b>2) Law enforcement and road safety improvement</b>		
Gauteng Provincial Government: Department of Community Safety PMG	-	25 000 000
<b>3) Mobile Weighbridges</b>		
Free State Province	8 538 600	-
North West Province	19 211 850	-
Gauteng Province	8 538 600	-
Western Cape Province	8 538 600	-
Eastern Cape Province	8 538 600	-
Mpumalanga Province	8 538 600	-
Northern Cape Province	8 538 600	-
KwaZulu Natal Province	8 538 600	-
Limpopo Province	4 269 300	4 269 300

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 21. Related parties (continued)

	2017	2016
	R	Restated

### 4) Law Enforcement Vehicles

Gauteng Province	3 356 285	-
Limpopo Province	3 356 285	-
Mpumalanga Province	11 084 623	-

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

### Executive Management

2017	Remuneration	Other benefits	Performance bonus	Total
N.J. Jolingana	1 081 200	815 151	86 912	1 983 263
D.D. Wechoemang	1 081 200	771 800	136 000	1 989 000
M. Razwinani	949 548	703 591	149 300	1 802 439
Adv. M Msibi (CEO)	2 781 000	2 124 000	2 925 000	7 830 000
G.P. Martins	1 303 800	931 460	164 000	2 399 260
L. Moolman	1 049 400	755 366	165 000	1 969 766
B. Mathibe	723 610	516 539	85 331	1 325 480
R. Mongale	1 017 600	749 389	161 840	1 928 829
K.K. Kgosiemang (Appointed 01 May 2015)	1 011 373	733 851	146 460	1 891 684
	10 998 731	8 101 147	4 019 843	23 119 721

Travel foreign advance foreign advance Closing balance

Adv. M Msibi (CEO)	23 402	23 402
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# Notes to the Annual Financial Statements

for the year ended 31 March 2017

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

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

2016	Remuneration	Other benefits	Performance bonus	Total
N.J. Jolingana	1 020 000	626 549	-	1 646 549
D.D. Wechoemang	1 020 000	683 777	-	1 703 777
M. Razwinani	895 800	600 092	34 619	1 530 511
Adv. M Msibi (CEO)	2 700 000	1 800 000	1 450 000	5 950 000
G.P. Martins	1 230 000	760 208	-	1 990 208
L. Moolman	990 000	663 700	40 686	1 694 386
B. Mathibe	682 651	464 643	-	1 147 294
R. Mongale	960 000	664 288	29 013	1 653 301
K.K. Kgosiemang	878 760	591 749	-	1 470 509
	10 377 211	6 855 006	1 554 318	18 786 535

### Non executive members

2017	Meeting attendance	Travel reimbursement	Total
Z. Majavu Chairman	807 653	-	807 653
C.T. Thankge (Appointed 01 January 2017)	89 738	-	89 738
P.J. Browning	469 819	779	470 598
R.G. Nicholls	406 248	-	406 248
S. Ledwaba	460 414	-	460 414
M.M. Mathabathe	471 124	-	471 124
T. Mdlulwa	649 996	-	649 996
Prof. M.I. Mphahlele (Appointed 01 January 2017)	89 738	-	89 738
Dr. E.M. Thebe (Appointed 01 January 2017)	89 738	-	89 738
D.H. Ewertse	493 558	-	493 558
T.M.N. Kgomo	515 992	-	515 992
	4 544 018	779	4 544 797

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

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

2016	Meeting attendance	Travel reimbursement	Total
Z. Majavu - Chairman	793 281	3 099	796 380
P.J. Browning	525 135	90	525 225
R.G. Nicholls	493 594	167	493 761
S. Ledwaba	629 009	382	629 391
M.M. Mathabathe	451 737	146	451 883
T. Mdlulwa	598 878	593	599 471
D.H. Ewertse	112 173	-	112 173
T.M.N. Kgomo	112 173	-	112 173
	<b>3 715 980</b>	<b>4 477</b>	<b>3 720 457</b>

