

ANNUAL REPORT 2015/16

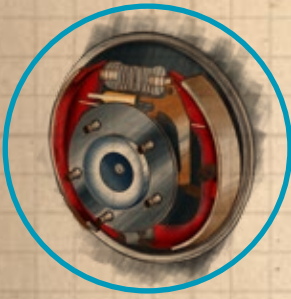


Road Traffic
Management Corporation

“Safe Roads in South Africa”



The RTMC is an Agency of the **Department of Transport**
and a Member of the **United Nations Road Safety Collaboration**



Official Sign-off

It is hereby certified that this Annual Report:

- Takes into account all the relevant policies, legislation and other mandates for which the RTMC is responsible; and
- Accurately reflects performance against the strategic outcome-oriented goals and objectives that the RTMC committed to achieve in the 2015/16 period.

Adv. Makhosini Msibi
Chief Executive Officer

A stylized, handwritten signature in white ink, consisting of a large, sweeping 'M' and a smaller 'S'.

Mr. Zola Majavu
Chairman: RTMC Board

A stylized, handwritten signature in white ink, featuring a large, bold 'Z' and a smaller 'M'.

About This Report

Purpose

The Annual Report provides an account of the Road Traffic Management Corporation's (RTMC's) delivery, to the Minister of Transport, Minister Dipuo Peters, during the period 1 April 2015 to 31 March 2016. This report complies with Section 22 of the RTMC Act, Section 55 of the PFMA and Treasury Regulation 29.2.

Scope

The Report includes the achievements in relation to planned targets and budgets in the approved Annual Performance Plan (APP) tabled in Parliament on the 11 March 2016

To enable RTMC's stakeholders to assess the performance of the Corporation, the report also includes Performance Information, Governance Reports and Financial Statements prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP)

Theme

Karl Benz is accredited with inventing the first motor vehicle in 1885/1886. Motor vehicles have evolved considerably over the past 130 years; huge strides have also been made during the period to enhance vehicle safety.

Globally, policies, legislation, and road safety measures have evolved in line with increases in vehicle speed, capabilities, the rolling out of road networks, and the number of motor vehicles on our roads. It is appropriate, therefore that evolution is a central theme running through our report. RTMC's strategies, policies, road safety initiatives and organisational structure are constantly evolving, to realise the RTMC's vision of "Safe Roads in South Africa."

Approval phases

Figure 1 illustrates the approval phases of the Annual Report.

Figure 1: Annual Report Development Process

1st Draft Annual Report

Submission by the Accounting Authority within two months (31 May 2016) after the end of the financial year to the Department of Transport, National Treasury and the Auditor-General for Auditing.

2nd Draft Annual Report

Submission by the Accounting Authority within five months (31 August 2016) after the end of the financial year to the National Treasury, Auditor-General, Executive Authority and Shareholders Committee for Approval.

Final Annual Report

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

Target audience

Our report targets any stakeholder who has an interest in road safety. In compliance with the Legal Deposit Act, our report is distributed to Parliament and Provincial legislature and archived. Table 1 provides more information about the users of the annual report

Table 1: Users of the Annual Report

Legislature

- Provincial Legislatures
- Parliament

Executive

- National Government Departments
- Provincial Government Departments
- Public Entities

Other

- Business Enterprises
- Non-Governmental Organisations
- Interest Groups
- Member Associations
- Auditors

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Part A:

General Information

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A. Drum Brake

Implemented: First conceived as a wood-based braking system in the **1800s**

Purpose: The modern braking systems evolved from wood-based braking systems in the 1800s that made direct contact with the wheel, to an internal drum brake system introduced in the early 1900s. The internal drum brake system was a critical evolution as it prevented heat and dust from affecting the braking system.

1. General Information

Registered Name	Road Traffic Management Corporation
Registered Office Address	Boardwalk Office Park Boardwalk Boulevard Faerie Glen, 0043
Postal Address	Private Bag X147 Pretoria 0001
Contact telephone number	012 999 5200
Email Address	info@rtmc.co.za
Website Address	www.rtmc.co.za
External Auditor's information	The Auditor-General of South Africa 300 Middel Street New Muckleneuk Pretoria
Banker's information	First National Bank Public Sector Banking Bank City Corner Simmons and Pritchard Street Johannesburg Contact number : 087 575 9479 The South African Reserve Bank Corporation for Public Deposits P.O.Box 427 Pretoria 0001 Tel: 012 313 4137
Company Secretary	Mr Mulalo Razwinani E-mail: MulaloR@rtmc.co.za Qualification: B Juris, LLB and Post Grad Dip in Institutional and African Regional Law, Executive Development Programme
Publisher	RTMC, Chief Executive Officer Private Bag X147 Pretoria 0001
Stakeholder feedback on this report	info@rtmc.co.za

2. List of Acronyms

AARTO	Administrative Adjudication of Road Traffic Offences
APP	Annual Performance Plan
CBRTA	Cross-Border Road Transport Agency
CEO	Chief Executive Officer
CORPORATION	Road Traffic Management Corporation
CPA	Criminal Procedure Act
CPD	Central Public Deposit
CSR	Corporate Social Responsibility
DLTC	Driving License Testing Centre
DPME	Department of Planning Monitoring and Evaluation
DQP	Development Quality Partner
DOT	Department of Transport
eNaTIS	Electronic National Traffic Information System
GRAP	Generally Recognised Accounting Practices
ICT	Information and Communication Technology
IT	Information Technology
MDGs	Millennium Development Goals
MEC	Member of the Executive Council
NCOP	National Council of Provinces
NGO	Non-Governmental Organisation
NQF	National Qualifications Framework
NRSS	National Road Safety Strategy
NRTA	National Road Traffic Act
NRTLEC	National Road Traffic Law Enforcement Code

NTACU	National Traffic Anti-Corruption Unit
LED	Light Emitting Diode
PAJA	The Promotion of Administrative Justice Act
PFMA	Public Finance Management Act
QCTO	Quality Council for Trades and Occupations
RAF	Road Accident Fund
RTIA	Road Traffic Infringement Agency
RTMC	Road Traffic Management Corporation
RTMCA	Road Traffic Management Corporation Act
SADC	South African Development Community
SALGA	South African Local Government Association
SANRAL	South African National Roads Agency
SHC	Shareholders Committee
SDGs	Sustainable Development Goals
UN	United Nations
UNDA	United Nations Decade of Action
UNRSC	United Nations Road Safety Collaboration



3. Chairperson's Foreword



The term of office of the current Board of Directors comes to an end in December 2016 and as such, it is befitting at this stage to reflect on some of our achievements over the past two and half years in office. We have inculcated a strong organisational culture of high performance and excellence. This is evidenced by the fact that our performance against pre-determined objectives kept improving over the years from 27% in 2013/14 financial year, 83% in 2014/15 financial year and 92% in 2015/16 financial year. This indeed is a reflection on the manner in which the Board has provided the strategic direction to the RTMC during its tenure with much emphasis on performance management and effective risk management.

The governance structures and processes kept improving over the years, with the Shareholders Committee, Board and Board-sub committees all meeting the minimum of four times during the 2015/16 financial year. Due to improved governance processes and stability within the RTMC the Board met the maximum of nine times during 2015/16 financial year compared to fifteen times during 2014/15 financial year. The improved governance systems and processes have seen the RTMC moving from a qualified audit opinion in 2013/14 financial year, to an unqualified audit opinion in 2014/15 financial year and to a clean audit in 2015/16 financial year.

Over the past two and half years, we strengthened the RTMC's position as a corporate citizen and through our Corporate Social Responsibility Programme we focused on projects that are aimed at poverty alleviation, advancement of education for the poor and community development. During 2015/16 financial year some of our Corporate Social Responsibility Projects included the following:

- Provision of Winter Warmer School Uniform to learners of Malenkwana Primary School at the rural village of Wegdraai, Bochum, Limpopo Province;
- Handing over of mobile library to Mosima Primary School at Batlokwa Village, Limpopo Province;

- Donation of school shoes to learners of Mahlatjane Primary School at Mahlatjane Village, Limpopo Province;
- In collaboration with the Deputy Minister of Transport, Ms. S Chikunga, we provided groceries and blankets to learners from child-headed families of Ekucabangeni Secondary School at Nquthu, Kwazulu Natal.

The primary mandate of the RTMC is to ensure that human lives are not lost or maimed as a result of car crashes on South Africa's roads. To this end, during 2015/16 financial year we intensified Road Safety marketing through partnerships with prominent South African celebrities as Road Safety Ambassadors, Road Safety messaging through LED boards and static perimeter boards at international and domestic cricket in partnership with Cricket SA, Kaizer Chiefs and Orlando Pirates football matches, electronic and print media advertisements.

Through an extensive and broad stakeholder consultative process, we have developed a 2016-2030 National Road Safety Strategy, which Strategy will be tabled to Cabinet for approval during 2016/17 financial year. The Strategy adopts the United Nations Decade of Action for Road Safety Five Pillars, namely, Road Safety Management, Safer Roads and Mobility, Safer Vehicles, Safer Road Users and Post-Crash Response. The Strategy aims at reducing car crash fatalities by 50% in 2030.

In February 2015, the Shareholders Committee took a resolution to transfer the eNatis system and the management thereof to the RTMC. Following this resolution the RTMC took all necessary steps to prepare itself to receive the system, including the employment of expertise necessary to enable the RTMC to manage the eNatis system. The decision of the Shareholders Committee was challenged through the courts with the result that the system could not be transferred to the RTMC pending the finalisation of the litigation process. The matter is currently awaiting the Constitutional Court to pronounce itself, where after the matter will be laid to rest.

In the period ahead, much attention will focus on addressing the fragmentation in our traffic law enforcement. One of the challenges that require swift attention is ensuring that traffic law enforcers nationally work 24/7 shift. Statistics suggests that most accidents occur during the period when traffic law enforcers are not at work and it is therefore of utmost importance that standardisation of the 24/7 shift system be prioritised in order to save lives on our roads. We are currently in the process of establishing National Traffic Law Enforcement Review Committee which will

review the current status quo and make recommendations on standardisation of traffic law enforcement.

I owe an immense debt of gratitude to all stakeholders who supported the RTMC during the period under review, more particularly those stakeholders who participated during the development stage of the National Road Safety Strategy. Special thanks go to our Minister and the entire Shareholders Committee for the unwavering support during the past two and half years. I would also like to express my special gratitude to the entire Board for the dedication and commitment shown by availing themselves to fulfil their responsibilities, to executive management and entire staff for dedication and excellent performance. I am very proud to say that the collective that I lead is united and dedicated.



Mr Z Majavu

Chairman of the Board

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4. Chief Executive Officer's Foreword



2015/16 has proved a very good year for the RTMC. The Corporation's performance against the 2015/16 APP was 92% achievement of targets, compared to 83% in the previous financial year. I attribute improved performance to the following:

- **The rigorous focus on the Corporation's goals throughout the year;**
- **The intensified road safety and law enforcement programmes supported by robust marketing campaigns;**
- **Strategic and coordinated engagement with external stakeholders;**
- **Enhancement of the performance management systems ; and**
- **Regular oversight exercised by the Board through its Strategy Monitoring & Evaluation Committee.**

Financial performance

The Corporation obtained 97% of its projected revenue; this represents a shortfall of R20 million; the infringements were 4.6 times versus the budgeted figure. Transactional fees accounted for most of the revenue (66% for 2015/16), hence the focus on seeking alternative sources for funding road safety initiatives.

The Operations, Law Enforcement and Traffic Intelligence and Security programmes underspent by 12%. Strategic and Support Service programmes overspent by 57%. The latter is due to the fact that the budget for eNatis resources resides under the Support Services programme.

Capacity Constraints and Challenges

Historically, the RTMC has not had a clearly defined IT strategy in place, and its IT is ailing and obsolete. To ensure increased availability of ICT systems and information security, controls that an ICT strategy was developed and is being implemented to ensure improvements in the ICT infrastructure; to provide for a safe, reliable and secure information sharing.

An additional challenge during the period was the fact that we did not achieve our target for developing the National Road Traffic Law Enforcement Code. The Law Enforcement Review Committee will be established during 2016/17 and as part of their responsibilities, they will be tasked with reviewing the Code.

Proposed activities

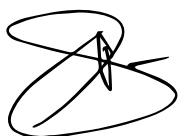
There were some key achievements during the period to strengthen efforts of improved road safety in the Country and assist the Country to meet its commitments to the UN Decade of Action. In particular the drafting of the National Road Safety Strategy, which provides a more coherent approach to deal with Road Safety challenges.

Economic viability

Government funds the RTMC. Budget allocations are insufficient to address all issues related to improving road safety. The RTMC recognises the need to consolidate resources, realise economies of scale and attract private sector funding. The RTMC's mandate clearly stipulates the need to phase out, where appropriate, public funding and phase in private sector investment.

Acknowledgements

My sincere thanks and appreciation go to the Honourable Minister of Transport Dipuo Peters, Deputy Minister Sindisiwe Chikunga, the Department of Transport, the Portfolio Committees, the Shareholders Committee and the Board for their continued guidance and support. I would also like to thank my executive team, management and staff for their professionalism, commitment and hard work.



Adv. Makhosini Msibi
Chief Executive Officer

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

The Board acknowledges its responsibility to ensure the integrity of the Report. It has accordingly applied its mind to the Report and in the opinion of the Board, it addresses material issues and presents fairly the performance of the RTMC. The Report has been prepared in keeping with best practice, and the recommendations of the King III Report on Corporate Governance ("King III").



Mr Z Majavu
Chairman of the Board

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6. Strategic Overview

Introduction

The RTMC was established in terms of the Road Traffic Management Corporation Act of 1999. It is further governed, inter alia, by the provisions of the National Land Transport Act, the National Road Traffic Act, Public Finance Management Act of 1999, Companies Act and Criminal Procedure Act.

Its strategic imperatives are aligned to government's National Development Plan, NDP priorities 8 (Health Care for All), 10 (Building Safer Communities), and 12 (Fighting Corruption), and the 2014-2019 Medium-Term Strategic Framework.

Vision

The Road Traffic Management Corporation's vision is:

“SAFE ROADS IN SOUTH AFRICA”

The Corporation is committed to reducing road trauma by creating a safe road environment.

Mission

The Corporation endeavours to ensure Safe, Secure and Responsible use of roads in South Africa through:

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

Values

Table 2 contains our four core values, based on the Constitution of the Republic of South Africa.



Figure 1: RTMC's Values

Table 2: Our Values

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

7. Legislative and Other Mandates

The Corporation complies with the legislative mandates of the Constitution of South Africa, the Road Traffic Management Corporation Act and the National Road Traffic Act.

Constitution of the Republic of South Africa, 1996

The Constitution is the supreme law of the Republic. [Table 3](#) reflects the Corporation's constitutional mandate in relation to other spheres of government.

Table 3: Our Mandate in Relation to Other Spheres of Government

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

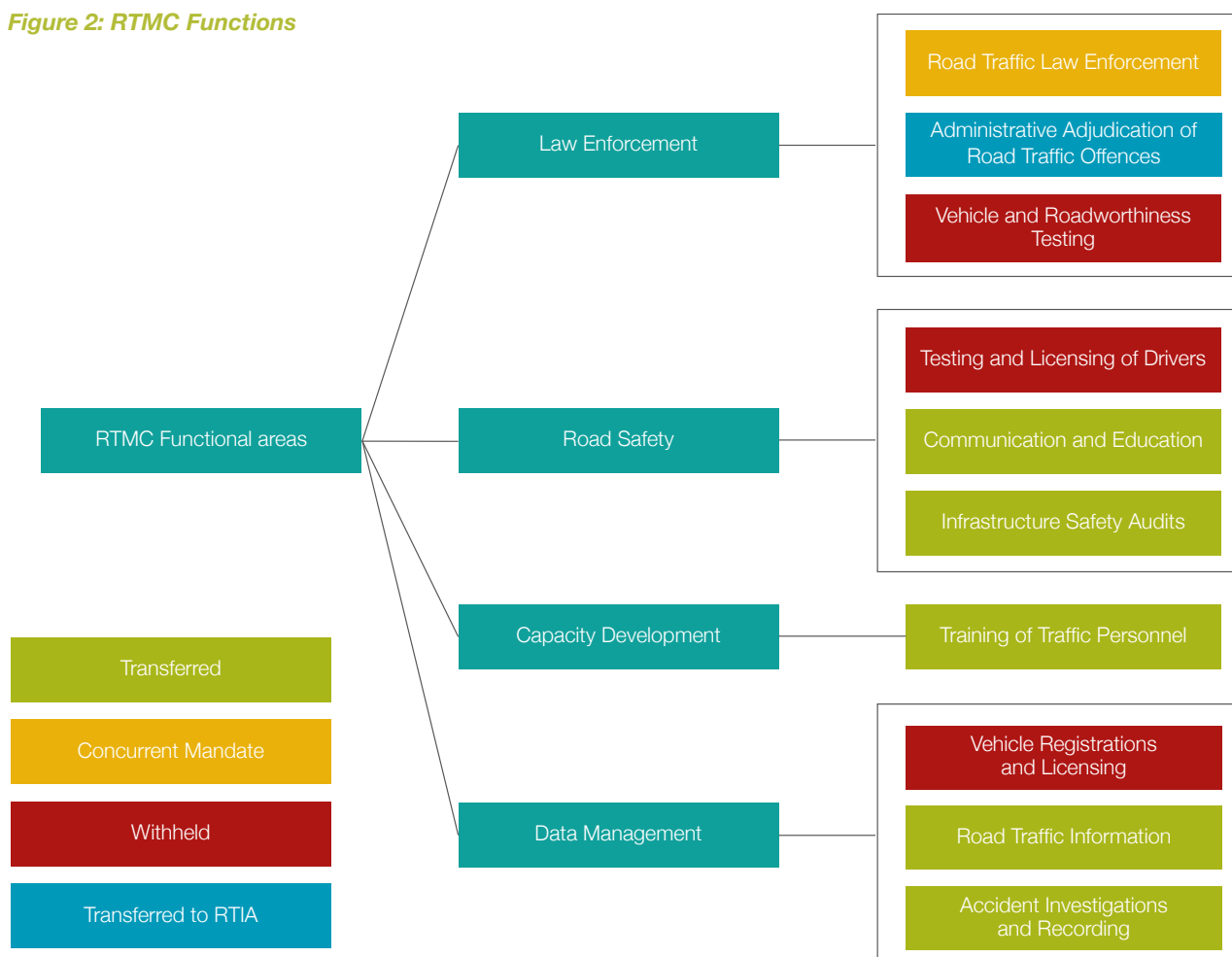
Road Traffic Management Corporation Act (RTMCA)

Parliament approved the RTMCA in 1999, in line with section 44(2) of the Constitution. The Act established the RTMC to pool powers and resources and to eliminate the fragmentation of responsibilities for road traffic management across the various spheres of government. The Act provides for cooperative and coordinated strategic planning, regulation, facilitation and law enforcement in respect of road traffic matters by national, provincial and local spheres of government. [Table 4](#) sets out the RTMCA objectives.

Table 4: RTMCA objectives

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

The Shareholders Committee (SHC) is required to establish functional units in line with the business and financial plan. Section 18(1) of the Act lists ten (10) functions. **Figure 2** shows the transferred functions as per the Shareholders Committee resolution.

Figure 2: RTMC Functions

The Shareholders Committee has not transferred management of vehicle and roadworthiness testing, testing and licensing of drivers and vehicle registrations and licensing to the Corporation. Law Enforcement is a concurrent mandate executed jointly with other authorities or agencies that share a common mandate with the RTMC.

National Road Traffic Act (NRTA)

The NRTA provides for road matters that apply uniformly throughout the Republic. It prescribes national principles, requirements, guidelines, frameworks and national norms and standards that must be applied uniformly to the provinces and other matters contemplated in section 146 (2) of the Constitution. It consolidates land transport functions and locates them within the appropriate sphere of government.

The Act provides specific powers to the Corporation to enable it to execute its functions. Chapter VII of the NRTA addresses the management of road safety. The Chief Executive Officer's powers as per Section 52 of the Act are as follows:

The Chief Executive Officer may¹ :

- a) Prepare a comprehensive research programme to effect road safety in the Republic, carry it out systematically and assign research projects to persons who, in his or her opinion, are best equipped to carry them out;
- b) Give guidance regarding road safety in the Republic by organising national congresses, symposiums, summer schools and study weeks, deploying mass-communication media and in any other manner deemed by the CEO.

To perform his or her functions properly the Chief Executive Officer may:

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

The Chief Executive Officer exercises his or her powers and performs his or her duties subject to the Board's direction and control.

Administrative Adjudication of Road Traffic Offences Act 46 of 1998 (AARTO Act)

The AARTO Act promotes road traffic quality by discouraging road traffic contraventions and facilitating the adjudication of road traffic infringements. The RTMC is an issuing authority and applies the AARTO infringement process in the execution of the National Traffic Police duties.

Criminal Procedures Act 51 of 1977 ('the CPA')

The CPA regulates procedures and related matters in criminal proceedings. By establishing due processes in criminal prosecutions, the Act governs how courts of law handle criminal cases. Section 334(2) (A) of the CPA appoints a traffic officer as a peace officer. The CPA contains schedules of offences for which a traffic officer may make arrests.

