



Road Traffic
Management Corporation

THUMA MINA

"I wanna be there when the people start to turn it around" - Hugh Masekela

2019

ANNUAL REPORT

2020



A proud initiative of
The Department of Transport

Thuma Mina

Thuma Mina

**Verse 1**

I wanna be there when the people start to turn it around
When they triumph over poverty
I wanna be there when the people win the battle against AIDS
I wanna lend a hand
I wanna be there for the alcoholic
I wanna be there for the drug addict
I wanna be there for the victims of violence and abuse
I wanna lend a hand
Send me

Chorus

Thuma mina (thuma m'na)
Thuma mina (ezizweni)
Ndizoya ndithandaze
Thuma mina (thuma m'na)
Thuma mina (ezizweni)
Ndizoya ndithandaze

Verse 2

I wanna be there when the people win the battle against AIDS
I wanna lend a hand
I wanna be there for the victims of violence and abuse
I wanna lend a hand
Send me

Chorus

Thuma mina (thuma m'na)
Thuma mina (ezizweni)
Ndizoya ndithandaze
Thuma mina (thuma m'na)
Thuma mina (ezizweni)
Ndizoya ndithandaze

Bridge

Esitimeleni (thuma m'na)
Emabhasini (ezizweni)
Emateksini (ndizoya ndithandaze)
Emapatini (thuma m'na)
Emabheshini (ezizweni)
Emashabini (ndizoya ndithandaze)

Chorus

Thuma mina (thuma m'na)
Thuma mina (ezizweni)
Ndizoya ndithandaze

(Trumpet Solo)

Verse 3

Ebusuku (thuma m'na)
Nasemini (ezizweni)
Asilale (ndizoya ndithandaze)
Ebusuku (thuma m'na)
Nasemini (ezizweni)
Asilale (ndizoya ndithandaze)

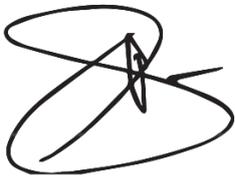
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OFFICIAL SIGN-OFF

It is hereby certified that this annual report:

- Considers all the relevant policies, legislation and other mandates for which the Road Traffic Management Corporation (RTMC) is responsible; and
- Accurately reflects performance against the strategic outcome-oriented goals and objectives that the RTMC committed to in the service delivery programme as expressed in the 2019/2020 Annual Performance Plan (APP).



Adv. Makhosini Msibi
RTMC: CEO



Mr Zola Majavu CD (SA)
Chairman: RTMC Board

ABOUT THIS REPORT

Introduction

The 2019/2020 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 and provincial spheres of government. The accounting authority presents the annual report in line with Section 22 of the Road Traffic Management Act, 20 of 1999 (RTMCA), Section 55 of the PFMA and Treasury Regulation 29.2.

Annual reporting period

The annual reporting cycle of the RTMC ends on 31 March, as prescribed by the National Treasury. This annual report records the organisational and financial performance for the period 1 April 2019 to 31 March 2020. The Corporation also prepares and submits quarterly performance monitoring reports to the executive authority.

Scope of the report

The Annual Report provides for financial and non-financial performance information of the Corporation based on the approved 2019/2020 APP, which was tabled in Parliament in July 2019.

Annual report approval phases

The 2019/2020 reporting cycle was impacted by the global Covid-19 pandemic, as reflected in the performance information situational analysis. Thus, an extension was granted for the submission of the 2019/2020 first draft annual report. Figure 1 shows the approval process of the annual report.

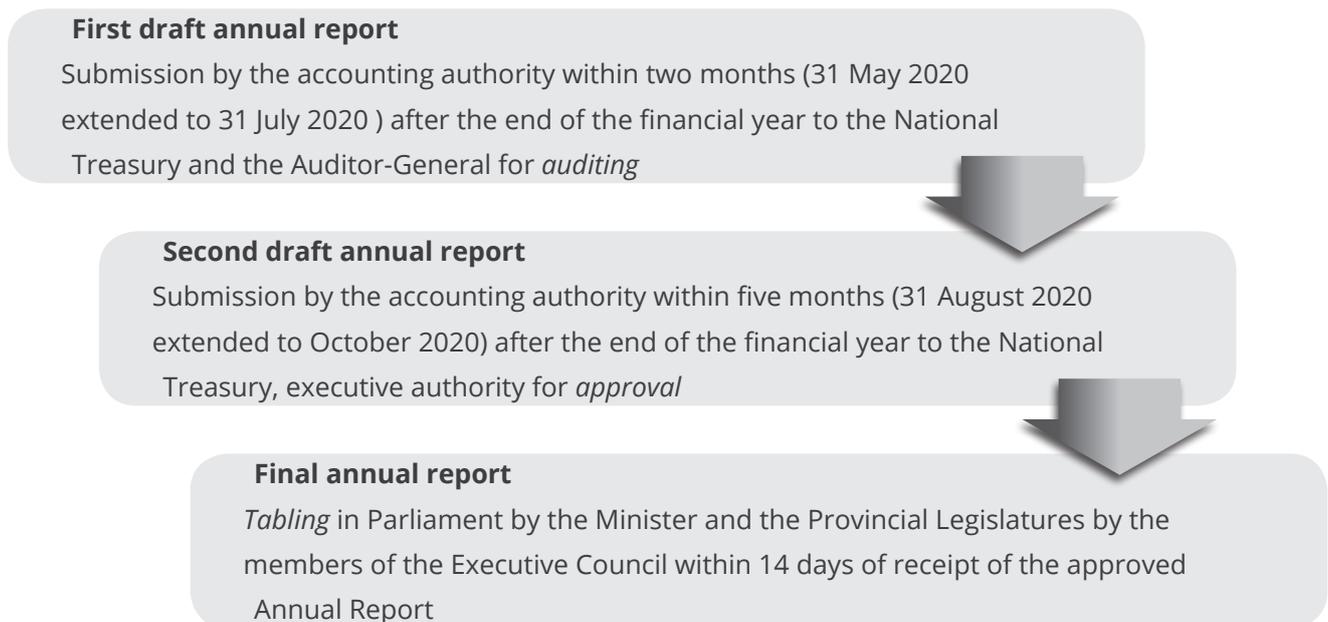


Figure 1: Annual report approval process

Target audience

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

Legislature	Executive	Other
<ul style="list-style-type: none">• Provincial legislatures• Parliament	<ul style="list-style-type: none">• National government• Provincial and local government	<ul style="list-style-type: none">• Business enterprises• Non-governmental organisations• Interest groups• Member associations• Auditors• Public entities

Table 1: Target Audience



Desmond Tutu

"When we oppress others, we end up oppressing ourselves. All of our humanity is dependent upon recognizing the humanity in others."

Part
General information



PART A: GENERAL INFORMATION

Registered Name	Road Traffic Management Corporation
Physical Address	349 Witch Hazel Avenue Highveld Ext 79 Centurion
Postal Address	Private Bag x147 Pretoria 0001
Telephone Number	012 999 5200
Email Address	info@rtmc.co.za
Website Address	www.rtmc.co.za
External Auditors	The Auditor-General of South Africa 300 Middel Street New Muckleneuk Pretoria
Bankers	<p>First National Bank Public Sector Banking Bank City Corner Simmons and Pritchard Street Johannesburg Contact number: 087 575 9479</p> <p>The South African Reserve Bank Corporation for Public Deposits P.O. Box 427 Pretoria 0001 Tel: 012 313 4137</p>
Company Secretary	Ms. Sigidikazi Petse sigidikazi.petse@rtmc.co.za Qualifications: B Juris, LLB

Table 2: General Information

ABBREVIATIONS AND ACRONYMS

AARTO	Administrative Adjudication of Road Traffic Offences
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
CA	Companies Act
CEO	Chief Executive Officer
CBRTA	Cross-Border Road Transport Agency
CPA	Criminal Procedure Act
DoARS	Decade of Action for Road Safety 2011-2020
MDG	Millennium Development Goals
MEC	Member of the Executive Council
MTSF	Medium-Term Strategic Framework
NATIS	National Traffic Information System
NLTA	National Land Transport Act
NDP	National Development Plan
NRTA	National Road Traffic Act
NRTLEC	National Road Traffic Law Enforcement Code
PFMA	Public Finance Management Act
RTI	Road Transport Inspectorate
RTMC	Road Traffic Management Corporation
RTMCA	Road Traffic Management Corporation Act
SDG	Sustainable Development Goals
SARAP	South African Road Assessment Programme
UN	United Nations

Table 3: Abbreviations and acronyms





FOREWORD BY THE CHAIRMAN

Mr Zola Majavu CD(SA)

It is my honour and privilege to present, on behalf of the Board of the Road Traffic Management Corporation (RTMC), the annual report for the financial year that ended 31 March 2020.

The report is presented at a time when the country, and the world, is facing perhaps its darkest time, grappling with an unprecedented global pandemic that has placed a heavy burden on individuals, families, communities, businesses, the economy and the health sector.

The RTMC, as with other organisations, has also felt the effects of this pandemic - on its staff, its operations and its overall performance. In line with the state of disaster that prohibited the gathering of people, the RTMC closed all traffic training colleges, including our RTMC Traffic Training Academy and Boekenhoutkloof Traffic College. This postponed the second intake of traffic trainees for National Qualifications Framework (NQF) level 6 courses and non-attainment of some of the performance targets, leading to 80% performance against planned targets.

Several significant events have taken place in our environment that have propelled the RTMC towards the realisation of its vision of 'Safe roads in South Africa'.

In February 2020, 170 delegates from 140 countries met at a global conference on road safety in Sweden to share lessons and define ways to fast-track progress in implementing proven strategies to save lives on the roads. The South African delegation to this conference was led by Minister of Transport Fikile Mbalula. Speaking at the conference, World Health Organisation Director-General Tedros Adhanom Ghebreyesus described road traffic collisions as 'an outrage'. 'It is an unacceptable price to pay for mobility,' he said. The conference acknowledged that the Sustainable Development Goal target of reducing road fatalities by 50% by 2020 will not be met and it recommended accelerated action towards halving the global road traffic deaths and injuries by 2030. This created a link between road safety and the implementation of the 2030 Agenda for Sustainable Development.

As a lead agency on road safety, the RTMC continues to monitor local road safety programmes and the implementation of the National Road Safety Strategy, which was approved by Cabinet in 2017.

In the year under review, President Cyril Ramaphosa signed the Administrative Adjudication of Road Traffic Offences Amendment Act. Although not yet in effect, the Act seeks to promote road safety by discouraging the contravention of road traffic regulations and facilitating the adjudication of traffic infringements.

To position the RTMC to play its role effectively and to enhance its performance, the Board approved a new organisational structure and an operating model during the year under review. New executive managers were appointed into leadership roles with effect from March 2020. We are confident that the appointed executives have the skills and passion to propel the RTMC to self-sustainability in a digital era characterised by business on online platforms. In the year ahead, we will launch a rigorous digitisation process, in line with the Corporation's new operating model, to serve our customers better and prevent fraud and corruption. The Board will continue to guide the Corporation to perform at a higher level and to be the employer of choice in its sector.

My appreciation goes to the Shareholder's Committee headed by the Minister, for its support and stewardship in the year under review. To our stakeholders, thank you for your steadfast cooperation in ensuring safety on South African roads.

A handwritten signature in black ink, appearing to read 'Zola Majavu', enclosed within a large, hand-drawn oval shape.

Zola Majavu CD (SA)
Chairman of the Board



OVERVIEW BY CHIEF EXECUTIVE OFFICER

Adv. Makhosini Msibi

The 2019/20 Annual Report marks the final chapter on a journey we started five years ago when we adopted to 2015 – 2020 Strategic Plan.

Five years ago when we commenced our journey to transform and propel the organisation into a lead agency on road safety related matters, we acknowledged that the task entrusted on us of ensuring safety on South African roads was not going to be easy. The impact that Transport has on the economy and social lives was central in the development of our plans.

We proceeded to identify core factors that contributed to the high number of crashes, injuries, and fatalities on our roads. Reckless driving by the youth, rampant fraud and corruption at Driving Licence Testing Centres (DLTC's) and vehicle testing stations, alcohol abuse, and the general negative road user attitude towards road safety were amongst the key factors that needed our urgent attention.

As we conclude the five-year implementation cycle, we highlight the following key achievements.

- Road traffic fatalities in the country have stabilised and are beginning to show a steady decline. In 2015 there were 12 944 fatalities recorded on the roads. This has come down to 12 503 in 2020 which is a 3.4 percent decline.
- We have worked with strategic stakeholders encompassing all sectors of society to develop a National Road Safety Strategy 2016 to 2030 as a blue print to guide road safety interventions. Cabinet approved the strategy in March 2017, allowing us to move from an era of disintegrated approaches to enhanced coordination on road safety matters.
- To bring about uniformity and cohesion within traffic law enforcement, we have developed the National Traffic Law Enforcement Code and its implementation plan.
- To revolutionise the training of traffic officers, we have introduced a new NQF level six traffic officer-training course. The first cohort of the 21-Century cadre of traffic officers began training on this module in January 2019.
- We also acquired the Boekenhoutkloof traffic training college and integrated the Road Traffic Inspectorate within the National Traffic Police to enable us to implement the Cross Border Transport Act.

- After a lengthy legal battle, we succeeded in getting the National Traffic Information System (NaTIS) to the state.
- We have introduced new technological innovations to improve the ease of doing business between members of the public and the state. The online booking system and online crash reporting were introduced in the period under review.
- Our unrelenting attention on fraud and corruption has ensured that officer corruption in vehicle testing stations and driving licence testing Centres is placed firmly on the national agenda. A total of 129 arrests were made in the year under review.
- We have managed to stabilise our finances. Our revenue base has grown by 16% in the year under review and the Auditor-General South Africa (AGSA) has identified no irregular expenditure in the current financial year.
- The restructuring of the Corporation was successfully implemented in the year under review.

As we finalise the strategic plan for the next five years, we are confident that we have consolidated the RTMC as a high performing organisation. With the capable executive and management team that we have appointed, we are poised to radically transform the law enforcement and road safety landscape.

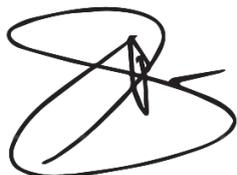
We will use the skills and talent we have at our disposal to drive innovation and introduce technology to improve service delivery and enhance customer satisfaction.

No effort will be spared in attending to the matters raised by the AGSA to strengthen our internal control and attain sustained clean administration.

We would like to thank the Board for its support and guidance throughout the challenging period we have gone through.

A sincere word of gratitude also goes to the Minister of Transport Mr Fikile Mbalula and Deputy Minister Dikeledi Magadzi for showing trust in our ability to execute the important national task of making South African roads safer.

It is also prudent that I express my profound appreciation to the RTMC management team and staff for their hard work and perseverance. I would like to remind you of the words of Thomas Sankara who opined: "You cannot carry out fundamental change without a certain amount of madness. In this case, it comes from non-conformity, the courage to turn your back on old formulas, the courage to invent the future."

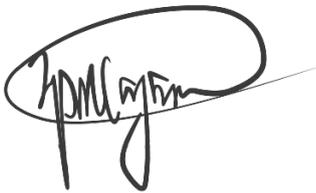


Adv. Makhosini Msibi
RTMC CEO

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

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

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

A handwritten signature in black ink, appearing to read 'Zola Majavu', enclosed within a large, hand-drawn oval shape.

Mr Zola Majavu CD (SA)
Chairman of the Board

STRATEGIC OVERVIEW

Vision

Safe Roads in South Africa

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 emphasise commitment to upholding the law and advancing service delivery.

Values	Meaning
Integrity	The pledge to execute the responsibilities of the RTMC in an ethical, truthful and accurate manner consistent with the professional discipline of law enforcement, order, discipline and mobility on our roads.
Accountability	Undertaking to be open, honest and accountable as law enforcers and road safety champions.
Transparency	Subscribing to the principles of good governance and the facilitation of free and reasonable access to information within the confines of applicable prescripts.
Teamwork	Establishing and maintaining shared goals by building internal and external relationships. Emphasising working together by providing support through collaboration, while upholding dignity and respect between and among partners.

Table 4: RTMC values

LEGISLATIVE AND OTHER MANDATES

Introduction

The RTMC was established in terms of the Road Traffic Management Corporation Act (RTMCA) of 1999. It is further governed by, inter alia, the National Land Transport Act (NLTA), the National Road Traffic Act (NRTA), PFMA, Companies Act and the Criminal Procedure Act (CPA).

Its strategic imperatives are aligned to the following National Development Plan (NDP) priorities:

- Healthcare for all (Priority 8)
- Building safer communities (Priority 10)
- Fighting corruption (Priority 14)

Additional strategic imperatives are aligned to Medium-Term Strategic Framework (MTSF) priorities as follows:

Priority 1: Building a capable, ethical and developmental state

- Capable state has the required human capabilities, institutional capacity, service processes and technological platforms to deliver on the NDP through a social contract with the people
- Ethical state is driven by the constitutional values and principles of public administration and the rule of law, focused on the progressive realisation of socio-economic rights and social justice outlined in the Bill of Rights
- Developmental state aims to meet people's needs through interventionist, developmental and participatory public administration. Building an autonomous developmental state driven by the public interest and not individual or sectional interests; embedded in South African society leading an active citizenry through partnerships with all sectors of society

Priority 6: Social cohesion and safer communities

- Bring about behavioural change
- Enable the sharing of common space and services across society
- Reduce inequality of opportunity
- Redress – spatial, economic, cultural; building individual and communal agency
- Encourage citizens to speak when things go wrong and to be active in their own development
- Engender knowledge of the Constitution and foster the values contained therein

Table 5: MTSF priorities

Constitution of the Republic of South Africa, 1996

The Constitution is the supreme law of the Republic. The following table reflects the constitutional mandate of the RTMC 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"> • Public Transport • Road Traffic Regulation • Vehicle Licensing
Schedule 5	Provides for traffic as a Schedule 5 functional area, however, the Constitution also provides for the national legislative authority over Schedule 5 matters under Section 44(2) and the provision of Section 76 (1) legislation. All the legislative mandates of the RTMC are enacted in terms of Section 76 (5) of the Constitution.

Table 6: Constitutional Mandates

Road Traffic Management Corporation Act (RTMCA)

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

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

Objectives

- To establish the RTMC as a partnership among national, provincial and local spheres of government.
- To enhance the overall quality of road traffic service provision to ensure safety, security, order, discipline and mobility on the roads.
- To protect road infrastructure and the environment through the adoption of innovative practices and implementation of innovative technology.
- To phase out, where appropriate, public funding and phase in private sector investment in road traffic on a competitive basis.
- To introduce commercial management principles to inform and guide road traffic governance and decision-making in the interest of enhanced service provision.
- To optimise use of public funds by:
 - Limiting investment of public funds to road traffic services that meet a social or non-commercial strategic objective, and that have poor potential to generate a reasonable rate of return.
 - Securing, where appropriate, full-cost recovery on the user-pays principle.
- To regulate, strengthen and monitor intergovernmental contact and cooperation in road traffic matters.
- To improve the exchange and dissemination of information on road traffic matters.
- To stimulate research in road traffic matters and effectively use the resources of existing institutes and research bodies.
- To develop human resources in the public and private sectors that are involved in road traffic.

Table 7: RTMCA Objectives

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 (10) functions are listed in Section 18(1) of the RTMCA. Figure 2 shows the status of functions as at 31 March 2020.

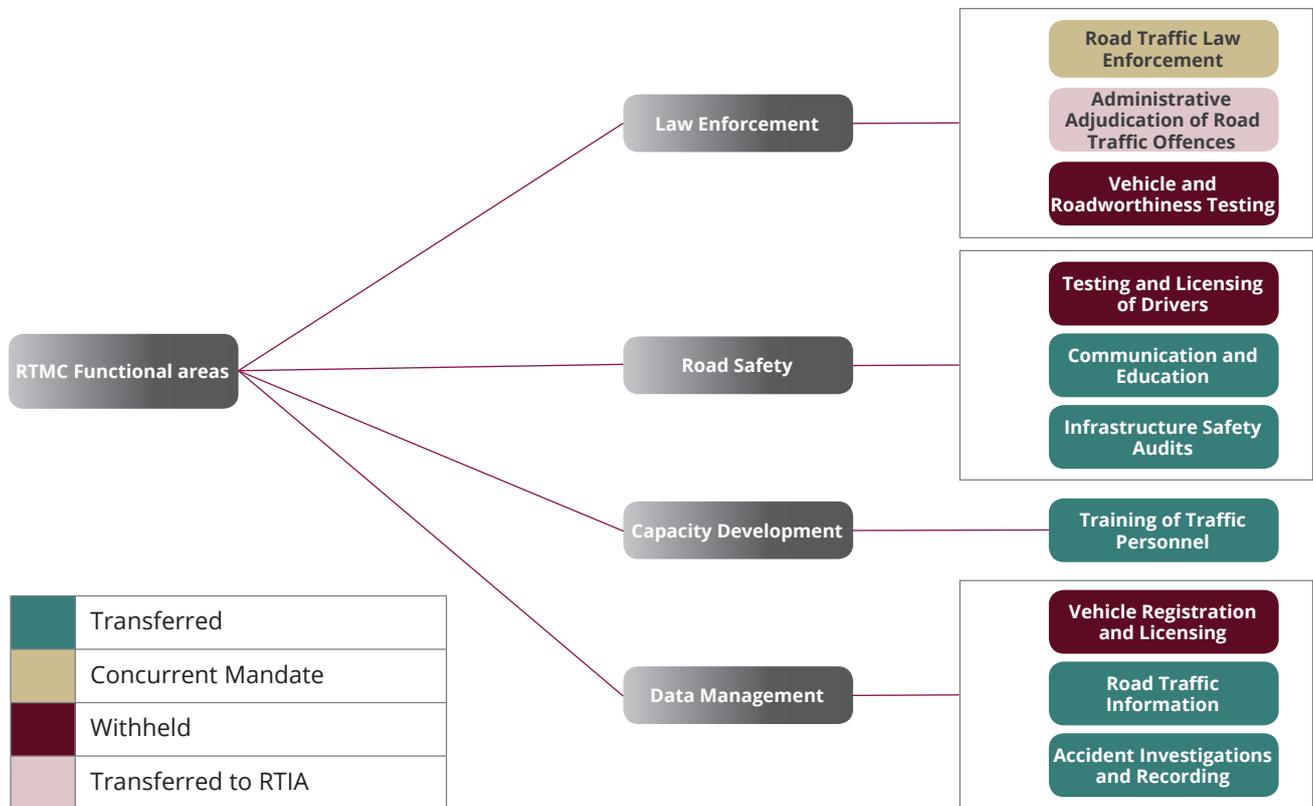


Figure 2: RTMC Functions

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

The functions of the CEO are listed in Section 29 of the RTMCA are as follows:

- a) Manage and control the day-to-day affairs of the Corporation in accordance with the business and financial plan;
- b) Undertake, in accordance with this Act and any other legislation concerning road traffic matters, the provision and rendering of road traffic services;
- c) Execute any directive of the Shareholders Committee issued in terms of Section 13 and report to the Shareholders Committee on the implementation of the directive;
- d) Undertake research into road traffic matters;
- e) After consultation with the Minister of Finance and every Member of the Executive Council (MEC) responsible for finance, draw up a governance agreement to be concluded between the Shareholders Committee and the Board on the appointment of the Board;

- f) Facilitate private sector investment by:
 - i) undertaking feasibility and investment studies to ascertain technical, commercial and economic viability of projects;
 - ii) assisting the private sector to prepare business plans to provide equity and loan finance;
 - iii) assisting potential private investors to ensure compliance with legal requirements; and
 - iv) providing the private sector with advice;
- g) Promote private sector investment in road traffic by:
 - i) the establishment of investment helplines to assist potential investors;
 - ii) the publication of investment-related publications;
 - iii) holding national or local conferences;
 - iv) organising investment contact visits;
 - v) initiating contacts with other ministries, departments, state-owned enterprises, investment promotion centres and related parties;
 - vi) collecting, updating and disseminating appropriate promotional and facilitator information; and
 - vii) any other appropriate method;
- h) Report to the Shareholders Committee -
 - i) on the level and scope of performance of the Corporation in terms of the five year business and financial plan
 - ii) on the impact of investment contracts contemplated in Section 37 and performance contracts contemplated in sections 15(4) and 19(4); and
 - iii) subject to Section 38(2), on whether a private sector entity is better suited to perform the function envisaged in a public contract;
- i) Perform the functions assigned to him or her by the Shareholders Committee and the Board on its appointment;
- j) Assign functions to the managers of functional units if authorised by the Shareholders Committee in terms of Section 28(2)(u);
- k) Exercise and perform all the powers and duties conferred or imposed by this Act or by any other law; and
- l) Exercise and perform all the powers and duties incidental to the abovementioned powers and duties.

