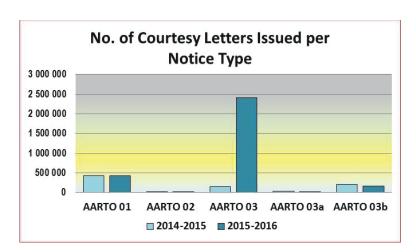
Change in Number of Courtesy Letters Issued per Notice Type							
Year	AARTO 01	AARTO 02	AARTO 03	AARTO 03a	AARTO 03b	Total	
2014-2015	433 152	387	144 132	26 878	213 420	817 969	
2015-2016	428 760	623	2 400 956	18 870	166 841	3 016 050	
Change	- 4 392	236	2 256 824	-8 008	-46 579	2 198 081	
% change	-1.01%	60.98%	1565.80%	-29.79%	-21.83%	268.72%	

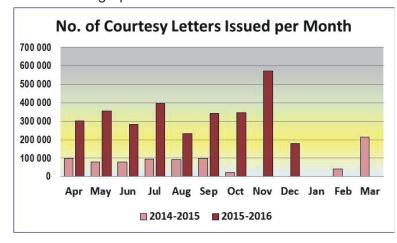
The information in the table above shows as follows:

- The total number of Courtesy Letters issued increased by 2 198 081 (268.72%) from 817 969 in 2014-2015 to 3 016 050 in 2015-2016;
- The change in the number of Courtesy Letters issued per infringement notice type are as follows:
 - o AARTO 01: decreased by 4 392 (1.01%) from 433 152 to 428 760;
 - o AARTO 02: increased by 236 (60.98%) from 387 to 523;
 - o AARTO 03: increased by 2 256 824 (1 565.80%) from 144 132 to 2 400 956;
 - o AARTO 03a: decreased by 8 008 (29.79%) from 26 878 to 18 870; and
 - o AARTO 03b: decreased by 46 579 from 213 420 to 166 841.

The information in the table above is also reflected in the graph below.



The number of Courtesy Letters issued per month during 2015-2016 in comparison with the previous year is reflected in the graph below.



The information in the graph above, amongst others, shows the month with the highest number of Courtesy Letters issued during the year under review as November 2015 with a total of 573 607 and during the previous year it was March 2015 with a total of 98 045.

The number of Courtesy Letters issued relating to Infringement Notices served by the various Issuing Authorities in the AARTO area is shown in the table below.

Nun	Number of Courtesy Letters Issued per IA								
Month	JMPD	TMPD	GDoCS	RTMC	Total				
Apr 2015	268 064	20 751	12 365	2 843	304 023				
May 2015	329 545	12 794	10 440	2 811	355 590				
Jun 2015	226 180	40 792	12 669	2 586	282 227				
Jul 2015	302 578	80 973	10 537	2 109	396 197				
Aug 2015	183 114	34 718	13 909	2 472	234 213				
Sep 2015	284 134	45 209	12 332	2 425	344 100				
Oct 2015	291 387	40 699	12 677	1 725	346 488				
Nov 2015	463 278	97 195	12 410	724	573 607				
Dec 2015	141 344	34 132	3 836	293	179 605				
Jan 2016	0	0	0	0	0				
Feb 2016	0	0	0	0	0				
Mar 2016	0	0	0	0	0				
Year Total	2 489 624	407 263	101 175	17 988	3 016 050				
% of Total	82.55%	13.50%	3.35%	0.60%	100.00%				

The information in the table above indicates the number of 3 016 050 Courtesy Letters issued per Issuing Authority as follows:

JMPD: 2 489 624 which is 82.55% of the total;

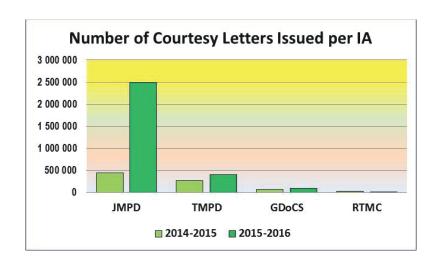
• TMPD: 407 263 which is 13.50% of the total;

• GDoCS: 101 175 which is 3.35% of the total; and

• RTMC: 17 988 which is 0.60% of the total.

The change in the number of Courtesy Letters per Issuing Authority during the year under review in comparison with the previous year is given in the table and reflected in the graph below.

Change in Number of Courtesy Letters Issued per IA								
Year	JMPD	JMPD TMPD GDoCS RTMC Total						
2014-2015	451 941	268 203	72 338	25 487	817 969			
2015-2016	2 489 624	407 263	101 175	17 988	3 016 050			
Change	2 037 683	139 060	28 837	- 7 499	2 198 081			
% change	450.87%	51.85%	39.86%	-29.42%	268.72%			



1.1.15 Enforcement Orders Issued

Enforcement Orders are served in terms of Section 20 of the Act if an infringer:

- Within a period of 32 days fails to submit an applicable elective option upon being served with an unsuccessful representation notification (Sec 18(7)(b)(ii) of the Act); or
- Failed to respond as required in terms of a Courtesy Letter (Sec 19(2)(c) of the Act); or
- Upon an election to be tried in court and when the infringer failed to appear after being served with a summons to do so (Sec 22(3)(a) of the Act).

Enforcement Orders are generated on the NCR and after verification thereof in terms of the provisions of the Act, electronically forwarded to SAPO for further processing and posting by registered/secure mail.

As indicated under the section on Courtesy Letters above, due to the continued failure of SAPO to deliver AARTO documents within the required time frame, the issuing of Enforcement Orders to SAPO for posting was terminated in September 2015.

The number of Enforcement Orders issued during the year is given in the table below. The information in this table is based on the infringement notices served by the applicable Issuing Authority which resulted in an Enforcement Order.

Number of Enforcement Orders Issued per IA								
Month	JMPD	TMPD	GDoCS	RTMC	Total			
Apr 2015	12 504	6 732	5 472	829	25 537			
May 2015	48 585	11 856	7 293	2 211	69 945			
Jun 2015	114 521	27 600	7 589	2 119	151 829			
Jul 2015	265 960	12 341	9 284	2 039	289 624			
Aug 2015	92 208	5 465	4 126	1 435	103 234			
Sep 2015	0	0	0	0	0			
Oct 2015	0	0	0	0	0			
Nov 2015	0	0	0	0	0			
Dec 2015	0	0	0	0	0			
Jan 2016	0	0	0	0	0			
Feb 2016	0	0	0	0	0			
Mar 2016	0	0	0	0	0			
Year Total	533 778	63 994	33 764	8 633	640 169			

The information in the table above indicates the number of 640 159 Enforcement Orders issued per Issuing Authority as follows:

• JMPD: 533 778 which is 83.38% of the total;

TMPD: 63 994 which is 10.00% of the total;

• GDoCS: 33 764 which is 5.27% of the total; and

• RTMC: 8 633 which is 1.35% of the total.

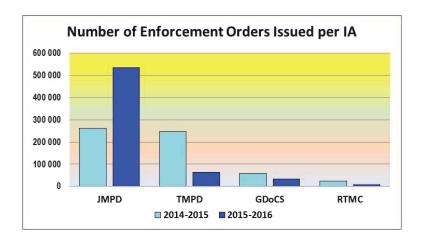
The change in the number of Enforcement Orders issued from the previous year per Issuing Authority is shown in the table below.

Change in No. of Enforcement Orders Issued							
Year	JMPD	JMPD TMPD GDoCS RTMC To					
2014-2015	262 689	247 297	60 016	23 711	593 713		
2015-2016	533 778	63 994	33 764	8 633	640 169		
Change	271 089	-183 303	-26 252	-15 078	46 456		
% change	103.20%	-74.12%	-43.74%	-63.59%	7.82%		

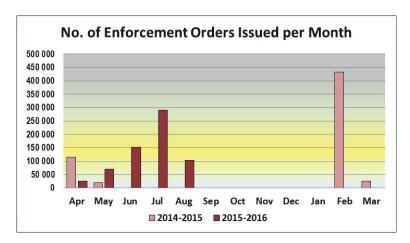
The information in the table above shows as follows:

- The total number of Enforcement Orders issued increased by 46 456 (7.82%) from 593 713 in 2014-2015 to 640 169 in 2015-2016;
- There was an increase of 271 089 (103.20%) from 262 689 to 533 778 in the number of Enforcement Orders issued based on Infringement Notices served by JMPD; and
- On Infringement Notices served by TMPD there was a decrease in the number of Enforcement Orders of 183 303 (74.12%) from 247 297 in 2014-2015 to 63 994.

The information in the table above is also reflected in the graph below.



The number of Enforcement Orders issued per month during the year in comparison with the previous year is also reflected in the graph below.



The number of Enforcement Orders issued during the year based on the Sections of the Act in accordance with which the Orders were issued, is given in the table below.

Numb	All IA's			
Month	Sec18(7)(b)	Sec19(2)(b)	Sec22(3)(a)	Total
Apr 2015	0	25 537	0	25 537
May 2015	641	69 304	0	69 945
Jun 2015	542	151 287	0	151 829
Jul 2015	863	288 761	0	289 624
Aug 2015	671	102 563	0	103 234
Sep 2015	0	0	0	0
Oct 2015	0	0	0	0
Nov 2015	0	0	0	0
Dec 2015	0	0	0	0
Jan 2016	0	0	0	0
Feb 2016	0	0	0	0
Mar 2016	0	0	0	0
Year Total	2 717	637 452	0	640 169

The information in the table above shows the number of Enforcement Orders issued in terms of:

- Section 18(7)(b): 2 717, which is 0.42% of the total;
- Section 19(2)(b): 637 452, which is 99.58% of the total; and
- Section 22(3)(a): 0.

The change in the number of Enforcement Orders issued from the previous year per Section of the Act is shown in the table below.

Change i	All IA's			
Year	Sec18(7)(b)	Sec19(2)(b)	Sec22(3)(a)	Total
2014-2015	0	593 713	0	593 713
2015-2016	2 717	637 452	0	640 169
Change	2 717	43 739	0	46 456
% change	-	7.37%	-	7.82%

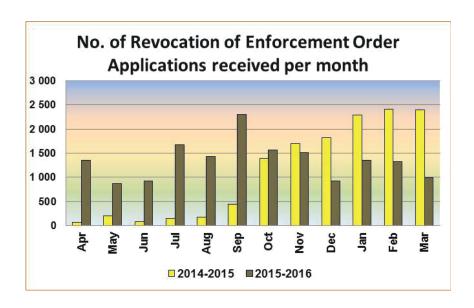
The information in the table above shows as follows:

- the total number of Enforcement Orders issued increased by 46 456 (7.82%) from 593 713 in 2014-2015 to 640 169 in 2015-2016; and
- the number of Enforcement Orders issued in terms of Section 19(2)(b) of the Act increased by 43 739 (7.37%) from 593 713 in 2014-2015 to 637 452 in 2015-2016.

1.1.16 Applications for the Revocation of Enforcement Orders

After having been served with an Enforcement Order, the number of AARTO 14 applications submitted by infringers for the revocation of such Orders during the year under review in comparison with the previous financial year, is given in the table and reflected in the graph below.

Number of Revocation of EO Applications								
Month	2014-2015	2015-2016	Change	% Change				
Apr	62	1 349	1 287	2075.81%				
May	200	867	667	333.50%				
Jun	87	925	838	963.22%				
Jul	145	1 673	1 528	1053.79%				
Aug	180	1 436	1 256	697.78%				
Sep	440	2 307	1 867	424.32%				
Oct	1 399	1 565	166	11.87%				
Nov	1 698	1 510	-188	-11.07%				
Dec	1 820	929	-891	-48.96%				
Jan	2 291	1 348	-943	-41.16%				
Feb	2 416	1 329	-1 087	-44.99%				
Mar	2 400	997	-1 403	-58.46%				
Total	13 138	16 235	3 097	23.57%				



The information above shows as follows:

- The number of revocation applications increased by 3 097 (23.57%) from 13 138 in 2014-2015 to 16 235 in 2015-2016;
- The months during 2015-2016 with the highest number of applications were July 2015 with a total of 1 673 and September 2015 with 2 307 applications.

The number of applications considered and processed during 2015-2016 is given in the table below.

Total Nun	Total Number of EO Revocation Applications Received, Considered, Cancelled & Pending						
Month	Applications	Successful	Unsucessful	Cancelled	Total	Applications	
Worth	Received	Successiui	Unsucessiui	Cancelled	considered	Pending	
Apr 2015	1 349	41	382	497	920	8 034	
May 2015	867	102	335	313	750	8 151	
Jun 2015	925	175	124	318	617	8 459	
Jul 2015	1 673	316	370	286	972	9 160	
Aug 2015	1 436	789	815	260	1 864	8 732	
Sep 2015	2 307	1 048	684	239	1 971	9 068	
Oct 2015	1 565	460	438	470	1 368	9 265	
Nov 2015	1 510	392	404	1 429	2 225	8 550	
Dec 2015	929	332	304	423	1 059	8 420	
Jan 2016	1 348	452	506	590	1 548	8 220	
Feb 2016	1 329	684	606	613	1 903	7 646	
Mar 2016	997	386	284	313	983	7 660	
Year Total	16 235	5 177	5 252	5 751	16 180	7 660	

The information in the table above shows the results of the 16 180 applications considered during the year under review as follows:

- A total of 5 177 (32.00%) was successful;
- A total of 5 252 (32.46%) was unsuccessful; and
- A total of 5 751 (35.54%) was cancelled.

A total of 7 660 applications remained pending at the end of March 2016.

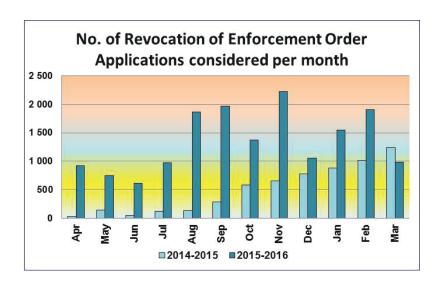
The change in the number of Enforcement Order revocation applications considered from the previous year is shown in the table below.

Change in number of EO Revocation Applications Received, Considered, Cancelled & Pending							
Month	Applications Received	Successful	Unsucessful	Cancelled	Total considered	Applications Pending	
2014-2015	13 138	1 868	160	3 900	5 928	7 605	
2015-2016	16 235	5 177	5 252	5 751	16 180	7 660	
Change	3 097	3 309	5 092	1 851	10 252	55	
% Change	23.57%	177.14%	3182.50%	47.46%	172.94%	0.72%	

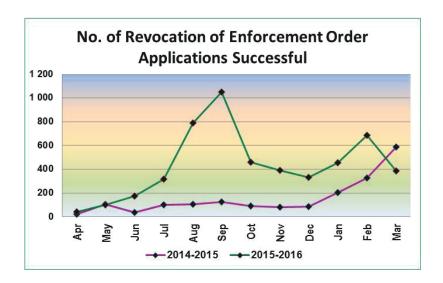
The information in the table above shows an increase of 10 180 (172.94%) in the number of applications considered from 5 928 to 16 180 in 2015-2016. The change in the results is as follows:

- The total number of successful applications increased by 3 309 (177.14%) from 1 868 in 2014-2015 to 5 177 in 2015-2016;
- The unsuccessful applications increased by 5 092 (3 182.50%) from 160 to 5 252;
- The number of cancellations increased by 1 851 (47.46%) from 3 900 to 5 751; and
- The number of applications pending at the end of March increased by 55 (0.72%) from 7 605 on 31 March 2015 to 7 660 on 31 March 2016.

The number of revocation applications considered per month in comparison with the previous year is shown in the graph below.



The monthly number of successful applications in comparison with the previous year is also reflected in the graph below.



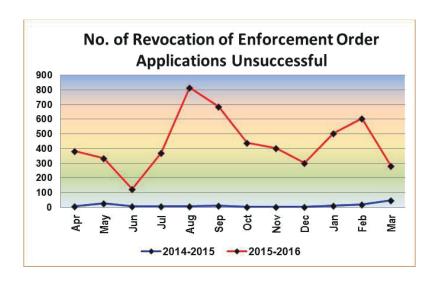
The reasons for applications being successful during 2015-2016 in comparison with the number in 2014-2015 are given in the table below.

Reasons for Successful EO Revocation Applications								
Reasons	2014-2015	2015-2016	Change					
Proof of payment received	11	12	1					
Instalment application proof received	3		- 3					
Representation proof received	199	1 162	963					
Proof of nomination received	99	119	20					
Court election notice received	1 185	51	-1 134					
Proof of court appearance received	6	2	-4					
Affidavit received	10	414	404					
Other:	355	3 417	3 062					
Total	1 868	5 177	3 309					

The information in the table above shows as follows:

- The number of applications that were successful based on the submission of proof of representations submitted increased by 963 (483.92%) from 199 to 1 162; and
- The number of applications that were successful based on the submission of proof that elections to be tried in court were submitted, decreased by 1 134 (95.70%) from 1 185 in 2014-2015 to 51 in 2015-2016.

The monthly number of unsuccessful applications in comparison with the previous year is also reflected in the graph below.



The reasons for revocation applications being unsuccessful during 2015-2016 in comparison with the number during the previous year are given in the table below.

Reasons for Unsuccessful EO Revocation Applications								
Reasons	2014-2015	2015-2016	Change					
Applied for representation	0	0	0					
No proof for not appearing in court	0	23	23					
No proof of new driver/person in control	7	609	602					
No proof of representation application	45	540	495					
AARTO 14 form not completed	0	5	5					
No proof of non service of infr. notice	1	1 348	1 347					
No proof of court option elected	3	772	769					
No proof of payment	7	15	8					
Other	97	1 940	1 843					
Total	160	5 252	5 092					

The information in the table above shows as follows:

- The number of applications that were unsuccessful based on no proof of submitting a representation application increased by 495 from 45 in 2014-2015 to 540 in 2015-2016;
- The number of applications that were unsuccessful based on no proof submitted of the court option elected increased by 769 from 3 in 2014-2015 to 772 in 2015-2016; and
- The number of applications that were unsuccessful based on "other" reasons increased by 1 843 from 97 in 2014-2015 to 1 940 in 2015-2016.

1.1.17 Allocation of Demerit Points

Although demerit points are not enforced yet, records were kept on the NCR of the points allocated to infringers during the course of the financial year. In this regard:

- · Demerit points were allocated for all -
 - Infringements paid;
 - o Applications for approved notifications to pay in instalments;
 - Enforcement orders issued; and
 - Infringers found guilty in court.

- Demerit points were reversed for all -
 - Cancelled infringement payments;
 - o Revoked enforcement orders; and
 - o Points were diminished over time with 1 point every 3 months if no points were allocated during the 3 months.

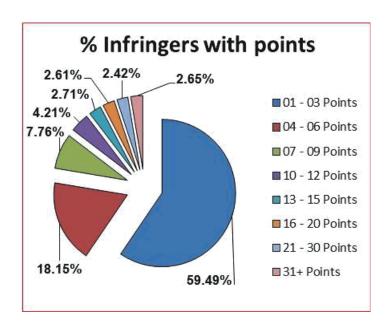
Based on the above the demerit points allocated at the end of each of the quarters during the year are shown in the table below.

Demerit points for natual persons from AARTO Inception as on 31 March 2016					
Demrit point interval	No of persons at 30 Jun 2015	No of persons at 30 Sep 2015	No of persons at 31 Dec 2015	No of persons at 31 Mar 2016	% of those with points
0 Demerit Points	3 024 575	2 959 210	3 024 677	2 882 032	
01 - 03 Points	184 377	230 034	178 650	100 452	0-12 points
04 - 06 Points	47 765	58 079	47 073	30 643	99.43%
07 - 09 Points	17 412	20 885	18 169	13 109	
10 - 12 Points	8 167	10 281	9 599	7 112	
13 - 15 Points	4 696	5 927	5 831	4 582	
16 - 20 Points	4 666	5 502	5 530	4 407	13->30 points
21 - 30 Points	4 051	4 805	4 874	4 082	0.57%
31 and Above Points	3 832	4 818	5 138	4 467	
Number with points	Number with points				%
0 points	3 024 575	2 959 210	3 024 677	2 882 032	94.47%
1 -12 points	257 721	319 279	253 491	151 316	4.96%
> 13 points	17 245	21 052	21 373	17 538	0.57%
Total with points	274 966	340 331	274 864	168 854	5.53%
% with points	8.33%	10.31%	8.33%	5.53%	

The information in the table above shows that at the end of the year on 31 March there were:

- 2 882 032 (94.47%) infringers with zero (0) demerit points;
- 151 316 (4.96%) with between 1 to 12 points;
- 17 538 (0.57%) with 13 and more points; and
- A total of 168 854 (5.53%) with demerit points.

