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RTMC PublicRelations@TrafficRTMC **26 Mar**

"To reduce the carnage on our roads we need all south africans to play their part" Get There. No Regrets.

Make Roads Safe@Make_Roads_Safe **6 Feb**

RT @UNRSC: Living End Roads - a campaign to change road signs to take into account pedestrians and cyclists **http://twitpic.com/c1ak8w #walksafe**

Daman Sundeep Sewmungal ***posted to*** **Road Traffic Management Corporation** **20 March** via BlackBerry Smartphones App

Hi please send me feedback from the summit as for info to be cascaded to my department with new information will assist me.

Durban metro police training academy, sewmungald@durban.gov.za

Road Traffic Management Corporation **23 March**

The RTMC held a successful inaugural national driving school summit. Thanks to driving schools for your support.

RTMC PublicRelations@TrafficRTMC **26 Mar**

NTPU ready to be deployed across the country this Easter.

Road Accident Fund. @RAF_SA **21 Feb**

"Drunken driving, speeding, reckless overtaking.... is breaking the law, committing these offences then you are criminal" Deputy Minister

Alida Jones **share a** **link.** **1 March**

Come and join us on the 9th March 2013 at Longbeach Mall if you need a child safety seat or if you have one to donate to our cause. For more information please contact info@drivemoresafely.co.za or visit **www.drivemoresafely.co.za**

Come and join us and let us make our roads a safer place to be on.

Road Traffic Management Corporation **31 December 2012**

Motorists are warned as part of the RTMC's Woza Re-Test programme, anyone that have been convicted in the court of law for drinking and driving, excessive speeding and or negligent or reckless driving will be asked to undergo a re-test for their learners and driving licence.

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Department:
Transport
REPUBLIC OF SOUTH AFRICA

Honourable Ms Elizabeth Dipuo Peters

Minister of Transport

The Minister of Transport is the Chairperson of the Road Traffic Management Corporation Shareholders Committee as prescribed in Section 11(1) of the Road Traffic Management Corporation Act 20 of 1999. In the year under review Minister Dikobe Ben Martins held the position of Chairperson of the Committee from 12 June 2012 to 09 July 2013.

Ms Elizabeth Dipuo Peters took office on the 9th of July 2013 as Minister of Transport and Chairperson of the Road Traffic Management Corporation Shareholders Committee

SECTION 1

Vision, Mission and Values

Drivers and their passengers must always put on their seatbelts before driving off. You must remain buckled up for the remainder of your trip. **Don't be a statistic.**

Crash tests are for dummies, not you

GET THERE. NO REGRETS

Report Unsafe Road Usage
Call 0861 400 800
www.rtmc.co.za

Road Traffic Management Corporation

1. VISION, MISSION AND VALUES

Vision
Safe Roads in South Africa

Mission
Ensure Safe, Secure and Sustainable Roads in South Africa through:
- Road safety management;
- Safer roads and mobility;
- Safer vehicles;
- Safer road users; and
- Post-crash responses.

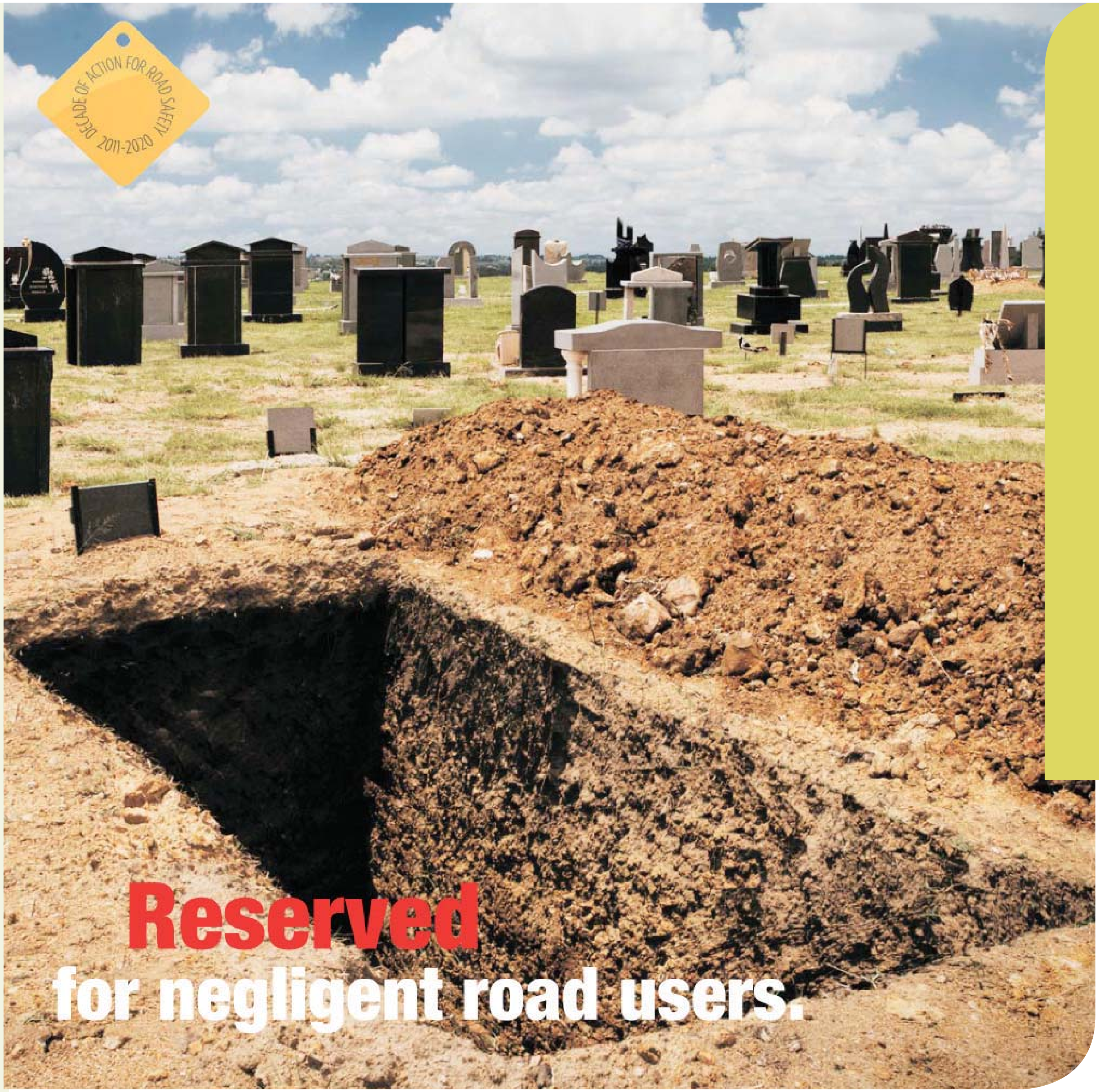
Values

Value	Meaning	Behaviour/Action
1. Integrity	Integrity is a concept of consistency of actions, values, methods, measures, principles, expectations, and outcomes. In ethics, integrity is regarded as the honesty and truthfulness or accuracy of one's actions.	• High professional and personal standard • Consistency • Honesty • Accuracy • Stand up for what you believe • Providing facts • Zero-Tolerance to corruption
2.Accountability	Accountability is the obligation of an individual or organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner	• Taking ownership & responsibility • Decision making • Obligation to report • Taking careful consideration on actions
3.Transparency	Transparency is providing information and documentation while removing all barriers to and the facilitating of free and easy access to information, the laws and rules.	• Communicating relevant information without compromising the organisation • Being proactive about information sharing • Discouraging "agenda" mentality • Availing information for verification
4.Teamwork	The process of working collaboratively with a group of people in order to achieve a goal or goals.	• Cooperating with others • Using individual skill for achieving common goals • Providing constructive feedback • Being energetic around others • Provide support to others • Listening and respecting team members

RTMC Internal programmes

SECTION 2

CHIEF EXECUTIVE OFFICER OVERVIEW



About 300 people die on our roads weekly. Human error is the largest contributor to all this carnage. Be aware of pedestrians, animals and other road users at all times. **Avoid the grave.**

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Call 0861 400 800
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Road Traffic
Management Corporation

Mr Collins Letsolo
Acting Chief Executive Officer

2. CHIEF EXECUTIVE OFFICER OVERVIEW

Once again we are humbled by our achievement of an unqualified audit opinion, a second year in succession. Ray Kroc once said " the quality of a leader is reflected in the standards they set for themselves." When we started this journey three and a half years ago the future looked bleak and few had the faith in us to turn the state of affairs at the RTMC and rebuild an effective and vibrant organization. We set high standards and expectations for ourselves, we knew that we had to be patient and start building. We needed to start with a good foundation that was based on values, principles, and people. We had to go back to basics and try to build a brand that had been tarnished and almost destroyed. It was dark times and for some time it continued to be dark with no light in sight. We focused on the stabilization phase of our turnaround strategy and had to take most difficult and sometimes unpopular and complex decisions. We had to implement the recommendations of the Ministerial Task Team, which were adopted by the Shareholders and Portfolio Committees and refocus the RTMC business to its vision of, "Safe Roads in South Africa." We had to build a team that had not only the energy but the drive to achieve what most thought to be impossible a task.

The Chinese proverb says " May you live in interesting times." It was tough but interesting times at the RTMC and the road safety space in general, we had to start thinking creatively about how to transform this particularly conservative and difficult sector. It was not going to be easy and we knew that. It was a difficult terrain to navigate with a lot of opinionated "experts" constantly reminding us what monumental failures we were going to be and the things they had done over the years that in their view were the only solutions for the RTMC.

We had to learn and learn fast, and that we did. We adopted, for the first time, the four "S", Safe Systems approach to South African road safety fraternity. We formed a partnership with South African Roads Federation (SARF) to hold an annual international road safety conference. We launched the National Rolling Enforcement Plan (NREP), seeking to stop and check 1 million vehicles a month, thereby going back to Traffic Law Enforcement basics of enhancing visibility on our roads. We partnered with the Department Of Basic Education in incorporating road safety into the Life Orientation Curriculum. We joined the United Nations Road Safety Collaboration (UNRSC), International Road Safety and Data Analysis Group (IRTAD). We established the National Traffic Police (NTP) and the National Traffic Anti-Corruption Unit (NTACU) to focus on strategic interventions and corruption, respectively.

This financial year under review, 2012/13 has been one of the most difficult years of this turnaround story. It was a year characterized by uncertainty and anxious moments, that there is any achievements is indeed miraculous. Threats of closure, inability to pay salaries, and lack of resources to implement the approved strategy and our annual performance plan (APP) frustrated our efforts to ensure a performance culture at the RTMC, this is reflected in our performance figures that are much lower than we had set ourselves. As management, we had to take critical and unpopular decisions that pitted us against our major stakeholders, to ensure the continued survival and financial viability of the RTMC. We have succeeded in ensuring current and future sustainability of the RTMC and this is reflected by our healthy statement of financial position, we have moved from a deficit in the previous financial year to a surplus in the current year.

Credit should also go to many of our stakeholders, without whom we would have never achieved any of the milestones stated in this report. Our staff at the RTMC, who have worked tirelessly to ensure success under difficult conditions; our former Minister of Transport, Honourable Ntate Ben Martins; the Parliamentary Portfolio Committee on Transport under the capable leadership of Honourable Mme Ruth Bhengu; NEHAWU and POPCRU, our organized labour partners; Financial and Fiscal Commission, under the leadership of Ntate Bongani Khumalo; all our sponsors and suppliers; the South African public who have allowed us to serve them with dedication and humility. Without all of you our efforts would have been in vein.

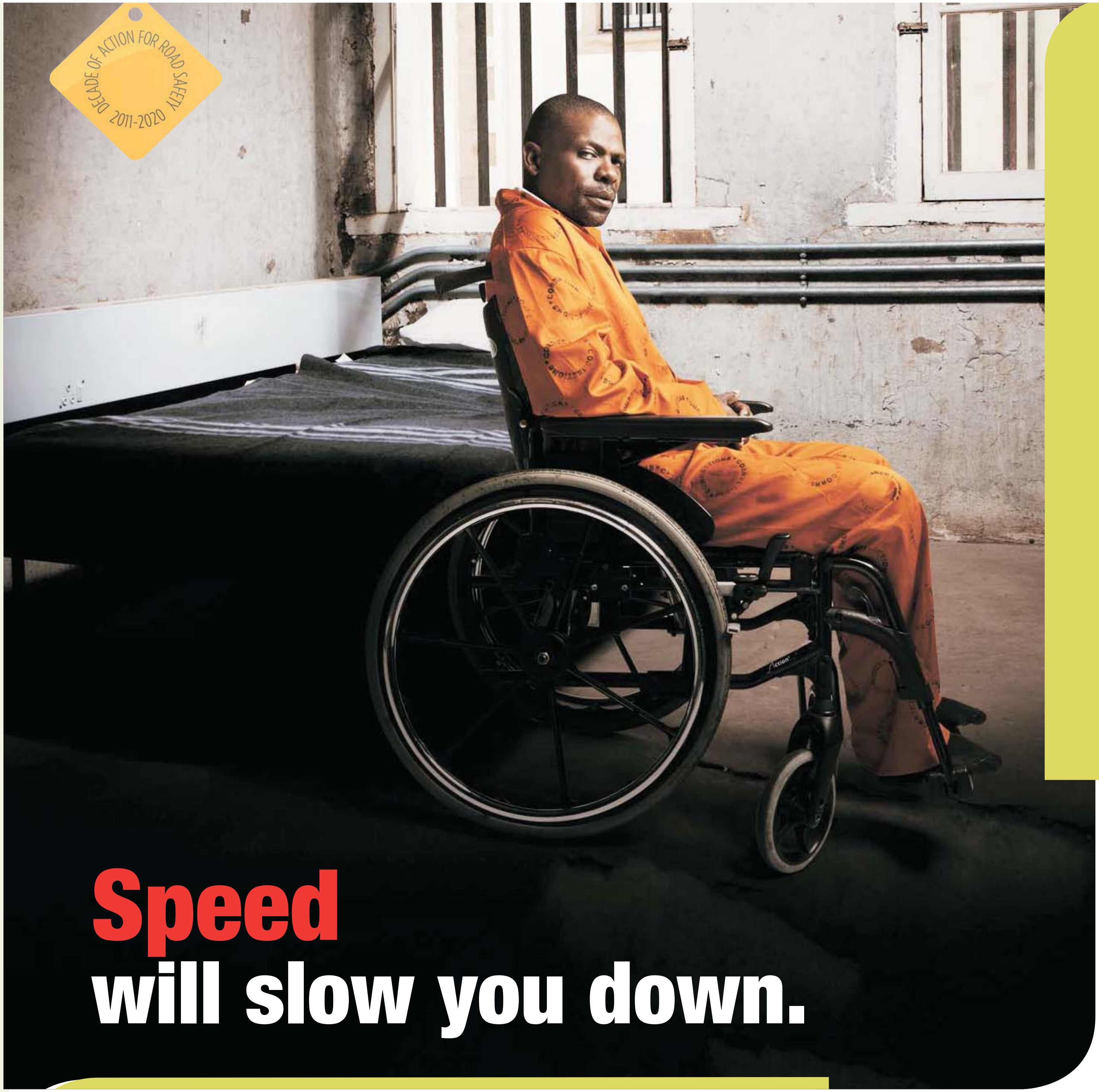
The foundation has been built for a better and capable RTMC, the turnaround has been completed. We need to harness our skills and energies to ensure its sustainability and delivery of our mandate going forward. There is an greater opportunity for attaining "Safe Roads in South Africa." We can conclude by quoting from Thomas Jefferson when he said " We confide in our strength, without boasting of it; we respect that of others, without fearing it."

CP Letsoalo,
Acting Chief Executive Officer,
Accounting Authority

"We had to build a team that had not only the energy but the drive to achieve what most thought to be impossible a task."