National Road Traffic Act

The NRTA (Act 93 of 1999) encompasses all road traffic matters that apply uniformly throughout South Africa. It prescribes national principles, requirements, guidelines, frameworks and national norms and standards that must be applied uniformly in the provinces 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.

Administrative Adjudication of Road Traffic Offences Act (AARTO)

AARTO (Act 46 of 1998) and related AARTO Amendment Act, which was gazetted on 19 August 2019, promote 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 national traffic police duties. At the time of reporting AARTO was not in force.

Criminal Procedures Act (CPA)

The CPA (Act 51 of 1997) regulates 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 business:

- Public Finance Management Act (Act 1 of 1999), which lists the RTMC as a Section 3A public entity.
- Promotion of Access to Information Act (Act 2 of 2000), which determines the way the RTMC may access information.
- Protection of Personal Information (Act 4 of 2013) on the processing of personal information and applicable controls.
- Promotion of Administrative Justice Act (Act 3 of 2000) - this 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 RTMC mandate.

Policy mandate

The policy direction on traffic and road safety legislation is provided by the Department of Transport. However, policy formulation is also carried out regionally and is guided by global norms.

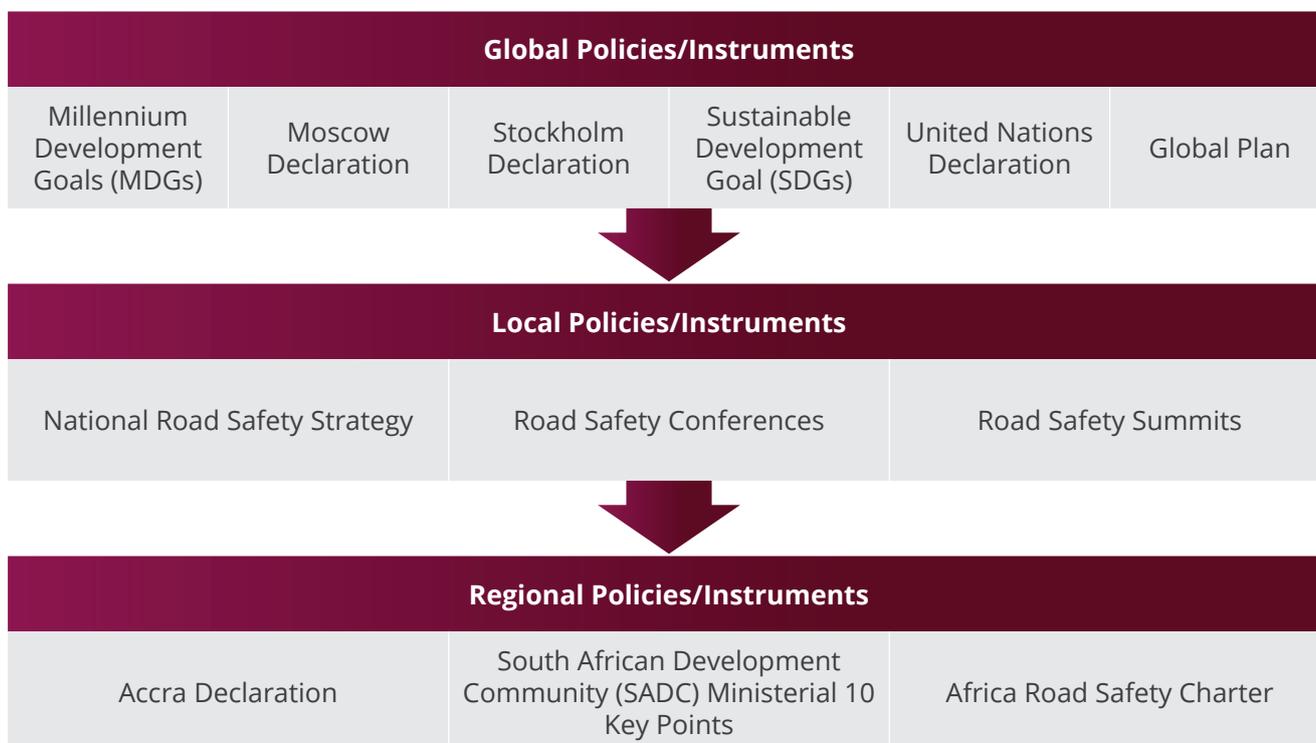


Figure 3: Policy Instruments

Global policy instruments

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 (DoARS). The United Nations (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. Following the UN resolution, DoARS was launched on 11 May 2011. This laid out a programmatic action plan to reduce road traffic fatalities by 50% from the 2010 baseline. The Global Plan was developed, which provided guidelines on approaches to be adopted in national activities supported by international coordination activities to reduce numbers of road fatalities and injuries.

Global Plan for the Decade of Action for Road Safety: Five Pillars



Figure 4: Pillars of the DoARS

In 2015, road safety targets were added to the Sustainable Development Goals (SDGs) as follows:

- Target 3.6: By 2020, halve the number of global deaths and injuries from road traffic accidents.
- Target 11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

South Africa is represented by the Minister of Transport as a signatory to the UN DoARS, which entails reporting to member states on progress on the reduction in the number of road crashes, injuries and fatalities.

RTMC, the lead agency on road safety in the Republic, is a member of the United Nations Road Safety Collaboration and monitors local road safety programmes. In the year under review, the Minister of Transport led the South African delegation to the Third Global Ministerial Conference on Road Safety, held in Stockholm in February 2020. The conference declaration recognised that SDG Target 3.6 of halving road traffic deaths and injuries will not be met and reiterated commitment to the achievement of global goals by 2030.

Regional policy instruments

Regional policy instruments relate to the Africa programme and should be read in line with Africa Agenda 2063, which envisages a prosperous Africa. Tools include the 2007 Accra Declaration on Road Safety in Africa, SADC Ministerial 10 Key Points and the Africa Road Safety Charter.

Local policy instruments

Local policy instruments include the cabinet-approved National Road Safety Strategy (NRSS).

The RTMC, under the leadership of the Board, continues to monitor implementation of the NRSS and coordination of conferences and summits to enhance road safety. Progress on the implementation of road safety summits and conference resolutions was reported to the executive authority on an ongoing basis.

ORGANISATIONAL ENVIRONMENT

The RTMC underwent an organisational realignment process that resulted in a migration between structures. The process began in 2016/2017 and a revised organisational structure was approved in November 2016. The process addressing the two Section 197 transfers of the Road Transport Inspectorate (RTI) from the Cross-border Road Transport Act (CBRTA) and the Boekenhoutkloof Traffic College as well as the integration of the National Traffic Information System (NaTIS) function into the Corporation. The final structure came into effect from 1 March 2020.

Transitional arrangements

To ensure optimal use of resources and continuity of service delivery arrangements, some positions on the structure approved in November 2016 were activated. The table below shows incumbents who were active during the year under review:

Name of position	Name of incumbent	Status	Employment equity
Chief Executive Officer	Adv Makhosini Msibi	Filled	Black male
Company Secretary	Sigidikazi Petse	Filled	Black female
Group Executive: Law Enforcement and Road Safety	Stephen Podile	Filled	Black male
Acting appointments			
Group Executive: Corporate Services	Gilberto Martins	Acting	White male
	Kagiso Kgosiemang	Acting	Black male

Table 8: Incumbents: Transitional organisational structure



Executive Committee

Organisational structure

The final structure was implemented in March 2020:

MACRO STRUCTURE

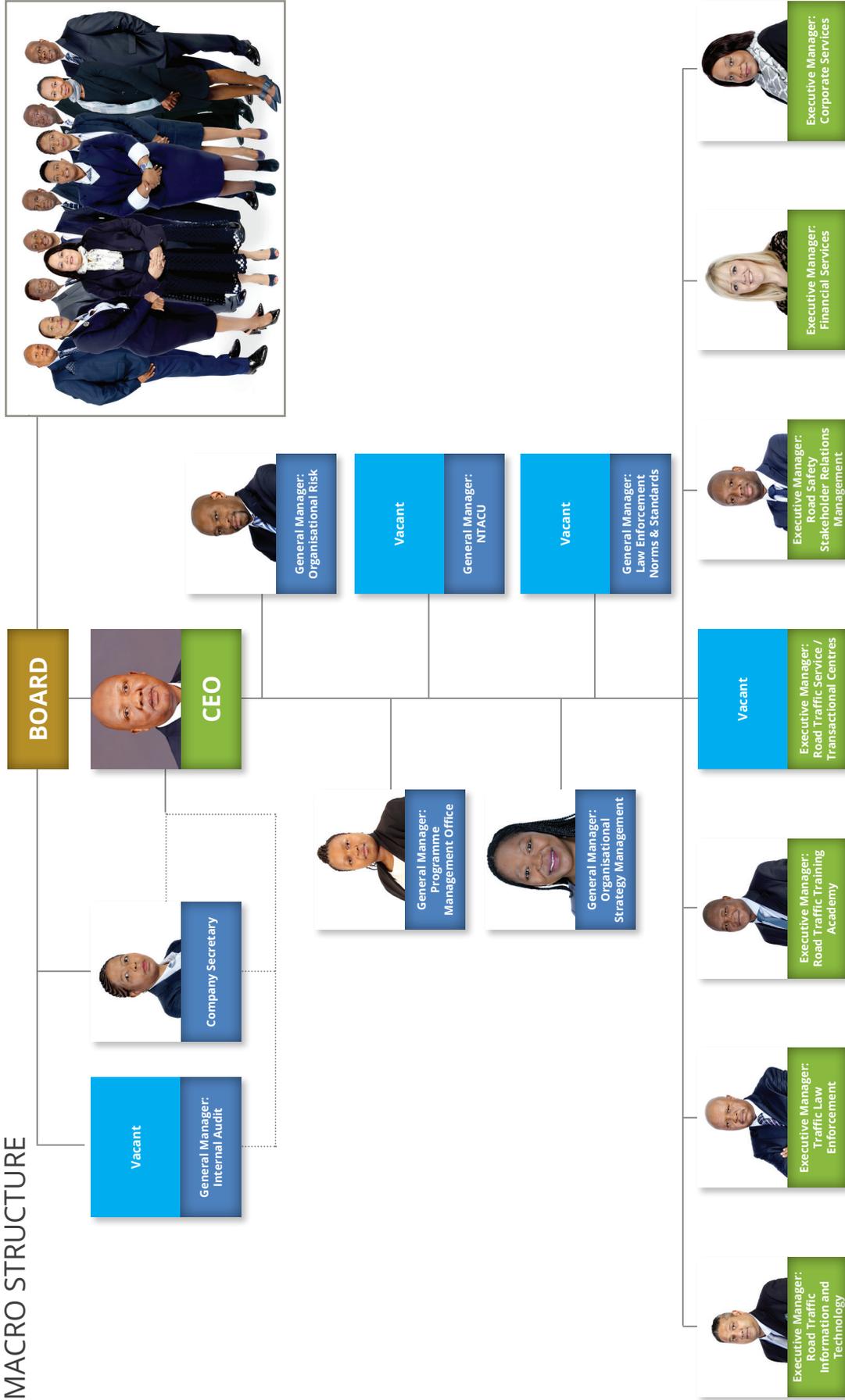


Table 9: Final RTMC structure

The following programme champion appointments were made on 1 March 2020 in line with the final structure:

Name of position		Name of incumbent	Employment equity
Executive Manager: Road Traffic Information and Technology		Kevin Kara-Vala	Coloured male
Executive Manager: Road Traffic Training Academy		Dr Hlengani Moyana	Black male
Executive Manager: Road Safety Stakeholder Relations Management		Thabiso Ndebele	Black male
Executive Manager: Financial Services		Liana Moolman	White female
Executive Manager: Corporate Services		Ntombizodwa Mobeng	Black female

Table 10: Final structure appointments

Acting appointments

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

Name of acting person		Acting position	Acting duration		Comment
			Start	Finish	
Gilberto Martins		Acting Group Executive: Corporate Services	07/01/19	28/08/19	Organisational realignment process underway
Kagiso Kgosiemang		Acting Group Executive: Corporate Services	29/08/19	29/02/20	Organisational realignment process underway
Nomveliso Mkiva		Chief Financial Officer	07/05/19	07/10/19	Incumbent on maternity leave
Norman Sebaku		Divisional Head: Financial Management	01/02/20	08/04/20	Incumbent on maternity leave
Lungisa Mbanjwa		Divisional Head: Financial Management	29/10/19	31/01/20	Incumbent on maternity leave

Table 11: Acting appointments

AUDIT OF PREDETERMINED OBJECTIVES

Predetermines objectives

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

The performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the approved strategic plan (2015 to 2020) and APP (2019/2020) of the RTMC for the financial year ended 31 March 2020.

The audit conclusion received from the Auditor-General South Africa on performance against predetermined objectives is included in the audit report under predetermined objectives on pages 89 to 93.

SITUATIONAL ANALYSIS

Service and organisational delivery environment

The national general elections were held during the year under review, with the sixth administration of government coming into office in May 2019. Minister Fikile Mbalula was appointed into Cabinet as the Minister responsible for transport and assumed the role of the Chair of the RTMC Shareholders Committee. This change necessitated the inclusion of the new government's priorities into the delivery programme of the RTMC. The APP was updated and tabled accordingly.

Impact of COVID-19

On 11 March 2020, the World Health Organization declared COVID-19 (Coronavirus) a global pandemic. The President of the Republic, Cyril Ramaphosa, followed with an address to the nation on 14 March to outline the country's response, as follows:

- Limited contact with persons who may be infected.
- Prohibition of gatherings of more than 100 people.
- Closure of schools.
- Prohibition of all non-essential domestic travel.

South Africa declared a national state of disaster followed by various regulations in support of the 21-day national lockdown period from 26 March 2020. In consultation with the Minister of Transport, the Corporation resolved to close all traffic training colleges, specifically to prevent gatherings of more than 100 people. The RTMC Traffic Training Academy, Boekenhoutkloof Traffic College and provincial colleges closed on 17 March 2020, resulting in the non-attainment of one target.

Key policy developments and legislative changes

The AARTO Amendment Bill was gazetted on 19 August 2019.

Implementation of new organisational structure

At the beginning of March 2020, the Corporation filled management positions in line with the approved structure. Newly appointed managers assumed the roles of programme champions in line with the APP.

2019/2020 PROGRAMME CHAMPIONS

The management team captured in the table below championed the 2019/2020 APP programmes:

Names	Gender	Position/rank	Programme	Sub-programme
Stephen Podile	Male	Group Executive: Road Safety and Law Enforcement	Programme 1: Operations and Programme 2: Law Enforcement	<ul style="list-style-type: none"> Road Safety National Traffic Police Law Enforcement Standards, Planning and Coordination Training of Traffic Personnel
Thabiso Ndebele (effective March 2020)	Male	Executive Manager: Road Safety Stakeholder Relations Management	Programme 1: Operations	<ul style="list-style-type: none"> Road Safety
Kevin Kara-Vala	Male	Executive Manager: Road Traffic Information and Technology	Programme 1: Operations	<ul style="list-style-type: none"> Road Traffic Information
Ntombizodwa Mnguni	Female	Head: Office of the CEO	Programme 3: Traffic Intelligence and Security	<ul style="list-style-type: none"> National Traffic Anti-fraud and Corruption Cases
Dr Leah Mofomme	Female	Acting Group Executive: Corporate Services	Programme 3: Traffic Intelligence and Security	<ul style="list-style-type: none"> Fraud and Anti-Corruption Awareness Campaigns
Gilberto Martins	Male			
Kagiso Kgosiemang	Male			
Ntombizodwa Mobeng (effective March 2020)	Female	Executive Manager: Corporate Services	Programme 5: Support Services	<ul style="list-style-type: none"> Human Resources

Names	Gender	Position/rank	Programme	Sub-programme
Refilwe Mongale	Female	Divisional Head: Marketing and Communication, Stakeholder Management, Research and Development and Strategy	Programme 4: Strategic Services	• Research and Development
Kevin Kara-Vala (effective March 2020)	Male	Executive Manager: Road Traffic Information and Technology		
Liana Moolman	Female	Executive Manager: Financial Services	Programme 5: Support Services	• Financial Sustainability

Table 12: Programme champions

STRATEGIC OUTCOME-ORIENTED GOALS

In line with South African road safety priorities, the RTMC developed strategic goals and objectives for the 2015 to 2020 period as follows:

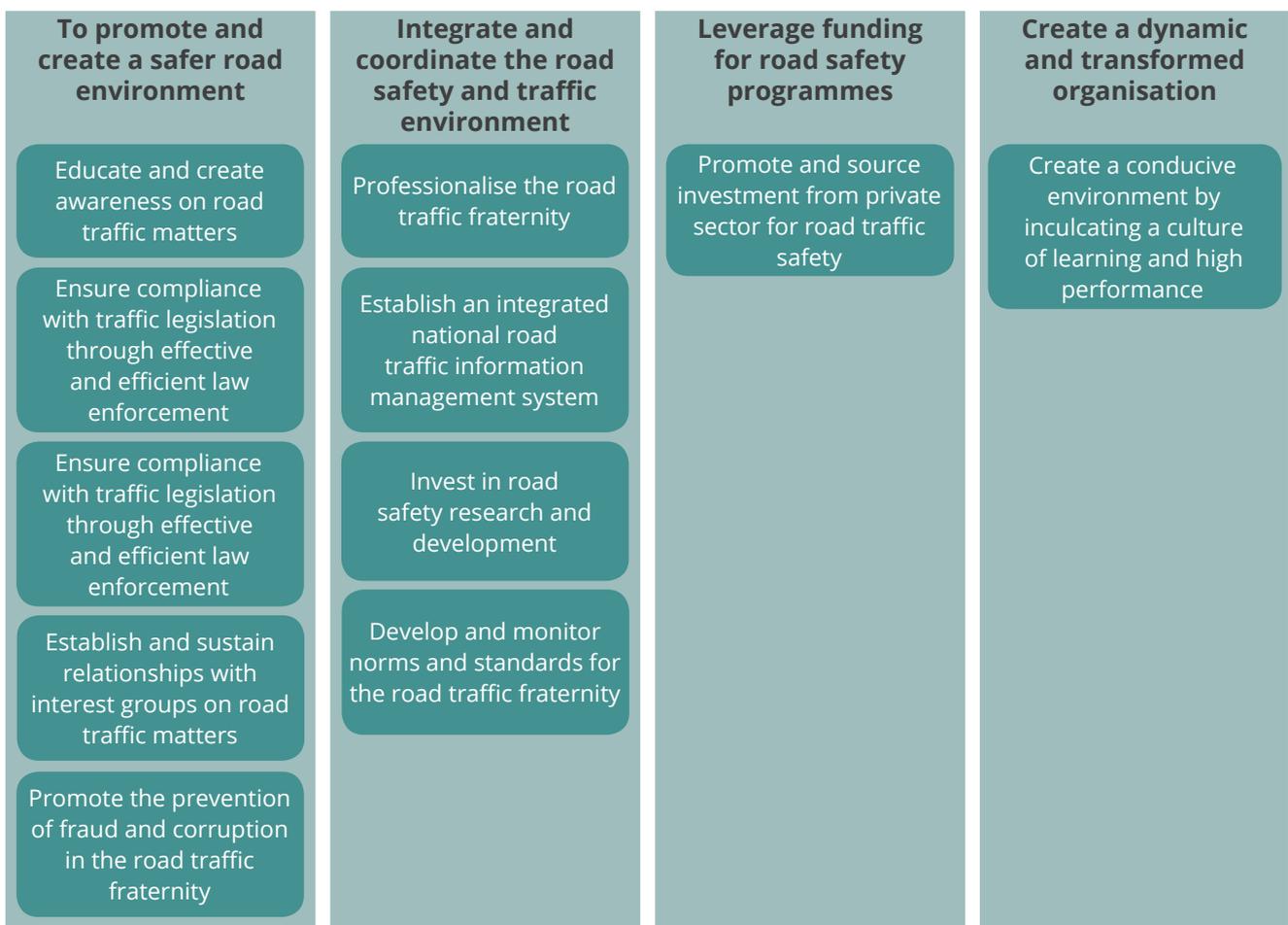


Figure 5: Strategic goals and objectives

The tables below depict progress on the attainment of goals:

Strategic Goal 1	To promote and create a safer road environment
Goal statement	Road safety is a multidisciplinary field that requires multiple collaborations within the transport sector and with other stakeholders to facilitate an integrated and coherent approach to strategy formulation and implementation
Progress on the achievement of goals	<ul style="list-style-type: none"> • Two monitoring and evaluation reports on the implementation of the NRSS approved by the Board • One youth programme developed, and one monitoring report on the implementation of the youth structure approved by the Board • Three road safety programmes implemented with interest groups • One community programme developed, and one monitoring report on the implementation of the community programme approved by the Board • 1 364 law enforcement interventions • 278 745 inspections conducted • 100% of reported cases investigated • 100 self-initiated cases investigated • 41 anti-fraud and corruption awareness programmes implemented • Three research reports produced • One South African Road Assessment Programme (SARAP) road infrastructure assessment submitted to the relevant roads authority

Table 13: Progress on Goal 1



Strategic Goal 2	Integrate and coordinate the road safety and traffic environment
Goal statement	Harmonise traffic management standards, processes and procedures and ensure coordination and integration in the execution of the key strategic imperatives within the traffic environment
Progress on the achievement of goals	<ul style="list-style-type: none"> • 12 National Qualifications Framework (NQF) level 6 traffic officer modules completed for enrolled students • 135 facilitators upskilled on the NQF 6 traffic officer curriculum • Six NQF level 6 road safety practitioners modules completed for enrolled learners • Seven state of road safety reports approved by the Board • Two authorities on the integrated road traffic information system • Two technologies introduced • Two law enforcement authorities using the National Traffic Contravention Management System • National Road Traffic Law Enforcement Code (NRTLEC) implementation plan approved by the Board • Five national road traffic law enforcement standards developed

Table 14: Progress on Goal 2

Strategic Goal 3	Leverage funding for road safety programmes
Goal statement	Ensure adequate funding to facilitate sustainable road safety and traffic programmes and activities
Progress on the achievement of goals	<ul style="list-style-type: none"> • 17% increase in other revenue streams from the previous year • 13% increase in expenditure spend on small, medium and micro enterprises (SMMEs) from previous year

Table 15: Progress on Goal 3

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.

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

Strategic Objective 2	Professionalise road safety and traffic fraternity
Objective statement	Institutional capacity should be strengthened by investing in training to enhance the skills of personnel, and to create professionalism and opportunities for career progression

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

Programme 2: Law Enforcement

This programme integrates and coordinates implementation of law enforcement programmes. It includes national traffic law enforcement, law enforcement standards and planning and coordination.

