

# ANNUAL REPORT

2020-2021



Road Traffic  
Management Corporation

"A life lived in fear is a life half lived. Nothing in life is to be feared, it is only to be understood. Now is the time to understand more, so that we may fear less."



# In loving memory



*"It is not length of life, but depth of life."  
-Ralph Waldo Emerson*



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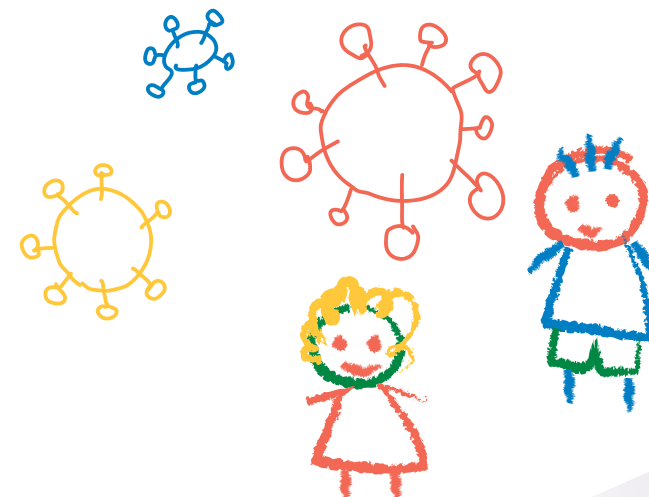
The bad virus

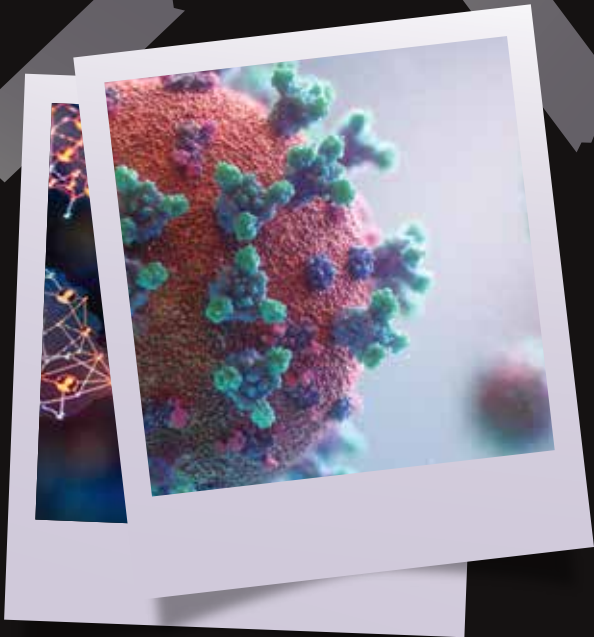
Before the virus, I went to school, everything was happy. Now I see people with face masks and few cars but I am happier to have more time with my mom and I have more days to play.

I'm afraid that my family and friends will get sick. I miss playing with my friends at school. I miss visiting my grandparents at their house. I dream about seeing my best friend and then us going to the beach. While this lockdown happens, I draw pictures, I play and I do homework.

I hope that this ends so I can go back to seeing my friends. When all this ends, I will go to the park to skate. All this will pass, we will be fine, if we take care of ourselves and wash our hands, the virus will die. Stay at home so we can go out.

Vima\*





*"The virus came hard and fast."*  
WE HAD NO IDEA



**PART**  
General information



## Part A: General information

### General Information

Registered Name	Road Traffic Management Corporation
Registered Office Address	Block F 349 Witch-Hazel Avenue Highveld Ext 79 Centurion
Postal Address	Private Bag X147 Pretoria 0001
Telephone Number	012 999 5200
Email Address	info@rtmc.co.za
Website Address	www.rtmc.co.za
External Auditors	The Auditor-General of South Africa Lynnwood Bridge Office Park The Auditor-General of South Africa Building 4 Daventry Road Lynnwood Manor 0181
Bankers	First National Bank Bank City Corner Simmons and Pritchard Street Johannesburg 2001  The Standard Bank of South Africa Standard Bank Centre 25 Sauer Street Johannesburg 2001  The South African Reserve Bank P.O Box 427 Pretoria 0001
Company Secretary	Ms Sigidikazi Petse Sigidikazi.petse@rtmc.co.za Qualifications: B Juris, LLB

## ABBREVIATIONS & ACRONYMS

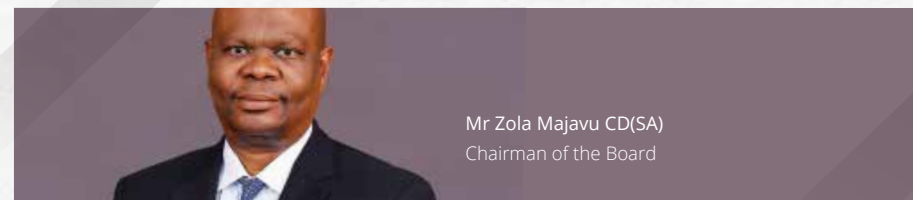
AARTO	Administrative Adjudication of Road Traffic Offences
ARC	Audit and Risk Committee
APP	Annual Performance Plan
B-BBEE Act	Broad-Based Black Economic Empowerment Act
CEO	Chief Executive Officer
CLLTS	Computerised Learner's Licence Testing
CoE	Compensation of Employees
CBA	Cost Benefit Analysis
CPA	Criminal Procedures Act
CBRTA	Cross-Border Road Transport Agency
DoT	Department of Transport
DMA	Disaster Management Act
DLTC	Driving Licence Testing Centre
ERAC	Enterprise Risk and Audit Committee
EXCO	Executive Committee
EOV	Examiner of Vehicles
EDL	Examiner for Driving Licence
FY	Financial Year
ICT	Information Communication Technology
MTSF	Medium-Term Strategic Framework
MEC	Member of the Executive Council
NDP	National Development Plan
NaTIS	National Traffic Information System
NRSS	National Road Safety Strategy
NRTA	National Road Traffic Act
NRTLEC	National Road Traffic Law Enforcement Code
NTACU	National Traffic Anti-Corruption Unit
NTP	National Traffic Police

## ABBREVIATIONS & ACRONYMS

NQF	National Qualification Framework
OTM	October Transport Month
PPE	Personal Protective Equipment
PPPFA	Preferential Procurement Policy Framework Act
POPIA	Protection of Personal Information Act
PFMA	Public Finance Management Act
RRS	Road Restraint System
RTIA	Road Traffic Infringement Agency
RTMC	Road Traffic Management Corporation
RTMCA	Road Traffic Management Corporation Act
SADC	Southern African Development Community
SALGA	South African Local Government Association
SDG	Sustainable Development Goals
SMMEs	Small, Medium and Micro Enterprises
TVET	Technical and Vocational Education and Training
TOS	Traffic Offence Survey
UNRSC	United Nations Road Safety Collaboration
VTS	Vehicle Testing Station
WHO	World Health Organisation

Table 1: Abbreviations and Acronyms

## FOREWORD BY THE CHAIRMAN OF THE BOARD



Mr Zola Majavu CD(SA)  
Chairman of the Board

*The 2020/21 financial year has been a remarkable and challenging year for the Road Traffic Management Corporation (RTMC). Remarkable because this is the year in which the organisational realignment was finalised. Challenging because it is the year in which the COVID-19 pandemic broke out, which then compelled us to find new ways of working and it tested our resilience.*

The report we are presenting, therefore, speaks to the commitment of the RTMC to improve safety of South Africa's roads and lay the foundation for improved road traffic management through the harmonisation and professionalisation of the road traffic environment in the country.

The RTMC is primarily guided by the Constitution of Republic of South Africa, the National Road Traffic Act (NRTA) and the Road Traffic Management Corporation Act (RTMCA). In addition, the key priorities of government as outlined in the 2019-2024 Medium Strategic Framework. Our continued existence depends on the extent to which we can promote and create a safer road environment, in our ability to coordinate and integrate road safety interventions from all spheres of government and facilitate the development of road safety regulation.

For the year under review, the Corporation had 14 targets. Eight targets were achieved namely:

- Number of road safety educational programmes implemented.
- Number of traffic officer modules delivered to existing traffic officers
- Number of targeted law enforcement interventions
- Percentage of reported fraud and corruption cases investigated
- Number of self-initiated fraud and corruption cases investigated
- Number of State of Road Safety Reports published

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## Part A: General information

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- Number of research studies published
- Number of talent management initiatives implemented

Six targets were not achieved namely:

- Number of modules on NQF level 6 traffic officer qualification completed for traffic trainees
- Number of modules on NQF level 6 road safety officer qualification completed for road safety practitioners
- Number of inspections in terms of the Cross Border Road Traffic Act
- Number of vehicle testing stations utilising the digital roadworthiness testing sheet form
- Number of learner's licence testing stations computerised
- Percentage revenue change from previous year

The underperformance can be attributed to numerous factors, however the impact of COVID-19 cannot be ruled out as a major contributor, as the Disaster Management Act (DMA) imposed a number of restrictions including limited travel and close contact training.

To achieve its objective of promoting and creating a safer road environment, the Corporation has collaborated with several private sector entities to improve compliance with regulations and improve user behaviour.

The Board remains committed to improving safety on South Africa's roads, adherence to the culture of sound governance, integrity and transparency. Over the medium to long term period, the Corporation will pursue strategy implementation on three levels to achieve improved safety on the roads namely:

- targeted interventions to improve intelligence and awareness on road safety within the road traffic environment
- leverage partners to maximise impact
- targeted interventions to address poor driver behaviour and corruption

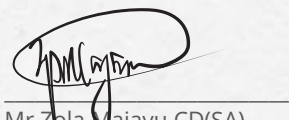
We are grateful for the support we continue to receive from the Minister of Transport, Mr Fikile Mbalula, the Deputy Minister Mme Dikeledi Magadzi, the Shareholders Committee and the Portfolio Committee on Transport. We commend our Executive Management team and the staff in general, for their unwavering commitment and dedication, often under difficult conditions.

I am proud of the strides taken to improve road safety in the country and RTMC promises to make road safety second nature to every driver, passenger, cyclist, pillion and pedestrian that uses our roads.

As a parting shot, I also wish to express our gratitude to the Minister and Shareholders Committee, for entrusting such a mammoth responsibility to us, for two consecutive terms, and at least, until our successors have been appointed and duly installed. The majority of us have reached a point where, legislatively, we are not eligible for reappointment, however, all is not lost, as there are others who, should they wish to be considered for reappointment, would remain eligible and thus ensure some degree of continuity, should their applications be successful.

I am particularly satisfied that, in spite of all the challenges, the RTMC that we leave behind is in much better shape than the one we inherited seven (7) years ago. There is always room for improvement and we wish our successors the best of luck and assure them of our support and assistance, whenever so requested. Turning to my fellow Board members, it was an honour and privilege to lead such a dynamic collective, while ensuring that centre holds, as it did, at all material times. *Nangamso!*

Godspeed.



Mr Zola Majavu CD(SA)  
Chairman of the Board



# CHIEF EXECUTIVE OFFICER'S OVERVIEW



Adv Makhosini Msibi  
Chief Executive Officer

*The 2020/21 financial year has been an extra-ordinary and turbulent period marked by the outbreak of COVID-19, which had a devastating impact on our country and its people. The pandemic caused significant disruption to the economy, particularly during the level 5 lockdown whereby there was a total shutdown of business except essential services.*

Lockdown regulations disrupted services at Driving Licence Testing Centres (DLTCs) as these facilities had to shut down or scale down their operations in line with the Disaster Management Act regulations to contain the spread of the virus. This had a direct impact on revenue collection as motorists were unable to access services to renew their vehicle licences and driving licences. However, the RTMC showed its resilience and still managed to report a surplus in the statement of financial performance and a positive net asset balance in the statement of financial position.

Operational expenditure was reduced during the first two quarters of the financial year due to higher levels of COVID-19 lockdown regulations, placing limitations on the supply chain processes and causing delays in the execution of most projects and outputs. Spending gradually increased as the year progressed with the ease of COVID-19 restrictions, resulting in 100% spend in line with the adjusted budget at the end of the 2020/21 financial year.

However, budget constraints remain a major challenge. We hope to overcome this challenge through the introduction of additional revenue streams which would greatly contribute to the achievement of our goals by adding new enhanced services.

The RTMC envisions the introduction of additional revenue streams primarily through the following interventions:

- Online vehicle registrations and renewals
- Online vehicle licence delivery fee
- Online vehicle licence registration fee
- Online vehicle licence collecting agency fees

We are optimistic that the introduction of these new revenue streams will ameliorate funding pressure and improve service delivery.

Despite the constrained economic environment experienced in the year under review, the Corporation continued to implement its planned activities planned activities. The Corporation's nine functional areas – as outlined in its founding legislation – remain as core business activities and there are no plans to discontinue any of these activities.

In line with the RTMCA, the Corporation's surplus belongs to the Shareholders constituting the Transport MECs in the provinces and the South African Local Government Association (SALGA), and is led by the Minister of Transport. The request to roll over funds will be tabled to the Shareholder Committee.

Supply Chain management processes were aligned with the PFMA and related National Treasury prescripts as well as the RTMC procurement strategy which focuses on five key priorities /objectives, namely:

- maximise the participation of previously disadvantaged groups and Small, Medium and Micro Enterprises (SMMEs) with RTMC procurement
- develop and implement a sustainable Procurement Policy
- improve procurement processes and efficiencies to ensure the Corporation's strategic objectives are achieved within the planned/expected timelines
- enhance contract management and administration capabilities to monitor performance and delivery of suppliers
- capacity building and development of personnel within the procurement unit.

There are no events thereafter that warranted reporting in the annual report and the Corporation achieved an unqualified audit opinion for the year under review with an emphasis of matters regarding the restatement of some of the corresponding figures in prior year's financial statements.

The Auditor General has flagged an irregular expenditure in the Corporation's financials. It is important that this came about as a result of the erroneous misinterpretation and misapplication of Regulation 4 of the Preferential Procurement Regulations 2017. The Corporation did not suffer any financial loss as a result of this irregular expenditure and value for money was obtained. Application for condonation has been made to National Treasury and steps to prevent a similar occurrence in future have been implemented.

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## Part A: General information

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Regular reviews of financial statements were undertaken during the 2020/21 financial year to address the Audit findings. The findings are attended to through the implementation of an action plan that is closely monitored.

Despite the challenges presented by the tough economic environment in 2020/21, the RTMC remains economically sustainable. A going concern assessment performed on our financial statements showed that the Corporation is in a healthy financial state and can meet its financial obligations as they become due. Our debt to asset ratio remains 0.1 and the Corporation's total assets exceeded its total liabilities by R887 million in the year under review.

I would like to extend a sincere word of gratitude to the Minister of Transport, Mr Fikile Mbalula, Deputy Minister Mme Dikeledi Magadzi and the RTMC Shareholders Committee, for showing trust and confidence in our ability to execute the important national task of making South African roads safer, as well as their unwavering and unparalleled support. We would also like to thank the Board for its support and guidance throughout the turbulent and challenging period we have gone through. The Director-General Alec Moemi and colleagues at the Department of Transport under his sterling guidance. Lastly a word of gratitude to our external stakeholders for the support and commitment on which we inevitably rely in driving RTMC's strategy towards achieving our goals.

It is also befitting that I express my appreciation to the RTMC management team and staff for their hard work and continued commitment to the Corporation. Our staff have demonstrated tremendous dedication, commitment and courage through this testing period and I thank them for their unfaltering support.

We also extend our condolences to all those who have lost loved ones due to the COVID-19 pandemic and our thoughts are with all those who have suffered personal hardship.



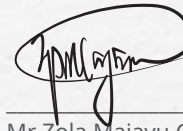
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Adv Makhosini Msibi  
Chief Executive Officer

# STATEMENT OF RESPONSIBILITY AND ACCURACY OF THE ANNUAL REPORT

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

The report has been prepared in keeping with best practice and the recommendations of the King IV Report on Corporate Governance



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Mr Zola Majavu CD(SA)  
Chairman of the Board

# STRATEGIC OVERVIEW

## VISION

Safe Roads in South Africa.

## MISSION

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

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

## VALUES

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

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

Table 2: RTMC Values

# LEGISLATIVE AND OTHER MANDATES

The RTMC is a Schedule 3A Public Entity, with a mandate to fulfil a specific economic and social responsibility of government. The entity relies on government and public money through the grant allocation and the levying of transaction fees.

### *Constitution of the Republic of South Africa, 1996*

The Constitution is the supreme law of the Republic. The RTMC abides by the obligations imposed by the Constitution. The table below reflects the RTMC's constitutional mandate in relation to other spheres of government in the execution of its responsibilities.

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

Table 3: RTMC's Constitutional Mandate

### *National Road Traffic Act*

The National Road Traffic Act (NRTA) provides for road traffic matters that apply uniformly throughout the Republic and for matters connected therewith. It prescribes 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 NRTA provides for specific powers to execute the functions of the RTMC. Chapter VII of the NRTA addresses the management of Road Safety. Powers of the Chief Executive Officer as per Section 52 of the Act are as follows:

The Chief Executive Officer may:

- 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
- 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 (CEO)

To perform his or her functions properly the CEO may:

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

### *Road Traffic Management Corporation Act*

Parliament approved the Road Traffic Management Corporation Act (RTMCA) in 1999 in line with the provisions of Section 44 (2) of the Constitution. In terms of the Act, the RTMC was established 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.

### **RTMCA Objectives**

- To establish the RTMC as a partnership between national, provincial and local spheres of government
- To enhance the overall quality of road traffic service provision, in particular, to ensure safety, security, order, discipline and mobility on the roads
- To protect road infrastructure and the environment through the adoption of innovative practices and implementation of innovative technology
- To phase out, where appropriate, public funding and phase in private sector investment in road traffic on a competitive basis

## Part A: General information

- To introduce commercial management principles to inform and guide road traffic governance and decision-making in the interest of enhanced service provision
- To optimise the utilisation of public funds by:
- Limiting investment of public funds to road traffic services which meet a social or non-commercial strategic objective, and which have poor potential to generate a reasonable rate of return; and Securing, where appropriate, full cost recovery on the basis of the user-pays principle
- To regulate, strengthen and monitor intergovernmental contact and co-operation in road traffic matters
- To improve the exchange and dissemination of information on road traffic matters
- To stimulate research in road traffic matters and effectively utilise the resources of existing institutes and research bodies
- To develop human resources in the public and private sectors that are involved in road traffic

Section 18 (1) of the RTMCA states that the Shareholders Committee must, as part of the organisational structure of the Corporation, establish as many functional units in accordance with the business and financial plan to ensure effective management of at least the 10 functional areas depicted below. However, it should be noted that the Administrative Adjudication of Road Traffic Offences (AARTO) function as per the AARTO Act which establishes the Road Traffic Infringement Agency (RTIA) has been transferred to the Agency.

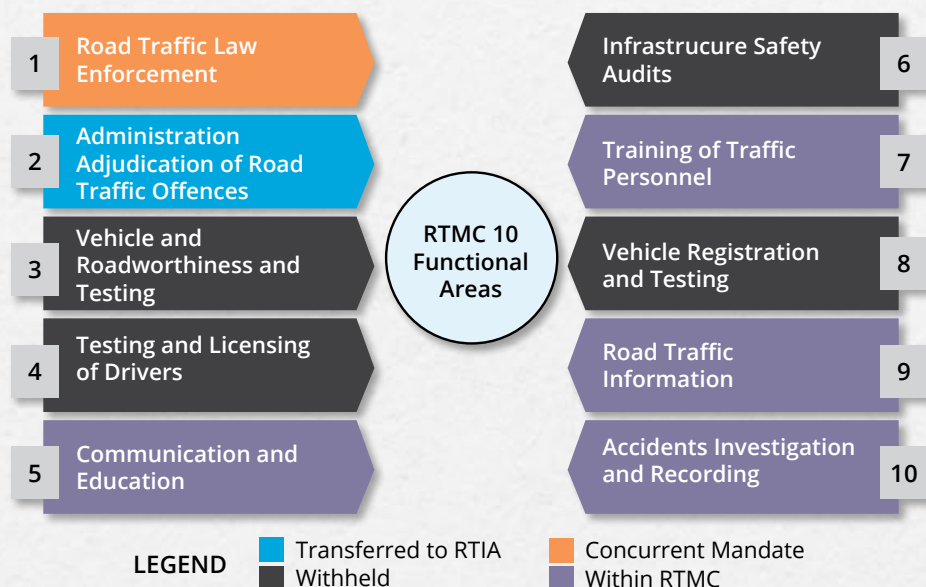


Figure 1: Functions of the RTMC as outlined in Section 18 of the RTMCA

### *Administrative Adjudication of Road Traffic Offences Act 46 of 1998*

The Administrative Adjudication of Road Traffic Offences Act (AARTO Act) promotes road traffic quality by providing for a scheme to discourage road traffic contraventions and to facilitate the adjudication of road traffic infringements. The RTMC as an issuing authority, through the National Traffic Police, applies the AARTO infringement processes and procedures.

### *Criminal Procedures Act 51 of 1977*

The purpose of the Criminal Procedures Act (CPA) is to regulate procedures and related matters in criminal proceedings. The Act governs how criminal cases are handled in courts of law by establishing due processes in criminal prosecutions. A traffic officer is appointed as a peace officer as per Section 334 (2) (A) of the CPA and contains schedules of offences that a peace officer may impose.

### *The Protection of Personal Information Act 4 of 2013*

The purpose of the Protection of Personal Information Act (POPIA) is to promote the protection of personal information processed by public and private bodies and introduces certain conditions to establish minimum requirements for the processing of personal information.

### *Institutional Policies and Strategies*

The Department of Transport (DoT) provides direction for traffic and road safety policy and legislation. However, the policy formulation is also carried out at a regional level and according to the global norms. Figure 2 below provides more information.