### Audit and Risk Committee members remuneration

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

2016	Meeting attendance	Travel reimbursement	Total
Dr. C. Sanangura - Chairman of the ARC	243 747	6 846	250 593
N.M. Mufamadi	112 170	623	112 793
R.G. Nicholls	108 332	-	108 332
Z.M. Kabini	89 736	258	89 994
	<b>553 985</b>	<b>7 727</b>	<b>561 712</b>

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 23. Prior period errors

	2017	2016
	R	Restated R
<b>Statement of financial position</b>		
Decrease in receivables from exchange transactions	(b), (c) & (d)	(627 518)
Increase in receivables from non exchange transactions	(a)	13 992
Increase in trade and other payables	(e), (f) & (g)	(1 234 253)
Decrease in provisions	(i)	2 534 809
Increase in opening accumulated surplus	(i), (c), (d) & (g)	(3 150 630)
Decrease in accumulated surplus (distributions)		4 269 300
Decrease in property, plant and equipment	(j)	(4 431 891)
Decrease in intangible assets	(p)	(79 477)
		<b>(2 705 668)</b>

### Statement of financial performance

Increase in repairs and maintenance	(m)	12 766
Increase in revenue from exchange transactions	(n)	(94 361)
Increase in revenue from non exchange transactions	(o)	(13 992)
Decrease in depreciation	(m)	(32 751)
Increase in employee costs	(k)	287 288
Increase in labour relations	(m)	72 000
Decrease in finance cost	(l)	(1 144)
Increase in advertising	(m)	752 544
Increase in consulting and professional fees	(m)	1 563 220
Increase in provision for computer expenses	(m)	373 398
Increase in telephone and fax	(j)	6 632
Decrease in subscriptions and membership fees	(h)	(563 220)
Increase in projects	(m)	1 610
Increase in talent management	(m)	29 138
Increase in travel and accommodation	(m)	79 025
Increase in venue expenses	(m)	21 435
Increase in water and electricity	(m)	212 080
		<b>2 705 668</b>



# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 23. Prior period errors (continued)

### a) Receivables from non exchange transactions

- AARTO income for 2015/2016 was incorrectly included as revenue for 2016/2017. This resulted in receivables from non exchange transactions to be understated. (R13 992).

### b) Staff debtors

- Staff debtors relating to acting allowance were overstated. This resulted in receivables from exchange transactions to be overstated. (R13 558).

### c) Prepayments

- A prepayment made in 2015 financial year was expensed based on purchase orders issued instead of invoices. This resulted in expenditure to be overstated and receivables from exchange transactions to be understated. (R32 665).
- Expenditure for 2016 relating to a prepayment made was not recorded in the previous financial year. This resulted in expenditure to be understated and receivables from exchange transactions to be overstated. (R740 626).

### d) Sundry receivables

- Cash received for recycling paper in 2014/2015 was erroneously recorded twice. This resulted in receivables from exchange transactions to be overstated (R360).
- Fuel advance was incorrectly classified as sundry receivables instead of staff advance (R1 500).
- Accrued interest income for 2015/2016 was incorrectly recorded as revenue for 2016/2017 in the previous financial year (R94 361).

### e) Accrued employee costs

- Payroll deduction for telephone debt was erroneously omitted from staff debtors (R398).
- Acting allowance as well as arbitration settlement due was erroneously omitted from accrued employee costs (R129 257).

### f) Accruals

- An accrual for travel and accommodation was erroneously omitted in previous financial year (R74 254).
- An accrual for conference venues was erroneously omitted in previous financial year (R21 436).
- An accrual for temporary office lease management services was erroneously omitted in the previous financial year (R500 000).
- An accrual for server room air cooling was erroneously omitted in the previous financial year (R12 766).
- An accrual for water and electricity was erroneously omitted in the previous financial year (R212 080).
- An accrual for server licence was erroneously omitted in the previous financial year. (R373 398).