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

Strategic Objective 5	Develop norms and standards for the traffic fraternity
Objective statement	Harmonise and regulate enforcement standards, policies and procedures, and coordinate road traffic enforcement operations across the three spheres of government for greater impact in reducing numbers of offences, injuries and fatalities

Programme 3: Traffic Intelligence and Security

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

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

Programme 4: Strategic Services

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

Strategic Objective 7	Invest in road safety research and development
Objective statement	<ul style="list-style-type: none"> • Undertake research to identify the extent and the damage of road crashes to the lives of those affected directly and indirectly • Foster long-term relationships to ensure institutions participate in road safety research

Programme 5: Support Services

This programme provides overall management of support functions and administrative services for the RTMC to deliver on its mandate sustainably, effectively and efficiently. It includes financial services, human resources, and legal and compliance management.

Strategic Objective 8	Promote and source investment from the private sector for road safety and traffic programmes
Objective statement	<ul style="list-style-type: none"> • Develop alternative sources of revenue for road safety programmes by coordinating, facilitating and strengthening partnerships with the private sector to sponsor and invest in road safety campaigns and initiatives • Encourage and advocate more funding for road safety programmes by creating an environment conducive to private sector investment

Strategic Objective 9	Create an environment conducive to learning and performance by inculcating a culture of learning and development
Objective statement	<ul style="list-style-type: none"> • Produce a capable workforce by developing and providing ongoing training of personnel transformatively for increased performance

Programme performance by strategic objective

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

Programme 1: Operations

Of 11 performance indicators for the year under review, nine targets were met and two were not met, which resulted in 82% achievement of planned targets.

KPI	Strategic target	Actual achievement 2018/2019	Key performance indicator 2019/2020	Planned target 2019/2020	Actual achievement 2019/2020	Deviation from planned target to actual achievement 2019/2020	Reason for variance
Strategic Objective 1 – Educate and create awareness on road safety and traffic matters							
1.1	Develop and monitor the implementation of the NRSS	Two monitoring and evaluation reports on the implementation of the NRSS approved by the Board	Number of monitoring and evaluation reports on the implementation of the NRSS	Two monitoring and evaluation reports on the implementation of the NRSS approved by the Board	Two monitoring and evaluation reports on the implementation of the NRSS approved by the Board	-	-
1.2	Increase awareness on road safety matters among youth as one of the road user categories highly susceptible to road crashes	One youth programme developed and three monitoring reports produced	Youth programme developed and monitored for implementation	One youth programme developed and one monitoring report on the implementation of the youth programme approved by the Board	One youth programme developed and one monitoring report on the implementation of the youth programme approved by the Board	-	-

KPI	Strategic target	Actual achievement 2018/2019	Key performance indicator 2019/2020	Planned target 2019/2020	Actual achievement 2019/2020	Deviation from planned target to actual achievement 2019/2020	Reason for variance
Strategic Objective 1 – Educate and create awareness on road safety and traffic matters							
1.3	To educate and create awareness on road safety matters, the Corporation will undertake several educational programmes at different echelons of society through mobilisation, advocacy and ambassadorship	Four road safety educational programmes implemented with interest groups	Number of road safety programmes implemented with interest groups	Three road safety programmes implemented with interest groups	Three road safety programmes implemented with interest groups	-	-
1.4	Establish community road safety structure; develop and monitor community-based programmes	One community-based programme developed and three monitoring reports on the implementation of the programme produced	Community programme developed and implemented monitored	One community programme developed and one monitoring report on the implementation of the programme approved by the Board	One community programme developed and one monitoring report on the implementation of the programme approved by the Board	-	-

Table 16: Road safety performance by objectives

ROAD SAFETY SUB-PROGRAMME PERFORMANCE

Monitoring reports on the implementation of the 2016-2030 NRSS

Two monitoring reports on the 2016-2030 National Road Safety Strategy (NRSS) were produced. The Board approved the first monitoring report on the implementation of the NRSS in the second quarter and the second report in the fourth quarter.

Youth programme

Youth programmes educate and create awareness of road safety issues among youth aged between 18 and 35. A youth concept document on impaired and inattentive driving was developed in the first quarter, as young people in South Africa are the most vulnerable demographic group in road safety. The RTMC worked with the provinces to identify contributory factors.

In addition, the Corporation undertook the following initiatives to promote road safety among youth:

- Youth Road Safety Ambassadors Programme was undertaken on 6 March 2020 in Eastern Cape in partnership with the Global Road Safety Partnership – South Africa (GRSP-SA) and the Red Cross.
- Youth road safety awareness campaigns were undertaken in Free State from 12 to 13 March 2020.

Programmes with interest groups

Collaboration with interest groups included presentations, awareness sessions and workshops.

A programme for professional drivers was conceptualised and implemented with freight associations. The programme, covering fatigue, inattentive and impaired driving, was delivered to 888 drivers.

A programme was successfully implemented with several non-profit organisations with an interest in road safety.

Schools are another key target audience, in readying pupils for safe road use. The RTMC monitored the schools learner licence programme in KwaZulu-Natal, Western Cape and Northern Cape. During the year, 189 pupils wrote the learner licence test and 52 were deemed competent.

Programme with communities

A community programme focusing on passengers, pedestrians and stray animals was developed for implementation by provinces and monitoring by the RTMC. Consideration was given to road traffic data and identified hazardous areas to ensure initiatives focused on high-risk areas in communities.

The monitoring report highlighted road safety initiatives executed and was approved by the Board as planned. In addition, the RTMC conducted a stray animals campaign in North West with 77 rangers and a passenger activity in KwaZulu-Natal.

KPI	Strategic target	Actual achievement 2018/2019	Key performance indicator 2019/2020	Planned target 2019/2020	Actual achievement 2019/2020	Deviation from planned target to actual achievement 2019/2020	Reason for variance
Strategic Objective 2 - Professionalise road safety and traffic fraternity							
2.1	Development and implementation of the NQF 6 traffic officer qualification	Six NQF level 6 modules completed for enrolled students	Number of NQF level 6 traffic officer modules completed for enrolled students	12 NQF level 6 traffic officer modules completed for enrolled students	12 NQF level 6 traffic officer modules completed for enrolled students	-	-
2.2	-	120 facilitators upskilled on the NQF level 6 traffic officer curriculum	Number of facilitators upskilled on the NQF level 6 traffic officer curriculum	160 facilitators upskilled on the NQF level 6 traffic officer curriculum	131 facilitators upskilled on the NQF level 6 traffic officer curriculum	29 facilitators not trained within the reporting period	Delivery impacted by the Covid-19 pandemic - programme completed in April 2020
2.3	-	-	Number of traffic officers upskilled on examiner of vehicles (EOV) and examiner of driving licences (EDL)	270 traffic officers upskilled on EOV and EDL	20 officers upskilled on EDL and 27 officers trained on EOV	243 officers not upskilled on EOV and 250 officers not upskilled on EDL	Planning limitations in executing the programme
3	Development and implementation of the NQF 6 road safety practitioner curriculum	Six NQF level 6 road safety practitioner modules delivered for enrolled learners	Number of NQF level 6 road safety practitioner modules delivered for enrolled learners	Three NQF level 6 road safety practitioner modules delivered for enrolled learners	Three NQF level 6 road safety practitioner modules delivered for enrolled learners	-	-

Table 17: Training of traffic personnel performance by objectives

NQF 6 road safety practitioner curriculum implementation

The envisaged six modules towards the NQF level 6 road safety curriculum were completed. 109 road safety practitioner learners were taken through the modules as outlined below:

Module code	Module name
KM-05	Introduction to information technology
KM-04	Project and programme management
KM-09	Introduction to road maintenance, design and related principles
PM-02	Conduct research project and generate an abstract
PM-01	Design and develop a road safety plan
PM-03	Assess/audit road-related infrastructure

Table 18: Completed modules for road safety practitioner training

NQF level 6 traffic officer curriculum implementation

Twelve modules towards the NQF level 6 traffic officer qualification were planned for the year, as below:

Module code	Module name
KM01	General orientation
KM02	Applied communication
KM03	Professionalism and practice
KM04	National Road Traffic Management Act
KM06	Administrative Adjudication of Road Traffic Offences
KM08	Criminal law 1
	Criminal law 2
KM09	Criminal Procedure Act 2
KM11	Road safety and systems
KM15	Anti-corruption and other relevant legislation
PM 01	Ensure road safety on public roads
PM05	Maintain discipline continuously

Table 19: Completed modules for traffic officer training

KPI	Strategic target	Actual achievement 2018/2019	Key performance indicator 2019/2020	Planned target 2019/2020	Actual achievement 2019/2020	Deviation from planned target to actual achievement 2019/2020	Reason for variance
Strategic Objective 3 – Establish an integrated national road traffic information management system							
5	35 state-of-road-safety reports approved by the Board	Seven state-of-road-safety reports approved by the Board	Number of state-of-road-safety reports approved by the Board	Seven state-of-road-safety reports approved by the Board	Seven state-of-road-safety reports approved by the Board	-	-
6.1	Development, implementation and maintenance of national road traffic information systems	Five authorities on the integrated road traffic information system	Number of authorities on the integrated road traffic information system	Two authorities on the integrated road traffic information system	Two authorities on the integrated road traffic information system	-	-
6.2	Development, implementation and maintenance of national road traffic information systems	Online motor vehicle registration services developed	Number of technologies introduced	Two technologies introduced	Two technologies introduced	-	-

Table 20: Road traffic information performance by objectives

Publication of State of Road Safety Reports

The State of Road Safety reports provide important data for decision-making on fatalities, major crashes, vehicle registration and drivers. Seven reports were produced for the Festive Season, Easter period, the four quarterly reports and annual report.

Introduction of new technologies

The following technologies were introduced during the year under review:

- Development of online crash reporting web application (<https://online.natis.gov.za>).
- Development of online transaction application was completed during the year under review. The RTMC's mobile application can be downloaded from Google Play and Apple.



Programme 2: Law Enforcement

All four performance indicators for the year under review were met

KPI	Strategic target	Actual achievement 2018/2019	Key performance indicator 2019/2020	Planned target 2019/2020	Actual achievement 2019/2020	Deviation from planned target to actual achievement 2019/2020	Reason for variance
Strategic Objective 4 – Ensure compliance with traffic legislation through visible policing							
7	3 033 targeted road traffic law enforcement interventions to reduce the number of road crashes and fatalities	1 364 road traffic law enforcement interventions conducted	Number of law enforcement interventions conducted	1 256 law enforcement interventions conducted	1 863 law enforcement interventions conducted	Interventions conducted exceeded the target by 607	Implementation of management controls has improved planning
8	737 529 inspections conducted in cross-border enforcement	278 745 inspections conducted	Number of inspections conducted	262 720 inspections conducted	320 204 inspections conducted	Inspections conducted exceeded the target by 57 484	Implementation of management controls has improved planning

KPI	Strategic target	Actual achievement 2018/2019	Key performance indicator 2019/2020	Planned target 2019/2020	Actual achievement 2019/2020	Deviation from planned target to actual achievement 2019/2020	Reason for variance
Strategic Objective 5: Develop norms and standards for the traffic fraternity							
9.1	Develop and monitor implementation of NRTLEC	NTLEC implementation plan approved by the Board	NTLEC implementation plan approved by the Board	NTLEC implementation plan approved by the Board	NTLEC implementation plan approved by the Board	-	-
9.2		-	Number of national road traffic law enforcement standards developed	Four national road traffic law enforcement standards developed	Five national road traffic law enforcement standards developed	One additional standard was developed	Additional standard developed in response to Covid-19 for a seamless response from the law enforcement fraternity as an essential service regulating the road environment during the pandemic

Table 21: Law enforcement information by objectives

Law enforcement interventions

The national traffic police undertakes law enforcement interventions targeting drunken driving, speeding, public transport safety, vehicle roadworthiness, moving violations and overload control. During the year under review, 1 256 interventions were planned and 1 863 executed, an over-achievement of 607.

Road Transport Inspectorate

The integration of the RTI with the national traffic police has resulted in the implementation of Section 39 of the CBRTA under the RTMC. Against a target of 262 720 inspections, 320 204 were conducted, an over-achievement of 29 236 due to operational realignment resulting in increased supervision, accountability and performance levels.

Development of law enforcement standards

Standards provide guidelines, planning, execution and monitoring of law enforcement operations. Five standards were developed during the year, the additional standard a response to the Covid-19 pandemic.

The following standards were developed:

- Road traffic law enforcement escort procedures
- Driving under the influence of alcohol or drugs having a narcotic effect
- AARTO processing
- Speed standard operating procedures
- Standard operating procedure on Covid-19

Development of the NRTLEC implementation plan

The NRTLEC implementation plan was approved by the Board, following its approval of the NRTLEC in the previous financial year.



Programme 3: Traffic Intelligence and Security

All three set indicators were met.

Key performance indicator	Strategic target	Actual achievement 2018/19	Key performance indicator 2019/2020	Planned target 2019/2020	Actual achievement 2019/2020	Deviation from planned target to actual achievement 2019/2020	Reason for variance
Strategic Objective 6 – Promote the prevention of fraud and corruption in the traffic fraternity							
10	100% corruption and fraud complaints investigated	100% fraud and corruption complaints investigated	100% fraud and corruption cases investigated	100% fraud and corruption complaints investigated	100% fraud and corruption complaints investigated	-	-
11	175 of anti-fraud and corruption awareness campaigns implemented	40 corruption awareness programmes implemented	Number of self-initiated cases investigated	100 self-initiated cases investigated	100 self-initiated cases investigated	-	-
			Number of anti-fraud and corruption awareness campaigns implemented	40 anti-fraud and corruption awareness programmes implemented	40 more anti-fraud and corruption awareness programmes implemented	-	-

Table 22: Traffic intelligence and security performance information by objective

Fraud and corruption cases investigated

The National Traffic Anti-fraud and Corruption Unit received 81 complaints from the public alleging acts of corruption. All cases received were investigated. During the year under review, the unit also initiated 100 investigations with the cooperation of the public, law enforcement agencies and government agencies. 129 arrests were made.

Category	Number of arrests
Vehicle testing stations	31
Driving licence testing centre	22
Driving school officials	3
Runner	7
Law enforcement	13
Cashier	2
South African Police Service	5
Clerks	28
Other	18
Total	129

Number of anti-fraud and corruption awareness programmes implemented

The RTMC conducted 40 awareness campaigns for the public and for traffic officials against a target of 40.



Programme 4: Strategic Services

Both indicators were met.

Key performance indicator	Strategic objective	Actual achievement 2018/19	Key performance indicator 2019/2020	Planned target 2019/2020	Actual achievement 2019/2020	Deviation from planned target to actual achievement 2019/2020	Reason for variance
Strategic Objective 8 – Invest in road safety research and development							
12	11 research reports published	Two road safety research reports published	Number of road safety research reports published	Three road safety research reports published	Three road safety research reports published	-	-
13	SARAP conducted in all nine provinces	One SARAP conducted	Number of engineering programmes implemented	One engineering programme implemented (SARAP)	One engineering programme implemented (SARAP)	-	-

Table 23: Strategic services performance by objective

Publication of road safety research

All three targeted research projects were undertaken and published and are available on the RTMC website:

- The impact of outdoor advertising on road safety

A review of local and international literature to glean a wider understanding of the impact of content and formats on the environment adjacent to the road network, and on road traffic operations and safety.

- Speed and speed limits in South Africa

The report included a literature review of local and international research on the impact of speed and speed limits on traffic safety/road crashes as a sub-topic on improving driver behaviour, and the study of speed and speed limits in best-performing United Nations Decade of Action for Road Safety (UNDA) countries.

- Driver intoxication and fatal crashes

The research focused on the effects and impact of alcohol consumption on road crashes, particularly fatal crashes as a result of driver intoxication from 2016 to 2018.

South African Road Assessment Programme

A consultative session on the importance of implementing SARAP recommendations was held with the Free State province.



Programme 5: Support Services

Of five indicators, two of these were achieved, a 40% achievement.

Key performance indicator	Strategic objective	Actual achievement 2018/19	Key performance indicator 2019/2020	Planned target 2019/2020	Actual achievement 2019/2020	Deviation from planned target to actual achievement 2019/2020	Reason for variance	Reason for variance
Strategic Objective 9 – Promote and source investment from private sector for road safety and traffic								
14	Develop and implement an alternative funding model	57% increase in other revenue streams from the previous year	Total % increase in revenue streams	increase in other revenue streams	15% increase in other revenue streams from the previous year	16% increase in other revenue streams from the previous year	Revenue increase was 1% above the set target	Recovery of bad debt previously written off
15	Procurement strategy developed and implemented	15% increase in expenditure spend on SMMEs from previous year	Total % increase in expenditure spend on SMMEs	increase in expenditure spend on SMMEs	10% increase on SMME expenditure spend from previous year	13% increase on SMME expenditure spend from previous year	SMME expenditure spend 3% above the set target	Simplification of SMME procurement processes

Table 24: Financial services performance by objective

Increase in revenue

An increase in the revenue base of the Corporation ensures sustainability on the implementation of programmes. Against a target of 15%, 16% was achieved, mostly through recovery of bad debts written off in prior years.

Increase in expenditure spend on SMMEs

The target for the year was 10% and the achievement was 13% due to the simplification of procurement processes.



Key performance indicator	Strategic objective	Actual achievement 2018/19	Key performance indicator 2019/2020	Planned target 2019/2020	Actual achievement 2019/2020	Deviation from planned target to actual achievement 2019/2020	Reason for variance
Strategic Objective 10 – Create a conducive environment by inculcating a culture of learning and development							
15.1	Develop and implement the human resource strategy	-	Develop and implement an organisational structure	Organisational structure and implementation plan approved by the Board and matching Board and placement on the organisational structure	Organisational structure approved by the Board	Matching and placement not completed during the period	Priority given to the organisational realignment process, which resulted in change management delays impacting human resources delivery areas
15.2		-	Develop and implement a talent management strategy	Talent management strategy and implementation plan approved by the Board and two talent management initiatives implemented	Talent management strategy approved by the Board and one initiative implemented	One initiative not implemented	
15.3		Implementation of an automated performance management system	Revised performance management system	Performance management system revised and approved by the Board	Draft document developed	System not approved by the Board as planned	

Table 25: Human resources performance by objectives

Organisational realignment

The organisational structure and implementation plan were approved by the Board in the period under review. Change management processes impacted matching and placement.

Talent management

The talent management strategy and implementation plan were approved by the Board. The Corporation was to have implemented two initiatives, but only one, the implementation of a bursary scheme, was achieved.

Performance management system

The revised performance management system was not approved by the Board as planned.

Impact on human resources targets

The human resources deliverables were impacted by organisational restructuring processes. The new organisational structure was implemented, and matching and placement took place in the first quarter of 2020/2021.

Strategies to address underperformance

No	Key performance indicator	Corrective action
1	Number of traffic officers upskilled on EDL and EOY	Development of memoranda of understanding with provinces to ensure achievement of the deliverable An executive has been appointed to head the training academy and will monitor progress
2	Number of facilitators upskilled on the NQF level 6 traffic officer curriculum	Delivery impacted by the Covid-19 pandemic - programme completed in April 2020
3	Develop and implement an organisational structure	The organisational structure was partially implemented with the appointment of senior management. Processes are underway to finalise matching and placement.
4	Develop and implement a talent management strategy	The executive responsible for the human resource function was appointed in March 2020, which will tighten management controls and ensure implementation of outstanding deliverables
5	Revised performance management system	

LINKING PERFORMANCE OF THE ENTITY WITH THE APPROVED BUDGET

Expenditure per programme

A year-on-year expenditure comparison reflects an increase compared to the previous year, R1.27 billion was spent in the 2019/2020 financial year compare to R1.05 billion in the 2018/19 financial year. In total, the Corporation spent 97% of the allocated budget during the 2019/2020 financial year. The tables below depict the financial performance of the programmes during the year under review.

The performance of the programmes can be summarised as follows:

Programme/activity/objective	Approved Budget Allocation 2019/20	Approved Adjusted Budget Allocation 2019/20	Actual expenditure 2019/20	Under/ (Over) Expenditure	Annual Spent as % of Allocated Budget	Approved Budget Allocation 2018/19	Actual Expenditure 2018/19	Under/ (Over) Expenditure	Annual Spent as % of Allocated Budget
Operations	332,180,909	204,926,142	190,790,116	14,136,025	93%	152,360,522	122,398,399	29,962,123	80%
Law Enforcement	316,984,060	298,712,234	284,461,108	14,251,126	95%	228,477,966	225,024,027	3,453,939	98%
Traffic Intelligence and Security	28,975,614	25,885,757	25,462,287	423,470	98%	23,390,000	20,619,909	2,770,091	88%
Strategic Services	179,117,285	94,777,407	74,561,719	20,215,689	79%	157,292,865	74,298,260	82,994,605	47%
Support Services	654,895,834	685,330,300	693,109,979	-7,779,679	101%	670,729,224	609,469,761	61,259,463	91%
Total Expenditure	1,512,153,702	1,309,631,841	1,268,385,209	41,246,632	97%	1,232,250,575	1,051,810,356	180,440,219	85%

Table 26: Expenditure per programme

The graph below depicts a year-on-year comparison of expenditure per budget programme:

Year-on-Year Expenditure per Programme

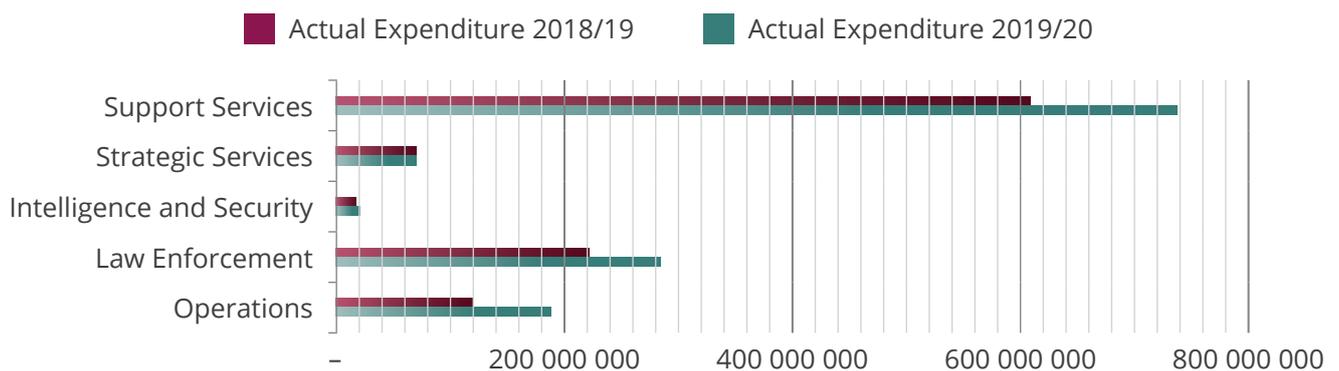


Figure 6: Year-on year expenditure per programme

- Operations underspent by 7% against the allocated budget for the year as compared to prior year where an underspent of 20% was recorded. The variance can mainly be attributed to the fact that the traffic trainee project was delayed due to challenges experienced with obtaining a suitable venue. The traffic trainee project continued with only 300 trainees.
- Law Enforcement underspent by 5% against the allocated budget for the year as compared to the previous year, which reflects an underspending of 2%. Upskilling of traffic officers contributed to the

underspent insofar as traffic operation being staggered to ensure that all officers operated at the same level.