### Road Safety Policies/Instruments



Figure 2: Road Safety Policies/Instruments

#### Global Policies/Instruments

- Sustainable Development Goals
- United Nations Decade of Action for Road Safety
- Global Plan for Road Safety

#### Regional Policies/Instruments

- Accra Declaration
- SADC Ministerial 10 Key Points
- Africa Road Safety Charter

#### Local Policies/Instruments

- National Development Plan
- Medium Term Strategic Framework
- National Road Safety Strategy

### Sustainable Development Goals

The RTMC's road safety responses are underpinned by the two important global policy instruments: the Sustainable Development Goals (SDGs), and the Global Plan for the Decade of Action for Road Safety. The SDGs were created in 2015 in Paris as a response to the development challenges facing the global community. There was acceptance globally that road safety is linked to poverty, education and health goals. The inclusion of road safety in the SDGs in 2015 shows increased international attention to road safety challenges. This new global agenda includes two road safety targets in its 17 goals viz.:

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

As part of the process of intensifying the participation of South Africa in the global objectives, the RTMC was admitted as a member of the United Nations Road Safety Collaboration (UNRSC) in 2011, an association of lead agencies on Road Safety. As per the Global Plan for Road Safety, the RTMC as lead agency on road safety has certain roles and responsibilities outlined in the Global Plan for Road Safety which are stated below:

### Role of Lead Agencies

- Develop a coherent national road safety strategy that responds to key national, regional and global priorities
- Coordinate Planning and alignment of interventions across the country to achieve the desired outcomes
- Manage data through collection, monitoring and evaluation of programmes to measure the performance and effectiveness of the implemented programmes
- Enhance road safety research and development (develop capacity for multi-disciplinary research and knowledge transfer)
- Implement of national campaigns to reach as many people as possible
- Determine of norms and standard for road safety and traffic personnel
- Increase private sector participation

### Regional Policy Instruments

The 2007 Ministerial Round Table - African Road Safety Conference was held in Ghana. The conference declared road safety as a health, transportation, enforcement, education, and development priority and encouraged member states to substantially reduce the causes and risk factors associated with road crashes, namely the non-usage of safety belts and child restraints; driving under the influence of alcohol and drugs; the non-usage of helmets; inappropriate and excessive speed; the lack of safe infrastructure; and the use of mobile phones amongst other contributory factors. The Southern African Development Community (SADC) undertook to support the Moscow declaration on road safety.

Agenda 2063, published by the African Union Commission in 2015, is a strategic framework for the socio-economic transformation of Africa over the next 50 years. It builds on, and aims to accelerate the implementation of, past and existing continental initiatives for growth and sustainable development. Agenda 2063 has the following aspirations:

- An integrated continent, politically united and based on the ideals of Pan-Africanism and the vision of Africa's Renaissance
  - An Africa of good governance, democracy, respect for human rights, justice and the rule of law; a peaceful and secure Africa; an Africa with a strong cultural identity common heritage, shared values and ethics; an Africa whose development is people-driven, relying on the potential of African people, especially its women and youth, and caring for children
  - An Africa that is a strong, united and influential global player and partner
- These aspirations have priority areas aligned to the SDGs

### Local Policy Instruments

The developments of the strategic imperatives of the RTMC are informed by the key priorities government adopted through the Cabinet and the National Road Safety Strategy (NRSS). The following plans and frameworks outlined below apply:

## Part A: General information

### National Development Plan

The National Development Plan (NDP) seeks to write a new story for South Africa by outlining the vision for 2030. The below priorities are closely linked to the mandate of the Corporation:

#### Priority 8 (Health Care for All)

The NDP sets out a target to reduce the accidents (motor vehicle crashes), injuries and violence by 50% from 2010 levels, thus, providing a clear direction on the need to focus on safety matters involving all road users. The NDP outlines the following factors for monitoring and control:

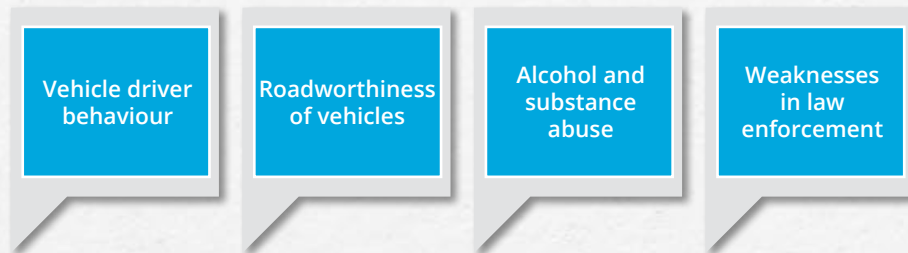


Figure 3: NDP Factors for monitoring and control

The priority is linked to Corporation's mandate: to enhance the overall quality road traffic service provision, and to ensure safety, security, order, discipline and mobility on roads.

#### Priority 10 (Building Safer Communities)

The NDP outlines the key delivery for this priority as: "Strengthening the Criminal Justice system by ensuring cooperation between all departments in the justice crime prevention and security cluster".

#### Priority 12 (Fighting Corruption)

The NDP recognises corrupt practices as a phenomenon where clear and decisive action has to be taken, where the rule of law and compliance must be upheld. High levels of corruption especially within the traffic fraternity place a negative perception on the law enforcement fraternity, the Corporation aims to combat fraud and corruption by creating an integrated approach and resilient anti-corruption strategy and structures.

### Medium-Term Strategic Framework

The Medium-Term Strategic Framework (MTSF) is one of governments key means of tracking progress towards achievement of the NDP 2030, annually. As a result, the Corporations Strategic Plan (SP) and Annual Performance Plan (APP) and must be aligned to the MTSF to enable implementation of the NDP 2030. The 2019-2024 MTSF outlines the seven priorities that bids all government departments as follows:



Figure 4: MTSF Priorities

## Part A: General information

Therefore, Priority 1 and Priority 6 align closely to the RTMC's mandate. RTMC seeks to give effect to these by implementing the following initiatives:

### PRIORITY 1: A Capable, Ethical and Developmental State

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

### PRIORITY 6: Social Cohesion and Safer Communities

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

Figure 5: Alignment of MTSF Priorities

### Institutional Policies and Strategies over the Five-Year Planning Period

The following are some of the key policies and strategies that the Corporation subscribes to:

### The Department of Transport Key Priorities

The strategy of the DoT has been guided by five strategic priorities that define the work of the Department and the political agenda over the term of this administration. The following key five priorities have been identified which will guide the effort of the sector:

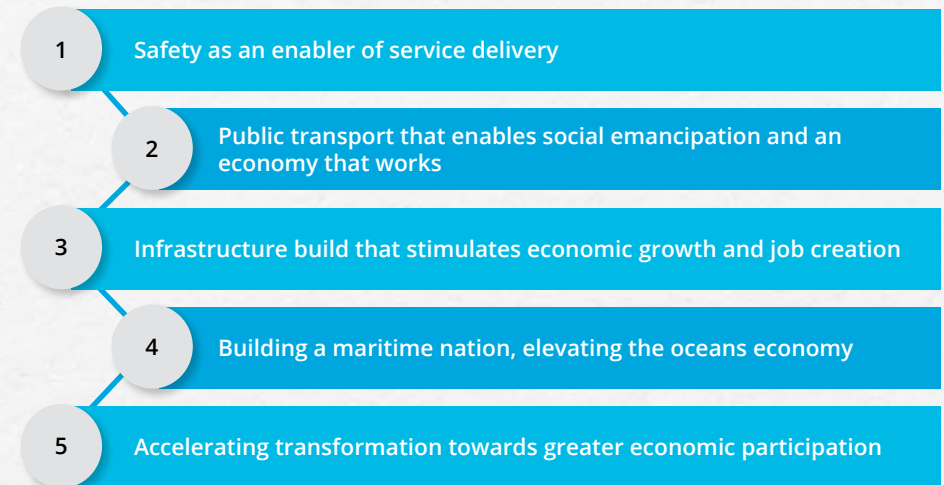


Figure 6: DoT Priorities

The Corporation aligned its key strategic deliverables to the following priorities.

**Priority 1:** which encapsulate the roll out 365-Days Action Agenda which seeks to create a vertical alignment of traffic policing activity through syndicated themes and activities. Also, vertical integration of traffic policing to create a single chain of command and proclaim traffic policing as a 24/7 job.

**Priority 5:** The transformation agenda of the transport sector must focus on the following objectives contribution to broad-based black economic empowerment, skills development and the growth of SMMEs and co-operatives, with a particular bias towards township, dorpie and rural economies.



## Part A: General information

### National Road Safety Strategy

The National Road Safety Strategy (NRSS) which was developed for the period of 2016-2030 is a product of both national and international policy on road safety. The purpose of the NRSS is to enable the reduction of fatalities and crashes on the country's roads through effective action by all South Africans led by the RTMC. The NRSS vision is for "Safe and Secure Roads" and aims to achieve a reduction in road fatalities by 50% from the 2010 baseline, by 2030. To achieve this the NRSS recognises four areas which require critical intervention namely: (1) Road User Behaviour, (2) Effective Leadership, Management and Coordination, (3) Data and Knowledge Management, and (4) Road Infrastructure and Design. The responsibility of implementation of the NRSS is shared across several key road safety departments namely Transport, Health and Justice.

### National Road Traffic Law Enforcement Code

The National Road Traffic Law Enforcement Code (NRTLEC) has been developed which seeks to integrate and harmonise the road traffic law enforcement. The Code will ensure standardisation of norms and standards in the areas of strategic direction and goals, minimum requirements for training and appointment of road traffic law enforcement officers, operating principles, performance levels, management of information systems and non-compliance with the national road traffic law enforcement code.

## ORGANISATIONAL STRUCTURE

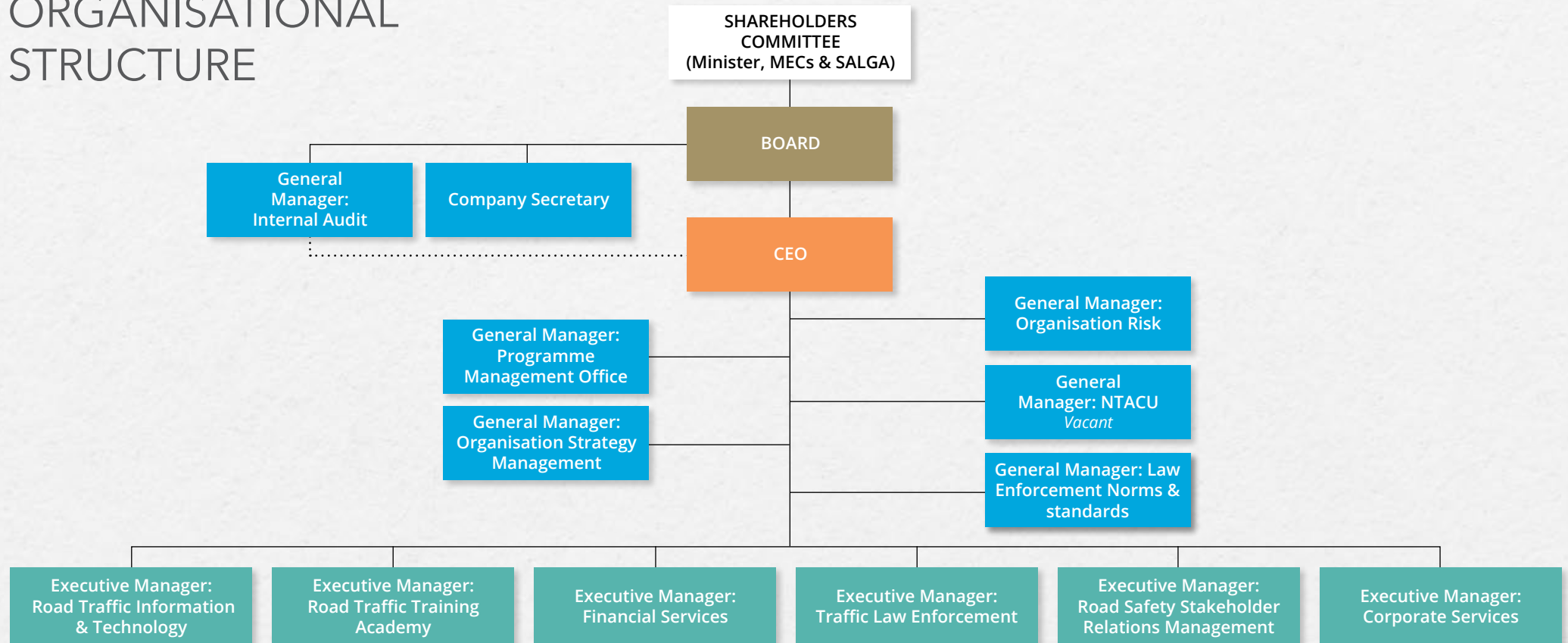


Figure 7: Organisational Structure

## 2020/21 PROGRAMME CHAMPIONS

The management team captured in the table below championed the 2020/21 APP programmes:

NAME & SURNAME		GENDER	POSITION/RANK	VACANCY	PROGRAMME
Thabiso Ndebele		Male	Executive Manager: Road Safety, Stakeholder Relations Management, and Marketing	Filled	Programme 1: Operations
Hlengani Moyana		Male	Executive Manager: Road Traffic Training Academy	Filled	Programme 1: Operations
Stephen Podile		Male	Executive Manager: Law Enforcement	Filled	Programme 2: Law Enforcement
Ntombizodwa Mnguni		Female	Manager: Office of the CEO*	Vacant	Programme 3: Traffic Intelligence and Security
Kevin Kara-Vala		Male	Executive Manager: Road Traffic Information and Technology	Filled	Programme 4: Strategic Services
Liana Moolman		Female	Executive Manager: Financial Services	Filled	Programme 5: Support Services
Ntombizodwa Mobeng		Female	Executive Manager: Corporate Services	Filled	Programme 5: Support Services

\* The Manager: Office of the CEO is currently the caretaker of NTACU. The General Manager: NTACU position is vacant.

Table 4: Programme Champions

*"Life as we knew it changed, never to be the same again."*  
DISBELIEF BEFELL A NATION



PART

Performance information

b

# AUDIT OF PREDETERMINED OBJECTIVES

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

The performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the approved strategic plan and APP of the RTMC for the financial year ended 31 March 2021.

The audit conclusion received from the Auditor-General South Africa on performance against predetermined objectives is included in the audit report under predetermine objectives on pages 81 to 84.

## SITUATIONAL ANALYSIS

### Service Delivery Environment

#### Impact of COVID-19

COVID-19 was declared a global pandemic on 11 March 2020 followed by the closure of traffic training colleges on 17 March 2020 before the declaration of the state of national disaster by the president on 26 March 2020. Some of the restriction that applied during the period include:

- Limited contact with persons who may be infected
- Prohibition of gatherings of more than 100 people
- All non-essential domestic travel, particularly by air, rail, taxis, and bus discouraged
- Closure of premises for decontamination where positive cases of COVID-19 have been identified
- Quarantine for people who were in close contact with people who might have been or tested positive for COVID-19

During the year under review, the impact of COVID-19 continued to be felt across the country albeit under varying alert levels which informed the risk adjusted strategies of all entities including the RTMC. In planning for the gradual return of operations across the country in the safest manner, the alert timeline was used as a guideline:

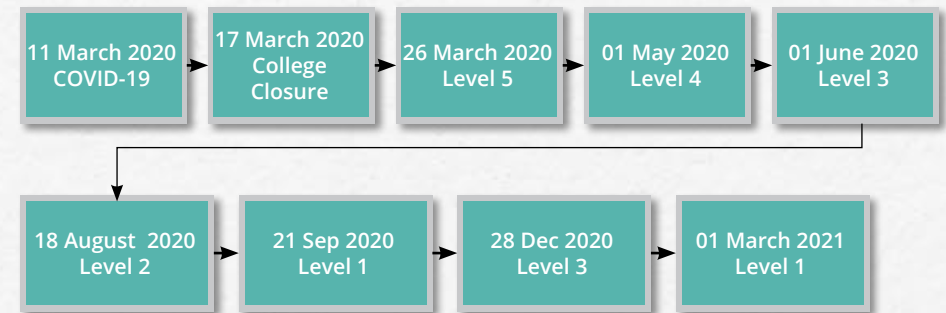


Figure 8: COVID-19 Lockdown Timeline

The most impacted service delivery areas of the Corporation during this period are Training of Traffic Personnel, Law Enforcement Operations and Revenue. The reduction of traffic volumes resulted in reduced revenue generation from the issuance of infringement notices by the National Traffic Police and the delays in the renewal of vehicle licenses and placed a limitation on Road Transport Inspectorate especially on the passenger transportation operations. This resulted in a negative impact on targeted performance projections. The closure of traffic colleges given the nature of the training environment, which is mass occupation together with the physical attendance necessary for the implementation of practical modules, proved challenging. The training academy which had been on shut down during the period reopened its doors along the following phases:



Figure 9: College Reopening 2020

## Part B: Performance information

The College closed on 22 December 2020 and reopened on 17 January 2021 for the festive break. Upon reopening, the Corporation continued with the adopted staggered reopening to mitigate against the risk of COVID-19 as follows:

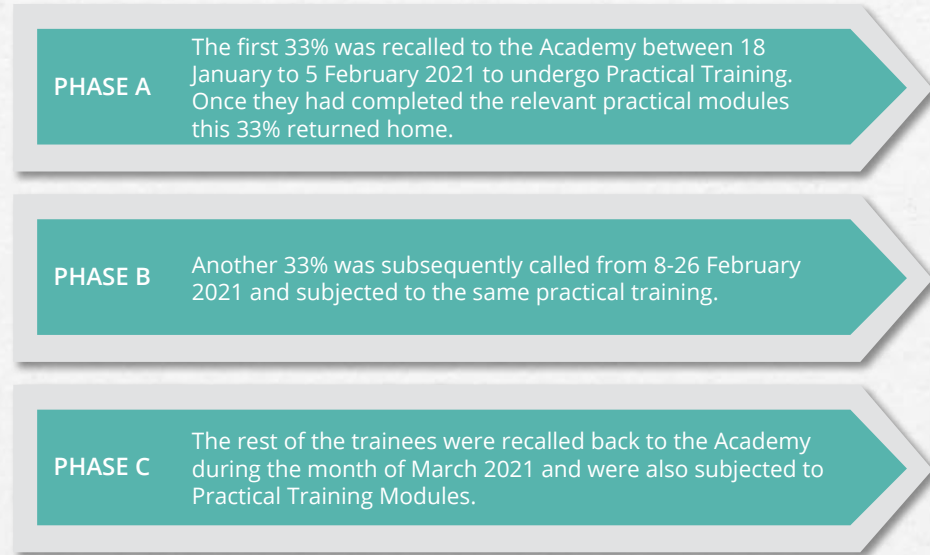


Figure 10: College Reopening 2021

As a responsible corporate citizen, the RTMC developed the COVID-19 campaign to enhance education and awareness on COVID-19 and encouraged adherence to regulations by incorporating road safety awareness and behavioural change messaging targeted towards the broader public by:

- Encouraging the public to continue adhering to lockdown regulations
- Emphasising the importance of obeying of the rules of the road and the consequences of not obeying the rules
- Sharing new regulations and attending to public queries pertaining to regulations
- Provisioning of information relating to grace period for licences and permits
- Sharing government communications from the DoT, Health and Government Communications and Information Systems (GCIS)
- Sharing safety tips and encouraging all stakeholders, including internal staff, to play their part in ensuring that the spread of COVID-19 is minimised
- Updating the public on different lockdown levels and revision of related government regulations

### Implementation of the Transport Sector Calendar

Even under new conditions imposed by the COVID-19 pandemic, the Corporation collaborated with various stakeholders to implement the transport programme which included traditional events. The October Transport Month (OTM), festive season campaigns and the announcement of road traffic statistics:



Figure 11: Transport Sector Programme

### National Traffic Law Enforcement Review and the National Traffic Law Enforcement Code

The Shareholders Committee approved the National Road Traffic Law Enforcement Code (NRTLEC) and the Law Enforcement Review Report on 5 November 2020, taking the process forward for the implementation of recommendations towards harmonisation of the road traffic environment as envisaged in the objectives of the RTMCA.

### Annual Performance

The Corporation only managed to attain 57% of its set targets, a regression in comparison to the recorded performance of 80% in the previous financial year. The impacted areas include Programme 1: Training of Traffic Personnel, Programme 2: Law Enforcement Operations and Programme 5: Financial Services where external factors played a decisive role. The fourth area related to Programme 4: Strategic Services where internal challenges delayed implementation of deliverables. Notwithstanding this setback, internal processes are underway to ensure streamlined operations and harmony across the organisation to facilitate for agile delivery and adaptation of processes that will ensure continued service, innovation and ultimately the realisation of outcomes, reducing road traffic injuries and death and creation of

## Part B: Performance information

a high performing organisation. Consistent performance was achieved in Programme 3: Traffic Intelligence and Security as well as in Sub Programme 1: Road Safety Stakeholder Relations Management.

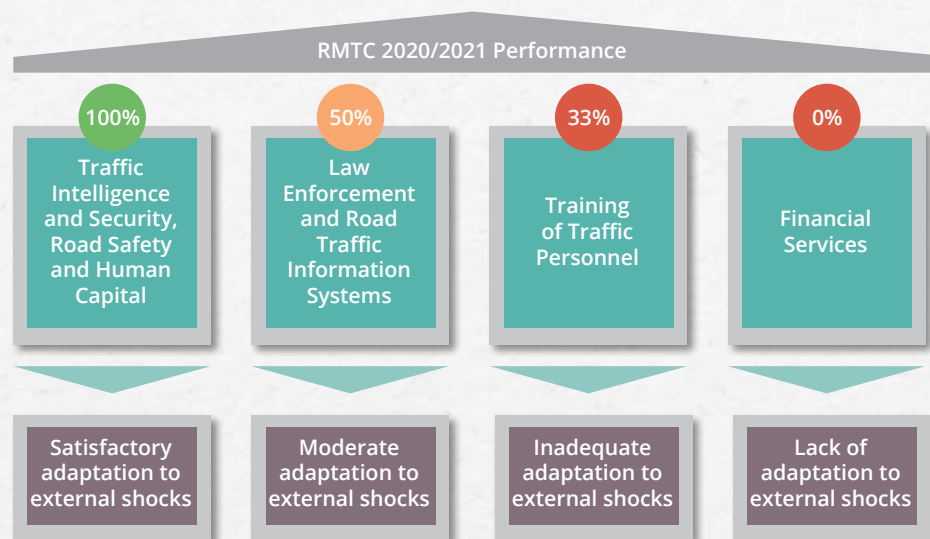


Figure 12: RTMC Performance

## Organisational Environment

### Planning and Reporting Cycle

The year was extraordinary in that the statutory compliance deadlines were adjusted to factor the impact of the COVID-19 pandemic. Annual Report submissions as regulated by the PFMA were extended from 31 May to 31 July. The re-tabling of the Annual Performance Plan took place in August to allow for readjustment to deliverables due to impact of COVID-19. The statutory audit was finalised by the Auditor-General in September leading to the approval of the Annual Report by the Board on 30 September 2020. This was followed by the Annual General Meeting which took place on 5 November 2020.