The percentage of infringers with demerit points allocated at the end of the year within the various demerit point intervals are also reflected in the pie-chart below.



The table below provides information on the number of documents (driving licences, PrDP's and operator cards) that would have been suspended at the end of the financial year, if the demerit points system were applicable.

Number of documents suspended					
Action	End 1st Qtr	End 2nd Qtr	End 3rd Qtr	End 4th Qtr	
1st suspension	10 982	13 351	13 311	10 622	
2nd suspension	6 263	7 701	8 062	6 916	

The information in the table above shows:

- The number of 1st suspensions decreased from 10 982 at the end of the first quarter to 10 622 at the end of the year; and
- The number of 2nd suspensions increased from 6 263 at the end of the first quarter to 8 062 at the end of the third quarter and then decreased to 6 916 at the end of the year. This decrease is due to the non-serving of Enforcement Orders as discussed under 1.1.15 above.

Disclaimer

The data used for the purpose of compiling this statistics report was captured onto the National Contravention Register (NCR) by Issuing Authorities. Furthermore, all statistical information was extracted from the NCR by the eNaTIS Contractor. Therefore, the RTIA does not accept liability for any inaccuracies associated with the statistical information, or for the consequences of any actions taken on the basis of the statistical information in question, unless that information is subsequently confirmed in writing as having been generated by the Agency.

Furthermore, the data in this section relating to all AARTO notices issued, relate to those that was generated on the NCR and forwarded to SAPO for printing and posting, by either ordinary or registered/secure mail. Due to the effect of SAPO strikes and non-compliance by SAPO with required processes and timeframes, it may be assumed that not all these documents were actually posted and delivered.

1.2 Organisational environment

The interactive nature of the AARTO process requires the active participation of the infirngers in exercising their rights in the form of elective options. The Agency has a responsibility of enforcing compliance to road traffic laws, including the collection of outstanding revenue. In interacting with infringers, the Agency is required to serve documents either in person or through registered mail.

In preparing to roll the AARTO nationally, the Agency eagerly awaits the promulgation of the Amendment Bill by Parliament, in order to implement the other remaining aspects such as the levying of demerit points and activation of driver rehabilitation programmes. The innovations provided for in the AARTO Amendment Bill includes amongst others, additional methods of service of documents, such as electronically, which would have far-reaching positive effect in reducing the costs of business as well as ensuring that infringers can interact with the system more efficiently.

1.3 Key policy developments and legislative changes

The AARTO Bill is at an advanced stage of amendment through Parliamentary Committees and being a section 76 Bill, requires its consideration at both house of Parliament and the Agency is hopeful that the Bill would be promulgated by the end of the 2016/17 period, so that national rollout can ensue.

1.4 Strategic Outcome Oriented Goals

The strategic outcome orientated goals of the RTIA as reflected in the Strategic Plan are summarised in the tables below.

Strategic objective 1 Enforce compliance by penalising the contravention of road traffic laws		
Objective statement	To ensure compliance with Road Traffic Laws	
Baseline	High fatality rates on the roads and non-compliance to the road traffic laws	
Justification	Reduction of fatalities and increased compliance to road traffic laws in line with the National Development Plan Chapter 10 (Health care for all) objective and Pillar 4 (Safer road users) to increase awareness of road safety risk factors, amongst others and subsequently reduce injury, accidents and violence by 50% from 2010 levels.	
Links	Department of Transport, the National Development Plan (Chapter 10: Health care for all) and Pillar 4 (Safer road users)	

Strategic objective 2 Enforce payment of penalties	
Objective statement Increased compliance in the payment of penalties	
Baseline 86% of unpaid traffic infringement penalties	
Justification To ensure safe and secure road transport environment	
Links	To ensure safe and secure road transport environment

Strategic objective 3	Change the behaviour of road users		
Objective statement	To change the non-compliant culture of road users through road safety and rehabilitation programmes		
Baseline	Average 20% compliance rate for traffic violations		
Justification	Empowerment of road users about their responsibilities of road safety in line with the National Development Plan Chapter 10 (Health care for all) objective to reduce injury, accidents and violence by 50% from 2010 levels and by developing the requisite skills as per Chapter 11 (Social Protection) objective of addressing the skills deficit in the social welfare sector and Chapter 13 (Building a capable and developmental state) objective to ensure that staff at all levels have the authority experience, competence and support they need to do their jobs. This also creates a platform for the development of comprehensive programmes to improve road use behaviour as per Pillar 4 (Safer road users) of the Global Plan for the Decade of Action for Road Safety 2011-2020		
Links	Department of Transport, broader Transport Sector, Pillar 4 (Safer road users) of the Global Plan for the Decade of Action for Road Safety 2011-2020 and the National Development Plan (Chapter 10: Health care for all and Chapter 13: Building a capable and developmental state)		

Strategic objective 4	Administration and Resourcing of the Agency	
Objective statement	Alignment of resources to ensure efficiency and deliverables of AARTO mandate	
Baseline	64 Staff members currently employed by the Agency	
Justification In line with Chapters 3 and 13 of the National Development Plan contribute to the reduction of the national unemployment rate from 24.9% in June 2012 to 1.		
Links	National Development Plan: Chapter 3 (Economy and Employment) to contribute towards reducing the national unemployment rate from 24.9% in June 2012 to 14% by 2020 and to 6% by 2030 and Chapter 13 (Building a capable and developmental state) particularly by meeting the objective intended to ensure that staff at all levels have the authority, experience, competence and support they need to do their jobs.	

Strategic objective 5	Increase access to AARTO information	
Objective statement Improve accountability and develop an information-driven planning culture to generating, packaging and disseminating road safety information to stakehousing world-class data analysis software.		
Baseline	No (institutionalised) information generating and disseminating system in place.	
Improve accountability and organizational repositioning, ability to learn from objectively verified experiences and make informed decisions. In line with: (a United Nations General Assembly resolution A/Res/64/255 of 10 May 2010, encouraging WHO and UN regional commissions to coordinate regular moni within the framework of the United Nations Road Safety Collaboration, of glo progress towards meeting the targets identified in the plan of action and to diglobal status reports on road safety and other appropriate monitoring tools a Pillar 1 (Road safety management) of the Global Plan for the Decade of Action Road Safety 2011-2020 to monitor progress towards achievement of the RTI strategic objectives through monitoring of indicators, tracking milestones link the strategic objectives and conducting amongst others mid-term and end-te evaluation of the strategic objectives and disseminating findings to stakehold		
Links	Pillar 1 (Road safety management) of the Global Plan for the Decade of Action for Road Safety 2011-2020.	

Strategic objective 6	Establish & strengthen strategic partnerships for road safety	
Objective statement	No (institutionalised) collaborative agreements/ culture with other institutions within the road safety fraternity both locally and internationally	
Baseline	With resolution A/RES/64/255 of 10 May 2010, the UN General Assembly proclaimed the period 2011-2020 as the Decade of Action for Road Safety, with a goal to stabilize and then reduce the forecast level of road traffic fatalities around the world by increasing road safety related activities. Amongst others, partners around the world host policy discussions and by so doing create a platform for people affected by road crashes opportunities to share their stories widely.	
Justification	Improve the pooling of resources, including both financial and human resources address road safety challenges in the country	
Links	Develop a culture of unity and collaboration amongst stakeholders in the fight against the carnage on our roads thus developing a complementary spirit contrary to the arguably prevailing sense of competition.	

Strategic objective 7	Finalise preparations for AARTO rollout		
Objective statement	To rollout the AARTO throughout the country for uniform standards of implementation		
Baseline	High fatality rates on the roads and non-compliance to road traffic laws.		
Justification	Reduction of fatalities and increased compliance to road traffic laws.		
Links	To ensure safe and secure road transport environment		

A brief summary of achievements for all programmes and sub-programmes is provided in the table below:

No.	Programme	Target	Achieved	% Achieved
1	Enforce compliance by penalising the contravention of road traffic laws			
1.1	No. of representations adjudicated	151 000	87 635	58.04%
1.2	No. of drivers with demerit points allocated	N/A	N/A	N/A
1.3	No. of licences and operator cards suspended	N/A	N/A	N/A
1.4	No. of licences and operator cards cancelled	N/A	N/A	N/A
2	Enforce payment of penalties			
2.1	Amount of unpaid infringement penalties & fees collected	R355m	R555m	156.12%
2.2	No. of valid Courtesy Letters served	2 309 580	1 744 258	75.52%
2.3	No. of valid Enforcement Orders served	2 222 190	533 115	23.99%
3	Change the behaviour of road users			
3.1	No. of public awareness and education campaigns concluded			
	- Provincial outreach meetings on AARTO and road safety	9	9	100.00%
	- AARTO print media awareness programmes	24	71	295.83%
	- AARTO and road safety community radio messages	48	184	383.33%
	- AARTO electronic billboard adverts	144	195	135.42%
3.2	Rehabilitation schools established & accredited	5	0	0.00%
3.3	Interfaith - signature petition for national prayer day for road safety	1	1	100.00%
3.4	Empowerment of schools/communities for road safety	8	8	100.00%
4	Administration and Resourcing of the Agency			
4.1	No. of staff appointed in the organisation	175	104	59.43%
4.2	No. of interns recruited	90	12	13.33%
4.3	Business tools and support systems acquired	1	1	100.00%
4.4	No. of youth & women owned enterprises in programme	90	95	105.56%
5	Increase access to AARTO information			
5.1	Monitoring and evaluation system established - no. of reports	3	9	300.00%
5.2	International benchmarking report	1	1	100.00%
5.3	Report on public attitudes on AARTO	1	0	0.00%
5.4	AARTO resource and call centre in place	1	1	100.00%
6	Establish & strengthen strategic partnerships for re	oad safety		
6.1	No. of strategic partnerships established & strengthened	9	9	100.00%
7	Finalise preparations for AARTO rollout		1	
7.1	Preparations for AARTO rollout finalised	1	0.6	60.00%

A summary of achievements only for all main programmes is provided in the table below:

	Summary of Strategic Objective Achievements				
No.	Main programmes		% Achieved		
1	Enforce compliance by penalising the contravention of r	oad traffic laws	58.04%		
2	Enforce payment of penalties 100.00%				
3	Change the behaviour of road users		100.00%		
4	Administration and Resourcing of the Agency		100.00%		
5	Increase access to AARTO information		75.00%		
6	6 Establish & strengthen strategic partnerships for road safety 10		100.00%		
7	Finalise preparations for AARTO rollout		60.00%		
	Overall Agency Performance		84.72%		

The overall Agency performance achievement of 84.72% shown in the table above excludes the following sub-programmes over which the agency do not have any control:

- The national roll-out of AARTO is dependent on the AARTO Amendment Bill being promulgated. The non-roll-out affected sub-programmes 3.2, 4.1 and 4.2 and programme 7. Whilst it was anticipated that this would have taken place during the period under review, it did not happen and is a matter beyond the Agency's control; and
- Sub-programmes 2.2 and 2.3 (highlighted in pink in the first table) which is due to failure by SAPO to deliver AARTO notices posted by registered mail, including Courtesy Letters and Enforcement Orders within the prescribed timeframe resulted in the Agency ceasing to authorise serving of these letters and orders. Furthermore, the number of Courtesy Letters and Enforcement Orders were drastically reduced due to the serving of infringement notices not being confirmed from the issuing authorities.

Each of the above is discussed in detail under **Section 2 – Performance information by programme**.

2. PERFORMANCE INFORMATION BY PROGRAMME

2.1 Programme 1: Enforce compliance by penalising the contravention of road traffic laws

Strategic objective 1	gic objective 1 Enforce compliance by penalising the contravention of road traffic laws	
Objective statement		
Baseline	High fatality rates on the roads and non-compliance to the road traffic laws	
Justification	Reduction of fatalities and increased compliance to road traffic laws in line with the National Development Plan Chapter 10 (Health care for all) objective and Pillar 4 (Safer road users) to increase awareness of road safety risk factors, amongst others and subsequently reduce injury, accidents and violence by 50% from 2010 levels.	
Links	Department of Transport, the National Development Plan (Chapter 10: Health care for all) and Pillar 4 (Safer road users)	

Sub-programmes

This programme consists of four sub-programmes, namely:

- 2.1.1 Number of representations adjudicated
- 2.1.2 Number of drivers with demerit points allocated
- 2.1.3 Number of licences and operator cards suspended
- 2.1.4 Number of licences and operator cards cancelled

Description of each sub-programme

2.1.1 Number of representations adjudicated

RTIA mandate centres around three of the four pillars (Engineering, Education, Enforcement and Evaluation) of road safety, namely Education, Enforcement and Evaluation. Adjudication of representations application, serving of courtesy letters and enforcement orders, as well as the allocation of demerit points against drivers' licences of infringers form part of the Enforcement pillar, whereas the establishment of rehabilitation schools fall under the Education pillar.

2.1.2 Number of drivers with demerit points allocated

The allocation of demerit requires will be implemented under a full scale of AARTO rollout in the country. The process of allocation of demerit points will be successfully implemented once all other necessary steps, such as infringement notices, courtesy letters and enforcement orders where necessary would have been issued and served to the infringer.

2.1.3 Number of licences and operator cards suspended

The process of suspension of operator and licences is integrated to the demerit points and can only be successfully implemented once AARTO has been rolled out nationally.

2.1.4 Number of licences and operator cards cancelled

Cancellation of licences and operator cards is linked to demerit points and AARTO national roll-out.

Strategic objectives, performance indicators, planned targets and actual achievements

	Programme 1 Strategic Objective: Enforce compliance by penalising the contravention of road traffic laws						
Key Performance Indicators (KPIs)	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations		
2.1.1 Number of representations adjudicated	Total of 132 962 adjudications completed	151 000	87 848 representations received and 87 635 representations adjudicated during the year. 99.01% of representations received and carried over from the previous year were adjudicated.	63 365	Representations received is beyond Agency's control and depends on elections by infringers Majority of infringers now opting for court rather than representations		
2.1.2 Number of drivers with demerit points allocated	N/A	N/A	N/A	N/A	N/A		
2.1.3 Number of licences and operator cards suspended	N/A	N/A	N/A	N/A	N/A		
2.1.4 Number of licences and operator cards cancelled	N/A	N/A	N/A	N/A	N/A		

Strategy to overcome areas of under performance

- (i) AARTO Amendment Bill to be promulgated in the next financial year.
- (ii) The Issuing Authorities commenced with the summons for election to be tried in court

Changes to planned targets

The request for change to the Strategic Plan targets for sub-programmes 2.1.2, 2.1.3 and 2.1.4 was not approved by the Minister.

Linking performance with budgets

Programme 1	2015/2016			2014/2015		
Expenditure Items	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	13 453	10 017	3 437	9 314	7 032	2 282
Operating expenses	11 636	409	11 227	15 486	400	15 086
Postage of AARTO notices	3 682	2 410	1 272	200	1 600	(1 400)
Total	28 771	12 836	15 936	25 000	9 032	15 968

2.2 Programme 2: Enforce Payment of Penalties

Strategic objective 2	Enforce payment of penalties
Objective statement	Increased compliance in the payment of penalties
Baseline	86% of unpaid traffic infringement penalties
Justification	To ensure safe and secure road transport environment
Links	To ensure safe and secure road transport environment

Sub-programmes

This programme consists of three sub-programmes, namely:

- 2.2.1 Amount of unpaid infringement penalties and fees collected
- 2.2.2 Number of valid courtesy letters served
- 2.2.3 Number of valid enforcement orders served

Description of each sub-programme

2.2.1 Amount of unpaid infringement penalties and fees collected

In order to deter road users, particularly drivers, from committing infringements on public roads, AARTO Regulations prescribe penalties for different infringements. To maximise collection and to encourage payment, the RTIA has put in place alternative payment platforms that are easily accessible to the general public. Key is that infringers must have access to as many payment points as possible where they can pay their infringements with ease and convenience.

2.2.2 Number of valid courtesy letters served

In cases where infringers do not pay their infringement penalties within the first 32 days, it is as prescribed by the AARTO Act, required of the RTIA to enforce the law through the service of courtesy letters then followed by an enforcement order.

2.2.3 Number of valid enforcement orders served

Activation of enforcement orders against infringers follows a process where the infringement notice and courtesy letter was issued to an infringer within the prescribed timeframe articulated by the AARTO regulations. In this case the RTIA operates with other stakeholders such as the Issuing Authorities and SAPO to ensure the smooth flow of process of serving all notices to the infringer.

Strategic objectives, performance indicators planned targets and actual achievements

Programme 2	Programme 2 Strategic Objective: Enforce payment of penalties							
Key Performance Indicators (KPIs)	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations			
2.2.1 Amount of unpaid infringement penalties and fees collected	R307m	R355m	R555m infringement penalties and fees collected	+R200m	Increased efforts on revenue collection			
2.2.2 Number of valid courtesy letters served	451 881	2 309 580	1 744 258 valid Courtesy Letters served	-565 322	Courtesy Letters only served for infringement notices that were confirmed served.			
2.2.3 Number of valid enforcement orders served	556 775	2 222 190	533 115 valid Enforcement Orders served	-1 689 075	The Agency ceased to authorise Enforcement Orders as such authorisation may attract fruitless & wasteful expenditure and litigation. This decision was based on SAPO failing to deliver notices within the prescribed timeframe.			

Strategy to overcome areas of under performance

The Agency and SAPO have agreed to implement improved solutions related to the services of AARTO notifications in line with the AARTO Act. The AARTO Amendment Bill has been put through to Parliament and promulgation is of the Bill is expected to be finalised in the next financial year. As a result the intervention is anticipated to unlock challenges related to service of notices.

Changes to planned targets

There were no changes to planned targets during the year under review. Based on improved performance in relation to collection of revenue, the Agency increased the annual target for the next financial year.

Linking performance with budgets

Programme 2	2015/2016			2014/2015		
Expenditure Items	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	6 678	3 976	2 701	4 152	3 120	1 032
Postage of CLs EOs and other AARTO notices	75 881	49 670	26 211	55 860	23 615	32 245
Operating expenses	3 661	614	3 047	2 458	0	2 458
Total	86 220	54 260	31 960	62 470	26 735	35 735

2.3 Programme 3: Change the behaviour of road users

Strategic objective 3	Change the behaviour of road users
Objective statement	To change the non-compliant culture of road users through road safety and rehabilitation programmes
Baseline	Average 20% compliance rate for traffic violations
Justification	Empowerment of road users about their responsibilities of road safety in line with the National Development Plan Chapter 10 (Health care for all) objective to reduce injury, accidents and violence by 50% from 2010 levels and by developing the requisite skills as per Chapter 11 (Social Protection) objective of addressing the skills deficit in the social welfare sector and Chapter 13 (Building a capable and developmental state) objective to ensure that staff at all levels have the authority, experience, competence and support they need to do their jobs. This also creates a platform for the development of comprehensive programmes to improve road user behaviour as per Pillar 4 (Safer road users) of the Global Plan for the Decade of Action for Road Safety 2011-2020
Links	Department of Transport, broader Transport Sector, Pillar 4 (Safer road users) of the Global Plan for the Decade of Action for Road Safety 2011-2020 and the National Development Plan (Chapter 10: Health care for all and Chapter 13: Building a capable and developmental state)

Sub-programmes

This programme consists of four sub-programmes, namely:

- 2.3.1 Number of public awareness and education campaigns conducted in support of the United Nations' Decade of Action for Road Safety and the National Development Plan
- 2.3.2 Rehabilitation programmes established
- 2.3.3 Interfaith movement prayer day campaigns
- 2.3.4 Empowerment of vulnerable road user groups for road safety

Description of each sub-programme

2.3.1 Number of public awareness and education campaigns conducted in support of the United Nations' Decade of Action for Road Safety and the National Development Plan

In order to ensure fairness in the way AARTO is implemented, there is a need to educate the public on road safety and the AARTO processes, which falls under the Education pillar of road safety. In so doing, RTIA will be empowering South African citizens to voluntary road user behaviour to road traffic laws.