- Traffic Intelligence and Security underspent by 2% against allocated budget for the year against an underspent of 12% on the previous year. Although more vigorous operations were done during the financial year, most operations took place in Gauteng and the neighbouring provinces accounting for the budget underspent.
- Strategic Services underspent by 21% against the allocated budget for the year versa via a recorded underspent of 53%. Marketing and advertising campaigns during the financial year were run through social media platforms, with limited radio and printed media. The aforementioned is the main reason for the variance depicted.
- Support Services reflects a 101% spent of the allocated budget against a 9% underspent in the previous year. It is imperative to note that the Corporation procured vehicles to complement the aging fleet as well as the procurement of parkhomes to accommodate and facilitate the training of traffic trainees. Software licenses previously expensed were now capitalized which contributed to the underspent reflected for the year.

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

Programme/activity/objective	Approved Budget Allocation 2019/20	Approved Adjusted Budget Allocation 2019/20	Actual expenditure 2019/20	Under/ (Over) Expenditure	Annual Spent as % of Allocated Budget	Approved Budget Allocation 2018/19	Actual Expenditure 2018/19	Under/ (Over) Expenditure	Annual Spent as % of Allocated Budget
Operations	332,180,909	204,926,142	190,790,116	14,136,025	93%	152,360,522	122,398,400	29,962,122	80%
Cost of employees	108,877,226	108,877,226	106,331,965	2,545,261	98%	79,922,840	80,711,922	-789,082	101%
Goods & services	223,303,683	96,048,916	84,458,152	11,590,765	88%	72,437,682	41,686,478	30,751,204	58%
Capital expenditure	-	-	-	-	-	-	-	-	-
Law enforcement	316,984,060	298,712,234	284,461,108	14,251,126	95%	228,477,966	225,024,027	3,453,939	98%
Cost of employees	228,561,761	228,561,761	238,693,178	-10,131,418	104%	192,120,706	201,349,748	-9,229,042	105%
Goods & services	88,422,299	70,150,473	45,767,930	24,382,543	65%	36,357,260	23,674,279	12,682,981	65%
Capital expenditure	-	-	-	-	-	-	-	-	-
Traffic intelligence and security	28,975,614	25,885,757	25,462,287	423,470	98%	23,390,000	20,619,909	2,770,091	88%
Cost of employees	22,804,113	22,804,113	24,058,977	-1,254,864	106%	19,186,010	18,664,863	521,147	97%
Goods & services	6,171,501	3,081,644	1,403,309	1,678,335	46%	4,203,990	1,955,046	2,248,944	47%
Capital expenditure	-	-	-	-	-	-	-	-	-
Strategic service	179,117,285	94,777,407	74,561,719	20,215,689	79%	157,292,865	74,298,260	82,994,604	47%
Cost of employees	45,057,612	45,057,612	56,394,183	-11,336,571	125%	55,123,821	60,678,005	-5,554,185	110%
Goods & services	134,059,673	49,719,795	18,167,535	31,552,260	37%	102,169,044	13,620,255	88,548,789	13%
Capital expenditure	-	-	-	-	-	-	-	-	-
Support services	654,895,834	685,330,300	693,109,979	-7,779,679	101%	670,729,224	609,469,760	61,259,463	91%
Cost of employees	174,019,165	174,019,165	183,314,555	-9,295,391	105%	195,067,069	174,101,899	20,965,169	89%
Goods & services	269,591,879	359,951,879	368,358,746	-8,406,867	102%	346,561,243	387,077,149	-40,515,906	112%
Capital expenditure	211,284,790	151,359,256	141,436,678	9,922,578	93%	129,100,912	48,290,712	80,810,200	37%
Total expenditure	1,512,153,702	1,309,631,841	1,268,385,209	41,922,578	97%	1,232,250,575	1,051,810,356	180,440,219	85%

Table 27: Expenditure per economic classification

Expenditure per Economic classification

The expenditure per classification shows that 105% of the budget for Compensation of Employees (CoE) was spent as compared to the previous financial year, wherein 99% of the budget for CoE was utilised. 89% of the budget for goods and services was spent as compared to the previous financial year, wherein there was spent of 83% due to provision for bad debts which was material. Only 93% of the capital budget was spent on the acquisition of the new fleet and park-homes, and the delay in the finalisation of the acquisition of land contributed to the non-spending of 7%.

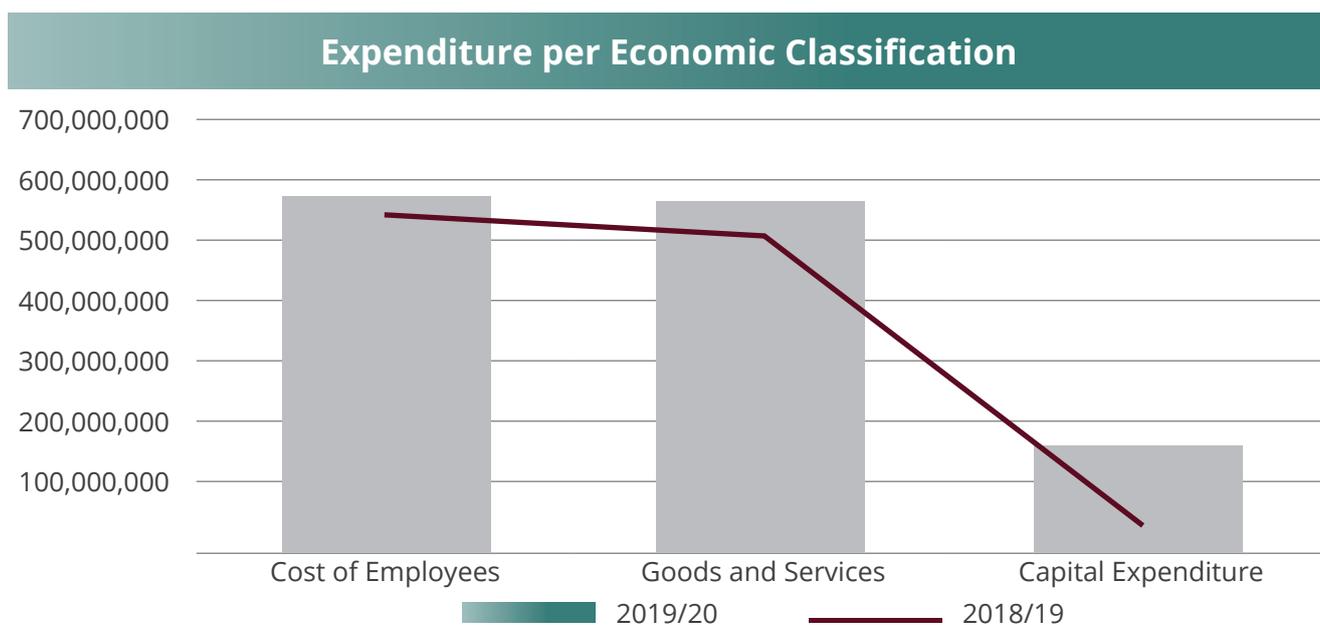


Figure 7: Expenditure per economic classification

Compensation of employees

Compensation of employees increased by R 73 million to R 608 million from R 535 million in the previous year due to the appointment of a panel of experts to peer review the findings of the Traffic Law Enforcement Review Committee, increase in the number of employees and organisational restructuring. During the financial year the Corporation appointed personnel in strategic positions and permanent staff complement increased from 1 159 in 2018/2019 to 1 228 this financial year.

Programme/activity/objective	2019/20			Under/ (Over) Expenditure	Annual Spent as % of Allocated Budget	2018/19		Under/ (Over) Expenditure	Annual Spent as % of Allocated Budget
	Approved Budget Allocation	Adjusted Budget Allocation	Actual Expenditure			Approved Budget Allocation	Actual Expenditure		
Cost of employees	579,319,876	579,319,876	608,792,859	-29,472,982	105%	541,420,445	535,506,437	5,914,008	99%
Goods and services	721,549,035	578,952,708	518,155,672	60,797,036	89%	561,729,218	468,013,206	93,716,011	83%
Capital expenditure	211,284,790	151,359,256	141,436,678	9,922,578	93%	129,100,912	48,290,712	80,810,200	37%
Total expenditure	1,512,153,702	1,309,631,841	1,268,385,209	41,246,632	97%	1,232,250,575	1,051,810,356	180,440,219	85%

Table 28: Compensation of employees

Goods and services

The underspent of R 61 million in Goods and Services is mainly attributed to the delay in the execution of the traffic trainee project, which was brought about by challenges experienced with the accommodation.

Capital expenditure

The Corporation spent R 141 million in the procurement of assets, the cost drivers were the procurement of:

- Vehicles replacing the aging fleet
- Park-homes to solve the accommodation challenge
- Hardware refresh of aging computers

Budget adjustment and Virement

The approved budget of the Corporation for 2019/2020 was R 1.5 billion. During the third quarter of a decision was taken to reduce the budgeted revenue from R1.5 billion to R1.3 billion due to a delay in the approval of additional revenue streams identified by the Corporation. The downward budget adjustment also resulted in a budget virement between programmes whereby expenditure items identified for underspent were reduced to augment those items where an overspent was identified. The budget virement also necessitated a shift between Goods and Services and Capital Expenditure. The finalisation of the procurement of land however, remains outstanding.

Revenue streams

The Corporation derived its revenue from the following sources:

- Grant Income from the National Department of Transport;
- Transaction fees from vehicle licenses;
- Infringement fees from fines issued by National Traffic Police and Road Traffic Inspectorate;
- Fees collected for training at Boekenhoutkloof College;
- Fees charged for access to Natis data;
- Interest received from investments (Call accounts); and
- Sponsorships
- Bad debt recovery.

The approved adjusted budget for revenue amounted to R1.31 billion and R 1.39 billion was collected. The transaction fees are the highest revenue contributor to total revenue at 66% in 2019/2020, the budgeted amount for transaction fees was R 1.05 billion, but the actual collection was R 910 million. In the previous financial year, transaction fees accounted for 76% (R910 million) of the total revenue collected. The Corporation had planned to increase the transaction fees by an additional R 10 in 2019/2020 however, the increase was not implemented, the Corporation is still awaiting approval from National Treasury.

It is important to note that the Corporation received a refund to the amount of R176 million for a payment made on behalf of the Department of Transport in the 2016/2017 financial year.

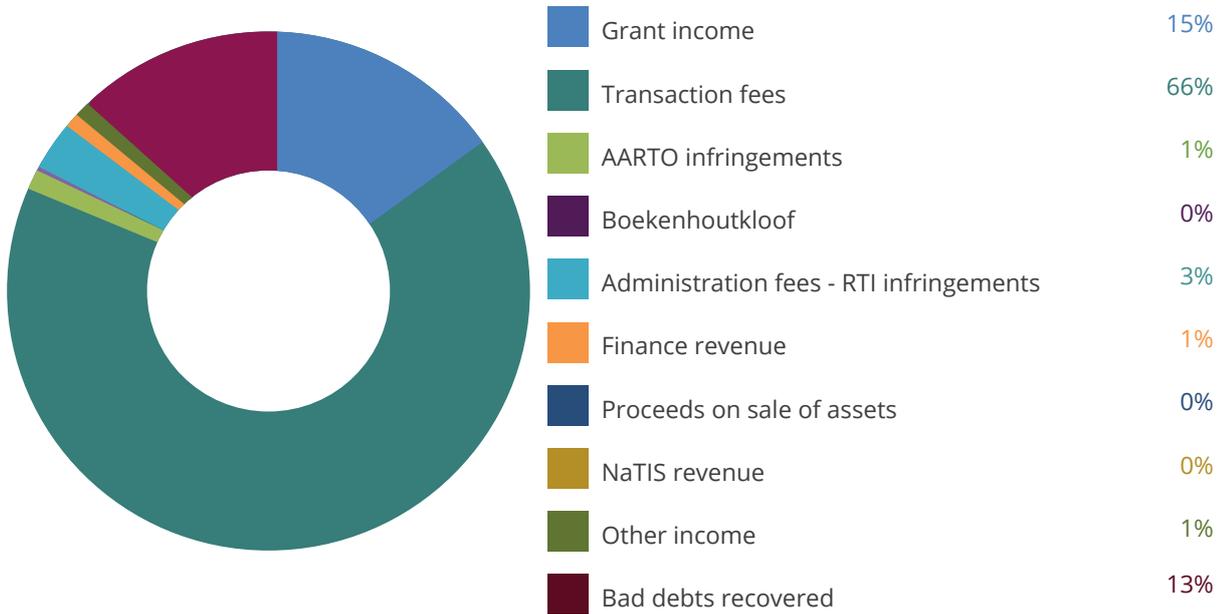
The table below provides details of the revenue collected during 2019/2020 in comparison to the previous year.

Source of revenue	2019/20			Annual collection as % of annual budget	2018/19			Annual collection as % of annual budget
	Approved estimate	Adjusted estimate	Actual amount collected		Over/(Under) collection	Approved estimate	Actual amount collected	
Grant income	210,228,000	210,228,000	210,228,000	-	200,238,000	200,238,000	-	100%
Transaction fees	1,091,670,487	1,053,159,817	915,349,117	-137,810,700	928,949,435	909,500,442	-19,448,993	98%
AARTO infringements	9,712,878	9,712,878	16,364,409	6,651,532	8,955,345	22,804,555	13,849,210	255%
Boekenhoutkloof	4,941,145	4,941,145	1,089,670	-3,851,475	4,439,400	13,021,815	8,582,415	293%
Administration fees - RTI infringements	31,590,000	31,590,000	42,621,719	11,031,719	30,000,000	37,161,400	7,161,400	124%
Finance revenue	-	-	11,661,303	11,661,303	-	7,119,110	7,119,110	0%
Proceeds on sale of assets	-	-	-	-	-	1,213,218	1,213,218	0%
NaTIS revenue	84,011,191	-	193,168	193,168	59,668,395	4,197,018	-55,471,377	7%
Other income	-	-	14,676,781	14,676,781	-	2,005,756	2,005,756	0%
Bad debts recovered	-	-	176,683,117	176,683,117	-	-	-	0%
Section 56 revenue	80,000,000	-	-	-	-	-	-	0%
Total revenue collected	1,512,153,702	1,309,631,840	1,388,867,285	71,755,958	1,232,250,575	1,197,261,313	-34,989,262	97%

Table 29: Revenue collection

The graphs below show a year-on-year revenue comparison:

2019/2020 revenue collection



2018/2019 revenue collection

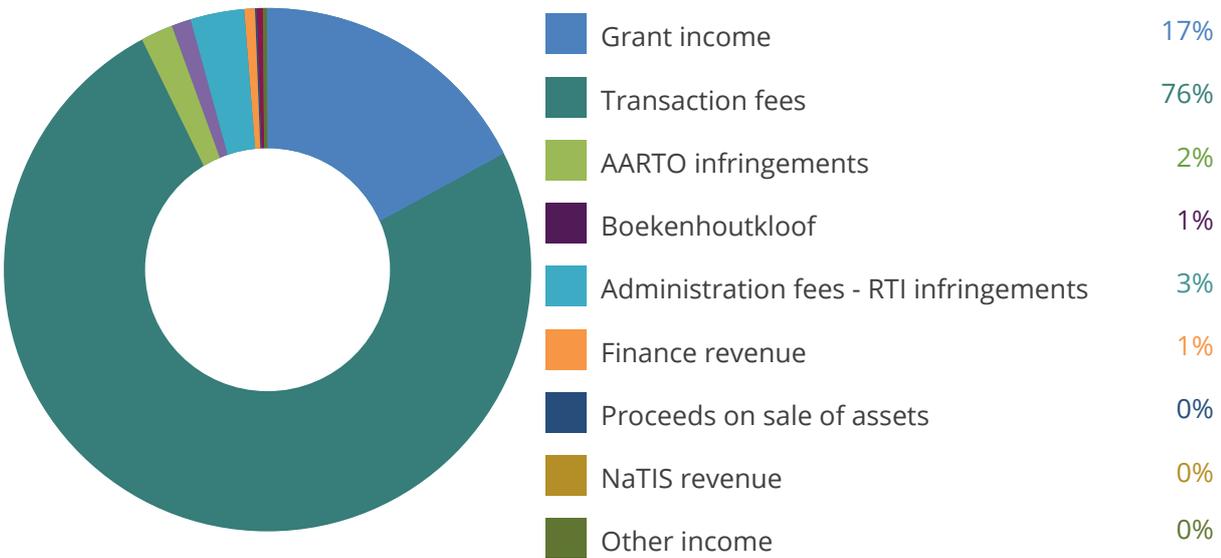


Figure 8: Year-on-year revenue comparison

Capital investment Finance

The RTMC budgeted R47 million for the acquisition of land to build permanent office space. Due to delays in the approval processes as outlined in section 54 of the PFMA, the transaction was not yet concluded at year end.



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Albertina Sisulu

“Women are the people who are going to relieve us from all this oppression and depression.”

Part
Governance Informations

C

LEVELS OF GOVERNANCE AND ACCOUNTABILITY

Portfolio Committee

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

Governance framework

The RTMC was established in terms of Section 3 of the RTMCA. It is further governed by the provisions of, inter alia, the NLTA, NRTA, PFMA and CPA, and subscribes to the principles contained in the King IV Report on Corporate Governance. The governance structures of the RTMC are as follows:

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



Shareholders Committee

There were some changes in the composition of the Shareholders Committee during the period under review. Some provinces have two MECs instead of one due to differences in the scope of MEC functions. The Shareholders Committee was constituted as follows:

			
Dr Blade Nzimande* Minister of Transport - National (Chairperson)	Fikile Mbalula** Minister of Transport - National (Chairperson)	Sindisiwe Chikunga * Deputy Minister of Transport - National	Dikeledi Magadzi ** Deputy Minister of Transport - National
			
Weziwe Tikana-Gxothiwe MEC: Transport, Safety and Liaison - Eastern Cape	Sam Mashinini MEC: Police, Roads and Transport - Free State	Pat Ngomane * MEC: Community Safety, Security and Liaison - Mpumalanga***	Gabisile Shabalala ** MEC: Community Safety, Security and Liaison - Mpumalanga***
			
Sasekani Manzini * MEC: Public Works, Roads and Transport - Mpumalanga***	Gillion Mashego ** MEC: Public Works, Roads and Transport - Mpumalanga***	Ismail Vadi * MEC: Roads and Transport - Gauteng***	Jacob Mamabolo ** MEC: Roads and Transport - Gauteng***
			
Sizakele Nkosi-Malobane * MEC: Community Safety - Gauteng***	Faith Mazibuko ** MEC: Community Safety - Gauteng***	Dr Mpho Motlhabane * MEC: Community Safety and Transport - North West***	Sello Lehare ** MEC: Community Safety and Transport - North West***

			
Mmule Maluleke * MEC: Public Works and Roads - North West***	Gaoage Molapisi ** MEC: Public Works and Roads - North West***	Makoma Makhurupetje * MEC: Transport and Community Safety - Limpopo	Dickson Masemola ** MEC: Transport, Safety, Security and Liaison - Limpopo
			
Lebogang Motlhaping * MEC: Transport, Safety and Liaison - Northern Cape	Nontobeko Vilakazi ** MEC: Transport, Safety and Liaison - Northern Cape	Donald Grant * MEC: Transport and Public Works - Western Cape	Bonginkosi Madikizela ** MEC: Transport and Public Works - Western Cape
			
Mxolisi Kaunda* MEC: Transport, Safety, Security and Liaison - KwaZulu-Natal	Bheki Ntuli MEC: Transport, Safety, Security and Liaison - KwaZulu-Natal	Jean de la Harpe South African Local Government Association nominee - National	

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

** A member by the end of the financial year under review

*** Province has dual membership

The Board

The Board is accountable to the Shareholders Committee in terms of the provisions of the RTMCA, the PFMA and the governance agreement.

The Board views good governance as a vital component in operating a successful and sustainable business, and in providing assurance to stakeholders that the Corporation is well managed. In keeping with its approved Board Charter, the Board executed its responsibilities, which include:

- Providing effective leadership and control in approving the RTMC strategy and ensuring control over its operational implementation.
- Overseeing and appraising the strategies, policies and 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 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.
- Overseeing the review of the organisational design and approving an organisational structure that is aligned to the new operating model leading to the appointment of the executive team.
- Reviewing and approving the Board Charter and the terms of reference of all Board committees in line with King IV and best practices.

Board composition

The RTMCA provides for the Shareholders Committee to establish a Board comprising of not more than eight persons appointed by the committee, the CEO and a person holding office in the department appointed by the Minister.

The Board comprises an independent non-executive chairman, seven non-executive members appointed by the Shareholders Committee, one shareholder representative appointed by the Minister and the CEO. However, one member resigned in January 2020 (details appear in the schedule of Board members' attendance of meetings).

In keeping with good corporate governance practices, the roles of Chairman and CEO are distinct. The Chairman is responsible for leading the Board and ensuring its effectiveness. The CEO is responsible for the execution of the strategy and the day-to-day business of the Corporation.

The Delegation of Authority Framework outlines the nature and the extent of the powers of the Board and the CEO. Below are details of the non-executive members of the Board, allocation to committees and meeting attendance.

Name		Qualifications	Date of appointment
Zola Majavu CD(SA) Chairman		<ul style="list-style-type: none"> • BA (Law) • LLB • Higher Diploma in Sports Law • Attorney of High Court of SA • Chartered Director SA 	Reappointed on 1 January 2017
Pinkie Manqele Chairman of Strategy, Monitoring and Evaluation Committee		<ul style="list-style-type: none"> • B Tech Policing • Diploma in Police Management • Certificate in Community Policing and Human Rights • Certificate in Police Management • Diploma in Practical Accounting 	Reappointed on 1 January 2017
Tembeka Mdlulwa Chairman of Remuneration Committee		<ul style="list-style-type: none"> • B Juris • LLB • Attorney of High Court of SA 	Reappointed on 1 January 2017
Daphline Ewertse* Chairman of Audit and Risk Committee		<ul style="list-style-type: none"> • B Accounting Science • Bachelor of Accounting Science Hons • Postgraduate Diploma in Auditing 	Reappointed on 1 December 2018 Resigned on 28 January 2020
Thulani Kgomo Chairman of Social and Ethics Committee		<ul style="list-style-type: none"> • B Proc • Attorney of High Court of SA 	Reappointed on 1 December 2018

Name		Qualifications	Date of appointment
Prof Maredi Mphahlele		<ul style="list-style-type: none"> • Teachers Diploma in Science and Mathematics • BSc in Science and Mathematics • BSc (Hons) in Computer Science • MSc in Computer Science • D Tech in Computer Science 	Appointed on 1 January 2017
Thandi Thankge CD(SA)		<ul style="list-style-type: none"> • M Com in Business Management • BA (Hons) in Industrial Psychology • BA Industrial Psychology • Diploma in Library and Information Services • Registered Master Human Resources Professional, Generalist with South African Board of People Practice Practitioner • Chartered Director(SA) 	Appointed on 1 January 2017
Dr Eddie Thebe		<ul style="list-style-type: none"> • D Tech • M Tech in Public Relations Management • BA Communications Hons • BA Communications • Road Traffic Diploma 	Appointed on 1 January 2017
John Motsatsing Shareholder representative		<ul style="list-style-type: none"> • B Proc • Transport Management Diploma 	Appointed on 18 March 2014
Adv. Makhosini Msibi Chief Executive Officer		<ul style="list-style-type: none"> • B Juris • LLB 	Reappointed on 1 January 2019

*Resigned during the year

Board attendance of meetings

Board member	29/04/2019	29/05/2019 Special	31/07/2019	06/09/2019 Special	22/10/2019 Strategy session -special session	23/10/2019	09/12/2019 Special	24/01/2020 Special	30/01/2020	26/02/2020 Special	31/03/2020 Special
Zola Majavu (Chairman)	P	P	P	P	P	P	P	P	P	P	P
Adv Makhosini Msibi (CEO)	P	P	P	P	P	P	P	P	P	P	A
Tembeka Mdlulwa	P	A	P	P	A	P	P	P	P	A	P
Pinkie Manqele	P	P	P	P	P	P	P	P	P	P	P
John Motsatsing	A	A	A	A	A	P	A	P	P	P	A
Daphline Ewertse	P	P	P	A	P	P	P	A	R	R	R
Thulani Kgomo	A	P	P	P	P	P	A	P	P	P	P
Prof Maredi Mphahlele	P	A	P	P	P	P	P	P	P	P	P
Thandi Thankge	P	P	P	P	P	P	P	P	P	P	P
Dr Eddie Thebe	P	A	P	P	P	P	A	P	P	P	P

P – Present A – Absent with Apology R - Resigned



The Board and Company Secretary

Board committees

In line with good corporate governance practices and to assist with effective discharge of its duties, the Board has established the following committees:

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

The Board Charter and the terms of reference which set out, amongst others, the roles and responsibilities of the Board and its committees were reviewed and approved during the year under review.