¹ The transitional provision assigned the role to the Director-General of Department of Transport (DoT)

Other Legislation

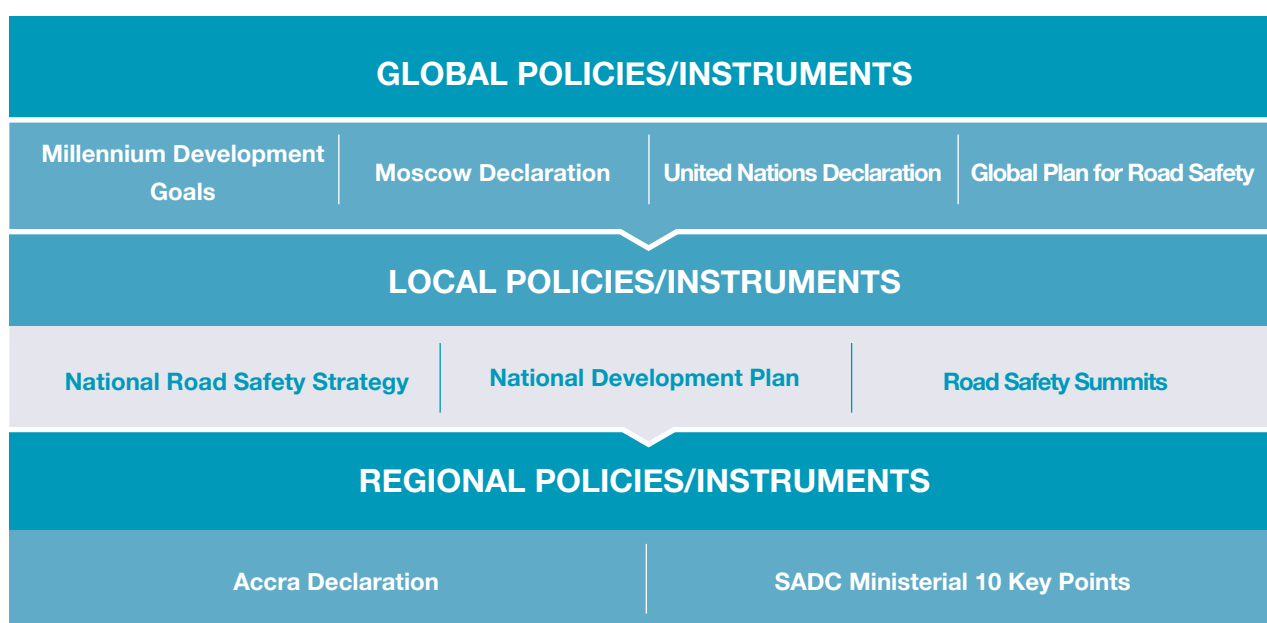
The RTMC is also required to comply with the following legislation:

- The Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), which specifies the listing of the RTMC as a Section 3A Public Entity;
- The Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA), which determines the way the RTMC may access information;
- The Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) (PAJA), aims to make the administration effective and accountable to people for its actions; which then determines just administrative action for the RTMC;
- Government policies developed by the Minister of Transport that fall under the mandate of the RTMC.

Policy Mandate

The Department of Transport (DoT) provides direction for traffic and road safety policy and legislation. However, policy formulation is also carried out at a regional level and according to global norms. [Figure 3](#) provides more information.

Figure 3: Road Safety Policies/Instruments



Global Policy Instruments

The RTMC supports two important global policy instruments, the Millennium Development Goals (MDGs) and the Moscow Declaration. Crafted in 2000, the MDGs were a response to the development challenges facing the global community. There was acceptance globally that road safety is linked to poverty, education and health goals. The inclusion of road safety targets in the Sustainable Development Goals (SDGs) shows increased international attention. Road Safety targets are included in two (2) of the 17 Goals of this new global agenda which states by:

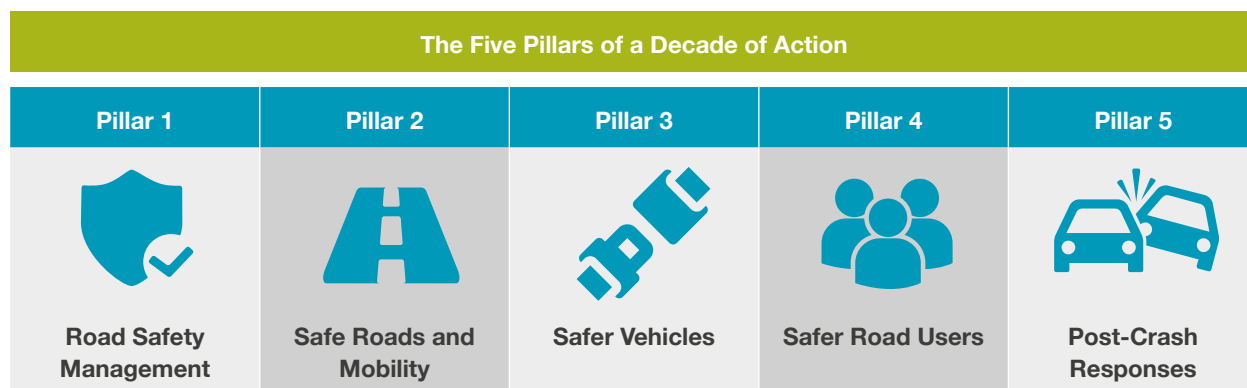
- 2020, halve the number of global deaths and injuries from road traffic accidents
- 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

The inaugural Global Ministerial Congress on Road Safety adopted the Moscow Declaration in 2009, which called for a Decade of Action for Road Safety. The UN passed resolution 64/255 in 2010, which recognises road traffic injuries are a public health challenge, which threatens progress towards the achievement of MDGs.

The UN's Decade of Action for Road Safety 2011-2020, launched on the 11th of May 2011, provides an action plan, for reducing road traffic fatalities by 50% from the 2010 baseline. The Global Plan for the Decade of Action for Road Safety 2011-2020 provides guidelines for reducing road fatalities.

South Africa participates in the Decade of Action for Road Safety. [Figure 4](#) outlines the five pillars of action to address road safety.

Figure 4: The Pillars of the Decade of Action



Source: Global Plan for the Decade of Action for Road Safety 2011-2020

The RTMC is a member of the United Nations Road Safety Collaboration (UNRSC) an association of lead agencies on Road Safety. The RTMC is responsible for developing a national plan to realise South Africa's commitment to the UN Decade of Road Safety. The intention is to partner with the DoT, road entities, provinces, municipalities, government departments and all interested groups to reduce road fatalities and injuries.

Regional Policy Instruments

The RTMC supports the decisions taken at the 2007 Ministerial Round Table African Road Safety Conference in Ghana. The conference declared road safety a health, transportation, enforcement, education, and development priority.

Member states were encouraged to reduce substantially the causes and risk factors associated with road crashes, including the non-usage of safety belts and child restraints; driving under the influence of alcohol and drugs; the non-usage of helmets; inappropriate and excessive speed; the lack of safe infrastructure and the use of mobile phones amongst other contributory factors.

The Southern African Development Community (SADC) undertook to support the Moscow Declaration and adopt the Decade of Action global plan.

8. Some Key Events during the Period

International Engagements

A RTMC delegation attended the Second Global High-Level Conference on Road Safety, hosted by the Government of Brazil and supported by the World Health Organisation (WHO). A RTMC delegation also attended the 22nd World Road Congress in Seoul, themed: "Creating new value from transport".

National Road Safety Summit

The RMTC participated in the second Annual National Road Safety Summit hosted by the Minister of Transport, Dipuo Peters, Deputy Minister, Sindisiwe Chikunga and the Western Cape provincial government. The summit was held on the 13th - 14th November 2015 under the theme “Save lives and move South Africa forward”

National Road Safety Strategy (NRSS) 2016 - 2030

The RTMC together with the DoT and the other transport entities engaged with national, provincial and local government in the development of the national road safety strategy to ensure synergy across the spheres government. Numerous consultations were undertaken with different interested groups to ensure that the strategy represents a holistic view and addresses key road safety challenges at different levels.

The NRSS took into consideration previous efforts made toward addressing road safety problems in South Africa, by carefully reviewing previous road safety strategies developed. The key findings from these strategies highlighted a lack of effective implementation, insufficient resourcing, misaligned prioritisation, and lack of broader stakeholder participation among the key issues previously experienced. As such, the NRSS focuses on the sequencing of proposed interventions in a manner that is realistic and implementable. In addition, the NRSS acknowledges that a number of key institutions were established through previous efforts and that the present task is the effective utilisation of these institutions through the enhancement of coordination and accountability in addressing road safety issues.

In crafting the strategy, international best practices from Sweden, Netherlands, Ireland, Australia, United Kingdom, Argentina and Wales were considered. A review of international best practices demonstrates the importance of good institutional strength and a clear approach to improve road safety. Key areas of focus included, among others, educating and training of road users, encourage good road user behaviour through enforcement, manage accurate and complete data to inform strategy, ensuring road infrastructure and environment must be forgiving and to ensure vehicles make the driving task easy and safe.

The NRSS is based on the UNDA's 5 Pillars: Road Safety Management, Safer Roads and Mobility, Safer Vehicles, Safer Road Users, and Post- Crash Response. The vision of the NRSS is to ensure “Safe and secure roads”. This will be achieved by delivering on the strategic mission to attain a reduction in the number of fatal crashes, promoting responsible road user behaviour, providing safe road infrastructure, ensuring safe vehicles on South African roads and delivering quality road safety management.

In line with the identified strategic themes, the NRSS identifies and outlines a comprehensive list of interventions. In order to ensure resources are used effectively, interventions are prioritised according to the expected impact on the reduction of fatalities as well as the ease of implementation. Interventions delivering both high impact and capable of being implemented with ease are highlighted as first priority.

Short-term strategies (June 2016 to February 2018) are devised to enable (establish solid foundation for safety management) and improve (build institutional credibility and improve road-user behavior); medium-term strategies (March 2018 to February 2020) are devised to advance (significantly reduce crashes, minimize injuries and their consequences); and long-term strategies are devised to lead (become the best in Africa through greater incorporation of global trends).

e- NATIS Matter

In 1999, the Department issued a tender for the re-development of the National Traffic Information System (“NaTIS”) by acquiring a total technical architecture solution which will be developed, implemented and supported by the contractor. In 2002 The Department and Tasima entered into an agreement for the development and maintenance of the National Traffic Information System, (hereinafter referred to as “eNaTIS”) for a period of 5 years. Several court applications have emanated from the agreement and were still on-going at the date of reporting.

Wreath laying ceremony

The Corporation held a wreath laying ceremony in honour of traffic officers who died in the line of duty. The ceremony was held on the 26th of November 2015 at Boekenhoutkloof Traffic College

9. Organisational Structure

Organogram

The RTMC's organisational structure was approved on the 3rd July 2014. **Figure 5** depicts the Corporation's organisational structure.

Figure 5: Organisational Structure



Table 5 provides more information about name, status of position, gender and race of incumbents in these positions.

² Red: Position Vacant

Table 5: Names of Appointees in the Organogram

Appointees in Organogram			
Position	Name of incumbent	Status	Employment Equity
Chief Executive Officer	Adv Makhosini Msibi	Filled	Black Male
Chief Financial Officer	Ms Liana Moolman	Filled	White Female
Chief Operations Officer	Mr Gilberto Martins	Filled	White Male
Executive: Human Capital	Ms Dipsy Wechoemang	Filled	Black Female
Executive National Law Enforcement	Ms Nontsikelelo Jolingana	Filled	Black Female
Chief Strategy Officer	Ms Refilwe Mongale	Filled	Black Female
Spokesperson and Secretariat Services	Mr Simon Zwane	Filled	Black Male
Chief Risk Officer	Mr Kagiso Kgosiemang	Filled	Black Male
Divisional Head: NTACU, Security, Inspectorate, Investigations & Protection Services	N/A	Vacant	N/A
Chief Internal Audit	N/A	Vacant	N/A
Executive: Legal and Compliance Services	N/A	Vacant	N/A
Chief Information Officer	N/A	Vacant	N/A
Executive: Trading Entity	N/A	Vacant	N/A

Acting Appointments

During the period under review, a number of positions were filled by individuals serving in an acting capacity. [Table 6](#) provides more information.

Table 6: Incumbents in Acting Positions

Name of Acting Person	Acting Position	Acting Duration		Comment
		Start	Finish	
Ms N Mkiva	Chief Financial Officer	19 August 2015	17 February 2016	Ms Liana Moolman was on maternity leave
Ms M Juma	Chief Strategy Officer	6 October 2015	2 April 2016	Ms Refilwe Mongale was on maternity leave
Ms M Sebola	Executive Assistant to Group Executive: HC	1 March 2016	Further notice	The post is vacant
Mr P Combrink	Divisional Head: IT Strategy	17 Nov 2015	Further notice	Mr Mathibe suspended

Programme Champions

Table 7: provides more information about individuals, who served as Programme Champions for the RTMC's Programmes and Sub-Programmes, based on the RTMC's 2015/16 Annual Performance Plan.

Table 7: Programme Champions

Names	Gender	Position Rank	Programme	Sub-Programme
Gilberto Martins	M	Chief Operations Officer	Programme 1: Operations	Road safety Coordination, Education and Communication
				Training of Traffic Personnel
				Road Traffic Information
Ntsiki Jolingana	F	Executive: Law enforcement	Programme 2: Law Enforcement	National Traffic Police
			Programme 3: Traffic Intelligence and Security	Law Enforcement Standards, Planning and Coordination
Refilwe Mongale	F	Chief Strategy Officer	Programme 4: Strategic Services	National Traffic Anti-Fraud and Corruption
				Stakeholder Management
Liana Moolman	F	Chief Financial Officer	Programme 5: Support Services	Research and Development
Dipsy Wechoemang	F	Executive: Human Capital		Financial Sustainability
Baatle Mathibe	M	Divisional Head: IT Strategy		Human Resources
				Information Technology



RTMC's Executive Committee



Part B:

Performance Information

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B. Disk Brake

Implemented:	The disc braking system used in conjunction with hydraulics become popular in the 1950s
Purpose:	The disc brake had a significant advantage over the drum braking system. Vehicles fitted with the disc braking system had reduced braking distances and henceforth, vehicles would minimise or eliminate collisions.

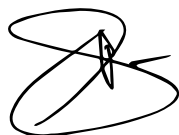
1. Statement of Responsibility

for Performance Information for the Year Ended 31 March 2016.

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

The performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the approved Strategic Plan (2015-2020) and Annual Performance Plan (2015/16) of the RTMC for the financial year ended 31 March 2016.

The external auditors have examined RTMC's performance information for the year ended 31 March 2016, their report can be found on pages 84 to 86 of this report.



Adv. Makhosini Msibi
Chief Executive Officer



2. Situational Analysis

Service Delivery Environment

It is projected that by 2030 road crashes are expected to become the fifth leading cause of fatalities worldwide. The economic and financial impact of deaths and injuries in South Africa is expected to cost the country around R487 billion per annum. It is within this context that the RTMC is a participant to the United Nations Decade of Action for Road Safety which aims to reduce road crash fatalities and injuries by 50% from the 2010 figures.

Key landmark achievements among others; crafting of the National Road Safety Strategy 2016 - 2030, finalisation of the training material for the Traffic Officer qualification, publication of all state of the road safety reports and the development of the road safety practitioner curriculum.

Organisational Environment

Although the RTMC is the lead agency for road safety in South Africa, road safety spans some entities including RAF, RTIA, CBRTA and the DoT. Challenges emanate from the fact that lines between the various entities are blurred; this creates contestation between entities. The situation is exacerbated by the fact that budget allocations are managed independently, and planning is conducted independently.

Despite these challenges, the RTMC launched its very successful Heightened Easter Campaign. The RTMC, together with transport entities, DoT, Provinces, Municipal Police, Traffic Authorities and the SAPS undertook education and enforcement operations to heighten road safety during the Easter season.

The RTMC collaborated very successfully with representatives from the provinces, DoT, the municipal police, traffic authorities, the SAPS and transport entities, who undertook road safety educational campaigns and also, conducted law enforcement operations, as part of the Festive Season launch.

The Corporation also collaborated with the private sector to implement eight (8) road safety programmes. Programmes included the Joyous Celebration, Maskandi, Mafikizolo Reunited Tour and the Inter-faith programme.

Additional challenges arise from the fact that the fiscal budget is limited; this has resulted in decreased efforts in road safety projects such as Junior Traffic Training Centres.

Given these challenges, the RTMC is attempting where appropriate, to phase out public funding and phase in private sector investment. Governance challenges and a duplication of responsibilities has resulted in low-levels of private sector participation. An inclusive stakeholder approach needs to be created to sustain a common vision for the road traffic environment. The concentration of RTMC activities in Gauteng impacts negatively on service delivery. The establishment of regional offices would enhance the Corporation's dissemination of real-time information, monitoring functions and engagement with stakeholders.

Key Policy Developments and Legislative Changes

The Minister of Transport amended NRTA Regulation 213(d) (6A), which now requires infants (defined as 0 – 3-year-olds) to be transported in appropriate child seats when travelling in private vehicles. The Act had previously not made any provision for the protection of children under three years of age.

3. Strategic Outcome - Oriented Goals

Figure 6 provides more information about the RTMC's strategic goals for the period under review.

Figure 6: Strategic Outcome-Oriented Goals

To promote and create a safer road environment	Integrate and coordinate the road safety and traffic environment	Leverage funding for road safety programmes	Create a dynamic and transformed organisation
Educate and create awareness on road safety and traffic matters	Establish an integrated national road traffic information management system	Promote and source investment from private sector for road safety and traffic	Create a conducive environment by inculcating a culture of learning and development
Ensure compliance with traffic legislation through visible policing	Develop and implement national training framework for road safety and traffic		Develop and manage the ICT strategy, and invest in new technology for road safety and traffic
Establish and sustain relationships with private sector and interested groups on road safety matters	Develop norms and standards for the traffic fraternity		
Invest in road safety research and development.			
Promote the prevention of fraud and corruption in the traffic fraternity			



Table 8: Strategic Goal 1

Strategic Goal 1	To promote and create a safer road environment.
Goal Statement	Road Safety is a multidisciplinary field; the diverse nature requires multiple collaboration both within transport fraternity and with other stakeholders to facilitate an integrated and coherent approach to strategy formulation and implementation
Justification	<ul style="list-style-type: none"> • Wide-scale road safety education and awareness programmes to influence behaviour of road users across all spectra of society • Maintain full support to the road safety programs across all spectra of society • Intensify awareness programmes regarding the dangers of drunken driving, speeding, non-use of restraints, driver fatigue and drug usage • Create awareness on fraud and corruption • Initiate educational road safety programmes to inculcate a culture of road safety at a tender age • Prevent and combat corruption, through the development of an integrated national anti-corruption strategy • Institute strong anti-corruption programmes • Ensure compliance of the Driver License Testing Centres (Ms) and Vehicle Testing Stations (VTS) • Identify and formulate research priorities to allow for rapid generation of knowledge, and information on traffic and road safety matters • Ensure road safety programmes implemented are informed by supporting data to avoid squandering scarce resources • A clear framework is necessary to promote and coordinate research activities in road safety and ensure proper dissemination of information • Introduce tools to assess hazardous roads locations
Progress on the achievement of goals	<ul style="list-style-type: none"> • Road Safety campaigns and educational programmes implemented • All fraud and corruption cases investigated • Anti-corruption awareness campaigns conducted • Vehicles stopped and checked • Research reports published • Programmes with interested groups undertaken

Table 9: Strategic Goal 2

Strategic Goal 2	Integrate and coordinate the road safety and traffic environment.
Goal Statement	To harmonise traffic management standards, processes and procedures and to ensure coordination and integration in the execution of the key strategic imperatives within the traffic environment.
Justification	<ul style="list-style-type: none"> • Set training norms and standards to standardise the road safety and traffic environment educational training • Capacity-building to ensure the fraternity has the required skill • To set minimum recruitment standards for road safety and traffic officers • Development of a curriculum at a professional level • Professionalisation of the fraternity • Integrate road traffic data management systems, to produce quality data to ensure continuous publication of the state of road safety reports on a continuous basis • Collaborate with key stakeholder in developing a functional and sustainable traffic information management systems that can provide the necessary information for road safety, law enforcement programmes, and develop responsive strategies • Improve the image of road traffic law enforcement • Pool powers of all three spheres of government to effectively and efficiently execute on all road safety and traffic programmes with the aim of creating better coordination and integration within the fraternity
Progress on the achievement of goals	<ul style="list-style-type: none"> • Developed Training Material for traffic officer curriculum approved by the relevant independent quality assurer • Developed road safety practitioner curriculum approved by the DQP • Published seven states of road safety reports • The NRTLEC was not finalised as envisioned

Table 10: Strategic Goal 3

Strategic Goal 3	Leverage funding for road safety.
Goal Statement	Ensure adequate funding to facilitate sustainable road safety and traffic programmes and activities
Justification	<ul style="list-style-type: none"> To phase in private sector investment from organisations with vested interest in road safety Ensure budget allocation to support national road safety programmes
Progress on the achievement of goals	<ul style="list-style-type: none"> Assessment reports on the implementation of the funding model developed, due to the delay in the finalisation of the funding model

Table 11: Strategic Goal 4

Strategic Goal 4	Create a dynamic and transformed organisation.
Goal Statement	Ensure good governance in line with human development and institutional political reform by creating a focused and committed organisation, with the necessary skills, and good cooperative governance with the aim of improving the quality of services and a culture of compliance.
Justification	<ul style="list-style-type: none"> Staff development Sustainable job creation Staff Empowerment Strengthening of the Corporate Identity. Promotion of good governance Responsible corporate citizenry to improve the quality of lives of our people Identify, justify and link mechanisms to oversee the use of information and related technology to create value and manage the risk associated with using information technology
Progress on the achievement of goals	<ul style="list-style-type: none"> Maintained 7.2% vacancy rate Percentage of workplace skills plan target achieved. Assessment reports on the implementation of the approved ICT strategy developed

4. Performance Information by Programme/Objectives

Description of each programme/activity/objective

Programme 1: Operations

The programme is responsible for creating a safe environment through road safety education and awareness, capacity building and traffic information management. The programme includes Road Safety Coordination, Education and Communication, Training of Traffic Personnel and Road Traffic Information.

Table 12: Road Safety Coordination, Education and Communication Strategic Objective

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

Table 13: Training of Traffic Personnel Strategic Objective

Strategic Objective 2	Develop and implement a national training framework for road safety and traffic fraternity.
Objective statement	Institutional capacity should be strengthened, by investing in training to enhance the skill of personnel, to create professionalism and opportunities for career progression.

Table 14: Road Traffic Information Strategic Objective

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

Programme 2: Law Enforcement

The programme is responsible for ensuring provision for the integrated and coordinated implementation of law enforcement programmes. The programme includes National Traffic Law Enforcement, Law Enforcement Standards, planning and coordination.

Table 15: National Traffic Law Enforcement Strategic Objective

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

Table 16: Law Enforcement Standards, Planning and Coordination Strategic Objective

Strategic Objective 5	Develop norms and standards for the traffic fraternity.
Objective statement	To harmonise and regulate enforcement standards, policies and procedures and co-ordinate road traffic enforcement operations across the three spheres of government for greater impact in reducing offences, injuries and fatalities.