2.3.2 Rehabilitation programmes established

A research report on Traffic Rehabilitation Model has been completed and will be customised to the South African environment to enable smooth implementation of Rehabilitation Schools around the country. Rehabilitation schools will be established to

provide opportunities for habitual infringers to be assisted to correct their unacceptable behaviour.

2.3.3 Interfaith movement prayer day campaigns

Partnerships are central to the success of any marketing and educational programmes. The need to partner with interfaith groups has become necessary to ensure a wide spread awareness on road safety and AARTO programmes across all segments of societal formations. This idea is predicated on the understanding that a million signature campaign would be collected to inform the submission to Cabinet to declare national prayer road safety in South Africa.

2.3.4 Empowerment of vulnerable road user groups for road safety

One of the benefits that flow from partnerships is financial resources that corporate partners could contribute as part of their corporate social responsibility. To this extent, the RTIA has implemented projects geared towards empowering vulnerable road user groups.

Strategic objectives, performance indicators planned targets and actual achievements

Key Performance Indicators (KPIs)	Actual Achievement 2014/2015	pjective: Change t Planned Target 2015/2016	he behaviour of Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement	Comment on deviations
2.3.1 Number of public awareness and education campaigns	28 public awareness and education campaigns conducted	9 provincial outreach meetings on AARTO conducted	9 outreach meetings on AARTO conducted	for 2015/2016 None	None.
conducted in support of the United Nations' Decade of	N/A	24 Print Media awareness programmes	71 print media awareness programmes done.	+47	Additional resources acquired.
Action for Road Safety and the National Development	N/A	48 Community Radio messages	184 Community Radio messages done	+136	Additional resources acquired.
Plan	N/A	144 Electronic Billboard Adverts	195 Electronic Billboard adverts done	+51	Additional resources acquired.

Programme 3	Programme 3 Strategic Objective: Change the behaviour of road users						
Key Performance Indicators (KPIs)	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations		
2.3.2 Rehabilitation programmes established	A rehabilitation schools model completed	Accredit and establish 5 pilot rehabilitation schools	0	Accreditation and establishment of 5 pilot rehabilitation schools not done	Review of enabling legislation started The process of accreditation and piloting has been started and will be implemented with national rollout. 4 stakeholder groups consulted on rehabilitation programmes as part of accreditation process		
2.3.3 Interfaith movement prayer day campaigns	N/A	Signature petition for Declaration of a National Prayer Day for Road Safety submitted	Petition submitted and request tabled at Cabinet 840 972 signatures acquired in support of petition	None	None		
2.3.4 Empowerment of vulnerable road user groups for road safety support programme	N/A	Total 8 schools/communities for sustainable road safety projects empowerment	8 Community empowerment projects done	None	None		

Strategy to overcome areas of under performance

None. Although the Traffic Rehabilitation Schools Model has been completed a process to customise the Model to South African environment will be embarked upon in next financial year.

Changes to planned targets

None.

Linking performance with budgets

Programme 3		2015/2016			2014/2015		
Expenditure Items	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	
Personnel	6 100	5 234	866	3 980	3 514	466	
Marketing and communications	12 000	8 784	3 216	8 020	4 932	3 088	
Consultants and Interfaith	3 433	2 185	1 248	0	0	0	
Conferences and events	2 000	1 748	252	0	0	0	
Travel costs local	1 414	1 048	366	0	0	0	
Total	24 947	18 999	5 948	12 000	8 446	3 554	

2.4 Programme 4: Administration and resourcing of the Agency

Strategic objective 4	Administration and Resourcing of the Agency
Objective statement	Alignment of resources to ensure efficiency and deliverables of AARTO mandate
Baseline	87 Staff members currently employed by the Agency
Justification	In line with Chapters 3 and 13 of the National Development Plan contribute towards the reduction of the national unemployment rate from 24.9% in June 2012 to 14% by
Links	National Development Plan: Chapter 3 (Economy and Employment) to contribute towards reducing the national unemployment rate from 24.9% in June 2012 to 14% by 2020 and to 6% by 2030 and Chapter 13 (Building a capable and developmental state) particularly by meeting the objective intended to ensure that staff at all levels have the authority, experience, competence and support they need to do their jobs.

Sub-programmes

This programme consists of four sub-programmes, namely:

- 2.4.1 Number of appointed staff in organisation
- 2.4.2 Number of interns recruited
- 2.4.3 Business tools and support systems acquired
- 2.4.4 Number of youth & women owned enterprises in development support programme

Description of each sub-programme

2.4.1 Number of appointed staff in organisation

The National Development Plan aims to provide opportunities to young people and to correct inequalities inherited from the apartheid regime. The National Development Plan also advocates for the building of a capable and developmental state. In order to contribute towards building a capable state, it is crucial for the RTIA to fill all vacant but

critical positions. It is in this spirit that the RTIA will be filling critical positions to ensure that the recruitment drive is in line with the National Development Plan.

2.4.2 Number of interns recruited

The legislation requires the RTIA to appoint the interns in order to provide opportunities for graduates to acquire work experience. The Agency has planned the recruitment target of interns on the basis of AARTO national rollout during the 2015/16 financial year.

2.4.3 Business tools and support systems acquired

The RTIA will be implementing the information technology systems to strengthen the ability to ensure implementation of the strategic objectives. A very robust and responsive information technology platform would be required to interface the regions with head office as well as the Issuing Authorities during the AARTO nationwide roll-out.

2.4.4 Number of youth & women owned enterprises in development support programme

The Enterprise Development Concept is an initiative of RTIA geared at leveraging external resources to take its programmes to scale in the market place whilst at the same creating jobs and enterprises in line with its commitment to National Development plan. The rationale behind the conceptualisation of this programme was to utilise external service providers as a mechanism to go into scale with the programme during the AARTO Roll Out.

The Agency also realised that this mechanism would have two fold benefits:

- (i) It would create new jobs through the enterprises that would be selected to participate in the scheme/ programme
- (ii) It would expand its programmes in cost efficient business model than an organic growth which in many instances proves to be costly and is not performance / results driven than the enterprise model.

Strategic objectives, performance indicators planned targets and actual achievements

Programme 4	Programme 4 Strategic Objective: Administration and Resourcing of the Agency						
Key Performance Indicators (KPIs)	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations		
2.4.1 Number of appointed staff in organisation	87	175	104 appointed staff in organisation	-71	Recruitment rescheduled to align with national rollout		

Programme 4	Programme 4 Strategic Objective: Administration and Resourcing of the Agency						
Key Performance Indicators (KPIs)	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations		
2.4.2 Number of interns recruited	N/A	90	12 appointed interns in organisation	-78	Recruitment rescheduled to align with national rollout		
2.4.3 Business tools and support systems acquired	Basic IT systems acquired and implemented	Information technology systems and infrastructure acquired	Information technology systems and infrastructure acquired and implemented.	None	None		
2.4.4 Number of youth & women owned enterprises in development support programme	N/A	90 enterprises piloted.	95 enterprises under pilot	+5	Good interest shown by the targeted groupings		

Strategy to overcome areas of under performance

Organizational re-engineering is underway. Preparations underway to implement national rollout of AARTO Act

Changes to planned targets

None

Linking performance with budgets

Programme 4	2015/2016			2014/2015		
Expenditure Items	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	37 653	29 055	8 597	43 886	27 847	16 039
Operating expenses	19 474	4 090	15 383	14 624	12 451	2 173
IT support costs	1 905	625	1 280	0	0	0
Bursaries & training	2 740	1 991	749	0	0	0

Advertising and marketing	0	0	0	5 000	0	5 000
Consultants	0	0	0	5 055	2 055	3 000
Legal fees	2 750	1 875	875	3 625	1 239	2 386
Office rental	4 023	3 582	441	3 810	2 626	1 184
Board fees	2 500	1 903	597	2 000	1 162	838
Audit fees	2 000	2 047	(47)	2 000	1 734	266
Travel costs local	2 496	2 315	182	0	0	0
Depreciation	4 200	4 647	(447)	0	0	0
Total	79 741	52 131	27 610	80 000	49 114	30 886

(*Note*: in 2014/2015 under programme 5)

2.5 Programme 5: Increase access to AARTO information

Strategic objective 5	Increase access to AARTO information
Objective statement	Improve accountability and develop an information-driven planning culture by generating, packaging and disseminating road safety information to stakeholders using world-class data analysis software.
Baseline	No (institutionalised) information generating and disseminating system in place.
Justification	Improve accountability and organizational repositioning, ability to learn from objectively verified experiences and make informed decisions. In line with: (a) The United Nations General Assembly resolution A/Res/64/255 of 10 May 2010, encouraging WHO and UN regional commissions to coordinate regular monitoring, within the framework of the United Nations Road Safety Collaboration, of global progress towards meeting the targets identified in the plan of action and to develop global status reports on road safety and other appropriate monitoring tools and (b) Pillar 1 (Road safety management) of the Global Plan for the Decade of Action for Road Safety 2011-2020 to monitor progress towards achievement of the RTIA's strategic objectives through monitoring of indicators, tracking milestones linked to the strategic objectives and conducting amongst others mid-term and end-term evaluation of the strategic objectives and disseminating findings to stakeholders.
Links	Pillar 1 (Road safety management) of the Global Plan for the Decade of Action for Road Safety 2011-2020.

Sub-programmes

This programme consists of two sub-programmes, namely:

- 2.5.1 Monitoring and evaluation system established and institutionalised
- 2.5.2 AARTO Call Centre in place

Description of each sub-programme

2.5.1 Monitoring and evaluation system established and institutionalised

RTIA is in the process of institutionalising the generation, packaging and dissemination of road safety information through research, monitoring and evaluation as well as ensuring that information generated is disseminated to stakeholders through such platforms as a resource centre and call centre, amongst others.

Monitoring and evaluation help improve performance and achievement of results. The main objectives of results-oriented monitoring and evaluation are to:

- Enhance organisational learning;
- Ensure informed decision-making; and
- Support substantive accountability and institutional repositioning.

2.5.2 AARTO Call Centre in place

The establishment of the AARTO Call Centre seeks improved accountability and to develop an information-driven planning culture by generating, packing and disseminating AARTO and road safety information to stakeholders.

Strategic objectives, performance indicators planned targets and actual achievements

Programme 5	Programme 5 Strategic Objective: Increase access to AARTO information							
Key Performance Indicators (KPIs)	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations			
2.5.1 Monitoring and evaluation system established and institutionalised	AARTO Monitoring and Evaluation Framework and data collection tools completed	3 reports produced:- AARTO Monitoring and Evaluation report.	9 Monitoring and Evaluation Reports completed.	+6	Additional reports done based on expanded performance environment			
	International benchmarking report based on desktop and study tours completed	International benchmarking report	International tour undertaken from the 23/11/2015- 27/11/2015 to USA and the report has been completed.	None	None			
		Report on public attitudes on AARTO	None	Survey on public attitudes on AARTO in online				

Key Performance Indicators (KPIs)	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
				format ready to go live in the 1st quarter of the 2016/17 Financial Year	
2.5.2 AARTO Call Centre in place	10 Call centre agents appointed	A call center system installed and operational	A call center system installed and operational	None	None

Strategy to overcome areas of under performance

The public perception survey tool has been put online for administration to the members of the public. A large-scale independent national public perception survey is also scheduled for the 2016/17 Financial Year.

Changes to planned targets

None

Linking performance with budgets

Programme 5	2015/2016			2014/2015			
Expenditure Items	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	
Personnel	6 841	4 173	2 668	4 373	2 421	1 952	
Operating expenses	1 171	61	1 110	3 627	700	2 927	
Consultants	0	0	0	8 000	0	8 000	
Total	8 012	4 234	3 778	16 000	3 121	12 879	

(Note: in 2014/2015 under programmes 4 and 6)

2.6 Programme 6: Establish and strengthen strategic partnerships for road safety

Strategic objective 6	Establish & strengthen strategic partnerships for road safety
Objective statement	No (institutionalised) collaborative agreements/ culture with other institutions within the road safety fraternity both locally and internationally
Baseline	With resolution A/RES/64/255 of 10 May 2010, the UN General Assembly proclaimed the period 2011-2020 as the Decade of Action for Road Safety, with a goal to stabilize and then reduce the forecast level of road traffic fatalities around the world by increasing road safety related activities. Amongst others, partners around the world host policy discussions and by so doing create a platform for people affected by road crashes opportunities to share their stories widely.
Justification	Improve the pooling of resources, including both financial and human resources to address road safety challenges in the country
Links	Develop a culture of unity and collaboration amongst stakeholders in the fight against the carnage on our roads thus developing a complementary spirit contrary to the arguably prevailing sense of competition.

Sub-programmes

This programme consists of one sub-programme, namely:

2.6.1 Strategic partnerships with local and international institutions established to enhance road safety

Description of each sub-programme

2.6.1 Strategic partnerships with local and international institutions established to enhance road safety

The UN Decade of Action for Road Safety Action Plan indicates that in order to guide nations in the attainment of realistic but achievable targets around the world, overarching international coordination is required. Formalized coordination will also provide a mechanism to facilitate the sharing of experiences by Member States towards achieving their national targets.

It is against this background that South Africa needs to establish formal relationships with countries that have proven to be pockets of excellence for purposes of peer support, capacity building and skills transfer.

Strategic objectives, performance indicators planned targets and actual achievements

road safety Key Performance Indicators (KPIs)	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	coartnerships for Comment on deviations
2.6.1 Strategic partnerships with local and international institutions established to enhance road safety	Strategic partnerships established with the following 8 entities: RTMC, RAF, SAPO, TETA, MUARC, Autopax, NICSA, UNRSC.	Establish & strengthen 9 strategic partnerships by signing collaboration agreements with local & international institutions to enhance road safety	9 strategic partnerships established and strengthened.	None	None

Strategy to overcome areas of under performance

None

Changes to planned targets

None

Linking performance with budgets

Programme 6	2015/2016			2014/2015		
Expenditure Items	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
International travel costs	2 575	2 459	116	0	0	0
Total	2 575	2 459	116	0	0	0

2.7 Programme 7: Finalise preparations for AARTO rollout

Strategic objective 7	Finalise preparations for AARTO rollout						
Objective statement	To rollout the AARTO throughout the country for uniform standards of implementation						
Baseline	High fatality rates on the roads and non-compliance to road traffic laws.						
Justification	Reduction of fatalities and increased compliance to road traffic laws.						
Links	Γο ensure safe and secure road transport environment						

Sub-programmes

This programme consists of one sub-programme, namely:

2.7.1 All issuing authorities implementing AARTO

Description of each sub-programme

2.7.1 All issuing authorities implementing AARTO

AARTO National rollout has been identified as one of RTIA's flagship projects which will ensure that there are uniform interventions to increase compliance with road traffic laws across the country. The end result of this intervention will ensure that AARTO rollout conforms to uniform standards during implementation period throughout the country.

Strategic objectives, performance indicators planned targets and actual achievements

Programme 7 Strategic Objective: Finalise preparations for AARTO rollout							
Key Performance Indicators (KPIs)	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations		
2.7.1 All issuing authorities implementing AARTO	N/A	Finalize preparations for AARTO rollout. Preparations included: National Task Team meetings. Communication with stakeholders at provincial level. AARTO readiness meetings with	3 AARTO National Task Team meetings held. 8 Provincial communications meetings held with stakeholders. 8 Provincial AARTO readiness meetings held with issuing	AARTO Bill under consideration by Parliament but not yet finalised. Required changes to NCR not finalised	AARTO Amendment Bill submitted to Cabinet		

Programme :	Programme 7 Strategic Objective: Finalise preparations for AARTO rollout								
Key Performance Indicators (KPIs)	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations				
		Issuing Authorities in provinces. Capacitation of the unit. AARTO Amendment Bill approved. Changes to NCR completed.	authorities. Unit capacitated by appointments in 3 key positions.						

Strategy to overcome areas of under performance

- Lobby support of the shareholder and Parliamentary Portfolio Committee on Transport to expedite promulgation of the Amendment Bill.
- Issue based stakeholder engagements to enhance support for the national rollout of AARTO.
- Expansion of payment and self-help platforms to increase revenue collection

Changes to planned targets

None

Linking performance with budgets

Programme 7	2015/2016			2014/2015		
Expenditure Items	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	4 453	4 564	(111)	0	0	0
Operating expenses	557	130	427	0	0	0
Travel costs local	1 300	836	464	0	0	0
Total	6 310	5 530	780	0	0	0

3 SUMMARY OF FINANCIAL INFORMATION

3.1 Revenue Collection

	2015/2016			2014/2015		
Sources of revenue	Estimate	Actual Amount Collected	(Over) / Under Collection	Estimate	Actual Amount Collected	(Over) / Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Infringement Revenue	184 000	242 244	(58 244)	152 000	113 151	38 849
Grant Allocation	11 497	11 497	0	15 300	15 300	0
Other (Retained Funds & interest)	41 079	41 079	0	28 170	0	28 170
Total	236 576	294 820	(58 244)	195 470	128 451	67 019

The entity has managed to increase the collection of revenue compared to the prior year due to the following:

- enhanced stakeholder engagement with key stakeholders;
- public awareness campaigns to educate and encourage infringers about paying their penalties;
- provincial visits to engage with municipal collecting agents on the importance of collecting and transferring AARTO revenue collected;
- improved business processes and capacity; and
- increase of payment platforms.

3.2 Programme Expenditure

		2015/2016			2014/2015	
Programme Name	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Name	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1 Enforce compliance by penalising the contravention of road traffic laws	28 771	12 836	15 936	25 000	9 032	15 968
Programme 2 Enforce payment of penalties	86 220	54 260	31 960	62 470	26 735	35 735
Programme 3 Change the behaviour of road users	24 947	18 999	5 948	12 000	8 446	3 554
Programme 4 Administration and Resourcing of the Agency 2014/2015 under programme 5	79 741	52 131	27 610	80 000	49 114	30 886
Programme 5 Increase access to AARTO information 2014/2015 under programme 4	8 012	4 234	3 778	16 000	3 121	12 879
Programme 6 Establish and strengthen strategic partnerships for road safety 2014/2015 Generation, packaging and dissemination of road safety information	2 575	2 459	116	0	0	0
Programme 7 Finalise preparations for AARTO rollout	6 309	5 530	779	0	0	0
Total	236 576	150 449	86127	195 470	96 448	99 022

3.3 Capital investment, maintenance and asset management plan

In terms of the RTIA's mandate, it is not responsible for any infrastructure projects.



1. INTRODUCTION

The RTIA is committed to ensuring full compliance with all the corporate governance requirements, processes and systems by which public entities are directed, controlled and held accountable. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and implemented in tandem with the principles contained in the King Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority, are through various mechanisms, responsible for the overall entity's corporate governance.

2. PORTFOLIO COMMITTEES

The Portfolio Committee continued to exercise oversight over the service delivery performance of the RTIA and during the year under review, reviewed its performance from the previous financial year. During this period, the RTIA engaged with the Portfolio committee on 14 August 2015 and 23 February 2016.

The key issues raised by the committee were on the following aspects:

- The finalisation of the AARTO Roll Out.
- Finalisation of the Amendment Bill as requested by the RTIA; and
- Noted the progress made by the RTIA in enhancing its performance.

The Parliamentary schedule for the AARTO Amendment Bill was finalised and circulated to all interested parties in February 2016. Such schedule was never proceeded with owing to other competing interests on the Parliamentary schedule and this resulted in the AARTO Amendment Bill being moved to the second quarter of the Parliamentary schedule.

3. EXECUTIVE AUTHORITY

The reports to the Executive Authority were all submitted timeously according to the stipulated schedule of the PFMA and agreed Annual Performance Plan. The main issues that were raised on the reports and meetings were the following:

- Finalisation of Traffic Rehabilitations Schools Model
- Finalisation of the AARTO Roll Out Report.
- Finalisation of public attitude surveys prior to Roll Out.
- 11% performance decline by the Agency during the 3rd Quarter.
- Non Achievement of the adjudications target due to Non Roll Out issues.
- Impasse with SAPO due to the latter's lack of proper service to the Agency.