SECTION 3

ORGANISATIONAL STRUCTURE



Stick to the speed limit or be limited in what you do. Road crimes are punishable by law, whether you're injured or not. Slow down. **Drive responsibly.**

GET THERE. NO REGRETS

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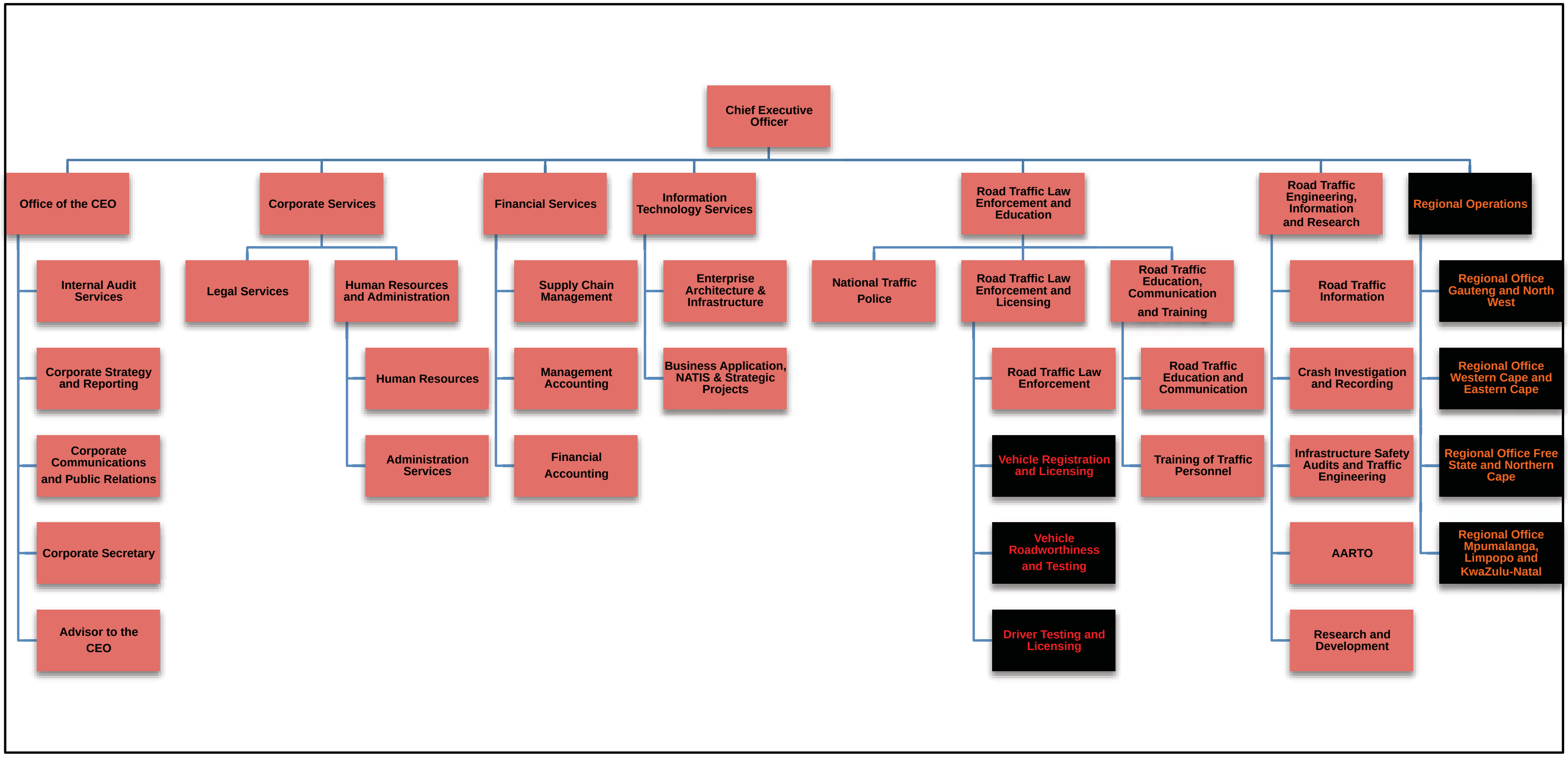
Road Traffic Management Corporation

3. ORGANISATIONAL STRUCTURE

In accordance with the founding legislation the Shareholders Committee must as part of the organisational structuring establish as many functional units as are required in accordance with the business and financial plan. The functions in black below have not been operationalised



The following are the minimum functions of the Corporation as listed in Section 18 (1) of the RTMC Act:

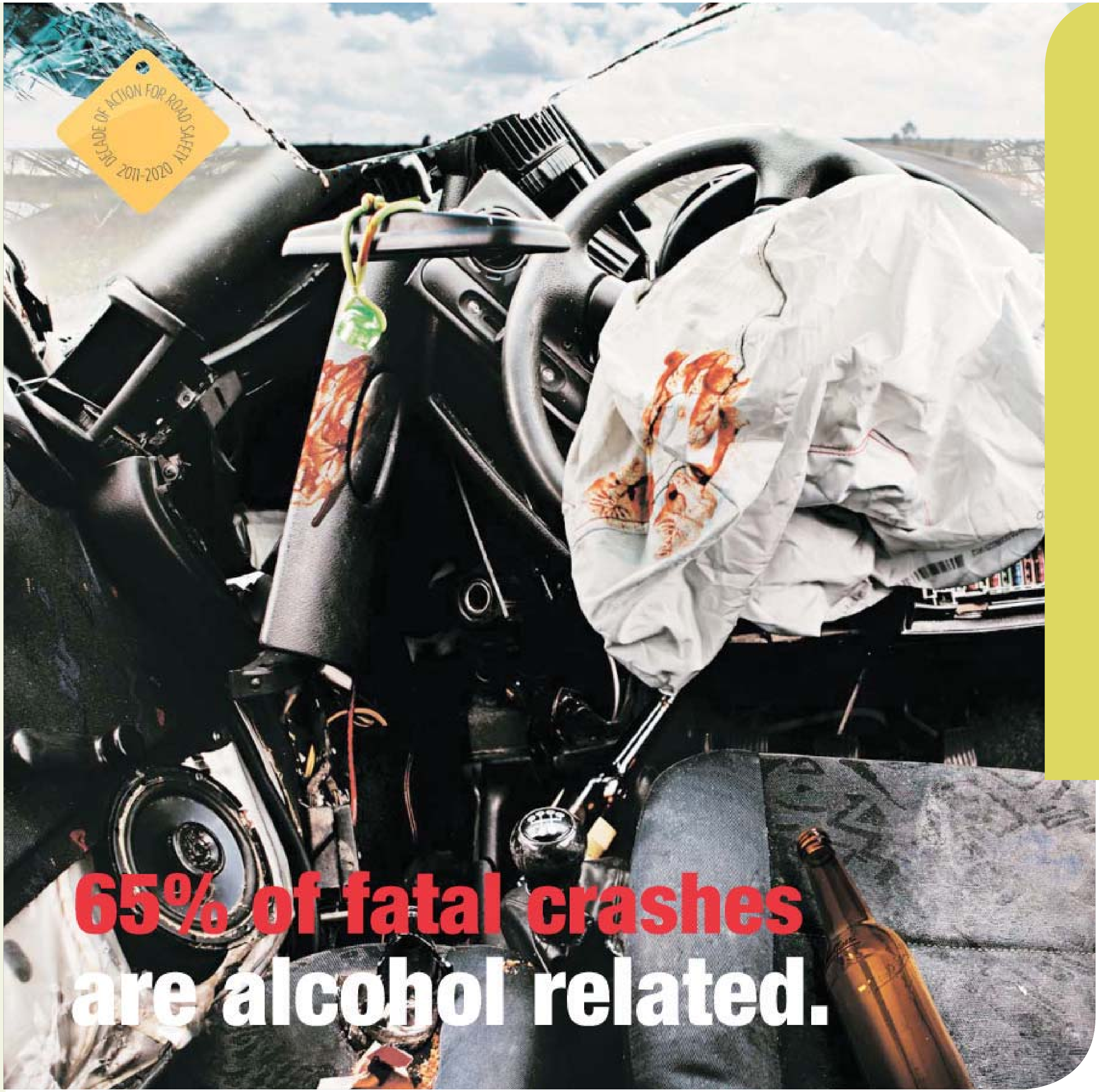
1. Road traffic law enforcement:
2. Training of traffic personnel;
3. Vehicle registrations and licensing;
4. Vehicle and roadworthiness testing;
5. Testing and licensing of drivers;
6. Road traffic information;
7. Accident investigations and recording thereof;
8. Communication and education;
9. Infrastructure safety audits; and
10. Administrative adjudication of road traffic offences.

The functions pertaining to the following areas were not transferred to the Corporation as at the end of the Financial Year and were still performed by the Department of Transport:

1. Vehicle registration and licensing;
2. Vehicle and roadworthiness testing; and
3. Testing and licensing of drivers.

SECTION 4

LEGISLATIVE MANDATE



Of all drivers tested for alcohol, 42% of those who tested positive were women and 58% were men. It is not a gender thing, it's a behavioural problem. **Don't drive drunk.**

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Road Traffic Management Corporation

4. LEGISLATIVE MANDATE

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

Constitution of the Republic of South Africa, 1996
The constitution 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 passed in terms of section 76 (5) of the constitution.

The mandate of the RTMC is aligned with Chapter 3 section 41 (h) of the Constitution of the Republic of South Africa (Act No.108 of 1996). The pooling of powers and resources and the elimination of the fragmentation of responsibilities on road traffic management across the three levels of government is done in a cooperative way with public interest as an underlying principle.

The RTMC is further governed by the provisions of section 195 (1) of the Constitution of the Republic of South Africa (Act No.108 of 1996).

Road Traffic Management Corporation Act 20 of 1999
The Road Traffic Management Corporation Act, was approved by Parliament in 1999 in line with the provisions of sections 41(h) and 44(2) of the Constitution. The Act aimed to establish the Corporation to pool powers and resources and to eliminate the fragmentation of responsibilities for all aspects of road traffic management across the various levels of Government.

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

The objectives of the Act inter alia are as follows:

1. To establish the Road Traffic Management Corporation as a partnership between national, provincial and local spheres of government;
2. To enhance the overall quality of road traffic service provision and, in particular, to ensure safety, security, order, discipline and mobility on the roads;
3. To protect road infrastructure and the environment through the adoption of innovative practices and implementation of innovative technology;
4. To phase out, where appropriate, public funding and phase in private sector investment in road traffic on a competitive basis;
5. To introduce commercial management principles to inform and guide road traffic governance and decision-making in the interest of enhanced service provision;
6. To optimise the utilisation of public funds by—
   (i) 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
   (ii) Securing, where appropriate, full cost recovery on the basis of the users-pays principle;
7. To regulate, strengthen and monitor intergovernmental contact and co- operation in road traffic matters;
8. To improve the exchange and dissemination of information on road traffic matters;
9. To stimulate research in road traffic matters and effectively utilise the resources of existing institutes and research bodies; and
10. To develop human resources in the public and private sectors that are involved in road traffic.

National Road Traffic Act 93 of 1996
The National Road Traffic Act provides for road traffic matters that shall apply uniformly throughout the republic and for connected matters therewith. It prescribe national principles, requirements, guidelines, frameworks and national norms and standards that must be applied uniformly in the provinces and other matters contemplated in section 146 (2) of the Constitution; and to consolidate land transport functions and locate them in the appropriate sphere of government.

The Act further provides for specific powers in order to execute the functions of the Road Traffic Management Corporation. Chapter V11 of the National Road Traffic Act addresses the management of Road Safety. The powers of the Chief Executive

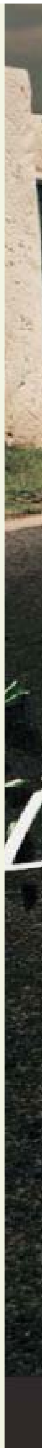
Officer as per the Section 52 of the Act are as follows:

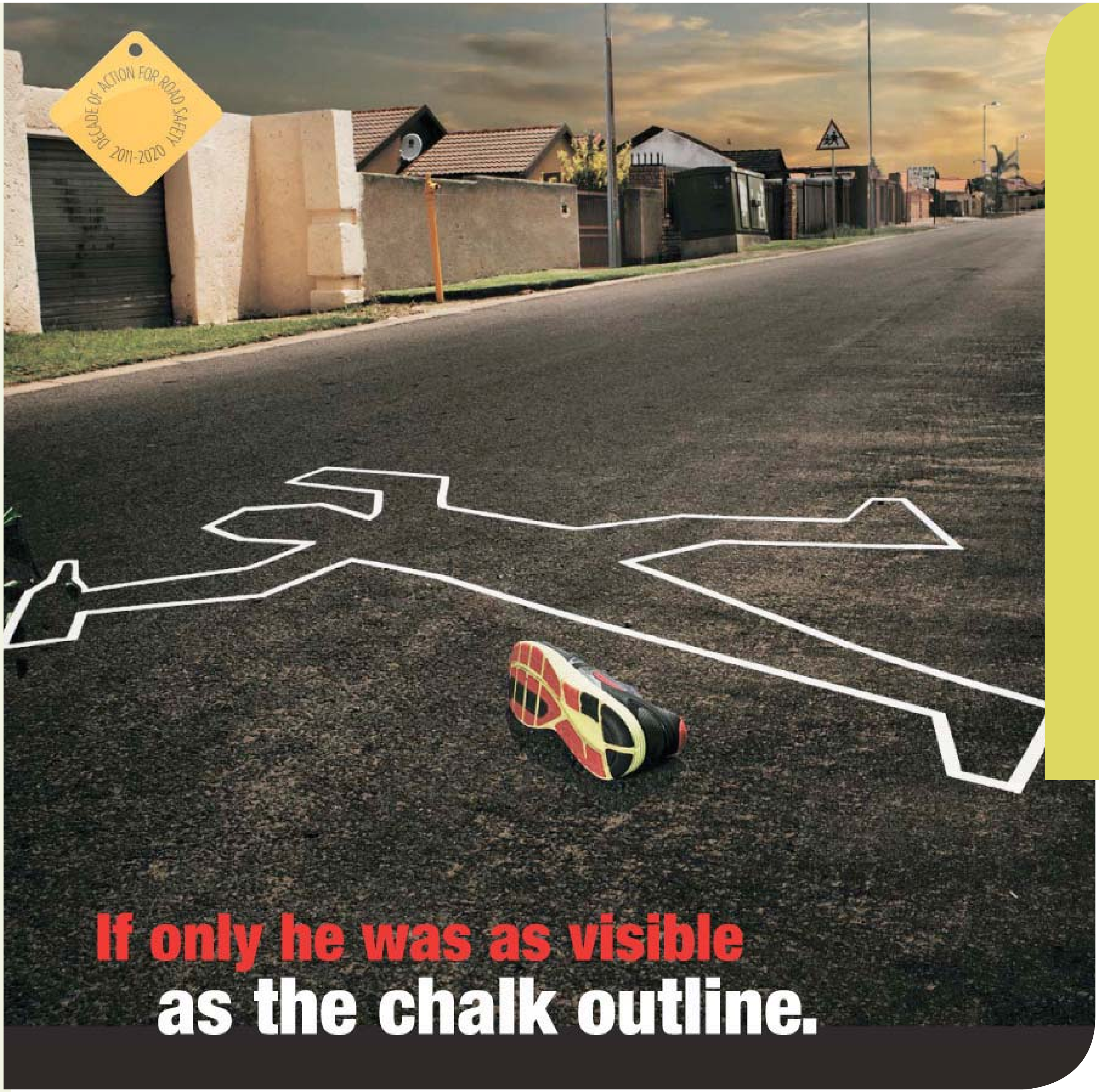
The Chief Executive Officer may:
(a) Prepare a comprehensive research programme to effect road safety in the Republic, carry it out systematically and assign research projects to persons who, in his or her opinion, are best equipped to carry them out;
(b) Give guidance regarding road safety in the Republic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

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

SECTION 5

CORPORATE GOVERNANCE





Walking drunk is as dangerous as drunk driving if not worse. Pedestrians account for just under 40% of road fatalities Be sober. Be visible. **Walk responsibly.**

5. CORPORATE GOVERNANCE

The Corporation subscribes to the principles of good corporate governance. The governance approach is also informed by the provisions of the Public Finance Management Act, The Road Traffic Management Act, Transport Agencies General Law Amendment Act, Criminal Procedures Act and the National Road Traffic Act.

The Corporation constituted of the following governance structures during the period under review:

- Shareholders Committee
- Chief Executive Officer, who in the absence of a Board assumed the role of Accounting Authority
- Independent Audit Committee
- Support structures that coordinate the programmes of the Corporation

Shareholders Committee

The Shareholders Committee is a forum through which the national, provincial and local spheres of Government co-operate with each other and with persons or bodies concerned with road traffic matters. It consists of the Minister of Transport, who is the Chairperson of the Committee, every MEC of Transport and Safety and two representatives nominated by the National organisation recognised in terms of section 2(a) of the Organised Local Government Act, No. 52 of 1997.

In accordance with section 6 of the RTMC Act, each member of the Shareholders Committee has one vote. In the instance where a province has more than one MEC as a member of the Shareholders Committee the vote may only be exercised by the MEC of that Province whose portfolio is most closely connected to the function in respect of which a decision needs to be taken.

The Act requires that the Shareholders Committee convene at least four times a year. During the year under review the committee met once on the following date:

- 15 February 2013 – Meeting of the Committee

The secretariat function of the Shareholders Committee is under the National Department of Transport.

Board of Directors

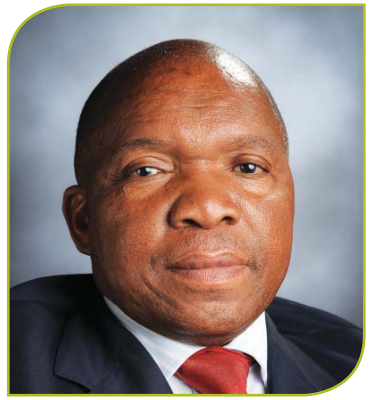
The appointment of a Board of Directors for the Corporation is at the discretion of the Shareholders Committee, which may establish a Board to which it may delegate certain powers in line with section 8 of the RTMC Act.