### Section 197

On 4 August 2020 the Constitutional Court (CC), found that the provisions of Section 197 of the LRA was applicable in this matter and in particular, the majority found that the declaration of invalidity of the migration agreement did not constitute the cause

for the transfer of employees. The CC further found that on a proper interpretation of its Order of 9 November 2016 (“Tasima 1”), that the “handing over” of the Tasima business on 5 April 2017, being the date on which the Corporation evicted Tasima and took control of the NaTIS, constituted the transfer of the Tasima business, as a result of which the facts supported a finding that it was the transfer of a business, part thereof or services as contemplated in Section 197. The net result of the CC judgement was that the 66 ex-Tasima employees, by way of Section 197 transfer, became the employees of the RTMC with effect from 5 April 2017. The RTMC duly complied with the CC order by taking transfer of all applicable employees.

The RTMC, already, at the time of the CC Order implemented Section 189 and continued with the process post the CC order of 4 August 2020. The Section 189 process was finalised on 31 December 2020.

### Section 189

In March 2019, the RTMC embarked on an extensive restructuring exercise. The Board resolved that Section 189 process can be instituted. The rationale for the Section 189 was operational and mainly informed by a new operating model which aligned with the RTMC's desire to build a financially self-sustaining organisation. The new operating model was dictated by amongst others the acquisition, operationalisation and consideration of all the functions as stipulated in the RTMCA. The new structure was necessitated to achieve all the objectives of RTMC and to reposition the Corporation to perform optimally. The RTMC issued Section 189 notices to several employees during May and June 2020.

## Policy Developments and Legislative Changes

In the 2020/21 financial year the RTMC did not affect any legislative amendments and or policy amendments and or reviews. In the financial year under discussion, the RTMC however did experience strategic and/or operational impact as a result of national legislation enforcement or amendment. The legislations that directly impacted on the RTMC included the following:

### Disaster Management Act 57 of 2002

In March 2020, South Africa was burdened with the Coronavirus outbreak, and introduced a compulsory national lockdown which took effect on 26 March 2020. The lockdown was introduced in terms of the provisions of the Disaster Management Act No. 57 of 2002 (DMA). The DMA further provided that Ministers may, in terms of the DMA, prescribe peremptory directives to regulate any specific area of responsibility of such Minister. The RTMC ensured its compliance as an employer, for the purposes of the Directives issued by the Minister of Labour and as the lead agency for road safety and road traffic law enforcement, spearheaded the implementation and monitoring

## Part B: Performance information

of the directives issued by the Minister of Transport regulating transport during the respective lockdown stages. The RTMC participated in the National Command Centre and Operations Centre during this period, the following directives were applied:

- 43320 - Directions: Once-off movement of persons and transportation of goods during Alert Level 4
- 43339 - Determination of Commencement of Services and Extension for Validity Period of Learner's Licences, Driving Licence Cards, Licence Discs, Professional Driving Permits and Registration of Motor Vehicles
- 43348 - Measures to Address, Prevent and Combat the Spread of COVID-19 in Public Transport Services: Amendment

### Administrative Adjudication of Road Traffic Offence Act 46 of 1998

The RTMC had to align an operational and strategic response to the new act and draft regulations in as far as it relates to amongst others:

- The consideration of the road traffic law enforcement co-ordination
- The support service to be provided by the RTMC to the RTIA and law enforcement in as far as it relates to ensuring optimal support via NaTIS. The RTMC as the owner and operator of the NaTIS must ensure that the NaTIS will support road traffic law enforcement with the implementation and envisioned national roll-out of AARTO
- The provisioning of training to ensure capacitation of all traffic officers for effective execution of AARTO

# PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

For the year under review, two outcome indicators were developed as follows:

Impact	Outcome	Outcome Indicators	Baseline	Five – Year Target
Safe Mobility on SA roads	Reduced Road Fatalities	Numbers of Road Fatalities	12,921	9,960 (-3,231)
	High Performance Organisation	External Stakeholder Satisfacion Survey	New indicator	80%
		Internal Stakeholder Satisfacion Survey	New indicator	80%

Table 5: Outcome Indicator Development

### Reduction of Road Fatalities

The strategic target of reducing road traffic fatalities is 20% annual reduction over a five-year period. In the year under review fatalities reduced by 20% using the calendar year and financial year (preliminary) road traffic information reports. The outcome indicator was therefore achieved. The reduction translates to 20.27% (-2 534) for the 2020 calendar year and 19.73% (-2 421) for the 2020/21 financial year.

### High Performing Organisation

The road network is utilised by all road users in South Africa and henceforth, all initiatives to improve the fraternity affect multiple stakeholders. With this in mind, the Corporation continued to engage with various stakeholders with a stake and common interest in the development of the NRTLEC, which was approved by the Shareholders Committee in November 2021. The pursuit of stakeholder buy-in is to ensure there is uniformity and adoption of the best lessons within the road traffic law fraternity.

The Corporation acknowledges that it has the responsibility to support various structures within the road traffic fraternity. In response to this need, the Corporation developed a Stakeholder Management Strategy with a vision to drive important strategic agendas and partnership with key stakeholders and structures within the Road Traffic fraternity.

Partnerships with the private sector towards road safety remains a priority for the Corporation. It is through stakeholder partnerships that the Corporation can expand and echo its voice and advocacy for Road Safety.

In an effort to improve stakeholder engagement model the baseline will be established in the next financial year, the Corporation will continue to work with various private and public stakeholders to advocate for road safety within areas of common interest. This will reinforce the notion that, "Road Safety is everyone's responsibility".

## INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

### Programme 1: Operations

The programme comprises Road Safety Marketing and Stakeholder Relations, and Training of Traffic Personnel.

#### Road Safety, Marketing and Stakeholder Relations

The strategic focus of Road Safety, Marketing and Stakeholder Relations is based on the collaborative execution of programmes in line with the mandate of the Corporation

## Part B: Performance information

which exists as a partnership between the spheres of government and has a strategic mandate of forging relationships in responding to the clear directive of road safety as a matter of societal concern. While there has been a significant number of reported cases of COVID-19 nationwide during the year under review, the Corporation responded accordingly with a bid to implement Road Safety programmes under new conditions.

In the year under review, programmes were implemented with a range of stakeholders including provincial departments of transport, local authorities, other government departments, interest groups, private sector, non-governmental organisations and the international community. Below are the programmes executed during the year:

### Youth Programme

The Youth Programme entailed collaboration with relevant stakeholder groups, in this instance youth formations, and included dissemination of supporting messaging for road safety promotion across all social media platforms to create awareness and complement other marketing initiatives. The Inaugural Virtual Road Safety Youth Dialogue took place on 24 August 2020. The Corporation also hosted a Youth Road Safety Webinar on 11 September 2020 with international partners from Uganda who represented the Youth for Road Safety Coalition; Child Safe South Africa also participated in the panel discussions. Furthermore, the Corporation undertook a road safety (Zoom) presentation with youth from Gauteng West TVET on 19 September 2020 where student representative council members participated. Some of the discussion points and recommendations are captured below:

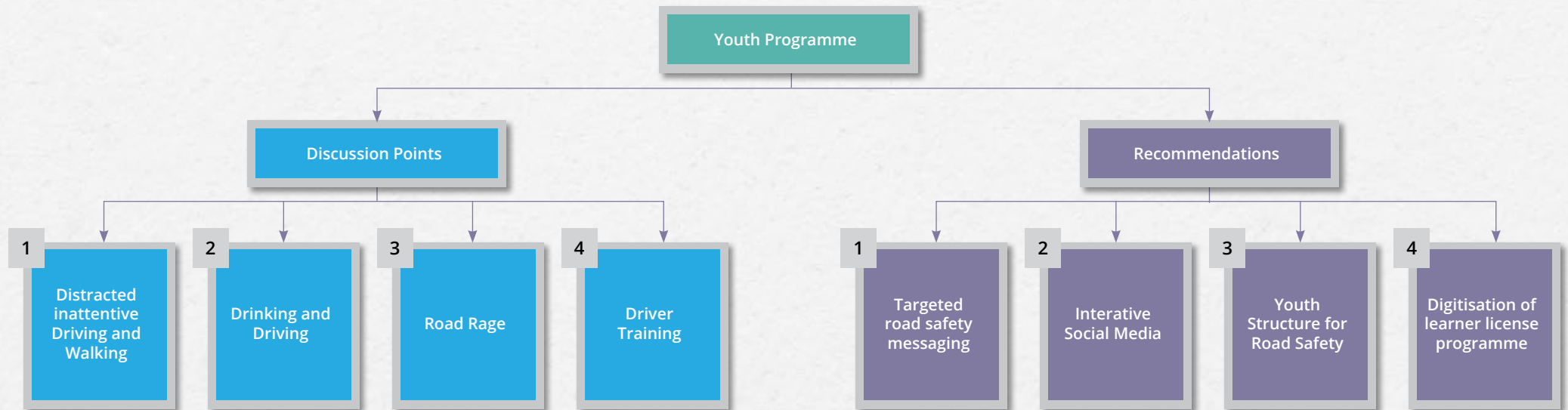


Figure 13: Youth Programme



## Part B: Performance information

### Programme with Interest Groups: Driver Programme

The Driver Programme was executed from July to December of the reporting period, and covered a range of initiatives such as workshops, recognition of national events and programmes linked to contributory factors in road safety management.

Initiatives were conducted with interest groups during the period under review with a focus on strategic partnerships and due consideration to the 'new normal' of conducting the affairs of the Corporation in line with COVID-19 management guidelines. Implementation of the programme commenced in Quarter 2 with a Woman's webinar on distracted driving was held on 25 August 2020 attended by internal and external stakeholders. The driver programme continues to use social media platforms to advocate for safe road practices. Initiatives undertaken during the year under review were as follows:

Initiative	Detail
Road Safety Workshops	On 6 July 2020, a Train the Trainer Workshop with Schoober Foundation on Learner Transport took place. A webinar was also held with freight stakeholders on 17 July 2020 where presentations were tabled on road crash data and the role of Road Safety in the Freight Sector.
Women's Month	<p>A Women's Month Road Safety webinar was held on 25 August 2020 and was attended by 61 internal and external participants. Presentations focused on:</p> <ul style="list-style-type: none"> <li>• Women fatalities and injuries on South African roads</li> <li>• Causes and severity of crashes due to impaired and distracted driving</li> <li>• Vehicle Roadworthiness</li> </ul> <p>Throughout the month of August, additional road safety messages were distributed through the Road Freight Association partnership to utilise each entities' platform, as the nation went from COVID-19 lockdown level 3 to 2.</p>
Child Restraint Webinar	Child safety is an issue of major concern when on a journey and road users are often overwhelmed by the different types of child- and booster seats. This webinar aimed to educate parents about child safety and the correct application of child seats. Held on 22 October 2020, the execution of the programme was part of the OTM activities.
Freight Driver Fitness Road Safety Activation	Informed by the recognition of long driving hours and uncondusive working conditions that the freight industry drivers are often subjected to, this programme took place as part of the planned deliverables for the OTM. The Corporation conducted a two-day activation session from 28-29 October 2020 in partnership with Santam Insurance, supported by the Limpopo Province (Road Safety and Law Enforcement), Coca-Cola Beverage South Africa, Bakwena N1N4, Trucking Wellness, South African Breweries, and the South African Truckers Ministry. The initiative reached 262 truck drivers.
Driver Road Safety Awareness	In the South African transport sector, the role of the taxi industry is to transport a large number of people and goods. The session held at the Bosman Taxi Rank on 16 November 2020 focused on seat belt and mask adherence as well as vehicle roadworthiness. The reach for this activation was over 150 persons (including passengers).
Driver Road Safety Awareness	A campaign was undertaken with Sasol Secunda and Vodacom on 25 November 2020 with the objective of highlighting positive and negative road safety behaviours, especially ahead of the festive season.
Driver Awareness Irresponsible Road Usage Webinar	A driver awareness webinar was held on 2 December 2020 with the focus on irresponsible road usage, including reckless driving. This session also provided an opportunity for private individuals to relate human stories of the impact of negative road usage, adding the relatable human dimension to road safety communication and awareness. The Association of Disabled People in Gauteng also participated in the execution of the campaign.

Table 6: Programmes with Interest Groups

## Part B: Performance information

### Community-based Road Safety Programme

The key objectives of the programme are to support existing Community-based Road Safety structure stakeholders that implement road safety initiatives and activities. The role of the RTMC is to develop programmes that can be implemented by communities and to coordinate, provide resources and monitor the implementation of activities. During the period under review, the RTMC provided support to community structure stakeholders with educational and promotional material. Four structures were supported, with an estimated reach of more than 2 000 road users. In the final analysis, communities should be empowered to own road safety challenges and be part of the implementation of solutions as outlined below:

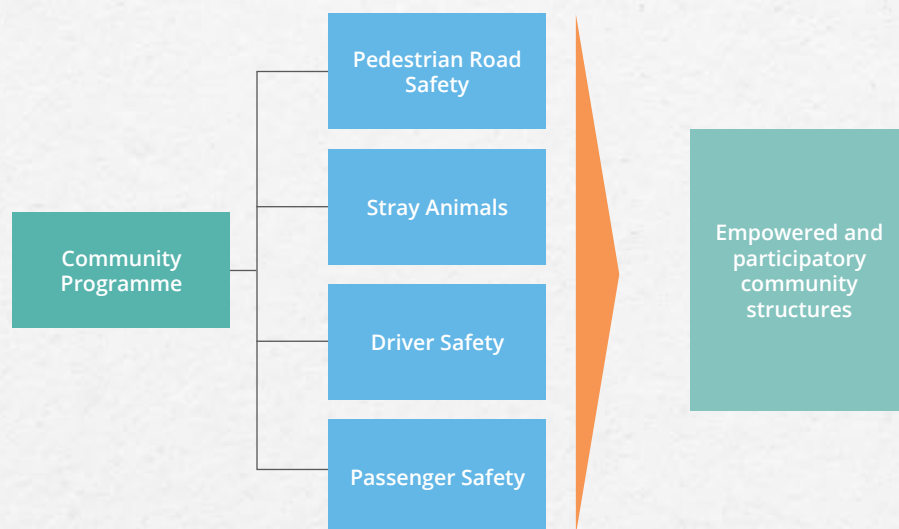


Figure 14: Community Programme Concept

Structure/Community	Activities
Hammanskraal Community Forum	<ul style="list-style-type: none"> <li>2 February 2021 at the Jubilee Mall Bus Terminal in Tshwane</li> <li>10 February 2020 at Resurrection Church in Hammanskraal West</li> <li>20 February 2021 at Gatsemame Church</li> <li>24 February 2021 at Stinkerwater Eersterus Taxi Association and Mabopane Taxi Rank</li> </ul>
Sedibeng Community Safety Forum	<ul style="list-style-type: none"> <li>9 February 2021 at Evaton Mall and Palm Spring</li> <li>10 February 2021 at Mandela Square Thabong Mall and Sebokeng Plaza</li> <li>26 February 2021 at Tikelo Primary, Midvaal</li> </ul>
Cooperative Governance and Traditional Affairs (COGTA)	<ul style="list-style-type: none"> <li>10 February at Mogale City</li> <li>11 February 2021 at Khutsong</li> <li>6 February 2021 at Fochville</li> <li>22 February 2021 at Mamelodi Thusong Service Centre</li> <li>23 February 2021 at Nellmapius Community Hall</li> </ul>
Rangers	The stray animal project was implemented in North West Province involving 112 rangers in January 2021, 113 rangers in February 2021 and 110 rangers in March 2021

Table 7: Programmes with Interest Groups

### Pedestrian Road Safety Programme

The objective was to implement road safety activities that highlight pedestrian safety in provincial hotspots. Working together with provinces, the programme was developed to target the most vulnerable road user group, pedestrians. The implementation focus was a product of collaboration with the Gauteng and Limpopo provinces:

Gauteng	Limpopo
<ul style="list-style-type: none"> <li>52 Activations by Gauteng were implemented in the Johannesburg Metro</li> <li>450 reflectors distributed</li> </ul>	<ul style="list-style-type: none"> <li>16 Activations were implemented by Limpopo across the Vhembe district</li> <li>250 reflectors distributed</li> </ul>

Table 8: Pedestrian Road Safety Programme

## Part B: Performance information

The table below captures the outcomes, outputs, targets and actual achievements for the sub-programme. One hundred percent of the performance targets were achieved, and four road safety educational programmes were planned and implemented accordingly.

Programme 1: Operations/Road Safety Stakeholder Relations Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Reduced Road Fatalities	Create awareness on road safety matters	Number of Road Safety Programmes implemented	5 road safety educational programmes implemented	5 road safety educational programmes implemented	4 road safety educational programmes implemented	4 road safety educational programmes implemented	-	-

Table 9: Road Safety Stakeholder Relations Management Performance

## Training of Traffic Personnel

The sub-programme is responsible for the implementation of the training curriculum. The RTMC is an accredited training provider for the training of traffic officers, road safety practitioners and for the upskilling of traffic personnel. Training programmes are developed to create institutional capacity through investment in skills towards professionalism in the sector and creation of opportunities for career progression. The training is provided to existing practitioners and traffic officers, as well as new trainees. In the year under review, disruption due to the COVID-19 pandemic impacted the delivery of the programme which in turn resulted in the amendment of targets for the sub-programme to factor conditions that resulted from the closure of colleges. Three deliverables were planned for delivery as follows:

### Number of Traffic Officer Modules Delivered to Existing Officers

Three modules were planned for delivery during the year, this target was not amended during the year. The upskilling programme included the implementation of the Examiner for Driving Licences (EDL), Examiner of Vehicles (EOV) and Advanced Driving modules. Training on EOV and EDL commenced in the second quarter with a total of 34 traffic officers enrolled in the programme. The advanced driving module was implemented in the third quarter of the year.

### Implementation of the EDL

A total of 34 learners enrolled in the programme, which commenced with Grade C on 9 September 2020. The second EDL Course for 2020 started on 2 December 2020. Despite COVID-19 disruptions the training was concluded.

### Implementation of the EOV

This training commenced on 7 September 2020 with 25 Learners who were enrolled into this course which was interrupted due to COVID-19, compelling all colleges to close until the regulations were eased. The learners wrote a summative assessment on 11 September 2020. During December 2020, the learners wrote progress tests and were found to be competent. The summative assessments were written on 4 December 2020 leading to the successful completion of the programme.

### Implementation of Advanced Driving Module

In the year under review, the Advanced Driving Module was implemented successfully. The targeted trainees were NTP Officers. According to organisational requirements using PM04 Execute Advanced Driving Skills, all officers were declared competent.

### Implementation of the NQF level 6 Traffic Officer Curriculum

The implementation of the NQF level 6 curriculum was reviewed in-year. The original APP committed to 13 modules for delivery, which was subsequently revised down to five modules that were implemented. In the original APP, targets were due in the third and fourth quarter of the year; therefore there were no targets due for delivery before the re-tabling process was completed. The Corporation planned to deliver five modules during the period; four were delivered. The PM04 Execute Advanced Driving Skills was not achieved as planned.

## Part B: Performance information

No.	Module	Progress
1	PM02-Apply tactical survival techniques	272 x trainees trained (excluding Mock Court)
2	PM03-Execute law enforcement and other related duties	153 x trainees trained on EBAT 102 x trainees trained on Speed
3	PM06-Tactically use a firearm in appropriate situation/s	272 x trainees trained
4	PM08-Examine candidate for learners' and driving licence	136 x trainees trained on PM08-Examine candidate for learners' and driving licence (Grade F/L)

Table 10: Traffic Officer Curriculum Implementation

### Implementation of the NQF level 6 Road Safety Officer Curriculum

The initially tabled APP planned for delivery of nine modules in the second- (three modules) and fourth quarters (six modules). The in-year change pushed three modules that were planned for delivery in the second quarter to the fourth quarter resulting in the maintenance of the nine NQF level 6 Road Safety Practitioners modules for the year, with planned delivery of all modules in the fourth quarter. Only three modules were fully implemented during the year:

No.	Module	Progress
1	Legislation	Not delivered
2	Information Technology	
3	Road Safety Systems	
4	WM-01, Processes and procedures of designing and implementing road safety plan	
5	WM-02, Processes of assessing/ auditing road related infrastructure	
6	WM-03, Processes of conducting research and generating an abstract	
7	KM02-Communication Skills	Delivered in Quarter 4
8	KM03-Introduction to Criminology	
9	KM07-Public Sector Management	

Table 11: Road Safety Officer Curriculum Implementation

### Training of Traffic Personnel Sub-Programme Performance

The table below captures the outcomes, outputs, targets and actual achievements for the sub-programme as per originally tabled in the APP. None of the targets were due for delivery during this period.

## Part B: Performance information

Programme 1: Operations/Training of Traffic Personnel									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/21	Deviation from planned target to actual achievement 2020/2021	Reasons for deviations	Reason for revisions to the Annual Plan
High Performing Organisation	Professionalisation of the road traffic safety fraternity	Number of modules on NQF level 6 traffic officer qualification completed for traffic trainees	6 NQF level 6 traffic officer modules completed for enrolled students	12 NQF level 6 traffic officer modules completed for enrolled students	13 modules on NQF level 6 traffic officer qualification completed for traffic trainees	Not due for delivery in the period	Not due for delivery in the period	-	Closure of colleges across the country informed by the COVID-19 regulations resulted in the closure of the college
		Number of modules on NQF level 6 road traffic safety officer qualification completed for road safety practitioners	6 NQF level 6 road safety practitioner modules delivered for enrolled students	3 NQF level 6 road safety practitioner modules delivered for enrolled students	9 modules on NQF level 6 road traffic safety officer qualification completed for road safety practitioners	Not due for delivery in the period	Not due for delivery in the period	-	

Table 12: Training of Traffic Personnel Original APP Performance

## Part B: Performance information

The table below captures the outcomes, outputs, targets and actual achievements for the sub-programme as per the re-tabled APP. Thirty-three percent of the performance targets were achieved.

Programme 1: Operations/Training of Traffic Personnel								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
High Performing Organisation	Professionalisation of the road traffic safety fraternity	Number of traffic officer modules delivered to existing traffic officers	6 NQF level 6 traffic officer modules completed for enrolled students	12 NQF level 6 traffic officer modules completed for enrolled students	3 traffic officers modules delivered to existing traffic officers	3 traffic officers modules delivered to existing traffic officers	-	-
		Number of modules on NQF level 6 traffic officer qualification completed for traffic trainees	-	-	5 modules on NQF level 6 traffic officer qualification completed for traffic trainees	4 modules on NQF level 6 traffic officer qualification completed for traffic trainees	1 module on NQF level 6 traffic officer qualification were not completed for traffic trainees	PM04 - This module was not achieved due to the non-awarding of the tender for the advanced driving facilitator
		Number of modules on NQF level 6 road traffic safety officer qualification completed for road safety practitioners	-	3 NQF level 6 road safety practitioner modules delivered for enrolled students	9 modules on NQF level 6 road traffic safety officer qualification completed for road safety practitioners	3 modules on NQF level 6 road traffic safety officer qualification completed for road safety practitioners	6 modules on NQF level 6 road traffic safety officer qualification were not completed for road safety practitioners	Due to COVID-19, precautionary measures were exercised. Plans are underway for the business unit to complete the outstanding modules in the new financial year

Table 13: Training of Traffic Personnel Updated APP Performance

## Programme 2: Law Enforcement

The programme is tasked with the execution of law enforcement operations, through the National Traffic Police (NTP) and the Road Transport Inspectorate (RTI). The NTP undertakes law enforcement interventions targeting drunken driving, speeding, public transport safety, vehicle roadworthiness, moving violations and overload control. The RTI operations stem from Section 39 of the Cross Border Road Transport Act with a specific focus on cross border traffic compliance.