Programme 3: Traffic Intelligence and Security

The programme focuses on Anti-Fraud and Corruption prevention strategic programmes, which will be undertaken to enhance efficiency, transparency and accountability. Investment in new technologies will play a pivotal role in promoting the prevention of fraud and corruption within the traffic environment.

Table 17: National Anti-Fraud and Corruption Strategic Objective

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

Programme 4: Strategic Services

The programme has both an internal and external outlook and provides the Corporation with strategic services. The programme includes Stakeholder Management, Research and Development and other related Strategic Services.

Table 18: Stakeholder Management Strategic Objective

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

Table 19: Research and Development Strategic Objective

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

Programme 5: Support Services

The programme is responsible for providing the Corporation with overall management and administrative services to deliver on its mandate in a sustainable, effective and efficient manner. The programme includes Financial Services, Human Resources, Information Communication Technology and Legal and Compliance Management.

Table 20: Financial Sustainability Strategic Objectives

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

Table 21: Human Resources Strategic Objectives

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

Table 22: Information Technology Strategic Objectives

Strategic Objective 11	Develop and manage the ICT strategy, and invest in new technologies for road safety and traffic.
Objective statement	Create business system platforms to enhance service delivery by streamlining processes and investing in technology to create efficiency and integration.

Performance Performance by Strategic Objectives

Programme 1: Operations

Table 23 shows the progress of programmes based on the strategic objectives. The objectives as presented provide a synopsis of the total weight of the key activities performed in the realisation of the goals.

The programmes had ten key performance indicators; all indicators were achieved, which resulted in 100% achievement.

Table 23: Performance by Strategic Objectives

No	Strategic objective	Actual Achievement 2014/15	Key Performance Indicator 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to Actual Achievement 2015/16	Comment on Deviation
Programme 1: Operations						
Strategic Objective 1 – Educate and create awareness on road safety and traffic matters						
1	Develop and monitor the implementation of the National Road Safety Strategy	Not planned for 2014/15	National Road Safety Strategy approved by the Board	National Road Safety Strategy approved by the Board	N/A	N/A
2	Number of Road Safety Evaluation Reports on Transversal Indicators implemented by provinces submitted to the Board	Not planned for 2014/15	4 Evaluation Reports on Road Safety Transversal Indicators implemented by provinces submitted to the Board	4 Evaluation Reports on Road Safety Transversal indicators implemented by provinces submitted to the Board	N/A	N/A
3	Number of road safety programmes targeting youth	6 road safety programmes targeting youth	2 road safety programmes targeting youth implemented	2 road safety programmes targeting youth implemented	N/A	N/A
4	Number of road safety educational programmes implemented	5 flagship road safety programmes implemented in line with the 365-Day Programme	4 road safety educational programmes implemented	4 road safety educational programmes implemented	N/A	N/A
5	Number of road safety national marketing campaigns implemented in line with the 365 day programme	Not planned for 2014/15	12 national Road Safety campaigns implemented in line with the 365-Day Programme	12 national Road Safety campaigns implemented in line with the 365-Day Programme	N/A	N/A

No	Strategic objective	Actual Achievement 2014/15	Key Performance Indicator 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to Actual Achievement 2015/16	Comment on Deviation
Programme 1: Operations						
Strategic Objective 1 – Educate and create awareness on road safety and traffic matters						
6	Number of road safety community-based programmes established and implemented	Not planned for 2014/15	2 road safety community-based programmes established	2 road safety community-based programmes established	N/A	N/A
Programme 1: Operations						
Strategic Objective 2 – Professionalise road safety and traffic fraternity						
7	Develop, implement and monitor the implementation of the standardised curriculum for traffic officers	Not planned for 2014/15	Development of training material approved by the relevant independent quality assurer	Developed training material approved by the relevant independent quality assurer	N/A	N/A
8	Develop, implement and monitor the implementation of the standardised curriculum for the road safety practitioner	Norms and standards developed	Developed road safety practitioner curriculum approved by the relevant DQP	Developed road safety practitioner curriculum approved by the relevant DQP	N/A	N/A
Strategic Objective 3 – Establish an integrated national road traffic information management system						
9	Number of State of Road Safety Reports published	1	7 State of the Road Safety Reports published	7 State of the Road Safety Reports published	N/A	N/A
10	Develop, implementation and maintenance of national road traffic information databank	Not planned for 2014/15	National road traffic information databank concept document approved by the Board	National road traffic information databank concept document approved by the Board	N/A	N/A

National Road Safety Strategy

The National Road Safety Strategy (NRSS) was developed in conjunction with the DoT as well as its road transport agencies viz. CBRTA, SANRAL, RTIA and RAF. Post the approval by the RTMC Board on the 29th January 2016, key stakeholder consultations were held between January and March 2016. These stakeholders were inter alia National, Provincial and Local structures, taxi industries, driving schools, private sector and NGOs.

Road safety programme targeting youth implemented

The Corporation undertook two (2) road safety programmes targeting youth namely; back to university and heritage programme. The programme targeted individuals between the ages of 18 and 35 to educate and create awareness amongst youth on road safety issues.

Evaluation reports on road safety transversal indicators implemented by provinces

The Corporation submitted four evaluation reports on road safety transversal indicators implemented by provinces. The following are some of the recommendations that emanated from the reports:

Recommendations
There must be uniformity in the implementation of road safety programmes with proper operational processes
Targets have to be ambitious yet achievable and should respond to the challenges of each province
The setting of targets and reporting should be standardised. In order to achieve this; the RTMC, DOT and DPME should be involved in the value chain of provincial planning, monitoring and evaluation
A Result Based Monitoring and Evaluation system needs to be established and implemented by the RTMC, DOT and DPME in order to ensure that from the planning stage

Road safety educational programmes implemented

Road Safety educational programmes are implemented to inculcate a culture of road safety by improving knowledge, skills and behaviour of road users. In 2015/16 financial year four (4) road safety educational programmes were conducted namely: Learner Licenses, Scholar Patrol, Road Safety School Debates and Participatory Educational Technique.

National road safety marketing campaigns implemented in line with the 365 day programme

National road safety campaigns are targeted at all road user groups developed in line with the 365 day programme initiatives, for both road safety and law enforcement. The Corporation embarked on the following road safety marketing campaigns during the year under review:

Campaigns

Road User Awareness Drives-Driver, Passenger and Pedestrian
3rd Un Global Road Safety Week (4-10 May 2015)
Worker's Month Campaign
LED Advertising Football-Report/Fixture list
LED Advertising Cricket-Report/Fixture List/Artwork
Women's Month Print-Dated Press Clipping
Wreath Laying Clocks on SABC
Radio Campaigns on both SABC and Power FM
Sports Advertisement (LED) Soccer and Cricket
TV advertisement to promote road safety messaging by the Minister of Transport
Radio Campaign(Promoting road safety on 15 SABC radio stations)
Print Media Campaign(advertorials on newspapers post festive season)

Road safety community programmes

In an effort to increase community participation in road safety issues, the Corporation implemented two (2) community programmes namely; the worker's and stray animals programme.

Training material for the traffic officer curriculum approved by the relevant independent quality assurer

The Corporation developed the training material for the NQF level 6 Traffic Officer Curriculum in the 2015/16 financial year as envisaged. This Qualification will be implemented in the 2016/17 APP where the first batch of new entrants' traffic officers will be admitted into the NQF 6 programme.

Road safety practitioner curriculum approved by the relevant DQP

The Corporation developed the Road Safety Practitioner Curriculum and submitted the qualification to the QCTO for evaluation. It is on the basis of this qualification that a professional stream of road safety practitioners will be developed in order to meet the objective of developing human resources that are involved in road traffic for both the public and private sectors.

State of Road Safety Reports

State of road safety reports are developed to inform decision making, planning, policies, and road safety strategies and most importantly to contribute to the Decade of Action by monitoring the reduction of the number of road crashes, injuries and fatalities. The Corporation published all seven (7) reports including reports from previous periods.

Databank Concept Document

A databank concept document outlining the process in the development of the databank was developed in collaboration with CSIR. The databank is meant to assist with road traffic data management within the sector. The aim is to create integrated information to identify and quantify road safety problems, design and implement evidence-based interventions with supporting monitoring and evaluations systems.

Programme 2: Law Enforcement

The RTMC needed to deliver against five performance indicators. KPI 14 was not achieved, and this resulted in 80% achievement of the programme's targets.

Table 24: National Law Enforcement Key Performance Indicators

No	Strategic objective	Actual Achievement 2014/15	Key Performance Indicator 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to Actual Achievement 2015/16	Comment on Deviation
Programme 2: Law Enforcement						
Strategic Objective 4 – Ensure compliance with traffic legislation through visible policing						
11	Number of vehicles stopped and checked by the National Traffic Police	1,355,948 vehicles stopped and checked in collaboration with other authorities	400 000 vehicles stopped and checked by the National Traffic Police.	477 295 vehicles stopped and checked by the National Traffic Police	Over-performance of 77 295 vehicles that were stopped and checked	The 3rd quarter consisted of the October Transport Month and the Festive season which included a holiday period. These activities increased both the traffic volumes and traffic activities, which resulted in increased traffic police visibility. Law enforcers focused on major inter-provincial corridors focusing mainly on major traffic and travel routes in all 9 provinces
12	Number of drunken driving operations conducted in collaboration with provinces	Not planned for 2014/15	12 drunken driving operations conducted in collaboration with provinces	103 drunken driving operations conducted in collaboration with provinces	Over-performed: 91 more drunken driving operations were conducted	Over-achievement was the result of the tactical decision to spread resources across provinces
13	Number of speed operations conducted in collaboration with provinces	Not planned for 2014/15	12 speed operations conducted in collaboration with provinces	48 speed operations conducted in collaboration with provinces	Over performed: 36 more speed operations were conducted	Over- achievement due to the tactical decision to spread resources across provinces
Strategic Objective 5 – Develop norms and standards for the traffic fraternity						
14	Develop, implement the NRTLEC	Not achieved	Submission of the NRTLEC to the Board for approval	Not achieved	Under-performed: NRTLEC was not submitted to the Board for approval	The Code will be subjected to the law enforcement review committee, which is yet to be established
15	Number of law enforcement Evaluation Reports on transversal indicators implemented by provinces	Not planned for 2014/15	4 Evaluation Reports on law enforcement transversal indicators implemented by provinces submitted to the Board	4 Evaluation Reports on law enforcement transversal indicators implemented by provinces submitted to the Board	N/A	N/A

Vehicles stopped and checked by the National Traffic Police (NTP)

The NTP is a specialised force intended to augment capacity across the nine provinces. The NTP focused on strategically led law enforcement interventions on major inter-provincial corridors with high traffic volumes and those classified as hazardous locations. That resulted in 477 295 vehicles stopped and checked against the target of 400 000.

Drunken driving operations conducted in collaboration with provinces

Drunken driving operations are operations conducted on public roads to detect impaired drivers as a result of alcohol consumption. The Corporation conducted hundred and three (103) drunken driving operations against a target of twelve (12). The over achievement was attributed to the tactical decision to spread resources across provinces and increase visibility in high incident zones.

Speed operations conducted in collaboration with provinces

Speed operations are conducted to monitor compliance with speed regulation at identified locations. The Corporation conducted forty eight (48) speed operations against a target of twelve (12). The over achievement was attributed to the tactical decision to spread resources across provinces and increase visibility in high incident zones

Submission of the NRTLEC to the Board for approval

The Corporation planned to develop the National Road Traffic Law Enforcement Code for the year under review; however the target was not achieved due to the change in approach in the finalisation of the Code. The Code will be subjected to the law enforcement review committee that was still to be established at the end of the 2015/16 financial year. The Committee will follow the same model as that used for the Defence review committee and its terms of reference will include norms and standards in traffic, this will have a direct bearing on the Code.

Law enforcement evaluation reports on transversal indicators implemented by province

In line with the Corporations mandate to ensure cooperative and coordinated strategic planning, regulation, facilitation in terms of traffic matters. In the 2015/16 financial year, four (4) evaluation reports on law enforcement transversal indicators were compiled and submitted to the board as planned. The findings of the reports are similar to those reported under the evaluation reports on road safety transversal indicators and relate to improved planning and reporting by authorities.



Programme 3: Traffic Intelligence and Security

Two indicators needed to be delivered against: 100% of the targets were achieved.

Table 25: Anti-Fraud and Corruption Key Performance Indicators

No	Strategic objective	Actual Achievement 2014/15	Key Performance Indicator 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to Actual Achievement 2015/16	Comment on Deviation
Programme 3: Traffic Intelligence and Security						
Strategic Objective 6 – Promote the prevention of fraud and corruption in the traffic fraternity						
16	% of corruption and fraud complaints investigated	100% 69 cases received and investigated	100% fraud and corruption complaints investigated	100% fraud and corruption complaints investigated	N/A	N/A
17	Number of anti-fraud and corruption awareness campaigns implemented	48 anti-fraud and corruption awareness programmes implemented	25 anti-fraud and corruption awareness programmes implemented	31 anti-fraud and corruption awareness programmes implemented	Over-performance of 6 anti-fraud and corruption campaigns implemented	The increased levels of corruption within the DLTCs and VTS resulted in the Corporation conducting more anti-fraud and corruption campaigns than anticipated

% of corruption and fraud complaints investigated

All corruption and fraud cases received are recorded, analysed and investigated. The Corporation received ninety (90) which were investigated. This led to the arrest of twenty-five (25) people for fraud and corruption practices.

Anti-fraud and corruption awareness campaigns implemented

Anti-fraud and corruption awareness campaigns are conducted in order to create awareness on fraud and corruption. The Corporation conducted thirty-one (31) awareness campaigns against a target of 25. The reason for over achievement is due to an increase in corruption at DLTCs and VTS.



Programme 4: Strategic Services

Three (3) indicators to be delivered against: 100% of the targets were achieved.

Table 26: Stakeholder Management Key Performance Indicators

No	Strategic objective	Actual Achievement 2014/15	Key Performance Indicator 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to Actual Achievement 2015/16	Comment on Deviation
Programme 4: Strategic Services						
Strategic Objective 7 – Establish and sustain relationships with private sector and interested groups on road safety matters						
18	Number of road safety programmes implemented in collaboration with the private sector	4 agreements formalised with the private sector stakeholders	6 road safety programmes implemented	8 road safety programmes implemented	Over-performance of 2 road safety programmes implemented	The continued high-levels of road crashes and deaths have intensified the Corporation's implementation of road safety programmes in collaboration with private sector
19	Number of CSR programmes implemented	5 CSR programmes implemented	8 CSR programmes implemented	8 CSR programmes implemented	N/A	N/A

Table 27: Research and Development Key Performance Indicators

No	Strategic objective	Actual Achievement 2014/15	Key Performance Indicator 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to Actual Achievement 2015/16	Comment on Deviation
Strategic Objective 8 – Invest in road safety research and development						
20	Number of Road Safety Research Reports published	2 road safety research published	2 Road Safety Research Reports published	2 Road Safety Research Reports published	N/A	N/A

Road safety programmes implemented in collaboration with the private sector

The implementation of programmes with the private sector entails the participation and collaborative programme implementation with interested groups within the sector. The value contribution of each of the partners are identified and agreed upon. The Corporation implemented eight (8) road safety programmes with the private sector. The continued high levels of road crashes and deaths have amplified the Corporation's implementation of road safety programmes in collaboration with private sector. These collaborations with private sector in implementation of road safety programmes include amongst others; Joyous Celebration, Maskandi, Mafikizolo Re-united Tour and Interfaith programme.

CSR programmes implemented

The Corporation recognises its responsibility as a corporate citizen towards its stakeholders and the communities within which it operates. The Corporation conducted eight (8) CSR programmes. The CSR programmes assist in the social and economic upliftment of the most vulnerable members of society.

Road safety research reports published

Effective research on road safety matters is an essential pre-requisite to better understanding of the road safety problem experienced by the country. Two (2) road safety research reports were published. The research reports focused on the following key areas:

Item	Description	Methodology	Key Findings
South African Road Assessment Programme (SARAP)	The research report was produced that describes the Mancam JSS and Mzomhle JSS road assessment project undertaken to assess road safety at the proposed scholar patrol sites.	The infrastructure-related risk assessment involved detailed surveys and coding of 50 road attributes at 100 metre intervals along the network and creation of Star Ratings, which provides a simple and objective measure showing the level of risk on the road network.	100% of the 18.6km of road surveyed is rated 3-stars (out of a possible 5-stars): <ul style="list-style-type: none"> 84% is rated 3-stars for vehicle occupants 16% is rated 2-Stars for pedestrians; 84% rated 3-stars for cyclists; and None of the road sections achieved a 4- or 5-star rating.
Distracted and Inattentive Driving	The Corporation commissioned a distracted and inattentive study to gain empirical evidence on the behaviour of drivers	Secondary research to determine: <ul style="list-style-type: none"> What constitutes normal driving in South Africa? Is it possible that driving distracted has become the norm rather than the exception? To determine the significance of this behaviour as an attribute of the general driver population, 	<ul style="list-style-type: none"> Drivers did engage in secondary activities while driving. However, the frequency and the extent to which they engaged differed. Passenger related distractions constituted the largest proportion of the total driving time. In other words, looking at, talking to or listening to a passenger was the activity that on average took the longest for all the drivers. Other secondary activities observed included using electronic devices, grooming, dining and person or object related distractions. Further research to be undertaken at a larger scale to determine the risk factors

Programme 5: Support Services

Five (5) indicators needed to be delivered against. Four (4) indicators were achieved, which resulted in 80% achievement. KPI 21 was not achieved.

Table 28: Financial Sustainability Key Performance Indicators

No	Strategic objective	Actual Achievement 2014/15	Key Performance Indicator 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to Actual Achievement 2015/16	Comment on Deviation
Programme 5: Support Services						
Strategic Objective 9 – Promote and source investment from private sector for road safety and traffic						
21	Develop and implement alternative funding model	Not achieved	3 Assessment Reports on the implemented funding model	Not achieved	Under-performed: 3 reports on the implemented funding model were not produced	The variance is due to the fact that the funding model was in draft form at the end of the financial year

Table 29: Human Resource Management Key Performance Indicators

No	Strategic objective	Actual Achievement 2014/15	Key Performance Indicator 2015/16	Actual Achievement 2015/16	Actual Achievement 2015/16	Comment on Deviation
Strategic Objective 10 – Create a conducive environment by inculcating a culture of learning and development						
22	% vacancy rate maintained	Not achieved	10% average vacancy rate maintained for all activated positions	7% average vacancy rate maintained for all activated positions	Over performed: 7% vacancy rate maintained, against the planned target of 10%	The Corporation embarked on a rigorous recruitment drive, which resulted in the appointment of 371 employees during the year under review
23	Percentage of performance agreements and assessments submitted on time	100%	100% of performance agreements and assessments submitted on time	100% of performance agreements and assessments submitted on time	N/A	N/A
24	Percentage of Workplace Skills Plan targets achieved	100%	80% of Workplace Skills Plan targets achieved	80% of Workplace Skills Plan target achieved	N/A	N/A

Table 30: Information Communication Technology Key Performance Indicators

No	Strategic objective	Actual Achievement 2014/15	Key Performance Indicator 2015/16	Actual Achievement 2015/16	Actual Achievement 2015/16	Comment on Deviation
Strategic Objective 11 – Develop and manage the ICT strategy, and invest in new technologies for road safety and traffic						
25	Number of Assessment Reports on the implementation of the ICT strategy	Not planned for 2014/15	4 Assessment Reports on the implemented ICT strategy	4 Assessment Reports on the implemented ICT strategy	N/A	N/A

Assessment reports on the implementation of the funding model

The target for the financial year was to develop three (3) assessment reports on the implementation of the funding model. The deliverable could not be implemented as the funding model was still in draft form at the time of reporting.

Percentage (%) of the vacancy rate achieved for all activated posts

The vacancy rate for the financial year under review was 7.2% in comparison to the target of 10%. The reason for over achievement is due to the Corporation embarking on a rigorous recruitment drive which resulted in the appointment of 371 employees for the financial year under review. A large number of employees were recruited for e-NaTIS and Law Enforcement.

Percentage (%) of performance agreements and assessments submitted on time

The performance agreements and performance assessments are tools to manage the performance of all employees in the corporation and are aligned to the overall audited organisational performance of the Corporation. All performance agreements and assessments were submitted on time as prescribed.

Percentage (%) of Workplace Skills Plan targets achieved

The plan for the financial year was to achieve 80% of workplace skills plan targets and the target was achieved. A total of 303 training opportunities were provided to 664 employees from the period 1 April 2015 – 31 March 2016.

Assessment reports on the implementation of the ICT strategy

During the 2015/16 financial year, the Corporation developed four (4) ICT assessment reports. The key recommendations from the reports include the up skilling of project management resources to be used in the management of approved projects as set out in the ICT strategy, IT governance improvements and accelerating buy in on IT projects within the Corporation.

5. Strategies to Address Areas of Under-Performance

Table 31: Key Performance Indicators Not Achieved

KPI No	Key Performance Indicator	Corrective Action
KPI 14	Submission of the NRTLEC to the Board for approval.	<p>The Code will be submitted to the Law Enforcement Review Committee, still to be established.</p> <p>The Committee will follow the same model used by the Defence Review Committee. Its terms of reference will include norms and standards in traffic, which have a direct bearing on the Code.</p>
KPI 21	Number of Assessment Reports on the implementation of the funding model.	Finalisation of the funding model.



6. Linking Performance With the Approved Budget

In an effort to create a more transparent and accountable organisation, reporting programmes is down-sized from seven to five to enable a more cohesive environment in which programmes with similar mandates operate in the same sphere.

6.1 Expenditure per programme

Continuous efforts to stabilise the RTMC were becoming more evident as the 2015/16 financial year progressed. History proved that the first and second quarter with regards to expenditure are normally slow, the year under review was no exception. However, as the Corporation approached the latter part of the year, elimination of backlogs and execute projects, was in full swing.