The Corporation has not had a Board since the term of the last Board came to an end on 15 April 2010. In the absence of a Board the Chief Executive Officer assumes the role of the Accounting Authority in accordance with the Public Finance Management Act.

RTMC MEMBERS OF THE SHAREHOLDERS COMMITTEE during the year under review:

Mr B Martins

Department of Transport

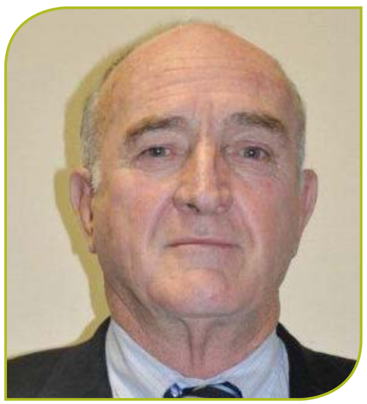


Mr B Khompela

Free State Province

Mr W Mchunu

KwaZulu-Natal Province



Mr R Carlisle

Western Cape Province

Mr I Vadi

Gauteng Province

Ms F Mazibuko

Gauteng Province

Mr P Mabilo

Northern Cape Province

Mr P Moloto

Limpopo Province

Mr V Shongwe

Mpumalanga Province

Ms D Mahlangu

Mpumalanga Province

Ms T Marawu

Eastern Cape Province

Mr C Letsoalo

Road Traffic Management Corportion

Mr N Maloyi

North-West Province

SALGA South African Local Government Association

The South African Local Government Association was represented by Mr M Kolisa and Mr S Ramaramela

Audit Committee

The Audit Committee was established in October 2011 in accordance with the National Treasury Regulation 27.1.1, section 51 (1)(a)(ii) and 76 (4) (d)of the PFMA. The establishment was for a period of three years, which will come to an end in October 2014.

Mr Bernard Mofokeng resigned from the Audit Committee in November 2012.

The membership of the **AUDIT COMMITTEE** was comprised as follows:

Name	Appointment Date	Role
Ms Boitumelo Mabusela	October 2011 – Present	Chairperson
Mr Zola Fihlani	October 2011 – Present	Member
Ms Zandile Kabini	October 2011 – Present	Member
Mr Bernard Mofokeng	October 2011 – November 2012	Member

The meetings of the Audit Committee are captured below:

Date	Type of meeting	Attendance	Apologies
3 May 2012	Ordinary meeting	Boitumelo Mabusela Zola Fihlani	Bernard Mofokeng Zandile Kabini
26 July 2012	Special Meeting	Boitumelo Mabusela Zandile Kabini Bernard Mofokeng	Zola Fihlani
30 July 2012	Special Meeting	Boitumelo Mabusela Zandile Kabini Bernard Mofokeng	Zola Fihlani
30 August 2012	Ordinary meeting	Boitumelo Mabusela Zandile Kabini Bernard Mofokeng	Zola Fihlani

Ms Boitumelo Mabusela

Chairperson

Mr Zola Fihlani

Member

Ms Zandile Kabini

Member

Mervin Moodley

Acting Senior Manager: Internal Audit

Executive Committee

The Executive Committee consists of Senior Executive Managers and Executive Managers. The Chief Executive Officer is the Chairperson of the Committee.

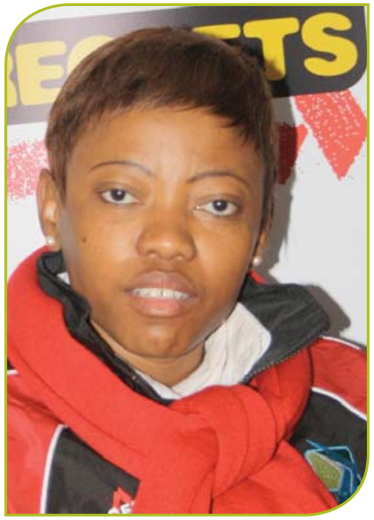
The members of the Executive Committee who left the employment of the Corporation during the year under review as follows:

1. Mr Thabo Tsholetsane – Senior Executive Manager: Road Traffic Law Enforcement Education and Training, dismissed September 2005 - August 2012
2. Mr Segodi Mogotsi – Acting Senior Executive Manager: Special Projects, expiry of secondment from the Department of Transport, February 2011 - December 2012
3. Mr David Tembe – Chief: National Traffic Police, resigned, July 2011 - January 2013

Mr Collins Letsoalo

February 2010 - Present

Acting CEO



Ms Portia Mngomezulu

December 2011 - Present

Chief Financial Officer

Ms Refilwe Mongale

September 2010 - Present

Executive Manager: Office of the CEO

Mr Muthuhadini Madzivhandila

March 2008 - March 2013

Executive Manager: Road Safety Education and Communication

Mr Basil Nkhwashu

September 2010 - Present

Executive Manager: AARTO

Mr Michael Mogorosi

February 2013 - Present

Executive Manager: Finance

Mr Ashref Ismail

August 2005 - Present

Executive Manager: Law Enforcement Coordination

Management Committee

The Management Committee consists of Senior Management of the Corporation including the Executive Committee Members. The Committee considers the programme of action in the Corporation and monitors progress on the Annual Performance Plan objectives.

The following Senior Management Changes occurred during the year under review:

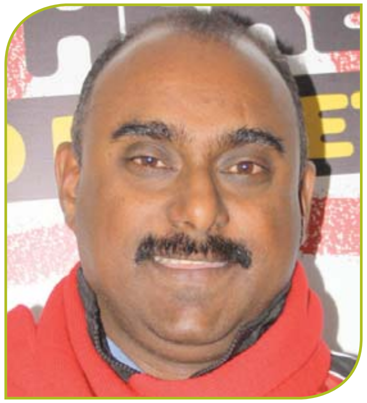
1. Mr Hlomelang Hlelesi, Senior Manager: Supply Chain, suspended December 2012
2. Ms Zanele Sihlangu, Senior Manage: Strategy and Reporting, resigned January 2013

Ms Mampe Kumalo

Company Secretary

Mr Lepulana Mokone

Acting Senior Manager: Supply Chain Management



Mr Jody Pillay

Senior Mananger: Special Projects

Ms Anisha Panday

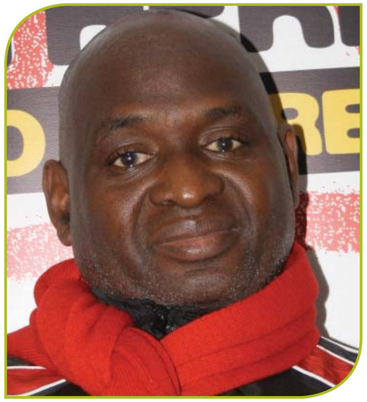
Acting Senior Manager: Corportate Communications and Public Relations

Ms Magadi Gainewe

Senior Manager: Road Traffic Information

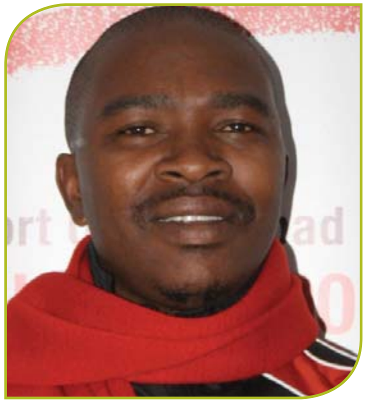
Adv Morne Gerber

Acting Senior Manager: Legal Services



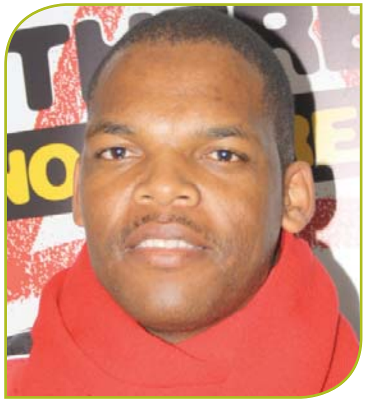
Mr Ndengeza Masangu

Senior Manager: Research



Mr Lungisa Mbanjwa

Senior Manager: Management Accounting



Mr Kopano Maponyane

Senior Manager: Human Resources

Support Structures

Other support structures in line with the lead agency road safety mandate are as follows:

Law Enforcement Coodination

The Road Traffic Management Corporation is the Chair of the Road Traffic Management Coordinating Committee (RTMCC). The Members of the Committee are the Traffic Chiefs of Metropolitan Municipalities and Provinces. The Law Enforcement Technical Committee is a working committee of the RTMCC.

Road Traffic Education Committee

The Road Education Committee consists of Directorates of Road Safety from the nine Provinces and it is convened by the Corporation. The programme of the Committee includes the implementation and monitoring of programmes.

Corporate Social Investment

The Corporation assists with Corporate Social Investment Initiatives that are related to Road Safety and encourages partners from business to invest in road safety initiatives. Part of the initiatives includes supporting companies on road safety programmes and supporting career days.

Oversight Intervention

The Corporation appeared before the portfolio committee on transport and the select committee on public service during the year under review.

SECTION 6

HUMAN CAPTIAL

He'll never walk, or drive again.

Avoid distractions such as attending you your cellphone while driving. Losing your concentration for a second could mean the difference between life and death. **Don't be a statistic.**

GET THERE. NO REGRETS

Report Unsafe Road Usage
Call 0861 400 800
www.rtmc.co.za

Road Traffic Management Corporation

6. HUMAN CAPITAL

Staff Complement

The Corporation staff compliment has decreased from 391 at the end of March 2012 to 371 at the end of March 2013. This is a decrease of 20 personnel in total. The figure excludes the number of interns that are receiving exposure to the work environment within the Corporation.

Table 6.1

Personnel Complement as at 31 March 2013											
Occupational Bands	Male					Female					Total
	African	Coloured	Asian	White	Total	African	Coloured	Asian	White	Total	
Senior Management Level : 13-16	7	1	2	0	10	4	0	0	0	4	14
Highly Skilled – Supervision Level : 9-12	32	3	4	5	44	26	0	2	1	29	73
Highly Skilled – Production Level: 7-8	13	1	0	0	14	33	1	0	1	35	49
Skilled	148	3	2	0	153	72	6	0	0	78	231
Lower Skilled	1	0	0	0	1	3	0	0	0	3	4
Total	**201**	**8**	**8**	**5**	**222**	**138**	**7**	**2**	**2**	**149**	**371**

The Personnel complement excluding law enforcement operations was 102 at the end of the 2012/13 financial year.

Table 6.2

Personnel (excl Law enforcement operations) as at 31 March 2013											
Occupational Bands	Male					Female					Total
	African	Coloured	Asian	White	Total	African	Coloured	Asian	White	Total	
Senior Management Level : 13-16	7	1	2	0	10	4	0	0	0	4	14
Highly Skilled – Supervision Level : 9-12	16	0	1	2	19	16	0	1	1	18	37
Highly Skilled – Production Level: 7-8	13	0	0	0	13	32	1	0	1	34	47
Lower Skilled	1	0	0	0	1	3	0	0	0	3	4
Total	**37**	**1**	**3**	**2**	**43**	**55**	**1**	**1**	**2**	**59**	**102**

The contract employees complement is captured below:

Table 6.3

Contract Employees											
Occupational Bands	Male					Female					Total
	African	Coloured	Asian	White	Total	African	Coloured	Asian	White	Total	
Senior Management	1	0	0	0	1	1	0	0	0	1	2
Highly Skilled - Supervision	0	0	0	0	0	0	0	0	0	0	0
Highly Skilled - Production	2	0	0	0	2	0	0	0	0	0	2
Skilled	2	0	0	0	2	1	0	0	0	1	3
Lower Skilled	1	0	0	0	1	3	0	0	0	3	4
TOTAL	**6**	**0**	**0**	**0**	**6**	**5**	**0**	**0**	**0**	**5**	**11**

Law Enforcement Operations

Law enforcement operations are the complement of the National Traffic Police, which is responsible for the execution of law enforcement operations in line with the National Road Traffic Act and The administrative Adjudication of Road Traffic Offences. The Police fulfill the mandate of the RTMC as an issuing Authority.

Table 6.4

National Traffic Police Complement as at 31 March 2013											
Occupational Bands	Male					Female					Total
	African	Coloured	Asian	White	Total	African	Coloured	Asian	White	Total	
Senior Management Level: 13-16	0	0	0	0	0	0	0	0	0	0	0
Highly Skilled – Supervision Level: 9-12	16	3	3	3	25	10	0	1	0	11	36
Highly Skilled – Production Level: 7-8	0	1	0	0	1	1	0	0	0	1	2
Skilled	146	3	2	0	151	71	6	0	0	77	228
Lower Skilled	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**163**	**7**	**5**	**3**	**178**	**82**	**6**	**1**	**0**	**89**	**266**

At the end of the financial year there were three contract employees in the skilled category, two African Males and one African Female.

Performance Management

The review of performance was implemented according to the Performance Management and Development policy. In this regard the sprit of the policy is to reward deserving employees with a performance bonus and pay progression. This is based on the outcomes of the moderating committee that makes recommendations to the Chief Executive Officer as the Accounting Authority of the entity.

The beneficiaries of the performance reward process were limited to employees on level 12 and below. The total performance reward as captured below was paid in the 2012/ 13 financial year based on the 2011/12 performance agreements. Short-term contract workers are not eligible for performance reward and are excluded in the figures below.

Table 6.5

Salary Band	Number of Beneficiaries	% of total employees	Cost per Salary Band
Senior Management (Levels 13-16)	0	0	0
Highly Skilled Supervision (Levels 9-12)	64	87.7%	R 980 949.30 before tax
Highly Skilled Production (Levels 6-8)	265	96.4%	R 2 612,738.08 before tax
Skilled (Levels 3-5)	N /A	N /A	N/A
Lower Skilled (Levels 1-2)	N/A	N /A	N/A
Total	**329**		**R 3, 593. 687.40**

Employment Equity Status by Salary Band

Table 6.6

Permanent Staff (Excluding Interns & Learners)											
Occupational Bands	Male					Female					Total
	African	Coloured	Asian	White	Total	African	Coloured	Asian	White	Total	
Senior Management	6	1	2	0	9	3	0	0	0	3	12
Highly Skilled – Supervision	32	3	4	5	44	26	0	2	1	29	73
Highly Skilled – Production	11	1	0	0	12	33	1	0	1	35	47
Skilled	146	3	2	0	151	71	6	0	0	77	228
Lower Skilled	0	0	0	0	0	0	0	0	0	0	0
Total	**195**	**8**	**8**	**5**	**218**	**134**	**7**	**2**	**2**	**145**	**360**

Skills Development

Internship Programme

The Corporation is committed to the tackling of the national issue of youth unemployment. Twenty interns were recruited into the Corporations and some have been placed in permanent positions based on their performance. The internship programme is a collaborative effort with the Safety and Security Sector Education and Training Authority and the United Nations Development Programme (UNDP) through the National Department of Transport. The collaboration with these entities has seen both entities contribute R 420 000.00 and R 384 000.00 respectively towards the recruitment of interns.

Bursaries

The Corporation implemented a bursary scheme for the first time in its history. Ten bursaries were allocated to deserving employees during the financial year ending 31 March 2013 and priority was given to those who wanted to pursue their undergraduate studies or completing their first qualification.

Training Undertaken

During the financial year ended 31 March 2013, the RTMC received a discretionary grant from SASSETA totalling R 1 053 830.21 which was used to capacitate officials on Advanced Driving, E-natis: Fraud and Corruption, VIP Training and Moderator and Assessor Training. The RTMC also received a Mandatory Grant of R643 159.27 from SASSETA that was used to re-skill staff on technical competencies and soft skills.

The table below summarises training interventions provided during the financial year and the number of employees trained per salary band.

Table 6.7

Occupational Bands	Type of Learning Programme	Number of employees trained
Senior Managers, Managers	Investigation and Presiding Officer	3
	Performance Management System Workshop	4
	IT workshop	2
	Job Evaluation	1
	Corporate Governance	7
	Advanced Excel	2
	Labour Relations Workshop	1
	General Management Programme for Senior Executives	1
Highly skilled Production	Financial and Trauma Management	48
	Investigating and Presiding Office	14
	Excel Advanced	2
	Performance Management Development System Workshop	79
	International Training Programme on Global Human Resources	1
	E-antis Fraud and Corruption	3
	Customer Service	23
	Compilation of Submission Workshop	1
	Art of Driving Workshop	14
	Minute Taking Workshop	25
	Business Research Method and Data Analysis	4
	IT Workshop	38
	Special Programme on Web Application	1
	Labour Relations Workshop	4
	Audit and Public sector Enterprise	1
	Proficiency in Graphic and Web Design	1
	Computer Hardware and Networking	1
	Labour and Employment Relations in Global Economy	1
	Job Evaluation	9
	Corporate Governance	4
	Induction Programme	12
	HIV and Aids	105

Partners such as the Sector Education and Training Authority have augmented the internship programme by availing financial resources towards the intern stipends. Some of the interns have excelled in their role and have been placed in permanent positions.