### Law Enforcement Interventions

Law enforcement interventions were not amended during the year and were therefore not impacted by in year changes. For the year under review 4 320 interventions were planned and 4 322 interventions were conducted. The attainment of targets was slower during hard lockdown periods resulting in a negative variance during the first two quarters of the year, performance increased steadily as lockdown regulation were relaxed during the year. Operations ensued as follows:

Output Indicators	Actual
Speeding	1 327
Roadworthiness	645
Public transport	742
Drunken driving	488
Moving violations	612
Loads management	508
<b>Total</b>	<b>4 322</b>

Table 14: Law Enforcement Interventions

### Road Traffic Inspectorate Operations

Inspectorate operations are conducted in terms of C-BRTA Act, 1998 (Act 4 of 1998). Targets were not amended during the year and were carried out as per the original APP. The Corporation registered a negative variance during the four quarters as performance targets could not be reached. Inspections were conducted in provinces as follows:

Province	Actual
North West	15 052
Mpumalanga	40 207
Free State	26 472
Gauteng	51 034
Limpopo	63 894
KwaZulu-Natal	6 884
Western Cape/Northern Cape	9 194
<b>Total</b>	<b>212 737</b>

Table 15: Road Traffic Inspectorate Operations

The impact of COVID-19 on Road Transport Inspectorate operations can be linked to the following table on cross border movements:

## Part B: Performance information

Region	POE	Q1 2020 / 2021		Q2 2020 /2021		Q3 2020/2021		Q4 2020 / 2021	
		Freight	Passenger	Freight	Passenger	Freight	Passenger	Freight	Passenger
Limpopo	Beitbridge	Only essential services (trucks)	Only repatriation	Only essential services (trucks)	Only repatriation	Only essential services (trucks)	Only repatriation	Only essential services (trucks)	Only repatriation
	Groblersbridge POE								
	Stockpoort POE	No movement of freight	No movement of public passenger transport	No movement of freight	No movement of public passenger transport	No movement of freight	No movement of public passenger transport	No movement of freight	No movement of public passenger transport
Mpumalanga	Komatipoort POE	Only essentials services (trucks)	No movement of public passenger transport	Only essential (trucks)	No movement of public passenger transport	Movement of Freight vehicle	Movement of public passenger transport	Movement of Freight vehicle	Movement of public Passenger transport
	Oshoek POE								
KwaZulu-Natal	Golela POE	Only essential services (trucks)	No movement of public passenger transport	Only essential services (trucks)	No movement of public passenger transport	Movement of freight	Movement of passenger transport	Movement of freight	Movement of passenger transport
	Mahamba POE								
	Kosi Bay POE								
	Qachasneck POE								
	Sanipass POE								
Northern Cape	Nakop POE	Only essentials services (trucks)	No movement of public passenger transport	Essential Freight only	No movement of public passenger transport	Movement of Freight vehicle	Movement of public passenger transport	Movement of Freight vehicle	Movement of public Passenger transport
	Vioolsdrift								
Free State	Maseru	Only essentials services (trucks)	No movement of public passenger transport	Only essential service (trucks)	Scholars transport & emergency services only	Movement of freight	Movement of public passenger transport	Movement of Freight vehicle	Movement of public Passenger transport
	Ficksburg								
	Fouriesburg								
North West	Kopfontein POE	Only essentials services (trucks)	No movement of public passenger transport	Essential services (trucks)	No movement of public passenger transport	Only essential service (trucks)	No movement of public passenger transport	Only essential service (trucks)	No movement of public passenger transport
	Skilpadhek POE								
	Ramatlabama POE								

Table 16: RTI Traffic Movement



## Part B: Performance information

The table below captures the outcomes, outputs, targets and actual achievements for the programme – 50% of the performance targets were achieved.

Programme 2: Law Enforcement								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Reduced Road Fatalities	Enhanced law enforcement	Number of targeted law enforcement interventions	1 364	1 863	4 320	4 322	2	Intensification of operations during the festive season which extended to January 2021
		Number of inspections conducted	278 745	320 204	332 424	212 737	-119 687	Disaster Management Restrictions on cross-border movement resulted in significantly reduced volumes of traffic

Table 17: Law Enforcement Performance

### Programme 3: Traffic Intelligence and Security

This programme encompasses a proactive and reactive approach to corruption and fraud-related incidents associated to the provision of road traffic services. The proactive element entails the application of intelligence tools in the identification and investigation of corruption and fraud incidents at the initiation of the Corporation; the reactive element entails incidents that are reported to the Corporation. This work is undertaken in a collaborative manner with other law enforcement authorities to ensure successful prosecution of wrongdoers. Two targets in support of the programme were developed for the year, deliverables remained constant during the year as there were no in-year changes.

#### Investigation of Reported Cases

The target for investigated cases is 100% of all cases reported to the RTMC are to be subjected to an investigation, a clear call of zero tolerance to corruption. In the year under review 139 cases were reported and investigated.

#### Investigation of Self-initiated Cases

The National Traffic Anti-Corruption Unit (NTACU) planned to investigate 130 self-initiated cases during the year; the first quarter resulted in a negative variance of 90% and a catch-up plan was implemented throughout the year to ensure that planned annual deliverables were achieved. A total of 269 cases including both reported and self-initiated cases were investigated as follows:

Nature of Complaint	Total
DLTC Fraud and corruption	89
Fraud	21
Fraud and corruption	6
Officer corruption	95
PVTS Fraud and corruption	48
RA Fraud and corruption	10
<b>Total cases investigated</b>	<b>269</b>

Table 18: NTACU Investigations

The following table captures the number of arrests for the period:

Category	Quantity
VTS	01
DLTC	00
Driving school officials	04
Runner	00
Law enforcement	29
Applicants	00
Cashier	00
SAPS	01
Clerks	00
Other	06
<b>Total</b>	<b>41</b>

Table 19: NTACU Arrests

## Part B: Performance information

The table below captures the outcomes, outputs, targets and actual achievements for the programme –100% of the performance targets were achieved.

Programme 3: Traffic Intelligence and Security								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Reduced road fatalities and high performing organisation	Reduced fraud and corruption	Percentage of fraud and corruption complaints investigated	100%	100%	100%	100%	-	-
		Number of self-initiated fraud and corruption cases investigated	Not planned	100	130	130	-	-

Table 20: NTACU Performance

## Programme 4: Strategic Services

Strategic Services is responsible for services relating to the technology infrastructure including the management of the National Transport Information Systems which is a key national point. Other functions include the production of road traffic information and research as well the deployment of technological innovations in line with the digitisation of road traffic services. The programme was impacted by the re-tabling of the APP as some adjustments were made to targets to factor in prevailing conditions.

### Publication of State of Road Safety Reports

The production of road traffic information and analysis thereof is one of the 10 functional areas of the Corporation, without which road traffic intelligence, measurement and sound interventions would not be possible. In support of this endeavour the Corporation planned to publish two State of Road Safety reports and a methodology on serious injuries to enhance the quality of available data.

The two State of Road Safety reports were published on the RTMC website to promote access to information for the public and the broader road safety and traffic management service community. The methodology on serious injuries was approved by the Board as envisaged. There were no in-year changes during the year relating to this deliverable.

### Publication of State of Road Safety Reports

The first report covered the period January to June 2020 and the second report covered the period January to December 2020. The dimensions of the reports include the structure and culture pertaining to the road traffic environment, road safety performance indicators, progress on the implementation of the national road safety strategy as well as the impact of COVID-19 on road safety.

The reports can be accessed on:

State of Road Safety Report - January to June 2020	<a href="https://www.rtmc.co.za/images/rtmc/docs/traffic_reports/fqyr/State-of-Road-Safety-Report-Jan-to-Jun-2020.pdf">https://www.rtmc.co.za/images/rtmc/docs/traffic_reports/fqyr/State-of-Road-Safety-Report-Jan-to-Jun-2020.pdf</a>
State of Road Safety Report - January to December 2020	<a href="https://www.rtmc.co.za/images/rtmc/docs/traffic_reports/fqyr/V1.6-RTMC_State_of_Road_Safety_Report_JanToDec_2020.pdf">https://www.rtmc.co.za/images/rtmc/docs/traffic_reports/fqyr/V1.6-RTMC_State_of_Road_Safety_Report_JanToDec_2020.pdf</a>

Table 21: State of Road Safety Reports

### Methodology on Serious Injuries

The objective of the methodology is to formulate an approach that builds towards the incorporation of injury data in road traffic information which is currently not incorporated in the statistical releases. The process will require a stronger collaboration with Provincial Departments of Transport and the Department of Health amongst others to ensure the integrity of data in accordance recognised norms.

## Part B: Performance information

### Number of Research Studies Published

In implementing the research agenda, the corporation endeavours to produce new knowledge to provide a scientific impetus to road safety solutions. In the period under review, the corporation envisaged the production of literature studies that would culminate in the production of primary research deliverables. Given the necessity of viable conditions for conducting research, the Corporation reviewed the research deliverables during the year.

As per the original APP, the deliverable in the first quarter was the production of research studies and this was not achieved for the quarter at the time of reporting. In subsequent reporting periods the targets were completed at the end of the financial year, as per the revised APP.

### Implementation of the Research Agenda

Three research deliverables were planned for the year and three were achieved:

Title	Highlights	Website link
Literature review on road traffic injuries published	<ul style="list-style-type: none"> <li>• Analysis of road traffic injuries in developing countries</li> <li>• Scoring of injury severity</li> <li>• Abbreviated injury scale</li> <li>• South African context in relation to injury data</li> </ul>	<a href="https://www.rtmc.co.za/images/rtmc/docs/research_dev_rep/Literature-Review---Traffic-Injury-Study-March-2021.pdf">https://www.rtmc.co.za/images/rtmc/docs/research_dev_rep/Literature-Review---Traffic-Injury-Study-March-2021.pdf</a>
Literature review on road restraints systems published	<ul style="list-style-type: none"> <li>• Comparative review of existing (national and international) design standards and guidelines</li> <li>• National Design Guideline that details the requirements and criteria, giving guidance for the provision, design and layout of permanent and temporary safety barriers, vehicle parapets, terminals, transitions, crash cushions, pedestrian parapets, pedestrian guardrails, vehicle arrester beds and anti-glare screens</li> <li>• Design methodology</li> <li>• Risk Assessment Tool that calculates the level of risk and must review the effect of various options on the associated risk level</li> <li>• Consideration of bespoke solutions for retrofitting RRS on the legacy networks where constraints prevent compliant designs</li> <li>• Cost-Benefit Analysis (CBA)</li> </ul>	<a href="https://www.rtmc.co.za/images/rtmc/docs/research_dev_rep/Literature-Review---Road-Restraints-Systems---March-2021.pdf">https://www.rtmc.co.za/images/rtmc/docs/research_dev_rep/Literature-Review---Road-Restraints-Systems---March-2021.pdf</a>
TOS literature review and methodology published	<p>The objective of the Traffic Offence Survey is incorporated holistically in the Research on Road Safety Performance Monitoring in South Africa, which provides a more holistic measure and implementation tool for road safety. The report includes:</p> <ul style="list-style-type: none"> <li>• The Review of Previous Traffic Offence Survey Methodologies</li> <li>• International Review of Safety Performance Monitoring</li> </ul>	<a href="https://www.rtmc.co.za/images/rtmc/docs/research_dev_rep/Literature-Review---Road-Safety-Performance-Monitoring---March-2021.pdf">https://www.rtmc.co.za/images/rtmc/docs/research_dev_rep/Literature-Review---Road-Safety-Performance-Monitoring---March-2021.pdf</a>

Table 22: Research Deliverables Planned for the Year

### Digitisation Programme

The digitisation programme entailed two targets relating to the Computerisation of Learner Licensing Testing Centres (CLLT) and Vehicle Testing Stations (VTS) using the digitised roadworthiness testing sheet. Both targets were not achieved as planned.

## Part B: Performance information

### Strategic Services Programme Performance

The table below captures the outcomes, outputs, targets and actual achievements for the sub-programme as per originally tabled APP. One quarterly deliverable on the product was due for delivery and was not achieved.

Programme 4: Strategic Services									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/21	Deviation from planned target to actual achievement 2020/2021	Reasons for deviations	Reason for revisions to the Annual Performance Plan
Reduced road fatalities	Improved intelligence on the road traffic environment	Number of research studies published	2	2	3	-	3	Literature reviews could not be conducted. Lockdown eegulations did not allow for conducting research in quarter 1	Inability to conduct primary research studies

Table 23: Strategic Service Original APP Performance

The table below captures the outcomes, outputs, targets and actual achievements for the sub-programme as per the re-tabled APP. Fifty percent of the performance targets were achieved.

Programme 4: Strategic Services									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/21	Deviation from planned target to actual achievement 2020/2021	Reasons for deviations	
Reduced road fatalities	Improved intelligence on the road traffic environment	Number of state of road safety reports published	7	7	2	2	-	-	-
		Number of research studies published	2	2	3	3	-	-	-
Reduced Road Fatalities	Reduced fraud and corruption	Number of learner licence testing centres computerised	New	New	100	25	-75	Delay in the procurement of services	
		Number of vehicle testing stations using digitised roadworthy testing sheets	New	New	100	0	-100	Delay in the procurement of services	

Table 24: Strategic Services Updated APP Performance

## Programme 5: Corporate Services

Corporate Services houses support functions, namely Human Resources and Financial Services. For the year under review, two targets were due for delivery in the programme: one related to the financial sustainability of the Corporation and one on the management of talent to foster a high performing organisation.

### Implementation of Talent Management Initiatives

To ensure implementation of the talent management strategy, initiatives are constantly developed through review and modernisation of existing processes and development of new tools. In this regard four initiatives were planned for the year and were duly achieved as follows:

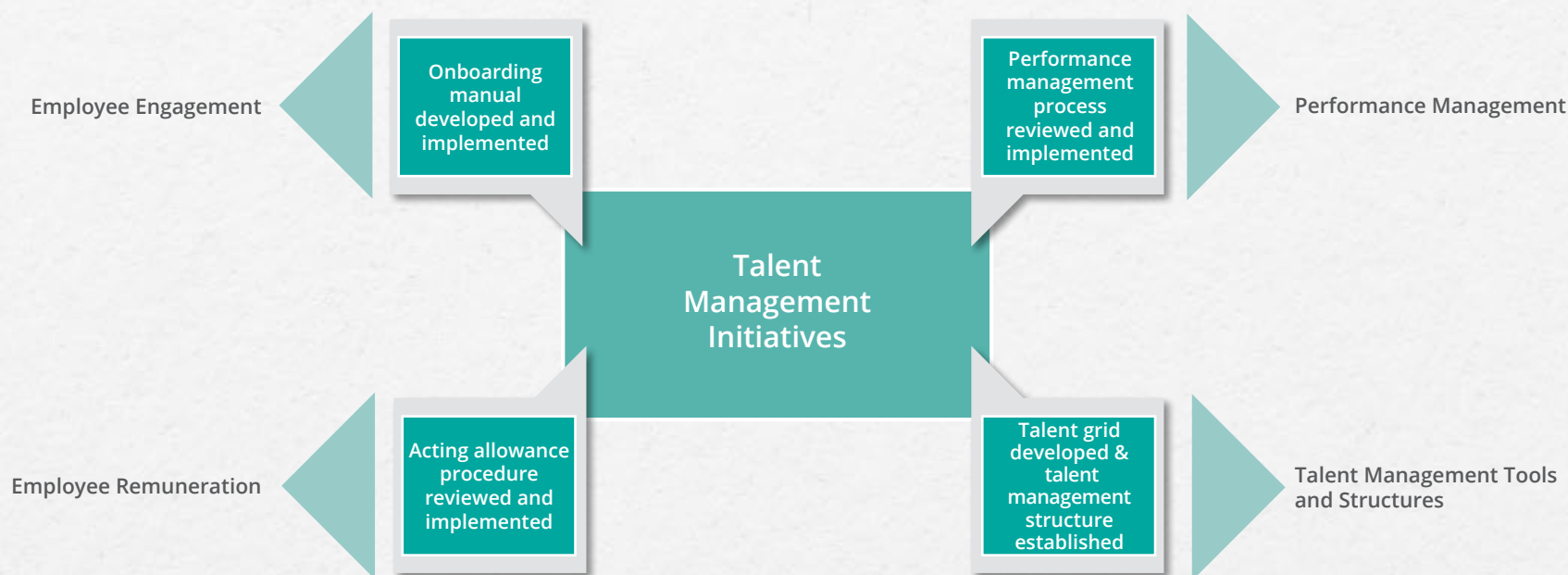


Figure 15: Talent Management Initiatives

### Increase in Revenue

To ensure the financial sustainability of the Corporation, it was planned that revenue would increase by 13% from the previous year baseline. For the period under review the Corporation experienced a 5% revenue decline in comparison to the previous year.

### Corporate Service Programme Performance

The table below captures the outcomes, outputs, targets and actual achievements for the sub-programme as per the re-tabled APP. Fifty percent of the performance targets were achieved.

## Part B: Performance information

Programme 5: Corporate Services								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/21	Deviation from planned target to actual achievement 2020/2021	Reasons for deviations
High performing organisation	An employer of choice	Number of state of talent management initiatives implemented	-	Talent management strategy approved by the board and one initiative implemented	4	4	-	-
	Enhanced corporate sustainability	Percentage revenue change from previous year	57%	16%	13%	-5%	-18%	Impact of COVID-19 on ability to generate revenue

Table 25: Corporate Services Programme Performance

## Strategies to Overcome areas of Under-performance

Area	Strategy
Training of traffic personnel	<ul style="list-style-type: none"> <li>Reallocation of personnel</li> <li>Implementation and adaptation to online learning</li> <li>Improved internal planning and coordination</li> </ul>
Implementation of digital solutions	<ul style="list-style-type: none"> <li>Improved internal planning and coordination</li> </ul>
Traffic Law Enforcement	<ul style="list-style-type: none"> <li>Improved redeployment strategies</li> </ul>
Revenue generation	<ul style="list-style-type: none"> <li>Implementation of funding model</li> </ul>

Table 26: Strategies for Under-performance

## Institutional Response to COVID-19 Pandemic

To reduce the impact of the COVID-19 outbreak within the Corporation, a COVID-19 Committee was established and appointed on 5 May 2020. The role of the Committee was to put systems in place to effectively and efficiently manage COVID-19 within the Corporation. The table below shows the measures put in place by the Corporation and the associated costs.

Intervention	Geographical location	No. of beneficiaries/ Offices	Total budget allocation - Rand	Immediate outcomes
Providing COVID related material, sanitisers, masks, and gloves	Traffic Law Enforcement within in the provinces.	9 Provinces	23 246 123	Safety of traffic officers
RTMC employees - procurement of Personal Protective Equipment (PPE), ensuring compliance in offices, etc.	All RTMC offices and employees	16 Offices	5 599 967	Safety of employees and workplace
<b>Total</b>			<b>28 846 090</b>	

Table 27: Response to COVID-19

The COVID-19 Committee was entrusted with the following roles and responsibilities:

- Develop a response plan, monitor and evaluate the implementation of the plan
- Prepare a progress report to EXCO on the implementation of the protocols and plans
- Ensure regular communication to staff on COVID-19 related issues
- Implement incident management systems to ensure the management of COVID-19 related cases.
- Hold meetings to monitor the implementation of protocols within the Corporation.

## Part B: Performance information

### Members of the COVID-19 Committee

The following members were appointed to the Committee:

Title	Roles and responsibilities	Appointee
COVID-19 Compliance Champion	The Compliance Champion has the overall responsibility for the RTMC's pandemic preparedness and response plan	Ms Motselisi Juma Motselisi.Juma@rtmc.co.za
Employee Access Control Champion (EACC)	The EACC's responsibility is to manage the movement and social distancing logistics of employees, visitors, suppliers and contractors as they enter and depart RTMC offices	Mr W Makokomale William.Makokomela@rtmc.co.za
Virus Prevention & Protocols Champions (VPPC)	The VPPC's responsibilities are to develop protocols aligned to the Department of Health guidelines to ensure the wellness of all employees and the overall pandemic preparedness and response plan	Mr K Maponyane Kopano.Maponyane@rtmc.co.za Mr S Sengwayo Sicelo.Sengwayo@rtmc.co.za
Sanitisation & Disinfection, PPE & Materials Champion	The responsibility is to manage daily and periodic disinfection logistics, including routine and deep cleaning, disinfection processes, in accordance with the protocols set up by the VPPC. Additionally, to secure all necessary supplies to implement and sustain the RTMC's pandemic preparedness and response plan, including direct procurement, as well as coordination to ensure other RTMC offices and training colleges have sufficient supplies of PPE and sanitisers	Ms T Mjoli Thenjiwe.Mjoli@rtmc.co.za
Communication Champion	The Communication Champion's responsibility is to manage all pandemic related communications	Mr S Zwane Simon.Zwane@rtmc.co.za
Law Enforcement Champion	To ensure that all protocols pertaining to enforcement are implemented, and that incident reports are prepared and reported in line with the incident management processes	Mr Z Nkabinde Zakheke.Nkabinde@rtmc.co.za
Organised Labour Champion (OLC)	The OLC's responsibility is to provide input to ensure all protocols are aligned to Department of Employment and Labour guidelines. Strong communication, partnership, and alignment with Organised Labour on all decisions relating to COVID-19.	Mr P Zuma
Training Champion	To ensure that all protocols pertaining to training are implemented, and that incident reports are prepared and reported in line with the incident management processes	Mr Ndengeza Masangu NdengezaM@rtmc.co.za
Audit and Risk Champions	To undertake compliance checks and provide assurance	Mr K Kgosiemang Kagiso.Kgosiemang@rtmc.co.za Ms. D. Ewertse Daphline.Ewertse@rtmc.co.za
Finance Champion	To provide financial perspectives in the management of COVID-19, and any relevant incidents	Mr Norman Sebaku Norman.Sebaku@rtmc.co.za
Secretariat	Ensure effective functioning of the Committee by keeping minutes, tasks and actions and setting up of meetings	Mr S Nkosi Smanga.Nkosi@rtmc.co.za

Table 28: Members of the COVID-19 Committee



## Part B: Performance information

### Work Undertaken by the COVID-19 Committee

In the period under review, the Committee developed the Return to Work (RTW) strategy and COVID-19 protocols and plans which are important for all employers to plan for COVID-19 management. The documents address specific exposure risks, sources of exposure, routes of transmission, and other areas to minimise outbreak conditions.