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 23. Prior period errors (continued)

### g) Trade payables

- Department of Transport was incorrectly raised as a creditor during 2013 financial year (R129 339).
- Travel invoices were erroneously omitted in trade payables in the previous financial year (R4 771).
- Invoice for legal fees was erroneously omitted in trade payables in the previous financial year (R72 000).
- Interest incorrectly charged was incorrectly raised in the previous financial year (R1 144).
- Cellphone invoice was erroneously omitted in trade payables in the previous financial year (R7 030).
- Invoice for lease of water coolers was erroneously omitted in trade payables in the previous financial year (R1 610).
- Invoice for advertising was erroneously omitted in trade payables in the previous financial year (R11 918).
- Consulting and professional fees invoice was erroneously omitted in trade payables in the previous financial year (R500 000).
- Talent management invoice was erroneously omitted in trade payables in the previous financial year (R29 138).
- Travel and accommodation expenditure was incorrectly billed to RTMC resulting in overstatement of trade payables (R728 996).

### h) Reclassification

- Consulting and professional fees were incorrectly classified as subscription and membership fees in the previous financial year (R563 220).

### i) Provisions

- A provision for vehicles hired in December 2014 was overstated in 2015 financial year (R2 534 809).

### j) Property, plant and equipment

- Distribution of Weigh bridges to Limpopo province was omitted in the previous financial year. This resulted in overstatement of cost of motor vehicles (R4 269 300).
- Depreciation was erroneously calculated on a Weigh bridge that was distributed to Limpopo province. This resulted in overstatement of accumulated depreciation of motor vehicles (R32 751).
- Office equipment was erroneously recorded as computer software in the previous financial year. This resulted in office equipment to be understated (R79 477).

### k) Employee Costs

- Employee acting allowance was overstated in the previous financial year (R13 558).
- Acting allowance as well as arbitration settlement due was erroneously omitted from employee costs (R129 257).

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 23. Prior period errors (continued)

### l) Finance costs

- Interest charged was incorrectly raised in the previous financial year (R1 144).

### m) Operating expenditure

- Travel invoices were erroneously omitted in previous financial year (R79 025).
- Conference invoice was erroneously omitted in the previous financial year (R21 436).
- Advertising invoices were erroneously omitted in previous financial year (R11 918).
- Labour relations invoice was erroneously omitted in trade payables in the previous financial year (R72 000).
- Consulting fee invoice was erroneously omitted in trade payables as well as accruals in the previous financial year (R1 000 000).
- Depreciation was erroneously calculated on a weighbridge that was distributed to Limpopo province. This resulted in depreciation being overstated (R32 751).
- Server licence invoice was erroneously omitted in the previous financial year. (R373 398).
- Invoice for cellphone expense was erroneously omitted in the previous financial year (R7 030).
- Staff debt was erroneously included in the telephone expense (R398).
- Invoice for Traffic Training project was erroneously omitted in the previous financial year (R1 610).
- Training invoices for were erroneously omitted in previous financial year (R29 138).
- Water and Electricity invoice was erroneously omitted in the previous financial year (R212 080).
- Repairs and maintenance invoice was erroneously omitted in the previous financial year (R12 766).

### n) Revenue from exchange transactions

- Interest relating to 2015/2016 financial year was incorrectly recorded in 2016/2017 financial year. This resulted in understatement of interest received (R94 361).

### o) Revenue from non exchange transactions

- Infringement fees (AARTO income) relating to 2015/2016 financial year was incorrectly recorded in 2016/2017 financial year. This resulted in understatement of Infringement fees (R13 992).

### p) Intangible assets

- Office equipment was erroneously recorded as computer software in the previous financial year. This resulted in overstatement of intangible assets. (R79 477).

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 24. Financial Risk and Capital Risk Management

### Capital risk management

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

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

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

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

The Corporation does not have major exposure to credit, liquidity and market risk, which is described in more detail below.

The corporation's cash and short term deposits are placed with high quality financial institutions as well as the South African Reserve Bank.