Appointments

The table below shows number of appointments per salary band

Table 6.8

Occupational Bands	Male				Female				
	African	Coloured	Asian	White	African	Coloured	Asian	White	Total
Senior Management (Levels 13-16)	2	0	0	0	0	0	0	0	2
Highly Skilled Supervision (Levels 9-12)	1	0	0	0	2	0	0	0	3
Highly Skilled Production (Levels 6-8)	12	1	0	0	7	1	0	0	21
Skilled (Levels 3-5)	0	0	0	0	0	0	0	0	0
Lower Skilled (Levels 1-2)	0	0	0	0	0	0	0	0	0
Total	**15**	**1**	**0**	**0**	**9**	**1**	**0**	**0**	**26**

Promotions

The table below shows the number of promotions per salary band

Table 6.9

Occupational Bands	Male				Female				
	African	Coloured	Asian	White	African	Coloured	Asian	White	Total
Senior Management (Levels 13-16)	0	0	2	0	0	0	0	0	2
Highly Skilled Supervision (Levels 9-12)	1	0	1	0	1	0	0	0	3
Highly Skilled Production (Levels 6-8)	0	0	0	0	1	0	0	0	1
Total	**1**	**0**	**3**	**0**	**2**	**0**	**0**	**0**	**6**

Termination of Service by Death
The Corporation lost one staff member who was an Officer of the National Traffic Police during the year under review.

Occupational Health and Safety
The OHS Committee was established and meets quaterly.

Utilisation of Annual Leave
The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires proper management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Vacation leave utilisation for employees:

Table 6.10

Occupational Bands	Male				Female				
	African	Coloured	Asian	White	African	Coloured	Asian	White	Total
Senior Management (Levels 13-16)	5	1	1	0	3	0	0	0	10
Highly Skilled Supervision (Levels 9-12)	30	3	3	3	23	0	1	1	64
Highly Skilled Production (Levels 6-8)	142	3	2	0	109	6	0	1	263
Skilled (Levels 3-5)	0	0	0	0	0	0	0	0	0
Lower Skilled (Levels 1-2)	0	0	0	0	0	0	0	0	0
Total	**177**	**7**	**6**	**3**	**135**	**6**	**1**	**2**	**336**

Vacation leave utilisation for contract employees:

Table 6.11

Occupational Bands	Male				Female				
	African	Coloured	Asian	White	African	Coloured	Asian	White	Total
Senior Management (Levels 13-16)	0	0	0	0	0	0	0	0	0
Highly Skilled Supervision (Levels 9-12)	0	0	0	0	0	0	0	0	0
Highly Skilled Production (Levels 6-8)	0	0	0	0	0	0	0	0	0
Skilled (Levels 3-5)	1	0	0	0	3	0	0	0	4
Lower Skilled (Levels 1-2)	0	0	0	0	0	0	0	0	0

Disciplinary Action

The table below shows the number of disciplinary action per salary band

Table 6.12

Occupational Bands	Male				Female				
	African	Coloured	Asian	White	African	Coloured	Asian	White	Total
Senior Management (Levels 13-16)	1	0	0	0	1	0	0	0	2
Highly Skilled Supervision (Levels 9-12)	3	0	0	0	1	0	0	0	4
Highly Skilled Production (Levels 6-8)	4	0	0	0	2	0	0	0	6
Skilled (Levels 3-5)	0	0	0	0	0	0	0	0	0
Lower Skilled (Levels 1-2)	0	0	0	0	0	0	0	0	0
Total	**8**	**0**	**0**	**0**	**4**	**0**	**0**	**0**	**12**

Misconduct and disciplinary hearings finalized

The table below reflects the number of disciplinary hearings finalised

Table 6.13

Outcomes of Disciplinary Hearings/Management Actions	Number
Correctional counseling	0
Verbal warning	0
Written warning	4
Final written warning	2
Suspended without pay	1
Fine	0
Demotion	0
Dismissal	3
Not guilty	1
Case withdrawn	0
Total	**11**

*One of the noted dismissal is a result of a disciplinary step taken against one individual after he resigned

The table below reflects the total number of disciplinary hearings

Disciplinary hearings	**5**

Three (03) of the employees are on suspension with pay

Grievances lodged

The table below reflects the number of grievances lodged

Total number of grievances lodged	**4**

Disputes lodged

The table below reflects the number of disputes lodged

	Number
Number of disputes upheld	0
Number of disputes dismissed	1
Total number of disputes lodged	3

Strike actions

Table 15 below reflects the number of days lost on strike actions

Total number of working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Resignations

The table below reflects the number of resignations per salary band

*Staff resigned voluntarily to take up other positions.

Occupational Bands	Male				Female				
	African	Coloured	Asian	White	African	Coloured	Asian	White	Total
Senior Management (Levels 13-16)	2	0	0	0	1	0	0	0	3
Highly Skilled Supervision (Levels 9-12)	3	0	0	1	3	0	0	1	8
Highly Skilled Production (Levels 6-8)	19	0	0	0	9	2	0	1	31
Skilled (Levels 3-5)	0	0	0	0	0	0	0	0	0
Lower Skilled (Levels 1-2)	0	0	0	0	0	0	0	0	0
Total	**24**	**0**	**0**	**1**	**13**	**2**	**0**	**2**	**42**

Other related achievements:

- A new service provider was appointed for the Employee Health and Wellness Programme for the Corporation for a period of 2yrs effective 01 March 2013.
- Two successful wellness days were conducted during this period where the Corporations health status was assessed through conducting the health risk assessments of individual employees and the HIV status of the Corporation.

SECTION 7

HIGHLIGHTS OF ACHIEVEMENTS

A head on collision is one of the most fatal ways to bring your life to a screeching halt. They are largely caused by inconsiderate driving behaviour. Road infringements are deadly. **Adhere to road markings.**

When there is nowhere to go, it's too late to regret.

GET THERE. NO REGRETS

Report Unsafe Road Usage
Call 0861 400 800
www.rtmc.co.za

Road Traffic Management Corporation

7. HIGHLIGHTS OF ACHIEVEMENTS

The performance of the Corporation is based on the Strategic Plan that is outlined in line with the five pillars of the Decade of Action for Road Safety 2011-2020 as outlined in the global plan for road safety.

The five pillars of the plan are captured below:

Pillar 1	Pillar 2	Pillar 3	Pillar 4	Pillar 5
Road Safety Management	Safe Roads and Mobility	Safer Vehicles	Safer Road Users	Post Crash Responses

Pillar 1: Road Safety Management

RTMC Funding
The limited financial resources have hamstrung the Corporation in prior years. This posed a challenge on the implementation of objectives as outlined in the Annual Performance Plan. It created a dependence on stakeholder funding and therefore reduced the influence of the Corporation on the outcome of programmes as a result of the controls and limitations placed by the funders.

In the year under review the Corporation pursued alternative funding mechanisms in line with the legislative framework in order to put the RTMC in a position to execute its mandate as a lead agency on road safety. This ensured the financial sustainability of the RTMC by changing its solvency from a negative net asset position to a positive net asset position (RTMC Solvent).

Development of Crash Information Management System
A big part of road safety management is the ability to make decision based on intelligent information in order to impact where it matters most for lasting and measurable change. Complete, valid and accurate information is a big part of road safety management.

The Corporation developed the Crash Information Management System for real time recording of road crashes; this will go a long way in strengthening road safety information management and allow for monitoring of crashes and timeous implementation of response plans.

Crash Investigation and recording
The Corporation has a responsibility to investigate major crashes that meet the following criteria:
- Crashes in which five or more persons are killed
- Fatal crashes in which four or more vehicles are involved
- Fatal crashes in which vehicles carrying hazardous substances are involved
- Any high profile crash at the discretion of the Corporation
- In the year under review the Corporation investigated 118 major crashes.

National Traffic Police
The Corporation provides traffic law enforcement operations through the National Traffic Police. The Police were deployed nationally to assist provinces with law enforcement on hazardous routes for the first time during the previous 2013 Easter period.

The police have been capitalised through the procurement of 40 Vehicles. The Railway Level Crossing Unit implemented in collaboration with Transnet in the North West is in its second phase of implementation; this programme ensures safety at railway level crossings.

National Traffic Anti Corruption Unit
The National Traffic Anti Corruption Unit has been established. The Unit works separately from the Corporations law enforcement operations.

The unit has registered arrests related to the corruption practises within the traffic fraternity and it works closely with other law enforcement authorities.

Second International Road Safety Conference
The Corporation together with the South African Road Safety Federation hosted the 2nd International Road Safety Conference in October 2012. The annual conference reports on implementation of road safety initiatives throughout the country, the conference is in line with the decade of action for road safety and takes place annually to monitor the implementation of programmes.

2013 National Road Safety Debate

Driving School Summit

The first driving school summit in the history of South Africa took place in March 2013. This is an important sector in the road safety value chain and requires formal recognition and skill programmes to improve its contribution.

The summit deliberated on a way forward on the training framework for instructors and also highlighted the issues pertaining to corruption in the sector.

Pillar 2: Safe Road and Mobility

International Road Assessment Programme

Important agreements on the implementation of the South African Road Assessment Programme were concluded in the last quarter of the financial year. The programme seeks to eliminate high-risk roads by assessing the safety of the infrastructure.

Pillar 3: Safer Vehicles

Developed the National Rolling Enforcement Plan II, an improvement on the NREP 1 that registered successes based on the targeted and reported number of vehicles stopped and checked. The NREP is a consolidation of efforts by the Traffic Authorities throughout the country and offers a centralised reporting and monitoring framework.

Pillar 4: Safe Road Users

Get there.No Regrets Campaign

The campaign is a 365-day campaign and is in support of the Decade of Action for Road Safety and it was successfully launched in December 2012.

The campaign provides for use of multi pronged media platforms including TV, Radio, Press, Social Marketing, website interface and outreach exercises targeting different road users at different times amongst other areas.

World Professional Drivers Championships

The world professional drivers championships were held in Sun City, North West, the objective is to encourage safe professional driving by improving the skills of drivers. Over 15 countries participated, including the SADC participation of 7 countries (participated for the first time), the competition was held for the first time on African soil and was supported by the private sector and other public entities.

Learner Programmes

The learner programmes that were implemented during the year include the national road safety debates and participatory educational techniques.

Road Safety Campaigns

SECTION 8

PERFORMANCE INFORMATION REPORT


CITY HALL
Smart Roadblock
Road Traffic
syntell
Vision
Mission
CITY SHELL

Strategic Goal 1: To Make Roads Safe In South Africa

Strategic Objective: To ensure safe road infrastructure

Indicator/Measure		Annual target 2012/13	Actual Performance	Reason for Variance
KPI 1	4000km Road Infrastructure assessed by March 2013	4 000 km infrastructure assessment through the International Road Assessment Programme	• Project plan revised • Phase 2 implementation plan finalised • Draft communication plan completed • Agreements on implementation concluded	Funding for project availed in the third quarter of the year, this did not provide sufficient time for implementation of programme.
KPI 2	1 Road Infrastructure and Facility Plan developed and approved by 31 December 2012	1 Road Infrastructure and Facility Plan Developed and approved	Draft framework for road infrastructure facility master plan presented to the sub-committee on safer roads and mobility in line with the decade of action for road safety conference resolutions.	Internal Capacity Constraints

Strategic Objective: To ensure road user regulations

Indicator/Measure		Annual target 2012/13	Actual Performance	Reason for Variance
KPI 3	AARTO national roll-out in 9 provinces, 205 local traffic authorities, SAPS and RTMC by December 2012 Monitoring and evaluation against standard operating procedures, AARTO regulations and National Contravention Register	AARTO national rollout in 9 provinces, 205 local traffic authorities, SAPS and RTMC Continuous monitoring and evaluation against procedures, regulations and National Contravention Register	• Provincial workshops held in eight provinces • AARTO amendment bill published	AARTO National roll out date not determined
KPI 4	1 law enforcement strategy approved by 31 March 2013	1 law enforcement strategy approved	Draft strategy compiled	Delayed tabling to the shareholders committee for approval as determined by the programme of the Committee
KPI 5	1 National Rolling Enforcement Plan (NREP) developed annually and 1000 000 vehicles stopped and checked monthly	1 National Rolling Enforcement Plan developed 1000 000 vehicles stopped and checked monthly	• Annual National Rolling Enforcement Plan finalised • 13 364 946 vehicles reported stopped and checked for the 12 month period	N/A Reported information is unverified. Independent auditing measures were implemented.
KPI 6	1 Legislated National Enforcement Code by March 2013 and monitor implementation over the MTEF period	1 Legislated National Enforcement Code	Report o national law enforcement code compiled	Need to realign the deliverable by taking it through the RTMCC and Shareholders Committee
KPI 7	National traffic police operationalised and intervention on hazardous routes with aim of reducing crashes and fatalities by 5% annually in identified routes	120 roadblocks and roadside checks conducted	632 road side checks completed 11 joint operations 28 roadblocks 106 special operations	The national traffic police was established in 2011 and the baseline targets were determined accordingly; resulting in over-performance based on the set targets.

Strategic Goal 1: To Make Roads Safe In South Africa

Strategic Objective: To ensure safe road users

Indicator/Measure		Annual target 2012/13	Actual Performance	Reason for Variance
KPI 8	1 Approved Road Safety Strategy	1 Approved Road Safety Strategy	Strategy framework presented to the Portfolio Committee on Transport and 2nd International Road Safety Conference	Duplication of mandate resulted in delays in the finalisation of the strategy
KPI 9	20030 Learners on Scholar patrol programme	20030 Learners on Scholar patrol	23 540 unverified learners participate in scholar patrol All learners covered by the insurance cover of the Corporation	The information received from Provinces requires verification on the actual determination of learners on scholar patrol.
KPI 10	Road Safety Education in school curriculum	Road Safety Education in schools curriculum	Road safety implemented in foundation (Grade R-3) and Intermediate (Grade 4-6) phases	The programme is ongoing
KPI 11	1 X national Road Safety Debates targeting 45 learners	1 X national Road Safety Debates targeting 45 learners	National Debate Competition Held	The number of provinces that participated in the programme were fewer than expected as a result of budget constraints facing the provinces
KPI 12	1 x national Participatory Educational Techniques competition targeting 9 schools with 90 learners	1 x national Participatory Educational Techniques competition targeting 9 schools with 90 learners	National PET Competition held	The number of provinces that participated in the programme were fewer than expected as a result of budget constraints facing the provinces
KPI 13	05 Mkhuzeni Campaign targeting drivers, passengers, pedestrians, cyclists and stray animals	Driver, Passenger, Pedestrian, Cyclists and stray animal Mkhuzeni campaign	Get there.No regrets campaign launched • Social Media Campaign ongoing • Television advertisements ongoing • Radio advertisements ongoing • Activations ongoing • Website developed	N/A
KPI 14	1 International driver of the year competition	1 International driver of the year competition	World professional drivers championships held in August	N/A

Strategic Goal 2: To Provide Corporate Support
Strategic Objective: To provide a support platform for core business to deliver on the RTMC mandate

Indicator/Measure		Annual target 2012/13	Actual Performance	Reason for Variance
KPI 15	Organisational structure approved and implemented	Organisational structure aligned to the RTMC Strategy developed and approved	Draft structure finalised	Delayed approval of the structure
KPI 16	AARTO Training for SAPS Train the Trainer	AARTO Training for SAPS Train the Trainer	Workshop held with SAPS Representative AARTO training material compiled	SAPS buy in not received
KPI 17	Annual monitoring and evaluation of 13 national road act traffic training centres	13 colleges monitored and evaluated	13 colleges monitored and evaluated	N/A
KPI 18		Prepare assessments and examination for courses	Assessments and examination prepared	N/A
KPI 19	Review and register qualification/programmes for Authorised Officers on NQF	Complete revision of basic traffic officer's qualification inline with new QCTO and SAQA requirements.	Learning packages reviewed Pre-scoping and scoping consultations held Draft policy on recognition of prior learning circulated for comments Learner QDF workshop held	The appointment of a qualification development facilitator was delayed by a 3rd party
KPI 20	Examiner of Vehicles (EoV) Training by private training providers	EoV Pilot training phase monitored and evaluated.	None	Process halted as a result of compliance regarding processes
KPI 21	Develop and obtain accreditation of Training programme for Driving Schools instructors	Compile training course / skills program for driving school instructors through QCTO processes.	Driving school summit held on 22 March 2013 Draft skills programme for driving school instructors developed	Delay in the scheduling of the summit
KPI 22	A registered crash investigations and reconstruction course developed	Develop and register a Crash Investigation course on the NQF	None	The appointment of a qualification development facilitator was delayed by a 3rd party Suspected collusion between a former employee and a service provider
KPI 23	80 Traffic Officials trained on Crash Investigation and Reconstruction	Train 80 accident investigators in collaboration with the SAPS	Expression of interest published in the government gazette	SAPS buy in not received

Strategic Goal 2: To Provide Corporate Support

Strategic Objective: To provide financial services to guarantee the sustainability of the Corporation

Indicator/Measure		Annual target 2012/13	Actual Performance	Reason for Variance
KPI 24	1 Integrated Financial Management Strategy approved	1 Integrated Financial Management Strategy	Draft Strategy compiled. The impact of the withdrawal of the practise note on transaction fees to be factored into the strategy and funding has been made available for delayed key strategic projects	Shortage of personnel
KPI 25	100% implementation of identified audit recommendations	100% Implementation of identified audit findings	Ongoing: 1) Payroll, 2) Fixed Assets and 3) Supply Chain controls enhanced	Ongoing
KPI 26	Approved revenue generation strategy	1 Approved revenue generation strategy	Draft strategy compiled	Shortage of personnel
KPI 27	02 sponsorship agreements for road safety	02 Sponsorship agreements for road safety	Sponsorship received for the international driver of the year competition	Sponsorship agreements exceeded expectations as a result of rigorous stakeholder engagements and packaging of programmes.