The RTIA responded to the issues mentioned above as stated herein-under:

- Finalised its Traffic Rehabilitation Schools Model.
- Adjudications targets affected by Non Roll Out and the Agency had no control on such a performance.
- SAPO impasse resolved at the end of the financial year and which did not give the Agency enough time to recommence the serving of AARTO notices.
- Commissioned the reassessment of AARTO readiness activity during October, in order to ascertain whether all the stakeholders which were initially assessed in 2014, still possessed the same capacity and competencies required, to effect a successful Roll Out.
- Economic behavioural study was commissioned to determine to causes of the driver apathy and behaviour.

All the above areas of variance in performance were as a result of the SAPO strike; as well as non-compliance by SAPO with the Service Level Agreement to serve notices within specified time fames; which in effect had a bearing on the target of serving of Courtesy Letters, Enforcement Orders and revenue collection.

4. THE ACCOUNTING AUTHORITY / BOARD

Introduction

The Board of the RTIA is the Accounting Authority and is responsible for providing strategic direction and leadership to the entity. The Board provided leadership in the development of annual performance and strategy of the Agency during its sessions during 7-8 August as well as 12 December 2015.

The Board also continued to work Co-operatively with all its Committees and ensured that it timeously received all the Committee reports on the functions assigned to them. It also ensured that all the Committees had understandable Work plans from which to conduct their activities.

The role of the Board is as follows:

- The Board constitutes the fundamental base of corporate governance within the RTIA.
 Accordingly, the RTIA's constituent structures is headed and controlled by an effective and efficient Board, comprising of executive and non-executive Directors, of whom the majority should be non-executive Directors in order to ensure independence and objectivity in decision making.
- As the Accounting Authority, the Board has the absolute responsibility for the effective performance of the Agency and is accountable to the Executive Authority for such performance. As a result, the Board gives strategic direction to RTIA and, in concurrence

with the Minister or Executive Authority, ensures that an effective continuity plan is in place and adhered to for all Directors and key executives.

The Board -

- Retains full and effective control over the RTIA and monitors management in implementing Board decisions, plans and strategies.
- Ensures that the RTIA has and maintains a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of the Companies Act and sections 76 and 77 of the PMFA.
- Ensures that the RTIA is fully aware of and complies with applicable laws, regulations, government policies and codes of business practice and communicates with its shareholder and relevant stakeholders openly and promptly with substance prevailing over form; and
- Has developed and implements an ICT Governance Framework aligned with the
 performance and sustainability objectives of the Agency. The Board therefore delegates
 its responsibilities to implement IT requirements to the Technical Committee; however this
 delegation has subsequently been moved to the audit and risk committee from 2015/16
 financial year onwards
- Neither the appointment nor the duties of the Audit and Risk Committee reduces the functions and duties of the Board or the Directors of the RTIA, except with respect to the appointment, fees and terms of engagement of the auditor.
- All Board members ensure that they have unrestricted access to accurate, relevant and timely information concerning or held by the RTIA and act on a fully informed basis, in good faith, with diligence, skill and care and in the best interest of the RTIA, whilst taking account of the interests of the Shareholder and other stakeholders, including employees, creditors, suppliers and local communities. To this end, the Board must monitor the process of disclosure and communication and exercise objective judgment on the affairs of the RTIA, independent of management. In so doing, each individual member of the Board must keep confidential all confidential matters of the RTIA.
- The Board, as a whole and/or individual Board members may, if necessary, solicit independent professional advice at the expense of the RTIA. This process is followed in accordance with the RTIA's Procurement Processes and Procedures except in cases where it would prove untenable to do so. The Chairman of the Board ensures that all Board members are familiar with such procedure and comply with it.

 Without derogating from its fiduciary duties, the Board ensures that the Shareholder's performance objectives are achieved and that same can be measured in terms of the performance of the RTIA. In addition, the Board ensures that the RTIA prepares annual budgets against which, its performance can be measured.

The Board takes appropriate and effective steps to -

- Prevent irregular, fruitless and wasteful expenditure, losses resulting from criminal conduct and expenditure not complying with the operational policies of the RTIA;
- Manage available working capital efficiently and economically;
- Institute disciplinary steps against any employee of the RTIA who
 - Contravenes or fails to comply with a provision of the PMFA;
 - Commits an act which undermines the financial management and internal control system of the RTIA; or
 - Makes or permits an irregular expenditure or a fruitless and wasteful expenditure.
- The Board develops a clear definition of the levels of materiality or sensitivity in order to determine the scope of delegation of authority and ensures that it reserves specific powers and authority to itself. Delegated authority is in writing and evaluated on a regular basis.
- Board members attend annual general meetings and ensure that all items prescribed by the Companies Act and the PFMA are tabled for discussion at such meetings.
- The Board ensures that financial statements are prepared for each financial year, which fairly presents the affairs of the RTIA. In addition, must maintain adequate accounting records; ensure that suitable accounting policies are consistently applied and supported by reasonable and prudent judgment and estimates, as well as having been used in the preparation of the financial statements and that relevant accounting standards are applied.
- The Board appraises its performance and that of the Chairman on an annual basis. The Board has also considered, reviewed and evaluated its required mix of skills and experience and other qualities in order to assess its effectiveness and that of its committees and the contribution of each individual Director during the entire term of office. This is done through a confidential Board appraisal and the report submitted to the Minister as the Shareholder.
- The Board has ensured that there are appropriate and effective induction, education and training programmes offered to new and existing Board members.

• The Board has always maintained the highest standard of integrity, responsibility and accountability and endeavoured to find a fair balance between conforming to corporate governance principles and the performance of the RTIA.

Board Charter

The board charter has, as mentioned in the previous section been revised in October 2015 and it covers the following areas:

- Fiduciary responsibilities
- Role of the Board
- Role of the Chairman
- Appointment of the Registrar
- Roles and Responsibilities of the Registrar and Management
- Role of Executive and Non-Executive Directors
- Role of the Company Secretary
- Remuneration of Directors
- Committees of the Board
- Formal Evaluation of Board Committees
- Mandate of the Board
- Board and Shareholder Relationship

Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees (e.g: Audit committee)	No. of Meetings attended
Ms NE Rapoo	Non- Executive Chairperson	01 August 2010	N/A	BCom (Law); LLB degree; Certificate Corporate Governance;	Corporate Governance Legal Advisory; Internal Audit, risk and compliance management	N/A		11 of 12 X
Mr JR Chuwe	Registrar & Executive Director	March 2010	N/A	BA Law; BA (Honours); Certificate Programme in Project Management	Strategic management; Operational management; Transport Information Systems, including eNaTIS, Project management, Legislation	N/A	Technical Committee	12 of 12 X

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees (e.g: Audit committee)	No. of Meetings attended
Dr ZN Qunta	Non-Executive Director	31 December 2014	N/A	BAdmin, BCom (Hons),MCom(Econ omics), MBA, Cert (Corp Governance) PhD (Public Entity Governance)	Strategy Development and Finance	ZBQ Consulting, Audit Committee (Parliament)	HR & Remuneration Committee, Audit & Risk Committee	12 of 12
Mr B Matinise	Non- Executive Director	31 December 2014	N/A	BCom, BCom (Hons), MBL	Strategy Development	None	Technical committee	12 of 12
Adv. X N Khanyile	(Ex Officio) Non- Executive Director	31 December 2014	N/A	B. luris; LLB degree (Part LLM), MDP	Public Prosecutions and Traffic Law.	N/A	Technical committee	8 of 12
Mr BS Chaplog	Non-Executive Director	31 December 2014	N/A	CA (SA)	Accounting & Taxation	N/A	Audit & Risk Committee	5 of 12
Prof. Mokgoro	Non - Executive	31 December 2014	N/A	BSC (Chemistry), MA (Public Admin), PhD (Public Amin)	Strategy Development	N/A	Technical Committee, HR & Remuneration Committee	8 of 12

[•] The total number of Board meetings were 10, these included 3 special Board meetings and 4 Board strategic planning sessions;

Committees

Committee	No. of meetings held	No. of Members	Names of Members	No. of Attendance
Board	12 meetings (inclusive of 4 strategic planning sessions and 3 special board meetings)	7	X Ms NE Rapoo Mr JR Chuwe X Mr BS Chaplog Dr NZ Qunta Adv XN Khanyile Mr B Matinise X Prof Mokgoro	11 12 5 12 8 12 8
Audit and Risk Committee	5 meetings	5	X Mr BS Chaplog Ms S Thomas Ms T Mjoli Dr NZ Qunta # Ms H Makhathini	4 4 5 4 2
Technical Committee	5 meetings	7	Mr Matinise X Prof J Mokgoro X Ms N Lugisani Mr D Lekota X Adv XN Khanyile Ms N Ramabulana Mr K Mayedwa Mr K Mashugane	5 2 3 1 2 5 5 4
HR and Remuneration Committee	2 Meetings	5	= Ms L Ngcwabe Dr NZ Qunta Mr CM Manzini ❖ Adv L Madikizela Ms S Hlapolosa	1 2 1 1 0

- Adv Madikizela and Ms Hlapolosa joined the HR Committee after its first committee meeting.
- = Ms Ngcwabe joined Management as a Senior Executive Manager of Corporate Services.
- # Ms Makhathini joined the Audit & Risk Committee after three sessions.
- X Mr Chaplog, Prof Mokgoro, Ms Lugisani, Adv Khanyile and Ms Rapoo all tendered apologies for the meetings they did not attend.

Remuneration of board members

- The board remuneration is determined by the Minister of Finance through the normal annual adjustments in April of each year.
- Ms N Rapoo is remunerated as a Chairperson of the Board.
- Mr B Chaplog is remunerated as a member of the Board and Chairperson of the Audit and Risk Committee.
- Mr B Matinise is remunerated as a member of the Board and Chairperson of the Technical Committee.
- Dr NZ Qunta is remunerated as a member of the Board, HR & Remuneration Committee and Audit & Risk Committee.
- Prof TJ Mokgoro is remunerated as a member of the Board, Technical Committee and Chairperson of the HR & Remuneration Committee.
- Adv. XN Khanyile is an ex officio member of the board through her secondment from the Director of Public Prosecution and therefore does not receive any remuneration from the RTIA.
- Mr JR Chuwe is remunerated through his salary as the Executive Director
- Members are remunerated for the time and effort spent on the RTIA's business, as well as the payment of their travel and related expenditure.

Name	Remuneration	Other allowance	Other re- imbursements	Total
Ms NE Rapoo	235 105	0	0	235 105
Mr JR Chuwe ¹	N/A	0	0	N/A
Prof. J Mokgoro	172 734	0	29 534	202 268
Mr B Matinise	291 799	0	0	291 799
Adv. XN Khanyile ²	0	0	23 009	23 009
Mr BS Chaplog	138 496	0	0	138 496
Dr ZN Qunta	186 996	0	0	186 996

¹ Mr JR Chuwe is an Executive Director and is remunerated through his salary, tabulated in the AFS, note 13.

² Adv Khanyile is a member of the NPA and thus not remunerated for the time spend on RTIA business.

5. RISK MANAGEMENT

RTIA is a scheduled 3A Public Entity as per the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), and therefore has to comply with the requirements of this Act. Risk is proactively managed as an integrated aspect of business within the RTIA. The RTIA Board, through the Audit and Risk Committee, maintains overall accountability for ensuring effective risk management and assessing the effectiveness of the process, while the responsibility for risk management resides with executive and line management.

In compliance with the requirements of the PFMA, the RTIA Board approved the revised Risk Management Policy and Strategy for the agency. The approved risk management strategy and policy provides guidelines for the management of risk throughout the agency, and clearly defines roles and responsibilities in the management of risk throughout the agency.

As part of the requirements of the approved Risk Management Strategy, a complete risk identification and ranking exercise is conducted annually to determine and rank the risks facing the RTIA. This risk identification is carried out as part of the strategic planning process within the RTIA. The ranking of the risks based on the impact that the occurrence of the risk would have on the RTIA as well as the likelihood of the risk happening, are done taking into account all current strategies to mitigate against the occurrence of the identified risks. Once the risks have been identified and ranked, the risk appetite (the broad-based amount of risk an organisation is willing to accept in pursuit of its mission and vision) and risk tolerance (the acceptable variation relative to the achievement of objectives) for every risk is determined.

The RTIA Board has, for the period under review, revised the agency's the agency's risk appetite to align it to the revised strategic plan and take into account the challenges in the business environment that the agency experienced in the last financial year. Audit and Risk Management committee oversees the agency's risk management function and ensures that the agency achieves the desired risk management maturity level.

6. INTERNAL CONTROL UNIT

The RTIA Board is ultimately accountable for the agency's system of internal controls. These controls are designed to provide reasonable assurance that the Agency's objectives have been achieved in terms of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The Internal Audit function is responsible for evaluating adequacy and effectiveness of risk management, control and governance systems of the organisation. It assists the organisation in reaching its goals by determining that internal and operational controls exist and are functioning as intended.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

7.1 Internal Audit

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

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

Internal Audit operates under the direction of the Audit and Risk Committee which approves the Internal Audit Strategy and Plan. The Internal Audit Plan is informed by agency's strategy and key risks that may impair the realisation of strategic objectives and goals. The Internal Audit Plan is updated annually or when there is a significant change in the mandate or business objectives to ensure that it is responsive to changes in the business. Significant findings on internal audits are reported to the Audit and Risk Committee at each scheduled meeting. Follow-up audits are conducted in areas where significant control weaknesses are found to ensure that mitigating strategies are adequate and effectively implemented by management. Internal Audit also provides assurance to the Board through the Audit and Risk Committee on the effectiveness of the governance and risk management process.

During the review period, the Internal Audit Unit completed 14 planned audits.

7.2 Audit and Risk Committee

Key activities and objectives of the Audit and Risk Committee

The objective of the Audit and Risk Committee is to provide oversight and assistance to the RTIA on control, governance and risk management processes.

The key activities of the Audit and Risk Committee are to:

- Obtain and review the annual financial statements;
- Ensure that the annual financial statements are prepared in accordance with the reporting requirements as set out in the PFMA and related Treasury Regulations or applicable accounting framework;
- Review the Risk Policy and Strategy and ensure it complies with Best Practice;
- Review risk management processes to ensure it is effective and efficient and identifies priority risks;

- Review the RTIA's compliance with the performance management and reporting systems;
- Review and approve the Internal Audit plan, its scope and any major changes to it, ensuring that it covers the key risks and that there is appropriate coordination with the External Auditor (Auditor-General SA); and
- Review and approve the external auditors' proposed audit scope, approach and audit fees for the year.

The table below discloses relevant information on the audit committee members, wherein a total of five (5) audit committee meetings were held in the period under review.

Name	Qualifications	Internal or external	Date appointed	No. of Meetings attended
Mr Bryan Chaplog (chairperson)	CA (SA)	External	08/12/2011	4
Ms Hlengiwe Makhathini #	CA (SA)	External	10/10/2015	2
Ms Shelley Thomas	CA (SA)	External	01/11/2012	4
Ms Tembi Mjoli	BCom, BCompt Honours, HDip Comp Audit	External	15/07/2013	5
Dr Zethu Qunta	BAdmin, BCom (Hons), MCom, PhD	External	30 /01/2015	4

[#] Ms Makhathini joined the Committee after three sessions

8. COMPLIANCE WITH LAWS AND REGULATIONS

Pursuant to the objective of achieving efficient implementation, the Agency undertook a comprehensive process of assessing the applicable legislation and drafted and submitted the legislative amendments for consideration. Cabinet approved the amendments and these were tabled at Parliament in December 2015. During the year under review, the Agency had stopped the issuing of Enforcement Orders until such time that their validity as well as the preceding confirmation of the service of documents could be confirmed, lest the Agency found itself experiencing fruitless expenditure. The clauses resulting in the challenges that renders it difficult for Issuing Authorities and the Agency to have continued and full compliance to the laws and regulations have been included in the legislative amendments at Parliament for promulgation and the Agency is hopeful that these can be promulgated during the 2016/17 financial year.

9. FRAUD AND CORRUPTION

The RTIA has taken a zero tolerance approach towards fraud and corruption and this is outlined in the fraud policy and a fraud prevention plan as approved by the RTIA Board and communicated to RTIA staff members. The RTIA also developed a Whistle blowing policy which directs staff members what to do when they want to report fraud and corruption in the RTIA.

The RTIA participated in the National Anti-Corruption Hotline (NACH) until November 2015. As of December 2015 the RTIA launched a Fraud and Corruption Hotline as a conduit to report fraud, corruption of any maladministration within the agency. The hotline is contracted and manned by KPMG to enable the public and staff, should they wish to remain anonymous, to report suspected fraud, corruption or misuse of public resources. Upon receipt of the concern raised, the case will be investigated by the Internal Audit and Risk Management Departments and a report will be tabled at the Audit and Risk Committee.

10. MINIMISING CONFLICT OF INTEREST

The RTIA has developed and approved a Financial Disclosure framework aimed at preventing conflicts of interest by requiring of RTIA employees to disclose their financial interests annually. In addition to it the Supply Chain Management policy is also in place, and it is enforced to discourage those who might try to benefit, directly or indirectly from a breach of the policy and provide redress through measures such as retrospective cancellation of affected decisions and tainted contracts and exclusion of beneficiaries from future processes. Breach of policy would be detected through monitoring mechanisms for non-compliance and processes for managing complaints. Supply chain officers and officials adjudicating tenders disclose financial interests if they are significant and relevant to the tenders considered. These may include, but are not limited to the following kinds of financial interest: employment relationships; consulting relationships; financial investments and intellectual property.

No conflict of interest was found for the year under review.

11. CODE OF CONDUCT

The Ethics Policy as approved by the RTIA board provides a summary of the key obligations of Board and employees to uphold its core values of accountability, transparency, integrity and fairness in executing its mandate.

The Code of Conduct requires Board Members and employees to act in the best interest of the RTIA and provides for standards of conduct in exercising their respective functions and duties. It requires disclosure of financial interests and requires board members to withdraw from proceedings of the RTIA when a matter in which a member may have an interest is considered. Any breach of the code of ethics is dealt with as misconduct in terms of RTIA's disciplinary code.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The RTIA is operating from premises leased from the Public Investment Corporation and as such, the Health Safety and Environmental issues were frequently brought to the attention of the landlord. The main concerns raised are in respect of adequate provision of access to people with disabilities and the landlord will be installing a ramp and providing sufficient access for people with disabilities.

13. COMPANY SECRETARY/HEAD: CORPORATE GOVERNANCE & LEGAL SERVICES

The role and scope of the Company Secretary was expanded to include the oversight of the legal services. Adv. MLT Bilikwana, the Company Secretary, continued to ensure that there are proper governance structures and compliance to all the governance precepts in line with the founding legislation, PFMA and King Code.

In performing his duties; he directly and indirectly:

- Assists the Chairperson and Registrar with the induction of new members;
- Assists the Board with orientation, development and education;
- Ensures that RTIA complies with all applicable legislation;
- Monitors the legal and regulatory environment and communicates new legislation and any changes to existing legislation;
- Assists the Chairperson and the Registrar in determining the annual Board plan and other issues of an administrative nature.
- Provides the Board with a central source of guidance and assistance;
- Ensures that the proceedings and affairs of the Board and its committees are properly administered in accordance with relevant legislation; and
- Provides secretariat and advisory services to the Board, its committees and Executive Committee.

All members of the Board and its sub-committees have direct access to the Company Secretary at all times.

14. SOCIAL RESPONSIBILITY

The RTIA has been sensitive to its operational environment as well as its stakeholders and to that extent, provided food parcels to more than 100 families in the Volksrust area during the 2015/16 festive season as well as refurbishment of sports field in Elukwatini, and the provision of food parcels and blankets to a hospice in Vrybrug.

COMPANY SECRETARY'S CERTIFICATE OF ASSURANCE

In terms of Section 14(1) and (3) of the Administrative Adjudication of Road Traffic Offences Act, 1998 (Act No. 46 of 1998) and Section 40(1)(c) and (d) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), I certify that for the financial year ended 31 March 2015, the Road Traffic Infringement Agency has lodged with the Minister of Transport and the National Treasury, the required audited annual financial statements, audited performance information and the annual report as prescribed.

Adv. MLT Bilikwana

To to

Company Secretary

Date: 2016 - 05 - 31

15. AUDIT COMMITTEE REPORT

The RTIA's Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2016.

Audit Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 27.1 of the Public Finance Management Act and paragraph 27.1.13 of the Treasury Regulations.

The Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee charter, has regulated its affairs in compliance with the charter and discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The systems of internal control are designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with the PFMA and King III Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to internal controls and processes.

From the various reports of the Internal Auditors, the Audit Report on financial statements, and the management letter of the Auditor General South Africa, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported other than those reported in the management letter. Accordingly, we can report that the systems of internal control for the period under review were efficient and effective.

The following internal audit work was completed during the year under review:

- Supply Chain and expense management
- Asset Management
- Financial Discipline Review
- Revenue management
- Recruitment and Retention Follow-up audit
- Review of the implementation of the adjudication processes Follow-up Audit
- Performance Information Review
- Review of the Integrated Communication Strategy
- Review of the AARTO implementation plan
- Records Management and Back Office processes review
- Representation Process Review

- Review of the Risk management processes Follow up
- · General and Application Controls Review
- AG Management letter

In-Year Management and Monthly/Quarterly Report

The Audit and Risk Committee is satisfied with the content and quality of quarterly reports prepared and issued by the RTIA during the year under review. The RTIA has submitted the required quarterly reports timeously as stipulated.

Evaluation of Financial Statements

The Audit and Risk Committee has:

- Reviewed and discussed the audited financial statements to be included in the annual report, with the AGSA and the Board;
- Reviewed the AGSA management letter and management's response thereto;
- Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

Note 16 of the financial statements discloses irregular expenditure to the tune of R959,541.00. the irregular expenditure was incurred as a result of acquiring services through written price quotations instead of a full bidding process. The process provided for in the Agency's procurement policy as well as the National Treasury prescripts were followed, with the acquisition approved as a deviation on the basis of urgency. The irregular expenditure was presented to the Audit Committee and the Board, which ultimately the Board condoned as there was good value acquired by the Agency and no loss whatsoever was incurred. Management and the Board therefore exercised their fiduciary responsibilities in terms of the PFMA and applicable governance prescripts.

Auditor's Report

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- Asset Management
- Performance Information

The Audit and Risk Committee concurs and accepts the conclusions of the Auditor-General SA (AGSA) on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the AGSA.

Mr Bryan Chaplog, CA (SA)
Chairperson of the Audit and Risk Committee

Road Traffic Infringement Agency

Date: 2016 - 05 - 31



1. INTRODUCTION

The HR unit has the responsibility to support the mandate of the Agency by implementing strategies and practices that ensure provision and retention of appropriate human capital to the organisation. In the period under review, the Agency has expanded its human resources by 11 employees from 88 the previous year across all occupational classes. Naturally, this increase translated in the expansion in employee costs.

The RTIA positions itself as an employer of choice and employee development is at the core of its strategy to realise this vision. In 2015/16 the Agency embarked on Education, Training and Development initiatives to improve the effectiveness and efficiency of its workforce. It established its study assistance programme to assist its employees to acquire qualifications and or skills and knowledge. As a rule, employees with no formal qualification being given preference, followed by those who wish to improve their qualifications to enable them to ensure professional development and advancement.

The Agency implemented its inaugural internship programme which saw the appointment of 12 interns across different sections of the Agency. The main objective of this programme is to:

- To provide an opportunity for interns to use the workplace as an active learning environment to improve their employment prospects;
- To provide opportunities for graduates with a view to acquire skills that would make them employable; and
- To assist interns to obtain required practical experience and to complete their qualifications where applicable.

During the period under review, RTIA progressed into a unionised environment as the majority of employees exercised their right to join a trade union. The South African Transport and Allied Workers Union (SATAWU) is currently enjoying majority membership and as such a recognition agreement has been entered into by the two parties. The agreement mostly regulates the relationship between the Agency and the representative trade union by seeking reasonable and satisfactory solutions to disputes as well as procedures to deal with matters of mutual interest.

In an attempt to promote and enhance employee wellbeing, the Agency saw the need to implement an Employee Assistance Programme (EAP) whose purpose is to ensure work-life balance of its employees. In this regard an EAP policy has been developed and implementation of various interventions is being monitored.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

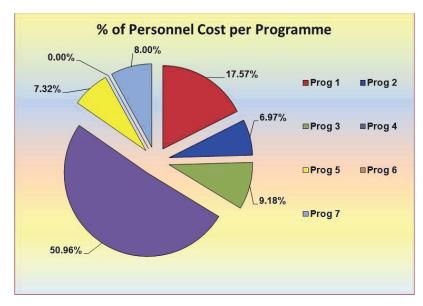
The personnel cost per programme during the year under review is shown in **Table 2.1** below.

Table 2.1	Personnel Cost b	y Programme			
Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
1	R 12 835.5	R 10 016.5	78.04%	22	R 455.3
2	R 54 260.3	R 3 976.4	7.33%	9	R 441.8
3	R 15 067.0	R 5 234.3	34.74%	7	R 747.8
4	R 52 130.6	R 29 055.3	55.74%	47	R 618.2
5	R 4 234.1	R 4 172.7	98.55%	12	R 347.7
6	R 2 459.2	R 0.0	0.00%	0	-
7	R 9 462.7	R 4 563.9	48.23%	7	R 652.0
TOTAL	R 150 449.4	R 57 019.2	37.90%	104	R 548.3

The information in the table above amongst others show that:

- 78.04% of the total expenditure in terms of programme 1 was personnel expenditure;
- 7.33% of the total expenditure in terms of programme 2 was personnel expenditure while the largest portion of expenditure under this programme was on the posting of AARTO documents; and
- There is no personnel expenditure in terms of programme 6, which reflects mainly international travel costs which was incurred by personnel related to the other programmes.

The percentage of the total personnel expenditure per programme is reflected in the pie-chart below.



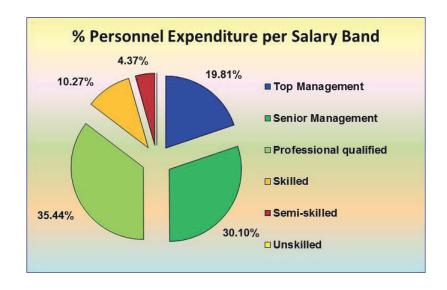
The personnel cost per salary band is shown in Table 2.2 below

Table 2.2	Personnel Cost by	Salary Band		
Salary Bands	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management (Levels 15-16)	R 11 297.7	19.81%	7	R 1 613.95
Senior Management (Levels 13-14)	R 17 164.8	30.10%	18	R 953.60
Professional Qualified (Levels 9-12)	R 20 207.1	35.44%	42	R 481.12
Skilled (Levels 6-8)	R 5 855.7	10.27%	23	R 254.60
Semi-skilled (Levels 3-5)	R 2 493.9	4.37%	14	R 178.13
Unskilled (Levels 1-2)	R 0.0	0.00%		R 0.00
TOTAL	R 57 019.2	100.00%	104	R 548.26

The information in the table above shows that:

- The personnel expenditure on 104 employees of the RTIA amounted to R 57.019 million for the year under review; and
- Personnel expenditure increased by R 12.85 million (29.09%) from R 44.17 million the previous year due to an increase in the number of personnel from 87 at the start of the financial year up to a total of 104 over some months and reduced again by 5 resignations to 99 on 31 March 2016.

The information in the table above is also reflected in the pie-chart below.



The personnel performance rewards per occupational band is shown in Table 2.3 below

Table 2.3	Performance Rewards per Occupational Band						
Occupational Bands	Performance rewards (R'000) Personnel Expenditure (R'000)		% of performance rewards to total personnel cost (R'000)				
Top Management	R 1 936.0	R 11 297.7	41.09%				
Senior Management	R 1 109.0	R 17 164.8	23.54%				
Professional qualified	R 1 124.0	R 20 207.1	23.85%				
Skilled	R 446.0	R 5 855.7	9.47%				
Semi-skilled	R 97.0	R 2 493.9	2.06%				
Unskilled	R 0.0	R 0.0	0.00%				
TOTAL	R 4 712.0	R 57 019.2	100.00%				

For the period under review, the HR and Remuneration Committee recommended to the Board the implementation of *ex gratia* performance incentives due to the fact that they were of the view that the Agency achieved its performance targets yet there was no appropriate performance management system in place to assess and reward individual employee performance. As shown in the table above the incentives amounted to R 4.712 million for all employees for the 2015-2016 financial year.

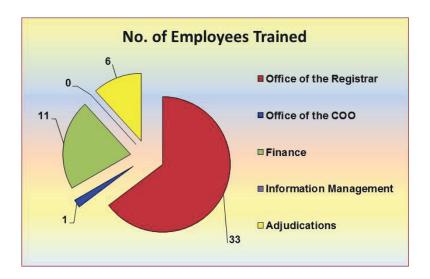
Personnel training cost per business unit during the year under review is shown in **Table 2.4** below.

Table 2.4	Training Costs	per Business			
Business Unit	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of Employees Trained	Avg Training Cost per Employee
Office of the Registrar	R 26 446.2	R 759	2.87%	33	R 23 000.00
Office of the COO	R 11 282.8	R 62	0.55%	1	R 62 000
Finance	R 5 100.9	R 286	5.61%	11	R 26 000.00
Information Management	R 4 172.7	R 0	0.00%	0	R 0
Adjudications	R 10 016.5	R 143	1.43%	6	R 23 833
TOTAL	R 57 019.2	R 1 250	2.19%	51	R 24 509.80

The information in the table above shows that:

- A total of 51 employees were trained during the financial year at a cost of R1.25 million;
- The training cost was in the order 2.19% of the total personnel expenditure during the year; and
- Training cost increased to R 714 000.00 from R 536 000.00 the previous year.

The information in the table above is also reflected in the pie-chart below.



The main topics on which employees per business unit were trained are as follows:

• Office of the Registrar:

Under the office of the registrar different units were trained amongst others on:

- <u>Communications</u>: Stakeholder Engagements, Branding and Marketing, Public Sector and Risk Management.
- o <u>IT</u>: Windows Server
- o <u>EXCO and Board</u>: Road Safety Management and Leadership, Risk Management

• Office of the COO:

o Road Safety Management and leadership.

• Finance:

- IFRS training,
- SAGE Evolution and Pastel refresher,
- o GRAP,
- Women leadership programme,
- o Board course,
- o Executive Management Programme,
- Fixed Assets,
- Advanced office administration; and
- SCM audit convention

Adjudications:

- o Management development programme; and
- o Office management and office skills.

Employment Changes

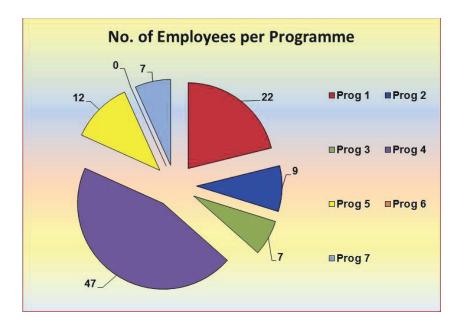
The number of staff employed and vacancies per programme is given in **Table 2.5** below.

Table 2.5	Employment and	Vacancies per P	rogramme		
Programme	2014 / 2015 No. of Employees	2015 / 2016 Approved Posts	2015 / 2016 No. of Employees	2015 / 2016 Vacancies	% of vacancies
1	16	41	22	19	46.34%
2	9	15	9	6	40.00%
3	7	18	7	11	61.11%
4	44	61	47	14	22.95%
5	12	15	12	3	20.00%
6	0	0	0	0	-
7	0	25	7	18	72.00%
TOTAL	88	175	104	71	40.57%

The information in the table above amongst others, shows as follows:

- The programmes with the highest number of employees during the year are :
 - Programme 1 with 22 employees, which are 21.15% of the total employees of the RTIA;
 - o Programme 4 with 47 employees, which are 45.19% of the total number of employees.
- The programmes with the lowest number of employees during the year are :
 - o Programme 3 with 7 employees, which are 6.73% of the total number of employees;
 - Programme 7 with 7 employees, which are 6.73% of the total employees of the RTIA.
- The programmes with the biggest number of vacancies are :
 - o Programme 1 with 19 vacancies, which are 26.76% of all vacancies; and
 - o Programme 7 with 18 vacancies, which are 25.35% of the total number of vacancies.

The number of employees per programme during the year is also reflected in the pie-chart below.



The number of staff employed and vacancies per occupational band is given in Table 2.6 below.

Table 2.6	Employment and	d Vacancies per	Occupational Ba	nd	
Occupational Bands	2014 / 2015	2015 / 2016	2015 / 2016	2015 / 2016	% of vacancies
	No. of Employees	Approved Posts	No. of Employees	Vacancies	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Top Management	5	13	7	6	46.15%
Senior Management	16	33	17	16	48.48%
Professional qualified	33	54	41	13	24.07%
Skilled	19	49	20	29	59.18%
Semi-skilled	14	26	14	12	46.15%
Unskilled	0	0	0	0	-
TOTAL	87	175	99	76	43.43%

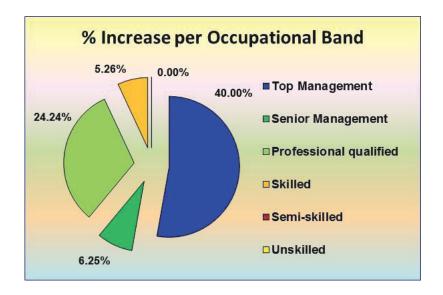
The information in the table above shows number of employees of the RTIA increased by 12 (13.79%) from 87 at the end of 2014-2015 to 99 at the end of 2015-2016. The changes per occupational band were as follows:

- Top management: increased by 2 (40.00%) from 5 to 7;
- Senior management: increased by 1 (6.25%) from 16 to 17;
- Professional qualified: increased by 8 (24.24%) from 33 to 41;
- Skilled: increased by 1 (5.26%) from 19 to 20; and
- Semi-skilled: no change, remained at a total of 14.

The appointments in the top management band were the in the following posts:

- Senior Executive Manager: Communications & Stakeholder Relations; and
- Senior Executive Manager : Corporate Support.

The percentage increase in employees per occupational band is reflected in the pie-chart below.



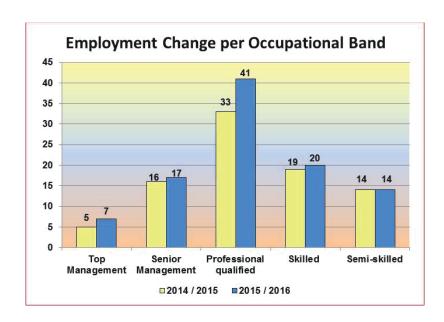
The entity anticipated to appoint 88 additional employees during the period under review to achieve a total staff compliment of 175. However, due to funding constraints, only 17 were

additionally employed on a permanent basis, while 5 resigned, resulting in an increase of 12 to 99 at the end of the reporting period, which is 43.43% less than the desired number.

The percentage vacancies per occupational band are also reflected in the pie-chart below.



The employment change per occupational band is reflected in the graph below.



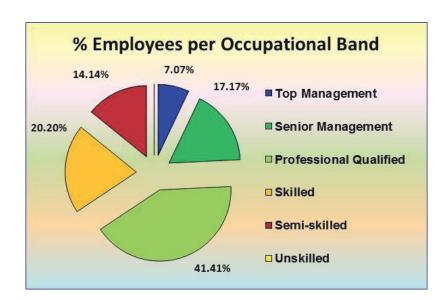
The number of permanent staff employed at the start of the financial year and the number of appointments and terminations during the course of the year are given in **Table 2.7** below.

Table 2.7	Employment Chan	ges per Salary Ban	d	
Salary Bands	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management (Levels 15-16)	5	2	0	7
Senior Management (Levels 13-14)	16	2	1	17
Professional Qualified (Levels 9-12)	33	9	1	41
Skilled (Levels 6-8)	19	4	3	20
Semi-skilled (Levels 3-5)	14	0	0	14
Unskilled (Levels 1-2)	0	0	0	0
TOTAL	87	17	5	99

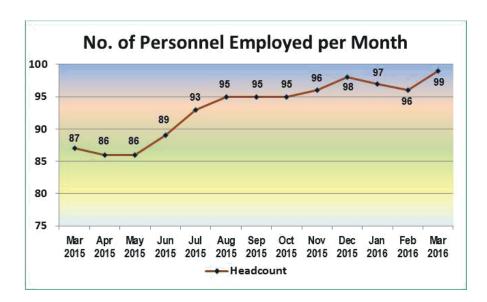
The information in Table 2.7 above, amongst others shows that:

- 17 new appointments were made for the period under review;
- 5 employees resigned during the course of the year, on which more detail is provided in table 2.8 below, which means that the total number of employees increased by 12 from 87 as at 1 April 2015 to 99 by 31 March 2016.

The percentage employees per occupational band at the end of the financial year are shown in the pie-chart below.



The number of personnel employed per month during the year is shown in the graph below.



The information in **Table 2.8** below shows that there were 5 employees who exited the Agency by resignation within the various salary levels during the period under review.

Table 2.8	Reasor	ns for St	taff Lea	ving				
Reason	Levels 15-16	Levels 13-14	Levels 9-12	Levels 6-8	Levels 3-5	Levels 1-2	Total	% of total no. of staff leaving
Death	0	0	0	0	0	0	0	0.00%
Resignation	0	1	1	3	0	0	5	100.00%
Dismissal	0	0	0	0	0	0	0	0.00%
Retirement	0	0	0	0	0	0	0	0.00%
III health	0	0	0	0	0	0	0	0.00%
Expiry of contract	0	0	0	0	0	0	0	0.00%
Other	0	0	0	0	0	0	0	0.00%
Total	0	1	1	3	0	0	5	100.00%

The information in **Table 2.9** below shows that there was only one disciplinary action taken during the course of the year.

Table 2.9 Labour Relations : Misconduct and Disciplinary Action								
Nature of disciplinary Action	Number							
Verbal Warning	0							
Written Warning	0							
Final Written warning	0							
Suspension	1							
Dismissal	0							
Total	1							

During the year under review there were:

- No cases of misconduct;
- One (1) precautionary suspension
- No grievances lodged;
- One (1) dispute lodged by the prospective Trade Union, SATAWU, with the Commission for Conciliation, Mediation and Arbitration (CCMA) regarding delays in finalising the agreement. The matter was resolved through conciliation between the two parties by agreeing on the date that the parties pledged to finalise the document; and
- No strike actions.

Employment Equity Status and Equity Targets

The information in the tables below shows the number of males and females employed by the RTIA in accordance with race group and occupational band during the course of the financial year. The Agency is not well represented in in both genders from Coloured, Asian and White demographics across all occupational levels. Various strategies including targeted recruitment methods to attract applicants from under-represented demographics which are in line with goals submitted to the National Department of Labour are being pursued.

The information in **Table 2.10a** below shows the number of males employed by the RTIA in accordance with race group and occupational band during the financial year.

Table 2.10a	Labour	Labour Relations : Equity Target and Employment Equity Status - Male										
Race Group	African		Coloured		Asian		White		Total Male			
Occupational Bands	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target		
Top Management	3	5	0	0	0	0	1	2	4	7		
Senior Management	11	17	1	2	0	0	1	2	13	21		
Professional qualified	19	23	1	2	0	2	0	0	20	27		
Skilled	11	19	0	3	0	3	0	2	11	27		
Semi-skilled	5	6	0	2	0	2	0	1	5	11		
Unskilled	0	0	0	0	0	0	0	0	0	0		
TOTAL	49	70	2	9	0	7	2	7	53	93		

The information in the table above indicates the male employment status at the end of the financial year as follows:

• African: current 49 with a target of 70;

• Coloured : current 2 with a target of 9;

Asian : current 0 with a target of 7;

White: current 2 with a target of 7; and

Total: current 53 with a target of 93.

The information in **Table 2.10b** below shows the number of females employed by the RTIA in accordance with race group and occupational band during the financial year.

Table 2.10b	Labour	Labour Relations : Equity Target and Employment Equity Status - Female									
Race Group	African		Coloured		Asian		White		Total Female		
Occupational Bands	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	
Top Management	3	5	0	1	0	0	0	0	3	6	
Senior Management	4	7	0	2	0	2	0	1	4	12	
Professional qualified	17	19	2	3	0	2	1	3	20	27	
Skilled	10	15	0	2	0	3	0	2	10	22	
Semi-skilled	8	9	1	2	0	2	0	2	9	15	
Unskilled	0	0	0	0	0	0	0	0	0	0	
TOTAL	42	55	3	10	0	9	1	8	46	82	

The information in the Table 2.10b above indicates the female employment status on 31 March 2016 as follows:

• African: current 42 with a target of 55;

• Coloured : current 3 with a target of 10;

• Asian : current 0 with a target of 9;

• White: current 1 with a target of 8; and

• Total: current 46 with a target of 82.