### Liquidity risk

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

Financial liabilities 2017	Within 1 year	1 - 5 years	More than 5 years	Total
Finance lease obligation	25 992	-	-	25 992
Payables from exchange transactions	39 518 689	-	-	39 518 689
	<b>39 544 681</b>	<b>-</b>	<b>-</b>	<b>39 544 681</b>

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 24. Financial Risk and Capital Risk Management (continued)

Financial - liabilities 2016	Within 1 year	1 - 5 years	More than 5 years	Total
			years	
Finance lease obligation	302 455	25 992	-	328 447
Payables from exchange transactions	36 438 269	-	-	36 438 269
	<b>36 740 724</b>	<b>25 992</b>	<b>-</b>	<b>36 766 716</b>

### Credit risk

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

### Trade and other receivables

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

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

The Corporation does establish an allowance for impairment.

### Credit risk exposure

The gross carrying amount of the receivables for 2016/2017: R308 730 206 and 2015/2016: R151 765 282 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:

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 24. Financial Risk and Capital Risk Management (continued)

### Geographical Area (Provinces)

The PFMA prohibits the Corporation to have any credit facility.

The RTMC has limited credit risk exposure as all its cash and equivalents are placed with highly reputable financial institutions.

AARTO is included in Gauteng as the expenses were incurred for the Johannesburg Metro Police Department (JMPD) & Tshwane Metro Police Department (TMPD) which are in Gauteng.

Provinces	2017	2016
	R	R
Eastern Cape	2 609 757	2 982 301
Free State	2 312 520	1 899 324
Gauteng	17 149 296	13 910 688
KwaZulu Natal	5 827 955	4 725 443
Limpopo	2 009 410	5 145 170
Mpumalanga	44 726 569	56 537 228
North West	1 535 500	10 070 036
Northern Cape	12 669 373	4 981 403
Western Cape	4 780 059	11 139 938
Unallocated receipts (All provinces)	(5 598 625)	(5 598 625)
Provision for bad debts	(55 117 948)	(65 449 457)
	<b>32 903 866</b>	<b>40 343 449</b>

Financial instrument	2017	2016
	R	R
<b>Major receivables of the Corporation consists of the following:</b>		
NaTIS - Transaction Fees	32 903 866	40 343 449
<b>The other receivables of the Corporation consists of the following:</b>		
Deposits	1 413 911	1 307 973
Receivables other	989 688	4 194 916
	<b>35 307 465</b>	<b>45 846 338</b>

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 24. Financial Risk and Capital Risk Management (continued)

### Financial assets that are past due but not impaired - 2017

Financial asset	Neither past due nor impaired	0 - 2 months	3 - 5 months	More than 5 months	Impaired financial assets	Total carrying amount
Trade and other receivables	42 484 114	8 663 012	187 411 358	69 171 757	(91 986 870)	215 743 371
Unallocated receipts	(5 598 625)	-	-	-	-	(5 598 625)
Cash & cash equivalents	118 023 498	-	-	-	-	118 023 498
Deposits	1 413 911	-	-	-	-	1 413 911
	<b>156 322 898</b>	<b>8 663 012</b>	<b>187 411 358</b>	<b>69 171 757</b>	<b>(91 986 870)</b>	<b>329 582 155</b>

### Financial assets that are past due but not impaired - 2016

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	46 326 947	15 062 585	15 253 566	79 644 940	(96 082 726)	60 205 312
Unallocated receipts	(5 598 625)	-	-	-	-	(5 598 625)
Cash & cash equivalents	435 778 998	-	-	-	-	435 778 998
Deposits	1 307 973	-	-	-	-	1 307 973
	<b>477 815 293</b>	<b>15 062 585</b>	<b>15 253 566</b>	<b>79 644 940</b>	<b>(96 082 726)</b>	<b>491 693 658</b>

### Financial assets individually impaired

As at 31 March 2017 debtors to the amount of R94 033 624 were individually considered for impairment. These debtors amounted to R107 905 457 in the prior year, but were not individually impaired.

### 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.

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 24. Financial Risk and Capital Risk Management (continued)

### Interest rate risk

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

### Equity price risk

The Corporation has no exposure to equity price risk.

## 25. Fruitless and wasteful expenditure

	2017 R	2016 Restated R
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Interest paid on supplier invoice	-	639 126
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No fruitless and wasteful expenditure was incurred in the 2016/2017 financial year. Prior year interest on late payment to Telkom on behalf of NaTIS was condoned in the current financial year.