In light of the aforementioned, goods and services performed better than the previous year and a figure of R527million was spent in comparison with the R165million in 2014/15. The rise in expenditure was driven amongst others by the pending transfer of eNaTIS as resolved by the Shareholders Committee on the 6th of February 2015. Despite the pending legal matter between the National Department of Transport and the current service provider, Tasima, the Shareholders Committee, in an effort to safeguard the National Key Point, believe it to be prudent if certain payments was made to ensure continuity. Payments of R174million was made during the 2015/16 financial years to various service providers in favor of eNaTIS, also in an effort to ensure readiness, the Corporation recruited 126 skilled officials to operate the system.

The Corporation also heightened its visibility through more law enforcement operations in collaboration with provinces, marketing campaigns were vigorous through different media platforms, intensified road safety educational programmes.



The RTMC is set on a course to instill a high level of morality and professionalism in the traffic fraternity, to this end all traffic officers received refresher training. This training will be formalized into a professional qualification which will be for the duration of three years, as NQF level 6.

The accuracy of road traffic statistics was always a major point of contention and in an effort to eliminate the backlog, the RTMC recruited data capturers on contract for the purpose of releasing reliable road crash information.

The staff complement of the RTMC increased from 401 to 664 in the 2015/16 financial which resulted in an increase in the Compensation of Employees of R155million year-on-year.

Taking in consideration the intensified efforts to promote road safety in South Africa and establishing the RTMC as the leading agency in road safety as well as the cost related to the traffic information system, eNatis, the Corporation realised an overspent of R184million versus its allocated budget for 2015/16 financial year.

Expenditure per programme

Goods and services budget for 2015/16 accounted for 44% of the total budget as compared to 61% in 2014/15. Compensation for employees' accounted for 47% in 2015/16 compared to 26% in 2014/15. The increase in compensation was due to the appointment of e-NATIS employees in preparation for the eminent transfer of the system to the Corporation. As a result the Corporation overspent on the MTEF budget by 28% as compared to under spending of 40% in 2014/15.

Table 32: Expenditure per Programme

Programme/ activity/Objective	Budget Allocation 2015/16	Actual Expenditure 2015/16	Under/(Over) Expenditure	Budget Allocation 2014/15	Actual Expenditure 2014/15	Under/(Over) Expenditure
Operations	91 845 467	82 090 723	9 754 744	95 514 542	42 670 054	52 844 488
Law Enforcement	172 529 877	155 738 024	16 791 853	206 623 190	144 718 124	61 905 066
Traffic Intelligence and Security	12 736 684	9 712 573	3 024 111	9 271 756	6 268 895	3 002 862
Strategic Services	62 863 654	97 101 939	-34 238 285	76 043 563	42 915 615	33 127 948
Support Services	319 947 021	499 563 543	-179 616 522	237 526 948	135 986 423	101 540 525
Total Expenditure	659 922 702	844 206 802	-184 284 100	624 980 000	372 559 110	252 420 890

Expenditure per Economic Classification

Table 33: Expenditure per Economic Classification

Programme/activity/ Objective	2015/16		Under/(Over) Expenditure	2014/15		Under/(Over) Expenditure
	Budget Allocation	Actual Expenditure		Budget Allocation	Actual Expenditure	
Cost of Employees	307 329 754	306 086 665	1 243 089	161 458 000	151 302 124	10 155 876
Goods & Services	289 690 634	527 131 858	-237 441 224	382 371 000	165 490 742	216 880 258
Capital Expenditure	62 902 314	10 988 279	51 914 035	81 151 000	55 766 244	25 384 756
Total Expenditure	659 922 702	844 206 802	-184 284 100	624 980 000	372 559 110	252 420 890

Expenditure per Programme per Economic Classification

Goods and services budget for 2015/16 accounted for 44% of the total budget as compared to 61% in 2014/15. Compensation for employees' accounted for 47% in 2015/16 compared to 26% in 2014/15. The increase in compensation was due to the appointment of e-NATIS employees in preparation for the eminent transfer of the system to the Corporation. As a result the Corporation overspent on the MTEF budget by 28% as compared to underspending of 40% in 2014/15.

Table 34: Expenditure per Programme per Economic Classification

Programme/ activity/Objective	Budget Allocation 2015/16	Actual Expenditure 2015/16	Under/(Over) Expenditure	Budget Allocation 2014/15	Actual Expenditure 2014/15	Under/(Over) Expenditure
Operations	91 845 467	82 090 723	9 754 744	95 514 542	42 670 054	52 844 488
Cost of Employees	35 919 527	30 470 183	5 449 344	27 385 915	24 498 135	2 887 780
Goods & Services	55 925 940	51 620 540	4 305 400	68 128 627	18 171 919	49 956 708
Capital Expenditure	-	-	-	-	-	-
Law Enforcement	172 529 877	155 738 024	16 791 853	206 623 190	144 718 124	61 905 066
Cost of Employees	117 551 483	105 855 850	11 695 633	83 239 090	69 002 806	14 236 284
Goods & Services	54 978 394	49 882 174	5 096 220	64 834 099	23 196 682	41 637 417
Capital Expenditure	-	-	-	58 550 000	52 518 635	6 031 365
Traffic Intelligence and Security	12 736 684	9 712 573	3 024 111	9 271 756	6 268 895	3 002 862
Cost of Employees	10 584 677	8 581 991	2 002 686	4 954 856	5 819 514	-864 658
Goods & Services	2 152 006	1 130 582	1 021 424	4 316 900	449 381	3 867 519
Capital Expenditure	-	-	-	-	-	-
Strategic Services	62 863 654	97 101 939	-34 238 285	76 043 563	42 915 615	33 127 948
Cost of Employees	13 102 218	32 374 575	-19 272 357	10 188 770	17 751 737	-7 562 967
Goods & Services	49 761 435	64 727 364	-14 965 929	65 854 793	25 163 878	40 690 915
Capital Expenditure	-	-	-	-	-	-
Support Services	319 947 021	499 563 543	-179 616 522	237 526 948	135 986 423	101 540 525
Cost of Employees	131 634 726	128 804 066	2 830 660	35 689 367	34 229 932	1 459 436
Goods & Services	114 013 411	359 771 198	-245 757 787	179 236 581	98 508 882	80 727 699
Capital Expenditure	74 298 885	10 988 279	63 310 606	22 601 000	3 247 609	19 353 391
Total Expenditure	659 922 702	844 206 802	-184 284 100	624 980 000	372 559 110	252 420 890

7. Revenue Collection

Revenue streams

The Corporation derived its revenue from:

- Grant Income from National Department of Transport;
- Transaction fees from licences;
- Infringement fees from fines issued; and
- Interest received from investments (Call account and Investment account at the Reserve Bank).

The RTMC collected 5,7% more revenue than the budgeted amount for the 4th quarter. Over-collection can be attributed to interest received from the funds held in a CPD account with the Reserve Bank. As at 31 March 2016, R640 million revenue was collected; this is R20 million or 3% below the expected budget. Under-collection was due to poor collection of transaction fees by provinces.

R454 million was budgeted for transaction fees; however, an amount of R419 million was collected. Interest received amounted to R25 million. During the 2014/15 R20 million in interest accrued. [Table 35](#) provides more information.

Table 35: Sources of Revenue

Source of Revenue	2015/16			2014/15		
	Estimate	Actual Amount Collected	Over/ (Under) Collection	Estimate	Actual Amount Collected	Over/ (Under) Collection
Grant Income	184 104 000	184 104 000	-	176 008 000	176 008 000	-
Transaction fees	454 149 589	419 844 264	-34 305 325	428 452 000	419 458 236	-8 993 764
AARTO Infringements	2 154 240	10 106 018	7 951 778	2 040 000	12 580 245	10 540 245
Finance Revenue	19 514 880	25 465 593	5 950 713	18 480 000	20 009 686	1 529 686
Other income	-	67 414	67 414	-	1 977 862	1 977 862
Total revenue collected	659 922 709	639 587 288	-20 335 421	624 980 000	630 034 029	5 054 029

Table 36: Fourth Quarter Revenue Performance

Revenue	2015/16 Budget - Q4	2015/16 Actual - Q4	2014/15 Budget - Q4	2014/15 Actual - Q4	YTD Budget Revenue - Apr to Mar 2016	YTD Actual Revenue - Apr to Mar 2016
Grant Allocation	46 026 000	46 026 000	44 002 000	44 002 000	184 104 000	184 104 000
Transaction fees	113 537 398	110 592 621	107 113 003	110 714 580	454 149 589	419 844 264
Sundry Income	-	51 842	-	1 723 835	-	67 414
Administration Fee (AARTO)	538 560	-714 672	510 000	10 558 426	2 154 240	10 106 018
Interest Received	4 878 720	10 345 979	4 620 000	4 467 537	19 514 880	25 465 593
Total Revenue	164 980 678	166 301 771	156 245 003	171 466 378	659 922 709	639 587 288

Reason for Under-Collection

Transaction fees are derived from licence registration fees for all vehicles on South African roads. Licence fees are collected from all nine provinces at R36 per licence. During the 2014/15 financial year, the Corporation applied to have the transaction fees increased to R42. The Minister of Transport and the Minister of Finance need to approve the application.

The Board is addressing under-collection of revenue. The Corporation has developed a draft funding model, which proposes a number of revenue streams. An implementation plan will be developed in the 2016/17 financial year.

Measures taken

During the financial year under review, the Board approved the opening of an investment account at the Reserve Bank (CPD - Central Public Deposit). A draft Funding Model for the RTMC was developed by year end which proposes a number of possible revenue streams. An implementation plan is to be embarked on during 2016/17.

8. Capital Investment Finance

The RTMC does not have an infrastructure budget and does not maintain any buildings.

Part C:

Governance

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C. The Airbag

Implemented: The technology was introduced by various automobile manufacturers from the early **1970s**.

Purpose: Designed as a secondary restraint safety system, the airbag provides the occupants a soft cushioning and restraint during a crash event to prevent any large forces between the occupant and the interior of the vehicle. The invention is credited independently to the German engineer Walter Linderer, and to the American John W. Hetrick.

1. Corporate Governance

The RTMC subscribes to the principles contained in the King III Report on Corporate Governance for South Africa and the Protocol on Corporate Governance in the Public Sector.

The RTMC's policies and strategies are constantly evolving to meet the Corporation's changing needs. A number of innovations were introduced during the period to strengthen corporate governance. Measures include the development of a Performance Management Policy, a Strategic Risk Register and a Risk Mitigation Plan.

A Risk Management Workshop identified the following risks: legislative limitations, inadequate human capital skills within the Road Traffic fraternity, stakeholder management, fraud and corruption, business continuity and lack of impact analysis of implemented road safety and law enforcement programmes.




Governance of ethics was strengthened during the period. The Board, through the Social & Ethics Committee, focused on the implementation of Social Investment Projects, Employee Health & Safety, Broad-Based Black Economic Empowerment and trend analysis for disciplinary matters involving unethical behaviour.

2. Levels of Governance and Accountability

The RTMC reports to the National Assembly and National Council of Provinces (NCOP) committees.

Figure 7 depicts the various levels of governance that apply to the RTMC.

Figure 7: Levels of Governance

LEGISLATURE	EXECUTIVE AUTHORITY	ACCOUNTING AUTHORITY
<ul style="list-style-type: none"> National Assembly National Council of Provinces Provincial Legislature SALGA 	<ul style="list-style-type: none"> Shareholders' Committee 	<ul style="list-style-type: none"> RTMC Board
		

The governance structure of the RTMC is as follows:

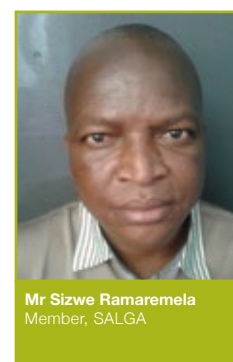
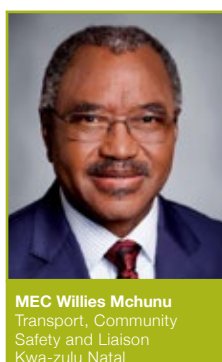
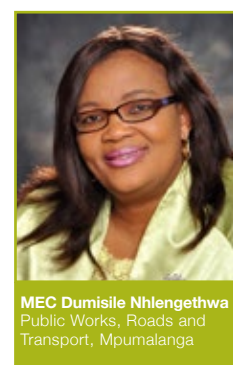
- The Shareholders Committee;
- The Board of Directors;
- Audit and Risk Committee;
- Strategy, Monitoring and Evaluation Committee;
- Social and Ethics Committee;
- Remuneration Committee; and
- Executive Committee.

3. Shareholders Committee

The Shareholders Committee is the RTMC's highest decision-making structure. The Board is accountable to the Shareholders Committee. [Table 37](#) provides more information about Shareholders Committee members.

The RTMC's Shareholders Committee is comprised of Minister, MECs, and two (2) SALGA representatives.

Table 37: Shareholders Committee Members



4. The Board











Composition

The RTMC's Board comprises an independent non-executive chairman, seven (7) independent non-executive directors, one shareholder representative and the Chief Executive Officer.

In keeping with good corporate governance practices and King III recommendations, the roles of chairman and chief executive officer are separate. While the chairman's role is to lead the Board, the chief executive officer is responsible for managing day-to-day activities.

The Board's capacity was strengthened with the appointment of two additional Board members, Ms D Ewertse and Mr T Kgomo. [Table 38](#) provides more information.

Table 38: Board Members

 <p>Mr Zola Majavu BA (Law), LLB Higher Diploma in Company Law Certificate in Sports Law Attorney of High Court of SA Date of appointment: 1 December 2013</p>	 <p>Mr Sam Ledwaba B. Juris, LLB; Attorney of High Court of SA Date of appointment: 1 December 2013</p>	 <p>Ms Tembeka Mdlulwa B. Juris, LLB; Attorney of High Court of SA Date of appointment: 1 December 2013</p>	 <p>Mr Paul Browning Fellow, Chartered Institute of Transport and Logistics SA Date of appointment: 1 December 2013</p>
 <p>Ms Pinkie Mathabathe B Tech Policing Diploma in Police Management Certificate in Community Policing and Human Rights Certificate in Police Management Diploma in Practical Accounting Date of appointment: 1 December 2013</p>	 <p>Mr Rowan Nicholls B.Com Fellow of Institute of Directors Certified Internal Auditor Chartered Accountant (SA) Registered Accountant and Auditor Date of appointment: 1 December 2013</p>	 <p>Mr John Motsatsing B Proc, Transport Management Diploma Date of appointment: 18 March 2014</p>	 <p>Ms Daphne Ewertse Bachelor of Accounting Science Honours Bachelor of Accounting Science Postgraduate Diploma in Auditing Date of Appointment: 1 December 2015</p>
 <p>Mr Thulani Kgomo B Proc Attorney of the High Court Date of appointment: 1 December 2015</p>	 <p>Adv Makhosini Msibi B Juris, LLB Advocate of the High Court Date of appointment: 1 January 2014</p>		

The Board's Role

The Board continues to provide strategic guidance for the formulation of the RTMC's strategies and plans.

During the period under review, the Board executed its responsibilities in accordance with the Board Charter. Board Responsibilities included:

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

Board meetings

During the 2015/2016 financial year, the Corporation held nine Board meetings, including four (4) special Board meetings. [Table 39](#) provides more information.

Table 39: Board Meeting Attendance

Board of Directors and Attendance of Meetings									
Board Member	25/05/15	12/08/15	10/09/15	28/10/15	13/11/15	07/12/15	29/01/16	15/03/16	23/03/16
Mr Zola Majavu (Chairman)	P	P	P	P	P	P	P	P	P
Adv Makhosini Msibi (CEO)	P	P	P	P	P	P	P	P	P
Ms Pinkie Mathabathe	P	P	P	P	A	P	P	P	P
Mr Paul Browning	P	P	P	P	P	P	P	P	P
Mr Sam Ledwaba	P	P	P	P	P	P	P	P	P
Ms Tembeka Mdlulwa	P	P	A	P	P	P	A	A	P
Mr Rowan Nicholls	P	P	A	A	A	P	P	P	A
Mr John Motsatsing	P	P	A	A	A	P	P	P	A
Ms Daphline Ewertse	*	*	*	*	*	P	P	P	A
Mr Thulani Kgomo	*	*	*	*	*	P	P	P	P

Key:

P - Present

A - Absent with apology

*Appointed on 1/12/2015

5. Board Committees

Audit and Risk Committee

The Audit & Risk Committee consists of two independent non-executive directors, appointed by the Board, and three independent members, appointed by the Shareholders Committee. The Audit & Risk Committee executed its responsibilities in line with the approved Terms of Reference, which include:

- Ensuring the integrity of integrated reports, including the accuracy of financial statements;
- Overseeing the implementation of the Integrated Risk Management Framework and Fraud Prevention Plan;
- Overseeing the Internal Audit;
- Ensuring the effectiveness of internal control systems; and
- Overseeing the governance of information technology

Table 40 provides more information.

Table 40: Audit Committee Members

Member	Date of appointment
Ms Zandile Kabini	19 September 2014
Mr Rowan Nicholls	26 February 2014
Ms Nomusa Mufamadi	19 September 2014
Dr Cleopas Sanangura	19 September 2014
Ms Daphline Ewertse	29 January 2016

Table 41 provides more information about meeting attendance.

Table 41: Audit and Risk Committee Meeting Attendance

Audit and Risk Members and Attendance of Meetings					
Members	4/05/15	23/05/15	27/07/15	20/10/15	26/01/16
Ms Nomusa Mufamadi	P	P	A	P	P
Mr Rowan Nicholls	P	P	P	P	P
Ms Zandile Kabini	P	P	P	A	P
Dr Cleopas Sanangura (Chairman)	P	P	P	P	P
Ms Daphline Ewertse	*	*	*	*	*

Key:

P - Present

A - Absent with apology

* Appointed on 1/12/2015

Strategy Monitoring and Evaluation Committee

The Strategy Monitoring and Evaluation Committee comprises five independent non-executive directors, a shareholder representative and the chief executive officer. During the period under review, the Committee exercised its responsibilities in line with the approved terms of reference, which includes assisting the Board in:

- Developing a long-term strategy that is aligned to the legislative mandate;
- Developing an annual performance plan and key performance indicators;
- Monitoring the implementation of the long-term strategy and annual performance plan; and
- Ensuring the preparation of and reviewing the annual performance report.

Table 42 provides information about Strategy Monitoring & Evaluation Committee members.

Table 42: Strategy Monitoring and Evaluation Committee Members

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

Table 43 provides more information about meeting attendance.

Table 43: Strategy Monitoring and Evaluation Committee Meeting Attendance

Strategy Monitoring and Evaluation Meeting Attendance							
Members	06/05/15	21/07/15	21/09/15	23/10/15	03/12/15	25/01/16	15/03/16
Adv Makhosini Msibi (CEO)	P	P	P	P	P	P	P
Ms Tembeka Mdlulwa	P	P	P	P	P	P	P
Mr Sam Ledwaba (Chairman)	P	P	P	P	P	P	P
Ms Pinkie Mathabathe	P	A	P	P	P	A	P
Mr Paul Browning	P	P	P	P	P	P	P
Mr John Motsatsing	A	A	P	A	A	A	P
Mr Zola Majavu	A	P#	P#	P#	P#	P#	P#
Mr Thulani Kgomo	*	*	*	*	*	*	P

Key:

By invitation

P - Present

A - Absent with apology

* Appointed on 1/12/2015

Social and Ethics Committee

The Social & Ethics Committee consists of five independent non-executive directors and the chief executive officer. The Committee exercised its responsibilities in accordance with its approved Terms of Reference, which include:

- Monitoring the RTMC's activities relating to social and economic development;
- Ensuring that adequate internal controls are in place to detect and prevent fraud, bribery and other corrupt activities;
- Monitoring the implementation and adherence of the Code of Ethics;
- Overseeing the implementation of Corporate Social Responsibility projects;
- Developing and monitoring the implementation of the Ethics Risk and Opportunity Profile; and
- Ensuring the RTMC has effective disclosure of interest system.
- Ensuring the preparation of and reviewing the annual performance report.

Table 44 provides more information about committee members.

Table 44: Social and Ethics Committee members:

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

Table 45 provides more information about meeting attendance.

Table 45: Social and Ethics Committee Meeting Attendance

Social and Ethics Committee Attendance of Meetings				
Members	4/05/15	27/07/15	20/10/15	26/01/16
Adv Makhosini Msibi (CEO)	P	P	P	P
Mr Paul Browning	P	P	P	P
Ms Pinkie Mathabathe	P	A	P	P
Mr Rowan Nicholls (Chairman)	P	P	P	P
Mr Thulani Kgomo	-	-	-	*

Key:

R - Resigned

P - Present

A - Absent with apology*

Appointed on 1/12/2015

Remuneration Committee

The Remuneration Committee comprises four independent non-executive directors and the chief executive officer. The Committee executed its responsibilities in line with approved Terms of Reference, which include:

- Assisting the Board with developing and implementing a succession plan for executive managers;
- Reviewing the executive management structure and recommending any changes to the Board;
- Assisting the Board with developing and monitoring the implementation of human resources related policies;
- Assisting the Board with the development and implementation of performance measurement criteria; and
- Ensuring that executive managers are fairly, but responsibly, rewarded for their individual contribution to the achievement of RTMC objectives.

Table 46 provides more information.

Table 46: Remuneration Committee Members

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

Table 47 provides more information about meeting attendance.