The information in **Table 2.10c** below shows the total number of personnel employed by the RTIA in accordance with occupational band and race group at the end of the financial year.

Table 2.10c	Labour	Labour Relations : Equity Target and Employment Equity Status - Total									
Race Group	African		Coloured		Asian		White		TOTAL		
Occupational Bands	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	
Top Management	6	10	0	1	0	0	1	2	7	13	
Senior Management	15	24	1	4	0	2	1	3	17	33	
Professional qualified	36	42	3	5	0	4	1	3	40	54	
Skilled	21	34	0	5	0	6	0	4	21	49	
Semi-skilled	13	15	1	4	0	4	0	3	14	26	
Unskilled	0	0	0	0	0	0	0	0	0	0	
TOTAL	91	125	5	19	0	16	3	15	99	175	

The total of the information in Tables 2.10a and 2.10b is given in Table 2.10c above, and shows the total employment status on 31 March 2016 as follows:

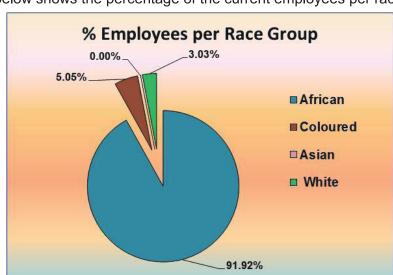
• African: current 91 with a target of 125;

• Coloured : current 5 with a target of 19;

• Asian: current 0 with a target of 16;

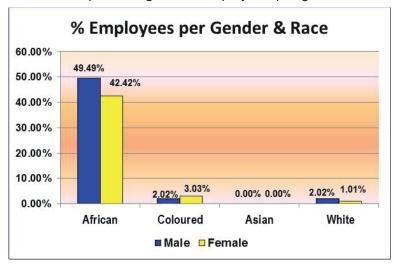
• White: current 3 with a target of 15; and

• Total: current 99 with a target of 175.

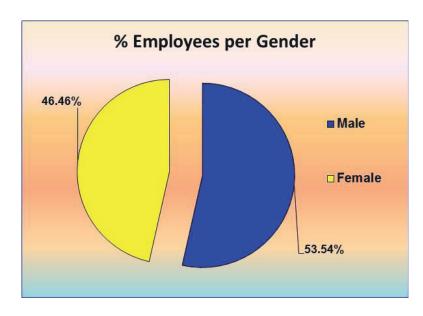


The pie-chart below shows the percentage of the current employees per race group.

The graph below shows the percentage of all employees per gender and race group.



The pie-chart below shows the percentage of all employees per gender.



The information in **Table 2.11** below shows that there were no disabled employees employed by the RTIA during the course of the year.

Table 2.11	Disabled staff					
Gender	Male		Female		TOTAL	
Occupational Bands	Current Target		Current	Target	Current	Target
Top Management	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0
Professional qualified	0	0	0	0	0	0
Skilled	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

The RTIA has not been able to attract people with disabilities in its recruitment and placement efforts during the past year. The Agency will concentrate on targeted recruitment methods to attract suitably qualified applicants with disabilities to be appointed at least in the skilled level occupational band, given the suitability of the building that the Agency is currently occupying.

The information in **Table 2.12** below shows the number of interns employed by the RTIA during the course of the year.

Table 2.12	Appointment a	nd Deployment	of Interns			
Business Unit	2014 / 2015 No. of Interns Appointed	2015 / 2016 Approved Intern Posts	2015 / 2016 No. of Interns Appointed	2015 / 2016 No. of Interns Resigned	2015 / 2016 Intern Post Vacancies	Intern Expenditure (R'000)
Office of the Registrar	0	45	7	2	40	R 320.0
Office of the COO	0	25	1	0	24	R 49.0
Finance	0	10	2	0	8	R 93.0
Information Management	0	5	1	0	4	R 46.0
Adjudications	0	5	1	0	4	R 46.0
TOTAL	0	90	12	2	80	R 554.0

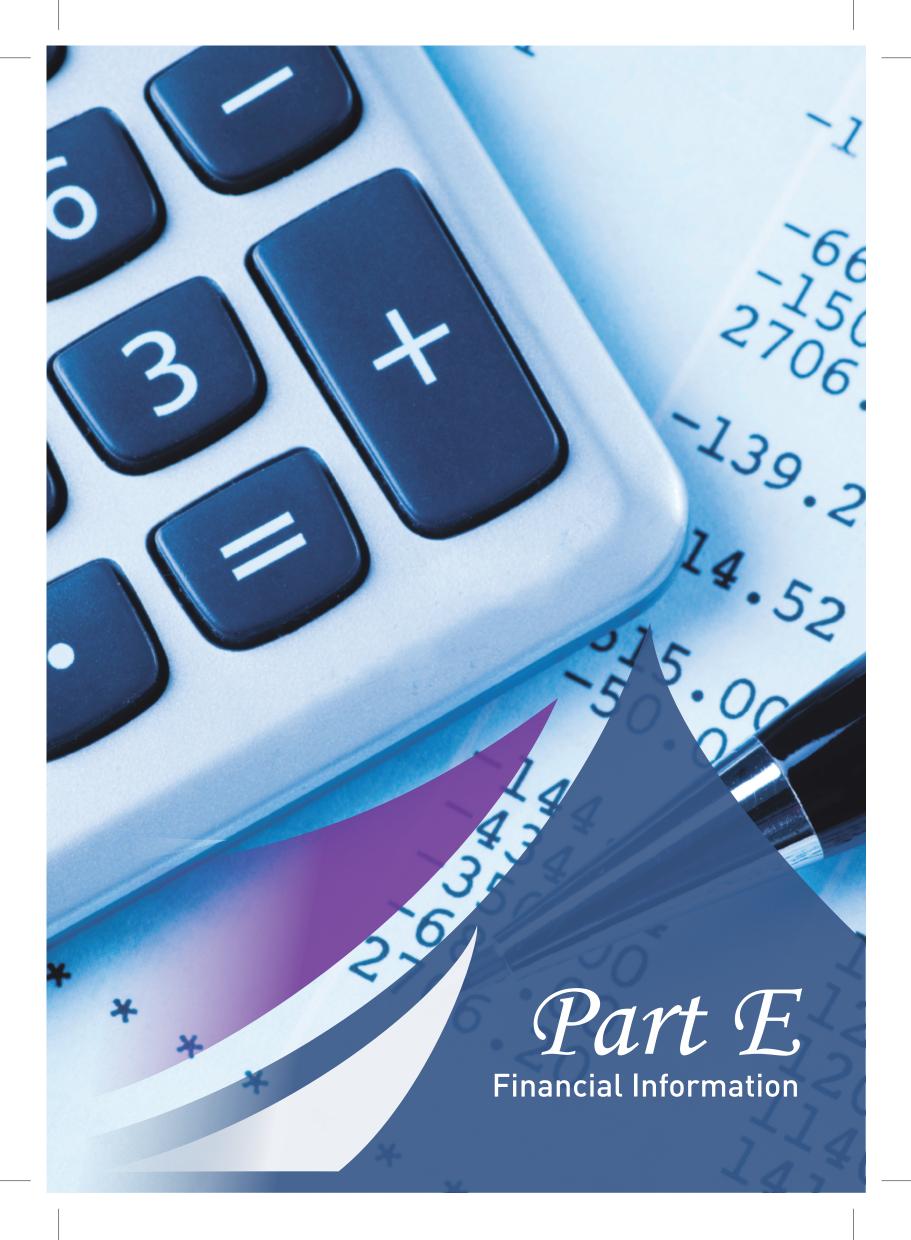
The information in the table above shows:

- A total of 90 intern posts were approved for the year;
- 12 Interns were employed and 2 resigned during the course of the year leaving 80 vacancies on 31 March 2016; and
- The total expenditure on interns during the year amounted to R 0.554 million.

Policies

The following policies were developed and/or reviewed during the year:

- Disciplinary code and procedures;
- Employee wellness policy;
- · Training and development policy; and
- Internship policy.



Report of the auditor-general to Parliament on the Road Traffic Infringement Agency

Report on the financial statements

Introduction

1. I have audited the financial statements of the Road Traffic Infringement Agency set out on pages 182 to 225, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts, for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act, 1999 (Act. No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

- 3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Road Traffic Infringement Agency as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with GRAP and the requirements of the PFMA.

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

- 8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2016:
 - Objective 1: Enforce compliance by penalising the contravention of road traffic laws on pages 126 to 129
 - Objective 2: Enforce payment of penalties on pages 129 to 131
 - Objective 3: Change the behaviour of road users on pages 132 to 135.
- 9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
- 10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 11. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objective(s):
 - Enforce compliance by penalising the contravention of road traffic laws
 - Change the behaviour of road users

12. The material findings in respect of the selected objectives are as follows:

Enforce payment of penalties

Reliability of reported performance information

The FMPPI requires audittees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets of 67% important indicators were not reliable when compared to the source information or evidence provided.

Compliance with legislation

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

Expenditure management

14. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the Public Finance Management Act.

Internal control

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

Pretoria 30 July 2016



Auditor-General

Auditing to build public confidence

STATEMENT OF FINANCIAL POSITION as at 31 March 2016

	<u>Notes</u>	<u>2016</u> R	Restated <u>2015</u> R
ASSETS			
Non - Current Assets		7 614 428	9 923 359
Property, plant and equipment Intangible asset	3 4	7 417 836 196 592	9 812 905 110 454
Current assets		273 570 305	112 990 689
Trade and other receivables Cash and cash equivalents AARTO assets	5 6 8	64 441 940 167 158 759 41 969 606	51 385 258 43 174 102 18 431 329
Total Assets		281 184 733	122 914 048
Net Assets		178 297 435	91 948 726
Accumulated surplus		178 297 435	91 948 726
Current liabilities		102 887 298	30 965 322
Trade and other payables AARTO liabilities	7 8	60 917 692 41 969 606	12 533 993 18 431 329
Total net assets and liabilities		281 184 733	122 914 048

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2016

	<u>Notes</u>	<u>2016</u> R	<u>2015</u> R
Revenue		253 740 813	128 451 208
Infringement fees Grants allocated	9 9	242 243 813 11 497 000	113 151 208 15 300 000
Other income		40 392	2 815 099
Sundry income		40 392	2 815 099
Expenses		(169 177 847)	(99 463 503)
Impairment loss on receivables Employment costs Other operating expenses Depreciation of property, plant and equipment Amortization of intangible assets Assets written-off	5 3 4 3	(4 558 407) (65 319 503) (94 440 844) (4 414 866) (420 919) (23 308)	(1 398 782) (43 933 907) (51 291 149) (2 554 745) (249 910) (35 010)
Surplus from operations	10	84 603 358	31 802 804
Finance income – bank interest		1 745 351	29 769
Surplus for the period		86 348 709	31 832 573

STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2016

	<u>Notes</u>	Accumulated <u>surplus</u> R	<u>Total</u> R
Opening balance as at 1 April 2014		60 116 153	60 116 153
Surplus for the year		31 832 573	31 832 573
Opening balance as at 1 April 2015		91 948 726	91 948 726
Surplus for the year		86 348 709	86 348 709
Closing balance at 31 March 2016		178 297 435	178 297 435

CASH FLOW STATEMENT for the year ended 31 March 2016

	<u>Notes</u>	<u>2016</u> R	Restated <u>2015</u> R
Cash flow from operating activities			
Receipts			
Infringement Receipts Grant allocated AARTO collections	11	224 628 726 11 497 000 264 261 091	97 512 620 15 300 000 150 129 253
Receipts from customers and grants Interest received		500 386 817 1 745 351	262 941 873 29 769
Total Receipts		502 132 168	262 971 642
Payments			
Employee costs Suppliers AARTO disbursements	11	(65 319 503) (46 016 755) (264 261 091)	
Total payments		(375 597 349)	(239 414 149)
Net cash inflow from operating activities	11	126 534 819	23 557 493
Cash flow from investing activities			
Acquisition of property, plant and equipment Acquisition of intangible assets		(2 043 105) (507 057)	(8 538 323) (14 966)
Net cash outflow from investing activities		(2 550 162)	(8 553 289)
Net increase in cash and cash equivalents Cash and cash equivalents at the beginning of		123 984 657 43 174 102	15 004 204 28 169 898
Cash and cash equivalents at end of the y	ear 6	167 158 759	43 174 102

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS for the year ended 31 March 2016

Note	e Actual	Budget	Variance ³
Revenue	253 740 813	195 497 000	58 243 813
Infringement fees Grant allocated	242 243 813 11 497 000	184 000 000 11 497 000	58 243 813 -
Other	1 785 743	-	1 785 743
Sundry income	40 392	-	40 392
Interest	1 745 351	-	1 745 351
Less Expenses	(169 177 847)	(195 497 000)	26 319 153
Communication and marketing ⁴	5 037 460	12 000 000	(6 962 540)
Postage Board and sub-committee remuneration	52 008 212 1 660 335	79 563 000 2 500 000	(27 554 788) (839 665)
Employee costs	65 319 503	75 177 493	(9 857 990)
Depreciation and amortization	4 835 785	4 200 000	634 785
Assets written-off	23 308	-	23 308
Staff training	596 787	2 474 243	(1 877 456)
Impairment on receivables	4 558 407	-	4 558 407
Operating expenses	35 734 837	22 056 507	13 678 330
Surplus for period	86 348 709	-	86 348 709

 $^{^{\}rm 3}$ Refer to note 26 $^{\rm 4}$ Includes marketing, promotional items and campaign awareness and advertising costs

1. Basis of Presentation

1.1 Basis of Preparation

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices ("GRAP") issued by the Accounting Standards Board ("ASB") in accordance with Section 91(1) of the Public Finance Management Act, 1999 (Act No.1 of 1999) ("PFMA").

During the year, a number of standards of GRAP became effective for the current financial period. A brief description of these standards as well as an estimate of the impact is contained in Note 20.

A summary of the significant accounting policies, which have been applied, are disclosed below. These accounting policies are consistent with the previous period.

1.2 Reporting Entity

The Road Traffic Infringement Agency ("RTIA or the Agency") derives its mandate and functions from the Administrative Adjudication of Road Traffic Offences Act, 1998 (Act No.46 of 1998). The full responsibilities of the Agency are contained in this Act.

1.3 Basis of Measurement

The annual financial statements have been prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

1.4 Functional and Presentation Currency

These financial statements are presented in South African Rand, which is the Agency's functional currency. All financial information presented in Rand has been rounded to the nearest Rand.

1.5 Comparative information

Budget

The Budget information presented in accordance with GRAP 1 and 24 has been disclosed separately in the Statement of Comparison of Budget and Actual Amounts. The approved budget is prepared on an accrual basis and it covers the financial period from 1 April 2015 to 31 March 2016. The financial statement and the budget are prepared on the same basis of accounting, comparative information is not required.

Prior year comparatives

The presentation and classification of items in the current year is consistent with prior years, unless otherwise specified, except for changes set out in note 17, Correction of prior period error.

1. Basis of Presentation (continued)

1.6 Use of significant estimates and judgements

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

Judgements

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

Estimates

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

The preparation of financial statements in conformity with GRAP requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These judgments and estimates are reviewed annually by management. Revisions and accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The following significant areas of judgments and sources of estimation uncertainty were used during the financial year:

Asset lives and residual values

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 'estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the 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.

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For uncertainties that result from the assessment of useful lives and residual values on property, plant and equipment and intangible assets see note 2.1 and 2.2.

1. Basis of Presentation (continued)

1.6 Use of estimates and judgements (continued)

· Provisions

The nature of the judgments and estimation uncertainties related to provisions. Provisions were raised and management determined an estimate based on the information available.

· Impairment testing

Key assumptions, judgments and/or estimates used with regards to impairment of property, plant and equipment and intangible assets:

Property, plant and equipment and intangible assets are considered for impairment if there is reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the asset are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using appropriate discount rates, is compared to the current net asset value and if lower, the assets are impaired to the present value.

· Impairment 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.

The Agency assesses its receivables for impairment at each balance sheet date. In determining whether impairment for doubtful debts should be recognised, management will make judgements as to whether there is objective evidence indicating that the financial asset may be impaired.

· Adequacy of the leave provision

The leave pay provision is based on actual days accrued at the rate of remuneration at the reporting date. Changes in the rate of remuneration are determined annually. The provision is only needed when employees resign, as unused leave is forfeited 3 months (i.e. June of each calendar year) after the financial year.

· RTIA acts as an agent to the Issuing Authorities

RTIA is an agent of the Issuing Authorities for the purposes of the collection of the penalties, and as such it would only account for the revenue collected for its own account, this is in terms of Section 13(1) of the AARTO Act. RTIA is not responsible for identifying infringements, the only responsibility it has is to collect infringement penalties on behalf of the issuing authorities.

2. Significant Accounting Policies

2.1 Property, plant and equipment

2.1.1 Recognition and measurement

An item of property, plant and equipment is recognized as an asset:

- · when the Agency has full control over it; and
- it is probable that future economic benefits will flow to the Agency; and
- the asset has a cost, or other determined value which can be measured reliably.

Property, plant and equipment is initially measured at cost, including all directly attributable costs necessary to bring the asset to its required working condition for its intended use. Subsequently property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment cease to be recognised when it is disposed of or permanently withdrawn from use or when no future economic benefits are expected from its use or disposal. Gains and losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and carrying amount of the assets, these are recognised as income or expenses in surplus or deficit for the period.

The depreciation method used reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Agency.

When property, plant and equipment comprises of major components with different useful lives, these components are accounted for as separate items and they are depreciated separately.

2.1.2 Subsequent costs

The Agency recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Agency and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other costs are recognised in surplus or deficit as an expense when they are incurred. Repairs and maintenance costs are generally charged to expenses when they are incurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Agency. Major renovations are depreciated over the remaining useful life of the related asset.

2. Significant Accounting Policies (continued)

2.1 Property, plant and equipment (continued)

2.1.3 Depreciation

The useful life of an asset and residual values are reviewed annually, and if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

Depreciation on all property, plant and equipment commences when the items are available for use. Depreciation is recognised on a straight-line basis to write off the cost of assets to their residual values over the estimated useful lives.

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

Office equipment and appliances 1 - 5 years
Computer equipment 3 - 5 years
Furniture & fittings 5 - 6 years
Motor vehicles 5 - 6 years
Leasehold improvements shorter of lease term or 25 years

Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

2.2 Intangible assets

2.2.1 Recognition and measurement

Intangible assets are initially measured at cost. Cost includes any directly attributable cost of preparing the asset for its intended use.

After initial recognition, intangible assets are carried at their cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal.

2.2.2 Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in surplus or deficit as incurred.

An internally-generated 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;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

2. Significant Accounting Policies (continued)

2.2 Intangible assets (continued)

Intangible assets with a finite useful life are amortised over that useful life of the product. Amortisation commences when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The useful life of an intangible asset is reviewed annually, and if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimates.

The useful lives for items of intangible assets have been assessed as follows:

Computer software and licenses Website development costs

1 - 4 years 1 - 4 years

Amortisation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

2.3 Impairment

Financial assets

The entity assesses at each statement of financial position date whether there is objective evidence that a financial assets or the Agency assets are impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses) discounted at the asset's original effective interest rate. Objective evidence that financial assets are impaired can include default or delinquency by a debtor or indications that a debtor will enter into bankruptcy or that one or more events have had a negative effect on the estimated future cash flows of that asset. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Significant financial assets should be tested for impairment on an individual basis and the remaining financial assets should be assessed collectively into groups of similar credit risk characteristics.

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

2. Significant Accounting Policies (continued)

2.3 Impairment (continued)

Non-financial assets

The carrying amount of non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised when the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in surplus or deficit.

2.4 Financial Instruments

2.4.1 Initial recognition

Financial assets and financial liabilities are recognised on the statement of financial position when the company has become a party to contractual provisions of the instrument. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire; or when financial assets and substantially all the risks and rewards of ownership of the assets are transferred to another entity. Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled or they expire.