Strategic Goal 3: To Ensure Effective Stakeholder Management

Strategic Objective: Ensure an effective, efficient and inclusive stakeholder platform for continuous engagement, involvement and contribution to fulfil the mandate of the RTMC

Indicator/Measure		Annual target 2012/13	Actual Performance	Reason for Variance
KPI 28	1 stakeholder management framework developed and implemented	Stakeholder management framework developed and implemented	Stakeholder database in place and updated regularly	N/A

Strategic Goal 2: To Ensure Corporate Excellence

Strategic Objective: Improve collection of data and strengthen road safety management

Indicator/Measure		Annual target 2012/13	Actual Performance	Reason for Variance
KPI 29	No of Crash investigations and reconstruction of major crashes	Investigate and reconstruct reported major crashes	118 major crash investigations undertaken	N/A
KPI 30	1 traffic offence survey and road traffic injuries and research pilot	1 traffic offence survey and road traffic injuries and research pilot	None	Internal Capacity Constraints
KPI 31	1 Crash Information System (CIMS) roll out approved and data management methodology report	100% recording Data Management Methodology report	Crash information management system developed CIMS workshops held	Implementation of Pilot delayed by SAPS internal processes and other stakeholders
KPI 32	100% state of road safety report using road traffic information	4 Quarterly report 1 Calendar year report 1 Financial year report	None	The reengineering of the Road Traffic Information collection processes affected the compilation of the reports.

Strategic Goal 2: To Ensure Corporate Excellence

Strategic Objective: To establish an effective nerve centre

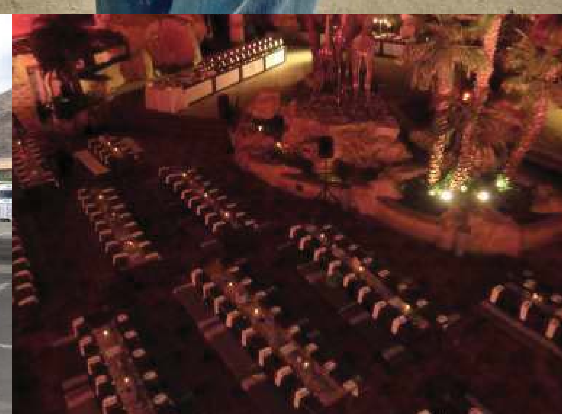
Indicator/Measure		Annual target 2012/13	Actual Performance	Reason for Variance
KPI 33	1 Nerve Centre Management and Project Management Plan	Project management framework developed	Project management framework developed	This indicator was implemented in the establishment of the programme management unit; in this regard processes were developed.
KPI 34	1 Business Management Framework	Business Case Management	Project Management framework implemented	


Road Traffic


2012
28th UICR World Professional Drivers' Championships
UICR
Road Traffic
Management Corporation


SCANIA


ENGEN
ENGEN




SCANIA
Eskom

SECTION 9

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

‘Never call an accountant a credit to his profession; a good accountant is a debit to his profession.’ **- Charles Lyell**

ROAD TRAFFIC MANAGEMENT CORPORATION

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

CORPORATE INFORMATION

Directors	Mr CP Letsoalo (Acting CEO)
	There is no board of directors as the Board was dissolved in April 2010. The Acting CEO, Mr. Collins Letsoalo, was appointed as an Accounting Authority in terms of section 49 of the PFMA.
Business address	Boardwalk Office Park Phase 5, Boardwalk, Boulevard Faerie Glen Pretoria
Postal address	Private Bag x 147 Pretoria 0001
Bankers	Standard Bank First National Bank ABSA Nedbank
Auditors	Auditor General of South Africa

ROAD TRAFFIC MANAGEMENT CORPORATION
ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

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APPROVAL AND STATEMENT OF RESPONSIBILITY

The accounting authority, which is the Board of Directors of the Road Traffic Management Corporation (RTMC), is responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements of the corporation and related information. As at the reporting date, the RTMC had no Board of Directors. As in accordance with section 49 of the PFMA, the chief executive officer of the entity shall act as the accounting authority where the board or controlling body is not in place. The Acting CEO has been appointed as the Accounting Authority in terms of section 49 of the PFMA.

The Auditor General of South Africa is responsible for independently auditing and reporting on the fair presentation of the financial statements in conformity with International Standards of Auditing.

The accounting authority is also responsible for the systems of internal financial controls. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatements and losses. Nothing has come to the attention of the accounting authority to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the accounting authority has every reason to believe that the Corporation has resources in place to continue in operation for the foreseeable future.

The accounting authority is satisfied that the information contained in the financial statements fairly presents the results of the operations for the year and the financial position of the corporation at year end.

The annual financial statements set out on pages 70 to 119 have been approved by the accounting authority and were signed on its behalf by:

Mr. CP Letsoalo
Acting Chief Executive Officer
Date: 31 July 2013

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT: 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 70 to 119, which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets, the cash flow statement and statement of comparison of budget and actual amounts for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of 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 the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 2013, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

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

Significant transaction

8. As disclosed in note 10 to the financial statements, the corresponding figures for 31 March 2012 have been revised as a result of the retrospective recognition of transaction fees in the financial statements of the Road Traffic Management Corporation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the performance information report as set out on pages 52 to 56 of the annual report.

11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

    The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

12. The material findings are as follows:

Reliability of information

13. The National Treasury Framework for managing programme performance information (FMPPI) requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

    I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to the Road User Regulations and Safe Road Users objectives.

    This was due to the lack of frequent review of validity of reported achievements against appropriate source documentation.

Additional matter

14. I draw attention to the following matter below. These matters do not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

15. Of the total number of 34 targets reported for the year, 21 of the targets were not achieved during the year under review. This represents 62% of total planned targets that were not achieved during the year under review. For further details on the extent and reasons for deviations between planned targets and actual performance refer to section 8, page 52 – 56 of the performance information report.

Compliance with laws and regulations

16. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My finding on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA is as follows:

Annual financial statements for the year under review

17. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA. Material misstatements of revenue, operating expenses, receivables and payables identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Non-compliance to the Road Traffic Management Corporation Act

18. The shareholders committee convened only once during the year under review instead of the required four times as required by section 11(2) of the Road Traffic Management Corporation Act.

Internal control

19. I considered internal control relevant to my audit of the financial statements, performance information report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the performance information report and the findings on compliance with laws and regulations included in this report.

Leadership

20. There was insufficient oversight on financial and performance reporting resulting in material adjustments to the financial statements and performance information report; which resulted in an unqualified audit opinion. Furthermore, policies and procedures were not established to ensure that misstatements are detected and corrected timeously.

Financial and performance management

21. Record keeping was not appropriate for audit purposes to ensure that complete, relevant and accurate information is accessible and available to support performance reporting resulting in performance reports

Auditor-General

Pretoria

31 July 2013

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 31 MARCH 2013

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consist of the Members listed on page 27 and they met four times during the financial year, three of the meeting were quorate.

In the year under review an Audit Committee Member resigned, this left the Audit Committee Membership at the minimum accepted number of three members. This matter was subsequently resolved with the appointment of two additional Audit Committee Members who began their term in the 2013/14 financial year.

AUDIT COMMITTEE RESPONSIBILITY

The audit committee reports that it has complied with its role and responsibilities arising from section 38 (1)(a) of the PFMA ACT and treasury regulations 3.1. The committee also reports that it has adopted the appropriate terms of reference in the form of an Audit Committee Charter, and has regulated its affairs and discharged its responsibilities in compliance with the charter.

THE EFFECTIVENESS OF INTERNAL CONTROLS

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

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

Although these have not resulted in any significant financial loss, and had no impact on the overall audit opinion, the committee views the non-compliance as an area of improvement going forward.

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

The Audit Committee would like to highlight the time its taking to fill the permanent post of the Chief Executive Officer, which casts a great uncertainty in sustainable leadership of the organisation.

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

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The audit committee has performed the following function in relation to the financial statements of RTMC for the year ended 31 March 2013:

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

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

GOVERNANCE STRUCTURE

The non existence of the Board of Directors is a serious concern to the audit committee, especially noting that the Shareholders committee convened once during the financial year.

INTERNAL AUDIT

The audit committee is not fully satisfied that the internal audit function is operating effectively due to lack of resources and relevant skill in the department. These limitations results in pertinent risk issues not being addressed satisfactorily.

AUDITOR-GENERAL

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

CONCLUSION

The Audit committee wishes to thank the Acting CEO, Management Team and the Staff of RTMC, for their continued commitment to the sustainability of the Entity. We congratulate the RTMC for an unqualified opinion in the year under review. Our appreciation extends to the Chief Financial Officer and the Finance team for their efforts regarding the financial statements for the year and to the Auditor-General team for the value that they continue to add to the RTMC.

Chairperson: Audit Committee
31 July 2013

ACCOUNTING AUTHORITY'S REPORT

The Accounting Authority present the audited annual financial statements of the Road Traffic Management Corporation (the Corporation) for the year ended 31 March 2013. The annual financial statements have been prepared on the going concern basis since the accounting authority has every reason to believe that the corporation has resources in place to continue in operation for the foreseeable future.

1. Introduction

The Corporation is listed as a national public entity in Schedule 3 Part A of the Public Finance Management Act (Act 1 of 1999 as amended) (PFMA). It was established in terms of Section 3 of the Road Traffic Management Corporation Act, 1999 (Act No 20 of 1999) (the RTMC Act).

The function of the Corporation is to pool powers and resources and to eliminate the fragmentation of responsibilities for all aspects of road traffic management across the various levels of Government. The RTMC Act provides, in the public interest, for cooperative and coordinated strategic planning, regulation, facilitation and law enforcement in respect of road traffic matters by the national, provincial and local spheres of government.

The Board of Directors is the accounting authority in terms of the PFMA. As in accordance with section 49 of the PFMA, the chief executive officer of the entity shall act as the accounting authority where the board or controlling body is not in place. The Board has since been dissolved and the Acting CEO has been appointed as the Accounting Authority in terms of section 49 of the PFMA.

2. Review of Activities

Principal activities and review of operations

The Corporation is a partnership between the national, provincial and local spheres of government to specifically deal with the management of road traffic and safety issues.
In the course of implementing its mandate, the Corporation maintained focus on its objectives, which are captured in the RTMC Strategic Plan.

The total grant income for RTMC was R82.4 million (2012: R77.9 million). The operating costs amounted to R210.8million (2012: R177.7 million).

3. Organisation Structure

The Corporation is accountable to the Shareholders' Committee (the Shareholders) comprising of the Minister of Transport and MEC's responsible for traffic and/or transport matters in nine provinces and two representatives of SALGA, who in terms of the PFMA, is the executive authority.

The Board of Directors may be appointed by the Shareholders and comprises of 7 members plus the Chief Executive Officer.

The Shareholders dissolved the Board of the Corporation in April 2010 and appointed Mr. Collins Letsoalo as the Accounting Authority in terms of section 49 of the Public Finance Management Act.

Management comprises of heads of functional units and support units who are appointed by the Chief Executive Officer.

4. Events Subsequent to Statement of Financial Position Date

The Corporation is not aware of any matter or circumstance which may have arisen since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affects the position of the Corporation or the results of its operations.

5. Bankers

Standard Bank Ltd is the principal bankers of the Corporation.

6. Auditors

The AuditorGeneral of South Africa is the designated auditor of the Corporation.

7. Directors

The Corporation had no Board of Directors for the year ending 31 March 2013 as the Board was dissolved in April 2010.

8. Secretary

Ms M Kumalo is the Company Secretary of the Corporation.

10. Shareholder Relations

The Corporation reported to and held discussions with the Executive Authority on significant events, including providing them with information on crash statistics and traffic information, interaction with the Department of Transport on transport month, Driver of the Year Competition and Make Roads Safe Campaign.

11. Materiality and significance framework

A materiality and significance framework has been reviewed during the year for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure, as well as for significant transactions envisaged per section 54(2) of the PFMA that requires Ministerial approval.

12. Stakeholder Relations

A great deal of interaction as part of the Corporation's outreach initiatives was carried out during the current reporting year, through meetings and forums. The Corporation maintained good relations with the stakeholders, through the Road Traffic Management Coordination Committee (RTMCC), through its technical committees dealing with various issues such as, the development of the code, namely, the National Road Traffic Law Enforcement Code (NRTLEC), and policy/decision makers, the Department of Transport and Parliamentary Portfolio Committee on Transport. In addition, the Corporation interacted with civil society and maintained relations with other strategic cooperatives such as the media and the general public.

13. Going Concern

The financial statements have been prepared on the going concern basis, since the accounting authority has every reason to believe that the Corporation has resources in place to continue in operation for the foreseeable future The Corporation has projected its expenditure in accordance with the approved allocation. Furthermore the Corporation has obtained the authorisation to utilise the transaction fees after the Financial Fiscal Commission instructed the National Treasury to withdraw Practice Note 10 of 2007/2008 which was issued in contravention of the RTMC Act.

Mr. CP Letsoalo
Acting Chief Executive Officer

31 July 2013

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Note(s)	2013 R	2012 R Revised
ASSETS			
Current assets			
Deposits	2	603 035	603 035
Trade and other receivables from exchange transactions	3	136 251 862	155 899 478
Inventory	4	-	18 497
Cash and cash equivalents	5	375 675 767	130 441 120
		512 530 665	286 962 130
Non – current assets			
Property, plant and equipment	6	14 149 488	7 486 257
Intangible assets	7	1 368 621	1 560 921
		15 518 109	**9 047 178**
TOTAL ASSETS		**528 048 774**	**296 009 308**
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	8	107 446 792	174 146 454
Provisions	9	2 219 388	-
TOTAL LIABILITIES		**109 666 180**	**174 146 454**
Accumulated (Deficit) / Surplus	11	418 382 594	121 862 854
		528 048 774	**296 009 308**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2013

	Note(s)	2013 R	2012 R Revised
Revenue			
Grant income	12	82 412 000	77 949 000
AARTO Infringements fees	13	4 674 317	2 530 408
Transaction fees	14	389 237 292	381 119 001
Other income	15	23 047 186	52 851 142
Finance revenue	16	7 923 110	3 648 334
		507 293 905	518 097 885
Expenditure			
Operating expenses	17	(210 805 891)	(177 687 422)
Finance costs	18	(195 150)	(346 224)
		(211 001 041)	(178 033 646)
Surplus for the year		**296 292 865**	**340 064 239**

STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2013

	Notes	Accumulated surplus/ (deficit) R	Total net assets R
Revised balance as at 1 April 2011		(75 140 777)	(75 140 777)
Surplus / (Deficit) for the year		(72 509 597)	(72 509 597)
Balance as at 31 March 2012 as previously reported		**(147 650 374)**	**(147 650 374)**
Effect of transaction fees adjustment	10	(56 096 747)	(56 096 747)
Surplus /(Deficit) for the year		340 064 239	340 064 239
Aarto adjustment		(14 454 264)	(14 454 264)
Revised Balance as at 31 March 2012		**121 862 854**	**121 862 854**
Effect of assets adjustment		226 875	226 875
Surplus for period ending in 31 March 2013		296 292 865	296 292 865
Balance as at 31 March 2013		**418 382 594**	**418 382 594**

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2013

	Note(s)	2013 R	2012 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		633 586 662	688 998 046
Payments		(385 526 923)	(649 849 372)
Cash generated from operations	21	248 059 739	39 148 674
Finance revenue	16	6 850 246	3 648 334
Finance costs	18	(91 314)	(106 428)
Net cash from operating activities		**254 818 671**	**42 690 580**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(9 430 671)	(2 602 528)
Purchase of intangible assets	7	(153 352)	-
Proceeds on sale of fixed assets		-	-
Net cash from investing activities		(9 584 023)	(2 602 528)
CASH FLOWS FROM FINANCING ACTIVITIES			
Aarto and eNatis loans		-	16 193 483
Net cash from financing activities		**-**	**16 193 483**
TOTAL CASH MOVEMENT FOR THE YEAR		**245 234 648**	**56 281 535**
Cash at the beginning of the year		130 441 120	74 159 585
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**5**	**375 675 767**	**130 441 120**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2013

	Actual 2012/2013	Budget 2012/2013	Variance (Budget - Actual) Note 36
REVENUE			
Grant income	82 412 000	82 412 000	-
AARTO infringements fees	4 674 317	-	4 674 317
Transaction fees	389 237 292	-	389 237 292
Other income	23 047 186	-	23 047 186
Interest received	7 923 110	-	7 923 110
Total revenue	**507 293 905**	**82 412 000**	**424 881 905**
Salaries and wages	(110 766 891)	82 412 000	(28 354 891)
Depreciation	(3 529 487)	-	(3 529 487)
Other expenses	(96 509 513)	-	(96 509 513)
Finance costs	(195 150)	-	(195 150)
Total expenses	**(211 001 041)**	**82 412 000**	**(128 589 041)**
Surplus for the year	296 292 865	-	296 292 865

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2012

	Actual 2 012/2013	Budget 2011/2012	Variance (Budget - Actual)
REVENUE			
Grant income	77 949 000	77 949 000	-
AARTO infringements fees	2 530 407	-	2 530 407
Transaction fees	381 119 001	-	381 119 001
Other income	52 851 142	-	52 851 142
Interest received	3 648 333	-	3 648 333
Total revenue	**518 097 884**	**77 949 000**	**440 148 884**
Salaries and wages	(100 840 188)	77 949 000	(22 891 188)
Depreciation	(3 598 926)	-	(3 598 926)
Expenses	(73 248 308)	-	(73 248 308)
Finance costs	(346 224)	-	(346 224)
Total expenses	**(178 033 646)**	**77 949 000**	**(100 084 646)**
Surplus / (Deficit) for the year	**340 064 239**		**340 064 239**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Significant accounting policies

The Road Traffic Management Corporation (RTMC) is a National Public Entity as specified in Schedule 3A of the Public Finance Management Act (PFMA), Act No. 1 of 1999 (as amended by Act 29 of 1999).