Table 47: Remuneration Committee Meeting Attendance

Remuneration Committee Meeting Attendance				
Members	06/05/15	21/07/15	23/10/15	25/01/16
Ms T Mdlulwa (Chairperson)	P	P	P	P
Mr S Ledwaba	P	P	P	P
Adv M Msibi	P	P	P	P
Mr Zola Majavu	A	P#	P#	P#
Ms Daphline Ewertse	-	-	-	-

Key:

- By invitation

P - Present

A - Absent with apology



RTMC's Board members



6.National Road Safety Advisory Council

The National Road Safety Advisory Council was established in line with the resolution of the National Road Safety Summit held in 2013. The Council comprise of nineteen members of varying expertise and of relevance to Road Safety and Road Traffic Law Enforcement. During the period under review the Council exercised its responsibilities in line with the approved Terms of Reference, which includes:

- Providing independent technical advisory service on road safety matters to the Minister
- Advising on policy gaps and needs, engineering, public education, enforcement and community engagements measures to deliver safer roads, safer travel speeds, safer vehicles and safer drivers.
- Advising on research-based solutions to road safety issues
- Advising on measures to improve the safety of roads and to reduce the deaths of people, the injuries to people, and the damage to property, resulting from crashes occurring on roads;

Table 48: National Road Safety Advisory Council Members

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

Table 49: National Road Safety Advisory Council Meeting Attendance

Members	30/07/15	15-16/9/15	12-13/10/15	13-15/11/15	26/01/16	8/03/16
Mr Herbert Vusumuzi Ngcaphalala	P	P	P	P	P	P
Mr. Ismail Amod	P	P	P	P	P	P
Mr Eric Mafuyeka	P	P	P	P	P	P
Mrs Paulina Ntebo Ramusi	P	P	P	P	P	P
Mr Jan Coetzee	P	P	P	A	P	P
Ms. Nomaswazi Faith Lingwati	P	P	P	P	P	P
Ms. Innocentia Itumeleng Motau	P	P	P	P	P	P
Ms. Pumza Tuswa	P	P	P	P	P	P
Mr. Ronnie Maswanganyi	A	A	A	A	P	P
Ms Maria Mankwana Raoleka	P	P	P	P	P	P
Mr Themba Baloyi	A	P	P	A	P	P
Mr Eckart F Kruger	P	P	P	A	P	A
Mr Vernon Billet	P	A	A	P	P	A
Mr Skhumbuzo Mpanza	P	P	P	A	P	A
Mr John Mabida	P	P	P	A	P	P
Prof M Sinclair	P	P	P	P	P	A
Prof Roger Behrens	P	A	P	A	P	P



7. Risk Management

Approach

The Board is accountable for risk management. It has, however, delegated responsibility to the Risk and Audit Committee (ARC). The ARC performs an oversight function over the adequacy of adopted risk management strategies and internal controls. Executive management is also responsible for managing risk in their respective areas of responsibility.

Strategic Risks

Eight strategic risks have been identified. These are risks, which if not managed properly, may result in the RTMC failing to deliver against its mandate. [Table 50](#) provides more information.

Table 50: Strategic Risks

Risk No	Risk name	Risk description	Current business processes/ controls in place to manage identified risks
1	Legislative environment impedes the RTMC's ability to achieve its objectives.	Difficulty in realising the RTMC objectives due to non-alignment of rules and regulations (Laws).	Continuously engage relevant parties in pursuing legislative reviews.
2	Inadequate human capital skills within the fraternity.	Standardisation of curriculum to ensure appropriate and relevant standards. Consistency in law enforcement.	Set training standards for the fraternity by developing training curriculum and ensuring compliance.
3	Lack of stakeholder coordination in order to achieve the mandate of RTMC	Maximisation of stakeholder participation i.e. engagement of different stakeholders/institutions that the RTMC needs to co-ordinate and deliver on its mandate.	Developing and implementing a stakeholder engagement strategy that based on the recognition that the RTMC mandate is dependent on collaboration with multiple stakeholders
4	Fraud and corruption.	The RTMC operates in an environment that is prone to fraud and corruption perpetuated by traffic officials, the public and internal RTMC staff.	Develop and implement a fraud/ corruption prevention plan aimed at identified high-risk areas.
5	Lack of business continuity.	Capability to continue delivery of services at acceptable predefined levels, following a disruptive event.	Develop a risk-based business continuity plan.
6	Unquantified impact analysis of programmes.	Analysis and evaluation of the level of success brought by programmes implemented to reduce the number of crashes on our roads.	Internal and external oversight committees, including capacitating our monitoring and evaluation capability.
7	Ineffective and inadequate information systems.	RTMC depends on fragmented systems to support and enable business to achieve its objectives. Innovation is key to driving goal achievement.	Alignment of the system architecture with RTMC objectives, including improved IT governance.
8	The risk that the RTMC will not be financially sustainable.	Need for the Corporation to identify alternative revenue generation streams, assess these and develop a funding model that leads to financial sustainability.	Develop and implement and alternative funding model.

Operational risks

Operational risks consist of risks which business units confront on a daily basis. The Corporation's Risk Management Unit plays an important role in managing these risks. It provides expert knowledge for the periodic identification, measuring and management of these risks, within the context of empowering line managers. Line managers are the first line of defence in the RTMC's combined assurance model. They have been equipped with policies, procedures and internal controls.

8. IT Governance

Audit and Risk Committee

The RTMC established an IT Steering Committee (ITSC) to strengthen governance and support those charged with governance oversight over IT activities. Those charged with governance include the Board (and its relevant committees), the Chief Executive Officer and the Executive Committee. ITSC responsibilities include *inter alia*:

- Provision of strategic leadership through which IT strategic goals are aligned with business objectives;
- Assessment of both strategic and operational risks of the RTMC associated with IT and provide due inputs on organisational IT Strategy; and
- Monitor and bring to relevant committees, business divisions and departments innovative technology trends that could enhance RTMC's performance.

9. Internal Audit

Audit and Risk Committee

The Internal Audit Unit is an independent function, which reports to the Board through the Audit Committee. The Committee approves the Internal Audit Plan and monitors its performance through quarterly reporting.

Internal Audit's primary function is to provide reasonable assurance regarding the adequacy and effectiveness of internal controls, governance and performance against strategic objectives. The Internal Audit function maintains a risk-based audit approach, in line with the International Standards for the Professional Practice of Internal Auditing.

During the 2015/16 financial year, the unit focused on the following:

- Audit of Information Systems and IT control environment;
- Audit of key operations/mandated operational activities;
- Audit of Financial and Performance information.

The audit function monitors control deficiencies in an attempt to reduce risk to an acceptable level. The Internal Audit team brought control deficiencies to management's attention for corrective action. The audit function also provides independent advisory services to all RTMC business units, where practical.

10. Fraud and Corruption

The governance of ethics improved during the period. The Board, through the Social and Ethics Committee, focused on anti-fraud and corruption awareness campaigns and fraud and corruption investigations, led by the Corporation's National Traffic Anti-Corruption Unit. During the 2016/17 financial year, the Board will develop and implement the National Anti-corruption Strategy to reduce the fraud and corruption within the road traffic fraternity.

11. Managing Conflict of Interest

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

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

12. Health, Safety and Environmental Issues

The RTMC seeks to ensure as far as it is reasonably possible, the health and safety of all employees in the workplace, as well as that of people conducting business on its premises.

The Corporation complies with the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993). To ensure compliance, the Corporation displays a policy statement signed by the CEO. During the period, the RTMC submitted the return of earnings to the Compensation Commissioner. The Corporation was issued with a letter of good standing. The RTMC has established a Health and Safety Committee to monitor employees and their work environment.

13. Company Secretary

The Board has appointed a Company Secretary; all Board members have access to his advice and services. The Company Secretary is responsible for ensuring compliance with procedures, applicable laws and effective administration of Board affairs, and ensuring the Board's efficient and effective functioning through the timely distribution of information. The Company Secretary is also responsible for training Board members and inducting new Board members.

14. Audit and Risk Committee Report

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



Dr C Sanangura

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

Internal Control and Risk Management

The effectiveness of the internal control systems:

- The risk areas that could inhibit the achievement of strategic objectives;
- The effectiveness of the system and process of risk management and;
- ICT governance resulting in the procurement of the Enterprise Resource Planning System.

Financial Information and Finance Function

- The adequacy, reliability and accuracy of financial information provided by management and other users of such information; and
- The experience, expertise and resources of the finance function and the Internal Audit function which resulted in the appointment of two senior managers.

Internal Audit and External Audit

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

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

- The internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the financial statements and that accountability for assets and liabilities is maintained;
- With the appointment of new staff that occurred during the period under review, the expertise, resources and experience of the finance function are adequate;
- The system and process of risk management is adequate, more so with the establishment of the risk management function which will be fully operational in 2015/16 financial year;
- The Committee approved the Internal Audit Charter and it is satisfied that the internal audit performed its duties in accordance with the approved Internal Audit Plan; and
- The Committee is satisfied with the Auditor-General's independence and objectivity.

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

Dr C Sanangura

Audit & Risk Committee Chairman

Part D:

Corporate Social Responsibility

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D. Seat belt

Implemented: The three-point lap seatbelt was introduced in the late **1950s** as a standard equipment on a motor vehicle

Purpose: First invented by an English engineer George Cayley, the first patent was granted to Claghorn of New York. Seat belts are designed to retain people in their seats, and so prevent or reduce injuries suffered in a crash.

1. Introduction

The Road Traffic Management Corporation plays an important role in the economic and social transformation of its stakeholders and in the communities in which it operates, in line with good corporate governance prescripts and the good governance posture adopted by the Corporation in its strategic orientation. Innovative and impactful social investment means that the Corporation is constantly seeking new avenues of increasing its footprint in reaching South Africa's disadvantaged communities. To ascertain that the focus and approach towards CSR is undeviating, it is important to have an appreciation of the South African social dynamics as articulated in the National Development Plan (NDP) and Medium Term Strategic Framework (MTSF) amongst other national policies of Government.

CSR incorporates projects that enhance the caring image of the Corporation to its stakeholders and communities in which it operates and to build good relations. The CSR programmes aims to contribute to government's poverty eradication programmes, the economic and social environment to ensure sustainability and the survival of society by responding to the triple challenges of unemployment, poverty and inequality. The Corporation collaborates with relevant partners such as the Departments of Basic Education and Social Development in the execution of CSR projects.

RTMC's CSR initiatives and programmes have a strong focus on the following beneficiaries:

- Vulnerable children;
- Orphans;
- Youth;
- Rural, semi urban & previously disadvantaged communities; and
- Pensioners.

Figure 6: Strategic Outcome-Oriented Goals

Education and Training	Job Creation	Public Health, Community Development and Support	Environmental Conservation	Arts, Culture and Sport
<ul style="list-style-type: none"> • Road safety related skills development • Engineering, Maths and Science skills development • Improvement of skills levels in communities • School building and equipping • Community outreach programs • School/learning support material 	<ul style="list-style-type: none"> • Support of SMME's that do not form part of Corporations procurement processes • Support of new entrepreneur's development • Sustainable self help community projects 	<ul style="list-style-type: none"> • Medical, primary health care • Welfare projects • Community aids awareness programs • Support for security and public safety programs • Leadership development 	<ul style="list-style-type: none"> • Environmental awareness projects • Support of conservation initiatives and programs • Involvement in disaster relief programs 	<ul style="list-style-type: none"> • Support of developmental programs • Training of new arts and sporting talents • Development of historically disadvantaged individuals or teams • Promotion of all aspects of South African culture

2. Projects

The Corporation conducted eight (8) CSR programmes during the year under review:

Anti-Xenophobic Social Welfare Project

On the 22nd of April 2015, the Corporation joined the country in the campaign against xenophobic attacks on non-South African citizens residing in South Africa. The Corporation supported the victims of the violence by donating toiletries, baby diapers, soccer balls, water, tea and sugar to the Germiston Refugee Camp.

Winter-Warmer Drive

The RTMC donated three hundred (300) blankets to the vulnerable senior citizens in Galeshewe, Kimberley. The event took place at Tetlanyo High School on the 10th of May 2015. The Honourable Minister of Transport, Dipuo Peters addressed the beneficiaries at the hand over event.



International Nelson Mandela Day Corporate Social Investment Project

The RTMC hosted its International Mandela Day CSR on the 7th of August 2015. The project focused on youth-headed households in the informal settlements in Diepsloot. The Corporation donated grocery packs, blankets, cleaning items, toiletries and appliances to six (6) families, left homeless when their homes burnt down.

Free Eye Testing and Spectacles Corporate Social Investment Project

The Corporation, in partnership with Nissan South Africa, hosted a "Free Eye Testing and Spectacles" Corporate Social Investment Project in rural Lulekani, MatiloXhilaya Village in Phalaborwa place on the 30th of September 2015. Eighty-five (85) learners from Grade 11 and Grade 12 benefitted and ten (10) learners, who were confirmed to be visually impaired were given spectacles.



Child Headed Households Educare Project

The Corporation in partnership with Department of Transport hosted a Child Headed Households Educare Project in Mpumalanga, Volksrust on the 18th of December 2015. The project benefitted hundred (100) vulnerable child-headed-households, whose parents and guardians were victims of road fatalities. The Corporation donated grocery packs and school shoes.

Festive Season Grocery Packs Project

The Corporation in partnership with the Eastern Cape Department of Safety and Liaison, hosted a CSR project themed the "Christmas Grocery Packs Project", in the Mbashe Community of Willowvale on the 21st of December 2015. The project benefitted families that were affected by road crashes in the area during the weekend of 29 August 2015. One hundred (100) households in Willowvale and Queenstown benefitted.

School Shoes Corporate Social Investment Project

On the 18th March 2016, the Corporation embarked on a drive to supply school shoes to learners from disadvantaged communities in the rural Mahlatjane Villaye, Limpopo. The majority of the two-hundred (200) learners who benefitted from are from households that depend on the government social grants.



Child Headed Households Corporate Social Investment Project

The Corporation, together with the Department of Transport hosted the child and youth-headed-household project, which focused on children and youth from child and youth-headed-households in the rural Nquthu, Kwa-Zulu Natal. The handover took place on 4th March 2016 and assisted vulnerable learners with lunch food packs.

Part E:

Human Resource Management

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E. Baby Chair

- Implemented:** The first child car seat were invented in **1921**.
- Purpose:** This invention aims to protect a child from serious injury or death during a collision, which was not the case in the 1930s (where the objective was to raise the height of the child in the passenger vehicle). In 1978, Tennessee became the first American State to require child safety seat use.

1. Introduction

HR Overview

Human Resources provides the core business with support by managing talent strategically. Its primary responsibility is ensuring that the RTMC is well-capacitated with scarce and critical skills, attracts the best talent, has the requisite skills and competencies for delivering against the Corporation's mandate.

HR Priorities and the Impact Thereof

A priority during the period was to develop an HR Strategy, this has been achieved and will assist the RTMC in ensuring that organisation has the requisite skills and is able to attract the best skills.

Another priority was to recruit key skills that the Corporation needed. HR undertook a rigorous recruitment drive for eNatis and Law Enforcement; this resulted in the appointment of 371 employees and 108 resignations during the period. The Corporation recruited 120 skilled officials for eNaTIS; it also recruited data capturers to eliminate the road traffic information backlog.

The staff complement increased from 401 to 664, and employee compensation increased by R155 million.

Workforce Planning Framework and Strategies to Attract and Recruit a Skilled and Capable Workforce

The RTMC achieved its target of meeting 80% of its Workplace Skills Plan targets. A total of 303 training opportunities were provided to 664 employees. R5.5 million was spent on training; this represents 2% of the total personnel budget. HR submitted the Work Skills Plan (WSP) and Annual Training Report before the due date of 31 March.

The RTMC is committed to training and developing employees through internships, learnerships, bursaries, mentorship and coaching, seminars and the registration of employees with professional bodies for certain categories of professions.

One of the highlights during the period was the up-skilling training programme for the National Traffic Police; 88 National traffic officers graduated.

Employee Performance Management Framework

A Performance Management Framework is in place, to manage high performance and poor performance. HR conducted formal performance reviews in September and March.

Employee Health and Wellness Programme

A comprehensive Health and Wellness Programme is in place, which encourages employees to choose healthier, more balanced lifestyles. The programme has been devised to enhance workplace productivity, while at the same time valuing employees emotional well-being.

The programme provides screening including screening for HIV status; it also provides counselling and health-related advice. Employees are also encouraged to perform physical exercises.

The Corporation's newsletter is an important vehicle for communicating with staff on a monthly basis. The newsletter included educational articles on health and safety.

Social Activities

The Employee Health and Wellness Programme is aligned to Youth Month, Mandela Day, Women's Day and World AIDS Day. The Corporation held a Women's Day event on 24th August 2015. Guest speaker, Ms Gugu Ndimas address focussed on economic freedom, equity in the workplace and violence against women and children.

World AIDS Day and Month were used to reflect on the HIV/AIDS pandemic and spread the message about the impact of stigma and discrimination on those affected. Industrial theatre was used to convey the challenges experienced by those affected and infected with HIV/AIDS both at work and at home.

Netball, soccer, and volleyball codes were established and a Sports Day was held at Baviaanspoort Correctional Centre on the 12th June 2015. Virgin Active partnered with the RTMC and encouraged all employees to participate in aerobic sessions.

The choir participates in RTMC functions and joint events. One of the highlights was the choir's partnership with Ekurhuleni, where they formed a mass choir for the RTMC's Wreath Laying Ceremony on the 26th of November 2015, to honour traffic officers who died in the line of duty.

Policy Development

The RTMC reviewed its human resource-related policies through a consultation process, with a range of stakeholders including POPCRU and NEHAWU. One of the highlights, was the development of a Group Benefits Policy, aligned to the Corporation's positioning as an employer of choice.

Achievements

There were a number of noteworthy achievements during the period. These include refresher training for all officers as part of the Corporation's quest to instil ethics and professionalism, and the development of a professional NQF Level 6 qualification and training material, equipping traffic officers with the skills for 21st Century traffic enforcement.

The three-year qualification will be implemented in the 2016/17 financial year, with an initial intake of 1 000 traffic officers, and intakes of 1 000 on an annual basis. The development of a professional qualification is an important milestone. The qualification now provides career paths; it will also create a professional stream of road safety practitioners for both the public and private sector.

Another noteworthy achievement was the reduction in the vacancy rate from 26% in the 2014/15 financial year to 7.2% at the end of the 2015/16 financial year. The target for the 2015/16 financial year was 10%.

Challenges

One of the key challenges during the period was the delay in the transfer of the eNATIS to the RTMC; this impacted on reviewing certain functions, job profiles, alignment to performance management, and the placement of personnel in strategic areas according to their skills and competencies.

Future HR Plans

A new organisational structure has been approved. The RTMC is positioning itself as a high-performance organisation. In the year ahead, the HR Department will focus on change management initiatives to inculcate the new high-performance culture.

2. Human Resource Statistics

Personnel Cost by Branch

Employee expenditure constituted 36% of the total actual expenditure of the 2015/16 year. [Table 51](#) provides more information.

Table 51: Personnel Cost by Branch

Programme Activity Objectives	Total expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % of total exp. (R'000)	No. Of employees	Average personnel cost per employee (R'000)
Operations	82 091	30 470	37%	*171	178
Law Enforcement	155 738	105 856	68%	252	420
Traffic Intelligence and Security	9 713	8 582	88%	13	660
Strategic Services	97 102	32 375	33%	31	1044
Support Services	499 564	128 804	26%	197	654
Total	844 207	306 087	36%	664	461

Personnel Cost by Salary Band

[Table 52](#) provides information on personnel cost per salary band.

Table 52: Personnel cost by Salary Band

Level	Personnel Expenditure (R'000)	% of personnel expenditure to total personnel cost (R'000)	Personnel Expenditure as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	18 180	6%	2%	6	3 030
Senior Management	53 931	18%	6%	45	1 198
Professional Qualified	43 348	14%	5%	54	803
Skilled	63 909	21%	8%	192	333
Semi-Skilled	126 719	41%	15%	367	345
Total	306 087	100%	36%	664	461

* Includes 30 temporary staff

Employee expenditure constitutes 46% of the RTMC's total budget and 36% of the total goods and services spent.

Performance Rewards

The RTMC has a well-embedded and standardised process for setting performance objectives and evaluating performance. [Table 53](#) provides more information.

Table 53: Performance Rewards

Programme/Activity Objectivity	Performance Rewards	Personnel Expenditure (R'000)	% Performance Rewards to total personnel costs
Top Management	1 539	18 180	1%
Senior Management	688	53 931	0%
Professional Qualified	829	43 348	0%
Skilled	1 345	63 909	0%
Semi-Skilled	3 235	126 719	1%
Total	7 635	306 087	2%

Training Costs

[Table 54](#) provides more information about training costs.

Table 54: Training Costs

Programme/ Activity Objectivity	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training as a % of personnel	No. of employees trained	Average. Training cost per employee
Top Management	18 180	48	0%	3	16,00
Senior Management	53 931	111	0%	11	10,09
Professional Qualified	43 348	218	1%	22	9,91
Skilled	63 909	418	1%	123	3,40
Semi-Skilled	126 719	4 735	4%	147	32,21
Total	306 087	5 530	2%	306	18,07

Employment and Vacancy by Branch

Management of vacancy rates reflects the changes in manpower demand and assists the Corporation in making decisions around capacity requirements. The staff complement increased from 401 at the end of March 2015 to 664 at the end of March 2016. This number includes 30 temporary employees on contracts less than three months. The vacancy rate excludes the 30 temporary employees. The vacancy rate was reduced from 26% in the 2014/15 financial year to 7.2% at the end of the 2015/16 financial year. [Table 55](#) provides more information.

Table 55: Employment and Vacancy by Branch

Programme	2014/15 No. of employees	2015/16 Approved Posts	2015/16 No. of employees	% of vacancies
Operations	79	174	141	7.2%
Law Enforcement	237	256	252	
Traffic Intelligence and Security	0	13	13	
Strategic Services	17	38	31	
Support Services	68	202	197	
Total excluding Temporary employees	401	683	634	7.2%
Temporary employees (Operations)	0	0	30	2.8%
Total	401	683	664	

Appointments and Terminations

There were 371 appointments and 108 terminations during the period. [Table 56](#) provides more information.

Table 56: Appointments and Terminations

Total staff complement as at March 2014	401
Appointments	371
Terminations	108
Grand Total as at 31 March 2016	664

Reasons for Termination of Employment

Table 57 provides more information regarding the reasons for termination of employment.

Table 57: Reasons for Termination of Employment

Termination Type	Number	% of Total number of staff leaving
Death	2	2%
Resignation	40	37%
Dismissals	3	3%
Contract expiry	63	58%
Total	108	100%

Misconduct and Disciplinary Cases Finalised

Table 58: provides more information about cases of misconduct and disciplinary cases finalised.

Table 58: Disciplinary Action

Nature of Disciplinary Action	Number
Verbal warning	0
Written warning	0
Final written warning	4
Suspended without pay	5
Suspended with pay	4
Dismissal	3
No grounds to charge	4
Still in progress	4
Total	24

Employment Equity

The RTMC is committed to transformation and ensuring that its workforce conforms to the country's national employment profile, particularly in the traffic fraternity. Recruitment practices are aligned to the Corporation's Employment Equity Plan.