Executives and some members of management are invited to attend Board and committee meetings to provide pertinent information and insight into their areas of responsibility.

Audit and Risk Committee

Members of the Audit and Risk Committee are:

Member	Date of appointment
Daphline Ewertse (Chairman)*	Reappointed - 1 December 2018
Nomusa Mufamadi**	Reappointed - 1 October 2017
Prof Maredi Mphahlele	31 January 2017
Nomvuyo Mhlakaza*	1 October 2017 Resigned with effect from 6 June 2019
Gloria Mnguni	1 October 2017

* Nomvuyo Mhlakaza (June 2019) and Daphline Ewertse (28 January 2020) resigned.

** Appointed an interim Chairman with effect from 30 January 2020.

Audit and Risk Committee attendance of meetings

Members	25/04/2019	20/05/2019 Special	25/07/2019	22/10/2019	24/01/2020
Daphline Ewertse (Chairman)	P	A	P	P	P
Nomusa Mufamadi	P	P	P	P	P
Prof Maredi Mphahlele	P	P	P	P	P
Nomvuyo Mhlakaza	P	A	R	R	R
Gloria Mnguni	P	P	P	P	P

P – Present A – Absent with Apology R - Resigned

Strategy, Monitoring and Evaluation Committee

The Strategy Monitoring and Evaluation Committee members are:

Members	Date of appointment
Pinkie Manqele (Chairman)	31 January 2017
Tembeka Mdlulwa	31 January 2017
Thulani Kgomo	31 January 2017
Prof Maredi Mphahlele	29 January 2019
John Motsatsing	14 July 2014

Strategy, Monitoring and Evaluation Committee attendance of meetings

Member	23/04/2019	18/07/2019	19/08/2019 Special	21/10/2019	04/12/2019 Special	20/01/2020	23/03/2019 Special
Pinkie Manqele (Chairman)	P	P	P	P	P	P	P
Tembeka Mdlulwa	P	A	P	P	P	P	P
Thulani Kgomo	P	A	P	P	A	P	P
Prof Maredi Mphahlele	P	P	P	P	P	P	P
John Motsatsing	A	P	P	P	P	A	P

Social and Ethics Committee

Social and Ethics Committee members are:

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

Social and Ethics Committee attendance of meetings

Member	24/04/2019	23/07/2019	17/10/2019	21/01/2020
Thulani Kgomo (Chairman)	P	P	P	P
Pinkie Manqele	P	P	P	P
Thandi Thankge	P	P	P	P
Dr Eddie Thebe	P	P	P	P
P – Present				

Remuneration Committee

Members of the Remuneration Committee are:

Members	Date of appointment
Tembeka Mdlulwa (Chairman)	31 January 2017
Thandi Thankge	31 January 2017
Dr Eddie Thebe	31 January 2017
Daphline Ewertse	31 January 2019

Remuneration Committee attendance of meetings

Member	22/07/2019	19/08/2019 Special	02/09/2019 Special	21/10/2019 Special	04/12/2019 Special	20/01/2020	23/03/2020 Special
Tembeka Mdlulwa (Chairman)	P	P	P	P	P	P	P
Thandi Thankge	P	P	P	P	P	P	P
Dr Eddie Thebe	P	P	P	P	A	p	P
Daphline Ewertse	P	P	A	P	P	P	R
P – Present A – Absent with Apology R - Resigned							

Independent evaluation of the Board performance and its committees

The Board ensures the evaluation of its own performance and that of its committees, Chairman and individual directors, and provides support for continued improvement in its performance and effectiveness. An independent evaluation of Board performance was conducted to assess the effectiveness of the Board and its committees, the Chairman and the individual contributions of the directors. Findings and recommendations of the evaluation were considered by the Board and will be shared with the Shareholders Committee Chairperson for consideration.

Continuous development of members

As part of continuous development of members, in enhancing their knowledge and understanding of the committees' responsibilities, sessions were attended at the Institute of Directors (SA) during the year under review.

Company Secretariat function

The Company Secretariat develops systems and processes that enable the Board to discharge its functions efficiently and effectively. In addition to various statutory functions, the Company Secretariat provided individual non-executive members and the Board with guidance on their duties, responsibilities, and powers.

Conflict of interest

Conflict of interest is managed through mandatory annual declarations of interest by members of the Board and all employees. The declaration of interests' process is conducted through an electronic filing system. On an ongoing basis, members and attendees are required to declare their interests on matters to be deliberated in Committees and Board meetings.

Code of Ethics

RTMC has a Code of Ethics which establish the standards that promote and encourage ethical behaviour and decision making by all employees, Board members and Stakeholders.

Information technology governance

The focus for 2019/2020 was to broaden the channels in which the Corporation could engage with the citizenry. The online NaTIS website proved particularly successful, as more than a million transactions were performed during the financial year, albeit that the platform was used only by Gauteng for non-payment bookings.

The Corporation expanded this platform to provide electronic notification services and added the additional channel of the mobile app platform. The RTMC mobile services app and the online NaTIS website are the launchpad for payment services to be introduced later.

In addition, focus in the following areas has continued to ensure that the Corporation enhances its business performance:

- **Strategic infrastructure:** A refreshed strategic infrastructure will enable the Corporation to ensure capacity, promote performance improvement and capacity and promote performance improvement
- **Enhanced information security:** The pursuit of secure networks and data protection efficacy in a world of evolving threats and change drivers
- **Enterprise resource planning:** The management of systems to support human resource, enterprise performance, procurement and financial management
- **Business resilience:** The assurance of capacity and performance management, including backup protocols with disaster planning for continuity
- **Innovation and investment in human capital:** Staying abreast of emerging information and communications technology (ICT) best practices to ensure that ICT capability meets world-class standards

Information security

Over the year, the Corporation has continued to keep track of best practices in information security and updated its policies. The building blocks are in place to provide assurance on data protection, with a strong emphasis on protection of personal information as engagements are furthered with the motoring public.

Innovation and evolution of ICT governance

In a rapidly evolving digital world with the requirement to strengthen ICT for governance, the RTMC strives for close collaboration of different units to ensure high-quality systems are put in place to enable strategic growth. In the year ahead, the focus will be on improved communication and change management to serve customers and on digitisation to prevent fraud and corruption.

Refreshed equipment

In the year under review, the Corporation began to refresh its ICT equipment to modernise the technology footprint and reduce the cost of downtime and repairs.

The reconfigured Road Traffic Information and Technology branch will be the strategic enabler of the Corporation's revised operating model.

Risk management

The discipline of risk management requires a team approach in which all employees recognise the impact of their actions. The RTMC governance structure aims to embed a risk management culture that clarifies roles and responsibilities and in which management remains responsible for the design and implementation of risk management strategies. The risk management function is responsible for effectively facilitating risk management, improving risk culture and ensuring that risk is contained within organisational perimeters.

The Audit and Risk Committee exercises its delegated oversight on risk management activities quarterly and reports to the Board.

For the year under review, the following progress was made in mitigating identified strategic risks.

Risk	Status of implementation	Assessment at 31 March 2020
Failure to coordinate and monitor the implementation of the NRSS, resulting in increased road fatalities	NRSS implementation plan is developed, but has not been approved since it has cost implications. The Corporation continues to plan and execute critical initiatives of the NRSS annually while the costing of entire implementation is finalised	Partially achieved
Ineffective implementation of the revised organisational structure, thus impacting organisation performance and employee wellness	The RTMC underwent a successful organisational design	Achieved
	The design's objective of a competency-based performance management system has, however, not been achieved	Not achieved
	The talent management strategy has been developed and approved by the Board	Achieved

Risk	Status of implementation	Assessment at 31 March 2020
Failure to protect information assets from unauthorised access, control and disclosure (resulting in transgression of statutes, including the Protection of Personal Information Act) relating to NaTIS	<p>Periodic review of user access rights and implementation of appropriate role-based rights to view/alter information on NaTIS.</p> <p>The above must be accompanied by the ability to detect timeously unauthorised activities, thus ensuring appropriate remedial action</p>	<p>Partially achieved</p> <p>Partially achieved</p>
Fraud and corruption	Fraud and corruption within the traffic fraternity are currently handled through self-initiated investigation and pursuit of reported cases	Targets were achieved. However, it is recognised that fraud and corruption will not be totally eliminated and that designing effective strategies to curb this scourge is paramount
Inability to phase out, where appropriate, public funding in road traffic matters and phase in private sector investment on a competitive basis	The RTMC has prepared and submitted a comprehensive proposal to simplify service offerings and ensure financial self-sustainability. The submission is awaiting approval by the Department of Transport and National Treasury	Not achieved



CHAIRPERSON: AUDIT AND RISK COMMITTEE

Nomusa Mufamadi

AUDIT AND RISK COMMITTEE REPORT

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

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

Internal control and Risk Management

The effectiveness of the internal control systems;

- The risk areas that could inhibit the achievement of strategic objectives;
- The effectiveness of the system and process of risk management
- ICT governance

Financial Information and Finance function

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

Internal Audit and External Audit

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

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

- The internal accounting controls are adequate, however instances have been identified where the controls are not operating as effectively, hence the reported material corrections to the Annual Financial Statements. The Committee acknowledges management's efforts to strengthen internal controls. The Committee will monitor these going forward to ensure that the financial records may be relied upon for preparing the financial statements and that accountability for assets and liabilities is maintained;
- With the appointment of new staff that occurred during the period under review, the expertise, resources and experience of the finance function are adequate;
- The system and process of risk management is adequate;
- The Committee is satisfied that the internal audit performed its duties in accordance with the approved internal audit plan;
- 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, 1999 (Act No. 1 of 1999) as amended, and Generally Recognised Accounting Practice. The Audit and Risk Committee has therefore recommended the adoption of the financial statements by the Board.



MS N MUFAMADI

INTERIM AUDIT & RISK COMMITTEE CHAIRMAN



Johnny Clegg

"We are the scatterlings of Africa
On a journey to the stars."

Part

Corporate Social Responsibility



CORPORATE SOCIAL RESPONSIBILITY

The good governance posture of the Corporation integrates moral and ethical standing through acknowledgement of the prevalent inequality gap in South Africa and an undertaking to contribute in the lives of indigent communities. Economic and social transformation projects incorporating road safety advocacy are undertaken with stakeholders and communities informed by the following pillars:

- Education support through presence in schools
- Environmental sustainability
- Public health and education

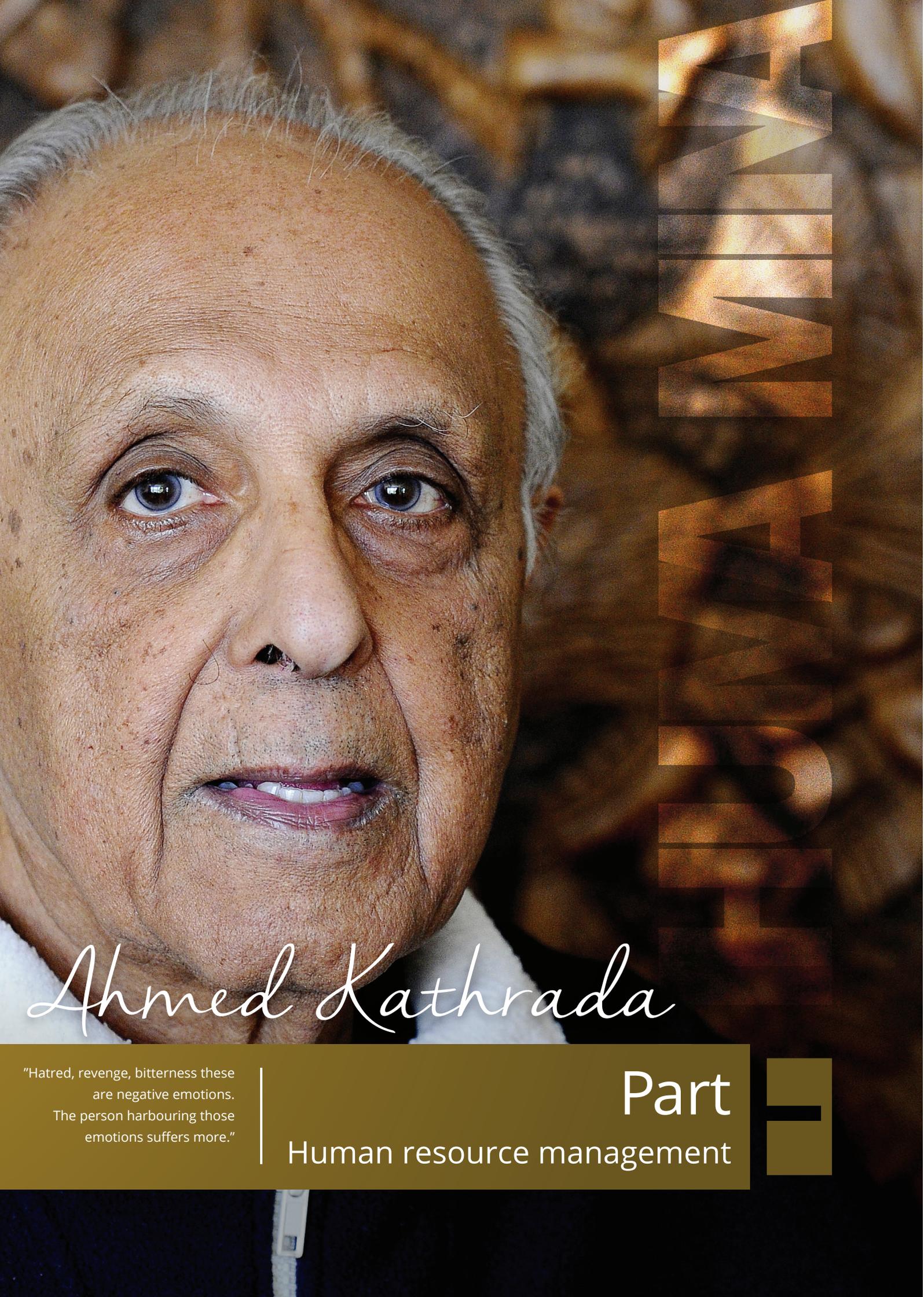
Targeted beneficiaries include vulnerable children, orphans, youth and pensioners from disadvantaged communities.

The Corporation undertook eight initiatives during the year under review:

My Safety School Bag, Mahikeng, 25 April 2019		
Partnership	Beneficiaries	Project objective
North West Department of Community Safety and Transport Management. Participating primary schools: Rekopane, Molapisi, Signal Hill and Areaganeng	200 learners from indigent households were provided with school bags	The bags, which have road safety reflective strips for increased visibility, also contribute to and promote environmental sustainability through eradication of plastic bag usage
Winter Warmer, Mahikeng, 25 April 2019		
Partnership	Beneficiaries	Project objective
North West Department of Community Safety and Transport Management and Lapa la Botlhe Aged Care Centre	74 pensioners at the centre received blankets	Social welfare, community outreach and health. The project also included donations of groceries
Disaster Relief #WeCare, Msinga, 26 April 2019		
Partnership	Beneficiaries	Project objective
Department of Transport	1 000 grocery packs were provided to households affected and displaced by the KwaZulu-Natal floods that destroyed homes and buildings	Upliftment of vulnerable citizens from disadvantaged communities through social intervention programmes

RTMC Nelson Mandela Day, Katlehong, 18 July 2019		
Partnership	Beneficiaries	Project objective
Department of Cooperative Governance and Traditional Affairs and Zizamelani/Itekeng Early Childhood Development Centre	88 children received meals and educational toys	Upliftment of lives of vulnerable and disadvantaged children through educational tools
My First Teddy, Mabopane, 11 December 2019		
Partnership	Beneficiaries	Project objective
Odi district hospital	Patients of the hospital who reside in indigent communities	Donation of education material and development toys to support early childhood development
Festive season care hampers, Ivory Park, 19 December 2019		
Partnership	Beneficiaries	Project objective
Gauteng Department of Community Safety and Liaison	100 households with vulnerable children and senior citizens	Provision of social welfare to the elderly and child-headed households
My Safety School Bag, Sebokeng, 15 January 2020		
Partnership	Beneficiaries	Project objective
Gauteng Department of Community Safety and Liaison. Participating schools: Katleho-Impumelelo, Maboelleng, Thuto Tiro and Thabong Early Childhood Development Centre	Learners from indigent households in schools in Sebokeng	Distribution of school bags, sanitary towels, and feminine and dignity packs for learners from disadvantaged households
School uniform, De Aar, 24 February 2020		
Partnership	Beneficiaries	Project objective
National Department of Transport, Northern Cape Department of Transport, Safety and Liaison and Veritas High School	400 learners received school uniforms and the Department of Transport handed over 500 bicycles with safety helmets and reflector jackets to identified learners	Education and learner support. Road safety promotion and safe travel to school were integrated into the programme

Table 30: Corporate social responsibility programme



Ahmed Kathrada

"Hatred, revenge, bitterness these are negative emotions. The person harbouring those emotions suffers more."

Part
Human resource management



INTRODUCTION

Human resource management ensures optimum and efficient use and development of human capital. It provides an advisory service on organisational effectiveness and development, individual performance management, sound employee relations, employee health and wellness.. It also provides an advisory role on recruitment, selection and placement services using industry best practices.

PROGRESS ON HUMAN RESOURCE PRIORITIES

Employee health and wellness

A comprehensive health and wellness programme encourages employees to choose healthier, more balanced lifestyles. An employee health and wellness service provider has been appointed to support employees and to ensure confidentiality on consultation. The programme includes access to the resident chaplain for spiritual upliftment.

Occupational health and safety

The Corporation provides and maintains a safe working environment through periodic inspections, hazard identification and risk assessments. At the end of the financial year under review, seven injury-on-duty cases were recorded - three finalised and four pending finalisation. The Occupational Health and Safety Committee meets regularly to monitor the effectiveness of workplace safety and ensure regular communication on safety.

Employment and vacancy by branch

Managing the vacancy rate is essential as it reflects the changes in manpower demand and informs capacity requirement decisions. The RTMC has grown in line with the medium-term budget approved by the Department of Transport and National Treasury. The following table below shows a decline from 800 employees in the previous year to 793 employees at 31 March 2020. The vacancy rate at 31 March 2020 was 12% compared to 11% for the previous year:

Programme	2018/2019 number of employees	2019/2020 approved posts	2019/2020 number of employees	% vacancies
Operations	142	178	139	22%
Law Enforcement	381	428	373	13%
Road Traffic Intelligence and Security	29	36	29	19%
Strategic Services	40	49	38	22%
Support Services	208	211	214	-1.4%
Total	800	902	793	12%

Table 31: Vacancy rate per programme

PERSONNEL COST

In the year under review, employee expenditure was R608 260, 49% of total expenditure for the Corporation.

Personnel cost by programme

Programme	Total expenditure for the entity	Personnel expenditure	Personnel expenditure as a % of total expenditure	Number of employees	Average personnel cost per employee
Activity/objectives /programme	(R'000)	(R'000)			(R'000)
Operations	190 559	106 332	156%	139	765
Law Enforcement	288 180	238 643	83%	373	640
Traffic Intelligence and Security	25 399	24 059	95%	29	830
Strategic Services	74 558	56 380	76%	38	1484
Support Services	670 962	182 846	27%	214	854
Total	1 249 658	608 260	49%	793	767

Personnel cost by salary band

Level	Personnel expenditure	% personnel expenditure to total personnel cost	Personnel expenditure as a % of total expenditure	No. of employees	Average personnel cost per employee
	(R'000)				(R'000)
Top management	28 180	5%	2%	8	3 523
Senior management	62 639	10%	5%	55	1 139
Professional qualified	139 294	23%	11%	124	1 123
Skilled	208 497	34%	17%	329	634
Semi-skilled	133 672	22%	11%	235	569
Unskilled	35 977	6%	3%	42	857
Total	608 260	100%	49%	793	767

APPOINTMENTS AND TERMINATIONS

There were 23 appointments and 30 terminations as outlined in the table below:

Total staff complement at 31 March 2020	800
New appointees	23
Minus terminations	(30)
Total permanent staff	793
Traffic trainees	273
Temporary employees	47
Independent contractors	15
Interns	50
Total	1178

Reasons for termination of employment

Termination type	Number	% leaving of total number of staff
Death	3	10%
Resignation	13	43%
Dismissals	4	13%
Gross misconduct	1	3%
Ill health	2	7%
Contract expiry	2	7%
Retirement	5	17%
Total	30	100

EMPLOYMENT EQUITY

Equity actuals 2018/2019 vs 2019/2020

Employment equity target for males

Levels	Male							
	African		Coloured		Indian		White	
	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
Top management	2	4	-	1	-	-	1	-
Senior management	31	30	2	1	4	3	5	7
Professional qualified	53	50	4	4	4	4	15	14
Skilled	146	147	6	5	6	6	17	15
Semi-skilled	133	131	5	5	2	2	2	2
Unskilled	25	21	-	-	-	-	-	-
Total	390	383	17	16	16	15	40	38

Employment equity target for females

Levels	Female							
	African		Coloured		Indian		White	
	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
Top management	4	2	-	-	-	-	1	1
Senior Management Service	11	13	-	-	-	-	2	1
Professional qualified	37	43	1	1	2	2	2	3
Skilled	139	138	4	3	2	2	9	9
Semi-skilled	97	90	4	4	-	-	-	-
Unskilled	15	21	-	-	-	-	-	-
Total	303	307	9	8	4	4	14	14

Disability

Levels	Male		Female	
	2019/2020	2019/2020	2019/2020	2019/2020
Top management	-	-	-	-
Senior management service	-	-	-	-
Professional qualified	3	3	-	-
Skilled	-	2	2	2
Semi-skilled	1	-	1	1
Unskilled	-	-	-	-
Total	4	5	3	3

Employment equity analysis per race

	Male		Female		Achievement	
	2018/2019	2019/2020	2018/2019	2019/2020	Male	Female
					2019/2020	2019/2020
African	390	387	303	310	48%	39%
Coloured	17	16	9	8	2%	1%
Indian	16	15	4	4	2%	0.5%
White	40	39	15	14	5%	1.7%
Total	463	457	331	336	58%	42%