## 26. Irregular expenditure

Opening balance	216 586 555	216 263 129
Add: Irregular Expenditure current year	-	323 426
Less: Amounts condoned	(216 586 555)	-
	<b>-</b>	<b>216 586 555</b>

### Analysis of expenditure awaiting condonation per age classification

Current year	-	323 426
Prior years	-	216 263 129
	<b>-</b>	<b>216 586 555</b>

Irregular expenditure was condoned subsequent to year end, due to its significant nature that existed at year end, clarification was obtained before financial statements were submitted.

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 27. Transfer of Functions

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

### 27.1. Transfer of NaTIS

The Shareholders Committee on the 6<sup>th</sup> of February 2015 so informed and substantiated by the applicable legislation, resolved inter alia that the RTMC shall with effect from the 1<sup>st</sup> of May 2015, receive the handover of the NaTIS system and shall effectively start managing road traffic information in line with the legislative mandate of the RTMC in term of the RTMC Act.

The Resolution provided inter alia:

- The RTMC shall accept the handover and delivery of the road traffic information management functions and the NaTIS system from the Department of Transport and TASIMA with effect from 1 May 2015.
- The NaTIS system, the management of the NaTIS system and services, directly, indirectly and or incidental to the system shall be handed over or delivered to and accepted by the RTMC with effect from 1 May 2015.
- The road traffic information management functions and NaTIS system will be executed by the RTMC with effect from 1 May 2015.
- The RTMC shall, with immediate effect, take all steps necessary to ensure the smooth and seamless handover or delivery of the NaTIS system, management and services from TASIMA with effect from 1 May 2015.
- All Sectional Heads in the Department of Transport tasked with the NaTIS functions shall cooperate with the handover process and provide full support to the RTMC.
- The RTMC shall, with the co operation of the Department of Transport, institute an investigation regarding the extension of the NaTIS contract (RT1194KA) and any other possible irregularities relating to the said contract.
- A communication plan should be developed to communicate all matters relating to the handover or delivery of the NaTIS system from the Department of Transport and TASIMA to the RTMC.

Tasima brought urgent application against the Department of Transport and the RTMC during April 2015. This application was followed by 5 subsequent applications and an appeal hearing to the Supreme Court in May – December 2015.

The matter was heard by the Constitutional Court (CC) on the 24<sup>th</sup> of May 2016 and the CC handed down its judgment and order on 9 November 2016. The CC found in favour of the Department and the RTMC and ordered inter alia the following:

- The application to lead new evidence (criminal indictment of the respondents) is refused;
- The State's leave to appeal is granted;
- The State's appeal is upheld insofar as the counter application succeeds;
- The order of the Supreme Court of Appeal is set aside and replaced with the following:
  - Within 30 days of this order, Tasima is to hand over the services and the National Traffic Information System to the Road Traffic Management Corporation.
  - Unless an alternative transfer management plan is agreed to by the parties within 10 days of this order, the hand over is to be conducted in terms of the Migration Plan set out in schedule 18 of the Turnkey Agreement."

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 27. Transfer of Functions (continued)

The Department, the RTMC and Tasima, in compliance with the first CC Order, scheduled and subsequently held several meetings in an attempt to formulate and agree on an alternative transfer plan and by doing so adhere to the provisions of the first order. It however became abundantly clear that Tasima had no interest in formulating a alternative transfer plan that will be agreed to and in terms of which handover of the system was to be effected within the 30 days of the first order.

Tasima on 08 December 2016 and on the eve of the expiry of the 30 day period, launched an application to the CC in which Tasima requests the CC to clear up the purported "ambiguity" identified by it in relation to the intention of the CC in formulating its first order. The RTMC and the Department vigorously opposed Tasima's application considering that the CC was, despite Tasima's objections clear in its meaning, being that the system is to be handed over to the RTMC within 30 days from 09 November 2016, be it that the handover is to be effected in terms of an alternative plan or the migration plan. It is not for Tasima to by way of application which serves as a "disguised appeal" to amend the time period for handover as per the CC order.