Employment Equity Targets

Tables 59, 60, 61 and 62 provide more information about the Corporation's Employment Equity targets.

Table 59: Employment Equity Targets for Males

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	1	0
Senior Management Service	24	0	1	1	3	5	5	0
Professional Qualified	19	16	2	2	1	1	10	0
Skilled	89	0	5	5	2	15	8	6
Semi-Skilled	163	0	2	2	2	0	1	0
Total	296	17	10	13	8	21	25	6

Table 60: Employment Equity Targets for Females

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	0	0	0	0	0	1	0
Senior Management Service	10	0	0	10	0	10	2	10
Professional Qualified	18	22	0	5	3	10	1	0
Skilled	72	0	3	12	3	12	9	0
Semi-Skilled	195	0	5	0	0	7	0	6
Total	298	22	8	27	6	39	13	16

Table 61: Employment Equity Based on Race

Gender	Male	Female	Achievement	
			Male	Female
Target			55%	45%
African	296	298	45%	45%
Coloured	10	8	2 %	2%
Indian	8	6	1 %	1%
White	25	13	4 %	2%
Total	339	325	51%	49%

Disability Targets

Table 62 provides more information on the Corporation's targets for the employment of people with disabilities.

Table 62: Targets for the Employment of People with Disabilities

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

The RTMC will continue to ensure that it considers people with disabilities when filling posts.





Part F:

Annual Financial Statements

F: Headlights

Implemented:

Electric headlights as we know them today were introduced in the **1900s**.

Purpose:

Beyond showing the aggressive styling or its cuteness, headlights are an important safety feature of a vehicle. The evolution of headlights has seen impressive progression from gas burning lamps in the 1880s to the laser versions on the 2010s.

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Road Safety
Business address	Boardwalk Office Park Phase 5, Boardwalk Boulevard Faerie Glen Pretoria 0043
Postal address	Private Bag X147 Pretoria 0001
Bankers	First National Bank Standard Bank South African Reserve Bank
Auditors	Auditor-General of South Africa

Accounting Authority's Responsibilities and Approval

The Accounting Authority of the Road Traffic Management Corporation (RTMC) is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and was given unrestricted access to all financial records and related data.

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

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

The Accounting Authority acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority have reviewed the Corporation's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the Corporation has access to adequate resources to continue in operational existence for the foreseeable future.

The Annual Financial Statements are prepared on the basis that the entity is a going concern and that the Department of Transport has neither the intention or the need to liquidate the Entity.

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

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

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

The Annual Financial Statements set out on pages 87 to 139 which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2016 and were signed on its behalf by:



Z. Majavu

Chairman: RTMC Board

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

Report on the financial statements

Introduction

1. I have audited the financial statements of the Road Traffic Management Corporation set out on pages 86 to 138, 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 information 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 board of directors, which constitutes 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 of South Africa, 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 judgment, 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 controls 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 audit opinion.

Opinion

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

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

Emphasis of matters

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

Transfer of e-Natis function

8. As disclosed in note 28 to the financial statements, the shareholders committee resolved that the Road Traffic Management Corporation shall accept the handover and delivery of the road traffic information management functions and the eNaTIS system from the Department of Transport and TASIMA with effect from 1 May 2015. At the conclusion of the audit the transfer had not yet taken place due to a pending ruling from the Constitutional Court.

Report on other legal and regulatory requirements

9. 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 for 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

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2016:

- Programme 1: Operations on pages 34 to 37
- Programme 2: Law Enforcement on pages 38 to 39
- Programme 3: Traffic Intelligence and Security on pages 40
- Programme 4: Strategic Services on pages 41 to 42

11. 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)*.

12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

13. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matters

14. Although I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

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

Achievement of planned targets

15. Refer to the annual performance report on pages 31 to 49 for information on the achievement of the planned targets for the year.

Adjustment of Material Misstatement

16. I identified a material misstatement in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Law Enforcement. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Internal Control

17. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matter reported below is limited to the significant internal control deficiency that resulted in the finding on the annual performance report.

Financial and performance management

18. Management did not implement adequate controls to ensure the validity, accuracy and completeness of the NTP733 database used to record the number of vehicles stopped and checked by the National Traffic Police as reported on Key Performance Indicator 11 (KPI) for programme 2: Law Enforcement. This resulted in a material misstatement of the KPI which was subsequently corrected and adjusted.

Other Reports

19. I draw attention to the following engagement that could potentially have an impact on the public entity's financial, performance and compliance-related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

20. The investigation pertaining to the fraud case referred to in note 14 to the annual financial statements has not been finalised. The matter is still pending before the courts of law and the results thereof have some impact on the recoverability of the balance of the loss that the Corporation suffered.

Auditor-General

Pretoria
31 July 2016



Auditing to build public confidence

Statement of Financial Position

for the year ended 31 March 2016

	Note(s)	2016 R	2015 Restated R
Assets			
Current Assets			
Receivables from exchange transactions	2	15 952 633	9 005 221
Cash and cash equivalents	3	435 778 998	454 445 421
Inventories	4	5 149 618	-
Receivables from non-exchange transactions	5	40 343 449	95 227 639
		497 224 698	558 678 281
Non-Current Assets			
Property, plant and equipment	6	65 123 383	73 013 481
Intangible assets	7	478 892	631 907
		65 602 275	73 645 388
Non-Current Assets		65 602 275	73 645 388
Current Assets		497 224 698	558 678 281
Total Assets		562 826 973	632 323 669
Liabilities			
Current Liabilities			
Finance lease obligation	8	286 339	824 239
Payables from exchange transactions	9	35 204 016	59 937 602
Provisions	10	193 624 786	11 864 060
		229 115 141	72 625 901
Non-Current Liabilities			
Finance lease obligation	8	25 605	95 661
Provisions	10	515 338	1 199 986
		540 943	1 295 647
Non-Current Liabilities		540 943	1 295 647
Current Liabilities		229 115 141	72 625 901
Total Liabilities		229 656 084	73 921 548
Assets		562 826 973	632 323 669
Liabilities		(229 656 084)	(73 921 548)
Net Assets		333 170 889	558 402 121
Accumulated surplus		333 170 889	558 402 121

Statement of Financial Performance

for the year ended 31 March 2016

	Note(s)	2016 R	2015 Restated R
Revenue			
Revenue from exchange transactions			
Other income		67 414	514 618
Project Income - Sponsorships		-	1 458 164
Interest received	12	25 465 593	20 009 686
Total revenue from exchange transactions		25 533 007	21 982 468
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and Subsidies		184 104 000	176 008 000
Infringement fees (AARTO income)		10 106 018	10 606 392
Transaction fees		419 844 264	419 458 236
Total revenue from non-exchange transactions		614 054 282	606 072 628
Total revenue from exchange transactions		25 533 007	21 982 468
Total revenue from non-exchange transactions		614 054 282	606 072 628
Total Revenue	11	639 587 289	628 055 096
Expenditure			
Employee related cost	13	(306 086 665)	(151 307 375)
Financial loss - fraud	14	-	(4 200 197)
Depreciation and Amortisation		(18 397 174)	(8 333 863)
Finance costs	15	(701 369)	(175 037)
Debt impairment	16	(68 864 693)	(10 506 031)
Repairs and maintenance		(410 456)	(218 725)
Loss on assets written-off	6	(859 065)	(295 633)
Operating expenditure	17	(437 899 099)	(143 600 749)
Total Expenditure		(833 218 521)	(318 637 610)
(Deficit) surplus for the year		(193 631 232)	309 417 486

Statement of Changes in Net Assets

for the year ended 31 March 2016

	Note(s)	2016 Accumulated Surplus R	2015 Net Assets R
Balance at 01 April 2014		794 293 191	794 293 191
Revaluation of property plant and equipment		133 205	133 205
Distribution of accumulated surplus funds to provinces		(545 900 000)	(545 900 000)
Administered funds		60 353	60 353
Prior year adjustments		397 886	397 886
Net income (losses) recognised directly in net assets		(545 308 556)	(545 308 556)
Surplus for the year		309 417 486	309 417 486
Total recognised income and expenses for the year		(235 891 070)	(235 891 070)
Total changes		(235 891 070)	(235 891 070)
Balance at 01 April 2015		558 402 121	558 402 121
Distribution of accumulated surplus funds to provinces		(31 600 000)	(31 600 000)
Net income (losses) recognised directly in net assets		(31 600 000)	(31 600 000)
Deficit for the year		(193 631 232)	(193 631 232)
Total recognised income and expenses for the year		(225 231 232)	(225 231 232)
Total changes		(225 231 232)	(225 231 232)
Balance at 31 March 2016		333 170 889	333 170 889

Cash Flow Statement

for the year ended 31 March 2016

	Note(s)	2016 R	2015 Restated R
Cash flows from operating activities			
Receipts			
Receipts from customers		4 335 355	5 587 651
Grants		184 104 000	259 481 000
Interest income		25 465 593	20 009 686
Transaction fees		411 525 675	406 409 265
Other income		91 698	194 555
		625 522 321	691 682 157
Payments			
Employee costs		(280 363 764)	(150 862 607)
Suppliers		(284 666 532)	(144 304 925)
Finance costs		(640 270)	(40 470)
Distribution of accumulated surplus		(66 636 000)	(510 864 000)
		(632 306 566)	(806 072 002)
Total receipts		625 522 321	691 682 157
Total payments		(632 306 566)	(806 072 002)
Net cash flows from operating activities	19	(6 784 245)	(114 389 845)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(10 988 279)	(55 766 244)
Property, plant and equipment obtained by means of finance lease	6	368 712	280 265
Proceeds from disposal of property, plant and equipment		-	1 045 979
Purchase of other intangible assets	7	(224 846)	-
Net cash flows from investing activities		(10 844 413)	(54 440 000)
Cash flows from financing activities			
Payments made - Finance lease liabilities		(1 037 765)	(1 492 661)
Net increase/(decrease) in cash and cash equivalents		(18 666 423)	(170 322 506)
Cash and cash equivalents at the beginning of the year		454 445 421	624 767 927
Cash and cash equivalents at the end of the year	3	435 778 998	454 445 421

Statement of Comparison of Budget and Actual Amounts

Budget on accrual basis

for the year ended 31 March 2016

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer- ence
	R	R	R	R	R	R
Statement of Financial Performance						
Revenue from exchange transactions						
Transaction fees	454 149 582	-	454 149 582	419 844 264	(34 305 318)	
Sundry income	-	-	-	67 414	67 414	30a
Interest received	19 514 880	-	19 514 880	25 465 593	5 950 713	30b
	473 664 462	-	473 664 462	445 377 271	(28 287 191)	
Revenue from non-exchange transactions	473 664 462	-	473 664 462	445 377 271	(28 287 191)	
Infringement fees and Collections	2 154 240	-	2 154 240	10 106 018	7 951 778	30c
Government grants	184 104 000	-	184 104 000	184 104 000	-	
Total revenue from non-exchange transactions	186 258 240	-	186 258 240	194 210 018	7 951 778	
Total revenue	659 922 702	-	659 922 702	639 587 289	(20 335 413)	
Employee cost	(307 329 753)	-	(307 329 753)	(306 086 665)	1 243 088	30d
Depreciation and amortisation	(18 066 106)	-	(18 066 106)	(18 397 174)	(331 068)	30e
Finance cost	(225 627)	-	(225 627)	(701 369)	(475 742)	30f
Repairs and maintenance	(1 486 323)	-	(1 486 323)	(410 456)	1 075 867	30g
Operating expenditure	(258 516 008)	-	(258 516 008)	(506 763 792)	(248 247 784)	30h
Loss on disposal of assets	-	-	-	(859 065)	(859 065)	
Capital expenditure	(74 298 885)	-	74 298 885	-	74 298 885	
Total expenditure	659 922 702	-	659 922 702	833 218 521	(173 295 819)	
Total revenue	659 922 702	-	659 922 702	639 587 289	(20 335 413)	
Total expenditure	(659 922 702)	-	(659 922 702)	(833 218 521)	(173 295 819)	
Deficit for the year	-	-	-	(193 631 232)	(193 631 232)	

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

1.1 Comparative figures

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

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

The presentation and classification of items in the current year is consistent with prior periods.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the supply of goods and services or for administrative purposes, and are expected to be used during more than one period.

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

Accounting Policies

1.2 Property, plant and equipment (continued)

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

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Vehicles utilised in training are depreciated over period of 11 years. Certain computer equipment is depreciated over a period of 5 years.

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

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

1.3 Intangible assets

An asset is identified as an intangible asset when it:

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

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

Accounting Policies

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

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

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

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

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

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

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

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

Amortisation is provided to write down the intangible assets over their estimated useful life on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	4-6 years

Intangible assets are derecognised:

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

1.4 Financial instruments

Initial recognition

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

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

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Accounting Policies

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

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

Reclassification:

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

- Combined instrument that is required to be measured at fair value; or
- An investment in a residual interest that meets the requirements for reclassification.

Gains and losses:

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

Offsetting:

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

Impairment and uncollectibility of financial assets:

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

Financial assets measured at amortised cost:

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

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

Accounting Policies

Financial assets measured at cost:

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

Policies relating to specific financial instruments

Cash and cash equivalents:

Cash and cash equivalents are measured at amortised cost.

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

Trade and other receivables:

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account. Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables:

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

Accounting Policies

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

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

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

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

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

Financial liabilities

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

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

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

Presentation

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

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

Accounting Policies

1.5 Employee benefits

Short-term employee benefits:

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

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

Defined contribution plans:

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

1.6 Leases

Leases are classified as finance lease where substantially all the risks and rewards incidental to ownership of an asset are transferred to the entity through the lease agreement. Assets subject to operating leases, i.e. those leases where substantially all the risks and rewards incidental to ownership are not transferred to the lessee through the lease. Assets classified as finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Finance leases - lessee:

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

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

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

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

Operating leases - lessee:

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

Accounting Policies

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

1.7 Revenue from exchange transactions

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

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

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

Measurement

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

Interest, royalties and dividends

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

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

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

1.8 Revenue from non-exchange transactions

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

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

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

Measurement

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

1.8.1. Traffic fines

As part of the RTMC's legislative mandate, it is required to issue fines. At the time of issuing of the infringement, there may be uncertainty as to whether the revenue will ultimately be collected.

Initial recognition

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

Accounting Policies

Subsequent recognition:

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

1.8.2. Government grants

Government grants are recognised as revenue when:

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

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

1.9 Borrowing costs

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

1.10 Transfer of functions between entities

Definitions

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

1.11 Irregular expenditure

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

1.12 Fruitless and wasteful expenditure

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

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

Accounting Policies

1.13 Budget information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

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

The approved budget covers the fiscal period from 2015/04/01 to 2016/03/31.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.14 Related parties

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

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the entity and any one or more related parties, and those transactions were not within:

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

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

1.15 Significant judgements and estimates

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

Judgements:

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

Estimates:

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

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

Accounting Policies

Other provisions

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

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, and expected future use and the entity's expectations about the For the year ended 31 March 2016 availability of finance to replace the asset at the end of its useful life.

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

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

Taxation

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

Accounting Policies

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

1.16 Inventories

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

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.17 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

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

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

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

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

Accounting Policies

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

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

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. The Corporation assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the Corporation estimates the recoverable service amount of the asset.

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease. When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the Corporation recognises a liability only to the extent that is a requirement in the Standards of GRAP. After the recognition of an impairment loss, the depreciation/amortisation charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

Reversal of an impairment loss

The Corporation assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Corporation estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

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

1.18 New standards and interpretations

1.18.1 Standards and interpretations issued, but not yet effective

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

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

The aggregate impact of the initial application of the statements and interpretations on the entity's annual financial statements is not expected to be material

Notes to the Annual Financial Statements

for the year ended 31 March 2016

2. Receivables from exchange transactions

	2016	2015
	R	Restated R
Deposits	1 307 973	603 035
Staff advances	663 299	262 533
Staff debtors	192 182	282 710
Receivables - Project Sponsors	4 493 997	4 675 890
Upskilling overpayment	573 485	-
Prepayments	9 150 445	4 281 819
Sundry Receivables	66 137	16 860
	16 447 518	10 122 847
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	(1 117 626)	(237 040)
Provision for impairment	-	(1 117 626)
Amounts written off as uncollectible	37 166	201 384
Unused amounts reversed	585 575	35 656
	(494 885)	(1 117 626)
Receivables from exchange transactions after impairment		
Deposits	1 307 973	603 035
Staff advances	663 299	262 533
Staff debtors	155 016	282 710
Receivables - Project Sponsors	4 036 278	3 558 264
Upskilling overpayment	573 485	-
Prepayments	9 150 445	4 281 819
Sundry Receivables	66 137	16 860
	15 952 633	9 005 221

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 017	163
Bank balances	33 981 317	454 445 258
Reserve bank account	401 796 664	-
	435 778 998	454 445 421

An investment account with the Corporation for Public Deposit (CPD) was opened on 28 October 2015, two dormant accounts were closed during the year under review, one call account and one current account.

Notes to the Annual Financial Statements

for the year ended 31 March 2016

4. Inventories

	2016	2015
	R	Restated R
Ammunition	171 243	-
Branding and promotional items	585 636	-
Consumable stores	1 094 868	-
Uniform Stock	354 208	-
Roadblock essentials	644 658	-
Road safety educational materials	1 019 229	-
Traffic training material	1 279 776	-
	5 149 618	-

The inventory that was kept in the past was of insignificant value and the turnaround time was very short, upon delivery, it was immediately distributed. Inventory is expensed as per the consumable item list in the statement of financial performance.

5. Receivables from non-exchange transactions

AARTO - Infringements	30 101 218	24 330 555
eNaTIS Transaction Fees	105 792 906	112 923 170
	135 894 124	137 253 725

Reconciliation of provision for impairment of receivables from non-exchange transactions		
Opening balance	(42 026 086)	(33 867 668)
Provision for impairment	(68 973 443)	(10 320 285)
Amounts written off as uncollectible	15 448 854	1 441 059
Unused amounts reversed	-	720 808
	(95 550 675)	(42 026 086)

Receivables from non-exchange transactions after impairment		
eNaTIS Transaction Fees	40 343 449	95 227 639

Notes to the Annual Financial Statements

for the year ended 31 March 2016

6. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Fire arms	1 787 189	(839 130)	948 059	1 787 189	(659 922)	1 127 267
Furniture and fittings	4 338 233	(2 477 785)	1 860 448	4 426 659	(2 277 054)	2 149 605
Motor vehicles	77 094 689	(21 912 988)	55 181 701	71 211 477	(9 004 737)	62 206 740
Office equipment	1 774 362	(688 521)	1 085 841	1 450 907	(612 143)	838 764
Computer equipment	12 720 081	(7 742 732)	4 977 349	11 873 646	(6 218 523)	5 655 123
Leasehold improvements	2 960 498	(2 960 497)	1	2 960 498	(2 861 295)	99 203
Communication devices	98 132	(65 614)	32 518	81 490	(18 465)	63 025
Finance lease equipment	2 994 377	(2 684 970)	309 407	2 664 683	(1 790 929)	873 754
Work in progress – Parkhomes	728 059	-	728 059	-	-	-
Total	104 495 620	(39 372 237)	65 123 383	96 456 549	(23 443 068)	73 013 481

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Fire arms	1 127 267	-	-	(179 208)	948 059
Furniture and fittings	2 149 605	164 984	(11 256)	(442 885)	1 860 448
Motor vehicles	62 206 740	8 025 393	(763 192)	(14 287 240)	55 181 701
Office equipment	838 764	467 688	-	(220 611)	1 085 841
Computer equipment	5 655 123	1 216 801	(80 494)	(1 814 081)	4 977 349
Leasehold improvements	99 203	-	-	(99 202)	1
Communication devices	63 025	16 642	-	(47 149)	32 518
Finance lease equipment	873 754	368 712	(4 125)	(928 934)	309 407
Work in progress - Parkhomes	-	728 059	-	-	728 059
	73 013 481	10 988 279	(859 067)	(18 019 310)	65 123 383

Notes to the Annual Financial Statements

for the year ended 31 March 2016

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Revaluation/ de emed cost	Depreciation	Total
Fire arms	1 310 143	-	(3 903)	-	(178 973)	1 127 267
Furniture and fittings	2 478 744	200 431	(38 789)	36 486	(527 267)	2 149 605
Motor vehicles	14 431 760	52 518 635	(803 668)	-	(3 939 987)	62 206 740
Office equipment	677 266	361 255	(28 657)	-	(171 100)	838 764
Computer equipment	5 392 280	2 324 168	(418 194)	96 720	(1 739 851)	5 655 123
Leasehold improvements	198 405	-	-	-	(99 202)	99 203
Communication devices	-	81 490	-	-	(18 465)	63 025
Finance lease equipment	1 927 590	280 265	(48 403)	-	(1 285 698)	873 754
	26 416 188	55 766 244	(1 341 614)	133 206	(7 960 543)	73 013 481

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

Assets subject to finance lease (Net carrying amount)

	2016 R	2015 Restated R
Finance lease equipment	309 407	873 754

Finance lease equipment

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

Cellphones, PTT's and Ipads are leased from MTN on a 2 year contract basis. The contract commenced during the 2014 financial period.

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

Notes to the Annual Financial Statements

for the year ended 31 March 2016

7. Intangible assets

	2016			2015		
	Cost	Accumulated Amortisation and accumulated impairment	Carrying value	Cost	Accumulated Amortisation and accumulated impairment	Carrying value
Computer Software	2 716 746	(2 237 854)	478 892	2 491 901	(1 859 994)	631 907

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer Software	631 907	224 846	(377 861)	478 892

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer Software	1 005 229	(373 322)	631 907

8. Finance lease obligation

	2016 R	2015 Restated R
Minimum lease payments due	302 455	860 860
- within one year	25 992	99 538
- in second to fifth year inclusive	328 447	960 398
less: future finance charges	(16 503)	(40 498)
Present value of minimum lease payments	311 944	919 900
Present value of minimum lease payments due		
- within one year	286 339	824 239
- in second to fifth year inclusive	25 605	95 661
	311 944	919 900

Notes to the Annual Financial Statements

for the year ended 31 March 2016

8. Finance lease obligation (continued)

	2016	2015
	R	Restated R
Non-current liabilities	25 605	95 661
Current liabilities	286 339	824 239
	311 944	919 900

Interest rates are fixed at the contract date. All leases have fixed payment terms. The phones and ipads bear interest at 9.38% per year. No arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 6.