Training costs

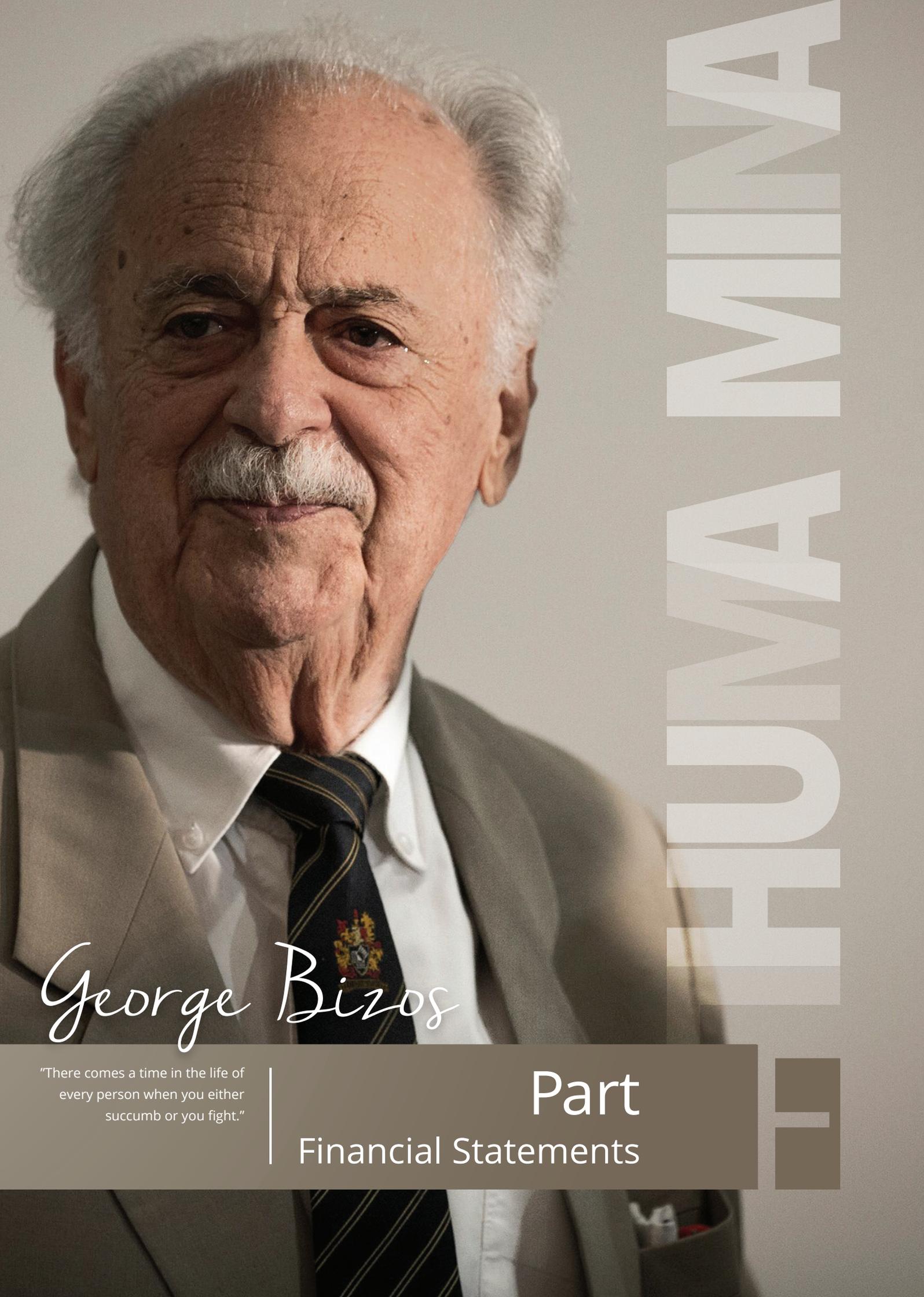
Level	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as % of personnel expenditure	Number of employees	Average training cost per employee (R'000)
Top management	28 180	9	-	1	9.20
Senior management	62 639	289	-	28	10
Professional qualified	139 294	441	-	149	3
Skilled	208 497	1 016	-	396	3
Semi-skilled	133 672	823	1%	347	2
Unskilled	35 977	137	-	6	23
Total	608 260	2 716	0.4%	927	2.9

Misconduct and disciplinary cases finalised

Nature of disciplinary action	Number
Verbal warning	-
Written warning	1
Final written warning	15
Suspended without pay	3
Suspended with pay	6
Dismissal	13
No grounds to charge	-
Still in progress	6
Total	44

Performance rewards

Level	Number of employees	Performance bonus (R'000)	Personnel expenditure (R'000)	% performance rewards to total personnel costs
Top management	4	5 071	28 180	18%
Senior management	50	7 290	62 639	12%
Professional qualified	91	5 545	139 294	4%
Skilled	239	7 728	208 497	4%
Semi-skilled	108	2 504	133 672	2%
Unskilled	37	457	35 977	1%
Total	529	28 595	608 260	5%



THE JOURNAL OF FINANCE

George Bizos

"There comes a time in the life of every person when you either succumb or you fight."

Part
Financial Statements

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

INDEX

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

	Page
Statement of Financial Position	96
Statement of Financial Performance	97
Statement of Changes in Net Assets	98
Cash Flow Statement	99
Statement of Comparison of Budget and Actual Amounts	100-101
Accounting Policies	102-121
Notes to the Annual Financial Statements	122-159

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), 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 acknowledges 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 Accounting Authority 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 accounting authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting authority have reviewed the entity's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

The entity is wholly dependent on the transaction fees for continued funding of operations. 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 or curtail materially the scale of the entity.

Although the accounting authority are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

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

The annual financial statements set out on page 96 to 159, which have been prepared on the going concern basis, were approved by the accounting authority on 30 September 2020 and were signed on its behalf by:



Z. Majavu CD(SA) - Chairman

30 September 2020

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Road Traffic Management Corporation set out on pages 96 to 159, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Road Traffic Management Corporation as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act no. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the *Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as 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 codes.
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.

Restatement of corresponding figures

7. As disclosed in Note 25 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of errors in the financial statements of the public entity at, and for the year ended 31 March 2020.

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

Responsibilities of accounting authority for the financial statements

8. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators / measures included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do 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.

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

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 programme presented in the annual performance report of the public entity for the year ended 31 March 2020:

Programme	Pages in annual report
Programme 2: Law enforcement	41-43

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 identify any material findings on the usefulness and reliability of the reported performance information for this programme:
- Law enforcement

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 34 to 51 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a number of targets.

Report on the audit of compliance with legislation

Introduction and scope

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

Annual financial statements

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by Section 55(1) (a) and (b) of the PFMA.

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

22. Material misstatements of Depreciation, and Property, Plant and Equipment, identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

23. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes forewords by the Executive Authority and the Chairman of the Board, and reports from the Chief Executive Officer and the audit and risk committee. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
24. My opinion on the financial statements and the reported performance information and findings on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
25. 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.
26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the opinion, and the findings on compliance with legislation included in this report.
28. Management did not exercise their oversight responsibility effectively to ensure that the financial statements submitted for audit, were in line with the reporting framework, and were accurate and complete.

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

Other reports

29. I draw attention to the following engagements conducted by various parties which 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.
30. At the date of this report, three investigations had been finalised by the Public Protector in the year under review. On two of the reports, the Public Protector found no cause, and closed the reports without taking the matters further. The third report had findings which have been taken on review, and are pending before the High Court. There is also a court order prohibiting the Board from implementing remedial action until an outcome is received from the High Court. The impact, if any, on the RTMC's financial statements can only be determined once the matter has been concluded.

Auditor-General

Pretoria

30 September 2020



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

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

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

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, actions taken to eliminate threats or safeguards applied.

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

STATEMENT OF FINANCIAL POSITION

as at 31 March 2020

	Note(s)	2020 R	2019 Restated R
Assets			
Current Assets			
Receivables from exchange transactions	2	49 441 415	24 646 692
Receivables from non-exchange transactions	3	88 735 468	116 357 431
Cash and cash equivalents	4	253 353 807	129 806 678
Inventories	5	8 210 915	5 118 349
Assets held for distribution	6	10 036 000	-
		409 777 605	275 929 150
Non-Current Assets			
Property, plant and equipment	7	333 589 112	216 077 564
Intangible assets	8	273 166 083	275 083 776
		606 755 195	491 161 340
Total Assets		1 016 532 800	767 090 490
Liabilities			
Current Liabilities			
Finance lease obligation	9	9	9
Operating lease liability	10	1 933 008	85 334
Payables from exchange transactions	11	55 617 156	56 627 206
Provisions	12	59 028 624	60 782 794
		116 578 797	117 495 343
Non-Current Liabilities			
Provisions	12	575 355	545 314
Total Liabilities		117 154 152	118 040 657
Net Assets		899 378 648	649 049 833
Reserves			
Revaluation reserve		55 699 990	55 699 990
Accumulated surplus		843 678 658	593 349 843
Total Net Assets		899 378 648	649 049 833

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

STATEMENT OF FINANCIAL PERFORMANCE

	2020	2019
Note(s)	R	Restated R
Revenue		
Revenue from exchange transactions		
NaTIS data charge	193 168	4 129 902
Boekenhoutkloof training and facilities	1 089 670	12 928 793
Secondment income	423 050	211 497
Leave provision adjustment	4 792 879	768 810
Sundry income	5 160 832	21 175
Project Income - Sponsorships	3 552 418	849 015
Insurance reimbursements	747 603	170 669
Interest received	13 11 661 303	7 119 110
Total revenue from exchange transactions	27 620 923	26 198 971
Revenue from non-exchange transactions		
Transfer revenue		
Government grant	210 228 000	200 238 000
Administration of infringement fees (RTI income)	42 621 719	37 161 400
Bad debts recovered (Department of Transport)	176 683 117	-
Infringement fees (AARTO income)	16 364 409	22 808 071
Transaction fees	915 349 117	909 500 442
Total revenue from non-exchange transactions	1 361 246 362	1 169 707 913
Total revenue	14 1 388 867 285	1 195 906 884
Expenditure		
Employee related costs	15 (605 945 450)	(535 597 685)
Depreciation and amortisation	(42 213 974)	(46 085 907)
Finance costs	16 (2 597)	(38 092)
Lease rentals on operating lease	17 (31 526 255)	(30 349 404)
Debt Impairment	18 (9 394 514)	(22 992 142)
Loss on disposal of assets and liabilities	(5 422 297)	(8 684 166)
Operating expenditure	19 (432 443 445)	(364 998 609)
Total expenditure	(1 126 948 532)	(1 008 746 005)
Surplus for the year	261 918 753	187 160 879

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

STATEMENT OF CHANGES IN NET ASSETS

	Revaluation reserve R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	55 699 990	427 456 680	483 156 670
Adjustments			
Prior year adjustments (refer to note 25)	-	(21 267 716)	(21 267 716)
Balance at 01 April 2018 as restated	55 699 990	406 188 964	461 888 954
Changes in net assets			
Surplus for the year	-	187 160 879	187 160 879
Total changes	-	187 160 879	187 160 879
Restated* Balance at 01 April 2019	55 699 990	593 349 844	649 049 834
Changes in net assets			
Distribution of accumulated surplus funds to provinces (refer to note 23)	-	(11 589 939)	(11 589 939)
Net income (losses) recognised directly in net assets	-	(11 589 939)	(11 589 939)
Surplus for the year	-	261 918 753	261 918 753
Total recognised income and expenses for the year	-	250 328 814	250 328 814
Total changes	-	250 328 814	250 328 814
Balance at 31 March 2020	55 699 990	843 678 658	899 378 648

ROAD TRAFFIC MANAGEMENT CORPORATION

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CASH FLOW STATEMENT

	2020	2019
	R	Restated R
Note(s)		
Cash flows from operating activities		
Receipts		
Receipts from RTIA	4 441 411	2 827 093
Receipts from administration fees (RTI)	42 892 119	44 343 304
Grants	210 228 000	200 238 000
Interest income	11 628 710	7 112 885
Boekenhoutkloof training and facilities	5 646 353	4 919 947
Transaction fees	945 462 106	868 986 490
Other cash item	179 554 986	5 364 672
	<u>1 399 853 685</u>	<u>1 133 792 391</u>
Payments		
Employee costs	(602 760 582)	(532 480 153)
Suppliers	(493 187 729)	(437 832 519)
Finance costs	(2 597)	(25 102)
	<u>(1 095 950 908)</u>	<u>(970 337 774)</u>
Net cash flows from operating activities	20 <u>303 902 777</u>	163 454 617
Cash flows from investing activities		
Purchase of property, plant and equipment	(171 329 714)	(48 396 540)
Proceeds from sale of property, plant and equipment	1 010 066	631 204
Purchase of other intangible assets	-	(601 831)
Purchase of asset held for distribution	(10 036 000)	-
Net cash flows from investing activities	<u>(180 355 648)</u>	<u>(48 367 167)</u>
Net increase/(decrease) in cash and cash equivalents	123 547 129	115 087 450
Cash and cash equivalents at the beginning of the year	129 806 678	14 719 228
Cash and cash equivalents at the end of the year	4 <u>253 353 807</u>	<u>129 806 678</u>

ROAD TRAFFIC MANAGEMENT CORPORATION

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
	R	R	R	R	R	R
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
NaTIS data charge	84 011 191	(84 011 191)	-	193 168	193 168	29a
Boekenhoutkloof training and facilities	4 941 145	-	4 941 145	1 089 670	(3 851 475)	29b
Section 56 notices	80 000 000	(80 000 000)	-	-	-	29c
Leave provision adjustment	-	-	-	4 792 879	4 792 879	29d
Secondment income	-	-	-	423 050	423 050	29d
Sundry income	-	-	-	5 160 832	5 160 832	
Project Income - Sponsorships	-	-	-	3 552 418	3 552 418	29d
Insurance reim- bursements	-	-	-	747 603	747 603	29d
Interest received	-	-	-	11 661 303	11 661 303	29e
Total revenue from exchange transactions	168 952 336	(164 011 191)	4 941 145	27 620 923	22 679 778	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants	210 228 000	-	210 228 000	210 228 000	-	
Administration of infringement fees (RTI income)	31 590 000	-	31 590 000	42 621 719	11 031 719	29f
Bad debts recovered (Department of Transport)	-	-	-	176 683 117	176 683 117	29g
Infringement fees (AARTO income)	9 712 878	-	9 712 878	16 364 409	6 651 531	29h
Transaction fees	1 091 670 487	(38 510 670)	1 053 159 817	915 349 117	(137 810 700)	29i
Total revenue from non-exchange transactions	1 343 201 365	(38 510 670)	1 304 690 695	1 361 246 362	56 555 667	
Total revenue	1 512 153 701	(202 521 861)	1 309 631 840	1 388 867 285	79 235 445	

ROAD TRAFFIC MANAGEMENT CORPORATION

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Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
	R	R	R	R	R	
Expenditure						
Employee cost	(579 319 876)	-	(579 319 876)	(605 945 450)	(26 625 574)	
Depreciation and amortisation	(28 694 208)	(24 958 792)	(53 653 000)	(42 213 974)	11 439 026	29j
Finance costs	(159 546)	-	(159 546)	(2 597)	156 949	
Lease rentals on operating lease	(48 110 894)	13 400 000	(34 710 894)	(31 526 255)	3 184 639	29k
Debt Impairment	-	-	-	(9 394 514)	(9 394 514)	29l
Operating expenditure	(644 584 387)	154 155 119	(490 429 268)	(432 443 445)	57 985 823	29m
Total expenditure	(1 300 868 911)	142 596 327	(1 158 272 584)	(1 121 526 235)	36 746 349	
Operating surplus	211 284 790	(59 925 534)	151 359 256	267 341 050	115 981 794	
Loss on disposal of assets and liabilities	-	-	-	(5 422 297)	(5 422 297)	29n
Surplus before subtracting capital expenditure	211 284 790	(59 925 534)	151 359 256	261 918 753	110 559 497	
Capital expenditure	211 284 790	(59 925 534)	151 359 256	165 324 333	13 965 077	29o
Budget surplus for the year	-	-	-	96 594 420	96 594 420	

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

The accounting policies on pages 102 to 121 and the notes on pages 122 to 159 form an integral part of the annual financial statements.

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

This annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

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

1.3 Comparative figures

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

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 the transactions disclosed in the prior period note.

ACCOUNTING POLICIES

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

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

Item	Depreciation method	Average useful life 2019/20
Land and buildings	Straight line	99 years
Machinery and equipment	Straight line	20 years
Furniture and fittings	Straight line	2-12 years
Motor vehicles	Straight line	5-13 years
Office equipment	Straight line	2-13 years
Computer equipment	Straight line	2-13 years
NaTIS computer equipment	Straight line	1-13 years
Communication devices	Straight line	2-4 years
Firearms	Straight line	10 years

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

Item	Depreciation method	Average useful life 2018/19
Land and buildings	Straight line	99 years
Machinery and equipment	Straight line	20 years
Furniture and fittings	Straight line	5-7 years
Motor vehicles	Straight line	5-11 years
Office equipment	Straight line	4-6 years
Computer equipment	Straight line	3-5 years
NaTIS computer equipment	Straight line	1-13 years
Communication devices	Straight line	2 years
Firearms	Straight line	10 years

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

Useful lives of assets were evaluated at year end and redetermined where necessary.

Minor assets are expensed and kept on a separate inventory list for control purposes.

ACCOUNTING POLICIES

1.5 Intangible assets

An asset is identifiable if it either:

- 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, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable 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.

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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ACCOUNTING POLICIES

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.

Amortisation is provided to write down the intangible assets, on a straight line basis to their residual values.

Useful lives of intangible assets have been re-assessed, revised and changed as follows:

Item	Depreciation method	Average useful life 2019/20
Computer software	Straight line	1-7 years
NaTIS system	Straight line	Indefinite useful life

Useful lives of intangible assets have been assessed as follows:

Item	Depreciation method	Average useful life 2018/19
Computer software	Straight line	3-5 years
NaTIS system	Straight line	Indefinite useful life

Intangible assets with an indefinite useful life are not amortised however, assessed for impairment at least annually. As part of Computer software of the RTMC, is NaTIS assets. These assets are assets classified with an indefinite useful life.

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Intangible assets are derecognised:

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

1.6 Financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- it is settled at a future date.

ACCOUNTING POLICIES

1.7 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service and
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

ACCOUNTING POLICIES

1.8 Leases

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

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

Finance leases - lessee

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

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

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

Any contingent rents are expensed in the period in which they are incurred.

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

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

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.

ACCOUNTING POLICIES

1.9 Revenue from exchange transactions

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

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

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

Measurement

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

NaTIS data charge

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

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

Boekenhoutkloof training facilities

When the outcome of a transaction involving the rendering of services, in the form of training, can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a training related transaction can be estimated reliably when all the following conditions are satisfied:

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

ROAD TRAFFIC MANAGEMENT CORPORATION

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ACCOUNTING POLICIES

- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest, royalties and dividends

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

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

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

1.10 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.

a) 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.

ACCOUNTING POLICIES

b) 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.

c) Transaction fees

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

d) Administration of infringement fees

The Road Traffic Inspectorate was transferred to the RTMC. As compensation for the administration of the function, the value of the collected fines is paid to the RTMC by the Cross Border Road Traffic Agency (CBRTA). Revenue is recognised on the collection of fines in line with the Memorandum of Understanding and addendum signed by the two entities.

e) Unclaimed liabilities

Liabilities that are unclaimed for a period of 3 years are written-off and recognised as revenue.

1.11 Borrowing costs

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

1.12 Irregular expenditure

Irregular expenditure as defined in Section 1 of the Public Finance Management Act (PFMA) is expenditure other than unauthorised expenditure, incurred in contravention of the entity's supply chain management policies.

ROAD TRAFFIC MANAGEMENT CORPORATION

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ACCOUNTING POLICIES

The Irregular expenditure framework issued by National Treasury in terms of sections 76(1) to 76(4) of the PFMA requires the following:

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

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

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

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

1.13 Fruitless and wasteful expenditure

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

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

1.14 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.

ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

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

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

The approved budget covers the fiscal period from 2019/04/01 to 2020/03/31.

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.

1.15 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs 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 are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.16 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.

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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. Contingencies are disclosed in the note, 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.

1.17 Significant judgements and sources of estimation uncertainty

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

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

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

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.

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. 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. They are significantly affected by a number of factors including

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amongst others environmental conditions, together with economic factors such as inflation etc.

Provisions

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

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.

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.

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Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, and expected future use and the entity's expectations for the year ended 31 March 2020 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.

1.18 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.

The amount of any write-down of inventories to net realisable value or current replacement cost 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 realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

1.19 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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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 managed with the 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 review.

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:

- the period of time over which an asset is expected to be used by the entity; or
- 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 entity estimates the recoverable service amount of the asset.

Value in use

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

ACCOUNTING POLICIES

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

- The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the Corporation would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity 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

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decreased. If any such indication exists, the entity 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.

1.20 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computers or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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1.21 Transfer of functions between entities under common control

Definitions

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

1.22 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount. The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

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Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable 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 receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.23 Asset held for distribution

All assets held for disbursement and / or sale will be recognised and disclosed under current assets in the Statement of Financial Position as these items will most likely be disbursed and/or sold within a twelve month period.

These assets will be carried at its book value and depreciated in line with the Property, Plant and Equipment accounting policy, if in use. Should the assets not be in use, it will not be depreciated.

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2. Receivables from exchange transactions

	2020	2019
	R	Restated R
Staff advance	385 157	444 492
Prepayments (*)	39 730 347	12 537 682
Deposits	1 947 775	1 946 618
Staff debtors	227 109	222 279
Upskilling overpayment	-	10 507
NaTIS data charge	16	41 116
Receivables - Other	767 743	335 958
Boekenhoutkloof training and facilities	5 028 499	9 568 548
Sponsorships confirmed	1 691 710	-
	49 778 356	25 107 200

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(460 507)	(418 978)
Provision for debt impairment	-	(41 529)
Provision utilised for write off	123 566	-
	(336 941)	(460 507)

Receivables from exchange transactions after impairment

Staff advance	385 157	340 459
Prepayments (*)	39 730 347	12 537 682
Deposits	1 947 775	1 946 618
Staff debtors	52 218	38 019
Upskilling overpayment	-	3 463
NaTIS data charge	16	41 116
Receivables - Other	767 743	332 837
Boekenhoutkloof training and facilities	4 866 449	9 406 498
Sponsorships confirmed	1 691 710	-
	49 441 415	24 646 692

* R30 107 998 of the balance in prepayments can be attributed to a 50% payment for Mobile Vehicle Testing Stations in line with the Service Level Agreement.

3. Receivables from non-exchange transactions

AARTO - Infringements	47 490 606	36 734 493
CBRTA RTI - Administration of Infringement fees	213 225	209 135
Receivables - Other	628 755	670 305
NaTIS Transaction Fees	99 967 403	130 080 391
Department of Transport debt	-	3 242 497
	148 299 989	170 936 821

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	2020 R	2019 Restated R
Reconciliation of provision for impairment of receivables from non-exchange transactions		
Opening balance	(54 579 390)	(231 295 584)
Provision for debt impairment	(9 394 514)	(22 950 612)
Amounts written off as uncollectible	3 242 497	176 683 117
Amounts written off - AARTO	1 166 886	22 983 689
	(59 564 521)	(54 579 390)

Receivables from non-exchange transactions after impairment

AARTO - Infringements	-	3 516
CBRTA RTI - Administration of Infringement fees	213 225	209 135
Receivables - Other	391 775	433 325
NaTIS Transaction Fees	88 130 468	115 711 455
	88 735 468	116 357 431

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	7 750	1 860
Bank balances	13 326 002	21 691 232
Call accounts	240 020 055	108 113 586
	253 353 807	129 806 678

5. Inventories

Ammunition	805 010	286 690
Consumable stores	872 808	655 648
Uniform stock	575 828	1 374 940
Printing and stationery	2 414 150	1 951 272
Office refreshments	596 676	332 278
Roadblock essentials	957 136	517 521
Traffic training material	225 000	-
COVID-19 Stock	1 764 307	-
	8 210 915	5 118 349

Inventory pledged as security

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

COVID-19 Stock

In line with MINMEC Resolution, the RTMC procured Personal Protective Equipment (PPE) for all provinces as a start up. Distribution to provinces commenced prior to year end. Refer to the Related Parties note 24 for details.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 Restated R
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6. Assets held for distribution

Leasehold property (Land and Buildings)	10 036 000	-
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Assets held for distribution consists of Mobile Vehicle Testing Stations (MVT'S). As part of Shareholder's resolution, MVT'S were procured for distribution to three identified Metro's. On 28 February 2020, two of these units were received. These units could however not be distributed to the Metro's due to the National COVID-19 Lockdown. There was no depreciation on these units during the current financial year neither was there a need for impairment. These units are thus held at their initial cost price. When these units are distributed in 2020/21, it will reduce the accumulated surplus.