The RTW strategy was developed and approved by the Board. The Corporation risk adjustment approach was based on the adjusted COVID-19 risk level 1-5.

Level	Approach
Level 5 The high virus spread and/or low health system readiness	<ul style="list-style-type: none"> <li>Only essential services permitted</li> <li>Executives and their critical support employees</li> <li>Cleaners and groundsmen</li> <li>Drivers</li> <li>Security</li> <li>Key IT employees</li> <li>Strict rules on capacity, time, and hygiene of transport</li> <li>Movement restricted (no interprovincial movement at all)</li> <li>All non-essential employees to work from home</li> <li>1.5m social distancing</li> </ul>
Level 4 Easing of level 5 to allow for limited economic activity and movement	<ul style="list-style-type: none"> <li>Employee categories listed in level 5</li> <li>33% office occupation</li> <li>1.5m social distancing</li> <li>Drivers may operate throughout the day with stringent capacity and hygiene observed</li> <li>Interprovincial travelled permitted under defined circumstances – within a limited timeframe</li> <li>Curfew in place from 8pm to 5am every day</li> </ul>
Level 3 Moderate virus spread with moderate preparedness	<ul style="list-style-type: none"> <li>Employee categories listed in level 4 and</li> <li>1/3 Traffic trainees</li> <li>50% office occupation</li> <li>Public transport may operate throughout the day with stringent capacity and hygiene observed</li> <li>Interprovincial travel is permitted</li> <li>Curfew in place from 9pm to 6am every day</li> </ul>

Level	Approach
Level 2 Moderate virus spread with moderate preparedness	<ul style="list-style-type: none"> <li>Employee categories listed in level 3</li> <li>66% Traffic trainees</li> <li>75% office occupation</li> <li>Domestic travel allowed</li> <li>All modes of transport allowed with strict hygiene observed</li> <li>Movement between provinces permitted</li> </ul>
Level 1 Moderate virus spread with high readiness	<ul style="list-style-type: none"> <li>100% office occupation</li> <li>100% Traffic trainees</li> <li>All modes of transport allowed with strict hygiene observed</li> <li>Movement between provinces allowed with some restrictions on international travel</li> </ul>
Conditions to remain in place throughout the lockdown	<ul style="list-style-type: none"> <li>No conferences or conventions which require physical attendance</li> <li>No sit-in communal eating areas in the office</li> <li>No physical related stakeholder engagements (only virtual engagements)</li> <li>No events which contravene Lockdown Regulations</li> <li>Virtual memorial services</li> <li>Virtual religious, cultural, or social gatherings</li> <li>Observing minimum social distancing</li> <li>Compulsory wearing of face masks in public and workplaces</li> </ul>

Table 29: COVID-19 Risk Adjusted Strategy

RTMC COVID-19 protocol document encapsulates measures in relation to safety, health, and wellness in the management of COVID-19. The document was developed under the guidance based on traditional infection prevention protocols and government issued regulations. The document applied to all the employees of the RTMC (including traffic trainees and any contractors) and service providers.

Preventative measures: The Committee ensured the following preventative measures were put in place:

- Office state of readiness: The Committee ensured the state of readiness for the different Office sites prior to the re-opening. This was achieved through implementation of demarcation marking at the different Offices, rearrangement of office furniture and the decontamination of all office spaces
- Procurement of PPEs: The Corporation procured masks for employees, hand sanitiser disinfectants and other COVID-19 related cleaning materials
- Access control: The entrances were centralised for ease of screening. A staggered approach was adopted, which allows staff to enter the Offices at different times. The aim was to ensure social distancing is observed, and that the staff are recorded in the registers. The process of capturing register details (names and temperatures) was put in place

## Part B: Performance information

- Training of employees: The Corporation, in collaboration with our wellness partner, provided training on COVID-19 related matters and RTMC protocols
- Communication and educational awareness: A communication strategy was adopted to ensure continuous awareness on safety and precaution measures. Different mediums were used to disseminate communication relating to COVID-19. Competitions were held to ensure that employees remain abreast of COVID-19 related matters.

### COVID-19 Incident Management

The Corporation developed a system for the management of COVID-19 incidents in the workplace. During the period under review, the Corporation reported the following number of COVID-19 cases:

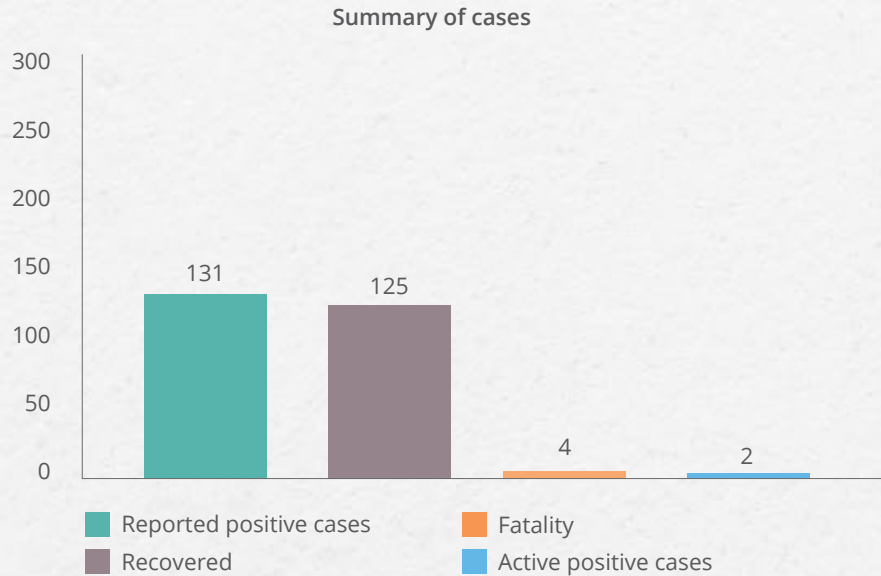


Figure 16: Summary of Cases

As shown in figure 15 the total number of recorded COVID-19 positive cases was 131 employees. Out of these cases, there were four fatalities, 125 have recovered and there were two active case. The total recovery rate for the Corporation was 95.4% with 1.52% active cases and a 3.05% fatality rate for the period under review. The cases are broken down per business unit as follows:

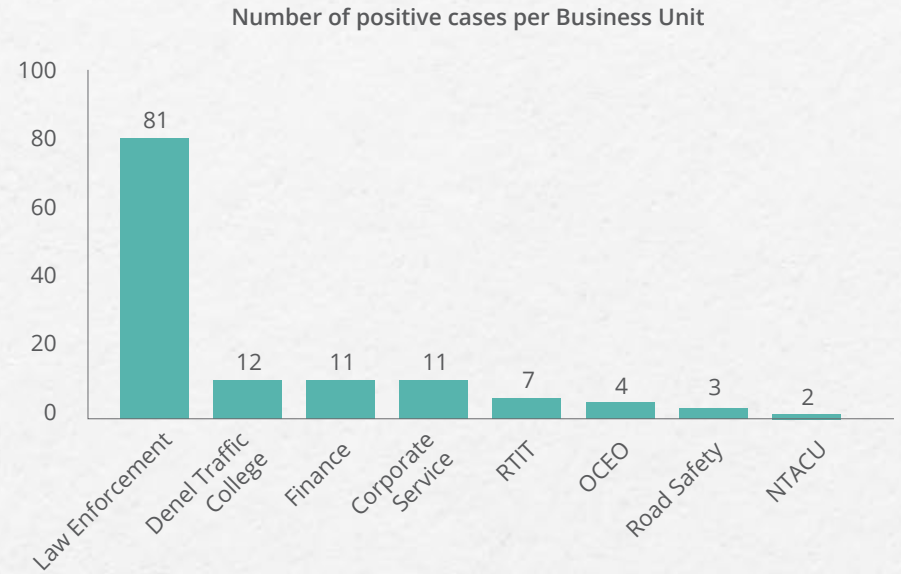


Figure 17: Summary of Cases per Business Unit

As depicted in figure 16, the highest number of reported cases was within the Traffic Law Enforcement 62% (82) of the total population of the number of reported cases. Enforcement has many employees which are client facing which may have contributed to the high number of cases.

The Corporation continues to implement safety measure to ensure that employees remain safe in the workplace. The RTMC will continue to intensify COVID-19 related education and awareness campaigns. Key to this is the promotion of compliance to safety protocols through self-regulation.

## Linking performance of the entity with the approved budget

### Expenditure per Programme

A year-on-year expenditure comparison reflects a decrease compared to the previous year, R1.18 billion was spent in the 2020/21 financial year compared to R1.26 billion in the 2019/20 financial year. In total, the Corporation spent 104% of the adjusted allocated budget during the 2020/21 financial year. The tables below depict the financial performance of the programmes during the year under review.

programme/activity/ objective	Approved Budget Allocation 202/21	Approved Adjusted Budget Allocation 2020/21	Actual Expenditure 2020/21	Under/(Over) Expenditure	Annual Spent as % of Allocated Budget	Approved Budget Allocation 2019/20	Approved Adjusted Budget Allocation 2019/20	Actual Expenditure 2019/20	Under/(Over) Expenditure	Annual Spent as % of Allocated Budget
Operations	333 223 443	174 663 063	158 507 710	16 155 354	91%	332 180 909	204 926 142	190 790 116	14 136 025	93%
Law Enforcement	346 245 761	269 781 049	242 234 469	27 546 581	90%	316 984 060	298 712 234	284 461 108	14 251 126	95%
Traffic Intelligence and Security	29 196 648	25 630 178	23 294 207	2 335 971	91%	28 975 614	25 885 757	25 462 287	423 470	98%
Strategic Services	330 796 532	248 535 699	239 579 091	8 956 607	96%	179 117 285	94 777 407	74 561 719	20 215 689	79%
Support Services	605 229 043	420 881 200	520 188 171	-99 306 971	124%	654 895 834	685 330 300	693 109 979	-7 779 679	101%
<b>Total Expenditure</b>	<b>1 644 691 427</b>	<b>1 139 491 189</b>	<b>1 183 803 648</b>	<b>-44 312 459</b>	<b>104%</b>	<b>1 512 153 702</b>	<b>1 309 631 841</b>	<b>1 268 385 209</b>	<b>41 246 632</b>	<b>97%</b>

Table 30: Programme Financial Performance

## Part B: Performance information

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

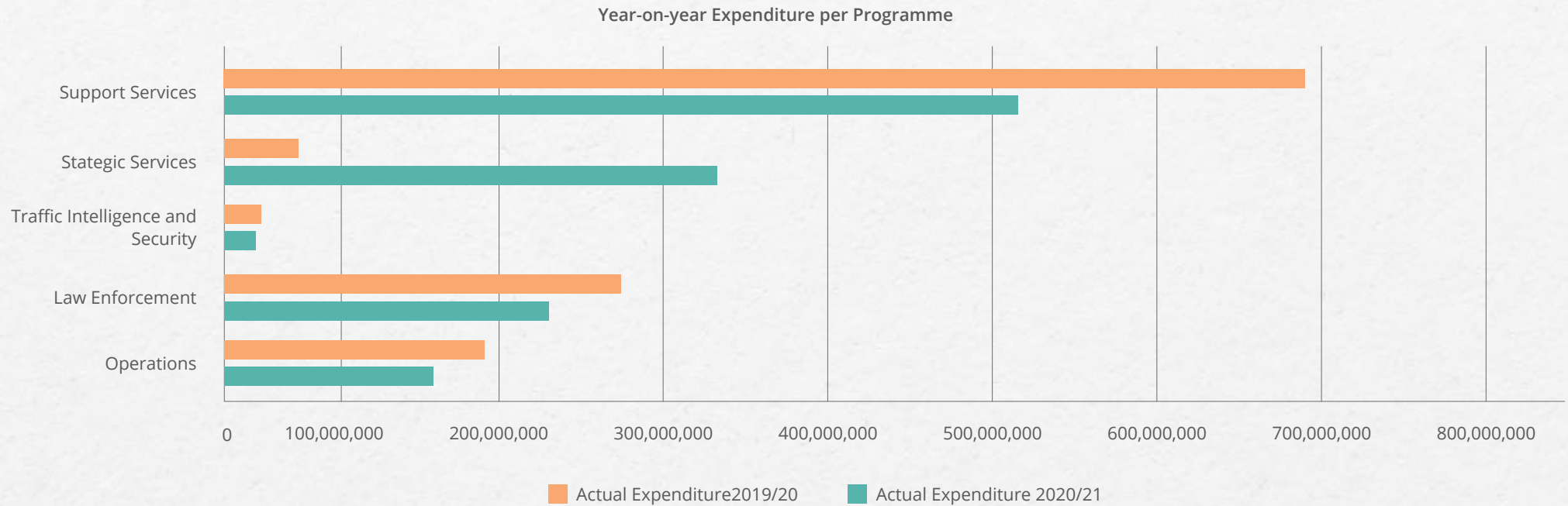


Figure 18: Expenditure per Programme

- **Operations** underspent by 9% against the adjusted allocated budget for the year as compared to prior year where an underspend of 7% was recorded. The variance can mainly be attributed to the delay in the traffic trainee project due to challenges experienced with the COVID-19 pandemic throughout the financial year. The traffic trainee project continued with only 300 trainees
- **Law Enforcement** underspent by 10% against the adjusted allocated budget for the year as compared to the previous year, which reflects an underspending of 5%. During the first half of the period under review, the country was hit by the global COVID-19 pandemic which impacted negatively on the deployment of law enforcement officers. This had an impact specifically on planned events such as the National Wreath-laying event commemorating fallen traffic officers throughout the country
- **Traffic Intelligence and Security** underspent by 9% against allocated budget for the year against an underspend of 2% in the previous year.

Despite vigorous operations done during the financial year, most operations took place in Gauteng and the neighboring provinces accounting for the budget underspend

- **Strategic Services** underspent by 4% against the allocated budget for the year vis-à-vis a recorded underspend of 21% in the previous year. During the financial year the Corporation commenced the digitisation of learner licences at driver licence testing stations. The underspend can be attributed to the fact that not all projects were done at the end of the financial year
- **Support Services** reflects a 124% spent of the allocated adjusted budget against a 101% spend in the previous year. The overspend can be attributed to the expenditure incurred on non-cash items i.e. depreciation, provisions

## Part B: Performance information

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

programme/ activity/objective	Approved Budget Allocation 2021/21	Approved Adjusted Budget Allocation 2020/21	Actual Expenditure 2020/21	Under/(Over) Expenditure	Annual Spent as % of Allocated Budget	Approved Budget Allocation 2019/20	Approved Adjusted Budget Allocation 2019/20	Actual Expenditure 2019/20	Under/(Over) Expenditure	Annual Spent as % of Allocated Budget
<b>Operations</b>	333 223 443	174 663 063	158 507 710	16 155 353	91%	332 180 909	204 926 142	190 790 116	141 390 793	93%
Cost of Employees	91 830 913	91 860 913	76 364 248	15 496 665	83%	108 877 226	108 877 226	106 331 965	2 545 261	98%
Goods & Services	241 392 529	82 832 150	69 240 399	13 591 751	84%	223 303 683	96 048 916	84 458 152	138 845 532	88%
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
<b>Law Enforcement</b>	346 245 761	269 781 049	242 234 469	27 546 580	90%	316 984 060	298 712 234	284 461 108	32 522 952	95%
Cost of Employees	244 561 084	244 561 084	221 138 530	23 422 554	90%	228 561 761	228 561 761	238 693 178	-10 131 418	104%
Goods & Services	101 684 677	25 219 965	20 667 746	4 552 219	82%	88 422 299	70 150 473	45 767 930	42 654 369	65%
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
<b>Traffic Intelligence and Security</b>	29 196 648	25 885 757	23 294 207	2 591 550	90%	28 975 614	25 885 757	25 462 287	3 513 327	98%
Cost of Employees	24 400 401	24 400 401	22 683 596	1 716 805	93%	22 804 113	22 804 113	24 058 977	-1 254 864	106%
Goods & Services	4 796 248	1 229 777	669 212	560 565	54%	6 171 501	3 081 644	1 403 309	4 768 192	46%
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
<b>Strategic Services</b>	330 796 532	248 535 699	239 579 091	8 956 608	96%	179 117 285	94 777 407	74 561 719	104 555 567	79%
Cost of Employees	129 160 202	129 160 202	141 493 631	-12 333 429	110%	45 057 612	45 057 612	56 394 183	-11 336 571	125%
Goods & Services	201 636 330	119 375 496	98 901 408	20 474 088	83%	134 059 673	49 719 795	18 167 535	115 892 138	37%
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
<b>Support Services</b>	605 229 042	420 881 200	520 188 171	-99 306 971	124%	654 895 834	685 330 300	693 109 979	-38 214 146	101%
Cost of Employees	121 809 189	121 809 189	142 362 422	-20 553 233	117%	174 019 165	174 019 165	183 314 555	-9 295 391	105%
Goods & Services	268 179 709	168 714 289	266 743 126	-98 028 837	158%	269 591 879	359 951 879	368 358 746	-98 766 867	102%
Capital Expenditure	215 240 145	130 357 723	117 551 928	12 805 795	90%	211 284 790	151 359 256	141 436 678	69 848 112	93%
<b>Total Expenditure</b>	<b>1 644 691 427</b>	<b>1 139 746 768</b>	<b>1 183 803 648</b>	<b>-44 056 880</b>	<b>104%</b>	<b>1 512 153 702</b>	<b>1 309 631 841</b>	<b>1 268 385 209</b>	<b>243 768 493</b>	<b>97%</b>

Table 31: Expenditure per Programme and Economic Classification

## Part B: Performance information

### Expenditure per Economic Classification

The expenditure per classification shows that 96% of the budget for Compensation of Employees (CoE) was spent as compared to the previous financial year, wherein 105% of the budget for CoE was utilised. During the year under review 120% of the budget for goods and services was spent as compared to the previous financial year, wherein there was spend of 89%. Only 90% of the capital budget was spent due to the acquisition of the new fleet and computer equipment, and the delay in the finalisation of the acquisition of land contributed to the non-spending of 10%.

Programme/activity/ Objectives	2020/21			Under/ (Over) Expenditure	Annual Spent % of Allocation Budget	2019/20			Under/ (Over) Expenditure	Annual Spent % of Allocation Budget
	Approved budget Allocation	Adjusted Budget Allocation	Actual Expenditure			Approved budget Allocation	Adjusted Budget Allocation	Actual Expenditure		
Cost of Employees	611 761 789	611 761 789	589 084 794	22 676 995	96%	579 319 876	579 319 876	608 792 859	-29 472 982	105%
Goods & Services	817 689 493	397 371 677	477 166 926	-79 795 249	120%	721 549 035	578 952 708	518 155 672	60 797 036	89%
Capital Expenditure	215 240 145	130 357 723	117 551 928	12 805 795	90%	211 284 790	151 359 256	141 436 678	9 922 578	93%
<b>Total Expenditure</b>	<b>1 644 691 427</b>	<b>1 139 491 189</b>	<b>1 183 803 648</b>	<b>-44 312 459</b>	<b>104%</b>	<b>1 512 153 702</b>	<b>1 309 631 841</b>	<b>1 268 385 209</b>	<b>41 246 632</b>	<b>97%</b>

Table 32: Expenditure per Economic Classification

The graph below depicts the year-on-year comparison by economic classification segment:

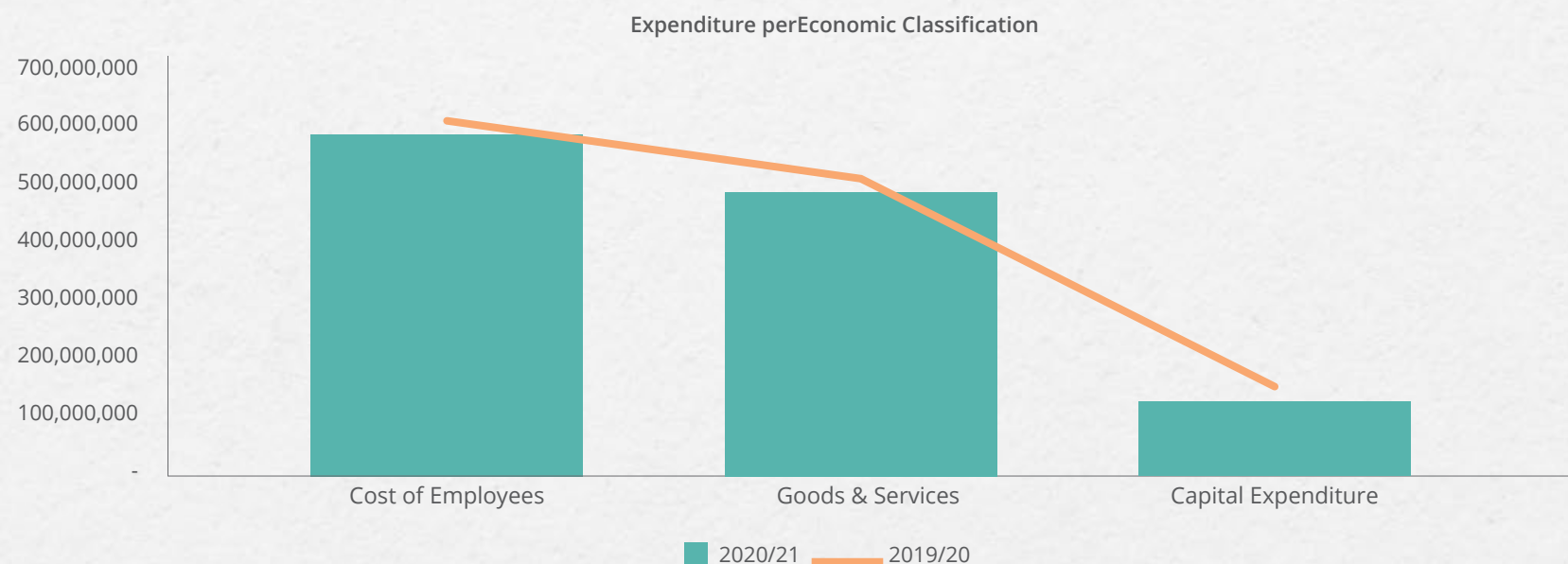


Figure 19: Year-on-Year Expenditure per Economic Classification

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## Part B: Performance information

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### Compensation of Employees

Compensation of employees (permanent employees only) decreased by R19 million to R589 million from R608 million in the previous year due to organisational restructuring as well as the reversal of un-utilised performance bonuses and leave provisions.