9. Payables from exchange transactions

Trade payables	24 356 064	12 118 886
Accrued employee costs	7 435 264	3 157 647
Other accrued expenses	3 407 736	44 657 324
Staff creditors	-	3 745
Other creditors	4 952	-
	35 204 016	59 937 602

10. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Provision for festive overtime - provinces	-	23 433 407	-	23 433 407
Provision for eNaTIS expenditure	-	137 426 219	-	137 426 219
Provision for expenditure	-	2 152 000	-	2 152 000
Performance bonus	2 421 870	18 013 805	(2 421 870)	18 013 805
Provision for leave	5 344 914	8 502 079	(5 344 914)	8 502 079
Provisions for travel costs	4 097 276	-	-	4 097 276
Provision for capped leave (non-current)	1 199 986	-	(684 648)	515 338
	13 064 046	189 527 510	(8 451 432)	194 140 124

Notes to the Annual Financial Statements

for the year ended 31 March 2016

10. Provisions (continued)

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Compensation Commissioner	368 393	-	(368 393)	-
Performance bonus	-	2 421 870	-	2 421 870
Provision for leave	5 489 482	5 344 914	(5 489 482)	5 344 914
Provisions for travel costs	-	4 097 276	-	4 097 276
Provision for capped leave (non-current)	-	1 199 986	-	1 199 986
	5 857 875	13 064 046	(5 857 875)	13 064 046
Non-current liabilities			515 338	1 199 986
Current liabilities			193 624 786	11 864 060
			194 140 124	13 064 046

Festive Overtime

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

eNaTIS Expenditure

On 29 April 2016 an amount of R137 426 219 was paid to Tasima in line with the eNaTIS court case. For more information on the matter, refer to note 28 on Transfer of Functions.

Provision for Expenditure

It was decided to settle a long outstanding summons in April 2016 and the provision was raised to the amount of R10 000 in this regard. 51 crash investigations for the financial year are still to be finalised. A provision was raised to the amount of R2 142 000 in this regard.

Provision for Performance bonuses

The basis of calculating the Performance Bonus Provision changed during the current financial year. For more information refer to note 31, Change in Estimates.

Provision for Leave

Employees are entitled to leave on an 18 month leave cycle where after leave is forfeited. Leave entitlement is thus provided for accordingly.

Notes to the Annual Financial Statements

for the year ended 31 March 2016

10. Provisions (continued)

Provision for Travel Costs

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

Provision for Capped Leave

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

11. Revenue

	2016	2015
	R	Restated R
Infringement fees	10 106 018	10 606 392
Government grants and Subsidies	184 104 000	176 008 000
Interest received	25 465 593	20 009 686
Project income - Sponsorship	-	1 458 164
Sundry income	67 414	514 618
Transaction fees	419 844 264	419 458 236
	639 587 289	628 055 096
The following included in revenue arising from exchanges of goods or services are as follows:		
Interest received	25 465 593	20 009 686
Project Income – Sponsorships	-	1 458 164
Sundry income	67 414	514 618
	25 533 007	21 982 468
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants and Subsidies	184 104 000	176 008 000
Infringement fees	10 106 018	10 606 392
Transaction fees	419 844 264	419 458 236
	614 054 282	606 072 628

Notes to the Annual Financial Statements

for the year ended 31 March 2016

12. Investment revenue

	2016	2015
	R	Restated R
Interest revenue		
Bank	25 465 593	20 009 686

In prior years money was held in a call account with the commercial bank, in the current year an investment account was opened with the Corporation for Public Deposit (CPD) yielding a higher interest rate.

13. Employee related costs

Basic salaries	179 756 547	92 722 819
Bonus provision	23 923 236	2 429 290
Medical aid - Company Contributions	-	2 457 702
UIF	1 005 293	736 614
SDL	2 437 956	1 267 706
Leave gratuity	497 836	720 871
Post-employment benefits - Pension - Defined contribution plan (employee contributions)	15 174 135	9 085 151
Travel, motor car, accommodation, subsistence and other allowances	6 869 413	2 536 814
Overtime payments	9 597 066	10 611 560
Acting allowances	350 845	674 289
Car allowance	4 325 706	3 023 557
Housing benefits and allowances	27 236 190	8 023 485
Non Pensionable Allowances	23 042 666	10 851 517
Service Bonus	9 119 776	5 105 849
Back Pay	-	1 060 091
Bargaining Council Levies	-	60
Settlement for labour disputes	2 750 000	-
	306 086 665	151 307 375
Staff complement	664	401

Cost to company dispensation was fully implemented for the whole financial year as compared to prior year, wherein cost to company was only implemented from July 2014.

Notes to the Annual Financial Statements

for the year ended 31 March 2016

14. Financial loss - fraud

	2016	2015
	R	Restated R
Financial loss - fraud	-	4 200 197

As reported in the 2013/14 annual report under subsequent events, RTMC suffered a financial loss of R8 598 326 due to fraudulent transactions that took place during the weekend of 03 May 2014 where the hackers hacked into the bank accounts. R4 398 128 has since been recovered during 2014/15 financial year, the balance was written off as irrecoverable.

15. Finance costs

Trade and other payables	640 270	7 526
Finance leases	61 099	134 567
Late payment of tax	-	32 944
	701 369	175 037

16. Debts impairment

Contributions to debt impairment provision	68 350 701	10 425 310
Debts written off	513 992	80 721
	68 864 693	10 506 031

Notes to the Annual Financial Statements

for the year ended 31 March 2016

17. Operating expenditure

	2016	2015
	R	Restated R
Advertising (a)	50 518 973	9 217 909
Minor assets	229 074	-
Auditors remuneration	4 407 677	2 301 799
Bank charges	162 769	165 163
Cleaning	836 079	665 992
Corporate social responsibility (b)	1 762 933	6 000 000
Compensation commissioner expense	-	79 802
Computer expenses	10 048 355	2 720 896
Consulting and Professional fees	15 348 256	15 031 757
Corporate Gifts, Donations	166 538	769 596
Electricity	3 801 795	1 601 927
Employee Wellness Programme	141 018	42 020
Catering	3 065 148	1 887 402
Fuel and oil (c)	6 530 117	2 791 102
General Expenses	197 853	195 008
Insurance (d)	4 363 594	1 612 398
Labour Relations	9 066 994	6 940 454
Lease rentals on operating lease	20 316 448	12 299 963
Legal fees	14 099 333	3 504 673
License fees	2 448	6 789
Motor vehicle expenses	2 618 173	2 516 977
Penalties paid	-	385 101
Postage and courier	429 996	544 685
Printing and stationery	5 568 981	2 440 057
Projects - Annual Performance Plan (e)	66 786 854	19 094 318
Promotions	-	2 000 000
Recruitment Cost	3 630 329	2 954 473
eNaTIS expenditure (f)	137 426 219	-
SAPO Truebill	11 231 611	96 268
Security	1 004 624	912 369
Staff welfare	308 948	246 127
Subscriptions and membership fees	596 246	64 326

Notes to the Annual Financial Statements

for the year ended 31 March 2016

17. Operating expenditure (continued)

	2016	2015
	R	Restated R
Telephone and fax	28 001 616	6 010 111
Training (g)	1 722 683	11 040 637
Travel - local	25 534 699	24 324 389
Uniforms	1 360 854	1 811 279
Venue expenses (h)	6 611 864	1 324 982
	437 899 099	143 600 749

a) Advertising

Road safety education and marketing of the RTMC services were intensified working closely with amongst others, the SABC.

b) Corporate Social Responsibility

Reduction in the Corporate social responsibility was as a result of no donations to provinces. In the prior year R6million was a donation to two provinces.

c) Fuel and Oil

There was an increase in the law enforcement activities and close working partnerships with provinces. There was also expansion in our fleet.

d) Insurance

This is due to expansion in fleet.

e) Projects - Annual Performance Plan

Amongst others, the following significant projects were undertaken:

- Coordinated Traffic training - Heidelberg (R7 942 289)
- Road Safety Debates (R2 287 792)
- Participatory Education Techniques (PET) (R1 467 733)
- Wreath laying (R1 412 822)
- Road Safety Strategy (R2 333 265)
- Festive Season (R1 511 230)
- Accident investigation (R4 956 000)

f) eNaTIS Expenditure

The following expenditure relates to payments as a result of eNatis:

- Computer expenses - paid R4.9million for LANDesk licences
- Lease rentals on operating lease - paid R11million for office accommodation
- Legal fees - paid R13.9million towards eNatis court case
- SAPO Truebill - paid R11million to the South African Post Office for services rendered on eNatis
- Telephone and fax - paid Telkom R18million for telephone lines with regards to eNatis
- Subsequent to year end an amount of R137million was paid in line with the eNaTIS court case

Notes to the Annual Financial Statements

for the year ended 31 March 2016

17. Operating expenditure (continued)

g) Training

The reduction in training costs is due to in-house training that was conducted in partnership with Department of Defence.

h) Venues

More events took place during the year including the Wreath laying ceremony as well as Road Safety Summit/Remembrance Day in commemoration of fatalities on our roads.

18. Distribution of accumulated surplus funds to provinces

During the 2014/15 financial year the RTMC Shareholders Committee resolved that funds will be distributed to provinces from accumulated surpluses. Subsequent to the resolution taken and receiving the required business plans, the RTMC transferred funds amounting to R31 600 000 (2014/15: R545 900 000) to the respective provinces based on the business cases presented by them for the below mentioned respective programmes.

1) Road safety related programmes

Province	Amount distributed	Amount distributed
Eastern Cape	-	40 000 000
Free State	-	40 000 000
Gauteng	-	40 000 000
KwaZulu Natal	-	40 000 000
Limpopo	6 600 000	33 400 000
Mpumalanga	-	40 000 000
North West	-	40 000 000
Northern Cape	-	40 000 000
Western Cape	-	40 000 000
	6 600 000	353 400 000

2) Early childhood development & rural development

Province	Amount distributed	Amount distributed
Free State	-	20 000 000
Gauteng	-	10 000 000
Limpopo	-	20 000 000
Northern cape	-	20 000 000
	-	70 000 000

Notes to the Annual Financial Statements

for the year ended 31 March 2016

18. Distribution of accumulated surplus funds to provinces (continued)

3) Law enforcement and road safety improvement

Province	Amount distributed	Amount distributed
Free State	-	17 500 000
Gauteng	25 000 000	25 000 000
Mpumalanga	-	15 000 000
North West	-	35 000 000
	25 000 000	92 500 000

4) CCTV Traffic and Law Enforcement Command Centre

Province	Amount distributed	Amount distributed
Gauteng Department of Community Safety	-	30 000 000

19. Cash used in operations

	2016	2015
	R	Restated R
(Deficit) surplus	(193 631 232)	309 417 486
Adjustments for:		
Depreciation and amortisation	18 397 174	8 333 863
Loss on disposal of assets	859 065	295 633
Finance costs - Finance leases	61 099	134 567
Debt impairment	68 864 693	10 506 031
Movements in operating lease assets and accruals	-	(962 903)
Movements in provisions	181 076 078	7 206 171
Administered funds	-	60 355
Distribution of accumulated surplus funds to provinces	(31 600 000)	(545 900 000)
Prior year error	-	397 886
Changes in working capital:		
Inventories	(5 149 618)	-
Receivables from exchange transactions	(6 947 412)	(772 578)
Other receivables from non-exchange transactions	54 884 190	72 794 344
Reversal of debt impairment	(68 864 693)	(10 506 031)
Payables from exchange transactions	(24 733 589)	34 605 331
	(6 784 245)	(114 389 845)

Notes to the Annual Financial Statements

for the year ended 31 March 2016

20. Operating leases

Operating leases - as lessee (expense)

	2016	2015
Minimum lease payments due - M & T Developments office building lease	R	Restated R
- within one year	14 786 191	-

The Office building is leased from M & T Developments situated in Faerie Glen. The lease of the building commenced on 01 April 2016 and will expire on 31 March 2017. Monthly rental for the building is R1 205 069. The monthly lease payments for the building escalates with 9% per annum effective 1 January.

	2016	2015
Minimum lease payments due - JHI properties	R	Restated R
- within one year	8 765 929	-
- in second to fifth year inclusive	2 237 673	-
	11 003 602	-

The Waterfall Park office building, situated in Midrand, is leased from JHI properties. The lease of the building commenced on 01 July 2015 and will expire on 30 June 2017. The monthly lease payment for the building escalates with 9% per annum and takes place on 01 July. Monthly rental for the building is R684 304.

21. Contingent assets and liabilities

Contingent liabilities:

Waymark Infotech (Pty) Ltd

- Waymark Infotech (Pty) Ltd, herein after referred to as Waymark, was appointed to develop and install an Enterprise Resource Planning System (ERP) at the RTMC. Waymark instituted legal action against the RTMC in 2010 for the outstanding contract price, in the amount of R 6 774 750. The RTMC successfully defended the matter as the Court ordered absolution of the instance as Waymark failed to prove their case.
- Waymark again instituted legal action against the RTMC for the same amount, R 6 774 750, and the RTMC instructed Adams & Adams to assist in defending the matter. The RTMC filed a special plea, based upon the prescription of Waymark's claim. The RTMC's application to separate the RTMC's claim for prescription was successful and will be heard separately from and prior to any other issues in the trial. The trial date for the RTMC's special plea on prescription is 24 May 2016.
- However deemed unlikely, legal's estimate of the financial exposure in the said matter is R 6 774 750 plus legal costs in the event that Waymark is successful in the matter.

Notes to the Annual Financial Statements

for the year ended 31 March 2016

21. Contingent assets and liabilities (continued)

Mohlaleng Investment Holdings Pty (Ltd)

- Makhabela Huntley Adekeye Inc Attorneys, herein after referred to as MHA, were appointed to institute legal action against Mohlaleng Investment Holdings Pty (Ltd), herein after referred to as Mohlaleng, for the outstanding deposit as well as all expenses incurred by the RTMC as a result of the RTMC relocating offices from Silver Lakes. MHA issued summons to Mohlaleng to the amount of R 900 422 and was instructed to recover the costs for relocating offices to the amount of R1, 102 323. Mohlaleng subsequently filed a counter claim to the amount of R 1 831 950. Pleadings are closed and the parties are awaiting the allocation of a trial date.
- However deemed unlikely, legal's estimate of the financial exposure in the said matter is R 1 831 950 plus legal costs in the event that Mohlaleng is successful in the matter.

Tijger Valleï (Pty) Ltd and Others Offices in Silver Lakes

- Van der Merwe du Toit Inc. Attorneys, on behalf of Tijger Valleï 1 (Pty) Ltd, Carlswald Gardens (Pty) Ltd, Jamwa Beleggings (Pty) Ltd, Awaiz @ 5th Avenue Investments CC and Clifton Dunes Investments 166 (Pty) Ltd, herein after referred to as "the Owners", issued summons to recover outstanding amounts relating to the various lease agreements concluded, for the offices situated in Hazel Dean Office Park, Silver Lakes with the RTMC.
- The RTMC defended all the matters on the basis that the assessment rates and damages to the properties were never substantiated by any documents. The assessment rates were based on estimated costs and the general damages on a claim from Abreal, a company that is an agent of all the owners. The parties are currently attempting to settle the matter.
- However deemed unlikely, legal's estimate of the financial exposure in the said matter is R 212 895 plus legal costs in the event that the matter cannot be settled.

Intercape Ferreira Interliner

- Intercape Ferreira Interliner, herein after referred to as Intercape, issued summons against the RTMC, claiming that it suffered damages as a result of the operations of the National Traffic Police Unit and statement made by the erstwhile Acting CEO, which statements as claimed was made to defame Intercape and to injure its reputation.
- The RTMC defended the matter and took exception against the particulars of the claim of Intercape. Intercape subsequently amended the particulars of its claim and the RTMC proceeded to file its plea herein. The plaintiff to enrol the matter for trial. The matter is still on-going.
- However deemed unlikely, legal's estimate of the financial exposure in the said matter is R 634 904 plus legal costs in the event that Intercape is successful in the matter.

Culverwell vs RTMC and M.S. Xulu

- Legal action was instituted against the RTMC and Mr M.S. Xulu, by Mr A.M. Culverwell. Mr Culverwell alleged, amongst others, that Mr Xulu whilst acting within the course and scope of his employment of the RTMC, bashed on Mr Culverwell's window, compelled him to remove his number plate, shouted at Mr Culverwell and issued an infringement notice on him. Based on these allegations Mr Culverwell alleged that Mr Xulu unlawfully, intimidated, humiliated, insulted and embarrassed Mr Culverwell, and that he feared for his wife's safety.

Notes to the Annual Financial Statements

for the year ended 31 March 2016

21. Contingent assets and liabilities (continued)

- The RTMC referred the matter to the RTMC's insurers and they appointed Mr P Viljoen of Savage Jooste & Adams Inc to act on their behalf. Pleadings are closed and the matter enrolled for 21 April 2015 but the notice withdrew. Plaintiff to re-enrol the matter or abandon the claim.
- However deemed unlikely, the financial exposure in the said matter is R 50 000 in the event that Mr Culverwell is successful in the matter.

P.J. Badenhorst vs RTMC

- Mr P.J. Badenhorst issued summons against the RTMC for damages suffered by him on the grounds of an unlawful arrest by one of the RTMC's Traffic Officers. The RTMC defended the matter and the matter is still ongoing. Parties are awaiting an allocation of a trial date by court.
- However deemed unlikely, legal's estimate of the financial exposure in the said matter is R 400 000 plus legal costs in the event that Mr Badenhorst is successful in the matter.

Contingent assets:

- The insurance company, on behalf of RTMC is in the process of attempting to recover funds from third parties that were found to be the cause of accidents involving RTMC vehicles. Should these claims be successful and the insurance company recover from third parties, RTMC will receive a refund of the excess amounts paid in respect of these accidents amounting to R150 987.

22. Related parties

The following payments were paid to related parties:

Related party transactions	2016 R	2015 Restated R
National road safety debate		
Mpumalanga Department of Community Safety Security & Liaison	229 327	2 516 203
Road safety festive season launch		
Free State Department of Police, Roads and Transport	-	947 690
Road safety programme		
Mpumalanga Department of Community Safety Security & Liaison	-	1 500 000
Key management		
Salaries and other short term employee benefits	18 786 535	10 776 959
Transactions paid on behalf of RTMC		
*Salaries - Department of Transport	-	1 384 261

* Salaries paid by the Department of Transport was for an employee seconded in by them during the year. The period in the 2015 financial year, for which this employee was seconded, was from September 2013 to January 2015.

Notes to the Annual Financial Statements

for the year ended 31 March 2016

22. Related parties (continued)

The following payments were paid to related parties:

Related party transactions	2016 R	2015 Restated R
Transactions paid for eNaTIS on behalf of National Department of Transport		
Telecommunications account	18 080 170	-
Software licence	4 982 109	-

Distribution of accumulated surplus funds to provinces:

1) Road safety related programmes

Eastern Cape Provincial Government: Transport	-	40 000 000
Free State Provincial Government: Department of Police, Roads and Transport	-	40 000 000
Gauteng Provincial Government: Department of Community Safety PMG	-	40 000 000
KwaZulu Natal Department of Transport	-	40 000 000
Limpopo Provincial Government: Department of Roads and Transport	6 600 000	33 400 000
Mpumalanga Department of Community Safety Security & Liaison	-	40 000 000
North West Department of Public Safety and Liaison	-	40 000 000
Northern Cape Department of Transport, Safety & Liaison	-	40 000 000
Western Cape Department of Transport Public Works	-	40 000 000

2) Early childhood development and rural development

Free State Provincial Government: Department of Police, Roads and Transport	-	20 000 000
Gauteng Department of Social Development	-	10 000 000
Limpopo Provincial Government: Department of Roads and Transport	-	20 000 000
Northern Cape Department of Transport, Safety & Liaison	-	20 000 000

Notes to the Annual Financial Statements

for the year ended 31 March 2016

22. Related parties (continued)

3) Law enforcement and road safety improvement

	2016	2015
	R	Restated R
Free State Provincial Government: Department of Police, Roads and Transport	-	17 500 000
Gauteng Provincial Government: Department of Community Safety PMG	25 000 000	25 000 000
Mpumalanga Department of Community Safety Security & Liaison	-	15 000 000
North West Department of Public Safety and Liaison	-	35 000 000

4) Corporate Social Investment

Free State Provincial Government: Department of Police, Roads and Transport	-	3 000 000
Gauteng Department of Social development	-	3 000 000

5) CCTV Traffic and Law Enforcement Command Centre

Gauteng Department of Community Safety	-	30 000 000
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6) Free State Transport Month(Imbizo)

Free State Provincial Government: Department of Police, Roads and Transport	-	2 000 000
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7) Audit Risk Committee Members

Meeting and travelling fees	561 712	216 386
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Notes to the Annual Financial Statements

for the year ended 31 March 2016

23. Board members and executive management's remuneration

Executive Management

2016	Remuneration	Other benefits	Total
N.J. Jolingana	1 020 000	626 549	1 646 549
D.D. Wechoemang	1 020 000	683 777	1 703 777
M. Razwinani	895 800	634 711	1 530 511
Adv. M Msibi (CEO)	2 700 000	3 250 000	5 950 000
G.P. Martins	1 230 000	760 208	1 990 208
L. Moolman	990 000	704 386	1 694 386
B. Mathibe	682 651	464 643	1 147 294
R. Mongale	960 000	693 301	1 653 301
K.K. Kgosiemang (Appointed in 01 May 2015)	878 760	591 749	1 470 509
	10 377 211	8 409 324	18 786 535

2015	Remuneration	Other benefits	Total
N.J. Jolingana (Appointed 01 March 2015)	85 000	50 874	135 874
D.D. Wechoemang (Appointed 01 February 2015)	170 000	116 138	286 138
M. Razwinani	668 583	462 698	1 131 281
Adv. M Msibi (CEO)	1 740 000	1 368 634	3 108 634
G.P. Martins	1 027 436	684 508	1 711 944
L. Moolman	561 258	676 127	1 237 385
B. Mathibe	631 232	441 229	1 072 461
R. Mongale	632 043	479 953	1 111 996
A. Ismail	491 711	489 535	981 246
	6 007 263	4 769 696	10 776 959

Non-executive members

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

Notes to the Annual Financial Statements

for the year ended 31 March 2016

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

2015	Meeting Attendance	Travel reimbursement	Total
Z. Majavu - Chairman	569 342	65 973	635 315
Dr N. Maharaj	293 787	24 008	317 795
P.J. Browning	275 695	3 532	279 227
R.G. Nicholls	185 890	2 326	188 216
S. Ledwaba	278 215	14 492	292 707
M.M. Mathabathe	298 215	9 926	308 141
T. Mdluwa	339 367	26 777	366 144
	2 240 511	147 034	2 387 545

Two additional board members were appointed with effect from December 2015, Mrs Ewertse as well as Mr Kgomo.