The CC considered the application for direct access by Tasima and on 08 February 2017 dismissed the application with cost, on the basis that the application "has no prospects of success"

The parties informed by the order made by the CC on the 8<sup>th</sup> of February have now reverted back to discussions to ensure that the system is to be handed over to the RTMC in compliance with the CC Order of 9 November 2016. Tasima immediately resumed with its strategy to frustrate the transfer at all cost.

The RTMC launched urgent proceedings on 16 March 2017 in the North Gauteng High Court to compel Tasima to commence with the handover of the system and services to the RTMC and to find that Tasima are in contempt of the 09 November 2016 judgement which ordered that the system must be handed over within 30 days. The court ordered amongst others the forthwith handover of the NaTIS and Services to the RTMC and the eviction of the Tasima from the premises in Midrand. The RTMC, despite failed attempts by Tasima to appeal the order and post being evicted by the Sherriff under the order, took full control and effected thus transfer of same on the 5<sup>th</sup> of April 2017.

### 27.2. Transfer of Boekenhoutkloof Traffic College

The Shareholders Committee, on the 25<sup>th</sup> of August 2016, resolved that the Boekenhoutkloof Traffic College be transferred from the Gauteng Department of Community Safety to the RTMC, with the effective date of transfer being 1 April 2017.

The RTMC would be concluding a 99 year lease agreement, with an option to extend, with effect from 1 April 2017.

The transfer shall be done in line with section 42 of the PFMA, assets and liabilities:

- All assets of the college shall be transferred from the department to the RTMC;
- All liabilities, short and long term, to be transferred to and be incurred by the RTMC as a result of the transfer in line with the Memorandum of Understanding;
- The transfer excludes the budget allocation by Treasury to the Department for purposes of operations of the College;
- The revenue generated by the College shall be transferred to RTMC;
- The Staff of the college will also be transferred to the RTMC;

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 27. Transfer of Functions (continued)

### Financial implications:

- Personnel costs – R18.2 million;
- Operating costs – R11.4million;
- Book Value of assets – at 31 August 2016 R3.2million;
- Liabilities – R10.2million (current commitments);
- Revenue – to be confirmed;

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

The Shareholders Committee, on the 9<sup>th</sup> of May 2016, resolved that the Road Transport Inspectorate, which is provided for by section 23(d) of the Cross Border Road Transport Agency Act (CBRTAA), be transferred from the CBRTA to RTMC as part of the harmonisation and integration of traffic law enforcement in the country. The effective date of the transfer will be 1 April 2017.

The transfer will be in accordance with section 42 of the PFMA as follows:

- All related assets shall be transferred from the CBRTA to the RTMC;
- All liabilities, short and long term, to be transferred to and be incurred by the RTMC as a result of the transfer in line with the Memorandum of Understanding;
- The transfer excludes the budget allocated to the CBRTA for the purposes of the inspectorate for operational purposes;
- The revenue generated shall be transferred to RTMC in line with the Memorandum of Understanding;
- The staff will also be transferred to the RTMC;

### Financial implications:

- Personnel costs – R58million;
- Operating costs – R13million as per the 2017/2018 budget;
- Book Value of assets – R2.4million;
- Revenue – R32million amount contained in budget for 2017/2018;

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 28. Commitments

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

### Contract Commitments

Description	Note(s)	Within 12 months
Operating Lease on Rental of Office Equipment		1 200 790
Research Study on Road Crashes to be Conducted		1 003 996
Development of Databank for Road Crashes		1 906 500
Promotion of Road Safety through the use of LED board and billboard services		3 538 060
Operating Lease on Rental of Office Space	a	6 160 193
Insurance for motor vehicles & communication devices		3 517 819
Harmonisation of conditions of traffic fraternity		704 640
Employee Assistance, Health and Wellness Contract	b	4 424 243
NaTIS System		1 415 232
Provision of an Enterprise Resource Planning Solution System	c	22 258 542
Promotion of Road Safety through Television and Radio Advertising		3 100 681
Road Safety Messages through Drama Series, Theatrical Production and Storyline Integration	d	35 562 990
Provision of Parkhomes		17 998 488
Consultant Fee : Heidelberg Training Facility		3 072 119
Supply of Mobile Testing Station and Mobile Weigh Bridges	e	19 211 940
Consulting Fee : Stakeholder management		1 143 076
Communication services		860 572
Public liability & group accident insurance		190 095
Development of SLA's/contracts & providing legal advisory services		500 000
		<b>127 769 976</b>