### Goods and Services

The overspend of R80 million in Goods and Services is mainly attributed to the expenditure incurred towards non-cash cash items such as provision for bad debts, depreciation, and loss on disposal of assets. Other items contributing to the overspend are a settlement reached in the long-running legal matter, computer expenses relating to the digitalisation of learner licence testing at testing stations, procurement of software licences, and an increase in data usage charges as a result of COVID-19 lockdown restrictions.

### Capital Expenditure

The Corporation spent R118 million in the procurement of assets, the cost drivers, amongst others were the procurement of:

- Vehicles replacing the aging fleet
- Mobile Vehicle Testing Stations
- Hardware refresh of aging computers
- Computer hardware for introduction of Computerised Learner's Licence Testing (CLLT) at pilot testing stations

### Budget Adjustment and Virement

The initial approved budget of the Corporation for 2020/21 amounted to R1.6 billion. During the third quarter of the financial year a decision was taken to reduce the budgeted revenue from R1.6 billion to R1.1 billion due to a delay in the approval of

additional revenue streams identified by the Corporation. The downward revenue budget adjustment resulted in a same value expenditure budget adjustment, coupled with a budget virement whereby expenditure items identified for underspend were reduced to augment those items where an overspend was identified.

## Revenue Collection

The Corporation derived its revenue from the following sources:

- Grant Income from the National Department of Transport
- Transaction fees from renewal of motor vehicle licences
- Infringement fees from fines issued (AARTO, Section 56)
- Interest received from investments (Call account and Investment account at the Reserve Bank)
- NaTIS related revenue such as access to data
- Sponsorship income

Revenue collected by the Corporation was 4% in excess of the revised budgeted amount (2019/20 increase of 6%). The initial budget was R1.6 billion which was later adjusted to R1.1 billion. The actual collection amounts to R1.18 billion resulting in over-collection of R47 million. The over collection can be attributed to an upward adjustment of the grant allocation by R20 million, over collection on Transaction fees was R24.9 million.

The reason for adjusting the budgeted revenue downwards was due to the anticipated negative impact on COVID-19 lockdown regulations especially on Law Enforcement revenue streams as well as renewal of motor vehicle licences.

## Part B: Performance information

Source of Revenue	2020/21			Under/ (Over) Collected	Annual Collected as % of Annual Budget	2019/20			Under/ (Over) Expenditure	Annual Collected as % of Annual Budget
	Approved Estimate	Adjusted Estimate	Actual Amount Collected			Approved Estimate	Adjusted Estimate	Actual Amount Collected		
Grant Income	220 535 000	220 535 000	240 606 000	20 071 000	109%	210 228 000	210 228 000	210 228 000	-	100%
Transaction fees	1 107 450 092	860 590 263	885 503 532	24 913 269	103%	1 091 670 487	1 053 159 817	915 349 117	-137 810 700	87%
AARTO Infringements	10 266 549	10 266 549	16 658 974	6 392 425	162%	9 712 878	9 712 878	16 364 409	6 651 532	168%
Boekenhoutkloof	5 232 711	1 432 711	299 294	-1 133 417	21%	4 941 145	4 941 145	1 089 670	-3 851 475	22%
Administration Fees - RTI Infringements	42 000 000	31 500 000	18 819 350	-12 680 650	60%	31 590 000	31 590 000	42 621 719	11 031 719	135%
Finance Revenue	-	-	7 290 171	7 290 171	0%	-	-	11 661 303	11 661 303	0%
Sponsorships	-	-	18 985 857	18 985 857	0%	-	-	-	-	0%
Natis Revenue	140 207 075	-	610 523	610 523	0%	84 011 191	-	193 168	193 168	0%
Other income	-	-	4 522 543	4 522 543	0%	-	-	14 676 781	14 676 781	0%
Bad debts recovered	-	-	-	-	0%	-	-	176 683 117	176 683 117	0%
Section 56 revenue	80 000 000	15 166 667	6 878 779	-8 287 888	45%	80 000 000	-	-	-	0%
Impound fees	39 000 000	-	-	-	0%	-	-	-	-	0%
<b>Total revenue collected</b>	<b>1 644 691 427</b>	<b>1 139 491 189</b>	<b>1 200 175 022</b>	<b>60 683 833</b>	<b>105%</b>	<b>1 512 153 702</b>	<b>1 309 631 840</b>	<b>1 388 867 285</b>	<b>79 235 445</b>	<b>106%</b>

Table 33: Sources of Revenue



## Part B: Performance information

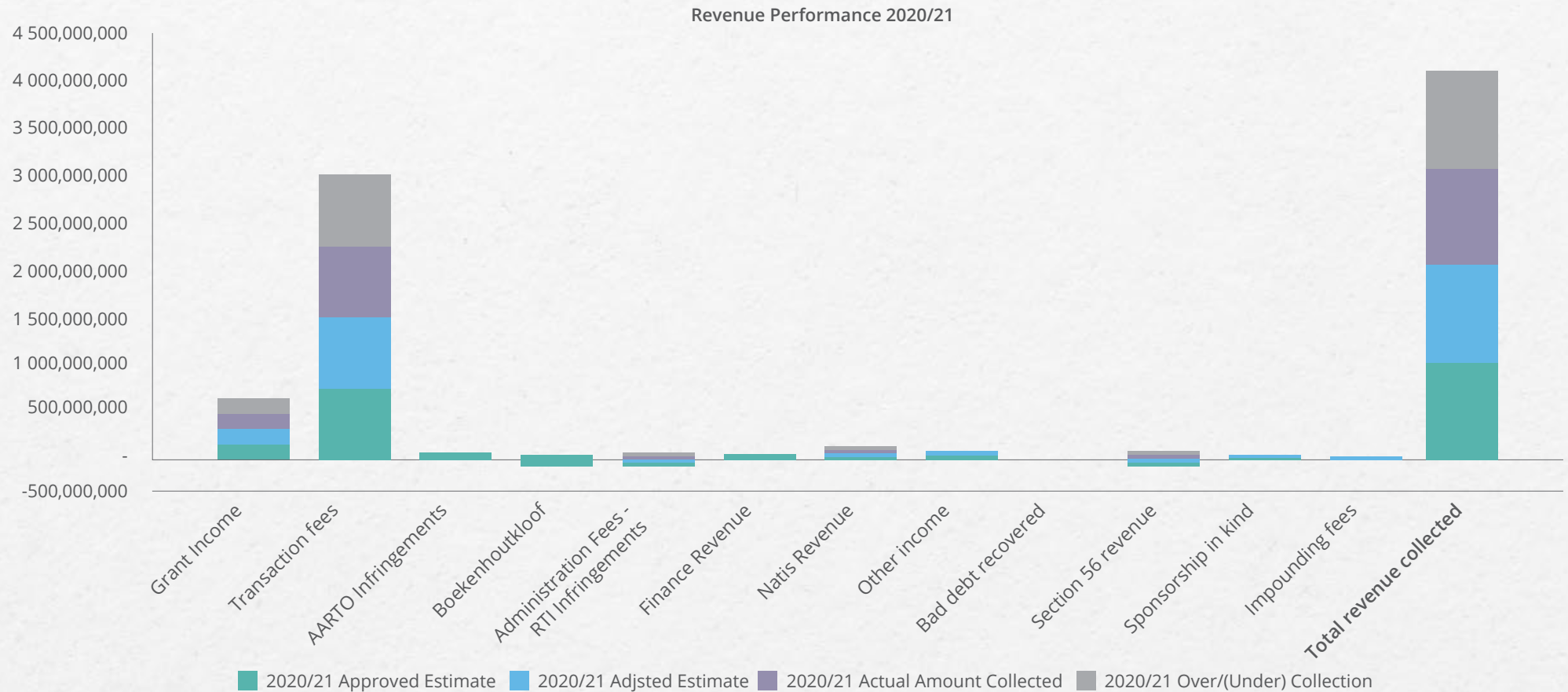
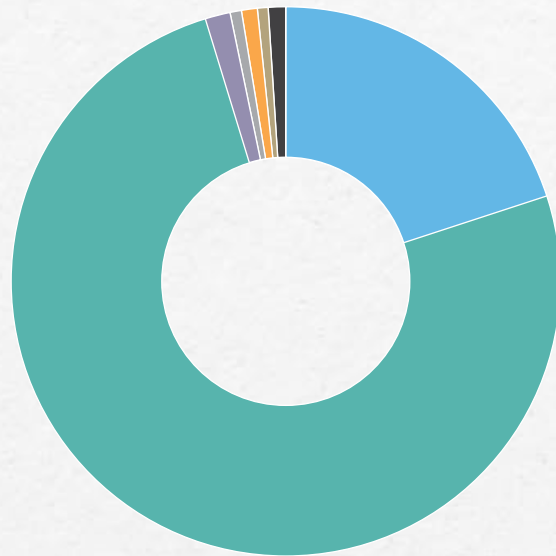


Figure 20: Revenue Performance

The budgeted amount for Transaction Fees was R860 million (2019/20: R1 053 billion); a collection of R885 million (2019/20: R915 million) was recorded. This resulted in over recovery of Transaction Fees in relation to the budget by 3%. This revenue stream accounts for 73% of the total revenue.

The Grant income was increased by 9% due to additional funding from Department of Transport, from R220 million to R240 million, this accounts for 20% of the total revenue of the Corporation. There was a significant decline of the Road Traffic Inspectorate infringements due to borders being closed as a result of COVID-19 regulations.

Source of Revenue % collection 2020/21



- Grant Income
- Transaction fees
- AARTO Infringements
- Boekenhoutkloof
- Administration Fees - RTI Infringements
- Finance Revenue
- NaTIS Revenue

Figure 20: Sources of Revenue Collection

Comparison of year-on-year revenue collection

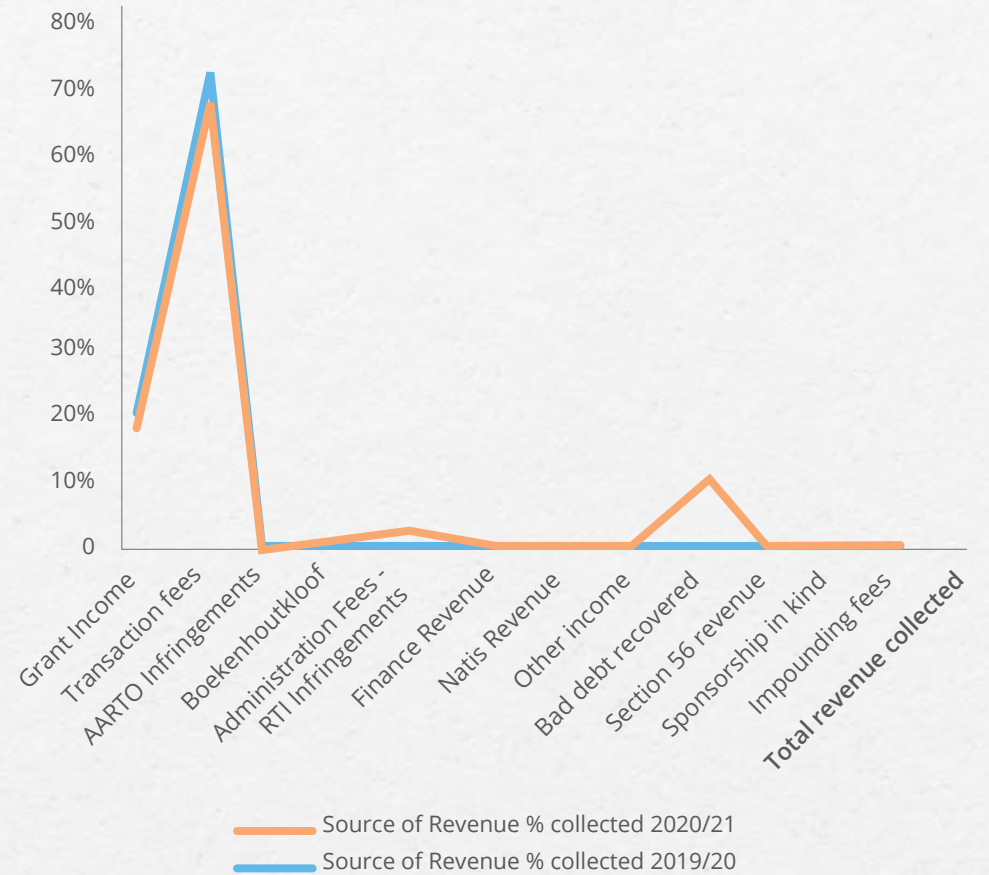


Figure 21: Comparison of year on year revenue collection

## Capital Investment

There was none in the year under review.



*"We were devastated and rocked to our core as a nation."*  
UNITED WE STOOD STRONG

PART

Governance information

C

## PORTFOLIO COMMITTEE

During the period under review, the Corporation was not scheduled to appear before the Portfolio Committee on Transport to account on the delivery of its mandate.

## GOVERNANCE FRAMEWORK

The RTMC was established in terms of Section 3 of the RTMCA. It is further governed, inter alia, by the provisions of the NLTA, NRTA, PFMA, CPA and subscribes to the principles contained in the King IV Report on Corporate Governance, 2016. The governance structures of the RTMC are comprised of the Shareholders Committee and the Board of Directors.

## THE SHAREHOLDERS COMMITTEE

The RTMC Act, 1999 provides that the Shareholders Committee comprises of the Minister, every MEC and two representatives nominated by the South African Local Government Association (SALGA). The Act acknowledges that some of the provinces would have more than one MEC as members of the Committee, however in that instance the MEC whose portfolio is most closely connected to the function in respect of which a decision is to be taken has veto powers. During the year under review, the Shareholders Committee comprised of the following members, some of whom were changed and moved to different portfolios in their provinces:

Shareholder	Scope of Function	Region
Mr Fikile Mbalula	Minister of Transport	National Chairperson
Ms Dikeledi Magadzi	Deputy Minister of Transport	
Ms Weziwe Tikana-Gxothiwe	MEC: Transport, Safety & Liaison	Eastern Cape
Mr Sam Mashinini	MEC: Police, Roads & Transport	Free State
Ms Faith Mazibuko	MEC: Community Safety	Gauteng ***
Mr Jacob Mamabolo	MEC: Public Transport & Roads Inspection	
Mr Bhekumuzi Ntuli *	MEC: Transport, Community Safety & Liaison	KwaZulu-Natal
Ms Peggy Nkonyeni **		
Ms Mavhungu Lerule-Ramakhanya **	MEC: Transport & Community Safety	Limpopo ***
Mr Dickson Masemola	MEC: Public Works, Roads & Infrastructure	

Shareholder	Scope of Function	Region
Ms Gabisile Shabalala *	MEC: Community Safety, Security & Liaison	Mpumalanga ***
Mr Vusi Shongwe **		
Mr Gillion Mashego *	MEC: Public Works, Roads & Transport	
Ms Mohita Latchminarain **		
Ms Nontobeko Vilakazi *	MEC: Transport, Safety & Liaison	Northern Cape
Ms Nomandla Bloem**		
Mr Sello Lehari	MEC: Community Safety & Transport	North West ***
Mr Gaoage Molapisi	MEC: Public Works & Roads	
Mr Bonginkosi Madikizela	MEC: Transport & Public Works	Western Cape
Ms Jean de la Harpe *		
Mr Seane Nkahle **	Mr Seane Nkahle **	National

Table 34: Shareholders Committee Members

- \* Served as a member during the year under review and is no longer an MEC/ member for the portfolio  
 \*\* a Member by the end of the financial year under review  
 \*\*\* Province has dual membership

The RTMCA requires the Minister, as the Chairperson, to convene the Shareholders Committee at least four times a year. During the period under review, the Committee held four meetings as required.

## THE BOARD

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

- In keeping with its approved Charter, the Board executed its responsibilities that include:
- Providing effective leadership and control in terms of approving the RTMC strategy and ensuring control over its operational implementation
  - Overseeing and appraising the strategies, policies and the performance of the RTMC

## Part C: Governance information

- Ensuring that the RTMC continues to operate as a viable and sustainable Corporation
- Providing oversight on the human, operational and financial resources available to achieve strategic objectives
- Ensuring the appropriate balance of power and authority so that no one individual can dominate the Board's decision-making
- Ensuring effective communication between the RTMC and its internal and external stakeholders
- Ensuring that appropriate governance structures, policies and procedures are in place
- Approving organisational structure re-alignment.
- Reviewing and approving the Board Charter and the Terms of Reference of all Board Committees in line with King IV and best practices

## COMPOSITION OF THE BOARD

The RTMC Act, 1999 provides that the Board shall comprise of eight independent Non-Executive Members appointed by the Shareholders Committee, one Shareholder representative appointed by the Minister and the Chief Executive Officer.

In keeping with good corporate governance practices, the roles of the Chairman and the Chief Executive Officer are distinct. The Chairman is responsible for leading the Board and ensuring its effectiveness. The Chief Executive Officer is responsible for the execution of the strategy and day-to-day business of the RTMC and is supported by the Executive Committee, of which he is the Chairperson. Below are the details of the Members of the Board:

Name	Designation	Date of appointment	Date retired	Qualifications	Area of expertise	Board Directorship	Other Committees	Number of Board Meetings attended (including the Board Risk workshop)
Mr Zola Majavu CD(SA)	Chairman	1 January 2017 (re-appointed)	n/a	<ul style="list-style-type: none"> <li>• BA (Law)</li> <li>• LLB</li> <li>• Higher Dip. in Sports Law</li> <li>• Attorney of High Court of SA</li> <li>• Chartered Director South Africa</li> </ul>	Legal and governance	-	-	9/9
Ms Pinkie Manqele	Non-Executive	1 January 2017 (re-appointed)	n/a	<ul style="list-style-type: none"> <li>• B Tech Policing</li> <li>• Dip. in Police Management</li> <li>• Dip. in Practical Accounting</li> </ul>	Traffic law enforcement	-	<ul style="list-style-type: none"> <li>• Strategy Committee</li> <li>• Social and Ethics Committee</li> </ul>	9/9
Ms Tembeka Mdlulwa	Non-Executive	1 January 2017 (re-appointed)	n/a	<ul style="list-style-type: none"> <li>• B Juris</li> <li>• LLB</li> <li>• Attorney of High Court of SA</li> </ul>	Legal	-	<ul style="list-style-type: none"> <li>• Strategy Committee</li> <li>• Remuneration Committee</li> </ul>	5/9
Mr Thulani Kgombo	Non-Executive	1 December 2018 (re-appointed)	n/a	<ul style="list-style-type: none"> <li>• B Proc</li> <li>• Attorney of High Court of SA</li> </ul>	Legal	Legal Practice Council	<ul style="list-style-type: none"> <li>• Strategy Committee</li> <li>• Social and Ethics Committee</li> <li>• Audit and Risk Committee</li> </ul>	8/9

## Part C: Governance information

Name	Designation	Date of appointment	Date retired	Qualifications	Area of expertise	Board Directorship	Other Committees	Number of Meetings attended (including the Board Risk workshop)
Prof Maredi Mphahlele	Non-Executive	1 January 2017	n/a	<ul style="list-style-type: none"> <li>Teachers Dip. in Science and Mathematics</li> <li>B Sc in Science and Mathematics</li> <li>B Sc Hons in Computer Science</li> <li>M Sc in Computer Science</li> <li>D Tech in Computer Science</li> </ul>	Information Technology	-	<ul style="list-style-type: none"> <li>Strategy Committee</li> <li>Audit and Risk Committee</li> </ul>	9/9
Ms Thandi Thankge CD(SA)	Non-Executive	1 January 2017	n/a	<ul style="list-style-type: none"> <li>Dip. in Library and Information Services</li> <li>BA Industrial Psychology</li> <li>BA Hons in Industrial Psychology</li> <li>M Com in Business Management</li> <li>Chartered Director South Africa</li> </ul>	Human Resources, Governance	-	<ul style="list-style-type: none"> <li>Remuneration Committee</li> <li>Social and Ethics Committee</li> </ul>	8/9
Dr Eddie Thebe	Non-Executive	1 January 2017	n/a	<ul style="list-style-type: none"> <li>D Tech</li> <li>M Tech in Public Relation Management</li> <li>BA Comm Hons</li> <li>BA Comm</li> <li>Road Traffic Dip</li> </ul>	Road Safety	-	<ul style="list-style-type: none"> <li>Remuneration Committee</li> <li>Social and Ethics Committee</li> </ul>	9/9
Mr John Motsatsing *	DoT representative	18 March 2014	July 2020	<ul style="list-style-type: none"> <li>B Proc</li> <li>Dip. in Transport Management</li> </ul>	Legal Transport Regulations	-	Strategy, Monitoring and Evaluation Committee	1/2
Adv Johannes Makgatho **		July 2020		<ul style="list-style-type: none"> <li>B Proc</li> <li>LLB</li> </ul>	Legal Transport Regulations	-	Strategy, Monitoring and Evaluation Committee	6/7
Adv Makhosini Msibi	Chief Executive Officer	1 January 2019 -re-appointed		<ul style="list-style-type: none"> <li>B Juris</li> <li>LLB</li> </ul>	CEO			7/9

Table 35: Members of the Board

- The Minister retired Mr J Motsatsing in July 2020 as a Departmental Representative and was replaced by Adv Johannes Makgatho with immediate effect.
- \* Member retired in July 2020 and had attended one of the two Board meetings scheduled during his tenure.
- \*\* Member appointed in July 2020 and attended all the Board meetings with effect from his appointment.
- Four Special Board meetings considered the Annual Financial Statements for submission as statutory requirements, Traffic Law Enforcement Review Committee Report, Organisational Design and related matters project and year-end matters.

## THE BOARD



Zola Majavu CD (SA)  
Chairman



Adv. Makhosini Msibi  
Chief Executive Officer



Prof Maredi Mphahlele



Tembeka Mdlulwa



Dr Eddie Thebe



Thulani Kgomo



John Motsatsing



Thandi Thankge



Adv. Johannes Makgatho



Pinkie Manqele



Sigidikazi Petse  
Company Secretary

## THE BOARD





## EXECUTIVE MEMBERS



Adv. Makhosini Msibi  
Chief Executive Officer



Ntombizodwa Mobeng



Thabiso Ndebele



Mr Stephen Podile



Dr Hlengani Moyana



Kevin Kara-Vala



Liana Moolman

## EXECUTIVE MEMBERS



## COMMITTEES

The Board delegates powers to its Committees, of which committee members are specialists in their respective fields and areas of governance. To assist with the effective discharge of its duties, the Board has established the following Committees in line with its Charter and King IV Report on Corporate Governance:

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

The Board Charter and the Terms of Reference of Committees set out the roles and responsibilities of the Board and Committees which are achieved through the execution of the Annual Work Plans, effective meetings, and workshops. The Board Charter and Board Committees Terms of Reference were reviewed and approved by the Board during the year under review.