Audit and Risk Committee members remuneration

2016	Meeting Attendance	Travel reimbursement	Total
Dr.C. Sanangura – Chairperson	243 747	6 846	250 593
N.M. Mufumadi	112 170	623	112 793
R.G. Nicholls	108 332	-	108 332
Z.M. Kabini	89 736	258	89 994
	553 985	7 727	561 712

2015	Meeting Attendance	Travel reimbursement	Total
Dr. C. Sanangura - Chairperson	54 128	2 512	56 640
N.M. Mufumadi	13 056	786	13 842
R.G. Nicholls	14 144	221	14 365
Z.M. Kabini	23 636	2 083	25 719
X. Sibiya	10 580	733	11 313
B.M. Mabusela	88 896	5 611	94 507
	204 440	11 946	216 386

Notes to the Annual Financial Statements

for the year ended 31 March 2016

24. Prior period errors

	Notes(s)	2015 Restated R
Statement of financial position		
Increase in receivables from exchange transactions	(a) & (b)	1 667 996
Decrease in receivables from non-exchange transactions	(c)	(895 003)
Increase in trade and other payables	(d),(e),(f) & (g)	(988 752)
Increase in provisions	(h)	(4 097 276)
Increase in accumulated surplus		(475 478)
Increase in property, plant and equipment	(i)	69 833
Decrease in provision for impairment	(c)	895 003
		(3 823 677)
Statement of financial performance		
Decrease in revenue from non-exchange transactions	(j)	1 973 853
Decrease in revenue from exchange transactions	(j)	5 080
Increase in depreciation		7 759
Increase in employee cost	(a)	5 249
Decrease in finance cost	(e)	(219 436)
Increase in penalties	(e)	385 101
Increase in consulting and professional fees	(k)	207 914
Decrease in provision for bad debts	(j)	(1 132 043)
Decrease in communication cost	(k)	(2 874)
Decrease in uniform	(k)	(3 121)
Decrease in projects	(k)	(1 191 081)
Decrease in talent management	(k)	(310 000)
Increase in travel and accommodation	(k)	4 097 276
		3 823 677

a) Staff debtors

- Staff debtors relating to salary overpayments, cellphone and telephone debts were erroneously omitted in the prior year and repayments of staff debts were incorrectly classified. This resulted in receivables from exchange transactions to be understated. (R124 276)

b) Prepayments

- A prepayment made to Statistics SA was erroneously included in expenditure. This resulted in expenditure to be overstated and receivables from exchange transactions to be understated. (R1 479 064)

Notes to the Annual Financial Statements

for the year ended 31 March 2016

24. Prior period errors (continued)

- A prepayment made to Makro was erroneously included in expenditure. This resulted in expenditure to be overstated and receivables from exchange transactions to be understated. (R64 656)

c) RTIA Debtor

- AARTO Infringement fee revenue was overstated in the prior year. This resulted in receivables from non-exchange transactions to be overstated. (R895 003)

d) Staff Creditors

- Salary deductions were incorrectly made for debts which were never recognised. This resulted in trade and other payables to be overstated. (R39 870)

e) Accruals

- An accrual for SWOV was omitted in previous financial year (R310 639).
- A commitment for Motseki Business Consulting for the Corporate's Strategic Plan and APP was incorrectly raised as an accrual in the previous financial year (R310 000).
- An accrual was incorrectly raised in the previous financial year (R3 121).
- An accrual for Deloitte was erroneously omitted in the previous financial year (R331 056).
- An accrual for Forensic Crash Investigation relating to 2015 financial year was erroneously omitted. (R42 000).
- Interest and penalties due to SARS late payment relating to 2015 financial year was incorrectly included in the 2015/16 accruals.

f) Trade payables

- A commitment for KPMG was erroneously included in trade payables (R123 142).
- Refund due to Transnet for 2011/12 financial year was omitted in trade payables (R684 643).
- Civair Helicopters was erroneously disclosed as an accrual (R18 350).
- RTIA payment was erroneously classified as trade and other payables instead of reducing receivables from non-exchange transactions. (R89 496).

Accrued employee costs

- 2010 Pension fund contributions and arrear interest was omitted in the previous financial year (R38 729).

h) Provisions

A provision for vehicles hired from Nexus Travel (Rekwele) in December 2014 was omitted in the previous financial year (R4 097 276).

i) Property, plant and equipment

During the 2012/13 financial year, there was an omission to review the useful life of a motor vehicle. (R69 833)

j) Revenue

- AARTO Infringement revenue was overstated in the prior year. This resulted in the revenue from non-exchange transactions to be overstated. (R1 973 853)
- Telephone debt deduction was erroneously allocated to sundry income (R5 080).

Notes to the Annual Financial Statements

for the year ended 31 March 2016

24. Prior period errors (continued)

k) Operating expenditure

- A provision for vehicles hired from Nexus Travel (Rekwele) in December 2014 was omitted in the previous financial year (R4 097 276).
- An accrual for SWOV was omitted in previous financial year (R310 639).
- An accrual for Forensic Crash Investigation was omitted in previous financial year (R42 000).
- This relates to a prepayment made to Statistics SA during 2014/15 which was incorrectly expensed (R1 479 064).
- This relates to a prepayment made to Makro during 2014/15 which was incorrectly expensed (R64 656).
- A commitment for Motseki Business Consulting for the Corporate's Strategic Plan and APP was incorrectly raised as an accrual in the previous financial year (R310 000).
- An accrual was incorrectly raised in the previous financial year (R3 121).
- An accrual for Deloitte was erroneously omitted in the previous financial year (R331 056).
- A commitment for KPMG was erroneously included in trade payables (R123 142).
- Communication costs were overstated in the previous financial year (R2 874).

25. Financial Risk and Capital Risk Management

Capital risk management

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

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

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

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

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

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

Notes to the Annual Financial Statements

for the year ended 31 March 2016

25. Financial Risk and Capital Risk Management (continued)

Liquidity risk

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

Financial liabilities - 2016	Within 1 year	1-5 years	More than 5 years	Total
Finance lease obligation	302 455	25 992	-	328 447
Payables from exchange transactions	35 204 016	-	-	35 204 016
	35 506 471	25 992	-	35 532 463

Financial liabilities - 2015	Within 1 year	1-5 years	More than 5 years	Total
Finance lease obligation	860 860	99 538	-	960 398
Payables from exchange transactions	12 160 887	-	-	12 160 887
	13 021 747	99 538	-	13 121 285

Credit risk

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

Trade and other receivables

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

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

The Corporation does establish an allowance for impairment.

Credit risk exposure

The gross carrying amount of the receivables (2015/16: R152 341 642 and 2014/15: R147 376 572) represents the maximum credit exposure at the reporting date.

Notes to the Annual Financial Statements

for the year ended 31 March 2016

25. Financial Risk and Capital Risk Management (continued)

Concentrations of credit risk

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

Geographical Area (Provinces)

The PFMA prohibits the Corporation to have any credit facility.

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

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

Provinces	2016 R	2015 Restated R
Gauteng	13 910 688	14 686 928
Eastern Cape	2 982 301	9 766 008
Free State	1 899 324	1 945 872
KwaZulu Natal	4 725 443	4 600 703
Limpopo	5 145 170	5 149 761
Mpumalanga	56 537 228	48 473 786
Northern Cape	10 070 036	10 165 929
Western Cape	4 981 403	3 828 514
North West	11 139 938	19 904 295
Unallocated receipts (All provinces)	(5 598 625)	(5 598 625)
Provision for bad debts	(65 449 457)	(17 695 532)
	40 343 449	95 227 639

Financial instrument	2016 R	2015 Restated R
Major receivables of the Corporation consists of the following:		
eNaTIS - Transaction fees	40 343 449	95 227 639
The other receivables of the Corporation consists of the following:		
Sundry receivables	66 137	16 860
Deposits	1 307 973	603 035
Receivables - sponsors	4 036 278	3 545 664
	45 753 837	99 393 198

Notes to the Annual Financial Statements

for the year ended 31 March 2016

25. Financial Risk and Capital Risk Management (continued)

Financial assets that are past due but not impaired - 2016

Financial asset	Neither past due nor impaired	0-2 months	3 - 5 months	More than 5 months	Impaired financial assets	Total carrying amount
Trade and other receivables	46 326 947	15 062 585	15 253 566	79 644 940	(96 045 560)	60 242 478
Unallocated receipts	(5 598 625)	-	-	-	-	(5 598 625)
Cash & cash equivalents	435 778 998	-	-	-	-	435 778 998
Deposits	1 307 973	-	-	-	-	1 307 973
	477 815 293	15 062 585	15 253 566	79 644 940	(96 045 560)	491 730 824

Financial assets that are past due but not impaired - 2015

Financial asset	Neither past due nor impaired	0-2 months	3 - 5 months	More than 5 months	Impaired financial assets	Total carrying amount
Trade and other receivables	36 154 448	15 711 870	15 253 566	79 632 531	(44 945 181)	101 807 234
Unallocated receipts	(5 598 625)	-	-	-	-	(5 598 625)
Cash & cash equivalents	454 445 421	-	-	-	-	454 445 421
Deposits	603 035	-	-	-	-	603 035
	485 604 279	15 711 870	15 253 566	79 632 531	(44 945 181)	551 257 065

Financial assets individually impaired

As at 31 March 2016 debtors to the amount of R107 905 457 were individually considered for impairment. These debtors amounted to R95 607 712 in the prior year, but were not individually impaired.

Market risk

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

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

Interest rate risk

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

Equity price risk

The Corporation has no exposure to equity price risk.

Notes to the Annual Financial Statements

for the year ended 31 March 2016

26. Fruitless and wasteful expenditure

	2016	2015 Restated
	R	R
Interest paid on supplier invoice	640 270	7 526
Interest and penalties paid to SARS	-	418 044
Cancellation fees	-	31 217
	640 270	456 787

Interest paid on late payments to Standard Bank of South Africa/Fleet Management, Standard Bank of South Africa/Travel as well as Telkom (Tasima). Investigation and discussions to address these issues are underway.

27. Irregular expenditure

Opening balance	216 263 129	212 603 117
Add: Irregular Expenditure - current year	323 426	3 660 012
	216 586 55	216 263 129
Analysis of expenditure awaiting condonation per age classification		
Current year	323 426	3 660 012
Prior years	216 263 129	212 603 117
	216 586 555	216 263 129

Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	Amount R
Non compliance - SCM processes (Goods and services)	Process of investigation is on going	323 426
		323 426

Notes to the Annual Financial Statements

for the year ended 31 March 2016

28. Transfer of Functions

Transfer of e-NaTIS

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

- The RTMC shall accept the handover and delivery of the road traffic information management functions and the eNaTIS system from the Department of Transport and TASIMA with effect from 1 May 2015.
- The eNaTIS system, the management of the eNaTIS system and services, directly, indirectly and or incidental to the system shall be handed over or delivered to and accepted by the RTMC with effect from 1 May 2015.
- The road traffic information management functions and eNaTIS system will be executed by the RTMC with effect from 1 May 2015.
- The RTMC shall, with immediate effect, take all steps necessary to ensure the smooth and seamless handover or delivery of the eNaTIS system, management and services from TASIMA with effect from 1 May 2015.
- All Sectional Heads in the Department of Transport tasked with the eNaTIS functions shall co-operate with the handover process and provide full support to the RTMC.
- The RTMC shall, with the co-operation of the Department of Transport, institute an investigation regarding the extension of the eNaTIS contract (RT1194KA) and any other possible irregularities relating to the said contract.
- A communication plan should be developed to communicate all matters relating to the handover or delivery of the eNaTIS system from the Department of Transport and TASIMA to the RTMC.
- Tasima brought urgent application against the Department of Transport and the RTMC during April 2015. Thus application was followed by 5 subsequent applications and an appeal hearing to the Supreme Court in May – December 2015.
- The matter has been set down for hearing in the Constitutional Court on the 24th of May 2016;
- During 2015 and in line with the provisions of the Shareholders Committee, the RTMC incurred certain expenditure in relation to the eNaTIS being:
 - Appointment of personnel to support the eNaTIS
 - The Waterfall Park Lease Agreement –

The owner terminated the previous lease with Tasima and wished the property to be vacated by 1 July 2015. It, for the reason held above, would have been totally impossible to vacate the premises by 1 July due to:

 - (i) The system having been developed and hosted within the property for 15 years;
 - (ii) The system having been declared a National Key Point (NKP) and its relocation will be time consuming and tedious effort, subject to the approval of the SAPS;
 - (iii) The RTMC, being now the authorized owner of the NKP must, as dictated by the provisions of the NKP Act, comply to the regulating legislative obligation in relation to firstly the management of the NKP and secondly the relocation of the NKP.
 - Payment of, in execution and or support of the management function as per the Shareholders Committee's

Notes to the Annual Financial Statements

for the year ended 31 March 2016

28. Transfer of Functions (continued)

resolution and due to the NKP status of the system and the immediate threat to the stability and integrity of the eNaTIS at the time, 3rd party service providers, including –

- (i) Telkom - Telkom renders essential network infrastructure services to the eNaTIS. More particularly it provides telephone and data lines upon which the eNaTIS is wholly reliant for operation. The crux is that the eNaTIS will cease to function upon the suspension of the Telkom services and operation and integrity will be severely compromised.
- (ii) SAPO - SAPO receives the applicable vehicle owners and licenced drivers information from eNaTIS and print same and through its mail services, mail the relevant Motor Vehicle Licence Renewal Notices ("MVL2") and Driving Licence Renewal Notices ("DLRN") to the vehicle owners.

29. Commitments

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

Contract Commitments

Description	Notes	Within 12 months R
Operating Lease on Rental of Office Equipment		129 067
Reasearch Study on Road Crashes to be Conducted		1 003 996
Electronic Board Papers		207 765
Development of Databank for Road Crashes		1 906 500
Promotion of Road Safety through the use of Road Safety Ambassadors		1 806 818
Project on Rationalisation of Traffic Law Enforcement		4 932 480
Operating Lease on Rental of Office Space	a	25 502 127
Consulting Fee : Provision of Assistance for Sourcing Permanent Office Space		1 500 000
Consultant Fee : Crash Investigations		336 000
Motor Vehicles and Equipment Insurance		1 774 751
Consulting Fee : Development of a Funding Model		940 800
Employee Assistance, Health and Wellness Contract	b	5 000 000
Consultant Fee : IT/ eNaTIS System		54 720
Traffic Management System for Road Crashes Reporting		213 370
Provision of Security Services		261 808
Provision of Cleaning Services		189 264
Provision of an Enterprise Resource Planning Solution System	b	43 400 914
Promotion of Road Safety through Television and Radio Advertising		9 100 390
Road Safety Messages through Drama Series, Thetrical Production and Story Integration	d	33 549 991
Provision of Parkhomes		22 607 297

Notes to the Annual Financial Statements

for the year ended 31 March 2016

29. Commitments (continued)

Description	Notes	Within 12 months R
Consultant Fee : Lead Engineering Service for Heidelberg Training Facility		3 072 119
Supply of Mobile Testing Station and Mobile Weigh-Bridges	e	29 885 100
Consultant Fee : Development of Learning Material for Law Enforcement		2 598 503
Consulting Fee : Stakeholder Management		1 329 923
Communication services		845 927
Consulting Fee : Development of National Road Safety Strategy		908 808
Stadium Road Safety Promotion and Advertising		346 665
		193 405 103

a) Operating Lease on Rental of Office Space

The commitment relates to rental of the office space at Faerie Glen Waterpark (R14 392 425) as well as the Waterfall building situated in Midrand (R11 109 702).

b) Employee Assistance, Health and Wellness Contract

The commitment relates to a contract for a provision of employee health and wellness and other related services. The total contractual obligation is capped at R15,000,000 for a period of three years. It is expected that the corporation will spend on average R5,000,000 per annum for the provision of such service.

c) Provision of an Enterprise Resource Planning Solution System

The commitment is for provision of an Enterprise Resource Planning solution for the corporation at total cost of R54,251,142. The cost includes software implementation and post-implementation assistance for three year period.

d) Road Safety Messages through Drama Series, Thetrical Production and Story Intergration

The commitment relates to a contract for the development of a drama series, thetrical production and story integration to promote road safety. The total contract amount is R 106, 809, 751 over a three year period.

e) Supply of Mobile Testing Stations and Mobile Weighbridges

The commitment relates to a contract for the supply of Mobile Weighbridges and Mobile Testing Stations for the corporation. The contract is capped at a total amount of R106,732,500 over a three period.

Other commitments

Description	Within 12 months R
Talent management	326 366
Publications	126 307
Competency assessment	161 000
Catering	430 750

Notes to the Annual Financial Statements

for the year ended 31 March 2016

29. Commitments (continued)

Description	Within 12 months R
Printing	515 400
Procurement of buses	8 056 309
Promotional items	1 417 580
Uniform	417 927
Consulting services	112 892
Pet control program	5 440
Road safety material	1 104 372
Law enforcement material	404 522
Travel	34 450
Nursing services	394 087
Transcript recordings	455 380
	13 962 782

30. Budget differences

Material differences between budget and actual amounts

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

Statement of Financial Performance

a.) Sundry income

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

b.) Interest received

Interest received is higher than budgeted due to the high bank account balances maintained as well as the funds being deposited with the Reserve Bank.

c.) Infringement fees

The Corporation is applying the provision of iGrap 1 which stipulates the manner in which the revenue should be accounted for.

d.) Employee cost

The Corporation employed officials in key position in effort to execute its legislative mandate. In addition to filling key positions, in readiness preparations for the traffic information system, 126 officials was appointed during the 2015/16 financial year.

e.) Depreciation

Increase in depreciation due to increase in the motor vehicle fleet of the Corporation.

Notes to the Annual Financial Statements

for the year ended 31 March 2016

30. Budget differences (continued)

f.) Interest paid

Penalties for late payment to creditors including Telkom & SAPO.

g.) Repairs and maintenance

During the 2015/16 financial year the Corporation incurred cost to repair and maintain its Information Technology infrastructure, which includes but limited to cabling and wiring, minor computer parts for replacement and maintenance to the current telephone system.

h.) Operating expenditure

The Corporation provided for a court order payment to be made to Tasima, in excess of R130 million, in addition to the aforementioned, payments for made to Telkom and SAPO for services rendered in terms of the eNaTIS system to the amount of R29 million. The RTMC intensified its marketing campaigns and spent R50 million.

31. Change in estimate

Property, plant and equipment

During 2016, the Corporation identified certain vehicles where a change in estimate needs to be done, which resulted in changes in the expected useful life of these vehicles. The vehicles which management previously intended selling after 8 years of use, is now expected to remain in use for 11 years from the date of purchase. As a result, the expected useful life of the vehicle increased and its estimated carrying value decreased. The effect of these changes on actual and expected depreciation expense, included in statement of financial performance, was as follows:

Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:	Value derived using the original estimate	Value derived using amended estimate	Value impact of change in estimate
Motor vehicles	(2 628)	7 884	5 256
Statement of Financial Performance			
Increase in depreciation			5 256
Statement of Financial Position			
Decrease in accumulated surplus and deficit			(5 256)

Notes to the Annual Financial Statements

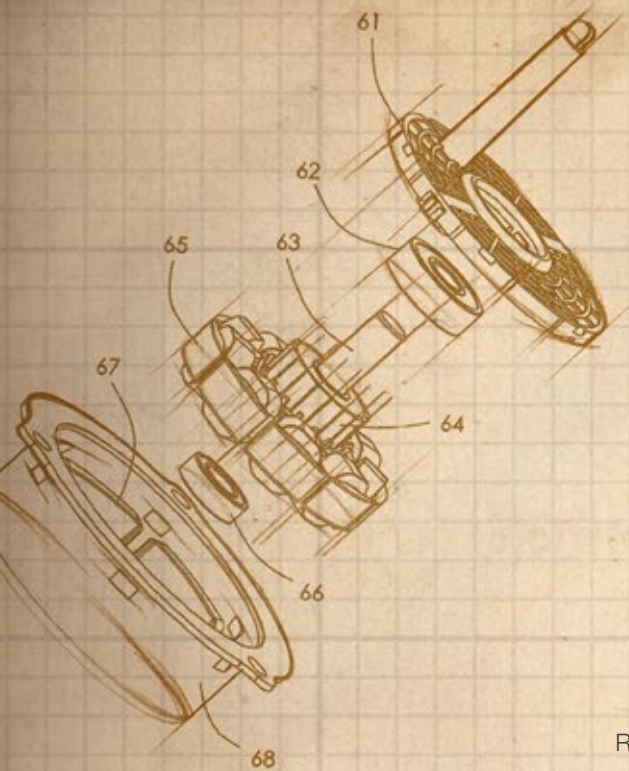
for the year ended 31 March 2016

31. Change in estimate (continued)

Provision for performance bonus

During the year, changes were made to the basis of calculating the provision for performance bonuses.

Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:	Value derived using the original estimate	Value derived using amended estimate	Value impact of change in estimate
Provision for Performance Bonus	(4 796 642)	18 013 805	13 217 163
Statement of Financial Performance			
Increase in provision for bonus expense			13 217 163
Statement of Financial Position			
Increase in provision for bonus liability			13 217 163

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