7. Property, plant and equipment

	2020			2019		
	Cost / Fair value	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Fair value	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property (Land and Buildings)	55 700 000	(1 687 879)	54 012 121	55 700 000	(1 125 253)	54 574 747
Machinery and equipment	199 444	(39 889)	159 555	199 444	(29 917)	169 527
Furniture and fittings	8 278 269	(5 404 242)	2 874 027	8 239 314	(5 002 103)	3 237 211
Motor vehicles	162 846 954	(73 181 637)	89 665 317	119 543 513	(60 082 180)	59 461 333
Office equipment	69 093 350	(17 870 738)	51 222 612	21 057 086	(12 141 902)	8 915 184
Computer equipment	127 029 728	(40 215 584)	86 814 144	109 130 885	(31 032 168)	78 098 717
Leasehold improvements	2 066 162	(1 938 609)	127 553	1 996 184	(1 576 192)	419 992
Finance lease equipment	-	-	-	1 775 510	(1 775 435)	75
Computer equipment - Work In Progress	-	-	-	4 517 059	-	4 517 059
Parkhomes - Work in progress	41 844 480	-	41 844 480	3 630 217	-	3 630 217
Communication devices	5 541 256	(3 603 985)	1 937 271	4 773 950	(3 367 730)	1 406 220
Fire arms	6 932 486	(2 000 454)	4 932 032	3 137 126	(1 489 844)	1 647 282
Total	479 532 129	(145 943 017)	333 589 112	333 700 288	(117 622 724)	216 077 564

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7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Development completed during the year	Deprecia- tion	Total
Leasehold property (Land and Buildings)	54 574 747	-	-	-	(562 626)	54 012 121
Machinery and equipment	169 527	-	-	-	(9 972)	159 555
Furniture and fittings	3 237 211	395 486	(13 006)	-	(745 664)	2 874 027
Motor vehicles	59 461 333	47 375 527	(408 234)	-	(16 763 309)	89 665 317
Office equipment	8 915 184	49 909 563	(1 033 478)	-	(6 568 657)	51 222 612
Computer equipment	78 098 717	24 533 728	(5 993 803)	4 517 059	(14 341 557)	86 814 144
Leasehold improvements	419 992	69 979	-	-	(362 418)	127 553
Finance lease equipment	75	-	(75)	-	-	-
Computer equipment - Work In Progress	4 517 059	-	-	4 517 059	-	-
Parkhomes - Work in progress	3 630 217	38 214 263	-	-	-	41 844 480
Communication devices	1 406 220	1 030 428	(67 906)	-	(431 471)	1 937 271
Fire arms	1 647 282	3 795 359	-	-	(510 609)	4 932 032
	216 077 564	165 324 333	(7 516 502)	-	(40 296 283)	333 589 112

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Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property (Land and Buildings)	55 137 374	-	-	(562 627)	54 574 747
Machinery and equipment	179 500	-	-	(9 973)	169 527
Furniture and fittings	4 568 502	590 292	(477 460)	(1 444 123)	3 237 211
Motor vehicles	50 908 184	25 945 461	(659 156)	(16 733 156)	59 461 333
Office equipment	16 815 591	1 214 527	(1 982 532)	(7 132 402)	8 915 184
Computer equipment	78 791 941	20 853 159	(6 179 797)	(15 366 586)	78 098 717
Leasehold improvements	1 245 358	196 167	-	(1 021 533)	419 992
Finance lease equipment	4	71	-	-	75
Computer equipment - Work in Progress	4 517 058	1	-	-	4 517 059
Park homes - Work in Progress	3 630 217	-	-	-	3 630 217
Communication devices	987 531	2 020 630	(22 566)	(1 579 375)	1 406 220
Fire arms	751 826	1 161 888	(1 354)	(265 078)	1 647 282
	217 533 086	51 982 196	(9 322 865)	(44 114 853)	216 077 564

Park homes - Work in Progress

Production of park homes restarted during the year under review, but due to restrictions on the identified site the park homes could not be installed and used. The amount disclosed comprises of 37 completed units not yet in use to the value of R31 385 872 and 7 507 loose manufactured components to the value of R7 507 927. The full amount is in the Work in Progress account as it is not yet ready for use and thus not depreciated.

Computer Equipment - Work in Progress

Commissioning and configuration of the server was completed during the financial year.

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	2020 R	2019 Restated R
Assets subject to finance lease (Net carrying amount)		
Leasehold property (Land and Buildings)	54 012 121	54 574 747
Finance lease equipment	-	75
	54 012 121	54 574 822

Finance lease property

The leasehold property consists of the Boekhoutkloof Traffic College that was leased to the RTMC under a 99 year lease, with an option to extended at R1 per year. The lease commenced on 1 April 2017. The property was valued by an independent valuer at the end of the previous financial year. The property was assessed at year end for impairment and impairment was found not to be necessary.

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

8. Intangible assets

	2020			2019		
	Cost / Accumulated Valuation amortisation and accumulated impairment	Carrying value	Cost / Accumulated Valuation amortisation and accumulated impairment	Carrying value	Cost / Accumulated Valuation amortisation and accumulated impairment	Carrying value
Computer software	266 511 065	(7 523 593)	258 987 472	266 511 065	(5 605 900)	260 905 165
Intangible assets under development	14 178 611	-	14 178 611	14 178 611	-	14 178 611
Total	280 689 676	(7 523 593)	273 166 083	280 689 676	(5 605 900)	275 083 776

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software	260 905 165	(1 917 693)	258 987 472
Intangible assets under development	14 178 611	-	14 178 611
	275 083 776	(1 917 693)	273 166 083

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	262 856 719	19 501	(1 971 055)	260 905 165
Intangible assets under development	13 596 281	582 330	-	14 178 611
	276 453 000	601 831	(1 971 055)	275 083 776

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Included in Computer software is NaTIS assets with indefinite useful life

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

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

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

9. Finance lease obligation

	2020 R	2019 Restated R
Minimum lease payments due		
- within one year	9	9
Present value of minimum lease payments due		
- within one year	9	9

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

10. Operating lease liability

Current liabilities	(1 933 008)	(85 334)
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The operating lease liability is as a result of the lease smoothing in line with the lease agreements of the three main buildings, being Eco-Park and two in Waterfall as well as the regional offices. For further details of future periods refer to note 21.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. Payables from exchange transactions

	2020 R	2019 Restated R
Trade payables	25 081 507	25 716 284
Accrued employee costs	10 099 536	10 388 113
Accrued expenses	19 805 919	20 045 297
Unallocated/unidentified receipts	630 194	477 512
	55 617 156	56 627 206

12. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Total
Provision for Compensation Commissioner	2 403 651	1 046 914	(1 912 458)	1 538 107
Provision performance bonus	32 309 911	32 580 424	(28 701 568)	36 188 767
Provision leave	26 069 232	-	(4 767 482)	21 301 750
Provision capped leave (non-current)	545 314	30 041	-	575 355
	61 328 108	33 657 379	(35 381 508)	59 603 979

Reconciliation of provisions - 2019

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

	2020 R	2019 Restated R
Non-current liabilities	575 355	545 314
Current liabilities	59 028 624	60 782 794
	59 603 979	61 328 108

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Compensation Commissioner provision

A percentage of the total basic salary is used to reliably estimate the provision for Compensation Commissioner. This is to ensure that workers are covered for work related injuries and diseases.

Leave provision

Employees entitlement to annual leave is recognised when it accrues from 1 January to 31 December and will be forfeited on the 30 June the following year. 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.

Capped leave provision

Capped leave is only paid upon death or retirement of an employee. Employees will forfeit capped leave upon resignation. The increase disclosed under additions is due to the rate increase as a result of the salary increase.

Performance bonus provision

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

Payment of performance bonuses is at the sole discretion of the Board. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date assuming that all employees qualify in terms of the performance measurement tool.

13. Finance income

	2020 R	2019 Restated R
Interest revenue		
Bank	11 661 303	7 119 110

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14. Revenue

	2020 R	2019 Restated R
NaTIS data charge	193 168	4 129 902
Boekenhoutkloof training and facilities (14.1)	1 089 670	12 928 793
Secondment income	423 050	211 497
Leave provision adjustment	4 792 879	768 810
Sundry income (14.2)	5 160 832	21 175
Project Income - Sponsorships (14.3)	3 552 418	849 015
Insurance reimbursements	747 603	170 669
Interest received	11 661 303	7 119 110
Government grant	210 228 000	200 238 000
Administration of infringement fees (RTI income)	42 621 719	37 161 400
Bad debts recovered (Department of Transport) (14.4)	176 683 117	-
Infringement fees (AARTO income)	16 364 409	22 808 071
Transaction fees	915 349 117	909 500 442
	1 388 867 285	1 195 906 884

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

NaTIS data charge	193 168	4 129 902
Boekenhoutkloof training and facilities (14.1)	1 089 670	12 928 793
Secondment income	423 050	211 497
Leave provision adjustment	4 792 879	768 810
Sundry income (14.2)	5 160 832	21 175
Project Income - Sponsorships	3 552 418	849 015
Insurance reimbursements	747 603	170 669
Interest received	11 661 303	7 119 110
	27 620 923	26 198 971

14.1 There were no new intakes at the traffic college during the current financial year due to partial closure of the college.

14.2 Sundry income relates to outstanding festive overtime claims from provinces and NaTIS South African Post Office (SAPO) deployment. The festive overtime claims were older than 3 years. Refer to note 22 Festive season overtime.

14.3 During the current financial year there was sponsorship received from Transport Education Training Authority (TETA) for Road Safety activities and Safety and Security Sector Education and Training Authority (SASSETA) for the internship.

ROAD TRAFFIC MANAGEMENT CORPORATION

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14.4 During the 2018/19 financial year, the long outstanding debt of R176 million owed by the National Department of Transport was written off as irrecoverable. The amount was however paid during the current financial year.

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

	2020	2019
	R	Restated R
Government grant	210 228 000	200 238 000
Administration of infringement fees (RTI income)	42 621 719	37 161 400
Bad debts recovered (Department of Transport)	176 683 117	-
Infringement fees (AARTO income)	16 364 409	22 808 071
Transaction fees	915 349 117	909 500 442
	1 361 246 362	1 169 707 913

Goods and services received in-kind

The RTMC is utilising the properties of the following entities at no cost:

- CBRTA Office – Cashiers office
- SANRAL Centurion Office – Back-Office
- SANRAL Centurion Office – NTP Office
- SANRAL Centurion Office – Motor vehicle parking
- SANRAL Musina Office – Administration
- North West Provincial Department of Transport (Brits) – NTP Office
- North West Provincial Department of Transport (Magwase) – NTP Office
- North West Provincial Department of Transport (Rustenburg) – NTP Office

The space used is immaterial in nature and thus not quantified. Finalisation of the SANRAL agreement is still underway and was raised as a contingent liability. Refer to note 22.

ROAD TRAFFIC MANAGEMENT CORPORATION

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15. Employee related costs

	2020	2019
	R	Restated R
Basic salaries	337 348 562	300 542 802
Bonus payment	32 580 424	24 433 934
Medical aid - company contributions	3 126 246	2 943 990
UIF	1 781 953	1 539 697
SDL	5 117 296	4 503 196
Leave gratuity	1 628 620	824 876
Post-employment benefits - Pension - Defined contribution plan (employee contributions)	37 712 815	35 837 896
Travel, motor car, accommodation, subsistence and other allowances	7 886 811	4 301 114
Overtime payments	12 905 073	6 931 940
Long-service awards	147 500	332 500
Acting allowances	461 185	664 680
Car allowance	5 965 429	5 952 752
Housing benefits and allowances	26 795 278	28 049 968
Non Pensionable Allowances	115 929 550	101 824 149
Service Bonus - 13th cheque	16 558 708	16 012 428
Settlement for labour disputes	-	901 763
	605 945 450	535 597 685

Employee related cost includes Board and its committee members and Traffic Law Enforcement Review committee members.

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

Staff complement

Permanent employees	793	800
Contract employees	49	78
Traffic Trainees	273	278
Interns	50	3
	1 165	1 159

16. Finance costs

Trade and other payables	2 597	38 092
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ROAD TRAFFIC MANAGEMENT CORPORATION

Annual Financial Statements for the year ended 31 March 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17. Lease rentals on operating lease

	2020 R	2019 Restated R
Office buildings		
Contractual amounts	30 353 545	29 423 273
Equipment		
Contractual amounts	1 172 710	926 131
	31 526 255	30 349 404

18. Debt impairment

Contributions to debt impairment provision	9 394 514	22 992 142
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This relates mainly to AARTO infringement notices.

19. Operating expenditure

Administration fees	1 518	6 728
Advertising (a)	2 294 639	4 702 360
Auditors remuneration	7 571 923	6 042 146
Bank charges (b)	1 155 611	749 158
Cleaning material (c)	574 597	230 576
Compensation commissioner provision (d)	1 046 914	2 403 651
Computer expenses	31 152 716	33 809 187
Consulting and professional fees (e)	41 754 595	19 591 136
Consumables	878 152	1 433 887
Catering	2 846 897	1 775 224
Corporate Gifts, Donations	2 493	441 254
Corporate social responsibility (f)	5 315 614	3 111 423
COVID-19 support (g)	2 299 654	-
Electricity	7 971 274	6 480 010
Employee Wellness Programme (h)	2 158 492	1 304 942
Fuel and oil (i)	15 640 648	11 660 224
Insurance (j)	3 302 080	1 948 429
Labour Relations (k)	5 055 079	10 826 788
Legal fees	9 818 751	8 986 794
Minor assets (l)	1 014 458	81 708
Motor vehicle expenses	15 363 221	12 991 350
NaTIS SMME support (m)	2 004 767	1 316 094
Postage and courier (n)	3 760 646	1 737 455
Printing and stationery (o)	22 730 184	13 702 056

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	Restated R
Projects - Annual Performance Plan (p)	55 966 017	29 344 505
Recruitment Cost	18 591 150	15 764 290
Repairs and maintenance (q)	4 314 140	2 759 748
SAPO Truebill	50 530 260	41 296 939
Section 197 Court Order	-	28 447 000
Security (r)	7 844 184	9 691 776
Staff welfare	2 545 832	3 006 376
Subscriptions and membership fees (s)	64 108	149 139
Telephone and fax	54 638 657	53 008 413
Training	3 093 002	2 022 850
Travel - local (t)	37 414 521	29 090 739
Travel - overseas (u)	2 490 689	359 832
Uniforms (v)	4 807 982	1 912 079
Venue expenses	4 427 980	2 812 343
	432 443 445	364 998 609

a) Advertising

- Although a budget adjustment was effected, marketing and advertisement was limited to social media, with only marginal advertisement on other platforms.

b) Bank charges

- The RTI cash deposits increased in the current financial year which resulted in increased bank charges.

c) Cleaning material

- Cleaning was insourced during the 2018/19 financial year resulting in the Corporation having to purchase its own cleaning material in the current financial year.

d) Compensation commissioner provision

- The Corporation over provided in the previous financial year however, the provision was based on information available at the time.

e) Consulting and professional fees

- Significant consulting and professional fees lie mainly in two projects being the organisational restructuring and the auditing of Vehicle Testing Stations (VTS') and Drivers License Testing Centres (DLTC's). The Corporation embarked on an unprecedented audit of VTS' and DLTC's informed by the ever escalating scourge of fatalities due to corruption in these areas. Acquisition of these expertise outside the Corporation was necessary as the Corporation had to shy away from becoming the referee and the player.

ROAD TRAFFIC MANAGEMENT CORPORATION

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f) Corporate Social Responsibility (CSR)

- Due to the improved financial health of the Corporation, it took more CSR projects. Projects included amongst others, the distribution of grocery packs and Social Welfare Disaster Relief Programme.

g) COVID - 19 support

- In the current period Personal Protective Equipment was procured to ensure the safety of internal staff against COVID -19.

h) Employee wellness programme

- The Corporation contracted the services of a wellness service provider during the latter part of the financial year which gave rise to the improved wellness services to employees.

i) Fuel and oil

- The Corporation increased the size of its fleet during the current financial year, also increased use of vehicles as a mode of travelling for deployment instead of flights which resulted in an increase in fuel and oil consumption.

j) Insurance

- During the financial year the Corporation entered into a new self-insurance contract, for the insurance to be activated a substantial initial expense was incurred. This resulted in a higher spend than the previous financial year.

k) Labour relations

- A concerted effort was made to conclude long outstanding labour matters which resulted in a decrease in spend.

l) Minor assets

- Minor items were procured for the college in the main.

m) NaTIS SMME Support

- Increased NaTIS support due to the age of equipment.

n) Postage and courier

- IT equipment for maintenance of NaTIS sites need to be distributed across the country via courier. Due to the high value of the items, the insurance increases the courier fee. The number of parcels increased significantly from the prior financial year.

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o) Printing and stationery

- During the financial year the Corporation procured accident report forms to the value of R12 million for distribution to police stations throughout South Africa, in addition to this, the refresher of printers for NaTIS resulted in the procurement of printer cartridges of more than R5 million.

p) Projects - Annual Performance Plan

Amongst others, the following significant projects were undertaken:

- Coordinated Traffic Training was the biggest contributor in project expenditure amounting to R40 314 268 in the current financial year, This is Traffic trainees undergoing training on NQF level 6 based on a full year as compared to the three months during the previous financial year.
- Participatory Education Techniqued - R4 302 892.
- Road Safety Education awareness campaigns and learner license programmes - R2 938 482.

q) Repairs and maintenance

- The majority of the costs incurred towards maintenance was for work done at the traffic college and NaTIS repairs during the year under review.

r) Security

- The current security contracts which expired through the year, made way for new procurement which yielded contracts at reduced rates.

s) Subscriptions and membership fees

- Membership for IT professionals were not done as it is related to specific accreditation which is normally done once-off, not renewed annually. This resulted in lower expenditure of membership in the current financial year.

t) Travel - local

- The major contributor for travelling is due to the deployment of traffic officers to different provinces throughout the country in the current financial year.

u) Travel - overseas

- Increase in foreign travel due to prospects of extending NaTIS to SADC countries as well as travelling to UN Decade of Action conference.

v) Uniform

- Uniform for Law enforcement officers was due for replacement during the financial year.

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20. Cash generated from operations

	2020 R	2019 Restated R
Surplus	261 918 753	187 160 879
Adjustments for:		
Depreciation and amortisation	42 213 974	46 085 907
Loss on sale of assets and liabilities	5 422 297	8 684 166
Debt impairment	9 394 514	22 992 142
Movements in operating lease assets and accruals	1 847 674	(1 397 253)
Movements in provisions	(1 724 129)	11 351 698
Other non-cash items	(5 626 003)	-
Changes in working capital:		
Inventories	(3 092 566)	455 519
Receivables from exchange transactions	(24 794 723)	(13 970 641)
Reversal of debt impairment	(9 394 514)	(22 992 142)
Other receivables from non-exchange transactions	27 621 963	(29 131 212)
Payables from exchange transactions	115 537	(45 784 446)
	303 902 777	163 454 617

21. Commitments

a) Authorised capital expenditure

Contract commitments

- | | | |
|---------------------------------|-------------|------------|
| • Property, plant and equipment | 112 958 745 | 17 998 341 |
| • Intangible assets | 1 595 876 | 1 595 876 |

114 554 621	19 594 217
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Purchase order commitments

- | | | |
|---------------------------------|------------|------------|
| • Property, plant and equipment | 15 935 235 | 78 886 158 |
|---------------------------------|------------|------------|

15 935 235	78 886 158
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Total capital commitments

Contract commitments	114 554 621	19 594 217
Purchase order commitments	15 935 235	78 886 158

130 489 856	98 480 375
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ROAD TRAFFIC MANAGEMENT CORPORATION

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	2020 R	2019 Restated R
b) Authorised operational expenditure		
Contract commitments		
• Operating expenditure	70 805 142	93 911 964
Purchase order commitments		
• Operating expenditure	19 104 454	38 738 491
Total operational commitments		
Contract commitments	70 805 142	93 911 964
Purchase order commitments	19 104 454	38 738 491
	89 909 596	132 650 455
Total commitments		
Total commitments		
Authorised capital expenditure	130 489 856	98 480 375
Authorised operational expenditure	89 909 596	132 650 455
	220 399 452	231 130 830
c) Commitments beyond 12 months	119 942 226	110 446 446
d) Below are operating leases included in the above total commitments:		
Minimum lease payments due - Office Space		
- within one year	30 014 763	4 826 673
- in second to fifth year inclusive	32 165 005	515 070
	62 179 768	5 341 743
Minimum lease payments due - Office Equipment		
- within one year	1 023 244	349 846
- in second to fifth year inclusive	1 145 133	40 138
	2 168 377	389 984

The lease for the office buildings relates to the main offices situated in Waterfall and Eco-Park, the six Regional offices and the 3 lecture rooms based in Denel. The lease term ranges from 01 April 2018 to 30 June 2022.

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The lease relates to thirty seven photocopy machines and sixty nine water dispensers situated in various offices. The lease term ranges from 01 March 2017 to 30 October 2022.

22. Contingencies

Contingent liabilities

Waymark Infotech (Pty) Ltd

- Waymark Infotech (Pty) Ltd 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.
- Matter will go on trial.
- Financial exposure is R6 774 750 plus legal costs.

Tasima (Pty) Ltd vs RTMC - Labour Matters: Steenkamp Order

- In April 2017 Tasima lodged an urgent application for a declaratory order that the Tasima employees must transfer to the RTMC in terms of Section 197 of the Labour Relations Act. On 25 May 2017 Steenkamp J ordered amongst others that, with effect from 5 April 2017, the contracts of employment of the Tasima employees transferred automatically from Tasima to the RTMC.
- On 21 December 2018 the Labour Appeal Court upheld the Order of Steenkamp J, but upheld the appeal of the RTMC re interim payments.
- The RTMC appealed to the Constitutional Court. Matter was heard in the Constitutional Court on 13 August 2019 and judgement is reserved.
- Financial exposure is R37 million per annum from 1 January 2019 plus legal fees.

Rekwele Chauffeur Drive (Pty) Ltd

- Rekwele issued summons to claim purported outstanding costs for rental of vehicles by RTMC. RTMC defended the matter and filed a special plea.
- Matter to be set down for trial by Rekwele.
- The financial exposure in the said matter is R1 562 467 plus cost in the event that the plaintiff is successful.

Mohlaleng Investment Holdings Pty (Ltd)

- Makhabela Huntley Adekeye Inc (MHA) Attorneys were appointed to institute legal action against Mohlaleng for the outstanding deposit as well as for all expenses the RTMC incurred as a result of the RTMC relocating offices from Silver Lakes. Mohlaleng filed a counter claim to the amount of R 1 831 950.
- MHA issued summons to Mohlaleng to the amount of R900 422 and was instructed to recover the costs for relocating offices to the amount of R1 102 323.
- Mohlaleng filed a counter claim to the amount of R 1 831 950.
- Matter was set down for trial in February 2019, but postponed indefinitely.

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Nkwatsi, Oliphant, Ntombela, Likhoele, Meje, Kokozela, Zwane, Setle vs RTMC

- Respective plaintiffs issued summons for unlawful arrest against the RTMC. RTMC has defended the matters and will file its plea. The litigation is ongoing.
- The total financial exposure for these cases amount to R4 271 000 plus RTMC legal costs.