The principle accounting policies applied in the preparation and presentation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

1.1 Basis of preparation

The Road Traffic Management Corporation financial statements are prepared in compliance with Generally Recognised Accounting Practice (GRAP), as determined by Directive 5 (Determining the GRAP Reporting Framework) issued by the Accounting Standards Board (ASB) in accordance with Section 55 and 89 of the Public Finance Management Act, Act No. 1 of 1999 (as amended by Act 29 of 1999).

These financial statements are prepared in concurrence with the going concern principle and on an accrual basis with the measurement base applied being the historical cost unless stated otherwise.

In terms of Notice 991 and 992 in Government Gazette 28095 of December 2005 and Notice 516 in Government Gazette 31021 of 9 May 2008 the RTMC must comply with the requirements of GRAP. Directive 5 details the GRAP Reporting Framework comprising the effective standards of GRAP, interpretations (IGRAPs) of such standards issued by the ASB, ASB guidelines, ASB directives, and standards and pronouncements of other standard setters, as identified by the ASB on an annual basis.

Those relevant to the RTMC are listed below:

Title of standard	Standard
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 9	Revenue from Exchange Transactions
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 17	Property Plant and Equipment

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Title of standard	Standard
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash generating assets
GRAP 23	Revenue from non- exchange Transactions
GRAP 24	Presentation of Budget Information in the Financial Statements
GRAP 26	Impairment of cash generating assets
GRAP 100	Non-Current Assets held for sale and Discontinued operations
GRAP 102	Intangible Assets
IPSAS 20	Related Party Disclosures
GRAP 104	Financial Instruments
GRAP 25	Employee Benefits

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, as detailed above, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

In applying accounting policies management is required to make various judgements, apart from those involving estimations, which may affect the amounts of items recognised in the financial statements. Management is also required to make estimates of the effects of uncertain future events which could affect the carrying amounts of certain assets and liabilities at the reporting date. Actual results in the future could differ from estimates which may be material to the financial statements. Details of any significant judgements and estimates are explained in the relevant policy where the impact on the financial statements may be material.

1.2 Standards and amendments to standards issued but not effective

The following standards and amendments to standards have been issued but are not fully effective.

Standard	Summary and impact	Effective date
GRAP 20 – Related Party Disclosure	This standard defines the related parties and prescribes disclosure thereof. The impact on the financial results and disclosure is considered to be minimal.	No effective date has been determined by the Minister of Finance
GRAP 18 – Segment Reporting	The objective of this Standard is to establish principles for reporting financial information by segments. The impact on the financial results and disclosure is considered to be minimal.	No effective date has been determined by the Minister of Finance

Standard	Summary and impact	Effective date
GRAP 105 - Transfer of functions between entities under common control	The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. The impact on the financial results and disclosure is considered to be minimal.	No effective date has been determined by the Minister of Finance
GRAP 106 - Transfer of functions between entities not under common control	The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. The impact on the financial results and disclosure is considered to be minimal.	No effective date has been determined by the Minister of Finance
GRAP 107 - Mergers	The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. The impact on the financial results and disclosure is considered to be minimal.	No effective date has been determined by the Minister of Finance
GRAP 31 - Intangibles	The objective of this Standard is to establish accounting principles for intangible assets The impact on the financial results and disclosure is considered to be minimal	Effective date is 1 April 2013
Improvements to GRAP	The objective of this improvements is to establish accounting principles for GRAP Standards The impact on the financial results and disclosure is considered to be minimal	Effective date is 1 April 2013

1.3 Presentation and functional currency

These annual financial statements are presented in South African currency. The annual financial statements have been rounded to the nearest rand.

1.4 Going concern assumptions

These financial statements have been prepared on a going concern basis.

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

1.5 Significant judgements and estimates

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

Significant judgements and estimates include:
- Impairment of property, plant and equipment
- Impairment of intangible assets
- Provisions
- Residual values on property, plant and equipment
- Fair values
- Depreciation

Property plant and equipment

In determining the useful lives and residual values of each property, plant and equipment, management take into consideration the nature of each asset type, and the usage of assets.

Intangible assets

In determining the useful lives of computer software, management assumed the software will have to be upgraded every three to five years. The residual values of computer software and internally developed systems are regarded as zero due to the fact that computer software and internally developed systems are not saleable.

1.6 Property, plant and equipment

Property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with it will flow to the corporation and the cost of that item can be measured reliably. Property, plant and equipment are disclosed at cost less accumulated depreciation and any accumulated impairment losses.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The cost of an item of property, plant and equipment acquired in exchange for a nonmonetary asset, or a combination of monetary and nonmonetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If a replacement cost is recognised in the carrying amount of an item of property plant and equipment, the carrying amount of the replaced part is derecognised. The gain and loss arising from the de-recognition of an asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of an asset.

The residual values, depreciation method and the useful lives of each asset are reviewed at each financial year end.
Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to allocate their cost to the residual value over the estimated useful lives. The annual depreciation rates are based on the following estimated asset lives:

Item	Average useful life
Furniture and fixtures	5 – 7 years
Office equipment	4 – 6 years
Computer equipment	3 – 5 years
Motor vehicles	5 years
Fire arms	10 years

Repairs and maintenance expenses are charged to the surplus or deficit during the financial year in which they are incurred. The cost of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Corporation and the cost of the items can be measured reliably.

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 of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is charged to surplus or deficit.

1.7 Intangible assets

Intangible assets represent directly attributable cost associated with the acquisition, development and installation of computer software and licences. Software, which is not an integral part of related computer hardware, is classified as intangibles.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost and comprise software licenses and costs associated with the development of computer programs. The amortisation periods for intangible assets are reviewed every year-end.

Internally generated systems are recognised as intangible assets at cost including any development costs and qualifying research expenses. Internally generated systems are classified as work in progress while they are still under construction and only amortised when completed and deployed in the service delivery environment.

Cost Model

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

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

Item	**Useful life**
Computer software	4 – 6 years

Subsequent expenditure incurred on intangible assets is only capitalised to the extent that such expenditure enhances the value or previous capacity of those assets. Repairs and maintenance not deemed to enhance the economic benefits or service potential of intangible assets, are expensed as incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in surplus or deficit when the asset is derecognised.

1.8 Lease

The classification of leases adopted in this Standard is based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. Risks include the possibilities of losses from idle capacity, technological obsolescence or changes in value due to changing economic conditions. Rewards may be represented by the expectation of service potential or profitable operation over the asset's economic life and of gain from appreciation in value or realisation of a residual value.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. [The classification of the lease is determined using GRAP 13 – Leases.]

Finance lease

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

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

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate.

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 return on the remaining balance of the liability.

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

Operating lease

Operating leases are any leases other than a finance lease.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability or prepayment. This liability is not discounted and any contingent rentals are expensed in the period they are incurred.

1.9 Impairment

Financial assets

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, or other indications that a debtor will enter bankruptcy.

Evidence of impairment for receivables is considered at both a specific and collective asset level. All individually significant receivables are assessed for specific impairment. All individually significant receivables not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in surplus and deficit and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus and deficit.

Non-financial assets

Non-cash generating assets

The carrying amounts of the entity's non-financial (non-cash generating) assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the entity shall estimate the recoverable service amount of the asset.The recoverable service amount of an asset is the greater of its value in use, and its fair value less costs to sell. In assessing value in use, the present value of the asset's remaining service potential must be determined. The present value of the remaining service potential of the asset is determined by using the depreciated replacement cost approach.Under this approach, the present value of the remaining service potential of an 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.

When the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss and is recognised in surplus and deficit .An impairment loss recognised in prior periods for an asset is reversed if, and only 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. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. That increase is a reversal of an impairment loss.

Cash generating assets

The carrying amounts of the entity's non-financial (cash generating) assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable service amount of an asset or cash-generating unit is the greater of its value in use, and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time, value for money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 Financial instruments

Financial Assets

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

Financial assets at cost

Financial assets at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. The RTMC financial assets at cost include the short term debts

Financial assets at fair value

Financial assets at fair value comprise financial assets that are:

Derivatives; combined instruments that are designated at fair value in accordance with paragraphs .20 or .21 of GRAP 104; instruments held for trading. A financial instrument is held for trading if:

It is acquired principally for the purpose of selling it in the near-term; or on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;

Non-derivative financial assets with fixed or determinable payments that are designated at fair value at initial recognition in accordance with paragraph 17 of GRAP 104; and financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost. The RTMC has not classified any classified any of its financial instrument in this category.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets that have fixed or determinable payments, excluding those instruments that:
The entity designates at fair value at initial recognition in accordance with paragraph 17 of GRAP 104; or are held for trading. The RTMC has not classified any of its financial instruments in this category.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks and investments in money market instruments.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Financial Liabilities

Financial liabilities at cost

Financial liabilities at cost are liabilities that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. The RTMC financial liabilities at cost include the short term debts

Financial liabilities at fair value

Financial liabilities at fair value comprise financial liabilities that are:
Derivatives; combined instruments that are designated at fair value in accordance with paragraphs 20 or 21 of GRAP 104; instruments held for trading.
A financial instrument is held for trading if:
Incurred principally for the purpose of repurchasing it in the near-term; or on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking; non-derivative financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition in accordance with paragraph .17 of GRAP 104; and financial instruments that do not meet the definition of financial liability at amortised cost or financial liability at cost. The RTMC has not classified any classified any of its financial liabilities in this category.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
The entity designates at fair value at initial recognition in accordance with paragraph 17 of GRAP 104; or is held for trading. The RTMC financial liabilities at amortised cost include the short term debts

Effective interest rates

The Corporation used a market interest rate to discount future cash flows.

1.11 Employee benefits

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.
The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.12 Provisions

Provisions are recognised when the Corporation has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation with uncertain timing or amount and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Noncurrent provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Corporation. Provisions are not recognised for future operating losses.

1.13 Revenue recognition

Grants and receipts:

Government grants are recognised when there is reasonable assurance that:

a) the Corporation will comply with the conditions, if any, attached to them; and
b) the grants will be received.

Government grants are recognised as income in the year in which they are received or deferred when conditions for the grant are not met.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs is recognised as income in the period in which it becomes receivable. Grants are accounted for as revenue from non-exchange transactions.

Interest income:

Interest income is recognized on a timeproportion basis using the effective interest rate method. When a receivable is impaired, the Corporation reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Other income:

Other income is recognised when the outcome of the transaction can be measured reliably and it is probable that economic benefits or service potential associated with the transaction will flow to the corporation.

AARTO collection fees:

Revenue from AARTO collection fees is recognized as revenue at 3% of the value of infringements collected by the RTMC. This is accounted for in terms of the Standard of Revenue from Exchange Transactions.

The traffic fines issued by the RTMC are recognized on an accrual basis of accounting. This is accounted for in terms of the Standard of Revenue from Non-Exchange Transactions.

1.14 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Irregular expenditure

Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation, including:

The Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999); or
the State Tender Board Act, 1968 (Act No. 86 of 1968; or any regulation made in terms of the that Act).
Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.17 Borrowing costs

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

1.18 Inventories

Inventories are recognised as an asset if, and only if:
(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
(b) the cost of the inventories can be measured reliably.

Inventories that qualify for recognition as assets shall initially be measured at cost.Inventories comprise stationery and consumables, and are stated at the lower of cost and net realisable value as inventories are distributed at no charge or for a nominal charge. Cost is determined using the weighted average cost method. Obsolete, redundant, damaged and slow-moving inventory and any write-down of inventory to net realisable value are charged to surplus or deficit.

2.	**Deposits**	**2013**	**2012**
	Cash Deposits	603 035	603 035

The amount relates to deposits paid on leased premises. Amounts of R900 422 and R603 035 were paid to Mohlaleng Investment Holdings and MT Developments, respectively, to enter into lease agreements for rental of office accommodation. The lease with Mohlaleng commenced on the 1st August 2008 and was due to expire on the 31st of January 2020. The contract was subsequently terminated due to Mohlaleng's failure to perform to the terms and conditions of the contract and the premises were vacated on the 31st December 2010. The lease term with MT Developments commenced on the 1st of January 2011 and will expire on the 31st December 2014. The R900 422 was raised as an allowance for doubtful debts during 2011/2012 financial year and is disclosed as a contingent asset under note 27.

3.	**Trade and other receivables**	**2013** **R**	**2012** **R**
	Transaction fees due	108 325 933	137 691 892
	Prepayments	161 120	45 876
	Sundry receivables	1 436 508	318 157
	Receivables – AARTO infringements fees (Collecting Authority)	25 403 899	17 793 100
	RTIA debtor	924 402	50 454
		136 251 862	**155 899 478**

Transaction fees and RTIA debtor include amounts of R18 598 190.69 and R42 855.68 that are classified as doubtful because they have been outstanding for more than 90 days.

	2013	2012
Trade and other receivables	181 034 766	183 043 815
Allowance for doubtful debts	(18 641 046)	(27 144 337)
Bad debts written off	(26 141 858)	
	136 251 862	**155 899 478**

4. Inventory

Inventory consists of stationery and consumables.

Opening Balance	18 497	98 536
Purchases	-	1 414 207
Less Issues	(18 497)	(1 494 246)
Inventory on hand	-	18 497

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash	216	1 760
Cash at bank	10 551 100	5 030 025
AARTO current/call accounts	46 705 442	32 916 297
eNaTIS current/call accounts	318 419 010	92 493 038
	375 675 767	130 441 120

As part of ensuring future sustainability and maintaining a going concern status, 75% of surplus funds will be retained in a non-distributable reserve fund. This decision was made by the Chief Executive Officer in accordance with the RTMC Act section 24.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6. Property, plant and equipment

Description	2013			2012		
	Cost valuation	Accumulated depreciation	Carrying value	Cost valuation	Accumulated depreciation	Carrying value
Leasehold improvements	2 960 498	(2 562 596)	397 902	2 960 498	(2 174 990)	785 508
Furniture and fixtures	3 630 738	(2 938 906)	691 831	3 583 469	(2 613 548)	969 920
Motor vehicles	13 668 516	(3 802 986)	9 865 529	4 111 570	(2 732 487)	1 379 083
Office equipment	657 729	(543 199)	114 530	639 198	(470 780)	168 417
Computer equipment	9 068 292	(7 477 677)	1 590 615	8 894 536	(6 379 577)	2 514 959
Fire arms	1 792 884	(303 803)	1 489 081	1 792 884	(124 514)	1 668 370
Total	**31 778 656**	**(17 629 167)**	**14 149 488**	**21 982 154**	**(14 495 897)**	**7 486 257**

Reconciliation of property, plant and equipment – 2013

Description	Opening balance	Transfers	Additions	Depreciation	Disposal	Carrying value
Leasehold improvements)	785 508	-	–	(387 606)	-	397 902
Furniture and fixtures	969 920	-	43 254	(325 358)	-	691 831
Motor vehicles)	1 379 083	-	9 556 945	(1 070 499)	-	9 865 529
Office equipment	168 417	-	18 531	(72 418)	-	114 530
Computer equipment (link	2 514 959	-	173 756	(1 098 100)	-	1 590 615
Firearms)	1 668 370	-		(179 289)	-	1 489 081
Total	**7 486 257**	**-**	**9 792 486**	**(3 133 270)**	**-**	**14 149 488**

(a) Property, plant and equipment

During the period, the Corporation acquired property, plant and equipment with an aggregate cost of R9 792 486, using revenue generated from the transaction fees. A cash payment of R9 430 672 was made to purchase said purchase property, plant and equipment. The remainder of the balance was included in the accruals for the year.