2.4.2 Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade and other receivables are carried at cost less provision made for impairment of these receivables and it is assessed at least annually for possible impairment. The impairment is determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

2.4.3 Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

2.4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash with the bank. Cash equivalents relate to short term highly liquid investments that are registered with banking institutions with maturities of 3 months or less and are subject to an insignificant risk of change in value.

2. Significant Accounting Policies (continued)

2.4.5 Offsetting

Financial assets and financial liabilities have not been offset in the Statement of Financial Position.

2.5 Employee benefits

Short-term employee benefits

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

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

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

Defined Contribution

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Under a defined contribution plan fixed contributions are payable by the Agency and members. The Agency has no legal or constructive obligation to pay any further contributions other than these fixed contributions.

2.6 Provisions

Provisions are made for unavoidable liabilities of which the amount can be estimated, but the settlement is uncertain. These provisions are recognised when the Agency has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The carrying amount of each provision is reviewed at reporting date and adjusted, if necessary, to reflect the best estimate of the consideration required to settle the present obligation as at that date. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

A provision is reversed to the extent that it is no longer probable that a future outflow of economic benefits will be required to settle the obligation.

2. Significant Accounting Policies (continued)

2.7 Revenue recognition

Grants and virements received

Government grants are recognised when there is reasonable assurance that:

- · the Agency will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income in the year in which they are received or deferred when conditions for the grant are not met. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Agency with no future related costs is recognised as income in the period in which it becomes receivable.

Infringement fees

Infringement fees comprise of traffic penalties collected after 32 days' notice period, courtesy letter fees, enforcement order fees, penalty fees and unsuccessful representation fees. This amount is the net collections retained.

Infringement fees are recognised when the outcome of the transaction involving the collection of infringement fees can be estimated reliably, revenue associated with these transactions is recognised by reference to the stage of completion of the transaction. The outcome of these transactions can be reliably measured when all of 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 transactions will flow to the Agency after legal entitlement under the AARTO Act has been established;
- The stage of completion of the transaction can be measured reliably once the amount collected on behalf of the Issuing Authorities has been established; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The fulfilment of the service is binary, thus these conditions are met at the point where fees are collected from the infringers. RTIA is entitled to the revenue from the amounts of penalties collected and paid over to the Issuing Authorities under Section 32 of the AARTO Act. The amount that the Agency earns is predetermined by virtue of the fact that the Agency is entitled to 50% of the amounts collected from infringers.

The effects of IGRAP 1 are considered. The key trigger for revenue is the collection of the infringement revenue by the Agency. As a result the infringement revenue is based on the custodian relationship with Issuing Authorities, and the probability of collection is not an option because revenue is triggered on collection.

2. Significant Accounting Policies (continued)

2.8 Financing costs

The interest expense is recognised in surplus or deficit using the effective interest method.

2.9 Operating leases

Leases where the lessor retains the risk and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised as expense on a straight-line basis over the term of the lease.

2.10 Taxation

The RTIA is exempt from taxation in terms of the provision of section 10 (1) (cA) (i) of the Income Tax Act, 1962 (Act No. 58 of 1962) and the Value-Added Tax Act, 1991 (Act 89 of 1991).

2.11 Services received in kind

The RTIA receives services in kind from the Department of Transport for the shared utilisation of the eNaTIS system. The value of the services cannot be reliably measured.

2.12 Related Parties

The RTIA operates in an economic environment currently dominated by entities directly or indirectly linked to the Department of Transport and the Issuing Authorities as defined in the AARTO Act.

The South African Post Office ("SAPO") is a key related party in serving of AARTO documents by registered mail in terms of section 30 of the AARTO Act, read in conjunction with section 31 of the AARTO Act Regulations.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the Agency. We regard all individuals from the level of Executive Management up to the Board of Directors as key management per the definition.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the Agency.

The objective of the financial statements is to provide relevant and reliable information and therefore materiality is considered in the disclosure of these transactions.

2.13 Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure

For the purposes of determining whether irregular expenditure has been incurred, there must first be a transgression of a provision contained in:- the PFMA; the Treasury Regulations; a National Treasury Instruction, issued in terms of section 76 of the PFMA; a Provincial Treasury Instruction issued in terms of section 18 (2) (a) of the PFMA; or any other applicable legislation.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

Irregular expenditure receivables are measured at the amount that is expected to be recovered and are de-recognised when settled or written-off as irrecoverable.

Irregular expenditure must be removed from the balance of the irregular expenditure notes when it is either:

- (a) condoned by the relevant authority if no official was found to be liable in law;
- (b) recovered from an official liable in law;
- (c) written-off if it's irrecoverable from an official liable in law; or
- (d) written-off if it's not condoned and not recoverable.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for in the Statement of Financial Performance.

2.14 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. In vain refers to a transaction, event or condition which was undertaken without value or substance and which did not yield any desired results or outcome. Fruitless and wasteful expenditure incurred during the year should be disclosed in the notes to the annual financial statements. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Annual Report for **2015/2016** Financial Year **Road Traffic Infringement Agency**

7 417 836 (8 120 801) 7 417 836 9 812 905 2 043 105 Total 15 538 637 (52771)29 463 (4414866)1 253 415 516 283 Leasehold improvements (1841620)2 282 921 (1328397)441 301 441 301 2 962 322 119 201 vehicles 3 183 538 (730298)2 453 240 (628283)2 453 240 Motor 2 358 040 862 582 5 104 403 1 708 996 1 708 996 (52771)Computer equipment $(3\ 395\ 407)$ 29 463 (1488318)1 938 944 364 480 fittings 3 284 347 1 681 749 1 681 749 Furniture & (1602598)(621675)1 300 184 180 559 1 683 428 878) appliances 1 132 550 1 132 550 Office equipment (348193)NOTES TO THE FINANCIAL STATEMENTS (continued) 3. Property, plant and equipment for the year ended 31 March 2016 Assets written off - accumulated Closing net carrying value Opening net carrying value Accumulated depreciation Assets written off - cost Movement summary Net Carrying value 31 March 2016 depreciation Depreciation Additions Cost

The residual values of property, plant and equipment have been assessed to be immaterial, as a result they have not been considered in the calculation of the depreciable amount, with the exception of motor vehicle. The cost value of fully depreciated assets under use at 31 March 2016 is R 946 715 of which R37 446 were depreciated during the current year. The management has assessed the useful life and residual values of the assets at 31 March 2016 and concludes that there is no change in the estimates previously made.

13 547 406 9812905 9812905 Total (3734501)8 538 323 3864337 (52621)(2 554 745) 17 611 improvements 1 766 639 1 253 415 1 766 639 1 253 415 (513224)(513224)Leasehold Motor 3 064 338 3 064 338 vehicles 2 962 322 (102016)2 962 322 (102016)4 294 592 955 092 2 358 040 equipment 2 358 040 Computer (1936552)2 628 151 $(43\ 109)$ 10 977 (1 193 071) fittings 2 919 866 Furniture & (980922)1938944 1 049 097 (560917)1938944 1 450 764 (201787)(9512)187 089 1 301 490 6 634 equipment & 1 501 971 1 300 184 1 300 184 Office appliances (185517)**NOTES TO THE FINANCIAL STATEMENTS (continued)** Assets written off - accumulated depreciation 3. Property, plant and equipment for the year ended 31 March 2016 Closing net carrying value Opening net carrying value Accumulated depreciation Assets written off – cost Movement summary Net Carrying value 31 March 2015 Depreciation Additions Cost

of the depreciable amount, with the exception of motor vehicle. The cost value of fully depreciated assets under use at 31 March 2015 is R 886 625 of which R264 320 have been depreciated during the current year. The management has assessed the useful life and residual values of the assets at The residual values of property, plant and equipment have been assessed to be immaterial, as a result they have not been considered in the calculation 31 March 2015 and concludes that there is no change in the estimates previously made.

Annual Report for **2015/2016** Financial Year **Road Traffic Infringement Agency**

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2016

Total			1 278 574 (1 081 982)	196 592		110 454 507 057 (420 919)	196 592
Website development costs R			20 000 (20 000)	, i		33)	•
Computer software and licenses R			1 258 574 (1 061 982)	196 592		110 421 507 057 (420 886)	196 592
	Intangible assets	31 March 2016	Cost Accumulated amortization	Net carrying value	Movement summary	Opening net carrying value Additions Amortization	Closing net carrying value

4.

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2016

Computer Website software and development licenses costs Total R R			752 217 20 000 772 217 (641 796) (19 967) (661 763)	110 421 33 110 454		340 178 5 220 345 398 14 966 - 14 966	(244 723) (5 187) (249 910)	110 421 33 110 454
	Intangible assets	31 March 2015	Cost Accumulated amortization	Net carrying value	Movement summary	Opening net carrying value Additions	Amortization	Closing net carrying value

4

		<u>2016</u> R	Restated <u>2015</u> R
5 .	Trade and other receivables		
	Deposit Prepayments Sundry receivables	1 426 128 2 460 782 -	1 426 128 4 503 210 1 436 368
	Staff receivables	212 538	257 623
	key managementother personnel	67 205 145 333	75 290 182 333
	MTEF receivable (refer to note 14.2)	<u>-</u>	3 825 000
	allocation grantgrant receipt	11 497 000 (11 497 000)	15 300 000 (11 475 000)
	Other receivables	59 956 797	39 740 845
	AARTO BanksJMPDTMPDRTMCOther collecting Agents	21 671 120 24 731 955 10 157 898 146 814 3 249 010	18 876 441 13 961 744 5 329 963 146 814 1 425 883
	Reclassified payables into receivables	385 695	196 084
		64 441 940	51 385 258

A deposit made to the South African Post Office for opening of the account. This deposit is utilized by SAPO should the need arise. The collectability of staff receivables is assessed to be high, no impairment has been made against staff receivables.⁵

MTEF receivable of R3.8 million was the amount due from the Department of Transport for MTEF allocation of 2014/15. This amount was adjusted due to the reprioritization of the allocated amount by the Department of Transport during the year. Refer to note 9 and 10 respectively.

Other receivables relates to the amount of the infringement fees collected on behalf of the Agency. The AARTO bank accounts are used for the deposits of infringement fees paid by the infringers, collecting agents and the Issuing Authorities. This balance is made up of collections receivable from JMPD, TMPD, RTMC and other collecting agents.

⁵ Staff receivablesotation

for t	he year ended 31 March 2016		
		<u>2016</u> R	Restated <u>2015</u> R
5.	Trade and other receivables (continued)		
	Other receivables are shown net of an impairment loss amounting to R37 077 676 (2015: R32 519 269) is as follows:		
Gro	oss other receivables Impairment allowance	97 034 473 (37 077 676)	72 260 114 (32 519 269)
		59 956 797	39 740 845
	Other receivables that are past due but not impaired		
	Other receivables which are less than 90 days past due are not considered to be impaired. Management have assessed the recoverability of receivable and there are no indications that the balance		
	is impaired, therefore no impairment has been provided for.		
	The ageing of amounts past due but not impaired is as follows: 0 – 60 days 60 – 90 days 90 + days	21 507 799 2 346 970 36 102 028	11 163 618 209 128 28 368 099
		59 956 797	39 740 845
	Other receivables impaired		
	As of 31 March 2016, other receivables of R4 558 407 (2015: R1 398 782) were impaired and provided for in line with the Impairment Policy.		
	The ageing of amounts past due and provided for is as follows: 0 – 60 days	-	-
	60 – 90 days 90 + days	37 077 676	32 519 269
		37 077 676	32 519 269
	Movement of the allowance for impairment		
	Balance at the beginning of the year Increase in allowance recognized	32 519 269 4 558 407	31 120 487 1 398 782
		37 077 676	32 519 269

		<u>2016</u> R	Restated 2015 R
6.	Cash and cash equivalents		
	Cash and cash equivalents include cash at the bank comprising of:		
	Bank balance – operations account Bank balance – salaries account	167 130 072 28 687	43 159 082 15 020
		167 158 759 ———	43 174 102
7.	Trade and other payables		
	Trade payables (refer to note 14.2) General accruals Leave pay accrual Bonus accrual Payroll accrual Lease smoothing accrual	46 764 755 116 741 1 751 982 12 203 370 - 80 844	6 124 992 8 052 1 493 857 4 712 396 2 959 191 737
		60 917 692	12 533 993

Leave pay relates to annual leave accrual for outstanding leave days due to the employees at year end.

Performance bonus accrual at year end. The prior year accrual was once off and related to an ex-gratia bonus.

	Restated
<u> 2016</u>	<u>2015</u>
R	R

8. AARTO assets and liabilities

The assets and liabilities are managed in terms of the Administrative Adjudication of Road Traffic Offences ("AARTO") Act. The AARTO Act requires the issuing authorities and collecting agencies to deposit all the money collected into the AARTO bank accounts managed by the Road Traffic Infringement Agency ("RTIA") by the 7th of each following month. The deposits are in turn required to be appropriately disbursed to the issuing authorities within 21 days from the date of last receipt in accordance with the AARTO Act. The amounts collected are not for the benefit of the Agency. In terms of section 32 read together with section13 (1) of the AARTO Act, any penalty received by the Agency must be paid to the Issuing Authority the infringement notice was issued. The collection of penalties in terms of the AARTO Act is a service rendered to the Issuing Authority.

The balances reflected under AARTO assets and liabilities, relates to the takeover balances since October 2013 from the Road Traffic Management Corporation and the movement of balances to date. At takeover date the AARTO assets and liabilities were audited by the AGSA, we are confident on the independent assurance that was expressed on the balances. The AARTO environment was subjected to a separate audit since October 2013 to date, independent assurance was received.

AARTO assets due from

 AARTO Banks Amounts due from other collecting Agents Amounts due from RTMC Amounts due from RTIA Amounts due from TMPD 	30 364 652 9 056 831 1 084 094 882 260 581 769	12 088 380 4 229 548 1 084 094 882 260 147 047
	41 969 606	18 431 329
AARTO liabilities due to Issuing Authorities		
- JMPD	2 736 195	2 730 015
- GDOC	1 315 234	1 106 061
- RTMC - RTIA	375 145 37 543 032	390 217 14 205 036
	41 969 606	18 431 329
Net effect on statement of financial position		

	<u>2016</u> R	<u>2015</u> R
Revenue		
Exchange revenue		
Infringement fees	242 243 813	113 151 208
- Collected Infringements	183 380 886	100 848 117
- Courtesy Fees	34 055 846	7 250 498
- Enforcement Fees	24 299 897	4 728 575
- Partial Payment Penalty Fees ⁶	49 538	19 274
- Unsuccessful Representation Fees	457 646	304 744
Non-exchange revenue		
Grant allocated	11 497 000	15 300 000
- MTEF Allocation	11 497 000	15 300 000
	253 740 813	128 451 208

The grant allocated for 2014/15 financial was adjusted by the Department of Transport during the current year, as a result of the reprioritization of the budget (refer to note 10).

10. Surplus from operations

9.

Surplus from operations is arrived at after taking into account some of the following significant amounts:

Auditors' remuneration	2 046 794	1 733 702
- audit fees	1 720 670	1 409 568
- other services (agreed upon procedures)	326 124	324 134
Marketing costs	5 037 460	4 932 455
- media monitoring	35 738	68 185
- marketing and promotional costs	5 001 722	4 864 270
Postage	52 008 212	25 571 747
- South African Post Office	52 008 212	25 571 747

⁶ Partial payment fees include installment payment arrangement.

	<u>2016</u> R	<u>2015</u> R
10. Surplus from operations (continued)		
Rental expense	3 162 132	2 424 003
- premises	2 847 072	2 233 943
- printer machines	298 394	179 232
- offsite storage	16 666	10 828
MTEF reprioritization adjustment	3 825 000	-
- Department of Transport	3 825 000	-
Consulting fees	643 538	2 055 008
- NCR audit	_	1 011 429
- accounting services	-	412 287
- placement fee	-	129 445
- salary benchmarking	-	215 152
- consulting services	643 538	286 695
Director's fee (refer to note 13.3)	1 660 335	1 161 670
- for services as board members	814 188	424 391
- for services as audit risk committee members	245 429	312 645
- for services as technical committee members	441 887	237 796
- for services as HR & remuneration committee members	158 831	105 524
- for services as innovation & investment committee members	_	81 314

		<u>2016</u> R	Restated <u>2015</u> R
11.	Reconciliation of net cash flows from operating activities to surplus		
	Surplus for the period	86 348 709	31 832 573
	Adjustment for non-cash items: Impairment loss on receivables Depreciation of property, plant and equipment Amortization of intangible assets Assets loss	4 558 407 4 414 866 420 919 23 308	
	Operating surplus before working capital changes	95 766 209	36 071 020
	Working capital changes: Increase in trade and other receivables Increase in allowance for impairment Increase in trade and other payables Increase in AARTO assets Increase in AARTO liabilities	(13 056 682) (4 558 407) 48 383 699 (264 261 091) 264 261 091	(14 239 806) (1 398 782) 3 125 061 (150 129 253) 150 129 253
	Net cash inflow from operating activities	126 534 819	23 557 493

12. Operating lease commitments

Non-cancellable operating leases for future minimum lease payments are as follows:

12.1 Lease for the premises

31 March 2016	-		
	Building	Parking	Total
Due within 1 year	847 333	159 485	1 006 818
	847 333	159 485	1 006 818
31 March 2015 - restated			
	Building	Parking	Total
Due within 1 year	1 991 623	374 862	2 366 485
Between 1 and 5 years	847 333	159 485	1 006 818
	2 838 956	534 347	3 373 303

The RTIA occupies office premises in the Waterfall Office Park which are under an operating lease. The parking lease relates to the rental of the parking bays in the leased property. The lease agreement period is three years, and is subject to an escalation clause at 9% per annum.

RTIA entered into an operating lease agreement with the Public Investment Corporation. On 1 September 2013⁷, RTIA renewed the lease agreement for a further period of 36 months.

 $^{^{7}}$ The commencement of the leapseriodhas been corrected from the previously reported date df Jluley 2013

12. Operating lease commitments (continued)

12.2 Lease for office equipment

31 March 2016

31 March 2016	Xerox	Minolco	Total
Due within 1 year	4 078	8 589	12 667
	4 078	8 589	12 667
31 March 2015	Xerox	Minolco	Total
Due within 1 year Between 1 and 5 years	32 624 4 078	51 539 8 589	84 163 12 667
	36 702	60 128	96 830

The RTIA entered into a transversal contract for an operating lease of the 4 printer machines with Bytes Document Solutions (Xerox authorized distributor) and Minolco (trading as Konica Minolta). The lease is effective for a period of 36 months with no escalation clause.

12.3 Lease for offsite storage

31 March 2016

	Metrofile	Total
Due within 1 year	957	957
	957	957
		
31 March 2015	Metro file	Total
Due within 1 year Between 1 and 5 years	11 479 957	11 479 957
	12 436	12 436

The RTIA entered into a contract for an operating lease with Metro file. The lease is effective for a period of 24 months with no escalation clause.