#### a) Operating Lease on Rental of Office Space

The commitment relates to rental of the office space at Faerie Glen as well as the Waterfall building situated in Midrand.

#### b) Employee Assistance, Health and Wellness Contract

The commitment relates to a contract for a provision of employee health and wellness and other related services. The total contractual obligation is capped at R15, 000,000 for a period of three years.

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 28. Commitments (continued)

### c) Provision of an Enterprise Resource Planning Solution System

The commitment is for provision of an Enterprise Resource Planning solution for the Corporation.

### d) Road Safety Messages through Drama Series, Theatrical Production and Story Integration

The commitment relates to a contract for the development of a drama series, theatrical production and story integration to promote road safety. The total contract amount is R73, 259, 759 over a two year period.

### e) Supply of Mobile Testing Stations and Mobile Weighbridges.

The commitment relates to a contract for the supply of Mobile Weighbridges and Mobile Testing Stations for the Corporation.

### Other Commitments

Description	Within 12 months
Training	566 331
Publications	52 262
Recruitment costs	115 000
Leasing of office equipment	47 859
Printing and stationery	2 895 897
Procurement of buses	4 499 491
Professional fees	1 682 369
Catering	119 764
Road safety material	6 480 231
Law enforcement material	254 561
Repairs & maintenance	486 245
Programme director fee	35 000
Provision for PET starter packs	12 483
Procurement of computer & office equipment	2 634 266
Off site storage	491 057
Operating lease of office space	458 280
Furniture removal	15 890

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 28. Commitments (continued)

Description	Within 12 months
Secretariat services	494 109
Provision for employee verification	457 973
Provision for wireless metronet	254 573
NaTIS asset verification	4 238 070
Kwikspace	7 008 496
Uniform & ammunition	1 811 162
Shineway tech fusion splicer	86 600
HP server spares	120 321
CSI project	1 791 071
Cleaning Services	19 695
Annual content fees	142 358
Lease Registration	3 482
iBoardpaper users	229 140
Procurement of software	596 663
Drag sleds	10 465
	<b>38 111 164</b>

## 29. Budget differences

### Material differences between budget and actual amounts

Reasons for variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

### Statement of Financial Performance

It is important to note that a budget shift was affected in the last quarter of the financial period. This was done to eliminate an over expenditure experienced.

### a.) Festive overtime provision adjustment

This was not budgeted for as it was an adjustment.

# Notes to the Annual Financial Statements

for the year ended 31 March 2017

## 29. Budget differences (continued)

### b.) Sundry income

During the period under the review, the Corporation had its inaugural National Traffic Indaba, sponsorships were obtained from various institutions which is the major contributor to this source of income.

### c.) Interest received

The bank balances, which is directly linked to interest revenue, for the period under review was much lower than anticipated.

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

The Corporation accounts for Infringement Fees applying the iGRAP 1 principle. It should also be taken into consideration that traffic officers were upskilled for a period of six months during the period under review which negatively impacted the number of fines issued during the year.

### e.) Employee cost

The budget variance is mainly attributed to the employment of skilled personnel in key positions.

### f.) Interest paid

During the period under review the Corporation paid less interest than anticipated, suppliers were paid on time.

### g.) Repairs and maintenance

The initial budget made provision for maintenance on the traffic information system which was only acquired after year end. In light of the implementation of the ERP system, normal maintenance was anticipated to the current ICT infrastructure, which turned out to be minimal due to a purchase computer hardware.

# Notes

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# Road Traffic Management Corporation

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Road Traffic Management Corporation

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