Putco Mafani vs RTMC

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

Acquisition of land

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

Special Investigating Unit (SIU)

- The SIU is claiming an amount of R28 119 755 for investigations conducted on behalf of the Department of Transport. RTMC is disputing the obligation to pay as the proclamation deals with DLTC's, which falls outside of the RTMC's mandate.

Festive season overtime

- R5 160 832 in festive overtime to provinces remain unclaimed from the 2016/17 financial period. As a result, a possible obligation arises from past events. Meetings were held, but no formal memorandum of understanding was signed by RTMC and the provinces to support the occurrence of the past event. However, RTMC created a constructive obligation (R5 160 832) as it has indicated to other parties that it will accept certain responsibilities; and as a result, RTMC has created a valid expectation from provinces that is to work overtime.
- Even though there is constructive obligation created by RTMC to pay for the overtime it is currently uncertain whether RTMC will pay for the overtime or not considering the time lapse and the fact that the onus to submit all requested claims as well as supporting information such as invoices and time sheets is on the provinces which are not wholly within the control of RTMC.

SANRAL

- RTMC is utilising SANRAL office space premises for amongst others, parking of its NTP vehicles. The agreement was based on a cost recovery bases. SANRAL is claiming R2 070 438 however, is yet to substantiate the amount. The MOU is yet to be finalised.

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Tasima vs Department of Transport and RTMC

- Tasima instituted by way of application a claim against the Department of Transport and the RTMC jointly and severally, claiming composition based on a purported enrichment claim for the period October 2016 to April 2017.
- The RTMC appointed a legal team to oppose the application. Litigation is ongoing.
- Financial exposure amounts to R73 093 914 plus RTMC legal fees.

Travel with Flair

- The RTMC is disputing the invoices of travelling that took place at the end of March 2020. Travel with Flair, our travel agent is investigating the dispute.
- The invoices disputed amounts to R364 317.

Contingent assets

Acquisition of land

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

23. Distribution of accumulated surplus funds to provinces

Distribution of COVID-19 Personal Protective Equipment to provinces

Province

	2020 R	2019 Restated R
Eastern Cape	1 047 420	-
Free State	942 459	-
Gauteng	4 800 053	-
KwaZulu-Natal	1 218 936	-
Limpopo	1 119 328	-
Mpumalanga	994 836	-
North West	1 046 410	-
Northern Cape	420 498	-
	11 589 940	-

The RTMC procured Personal Protective Equipment (PPE) for all provinces as start up as a result of a MINMEC resolution. Collection by provinces commenced before year end however, finalisation of the distribution was only completed after financial year end. **Refer to note 24.**

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24. Related parties	2020	2019
Related party transactions	R	Restated R
Services rendered on behalf of CBRTA		
Administration of infringement fees	42 621 719	37 161 400
Expenses incurred by CBRTA on behalf of RTMC		
Expenses	-	1 021 415
RTMC provides law enforcement function on behalf of the C-BRTA. Furthermore, certain contracts such as leasing of regional offices were honoured by the C-BRTA on behalf of the RTMC as part of the transition process.		
Service rendered by RTIA on behalf of RTMC		
Administration of AARTO fines	4 441 411	2 827 093
Secondments		
Secondment income	423 050	211 497
Two RTMC employees were seconded to North West Provincial Department of Transport on behalf of the National Department of Transport in terms of Section 100 of the Constitution.		
Distribution of COVID-19 Personal Protective Equipment to provinces		
Province		
Eastern Cape	1 047 420	-
Free State	942 459	-
Gauteng	4 800 053	-
KwaZulu-Natal	1 218 936	-
Limpopo	1 119 328	-
Mpumalanga	994 836	-
North West	1 046 410	-
Northern Cape	420 498	-
	11 589 940	-

The RTMC procured Personal Protective Equipment (PPE) for all provinces as start up as a result of a MINMEC resolution. Collection by provinces commenced before year end however, finalisation of the distribution was only completed after financial year end.

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Utilisation of office and parking space

RTMC utilises office and parking space of other departments at no cost (refer to note 14).

Key management

Remuneration of non-executive members

2020

Name	Retainer and meeting fees	Total
Z. Majavu CD(SA) - Chairman	936 101	936 101
D.H. Ewertse until 28 January 2020	524 053	524 053
T.M.N. Kgomo	678 893	678 893
M.M. Manqele	727 873	727 873
T. Mdlulwa	678 893	678 893
Prof. M.I. Mphahlele	613 495	613 495
C.T. Thankge	587 932	587 932
Dr. E.M. Thebe	603 821	603 821
	5 351 061	5 351 061

2019

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

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

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Remuneration of executive members

2020

Name	Basic Performance	Other	Total	
	salary	bonus paid or receivable		employee benefits
Adv. M Msibi (CEO)	3 413 645	3 982 585	2 331 529	9 727 759
N.J. Jolingana	1 276 391	344 070	881 006	2 501 467
K. Kara-Vala appointed 01 March 2020	130 000	-	75 833	205 833
K.K. Kgosiemang	1 207 966	260 217	1 003 502	2 471 685
G.P. Martins	1 539 177	414 908	1 030 880	2 984 965
D.N Mobeng appointed 01 March 2020	150 601	-	51 993	202 594
Dr. A.L. Mofomme until 20 December 2019	1 557 643	266 840	45 012	1 869 495
R. Mongale	1 213 740	332 360	821 713	2 367 813
L. Moolman	1 293 138	340 966	872 975	2 507 079
N.P Mkiva - Acting	471 905	-	398 030	869 935
Dr. H.J Moyana appointed 01 March 2020	125 000	-	169 536	294 536
T. Ndebele appointed 09 March 2020	99 749	-	66 499	166 248
S. Petse	1 224 444	261 037	835 943	2 321 424
S. Podile	1 778 496	-	1 185 664	2 964 160
	15 481 895	6 202 983	9 770 115	31 454 993

2019

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

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Remuneration of Audit and Risk Committee members

2020

	Meeting attendance	Travel reimbursement	Total
D.H. Ewertse until 28 January 2020	92 577	-	92 577
N.M. Mhlakaza until 6 June 2019	25 562	223	25 785
G.P. Mnguni	127 811	284	128 095
N.M. Mufumadi	127 811	417	128 228
	373 761	924	374 685

2019

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

25. Prior period errors

Statement of financial position

Increase in receivables from exchange transactions	(a)	110 541
Decrease in receivables from non-exchange transactions	(b)	(26 594 178)
Decrease in operating lease assets	(c)	(439 802)
Decrease in operating lease liabilities	(d)	251 927
Decrease in accumulated surplus	(e)	21 267 716
Increase in payables from exchange transactions	(f)	(7 795 530)
Decrease in provision for bad debts - RTIA	(g)	26 621 965
Increase in property, plant and equipment	(h)	412 456
Decrease in intangible assets	(i)	(19 711 109)
		(5 876 014)

Statement of financial performance

Decrease in revenue from exchange transactions	(a)	144 729
Increase in revenue from non- exchange transactions	(b)	(3 516)
Decrease in security services	(j)	(64 606)
Increase in operating leases	(j)	187 875
Increase in Road Safety educational material	(j)	5 945
Increase in Project: Legislated National Law Enforcement	(j)	323 208

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Increase in fuel, oil & lubricant	(j)	2 132
Increase in employee wellness programme	(j)	2 285
Decrease in Telephone and fax	(j)	(2 476 198)
Increase in consulting fees	(j)	7 596 199
Increase in insurance	(j)	52 760
Increase in licenses	(j)	1 460
Decrease in computer expenses	(j)	(102 419)
Decrease in travel - local	(j)	(1 303 605)
Decrease in venues expenses	(j)	(25 800)
Increase in employee costs	(k)	415 063
Increase in depreciation	(l)	1 120 502
		<u><u>5 876 014</u></u>

a) Receivables/revenue from exchange transactions

- Overstatement (receivables and revenue) - Boekenhoutkloof training fees due to 4 students not completing training (R70 845), debt incorrectly raised (R102 026); Understatement - training fees omitted (R75 412).
- Overstatement (receivables and revenue) - NaTIS Data Charge debt incorrectly raised (R51 706).
- Prepayments understated (receivables) - Security services and computer expenses incorrectly expensed (R167 025); overstatement - prepayment incorrectly raised for firearm payment (R12 768).
- Understatement (receivables) - A receipt relating to a non-exchange debt was incorrectly classified as exchange receivables (R105 449).

b) Receivables/revenue from non-exchange transactions

- Understatement (Receivables and revenue) - Reclassification of negative CBRTA debtor (R129 720) and Infringement fees recognised in the incorrect period (R3 516).
- Overstatement (Receivables) - An instruction was received from RTIA on 30 October 2017 to write off all infringements issued from 1 July 2008 until 31 March 2017 as void. The write off process could only commence in July 2018 and finalised in April 2020. Infringements written off during the 2018/19 financial year amounted to R22 038 400.
- Overstatement - A receipt relating to a non-exchange debt was incorrectly classified as exchange receivables (R105 449); Cancellations of AARTO infringements previously recognised as receivable were effected (R4 583 565).

c) Operating lease assets

- Overstatement – error in lease smoothing calculation (R439 802).

d) Operating lease liabilities

- Overstatement – error in lease smoothing calculation (R251 927).

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e) Accumulated surplus/deficit

- Overstatement – late receipt of electricity invoice (R498 000); training invoice raised in incorrect period (R4 436); Software licences incorrectly capitalised (R19 711 109); Telephone and fax invoice recognised in the incorrect period (R771 930); SARS payment relating to 2012/13 financial year was reflected on the maintenance account of SARS (R282 241).

f) Payables from exchange transactions

- Understatement – late receipt of electricity invoice (R498 000); road safety educational material, Project: Legislated National Law Enforcement, fuel, oil & lubricant, employee wellness programme, telephone and fax invoices recognised and consulting fees in the incorrect period (R9 068 265); SARS payment not expensed instead paid against PAYE control account (R415 063); SARS payment relating to 2012/13 financial year was reflected on the maintenance account of SARS (R282 241); Insurance and licences omitted in the previous year (R54 220). Rebates in line with the RT15 contract incorrectly raised (R1 520 190)
- Overstatement – Reclassification of negative CBRTA debtor (R129 720); Credit note relating to telephone and fax received after submission of the financial statements (R2 842 763); Travel and venues & facilities invoices erroneously raised (R1 329 405).

g) Provision for bad debts - RTIA

- Overstatement – An instruction was received from RTIA on 30 October 2017 to write off all infringements issued from 1 July 2008 until 31 March 2017 as void. The write off process could only commence in July 2018 and finalised in April 2020. Infringements written off during the 2018/19 financial year amounted to R22 038 400; Cancellations of AARTO infringements previously recognised as receivable were effected (R4 583 565).

h) Property, plant and equipment

- Overstatement – Accumulated depreciation was due to a time delay on a journal (R56 661).
- Understatement, omission of firearm purchase (R12 768); Accumulated depreciation relating to Subsequent reversals of rebates in line with the RT15 contract (R1 060 841); Rebates in line with the RT15 contract incorrectly raised (R1 520 190).

i) Intangible assets

- Overstatement – software licences incorrectly capitalised (R19 711 109).

j) Operating expenditure

- Overstatement – incorrect expense of security services paid in April 2019 (R64 606); Credit note relating to telephone and fax received after submission of the financial statements (R2 842 763); Incorrect expense of computer expenses paid in the previous financial year (R102 119); Travel and venues & facilities invoices erroneously raised in the previous financial year (R1 329 405).

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- Understatement – error in lease smoothing calculation (R187 875); Road Safety educational material, Project: Legislated National Law Enforcement, fuel, oil & lubricant, employee wellness programme, telephone and fax and consulting fees invoices recognised in the incorrect period (R8 296 334); Insurance and licences omitted in the previous year (R54 220).

k) Employee cost

- Understatement – SARS payment not expensed instead paid against PAYE control account (R415 063).

l) Depreciation

- Understatement – was due to a time delay on a journal (R56 661); Subsequent reversals of rebates in line with the RT15 contract (R1 060 841).

26. Risk management

Capital risk management

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

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

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

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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.

Financial liabilities - 2020	Within 1 year	1-5 years	More than 5 years	Total
Finance lease obligation	9	-	-	9
Payables from exchange transactions	55 617 156	-	-	55 617 156
	55 617 165	-	-	55 617 165

Financial liabilities - 2019	Within 1 year	1-5 years	More than 5 years	Total
Finance lease obligation	9	-	-	9
Payables from exchange transactions	56 627 206	-	-	56 627 206
	56 627 215	-	-	56 627 215

Credit risk

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

Trade and other receivables

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

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

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The Corporation does establish an allowance for impairment.

Credit risk exposure

The gross carrying amount of the receivables for 2019/20: R198 078 345 and 2018/19: R196 044 021 and represents the maximum credit exposure at the reporting date.

Concentration of credit risk

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

Geographical Area (Provinces)

The PFMA prohibits the Corporation to have any credit facility.

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

Provinces	2020 R	2019 Restated R
Eastern Cape	13 663 072	17 007 763
Free State	6 514 709	11 216 016
Gauteng	24 708 492	28 454 796
KwaZulu-Natal	8 464 547	19 071 485
Limpopo	6 163 948	6 400 583
Mpumalanga	4 428 042	14 814 729
North West	6 917 400	3 460 032
Northern Cape	19 450 378	18 916 107
Western Cape	9 656 815	16 337 506
Unallocated receipts (All provinces)	-	(5 598 625)
Provision for bad debts	(11 836 935)	(14 368 936)
	88 130 468	115 711 456

Financial assets exposed to credit risk at year end were as follows:

Financial instruments

NaTIS - Transaction fees	88 130 468	115 711 456
Deposits	1 947 775	1 946 618
Receivables - Other	1 159 518	766 162
CBRTA RTI - Administration of infringement fees	213 225	209 135
Boekenhoutkloof and training facilities	4 866 449	9 406 498
	96 317 435	128 039 869

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Financial assets that are past due but not impaired - 2020

	Neither past due nor impaired	0-2 months	3-5 months	More than 5 months	Impaired financial assets	Total carrying amount R
Trade and other receivables	102 333 204	30 367 984	18 823 485	44 605 897	(59 901 462)	136 229 108
Cash & cash equivalents	253 353 807	-	-	-	-	253 353 807
Deposits	1 947 775	-	-	-	-	1 947 775
	357 634 786	30 367 984	18 823 485	44 605 897	(59 901 462)	391 530 690

Financial assets that are past due but not impaired - 2019

	Neither past due nor impaired	0-2 months	3-5 months	More than 5 months	Impaired financial assets	Total carrying amount R
Trade and other receivables	58 364 077	69 165 281	27 363 352	45 283 037	(55 039 897)	144 785 850
Unallocated receipts	(5 728 345)	-	-	-	-	(5 728 345)
Cash & cash equivalents	129 806 678	-	-	-	-	129 806 678
Deposits	1 946 618	-	-	-	-	1 946 618
	184 389 028	69 165 281	27 363 352	45 283 037	(55 039 897)	270 810 801

Market risk

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

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

Interest rate risk

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

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Equity price risk

The Corporation has no exposure to equity price risk.

27. Fruitless and wasteful expenditure

	2020 R	2019 Restated R
Opening balance as previously reported	843 352	-
Opening balance as restated	843 352	-
VAT paid to a supplier that is not VAT registered	(780 545)	780 545
Interest and penalties on tax payments	(37 705)	37 705
Interest on late payment to suppliers recovered	(5 040)	5 040
Interest on late payment to suppliers	1 897	20 062
Law enforcement penalties	700	-
VAT overpayment	10 912	-
Closing balance	33 571	843 352

Progress on investigations of fruitless expenditure

VAT erroneously paid to a supplier during the 2018/19 financial year, was recovered in the 2019/20 financial year.

VAT erroneously paid to a supplier during the 2019/20 financial year, was recovered in the 2020/21 financial year (R10 912).

Interest and penalties on tax payments were written-off with the approval of the Board on the 30 January 2020.

Interest on late payment to suppliers relating to the previous financial year was recovered in the current financial year (R5 040).

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Expenditure identified in the current year include those listed below:

28. Irregular expenditure

	2020 R	2019 Restated R
Opening balance	8 493 927	8 493 927
Less: Amounts condoned	(8 493 927)	-
Closing balance	-	8 493 927

Condonement was obtained from National Treasury on the 13 December 2019.

29. Budget differences

Material differences between budget and actual amounts

Reasons for material variances between Approved Budget and Actual Amount on the various items disclosed in the Statement of Comparison of Budget and actual amounts are explained below:

Included in the RTMC's budget were new service initiatives. Majority of these however required Department of Transport and/or National Treasury approval. At the end of quarter two it was evident that the required approvals will not be obtained in time to yield results in the 2019/20 financial year. A budget adjustment was thus eminent and so approved.

a) NaTIS data charge

The Corporation anticipated the online platform for renewal of vehicle licences to be fully functional in the financial year, however a delay in approval for approval for tariffs by National Treasury resulted in a budget adjusted in the third quarter of the financial year.

b) Boekenhoutkloof training facilities

During the financial year the number of training initiatives decreased resulting in a decrease in revenue generation. A decision was later taken to halt all training due to the dilapidated state of the college which could have safety concerns for the students and staff at the college.

c) Section 56 notices

RTMC initially wanted to outsource the implementation of Section 56 notices. Further scrutiny however indicated insourcing to be more beneficial. This however came with its own time delays which resulted in the adjustment of the budget.

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d) Leave provision adjustment, Secondment income, Project income - Sponsorship and Insurance reimbursement

The Corporation did not budget for these line items because they are not incidental to the normal operations of the Corporation.

e) Interest received

Taking into consideration the financial status during the 2017/18 financial year a decision was taken not to budget for revenue from bank interest. Interest received is dependent on positive bank balances maintained as well as efficient and effective cash management.

f) Administration of infringement fees (RTI income)

During the 2019/20 financial year the full Inspectorate complement were deployed which resulted in the above budget revenue generation.

g) Bad Debts Recovered

The Corporation did not budget for the line item because it is not incidental to the normal operations of the Corporation.

h) Infringement fees (AARTO income)

Stringent measures for non-payment of fines were introduced, this resulted in a significant improvement in collection of infringements. In addition to the aforementioned the deployment of traffic officers were intensified to enforce the rules of the road, which was made possible by a limited up-skilling program for members of the inspectorate. More traffic officers were employed to increase visibility.

i) Transaction fees

The Corporation budgeted for an increase of R10 in the current financial year for which approval was delayed by Department of Transport, which was subsequently followed by a budget adjustment in second semester of the financial year.

j) Depreciation and amortisation

The depreciation charge changed significantly subsequent to the disposal of assets, which resulted in a significant understatement.

k) Lease rentals on operating leases

The Corporation entered into new lease contracts after existing contracts expired, these contracts were more favourable whereas the budget was based on the existing contracts plus an increment of 10%.

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l) Debt Impairment

The Corporation did not budget for this expense.

m) Operating expenditure

During the financial year the Corporation realised an underspend in total operating expenditure. Further analysis of the main contributions is given below:

- **Advertising:** Despite a budget adjustment, advertisement and marketing was limited to social media with marginal advertising campaigns on other platforms. Less rigorous advertising campaigns led to an underspend.
- **Consulting fees:** A number of projects were planned which required consultants to be utilised. During the financial year the Corporation however only used consultants on a few projects which resulted in an underspend.
- **Corporate Social Responsibility:** During the first quarter of the financial year the number of CSR projects were of such that it necessitated an upward budget adjustment, it however slowed down during the latter part of the year giving rise to an underspend.
- **Insurance:** The Corporation participated in a process of self-insurance which resulted in the lower than budgeted spend for the financial year.
- **Labour relations:** During the financial year the focus was on completion of long outstanding disciplinary issues which accumulated exorbitant costs over the years, these costs were curbed in the current financial year. There was also a significant decrease in reported labour issues during the current financial year resulting in the underspend.
- **Road safety educational material:** These items are bought in bulk and kept in stores. Issues are first done from stores and procurement only initiated when stock levels are low. Due to high stock levels procurement were slowed and current stock utilised, resulting in an underspend.
- **Road block essentials - general:** Items for use at roadblocks are bought in bulk and kept in stores. The issuance in the first part of the financial year necessitated an upward budget adjustment, spending however slowed down in the latter part of the financial year giving rise to the underspend.
- **Uniform:** Challenges experienced with regards to the current uniform and ranks caused a delay in the procurement of uniform for our traffic officers, resulting in the underspend.

n) Loss on disposal of assets and liabilities

The RTMC did not budget for this line item because it is not incidental to the normal operations of the Corporation.

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o) Capital expenditure

The Corporation embarked on an initiative to replace the aging vehicle fleet as well as procuring specialised law enforcement vehicles aiding in enforcing the rules of the road. In addition to the aforementioned, challenges experienced with the procurement of an appropriate facility to host traffic trainees, mobile parkhomes were procured. The revenue budget adjustment also necessitates a budget adjustment in expenditure with the biggest cut being in capital expenditure, hence the overspend.

30. Change in estimate

Property, plant and equipment

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

Item	Depreciation method	Average useful life 2019/20
Land and buildings	Straight line	99 years
Machinery and equipment	Straight line	20 years
Furniture and fittings	Straight line	2-12 years
Motor vehicles	Straight line	5-13 years
Office equipment	Straight line	2-13 years
Computer equipment	Straight line	2-13 years
NaTIS computer equipment	Straight line	1-13 years
Communication devices	Straight line	2-4 years
Firearms	Straight line	10 years

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

Item	Depreciation method	Average useful life 2018/19
Land and buildings	Straight line	99 years
Machinery and equipment	Straight line	20 years
Furniture and fittings	Straight line	5-7 years
Motor vehicles	Straight line	5-11 years
Office equipment	Straight line	4-6 years
Computer equipment	Straight line	3-5 years
NaTIS computer equipment	Straight line	1-13 years
Communication devices	Straight line	2 years
Firearms	Straight line	10 years

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The impact of the above on the accumulated depreciation is as set out below:

Accumulated Depreciation	Initial Estimate for 2020	Revised Estimate for 2020	Increase / (decrease) current
Furniture and fittings	6 119 664	5 404 242	(715 422)
Motor vehicles	66 881 190	73 181 637	6 300 447
Office equipment	18 384 003	17 870 738	(513 265)
Computer equipment	47 662 774	40 215 584	(7 447 190)
Communication devices	4 096 215	3 603 985	(492 230)
	143 143 846	140 276 186	(2 867 660)

Intangible assets

Useful lives of intangible assets have been re-assessed, revised and changed as follows:

Item	Depreciation method	Average useful life 2019/20
Computer software	Straight line	1-7 years
NaTIS system	Straight line	Indefinite useful life

Useful lives of intangible assets have been assessed as follows:

Item	Depreciation method	Average useful life 2018/19
Computer software	Straight line	3-5 years
NaTIS system	Straight line	Indefinite useful life

The impact of the above on the accumulated depreciation is as set out below:

Accumulated Depreciation	Initial Estimate for 2020	Revised Estimate for 2020	Increase / (decrease) current
Computer software	7 538 855	7 523 592	(15 263)

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31. New standards and interpretations

31.1 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 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IGRAP 1: Applying the probability test on initial recognition of revenue	Not yet determined	Unlikely there will be a material impact
IGRAP 20: Accounting for adjustments to Revenue	Not yet determined	Unlikely there will be a material impact
IGRAP 1: Applying the probability test on initial recognition of revenue	Not yet determined	Unlikely there will be a material impact
IGRAP 20: Accounting for adjustments to Revenue	Not yet determined	Unlikely there will be a material impact
GRAP 104 (revised): Financial Instruments	Not yet determined	Unlikely there will be a material impact
YIGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact

The aggregate impact of the initial application of the statements and interpretations on the entity's annual financial statements is expected to be material.



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