Directors and Executive Management Remuneration

31 March 2016

13.1 Registrar

Basic Salary	Acting Bonus	Employee Allowance	Employee Benefits	Contributions	Total
1 010 121	1 570 254	-	519 526	280 296	3 380 197
1 010 121	1 570 524		519 526	280 296	3 380 197
nt					
905 182	175 497	-	393 694	205 257	1 679 630
905 182	172 914	-	393 694	169 501	1 641 291
896 376	84 120	-	258 065	135 398	1 373 959
1 279 806	84 120	-	-	15 424	1 379 350
591 643		-	176 648	100 361	868 652
571 274		-	294 682	108 643	974 599
737 078	69 171	-	212 203	111 611	1 130 063
635 663	69 171	-	326 935	101 538	1 133 307
635 663	9 176	-	326 935	96 960	1 128 729
634 967	120 390	-	276 169	163 582	1 195 108
268 982	81 470	-	111 991	76 153	538 597
8 061 816	926 024		2 771 016	1 284 428	13 043 285
9 071 937	2 496 548	-	3 290 542	1 564 724	16 423 482
	Salary 1 010 121 1 010 121 1 010 121 nt 905 182 905 182 896 376 1 279 806 591 643 571 274 737 078 635 663 635 663 634 967 268 982 8 061 816	Salary Bonus 1 010 121	Salary Bonus Allowance 1 010 121 1 570 254 - 1 010 121 1 570 524 - nt - - 905 182 175 497 - 905 182 172 914 - 896 376 84 120 - 1 279 806 84 120 - 591 643 - - 571 274 - - 737 078 69 171 - 635 663 9 17d - 634 967 120 390 - 268 982 81 470 - 8 061 816 926 024 -	Salary Bonus Allowance Benefits 1 010 121 1 570 254 - 519 526 1 010 121 1 570 524 - 519 526 nt 905 182 175 497 - 393 694 905 182 172 914 - 393 694 896 376 84 120 - 258 065 1 279 806 84 120 - 258 065 1 279 806 84 120 - 294 682 571 274 - 294 682 737 078 69 171 - 212 203 635 663 69 171 - 326 935 634 967 120 390 - 276 169 268 982 81 470 - 111 991 8 061 816 926 024 - 2 771 016	Salary Bonus Allowance Benefits Contributions 1 010 121 1 570 254 - 519 526 280 296 1 010 121 1 570 524 - 519 526 280 296 nt 905 182 175 497 - 393 694 205 257 905 182 172 914 - 393 694 169 501 896 376 84 120 - 258 065 135 398 1 279 806 84 120 - 154 424 - 176 648 100 361 571 274 - 294 682 108 643 - 176 648 100 361 571 274 - 294 682 108 643 - 294 682 108 643 737 078 69 171 - 212 203 111 611 - 326 935 101 538 635 663 9 176 - 326 935 96 960 - 326 935 96 960 634 967 120 390 - 276 169 163 582 - 268 982 81 470 - 111 991 76 153 8 061 816 926 024 - 2 7771 016 1284 428

^{*} J Makgatho resigned from the Agency on the 31 August 2015.

 $^{^8}$ L Ngcwabe was appointed from 1 August 2015. 9 Z Nduneni was appointed from 1 August 2015. 10 A Matebese was appointed acting CFO from 20 July 2015 to 31 December 2015.

13. Directors and Key Management Remuneration (continued)

31 March 2015

13.1 Registrar

	Basic Salary	_		Employee Benefits	Contributio	ons Total
JR Chuwe	939 248	-	-	501 470	279 288	1 720 006
	939 248			501 470	279 288	1 720 006
Key managen	nent					
TT Tsholetsan	e 840 907	67 268	_	381 435	167 308	1 456 918
			_			1 434 801
•		-	_			1 217 690
G Botha	1 196 313	-	_	_	13 922	1 210 235
SM Amos	116 510	_	_	62 753	137 581	316 844
MLT Bilikwana	a 589 881	-	_	316 755	89 705	996 341
KF Pooe	589 881	-	-	316 755	93 279	999 915
J Mmekoa	589 881	48 520	-	267 570	128 778	1 034 748
J Makgatho	301 409	-	-	129 869	47 908	479 186
	5 902 617	185 905		2 106 601	951 556	9 146 678
Total	6 841 865	185 905		2 608 071	1 230 844	10 866 684
	Key manager TT Tsholetsan H Moyana P Moalusi G Botha SM Amos MLT Bilikwana KF Pooe J Mmekoa J Makgatho	Salary JR Chuwe 939 248 939 248 939 248 Key management TT Tsholetsane 840 907 H Moyana 840 907 P Moalusi 836 928 G Botha 1 196 313 SM Amos 116 510 MLT Bilikwana 589 881 KF Pooe 589 881 J Mmekoa 589 881 J Makgatho 301 409 5 902 617	Salary Bonus JR Chuwe 939 248 939 248 - Key management TT Tsholetsane 840 907 67 268 H Moyana 840 907 70 117 P Moalusi 836 928 G Botha 1 196 313 SM Amos 116 510 MLT Bilikwana 589 881 KF Pooe 589 881 J Mmekoa 589 881 J Makgatho 301 409 5 902 617 185 905	Salary Bonus Allowance	Salary Bonus Allowance Benefits	Salary Bonus Allowance Benefits Contribution

The table above is the disclosure of the members of the Executive Committee of the Agency; the Executive Committee was reconstituted during the current year.

Directors and Key Management Remuneration (continued)

13.3 Non-executive directors

For services as board members of the Agency:

Board members	<u>2016</u> R	<u>2015</u> R
NE Rapoo (Chairperson)	235 105	244 442
B Matinise	205 905	53 416
NZ Qunta	133 925	62 549
B Chaplog	70 598	-
TJ Mokgoro	145 646*	-
X Khanyile	23 009	-
CM Manzini	-	63 984
	814 188	424 391
For services as audit committee members of the Agend Audit Risk Committee members	 =	
B Chaplog (Chairperson)	67 898	98 074
NZ Qunta	37 527	-
S Thomas	46 880	67 278
T Mjoli	73 849	66 924
H Makhathini	19 275	-
CM Manzini	-	80 369
	245 429	312 645
For services as technical committee members of the A	gency:	
Technical Committee members		
B Matinise (Chairperson)	85 894	123 110
TJ Mokgoro	40 223	31 404
NFV Lugisani	83 490	45 630
DL Lekota	28 902	37 652
KC Mashugane	117 173*	-
K Mayedwa	77 079	-
N Lugisani	9 126	-
	441 887	237 796

^{*}Non-executive fees increased due to attendance of adhoc and other meetings

13. Directors and Key Management Remuneration (continued)

13.3 Non-executive directors (continued)

For services as human resource and remuneration committee members of the Agency:

ncy.	<u>2016</u> R	<u>2015</u> R
Human Resource and Remuneration Committee	ee members	
TJ Mokgoro (Chairperson from 1 August 2015) L Ngcwabe CM Manzini NZ Qunta S Hlapolosa L Madikizela	16 399 17 782 9 627 15 544 16 045 83 434*	17 268 74 274 13 982 - -
	158 831	105 524

For services as innovation and investment committee members of the Agency:

Innovation and Investment Committee members

DL Lekota (Chairperson)	-	20 146
KC Mashugane	-	21 458
NS Ramalibana	-	21 294
K Mayedwa	-	18 416
	-	81 314
	1 660 335	1 161 670
	1 000 333	1 101 070

The position of the innovations and investment committee was reviewed by the Board, it was subsequently dissolved early and the committee functions were absorbed onto the Technical Committee. There are no fees charged for the current year.

^{*}The non-executive directors who have more fees is as a result of adhoc meetings held during the year, this includes attendance of ministerial and parliamentary meetings.

13. Directors and Key Management Remuneration (continued)

13.4 Details of service contracts in respect of non-executive directors

	Appointment	Termination	Term
Board members			
NE Rapoo (Chairperson) ^{‡‡‡} NZ Qunta TJ Mokgoro BS Chaplog B Matinise X Khanyile JR Chuwe (Registrar)	1 August 2010 1 December 2014 1 December 2014 1 December 2014 1 December 2014 1 December 2014 11 March 2010	- - - - -	3 years 3 years 3 years 3 years 3 years 3 years 5 years
Audit Risk Committee memb	ers		
B Chaplog (Chairperson) ^{§§§} S Thomas T Mjoli NZ Qunta H Makhathini	1 December 2014 1 November 2012 15 July 2013 1 February 2015 1 October 2015	- - - -	3 years 3 years 3 years 3 years 3 years
Technical Committee member	ers		
B Matinise TJ Mokgoro NFV Lugisani DL Lekota	1 November 2012 1 November 2012 2 May 2014 2 May 2014	- - -	3 years 3 years 3 years 3 years
Human Resource and Remur	neration Committee me	embers	
TJ Mokgoro L Ngcwabe CM Manzini NZ Qunta S Hlapolosa L Madikizela	2 May 2014 2 May 2014 30 January 2015 1 February 2015 12 October 2015 12 October 2015	- 31 July 2015 - - - -	3 years 3 years 3 years 3 years 3 years 3 years

Chairperson changes

L Ngcwabe was appointed as chairperson of the Human Resource and Remuneration Committee and she resigned from the committee on the 31 July 2015. L Ngcwabe was replaced by TJ Mokgoro

^{****} Member was reappointed for second term as chairperson \$\frac{\\$\\$}\\$ Member was reappointed for second term as chairperson.

14. Related parties

The Road Traffic Infringement Agency is 100% owned by the Executive Authority, the Department of Transport. The RTIA is a Schedule 3A Public Entity in terms of the PFMA. As a consequence, Road Traffic Infringement Agency has a significant number of related parties that are public entities, issuing authorities and key management personnel of the RTIA or its Executive Authority. Unless specifically disclosed, these transactions are concluded on an arms' length basis.

	<u>2016</u> R	2015 R
14.1 Related party transactions		
Revenue - Department of Transport	11 497 000	15 300 000
Postage costs - South African Post Office	52 008 212	25 571 746
MTEF reprioritization adjustment - Department of Transport	3 825 000	-
Directors and key management (refer to note 14)	18 083 817	12 028 354
14.2 Related party balances		
Amounts owed by related parties Issuing Authorities: - Johannesburg Metro Police Department (JMPD) - Tshwane Metro Police Department (TMPD) - Gauteng Department Of Community Safety (GDOCS) - Road Traffic Management Corporation (RTMC)	24 731 955 10 157 898 - 146 814	13 961 744 5 329 963 - 146 814
	35 036 667	19 438 521
MTEF Receivable - Department of Transport Staff receivables	-	3 825 000
- Key management	67 205	75 290
	35 103 872	23 338 811
Amounts owed to related parties		
Postage - South African Post Office	39 011 177	971 087

15. Fruitless and Wasteful Expenditure

The disclosure below refers to fruitless and wasteful expenditure for a contractual arrangement arising from previous years and additional cost incurred for the folding tabloid inserts. There was no fruitless and wasteful expenditure incurred for the current year. The fruitless and wasteful expenditure relating to the 2014/2015 financial year was not condoned at year end by the Accounting Authority:

	<u>2016</u> R	<u>2015</u> R
Balance at the beginning of the year	37 794	<u>-</u>
PABX Machine	<u>/</u>	27 794
The PABX machine became redundant and obsolete as a result of the constant evolving technology. The contract ended by December 2014.	a /	
Printing of tabloid inserts	-	10 000
Additional cost for folding of newspaper inserts.		
Closing balance	37 794	37 794
16. Irregular expenditure		
Balance at the beginning of the year	1 008 946	554 929
Irregular expenditure for the current year:		
Deviation to procure goods and services without inviting at least three written price quotations in terms National Treasury Practice Note 6 of 2007/2008.	-	65 500
Deviation from competitive bidding process to procure serve through a written price quotation this resulted in contraven Treasury Regulation 16A6.1		943 446
Amounts condoned	(1 968 887)	(554 929)
Closing balance	-	1 008 946

The irregular expenditure that arose did not result in any loss or damages suffered by the Agency. In addition the Agency obtained value from such transactions. The irregular expenditure was condoned by the Accounting Authority on 28 May 2016.

	Restated
2016	2015
R	R

17. Correction of error

The Agency previously used to report the AARTO function activities separately under the Registrar's strategic overview in the annual report since takeover of the AARTO accounts in October 2013. During the current year, management determined that it would be more useful and reliable to present the assets and liabilities relating to the AARTO function on the statement of financial position and the cash flow statement. This will provide more useful information to the users of the financial statements.

A retrospective adjustment to the prior period has been made to reflect the impact of the error. The correction of the error has no impact on the Statement of Financial Performance and the Statement of Changes in Net Assets.

The effect of the error on the prior year, results in adjustment as follows:

Statement of Financial Position

Increase in AARTO Banks Increase in AARTO Receivables Increase in AARTO Payables	- - -	12 088 379 6 342 950 (18 431 329)
Cash Flow Statement		
Increase in AARTO movement collections Increase in AARTO movement disbursements	- -	4 135 063 (4 135 063)

18. Financial Risk Management

The Agency's principal financial instruments comprise of trade payables, trade receivables and cash balances which arise directly from its operations. The main purpose of these financial instruments is to fund the Agency's day to day operations. The Agency is mainly exposed to the liquidity risk of the financial instruments.

18.1 Fair value of financial instruments

At 31 March 2016 the carrying amounts of the financial assets and liabilities, approximates their fair value. The prior year numbers have been restated.

Assets	Carrying Value 2016 <u>R</u>	Fair value 2016 <u>R</u>	Carrying value 2015 <u>R</u>	Fair value 2015 <u>R</u>
Trade and other receivables	64 441 940	64 441 940	51 385 258	51 385 258
Cash and cash equivalents	167 158 759	167 158 759	43 174 102	43 174 102
AARTO assets	41 969 606	41 969 606	18 431 329	18 431 329
Liabilities				
Trade and other payables	60 917 692	60 917 692	12 533 993	12 533 993
AARTO liabilities	41 969 606	41 969 606	18 431 329	18 431 329

18.2 Liquidity risk management

Liquidity risk is the risk that the Agency will not be able to meet its financial obligations as they fall due. The Agency's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Agency's reputation. This implies maintaining sufficient cash resources and the availability of funding through Medium Term Expenditure Framework. The Agency receives a guaranteed subsidy from National Treasury through the Medium Term Expenditure Framework allocation process to meet all its current and future obligations.

The Agency monitors its risk to a shortage of funds by using cash flow forecasting. The cash flow forecasting evaluates cash requirements over the foreseeable future, as well as expected cash flows from operations.

The following table details the Agency's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Agency can be required to pay.

18. Financial Risk Management (continued)

31 March 2016	<u>< 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>> 5 years</u>
	R	R	R	R
Trade and other payables AARTO liabilities	60 917 692	-	-	-
	41 969 606	-	-	-
31 March 2015 - restated				
Trade and other payables Aarto liabilities	12 533 993 18 431 329	-	- -	-

18.3 Market risk

The Agency was exposed to interest rate risk on its cash balances at bank; this is a market risk factor.

18.4 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations, which will result in financial loss to the Agency. The Agency is not exposed to any credit risk. This risk lies with the Issuing Authorities, as they are exposed to the losses as a result of the infringers not paying amounts to which the issuing authorities are entitled by virtue of the road traffic laws and regulations.

18.5 Maximum exposure to credit risk

The carrying amount of financial assets recorded net of impairment allowance, represents the Agency's maximum exposure to credit risk.

19.

Financial instruments					
2016	Loans and receivables	Financial instruments carried at amortised cost	Total financial instruments carrying amounts	Non- financial instruments	Total carrying amount
Assets Non-current assets	1	ı	-	7 614 428	7 614 428
Property, plant and equipment Intangible asset	1 1		1 1	7 417 836 196 592	7 417 836 196 592
Current Assets	273 570 305	1	273 570 305		273 570 305
Trade and other receivables Cash and cash equivalents Aarto assets	64 441 940 167 158 759 41 969 606	1 1	64 441 940 167 158 759 41 969 606	1 1	64 441 940 167 158 759 41 969 606
Total assets	273 570 305		273 570 305	7 614 428	281 184 733
Net assets and Liabilities Net assets	,	•	1	178 297 435	178 297 435
Accumulated surplus	1	1		178 297 435	178 297 435
Current liabilities Trade and other payables Aarto liabilities		102 887 298 60 917 692 41 969 606	102 887 298 60 917 692 41 969 606		102 887 298 60 917 692 41 969 606
Total net assets and liabilities 733	'	102 887 298	102 887 298	178 297 435	281 184

Management believes that the fair value of the financial instruments approximates their carrying amount.

9 812 905 110 454 30 965 322 12 533 993 18 431 329 carrying amount 91 948 726 Total 91 948 726 9 923 359 122 914 048 51 385 258 43 174 102 18 431 329 91 948 112 990 689 9 812 905 110 454 9 923 359 9 923 359 91 948 726 91 948 726 financial instruments 30 965 322 51 385 258 43 174 102 18 431 329 12 533 993 18 431 329 instruments financial carrying amounts 112 990 689 112 990 689 30 965 322 30 965 322 receivables amortised cost 12 533 993 18 431 329 Financial carried at 122 914 048 instruments 30 965 322 43 174 102 18 431 329 Loans 112 990 689 51 385 258 112 990 689 Financial instruments - restated (continued) Total net assets and liabilities Property, plant and equipment Intangible asset Trade and other receivables Cash and cash equivalents Net assets and Liabilities Trade and other payables Accumulated surplus Non-current assets Current liabilities Current Assets Aarto liabilities Aarto assets **Total assets** Net assets Assets 2015 19.

Management believes that the fair value of the financial instruments approximates their carrying amount.

20. New standards and interpretations

20.1 Standards issued that are effective and adopted

The Agency has adopted the following standards that were issued by the Accounting Standards Board. GRAP 18 is relevant however no segment information has been disclosed. The standards are relevant to the Agency's operations:

Standard	Effective year Title beginning	
GRAP 5	Borrowing Costs	1 April 2009
GRAP 1	Presentation of Financial Statements (as revised in 2010)	1 April 2011
GRAP 2	Cash Flow Statements	1 April 2011
GRAP 3	Accounting Policies, Changes in Accunting Estimates and Errors (as	4.4. ".0044
00404	revised 2010)	1 April 2011
GRAP 4	The Effects of changes in Foreign Exchange Rates	1 April 2011
GRAP 9	Revenue from exchange transactions (as revised 2010)	1 April 2011
GRAP 13	Leases (as revised 2010)	1 April 2011
GRAP 14 GRAP 17	Events after the reporting date (as revised 2010)	1 April 2011
	Property, plant and equipment (as revised 2010)	1 April 2011
GRAP 19	Provisions, contingent liabilities and assets (as revised 10) Non-current assets held for sale and discontinued	1 April 2011
GRAP 100		1 April 2011
GRAP 31	operations (as revised 2010)	1 April 2011 1 March 2012
GRAP 31 GRAP 12	Intangible assets Inventory	1 March 2012
GRAP 12 GRAP 16	Investment Property	1 March 2012
GRAP 21	Impairment of non-cash generating assets	1 April 2012
GRAP 23		•
	Revenue from non-exchange transactions (taxes and transfers)	1 April 2012
GRAP 24	Presentation of budget information in the finacial statement	1 April 2012
GRAP 26	Impairment of cash generating assets	1 April 2012
GRAP 104	Financial instrument	1 April 2012
GRAP 25	Employee benefits	1 April 2013
GRAP 18	Segment Reporting	1 April 2015

20. New standards and interpretations (continued)

20.3 Standards and interpretations in issue not yet effective

At the date of authorization of these financial statements, the following standards and interpretations were in issue but not yet effective. The effective date has not been determined by the Minister of Finance:

Standard	Title	beginning
GRAP 18 GRAP 20 GRAP 32 GRAP 108 GRAP 109	Segment Reporting Related Party Disclosures Service Concession Arrangements: Grantor Statutory Receivables Agency Relationships	- - - - -
IGRAP 17	Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residuent Interest in an Asset	

21. Going concern

The annual financial statements have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations of the Agency and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

22. Contingent Liabilities

The Agency has been engaged in various litigations during the year under review and it duly engaged its lawyers to deal with such. At this time it is not possible to ascertain the potential financial impact on the Agency of an adverse decision in that regard. The likelihood of the outcome is still unknown and the amounts are unknown.

23. Retention of surplus for the period

The National Treasury has approved the retention of the surplus for the period ended 31 March 2016.

24. Events after balance sheet

The material matters have been detailed in notes 22, 27 and 28 respectively.

25. Approval of financial statements

The audited financial statements were tabled for approval to the Accounting Authority on the 29 July 2016.

26. Budget differences

The RTIA did not achieve its strategic objective of rolling out the AARTO process nationally and there was under-spending in the scheduled programmes. The 2015/2016 budget figures were compiled with the assumption of implementation of National Rollout. As a result some of the budgeted expenditure costs could not be fully utilised.

27. Commitments for capital expenditure

The RTIA did not have any firm commitments at 31 March 2016.

28. Non-adjusting post balance event

During the financial year the Agency had a dispute with South African Post Office over non-compliance in terms of the agreed service level agreement which led to the suspension of the account. This balance is disclosed under trade payables balance under note 7, and respectively as a related party balance under note 14.2 of the financial statements. Subsequent to year end, the Agency paid R15 million towards the outstanding balance with SAPO for the postage of AARTO notices.

Annual Report for **2015/2016** Financial Year **Road Traffic Infringement Agency**

Notes

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