- Non-executive members are nominated by the Board and their appointment to the Committee is ratified by the Shareholders at the Annual General meeting
- Independent external members of the Committee are appointed and confirmed by the Shareholders annually thereafter at the Annual General meetings, for the duration of their term of office

Below are the details on Board Committees:

### Audit and Risk Committee

The Audit and Risk Committee (ARC) provides independent and objective oversight of, amongst others, financial and sustainability reporting; financial management; risk management; internal controls; internal audit function and processes; external audit; and combined assurance, information technology governance and integrated reporting. The composition of the committee is as follows:

Name	Qualification	Internal or external	If internal, position	Date appointed	Date resigned	No. of meetings attended
Ms Nomusa Mufamadi	B Compt Dip in Industrial Relations Certificate in Human Resources Certificate in Change Management	external	n/a	01 Oct 2020	n/a	8/8
Ms Nontle Jaxa	B Com (Accounting) B Compt (Hons) MBA	external	n/a	01 Aug 2020	n/a	4/4
Ms Rachel Cuna	Soc Sc B Com in Information System Higher Dip in Computer Auditing B Com (Hons) Informatics B	external	n/a	01 Aug 2020	n/a	4/4
Prof Maredi Mphahlele	B Sc in Science and Mathematics B Sc Hons in Computer Science M Sc in Computer Science D Tech in Computer Science	internal	Non-Executive Member of the Board	01 Jan 2017	n/a	8/8
Mr Thulani Kgomo	B Proc	internal	Non-Executive Member of the Board	April 2020	n/a	6/8

Table 36: ARC

The Committee meets at least four (times a year to consider financial management reports, internal audit reports, risk management report, organisational performance management, IT governance report, external audit strategy and other statutory requirements. Three special meetings considered the Annual Financial Statements for submission as statutory requirements.

## Strategy Monitoring and Evaluation Committee

The Committee:

- Regularly monitors and evaluates the implementation of the Strategy and the Annual Performance Plan
- Ensures that the Corporation's long-term strategy is aligned to the Corporation's legislated mandate, Shareholders' directives and Government priorities
- Ensures the preparation of and reviewing Quarterly Performance Reports and recommending measures to be taken or interventions required to ensure successful implementation of the Corporation's Strategy and the Annual Performance Plan

The Committee further oversees that:

- The Bid evaluation and adjudication processes have been complied with in line with the Preferential Procurement Policy Framework Act (PPPFA), the Broad-Based Black Economic Empowerment Act (B-BBEE Act) and the Corporation's Supply Chain Management Policy
- Processes followed in the bid evaluation and adjudication were fair, equitable, transparent, competitive and cost effective

No. of meetings held	No of Members	Name of Members	Number of meetings attended
7	5	1. Ms Pinkie Manqele (Chairman)	7/7
		2. Ms Tembeka Mdlulwa	6/7
		3. Mr Thulani Kgomo	7/7
		4. Prof Maredi Mphahlele	6/7
		5. Mr John Motsatsing *	1/1
		6. Adv Johannes Makgatho **	6/6

Table 37: Strategy Monitoring and Evaluation Committee

- Three special meetings considered the Traffic Law Enforcement Review Committee Report and year-end matters

\* Mr Motsatsing (DoT representative) was retired in July 2020 and had attended one Strategy Committee meeting scheduled during his tenure.

\*\* Adv Makgatho was appointed in July 2020 and attended all the Strategy Committee meetings with effect from his appointment.

## Remuneration Committee

The Committee oversees human resource matters which include organisational design, collective bargaining matters, remuneration, performance management systems, talent management, retention, succession planning and any other matters relating to human resources. The Committee further assessed the effectiveness of human resources strategies and policies and monitors the effectiveness thereof.

No. of meetings held	No of Members	Name of Members	Number of meetings attended
6	3	1. Ms Tembeka Mdlulwa (Chairman)	5/6
		2. Ms Thandi Thankge	6/6
		3. Dr Eddie Thebe	6/6

Table 38: Remuneration Committee

Three special meetings considered the Organisational Design and related matters project.

## Social and Ethics Committee

The Committee monitors the implementation of the RTMC's Code of Ethics; exercises oversight over all corruption and other ethical related investigations; monitors the progress of disciplinary actions taken arising out of unethical conduct; monitors cases reported through the anti-corruption hotline; ensures that the RTMC has an effective corporate-wide system of disclosure of interests; ensures that the RTMC has a system of procurement which is compliant with the principles enshrined in the Constitution of the Republic and to other laws, including but not limited to the PFMA. This ensures that the Corporation promotes good corporate citizenship, overseeing the environmental, health and safety implications, including the impact of the RTMC's activities and services.

## Part C: Governance information

No. of meetings held	No of Members	Name of Members	Number of meetings attended
4	4	1. Mr Thulani Kgomo (Chairman)	4/4
		2. Ms Pinkie Manqele	4/4
		3. Ms Thandi Thankge	4/4
		4. Dr Eddie Thebe	4/4

Table 39: Social and Ethics Committee

## Remuneration

### a) Board Members

Remuneration of the Board is part of the conditions determined by the Shareholders Committee in terms of Section 8(12)(a) of the RTMC Act, 1999.

The total amount of remuneration paid to Members includes a monthly retainer and attendance of meetings and no other expenses are paid. The official appointed by the Minister to serve on the Board is not remunerated.

Members are paid for attendance of four quarterly meetings of Committees and Board and are not remunerated for attendance of special meetings as the monthly retainer fees seeks to also cover such eventualities.

Name	Remuneration (Retainer and meeting attendance fees)	Other allowance	Other reimbursement	Total
Mr Z Majavu	R984 049	Nil	Nil	R984 049
Ms P Manqele*	R779 122	Nil	Nil	R779 122
Ms T Mdlulwa*	R746 658	Nil	Nil	R746 658
Mr T Kgomo**	R876 512	Nil	Nil	R876 512
Prof M Mphahlele	R591 613	Nil	Nil	R591 613
Ms T Thankge	R618 504	Nil	Nil	R618 504
Dr E Thebe	R618 504	Nil	Nil	R618 504

Table 40: Remuneration of Board Members

- \* Chairmen of Committees are remunerated more than other members.
- \*\* The member's fees are higher than other members, as the member served in three Committees in stead of two Committees. This was due to the resignation of two members of the ARC which affected the quorum.

### b) External Audit and Risk Committee Members

In line with the Terms of Reference of the ARC which provides for the appointment of three external Audit and Risk members, the following members were appointed by the Shareholders Committee during the year under review:

Name	Remuneration Meeting attendance fees	Other allowance	Other re-imbursment Travel expenses (km)	Total
Ms N Mufamadi – Chairman	R475 807,15	n/a	R572	R476 379
Ms N Jaxa	R134 456,15	n/a	R1 521	R135 977
Ms R Cuna	R134 456,15	n/a	R502	R134 958

Table 41: Remuneration of External Audit and Risk Committee Members

- Ms Mufamadi, as the Chairman of the Committee, also attended Board quarterly meetings and Annual General Meeting to account on matters that the Committee exercise oversight on and was remunerated for such. Ms Jaxa and Cuna were appointed as Members with effect from August 2020.

## RISK MANAGEMENT

The RTMC has a Risk Management Framework which has been duly approved by the Board. The Strategy to delivery on the mandate of the Risk Management function is informed by the risk management operational plan annual deliverables of the function. The approved Risk Management directs that Risk Assessment be conducted annually, once risks are identified management is required to design mitigation strategies to minimise the potential impact that may result in organisational goals not being achieved. The RTMC performs an annual strategic risk assessment which includes engagement with those charged with governance (ARC and ultimately the Board). The Strategic Risk assessment for year ended 2020/21 was performed during December 2020.

The following six Strategic Risks were duly identified, measured and we continue to periodically monitor the implementation of agreed mitigations:

1. Inability to deliver on our mandate thus leading to the Corporation losing relevance amongst stakeholders (*failure to achieve our mandate by reducing road fatalities*).

## Part C: Governance information

2. Fraud and Corruption (*failure to curb fraud and corruption that is besetting the traffic fraternity*).
3. Risk of non-compliance with laws and regulations (*inadequate preparedness to fully comply with all provisions of the Protection of Personal Information Act – as a custodian of confidential personal information the RTMC should be ready to fully comply with regulations and provisions*).
4. The Corporation's new operating model and the resultant new Organisational Structure may not achieve its intended objectives (*a performance-based entity, competency-based roles and responsibility driven accountable culture thus monitor the effectiveness of our newly implemented operating model*).
5. Lack of ICT Strategy – the RTMC has not developed a comprehensive ICT strategy (*providing clarity on where the Corporation is heading on technological developments that are informed by business strategic needs*).
6. Lack of comprehensive disaster recovery planning encompassing plans to minimise the risk of pandemics like COVID-19.

The Enterprise Risk and Audit Committee (ERAC) is a Management Committee charged with oversight over risk and audit related functions in the entity. The ERAC is the equivalent of the Risk Champions Forum.

The ARC provides independent oversight in respect of Risk Management, and guides the strategic intent of Risk Management. The Committee also monitors activities of the function.

Organisational risk management culture in the entity continues to improve, significant progress has been made to embed risk management in everyday management decision-making.

## INTERNAL AUDIT

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the Corporation's operations. It supports the Corporation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Board is ultimately responsible for overseeing the establishment of effective systems of internal controls to provide reasonable assurance that the Corporation's financial and non-financial objectives are achieved. Executing this responsibility includes the establishment of an Internal Audit function in accordance with the PFMA.

Internal control is understood to mean the processes aimed at achieving reasonable assurance about the realisation of the following objectives:

- Effectiveness and efficiency of operations
- The reliability and integrity of financial and operational information
- Compliance with relevant policies, procedures, laws and regulations
- Safeguarding of assets.

The audit activities undertaken were implemented on a risk-based approach. Table 43 is a summary of the Internal audit planned activities and execution status for the 2020/21 financial year.

In addition to the planned audits as per Table 43, the Internal Audit team executed the following Internal audits and Management Initiated Activities:

### Additional Audits 2020/21

1. Occupational Health & Safety (OHS) Audit
2. Follow-up Training Audit fast tracked
3. Follow up NTP Back Office Audit fast tracked

### Management Initiated Activities

1. COVID-19 Compliance Audit
2. Review of the Implementation of Audit Action Plans and Resolutions of Board and its Sub-Committees
3. Review of the payments for DLTCs and VTS audit/engagement

Table 42: Internal Audits and Management Initiated Activities

## Part C: Governance information

April 2020 – June 2020	Executed Y/N	July 2020 – September 2020	Executed Y/N
Road Traffic Information (include crash stats audit)	Y	National Traffic Police full back office audit	Y
		Supply chain Management – bids and quotations	Y
Follow up Audit on Road Safety (including scholar patrol)	N <i>(Programme negatively affected by COVID-19, hence unable to audit)</i>	Contract management	Y
Performance Information audit	Y	Performance Information audit	Y
Fourth quarter AFS review of file and year-end selected audit tests	Y	AFS and supporting file review	Y
Training audit	Y	IT audit/ review on NaTIS and ERP oracle	N <i>(AGSA audit executed in this period. Based on combined assurance model, AGSA work relied on)</i>
October 2020 – December 2020	Executed Y/N	January 2021 – March 2020	Executed Y/N
Asset Management and Asset audit	N <i>(Management implementing corrective action of AGSA audit, deferred to Q1 2021/22)</i>	Supply chain Management – bids and quotations	Y <i>(Pre-Award Audits)</i>
Leave Management audit	Y	Payroll Management and all related payroll expenditures	Y
HR – Recruitment and Termination follow up audit	Y	Revenue audit on all streams on AFS	Y
Performance Information audit	Y	Performance Information audit	Y
IT audit/review on NaTIS and ERP oracle	N <i>(Management implementing corrective action of AGSA audit)</i>	AFS and supporting file review	Y
AFS and supporting file review	v	IT audit/ review on NaTIS and ERP oracle	N <i>(AGSA audit executed in this period. Based on combined assurance model, AGSA work will be relied on)</i>

Table 43: Internal Audit Planned Activities and Execution Status

## COMPLIANCE WITH LAWS AND REGULATIONS

During the year under review, the Corporation complied with laws and regulations. This included compliance with the Disaster Management Act, 2002 and the regulations issued in relation to the COVID-19 pandemic. Various measures were put in place to ensure compliance during different levels of lockdown.

## FRAUD AND CORRUPTION

The Fraud Prevention Plan continuously evolves as the RTMC makes changes and improvements in its drive to promote ethics and prevent fraud and corruption. The National Traffic Anti-Corruption Unit (NTACU) within the RTMC:

- Investigates fraud and corruption cases by following a pro-active and re-active approach
- Collaborates with other law enforcement agencies to prevent and curb corrupt activities within the fraternity

The key focus areas and pillars of fighting fraud and corruption in the fraternity are capacity building, prevention, detection, investigation, and resolution. RTMC recognises that to effectively prevent fraud and corruption, all fraudulent activities detected by employees, members of the public and other stakeholders should be reported and through the established hotline (0861 400 800) and email address (ntacu@rtmc.co.za).

NTACU received and investigated 139 complaints from members of the public alleging fraud and corruption activities during the period under review; initiated and investigated 130 cases and further effected 41 arrests.

## CONFLICT OF INTEREST

Conflict of interest is managed through mandatory annual declarations of interests by all employees and members of the Board. During the year under review, Board and employees submitted the annual declaration of interests. Members of the Board and Management are further required to declare any conflict of interest, at all meetings of Board and its Committees, on an ongoing basis. In the event that conflict of interest is declared, the person is recused from the meetings.

## CODE OF CONDUCT

RTMC has a Code of Ethics which is applicable to all its employees and members of the Board and stakeholders (to the extent relevant). The Code established standards that promote and encourage ethical behaviour and decision making by all employees, Board members and stakeholders. The Code seeks to ensure that RTMC always maintains high ethical standards. In the event of the breach of the Code, disciplinary processes could be followed.

## HEALTH, SAFETY AND ENVIRONMENT

RTMC endeavours to foster the development of a health and safety consciousness amongst all officials of the Corporation for the purpose of minimising the risk of injury to personnel and promoting a healthy and safe working environment. To ensure that the Corporation meets its obligations under the Occupational Health and Safety Act and its Health and Safety Policy, the OHS team provides audits of all leased and owned facilities. For the period under review, the Corporation was charged with dealing with the impact of COVID-19 whilst ensuring a safer workplace for its workforce. Several initiatives were undertaken during this unprecedented period:

- The Corporation established a COVID-19 committee which is tasked with managing and monitoring all COVID-19 related issues within the Corporation thus ensuring overall compliance to set regulations and standards
- The Corporation procured and distributed PPE to all officials and clients
- Virtual awareness campaigns were conducted for officials to increase awareness on OHS related issues
- The Corporation honoured its financial obligations towards the Compensation Commission which allows the Corporation to enjoy support from the Department of Labour and Employment
- In the period under review, 12 incident on duty (IOD) cases were reported with 11 of these resolved with no permanent disability detected and one incident awaiting finalisation

The Environmental Sustainability Strategy 2019/22 was developed with the purpose of consolidating environmental sustainability efforts of the Corporation and providing a basis from which these can be measured and evaluated, to position the RTMC as an ethical organisation that subscribes to good corporate governance principles. It further provides introspection of the ways in which the Corporation conducts itself towards sustainability and proposes solutions on the measures that can be implemented to promote environmental sustainability.



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## Part C: Governance information

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The Environmental Sustainability Strategy is linked to the RTMC Strategic Plan, the objectives of the Corporation, other strategies such as Information Communication Technology Strategy, Human Capital Strategy, Procurement Strategy and Marketing Communication Strategy, which were considered during the development of the strategy. The COVID-19 pandemic has led to the heightened optimisation of Information Technology offerings that would invariably have positive spin-offs in accelerating the environmental sustainability friendly initiatives such as:

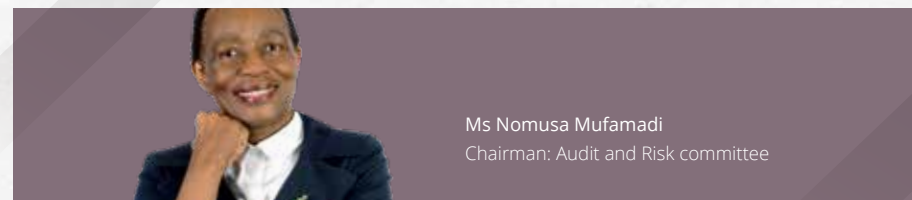
- Electronic signatures (E-signature)
  - E-signature is a replacement for a handwritten signature, it speeds up the document turnaround time and is paperless.
- Document Management System
  - The Document Management Systems (DMS) is the use of a computer system and software to store, manage and track electronic documents and electronic images of paper-based information captured through the use of a document scanner. The introduction of this system assists in ensuring that the manual documents are stored electronically, and this will also save paper and storage.

## COMPANY SECRETARY

The role and responsibilities of the Company Secretary are outlined in the Board Charter, read together with the King IV Report on Corporate Governance, 2016. Members of the Board have full access to the services and advice of the Company Secretary as well as access to information and records necessary to discharge their duties. The Company Secretary is empowered with the necessary authority and support to carry out her duties, which include, among others:

- Development of systems and process that enable the Board to discharge its functions efficiently and effectively
- Maintaining all statutory records
- Reviewing Board Charter and Committee Terms of Reference annually
- Assisting the Chairperson with the Board Evaluation.
- Ensuring that the Board receives adequate information in order to make informed decisions
- Ensuring Board induction, training and development

## AUDIT AND RISK COMMITTEE REPORT



Ms Nomusa Mufamadi  
Chairman: Audit and Risk committee

*The Audit & Risk Committee (the Committee) is pleased to present its report for the financial year ended 31 March 2021.*

### Audit & Risk Committee Terms of Reference

The Committee reports that it has complied with its responsibilities arising from section 51(1)(a)(i) and Treasury Regulation 27.1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended. The Committee also reports that its Terms of reference were approved by the Board during the period under review. The Committee performed its duties in terms of the provisions thereof and discharged its responsibilities.

### Audit & Risk Committee Members and Attendance

The Committee comprises of five (5) independent non-executive members as stated on page 59 of the report. Three of the members are external independent members and two are members of the Board. The appointment of the Audit and Risk Committee members is confirmed annually by the Shareholders Committee at the Annual General Meeting.

During the period under review, the Committee held four scheduled meetings, three special meetings and a risk workshop. The schedule of attendance is shown on page 63 of the report.

The Chief Executive Officer, Executives Managers, General Managers responsible for Internal Audit, Risk Management and Strategy Management as well as representatives of the Auditor General South Africa have standing invitations to the Committee meetings. The Committee periodically meets separately with external auditors.

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## Part C: Governance information

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The Chairperson of the Committee reports to the Board quarterly with regard to the Committee's statutory and oversight responsibilities.

### The Audit & Risk Committee Responsibilities

The Committee has reviewed the following:

**a) Financial information and Finance function**

The Committee reviewed the adequacy, reliability and accuracy of financial information provided by management quarterly during the period under review.

The Committee is satisfied with the expertise and adequacy of resources within the finance function.

**b) Internal controls and Risk Management**

The Committee is responsible for overseeing risk management and reviewing the effectiveness of internal controls systems. During the year under review, a risk workshop was held which identified strategic risks that could inhibit the achievement of strategic objectives. The resultant of the workshop was a Strategic Risk register approved by the Board. The Committee exercised oversight and recommended Quarterly Risk register reports on progress made to mitigate the identified strategic risks to the Board.

From the reports of the internal and external audit, as well as information and explanations presented by Management, the Committee is of the view that the systems of internal controls require improvement.

**c) Governance of Information and Communication Technology**

The Committee fulfils an oversight role on Information and Communication Technology (ICT). In that regard, during the period under review, the ICT Strategy was recommended to the Board for approval. The Committee monitored quarterly the achievement of the set KPIs relating to Information and Technology.

**d) Internal audit and External audit**

The Committee is responsible for ensuring that the Internal Audit function is independent and has the necessary resources, standing and authority to discharge its duties. The Committee is satisfied as to the effectiveness of the internal audit function during the year under review.

The Committee approved the Internal Audit Charter and the three-year roll-out plan inclusive of annual internal audit plan. Internal audit activities are measured against the approved plan. The General Manager responsible for Internal Audit function tabled reports on a quarterly basis to the Committee. The Committee is satisfied that the Internal Audit performed its duties in accordance with the approved internal audit plan.

The Committee continued to monitor the implementation of plans to address internal and external audit findings issued by the Internal Audit Unit and Auditor General South Africa.

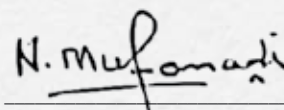
**e) Irregular expenditure**

The Committee noted the irregular expenditure incurred during the year under review as flagged by the Auditor General South Africa who categorised it as non-compliance with the legislation. The Committee further noted that this was resultant from an erroneous misinterpretation and misapplication of Regulation 4 of the Preferential Procurement Regulations 2017. Management has committed to address the root causes and ensure that adequate control measures are put in place to prevent a recurrence.

**f) Auditor General's report**

The Committee evaluated and discussed the Auditor-General's Management report and Management responses thereto in respect of the Annual Financial Statements as well as information on predetermined objectives, for the year ended 31 March 2021.

The Committee concurs with and accepts the conclusion of the audit report of the Auditor-General South Africa on the Annual Financial Statements. The Committee has recommended the integrated report, which include the audited financial statements read together with the report of the Auditor General South Africa and the annual report, for approval by the Board.



Ms Nomusa Mufamadi  
Chairman: Audit & Risk Committee

## CORPORATE SOCIAL RESPONSIBILITY

As a good corporate citizen, the RTMC plays an important role in the economic and social transformation of its stakeholders and communities and aims to facilitate sustainable corporate social responsibility (CSR) programmes. The RTMC recognises the need for involvement in projects that promote equity and have a lasting impact on the lives of marginalised citizens in South Africa. The CSR programmes focus on areas of health, social welfare, education enabling support equipment for disadvantaged learners and part of the Corporation's focus area is to also build safer communities and making a valuable contribution to the lives of people, including vulnerable children.