Reconciliation of property, plant and equipment (2013)

Description	Opening balance	Transfers	Additions	Depreciation	Disposal	Total
Leasehold improvements	1 529 655	-	-	(744 147)		785 508
Furniture and fixtures	1 432 011	-	-	(372 101)	(89 989)	969 920
Motor vehicles	1 634 115	-	803 928	(784 334)	(274 625)	1 379 083
Office equipment	225 841	-	-	(55 708)	(1 716)	168 417
Computer equipment	3 839 960	-	-	(1 148 647)	(176 355)	2 514 959
Fire arms		-	1 798 578	(124 514)	(5 331)	1 668 370
Total	**8 661 851**	**-**	**2 602 506**	**(3 229 452)**	**(548 016)**	**7 486 257**

(b) Property, plant and equipment which are fully depreciated

		2013	
Description	**Cost valuation**	**Accumulated depreciation**	**Carrying value**
Leasehold improvements	2 162 508	(2 162 508)	-
Furniture and fixtures	959 822	(959 822)	-
Motor vehicles	1 210 133	(1 210 133)	-
Office equipment	90 957	(90 957)	-
Computer equipment	2 320 029	(2 320 029)	-
Computer software	515 772	(515 772)	-
	7 259 221	**-7 259 221**	**-**

No assets have been pledged as security. Also, there is no restriction on any titles of property, plant and equipment.

7. Intangible assets

	2013			2012		
Description	**Cost valuation**	**Accumulated depreciation**	**Carrying value**	**Cost valuation**	**Accumulated depreciation**	**Carrying value**
	R	**R**	**R**	**R**	**R**	**R**
Other software						-
- Computer software	2 237 107	(868 486)	1 368 621	2 083 755	(522 834)	1 560 921
Total	**2 237 107**	**(868 486)**	**1 368 621**	**2 083 755**	**(522 834)**	**1 560 921**

Reconciliation of intangible assets 2013

Description	**Opening balance**	**Additions**	**Amortisation**	**Disposals**	**Total**
Other software					
- Computer software	1 560 921	153 352	(345 652)		1 368 621
Total	**1 560 921**	**153 352**	**(345 652)**		**1 368 621**

Reconciliation of intangible assets 2012

Description	**Opening balance**	**Additions**	**Amortisation**	**Disposals / Write-off**	**Total**
Internally developed systems					
- IT service desk and network diagnostic system – WIP	8 186 884	-	-	(8 186 884)	
Other software					
- Computer software	2 845 836	-	(397 348)	(887 567)	1 560 921
Total	**11 032 720**		**(397 348)**	**(9 074 451)**	**1 560 921**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Trade and other payables

	2013	2012
	R	R
Creditors and accruals	13 187 658	14 002 186
Department of Transport (Operating Account)	63 131	63 131
SARS (PAYE Liability)	-	2 176
Accrued employee costs	7 101 296	6 304 212
Lease smoothing liability (refer note 12)	1 523 444	1 749 385
Department of Transport (Transaction fees)	-	92 000 000
Unallocated amounts	9 833 647	9 833 646
AARTO Fines and penalties	75 737 615	50 191 716
	107 446 792	174 146 454

9. Provisions

Reconciliation of provisions – 2013

	Opening balance	Additions	Utilised during the year	Total
	R	R	R	R
Performance Bonus	-	2 219 388	-	2 219 388
	-	**2 219 388**	**-**	**2 219 388**

This amount is the provision for performance bonus accrued for in the year under review and should be payable during the 2013/14 financial year

Reconciliation of provisions – 2012

	Opening balance	Additions	Utilised during the year	Total
	R	R	R	R
Performance Bonus	862 230	-	862 230	-
	862 230		862 230	

10. Prior year adjustment

Transaction fees

The transaction fees were not recorded as revenue in the prior years in compliance with Practice Note 10 of 2007/2008 issued by National Treasury. The National Treasury has since withdrawn the said practice note as it contradicted the RTMC Act and RTMC regulation. The Financial Fiscal Commission advised on the said withdrawal.

RTMC adjusted the above in the current and the prior years by correctly recognising the revenue from the transaction fees received.

SAPO Interest

Due to a dispute, an amount of R599 014 that was charged by the South African Post Office were not recognised in the accounting records in the prior year. The RTMC is in the process of negotiating with the South African Post Office to write this figure off. The interest incurred during September 2008 and March 2012 should be accounted for.

RTMC adjusted the above in the current and the prior years by correctly recognising the interest from the amount owed.

Asset adjustments

In comparing the fixed asset register to the trial balance, RTMC discovered that the cost of the office equipment was understated with R37 889 and that depreciation was understated on several assets for the previous financial period. This was corrected during the current financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The effect of the above is as follows on the annual financial statements:

	2012
Statement of financial position	
Decrease in trade and other payables	(325 192 024)
Decrease in opening accumulated surplus	(56 096 747)
Increase in the cost of assets	(37 889)
	381,326,660

Statement of financial performance	
Increase in revenue	381 119 001
Increase in interest expense	(239 796)
Increase in depreciation	447 455
	381 326 660

11. General Reserve Funds

As part of ensuring future sustainability and maintaining a going concern status, 75% of surplus funds will be retained in a non-distributable reserve fund. This decision was made by the Acting Chief Executive Officer in accordance with the RTMC Act section 24.

12. Grant income

Grant income represents government grant allocation received from the Department of Transport.

Grant income - Revenue from non-exchange

Government grant income	82 412 000	77 949 000
	82 412 000	**77 949 000**

13. AARTO Infringements and Collection fees

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

	2013 R	2012 R
AARTO Infringements fees - Revenue from non-exchange		
Collection Agency fee – 3% fee	1 970 235	1 462 923
Infringements fees	2 704 082	1 067 485
	4 674 317	**2 530 408**

14. Transaction fees

Refer to note 10

Transaction fees	389 237 292	381 119 001

15. Other income

Other income		
Sundry Income	259 164	286 247
Tender fees	46 000	39 000
Other Sponsorship income	22 742 022	52 525 895
	23 047 186	**52 851 142**

16. Finance revenue

Finance revenue		
Interest received	6 850 256	3 648 334
Interest accrued	1 072 864	
	7 923 110	**3 648 334**

17. Operating expenditure

Operating expenditure of R210 805 891 (2012: R177 687 422) mainly represent the following items:

	2013 R	2012 R
Depreciation, amortisation and impairment	3 478 922	3 626 801
Lease rentals on operating lease	9 883 537	10 073 272
Projects – AARTO	176 735	329 088
Salaries and wages	110 766 891	100 840 189
Assets write-off & intangible assets retired	(148)	9 579 232
Impairment of assets	87	-
Bad debts written off (Sanral)	26 141 858	-
Allowance for doubtful debts	9 683 507	27 144 337

18. Finance costs

Interest paid	91 314	346 224
Interest accrued	103 836	
	195 150	**346 224**

19. Staff Costs

Salaries and Wages	110 766 891	100 840 189
	110 766 891	**100 840 189**

20. Staff turnover

During the current financial year RTMC retained 371 (2012: 390) staff members

21. Cash generated from operations

	2013 R	2012 R
Surplus / (Deficit) for the year	296 292 865	340 064 239
Adjustment for:		
Depreciation on property, plant and equipment, amortisation	3 133 270	3 229 452
Finance revenue	(7 923 110)	(3 648 334)
Finance costs	195 150	346 224
Loss on on disposal of assets		9 579 232
Amortisation	345 652	397 348
Increase in provisions	2 219 388	(862 230)
Fair value adjustment		2 941 332
Correction of prior year balance		(56 507 443)
Allowance for doubtful debts	9 683 507	27 144 337
Transaction fees Adjustment	(34 995 439)	(55 981 548)
Bad debts written off	26 141 858	
Changes in working capital		
Trade and other receivables	16 628 184	(13 978 046)
Deposits		900 422
Inventory	18 497	98 536
Trade and other payables	(63 680 231)	(211 033 316)
Cash generated from operations	**248 059 739**	**42 690 580**

The prior year figures for the cash generated from operations were not disclosed correctly on the face of the cash flow statement. Adjustments could not be made as it relates to the cash flow statement.

22. Directors emoluments

Executive – 2013

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

Executive - 2012

Name	Basic	Other Allowances	Other Benefits	Total
	R	R	R	R
C Letsoalo (Acting CEO)	650 413	386 752	306 133	1 343 298
R Rakgoale (CEO (Resigned))	535 807	225 344	691 271	1 452 422
J Mogotsi	423 521	360 866	284 889	1 069 276
P Mngomezulu	233 561	96 232	73 009	402 802
A N Maepa (Acting CFO (Resigned))	430 878	196 073	278 337	905 288

Name	Basic R	Other Allowances R	Other Benefits R	Total R
K Maponyane	412 662	116 004	179 136	707 802
A Lucen (SEM (Suspended))	192 948	44 999	86 863	324 810
H Moyana (SEM (Suspended))	184 524	71 240	39 810	295 574
T Tsholetsane (SEM)	617 386	146 648	270 356	1 034 390
B Nkwashu	500 170	219 683	125 499	845 352
D Tembe	455 807	243 261	75 642	774 710
G Botha (SEM)	617 386	20 400	410 744	1 048 530
R Mongale	500 170	71 101	306 360	877 631
M Madzivhandila	507 670	200 700	157 389	865 759
P Lebaka (Acting CIO)	412 662	133 737	289 158	835 557
	6 675 565	**2 533 040**	**3 574 596**	**12 783 201**

23. Related parties

Related party transactions and balances

	2013	2012
	Related party transactions	
(a) Transactions paid on behalf of the RTMC		
Salaries – Department of Transport	3 710 892	3 592 030
Sponsorships – Department of Transport	272 000	-
Sponsorships – RTIA	15 000	
(b) Key management		
Salaries and other short term employee benefits	7 962 140	12 783 201

(c) Sponsorships		
Road Accident Fund	835 557	336 000

(d) Audit and Risk Committee members	2013	2012
BK Mofokeng	7 420	-
BZ Mabusela	15 275	3 055
LZ Fihlani	1 855	1 855
ZM Kabini	7420	1 855
TOTAL	**31 970**	**6 765**

24. Sponsorships

Value of sponsorships received:

Sponsorship – DOTY		
Limpopo Provincial Department	-	50 000
Western Cape Provincial Department	-	50 000
Kwa-Zulu Natal Provincial Department	-	50 000
Eastern Cape Provincial Department	15 000	50 000
Drive Report	15 000	-
Skygistics	15 000	-
Barloworld Logistics	15 000	-
Bakwena Platinum	15 000	-
Eskom	400 000	-
Engen Petrolium – One truck	-	-
RTIA	15 000	-
Syntell - Catering	30 000	20 000
ABI		4 080
Total	**520 000**	**224 080**

Sponsorship – Road Safety Debate Competition		
BP SA – 5 Laptops, 5 Printers, 5 Desktops	-	69 950
Road Accident Fund – Renovations of school library, bursaries and promotional items	-	230 000
Transnet Freight Rail – Bursaries and accommodation	-	198 293
KwaZulu Natal Department of Transport – Conference package	-	70 851
Total	**-**	**569 094**

Sponsorship – Participatory Educational Techniques		
Road Accident Fund – Prizes for winners		106 000
Limpopo Department of Roads & Transport – Gala dinner		122 000
Total	**-**	**228 000**

Sponsorship – Intern Programme		
National Department of Transport	368 000	
SASSETA	818 159	
Total	**1 189 159**	

Sponsorship – AARTO Workshop/Seminar		
Standard Bank	100 000	
Total	**100 000**	

Sponsorship – Level Crossing Project		
Trans Freight Rail	3 737 295	
Total	**3 737 295**	

Sponsorship – NTPU Salaries		
SANRAL	17 184 318	47 741 681
Total	**17 184 318**	**47 741 681**

Sponsorship – SA Conference in Road Safety		
North West Provincial Dept	14 250	
Total	**14 250**	

25. Related parties information

The Corporation is governed by the Shareholder Committee in accordance with the RTMC Act and the PFMA.

Related party amounts have been disclosed on the Statement of Financial Position:

(i) RTMC received funds on behalf of the Road Traffic Infringements Agency and issuing authorities relating to the management of the Administrative Adjudication of Road Traffic Offences ("AARTO") fines and penalties.

26. Contingent Liabilities and Assets

26.1 Contingent Liability

The following are contingent liabilities identified by the Road Traffic Management Corporation:

26.1.1 RTMC / Waymark Infotech (Pty) Ltd

Waymark instituted legal action against the RTMC for services rendered. On 21 July 2010 the RTMC instructed Mothle Jooma Sabdia attorneys to defend the matter. The matter was set down for trail 11 September 2012 but was postponed at the request of the RTMC as the RTMC was still waiting for a report from Oracle in this matter. Quantum R 6,774,750

26.1.2 RTMC / Ncube Attorneys

Ncube instituted action against the RTMC for provisional services rendered during August 2009. The RTMC defended the matter and the Plaintiff applied for summary judgement that was successfully opposed by the RTMC. Mothle Jooma Sabdia attorneys are acting on the RTMC's behalf. Quantum R 469 863

26.1.3 RTMC / Silverlakes Lease Agreements

The RTMC concluded lease agreements with Tijger Vallei 1 (Pty) Ltd (2 agreements), Carslwald Gardens (Pty) Ltd, Jamwa Beleggings (Pty) Ltd, Awaiz @ 5th Avenue Investments CC and Clifton Dunes Investments 166 (Pty) Ltd ("the Owners"). Subsequently the RTMC defended the summonses that were served on the RTMC on 2 August 2011. Mothle Jooma Sabdia attorneys were instructed to enter an intention to defend the matter. Quantum R 510,186.51

26.1.5 Intercape Ferreira Mainliner / RTMC

Intercape instituted action against the RTMC claiming compensation for damages because of lost of income as a result of removing their busses from the road and for crimen injura. Mothle Jooma Sabdia attorneys were instructed to enter an intention to defend the matter. Quantum R 634,000.00

26.1.6 RTMC / ITC

ICT issued summons on 21 Feb 2013 against the RTMC for a licence agreement as well as for data services rendered by ICT to the RTMC. The RTMC instructed Mothle Jooma Sadia to defend the matter. Quantum R 236,855.78

26.2 Contingent Assets

- On 29 May 2008, the RTMC and Mohlaleng signed a formal Contract (SDB 7.2) for the rental of the buildings as per the agreement. The total cost of the Bid, for a lease period of 10 years, was approximately R658, 520, 927. The Lease Agreement (hereinafter referred to as "the Agreement") made provision for payment of a deposit in the amount of R900 421- 93, which deposit was effected on the 1st of September 2008. Attorneys were appointed to institute legal action against Mohlaleng for the outstanding deposit as well as for all costs occasioned as a result of the RTMC relocating offices from Silver Lakes. LS attempted to arrange a consultation with the Attorneys to discuss the issue with regard to the relocation costs. Subsequently, summons was issued in respect of the outstanding deposit, before a consultation was held and Mohlaleng defended the matter. Total contingent asset amount to R900 422.

- During the 2011/12 financial year the RTMC was involved in disciplinary hearings where certain officials of the Corporations were suspended. The Corporation had to pay legal cost for the proceedings. Even though some of the cases are still in progress, the RTMC has however won some of these cases with costs. The total amount receivable from hearings amounts to R219,685.

- Road Traffic Management Corporation and the Department of Transport: Transaction fees have been received from the provinces from the 2008 financial year and the Road Traffic Management Corporation was under the impression that these fees should be transferred to the Department of Transport. In November 2012, RTMC realised that these fees actually formed part of their revenue and should never have been transferred. There is a chance that the funds may be refunded to RTMC. As there is uncertainty as to whether this will realise, a contingent asset is disclosed amounting to R1,265,072,706.

27. Financial Risk and Capital Risk Management

Capital risk management

The Corporation is exposed to financial risk through its financial assets and financial liabilities.
The Acting CEO has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Acting CEO 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 Acting CEO 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 standards 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.

Market risk

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

Currency risk
The Corporation has no exposure to currency risk as it operates in the ZAR environment only.
Interest risk sensitivity analysis

	2013 R	2012 R
Interest rate sensitivity		
Interest received for the period	7 923 110	3 648 334

A change of 50 basis points in the South African prime interest rate at the reporting date would have increased (decreased) the surplus by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012.

Increase of 50 basis points	79 231	36 483
Decrease of 50 basis points	(79231)	(36 483)

Credit risk

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

Trade and other receivables

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

Due to the nature and mandate of the RTMC's activities, and the sector in which the RTMC operates, the RTMC works in an environment that deals mainly with the Department of Transport. There are no external sales value contracts. The exposure to credit risk will result if the Department of Transport fails to refund the RTMC for expenditure that the RTMC incurred and had already paid for. The exposure to credit risk will increase should the expenditure incurred not be approved by the Department of Transport.

The Corporation does not establish an allowance for impairment.

Credit risk exposure

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

Concentrations of credit risk

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

Geographical Area (Provinces)

	2013 R	2012 R
Gauteng	34 373 334	50 968 530
Eastern Cape	7 742 484	10 115 574
Free State	2 691 967	15 530 980
Kwa Zulu Natal	4 081 979	4 303 517
Limpopo	21 834 689	12 437 052
Mpumalanga	41 751 165	31 529 888
Northern Cape	6 363 676	5 169 039
Western Cape	8 084 828	7 537 310
TOTAL	**126 924 123**	**137 591 890**

Major receivables of the Corporation consists of the following:		
National and Provincial Departments of Transport - Transaction fees	126 924 124	134 672 460
AARTO	23 845 003	17 793 100
The other receivables of the Corporation consists of the following:		
Prepayments	161 120	45 876
RTIA	967 258	50 454
Sundry receivables	1 436 508	318 157
	153 334 012	**152 880 047**

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The PFMA prohibits the Corporation to have any credit facility. The RTMC has limited credit risk exposure as all its cash and cash equivalents are placed with highly reputable financial institutions.

AARTO is included in Gauteng as the expenses were incurred for the JMPD & TMPD which are in Gauteng.

Ageing of Financial Assets

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

Financial assets that are past due but not impaired – 2013

	Neither past due nor impaired	0-2 months	3-5 months	More than 5 months	Impaired financial assets	Total carrying amount
	R	R	R	R	R	R
	-					
Trade and other receivables	39 840 988	43 386 999	16 585 488	55 079 433	(18 641 046)-	136 251 862
Cash and cash equivalents	375 675 767	-	-	-	-	375 675 767
Advances	-	-	-	603 035		603 035
TOTAL	**415 516 756**	**43 386 999**	**16 585 488**	**55 682 468**	**(18 641 046)**	**512 530 665**

Financial assets that are past due but not impaired – 2012

	Neither past due nor impaired	0-2 months	3-5 months	More than 5 months	Impaired financial assets	Total carrying amount
	R	R	R	R	R	R
Trade and other receivables	181 728 906	-	414 487		(26 243 915)	152 899 478
Cash and cash equivalents	130 441 120	-	-	-	-	130 441 120
Advances	-		-	1 503 457	(900 422)	603 035
TOTAL	**312 170 026**	**-**	**414 487**	**1 503 457**	**(27 144 337)**	**286 943 633**

There are no financial assets that would have been past due or impaired had the terms not been renegotiated for the current or prior year. The trade debtors have been present valued to reflect their fair value.

Impairment losses Trade and other receivables
The Corporation will provide for impairment of its trade and other receivables in the current year.

Security and collateral

The Corporation does not have collateral or other credit enhancements for its credit risk exposure from financial assets during the current or prior year. In addition, there were no instances during the current or prior year where the Corporation has taken possession on any collateral it holds as security.

28. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Based on the historical information and the nature of debtors, there is no concern regarding recoverability. Where necessary a provision for doubtful debt is re-cognized in the financial statements.

2013	Financial assets at amortised costs R	Total R
Trade and other receivables	136 251 862	135 251 862
Cash and cash equivalents	375 675 767	375 675 767
TOTAL	**511 927 630**	**510 927 630**

29. Financial liabilities by category

2013	Financial liabilities at amortised costs	Total
	R	R
Trade and other payables	**107 446 792**	**107 446 792**

30. Commitments

Authorised expenditure

The following commitments have been made for outstanding work in terms of contracts awarded but not effected in the accounting records:

Employee Health and Wellness programme	-	149 144
Security service	1 008 000	986 728
Cleaning service	1 681 000	1 380 773
Development of pay scale model	-	50 160
Extension of trafman and progress implementation	-	92 594
Photocopy machines		90 832
Pastel Evolution	-	137 000
Accident investigations	1 050 001	-
Make Roads Safe Project	353 187	-
Storage and Warehouse	1 710	-
Prof Bodies and Membership	31 830	-
Communication services	123 840	-
Venues and Facilities	474 878	-
Catering	494 042	-
Computer services	707 665	-
Project: National Police	793 651	-
Vehicles	5 625 529	-
Motor vehicle expenses	90	-
Internal Audit	527 883	-
Training	313 794	
General expenses	189 645	12 355
Advertising	1 019 780	
News papers and subscriptions	8 306	
Audit fees	831 242	
Legal fees	800	

Operating leases – as lessee

Minimum lease payments due

Buildings		
within one year	10 021 785	9 194 298
within one to 5 years	8 012 527	18 034 312
Equipment		
within one year	145 726	82 281
between 1 year and 5 years	232 108	8 589
	377 834	90 832

The RTMC leases its operating buildings from MT Developments commencing 1st January 2011. The monthly rentals are R749 331 with a yearly escalation of 9%. The original lease expires on 31st December 2014.

The Corporation entered into an operating lease agreement with Konika Minolta and the contract expires in 30 June 2013. The Corporation entered into an operating lease agreement with Nashua for the lease of three photocopiers effective 1 June 2009. The lease rental for the machines is R23 940 per month with a yearly escalation of 15% and expires in May 2012.

The Corporation entered into an operating lease agreement with Bytes Technology and the contract expires in June 2015. The Corporation entered into an operating lease agreement with Bytes Technology for the lease of photocopiers effective 11 November 2012. The lease rental for the machines is R12 144.00 per month.

	2013	2012
	R	R

31. Irregular, fruitless and wasteful expenditure

31.1 Irregular expenditure

Opening Balance	408 978 803	408 828 166
Irregular utilization of transaction fees without approval	(200 581 126)	-
Expenditure exceeding contract price	-	150 637
Procurement of goods and services	1 194 957	
Expenditure condoned		-
Irregular expenditure awaiting condonement	**209 592 634**	**408 978 803**

Analysis of current year's irregular expenditure

Incident	Disciplinary steps/ criminal proceedings
Reversal of irregular expenditure – R200 581 126	The irregular expenditure arose as a result of RTMC not transferring the transaction fees received to the Department of Transport in line with Practice note 10 of 2007/2008. The Practice Note was issued in contravention with the RTMC Act and has since been withdrawn.
Procurement of goods and services – R1 194 957	Irregular expenditure incurred as a result of orders authorised by two staff members not delegated to approve. Management is taking disciplinary action against the responsible employees.

31.2 Fruitless and Wasteful expenditure

Opening Balance	**76 017 045**	**67 723 733**
Charges for the year		
- IT helpdesk	-	8 186 884
- Employees paid after resignation date	-	-
- Interest paid on settlement of suppliers	195 150	106 428
Fruitless and Wasteful expenditure awaiting condonement	-	-
Total	**76 212 195**	**76 017 045**

Analysis of current year's fruitless and wasteful expenditure

Incident	Disciplinary steps/ criminal proceedings
Interest paid on supplier invoices – R195 150	Charges emanating from Telkom, Post Office and Standard Bank due to their perceived late payments of invoices; investigation and discussions to address this issue are underway.

32. Income Tax

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

Annual returns of income together with supporting documentation, such as financial statements must be submitted to the Tax Exemption Unit. The institution must also adhere to the following requirements, i.e. No profits or gains will be distributed to any person, the funds will be utilised solely for investment or object for which it was established and on the 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.

33. VAT

The RTMC is a Schedule 3(a) entity in terms of the PFMA. These entities fall within paragraph (b)(i) of the definition of "enterprise" as these entities are regarded as public authorities with effect from 1 April 2005. Unless the entities make taxable supplies which are similar to those in the private sector and have been notified by the Commissioner to register their activities, the RTMC is generally out of scope for VAT purposes and does not have to register for VAT. The RTMC is VAT exempted.

34. Change in accounting policy and estimates

35.1 Change in accounting policy

35.1.1 Change in Accounting policy: Financial Instruments

The entity has adopted the new GRAP 104: Financial Instruments for the year ending 31 March 2013. The entity applied IFRS 7, IAS 32 and IAS 39 in the Annual financial statements for the year ended 31 March 2012. GRAP 104 will be applied retrospectively.

The major change was the categories of financial assets and financial liabilities that have changed under GRAP 104.
Under IFRS the categories for financial assets were:
Financial assets at fair value through profit or loss (either as Held for trading or Designated)
Available-for-sale financial assets

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Loans and receivables

Held-to-maturity investments

Under IFRS the categories for financial liabilities were:
Financial liabilities at fair value through profit or loss (either as Held for trading or Designated)
Other financial liabilities measured at amortised cost using the effective interest method

Under the new GRAP 104 the categories are as follows:

Financial instruments at fair value

Financial instruments at amortised cost

Financial instruments at cost

The type of financial instruments the entityhave is similar between GRAP 104 and IFRS and the measurement is similar, therefore no financial impact on the Annual financial statements

Categories	GRAP 104	IFRS
Trade and other receivables	Financial asset at amortised cost	Financial asset at amortised cost
Cash and cash equivalents	Financial asset at amortised cost	Financial asset at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost

Under IFRS the short term receivables and payables had to be discounted to their present value. GRAP 104 requires that if on initial recognition the credit period granted falls outside the normal public sector credit terms will then be discounted back to present value. Therefore only short terms receivables and payables that are outside initial credit terms will be discounted. Short term receivables and payables that are within the normal public sector payment terms, then no discounting is required in terms of GRAP 104. In terms of the PFMA the payment terms for payables is 30 days. RTMC only have credit terms that are 30 days from invoice date. RTMC invoiced debtors with a 30 days repayment terms. This is in line with the PFMA requirements.

Road traffic Management Corporation had not discounted in the prior year the short term receivables and payables. Therefore there is no restatement to be done.
Under IFRS the Annual financial statements should include a sensitivity analysis but under GRAP 104 this is not a requirement.
The disclosure requirements under GRAP 104 is therefore less onerous.

35.1.2 Change in Accounting policy: Impairment on Cash generating assets.

The entity has adopted the new GRAP 26 :Impairment on Cash generating assets and GRAP 21: Impairment of Non-cash generating assets for the year ending 31 March 2013. The entity applied IAS 36 in the Annual financial statements for the year ended 31 March 2012. GRAP 21 and GRAP 26 will be applied retrospectively.

The major change were the categorisation of assets between Cash generating assets and non-cash generating assets.
Assets held with the primary objective of generating a commercial return will be classified as cash generating assets.
Assets other than cash-generating assets, primarily held for service delivery purposes are classified as non-cash generating assets.
Both GRAP 21 and GRAP 26 requires that assets should be impaired if the carrying amount exceeds the higher of the fair value less cost to sell or value in use.
Fair value less cost to sell determination remained the same as in the prior year.

The value in use for Non cash generating assets determination has changed from the previous requirements.
Value in use was determined by discounting back the future cash flows back to it present value. Under the new requirements there are three methods to determine the value in use for non-cash generating assets namely:

1. Depreciated replacement cost

2. Restoration cost

3. Service units

The requirement to only test for impairment when there are indicators of impairment remained unchanged.
The disclosure requirements remained unchanged with the adoption of GRAP 21 and GRAP 26.
RTMC performed an assessment of impairment and no indicators of impairment were identified in the current and prior year.
Therefore with the adoption of GRAP 21 and GRAP 26 there are no financial effect for the change in accounting policy.

Change in Accounting policy: Budget information

The entity has adopted the new GRAP 24: Budget information for the year ending 31 March 2013. This GRAP 24 is only applied prospectively from 1 April 2012.
The new Standard requires that the entity disclose a separate statement of comparison between budget and actual for the year ending 31 March 2013.
This statement should be done on a comparable basis with the budget.
Comparable basis means same accounting basis, same entities and the same period.
If the basis is not comparable the entity should disclose a reconciliation to the statement to reconcile the differences in the basis of preparation.
RTMC prepare the budget and the annual financial statements on the accrual basis. The same entities are included and the same reporting period was used.
RTMC included the Statement of comparison between budget and actual figures in the annual financial statements
The adoption of GRAP 24 will have no financial effect on the Annual financial statements. Only disclosure will change with the additional Statement of comparison between budget and actual.

Change in Accounting policy: Revenue from non-exchange transactions.

GRAP 23: Revenue from non-exchange transactions are effective for periods beginning on or after 1 April 2012. RTMC early adopted this GRAP standard for the year ended 31 March 2012 already and therefore there is no change in accounting policy in the current year.

36. Lease smoothing liability

The lease smoothing liability is the difference between the lease expense and lease payment. The amount accrued relates to the rental of property located at Faerie Glen held with MT Developments.

Detailed Income Statement	2013	2012
REVENUE		
Grant income	82 412 000	77 949 000
	82 412 000	77 949 000
AARTO infringements fees	4 674 317	2 530 408
Other income	412 284 479	433 970 143
Interest received	7 923 110	3 648 334
	507 293 905	518 097 885
Expenses	(210 805 891)	(177 687 422)
Operating (deficit) / surplus	296 488 015	340 410 463
Finance costs	(195 150)	(346 224)
Surplus / (Deficit) for the year	**296 292 865**	**340 064 239**

Operating expenses

Accounting fees		-
Advertising	18 341 391	496 416
Assets written-off and Intangible assets retired	(148)	9 579 232
Impairment of assets	87	
Auditors remuneration	2 305 005	1 740 707
Bank charges	654 042	165 628
Bad debts written off	26 141 858	
Board fees		
Cleaning	505 235	480 854
Computer expenses	1 361 360	362 104
Conferences, venues and facilities	397 959	27 000
Consulting fees (incl. legal & labour)	3 050 327	3 250 000
Depreciation, amortisation and impairment	3 478 922	3 626 801
Entertainment and catering	235 526	117 512
eNaTIS recoverable expenses		
Fines and penalties		
Furniture removal costs		
FV adjustment		2 941 332
General expenses	233 485	12 352
Insurance	971 388	440 833
Lease rentals on operating lease	9 883 537	10 073 272
Motor vehicle expenses	3 468 554	1 604 330
Plant and sanitation – rental		
Postage and courier	771 119	538 866
Printing and stationery	924 603	949 849
Projects – Appropriation	10 290 632	7 184 991
Projects – eNaTIS		
Projects – AARTO	176 735	329 088

Provision for bad debts	9 683 507	27 144 337
Salaries and wages	110 766 891	100 840 189
Security	537 889	398 122
Staff training and development	542 508	388 590
Storage and warehouse		
Subscription and membership fees	1 343 408	1 221 773
Telephone and faxes/ Communication	2 394 793	2 521 194
Travel and accommodation	2 136 189	975 406
Utilities		
Repairs and maintenance	111 569	186 900
Recruitment costs	78 622	89 744
Software licenses		
FV adjustment		
Gifts, donations and sponsorships	18 900	
Total	**210 805 891**	**177 687 422**

ACRONYMS

AARTO	Administrative Adjudication of Road Traffic Offences
AG	Auditor-General
Authorities	Road Traffic Authorities
BBBEE	Broad Base Black Economic Empowerment
CBRTA	Cross Border Road Transport Agency
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIMS	Crash Information Management System
Corporation	Road Traffic Management Corporation
DOTY	Driver of the Year
eNaTIS/ENaTIS	National Traffic Information System
ERP	Enterprise resource programme
EDL	Examiner of Driver's Licences
EOV	Examiner of Vehicles
ESS	Employee Self Service system
EVI	Electronic Vehicle Identification
EXCO	Executive Committee of the Corporation
FAR	Fixed Asset Register
GAAP	Generally Accepted Accounting Practices
GIS	Geographical Information System
iRAP	International Road Assessment Program
IRTAD	International Traffic Safety Data and Analysis Group
ISA	Infrastructure Safety Auditors
IT	Information Technology

JIPSA	Joint Initiative on Priority Skills Acquisition
JTRC	Joint Transport Research Centre
JMPD	Johannesburg Metropolitan Police Department
KZN	KwaZulu-Natal
LETCOM	Law Enforcement Technical Committee
LGSETA	Local Government Sector Education Training Authority
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NAR	National Crash Register
NCAP	New Car Assessment Program
NCR	National Contravention Register
NDOT/DoT	National Department of Transport
NFCIC	National Fatal Crash Information Centre
NLTTA	National Land Transport Transition Act
NRTA	National Road Traffic Act
NRTLEC	National Road Traffic Law Enforcement Code
NT	National Treasury
NTCC	National Traffic Call Centre
OHS-Act	Occupational Health and Safety Act
PDP	Performance Development Plan
PDS	Point Demerit System
PFMA	Public Finance Management Act
PDMS	Performance Management and Development System
PrDP	Professional Drivers Permit

PSCBC	Public Sector Chamber Bargaining Council
RAF	Road Accident Fund
RBO	Relationship by Objectives
RPL	Recognition of Prior Learning
RTEC	Road Traffic Education Committee
RTIA	Road Traffic Infringement Agency
RTMC	Road Traffic Management Corporation
SANRAL	South African national Roads Agency
SAPS	South African Police Services
SAQA	South African Qualification Authority
SLA	Service Level Agreement
SMS	Senior Management Service
SOPs	Standard Operating Procedures
TETA	Transport Education Training Authority
TFR	Transnet Freight Rail
TMPD	Tshwane Metropolitan Police Department
TOR	Terms of Reference
TPC	Traffic Practitioners Council
UNRSC	United Nations Road Safety Collaboration
VTO's	Voluntary Traffic Officers