In this regard the Corporation undertook seven CSR initiatives during the year under review:

Nelson Mandela Day CSR Project, Alexandra, 23 July 2020		
Partnership	Beneficiaries	Objective of the initiative
First National Bank (FNB)  Participating NGO: Thusong Youth Centre	The RTMC staff committed their 67 minutes to assist in starting a vegetable garden that will be used to sustain and provide meals for Thusong Youth Centre in Alexandrat	The initiative is aimed at uplifting the lives of vulnerable and disadvantaged households by contributing towards their wellbeing and social welfare. This initiative is intended to be sustainable by nature in ensuring that through the establishment of the vegetable garden, the centre will be able to sell vegetables from the garden to generate income as a self-sustainable organisation, and to feed the youth housed at the centre.
Fire Disaster Relief CSR Project, Diepsloot, 18 August 2020		
Partnership	Beneficiaries	Objective of the initiative
Diepsloot Residents Association and Diepsloot Taxi Associations	Residents of Diepsloot who lost their possession and homes that were gutted in a fire. Restoring the homes and donating grocery care hampers, sanitary towels, beds, mattresses, pillows, educational toys and blankets to the affected beneficiaries	To uplift and contribute towards rebuilding the lives of residents who are facing the socio-economic ills and lost their belongings in a devastating fire. Enabled the Corporation to promote road safety, heighten road safety awareness and impact the lives of the Diepsloot inhabitants for the better.
Women in Law Enforcement Feminine Care CSR Project, Mmakau Village, North West, 28 August 2020		
Partnership	Beneficiaries	Objective of the initiative
North West Department of Community Safety and Transport Management  Participating school: Polonoi Primary School	100 of sanitary towels; road safety reflective jackets and road safety educational material were donated to benefitting learners from Polonoi Primary School.	The sanitary towels were handed over to learners who have been identified by the schools social welfare committee and reflective jackets were donated to learners who walk long distances to school and are considered to be vulnerable road users. The aim is to promote road safety in schools for the reduction of road crashes and the upliftment of the lives of school learners and children from disadvantaged communities.
Festive Season Care Hamper Corporate Social Responsibility (CSR) Project, 14-31 December 2020		
Partnership	Beneficiaries	Objective of the initiative
National Department of Transport: Office of the Deputy Minister, Eastern Cape Department of Transport, Safety and Liaison	The initiative benefitted and reached 405 households from impoverished backgrounds who were also affected by loss of income due to the national COVID-19 lockdown.  Provided grocery hampers and bedding to vulnerable households that have been identified through the social services in the provinces.	The households that benefitted from this initiative are vulnerable pensioners, children and youth from households that are affected by road crashes, high poverty, unemployment and in need of social intervention in the form of grocery hampers for daily survival meals, health and wellness.

## Part C: Governance information

Road Safety Educational and Child Stimulating Toys CSR Project, Rustenburg, 22 December 2020		
Partnership	Beneficiaries	Objective of the initiative
<p>Department of Community Safety and Transport Management</p> <p>Participating hospital: Job Shimankana Tabane Hospital</p>	<p>Donated road safety educational toys, soft toys, and child stimulating toys, to the Shimankana Tabane Hospital for the benefit of children who are admitted for road crash injuries.</p>	<p>Donated to the children who have been admitted in the hospital due to road crash injuries.</p>
School Readiness / Back to School Corporate Social Responsibility (CSR) Project, Gauteng, 15 February 2021 and 3 March 2021		
Partnership	Beneficiaries	Objective of the initiative
<p>Gauteng Provincial Government</p>	<p>1500 learners from Valspan Primary, Banksdrift and Tlhwalang Secondary Schools in Northern Cape were provided with sanitary towels products and school shoes as part of the national feminine care and learner support programme.</p> <p>The benefitting learners from impoverished households were identified by the Social Welfare Committee of the schools to need support.</p>	<p>The objective of the initiative was to reduce school absenteeism due to unaffordability of sanitary products and school shoes and assist in restoration of dignity of the disadvantaged learners.</p>
National Feminine Care Project, Northern Cape, 26 March 2021		
Partnership	Beneficiaries	Objective of the initiative
<p>Northern Cape Department of Transport, Safety and Liaison Participating schools/bodies: the School Governing Body and the School Management Team from three identified benefitting schools.</p>	<p>1500 learners from Valspan Primary, Banksdrift and Tlhwalang Secondary Schools in Northern Cape were provided with sanitary towels products and school shoes as part of the national feminine care and learner support programme.</p> <p>The benefitting learners from impoverished households were identified by the Social Welfare Committee of the schools to need support.</p>	<p>The objective of the initiative was to reduce school absenteeism due to unaffordability of sanitary products and school shoes and assist in restoration of dignity of the disadvantaged learners.</p>

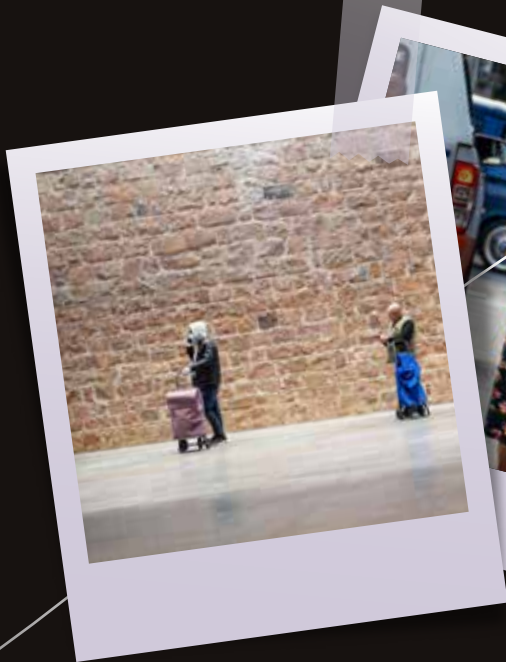
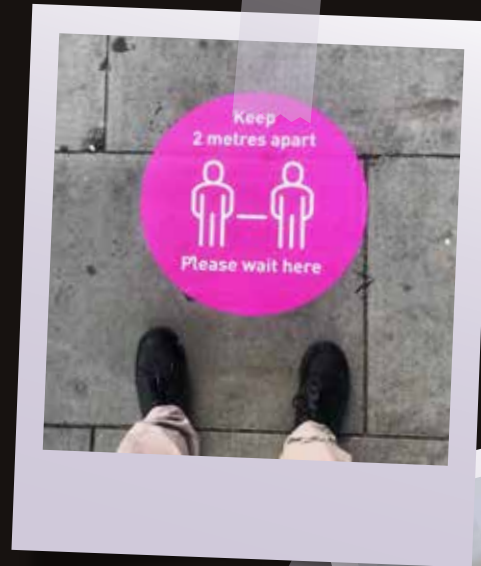
Table 44: Corporate Social Responsibility

## B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Criteria	Response Yes / No	Discussion <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	No	The Corporation operates in a traffic law enforcement environment therefore does not issue any licences, concessions or other authorisation in respect of economic activity.
Developing and implementing a preferential procurement policy	Yes	The Corporation has developed a strategy to empower through preferential procurement Qualifying Small Enterprises and Exempted Micro Enterprises based on the applicable B-BBEE levels. The Corporation further promotes procurement from entities owned by previously disadvantaged individuals with more focus businesses owned by youth, women and people with disabilities.
Determining qualification criteria for the sale of state-owned enterprises	No	This criteria is not applicable to the Corporation. The RTMC is an entity of National Department of Transport and there is no any other entity that is owned/controlled by the Corporation.
Developing criteria for entering partnerships with the private sector	Yes	The RTMC enters into voluntary partnerships through MOUs with private sector entities that share a common interest of promoting road safety and reduction of carnages on our roads.
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE	No	The RTMC does not operate in an environment to can give grants or any other investments scheme to support B-BBEE.

Table 45: B-BBEE Compliance Performance Information





*"Sanitize, wash your hands and social distance."*  
THE NEW NORM

## INTRODUCTION

The Human Resource Management section of the Annual Report provides in-depth information on all human resources related activities for the year under review. While most of the information tends to be statistical graphs and analyses are included to provide readers with a better sense of the impact or significance of the statistics reflected.

Human resource management ensures optimal and efficient use and development of human capital and provides an advisory service on organisational effectiveness and development, individual performance management, sound employee relations, employee health and wellness, as well as effective and efficient recruitment, selection and placement services such as benchmarking, and development of human resources policies and practices. In accordance with the approved structure, the human resources function comprises organisational development, human resource operations, transformation and employee relations.

## PROGRESS ON HUMAN RESOURCE PRIORITIES

### Organisational Structure Realignment Project

The revised organisational structure was successfully implemented during the 2020/21 financial year.

### Integration of former Tasima employees into the RTMC

On 4 August 2020, the Constitutional Court ordered that the contracts of employment of former Tasima employees be transferred to the RTMC in accordance with Section 197 of the Labour Relations Act, with effect from 1 April 2017. The former Tasima employees were integrated within RTMC in line with the Constitutional Court ruling. However, 18 employees opted to take severance packages in terms of Section 189 of the Labour Relations Act.

As of 31 March 2021, the staff complement totalled 851 comprising permanent and fixed-term contract employees. The total number of employees including, Traffic Trainees (273), employees on contract (48), interns (41) and independent contractors (26) is 1 239.

### Employment Equity

The occupational levels were revised and updated in line with Annexure 2 of the Regulations of the Employment Equity Act. Therefore, the number reported for the period will differ from the previous financial years reported information.

### Employment and Vacancies by Programme

Managing the vacancy rate is essential as it reflects the changes in manpower demand and informs capacity requirement decisions. The RTMC has grown in line with the medium-term budget approved by the DoT and National Treasury. The vacancy rate on 31 March 2021 was 26% compared to 12% for the previous year. The approved posts increased from 902 to 1 149 due to the restructuring process.

Programme	2019/2020 number of employees	2020/2021 approved posts	2020/2021 number of employees	Vacancies	% vacancies
Operations	139	128	90	38	30%
Law Enforcement	373	454	390	64	14%
Road Traffic Intelligence and Security	29	101	24	77	76%
Strategic Services	38	248	166	82	33%
Support Services	214	218	181	37	17%
<b>Total</b>	<b>793</b>	<b>1149</b>	<b>851</b>	<b>298</b>	<b>26%</b>

Table 46: Vacancy Rate per Programme

### Personnel Costs

In the year under review, employee expenditure was R589 million. This translates to 50% of total expenditure for the Corporation. Personnel cost by programme and occupational levels are captured below:



## Part D: Human resource management

Programme Activity/Objectives /Programme	Total expenditure for the entity	Personnel expenditure	Personnel expenditure as a % of total exp.	No. of employees	Average personnel cost per employee
	(R'000)	(R'000)	(R'000)		(R'000)
Operations	158 508	76 364	48%	90	848
Law Enforcement	242 234	221 143	91%	390	567
Traffic Intelligence and Security	23 294	22 625	97%	24	943
Strategic Services	239 579	141 494	59%	166	852
Support Services	520 188	127 459	25%	181	704
<b>Total</b>	<b>1 183 804</b>	<b>589 085</b>	<b>50%</b>	<b>851</b>	<b>692</b>

Table 47: Personnel Cost by Programme

### Personnel cost by occupational levels:

Level	Personnel expenditure	% of personnel expenditure to total personnel cost	Personnel expenditure as a % of total exp.	No. of employees	Average personnel cost per employee
	(R'000)		(R'000)		(R'000)
Top Management	5 745	1%	0,5%	1	5 745
Senior Management	90 628	15%	8%	32	2 832
Professional Qualified	161 509	27%	14%	103	1 568
Skilled	294 863	50%	25%	587	502
Semi-Skilled	26 829	5%	2%	87	308
Unskilled	9 510	2%	1%	41	232
<b>Total</b>	<b>589 085</b>	<b>100%</b>	<b>50%</b>	<b>851</b>	<b>692</b>

Table 48: Personnel Cost by Occupational Levels

## Appointments and Terminations

During the year under review, there were 64 employees who were transferred to RTMC in line with Section 197 of the Labour Relations Act. There were 51 appointments and 57 terminations as outlined in the table below:

Total staff complement at 31 March 2020	793
Section 197 Transfer	64
New appointees	51
Less terminations	(57)
<b>Total permanent staff</b>	<b>851</b>
Traffic Trainees	273
Temporary employees	48
Independent contractors	26
Interns	41
<b>Total</b>	<b>1 239</b>

Table 49: Appointments and Terminations

Reasons for termination of employment captured below:

Reason	Number	% of total no. of staff leaving
Death	9	16%
Resignation	23	40%
Dismissal	5	9%
Retirement	1	2%
Ill health	-	-
Voluntary severance package	18	31%
Other	1	2%
<b>Total</b>	<b>57</b>	<b>100%</b>

Table 50: Reasons for Termination of Employment

## Employment Equity

Employment equity actuals 2019/20 vs 2020/21 for males:

Level	Male							
	African		Coloured		Indian		White	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
Top management	4	1	1	-	-	-	-	-
Senior management	30	14	1	2	3	-	7	2
Professional qualified	50	42	4	4	4	7	14	13
Skilled	147	303	5	10	6	9	15	26
Semi-skilled	131	26	5	-	2	-	2	1
Unskilled	21	19	-	-	-	-	-	-
<b>Total</b>	<b>383</b>	<b>405</b>	<b>16</b>	<b>16</b>	<b>15</b>	<b>16</b>	<b>38</b>	<b>42</b>

Table 51: Employment Equity - Males

Employment equity actuals 2019/20 vs 2020/21 for females:

Level	Female							
	African		Coloured		Indian		White	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
Top management	2	-	-	-	-	-	1	-
Senior management	13	12	-	1	-	-	1	1
Professional qualified	43	29	1	1	2	2	3	5
Skilled	138	216	3	9	2	4	9	10
Semi-skilled	90	59	4	0	-	-	-	1
Unskilled	21	21	-	0	-	-	-	1
<b>Total</b>	<b>307</b>	<b>337</b>	<b>8</b>	<b>11</b>	<b>4</b>	<b>6</b>	<b>14</b>	<b>18</b>

Table 52: Employment Equity - Females

## Part D: Human resource management

### Disability

Level	Male		Female	
	2019/20	2020/21	2019/20	2020/21
Top management	-	-	-	-
Senior management service	-	-	-	-
Professional qualified	3	2	-	-
Skilled	2	4	2	-
Semi-skilled	-	-	1	3
Unskilled	-	-	-	-
<b>Total</b>	<b>5</b>	<b>6</b>	<b>3</b>	<b>3</b>

Table 53: Disability

### Employment equity analysis per race

Level	Male		Female		Achievement	
	2019/20	2020/21	2019/20	2020/21	Male	Female
African	387	405	310	337	48%	40%
Coloured	16	16	8	11	2%	1%
Indian	15	16	4	6	2%	1%
White	39	42	14	18	5%	2%
<b>Total</b>	<b>457</b>	<b>479</b>	<b>336</b>	<b>372</b>	<b>56%</b>	<b>44%</b>

Table 54: Employment Equity Analysis per Race

## Part D: Human resource management

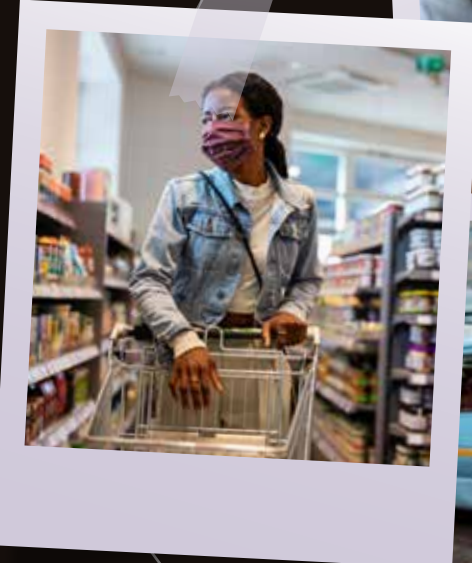
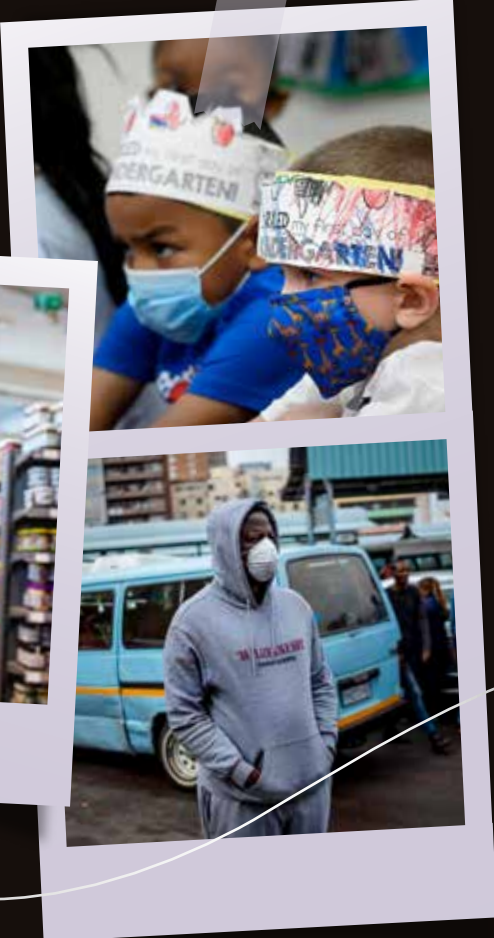
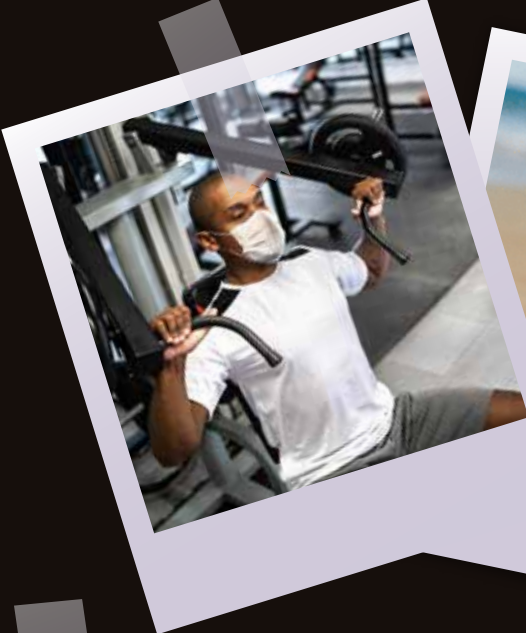
### Performance rewards

Level	No. of employees	Performance bonus (R'000)	Personnel expenditure (R'000)	Percentage performance rewards to total personnel costs
Top Management	1	3 698	5 745	64%
Senior Management	16	2 546	90 628	3%
Professional Qualified	82	4 687	161 509	3%
Skilled	394	8 129	294 863	3%
Semi-Skilled	79	1 046	26 829	4%
Unskilled	30	201	9 510	2%
<b>Total</b>	<b>602</b>	<b>20 307</b>	<b>589 085</b>	<b>3%</b>

Table 55: Performance Rewards



*"We will rebuild, we will conquer and we shall thrive."*  
A NEW WAY OF LIFE



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## Part E: Financial statements

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Road Safety
<b>Business address</b>	Eco Origin Office Park Block F 349 Witch-Hazel Street Highveld Ext 79 0157
<b>Postal address</b>	Private Bag X147 Pretoria 0001
<b>Bankers</b>	First National Bank, Standard Bank and SA Reserve Bank
<b>Auditors</b>	Auditor-General of South Africa

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## Part E: Financial statements

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

	<b>Page</b>
Accounting Authority's Responsibilities and Approval	80
Auditor-General Report	81
Statement of Financial Position	85
Statement of Financial Performance	86
Statement of Changes in Net Assets	87
Cash Flow Statement	88
Statement of Comparison of Budget and Actual Amounts	89
Accounting Policies	91
Notes to the Annual Financial Statements	105

## ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

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

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

The Accounting Authority acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be

fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority have reviewed the entity's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the transaction fees for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the National Department of Transport has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the Accounting Authority are primarily responsible for the financial affairs of the entity, they are supported by the entity's internal auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 81 to 84.

The annual financial statements set out on page 85 to 144, which have been prepared on the going concern basis, were approved by the accounting authority on 31 August 2021 and were signed on its behalf by:



Z. Majavu CD(SA)  
Chairman  
Tuesday, 31 August 2021



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

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Road Traffic Management Corporation set out on pages 85 to 144 which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Road Traffic Management Corporation as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matter

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

### *Restatement of corresponding figures*

7. As disclosed in note 25 to the financial statements, the corresponding figures for 2019-20 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 2020-21.

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

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

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

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

## Report on the audit of the annual performance report

### Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme – Law enforcement	31 - 33

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
  - Law enforcement

### Other matter

17. I draw attention to the matter below.

### *Achievement of planned targets*

18. Refer to the annual performance report on pages 20 to 39 for information on the achievement of planned targets for the year and management's explanations provided for the under and over achievement of targets.

## Report on the audit of compliance with legislation

### Introduction and scope

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

### *Annual financial statements*

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.
22. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

### *Procurement and contract management*

23. Some of the quotations were awarded to bidders based on pre-qualification criteria that is in contravention of the 2017 Preferential Procurement Regulation 4(1).

## Other Information

24. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes forewords by the executive authority and the chairman of the board, and reports from the chief executive officer and the audit and risk committee.

## Part E: Financial statements

The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. I did not receive the other information prior to the date of this report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the opinion, and the findings on compliance with legislation included in this report.
29. Management did not exercise their oversight responsibility effectively to ensure that the financial statements submitted for audit were in line with the reporting framework, and were accurate and complete.
30. Management misinterpreted the Preference Procurement Regulations in that they applied an ownership percentage instead of a Broad-Based Black Economic Empowerment status level in the pre-qualifying criteria.

## Other reports

31. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
32. In the prior year, a report finalised by the Public Protector had been taken on review, and was pending before the High Court, with a court order prohibiting the Board from implementing remedial action until an outcome was received by the High Court. The matter has been set down for hearing in the in the 2021-22 financial year; the Registrar of the Court is yet to confirm the date.

*Auditor-General*

Pretoria  
31 August 2021



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

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

### Financial statements

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

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

### Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Statement of Financial Position as at 31 March 2021

	Note(s)	2021 R	2020 Restated* R
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	2	44 756 010	51 221 404
Receivables from non-exchange transactions	3	76 555 395	90 189 296
Cash and cash equivalents	4	192 763 367	253 353 807
Inventories	5	4 151 007	8 210 915
Assets held for distribution	6	-	10 036 000
		<b>318 225 779</b>	<b>413 011 422</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	387 309 568	333 397 416
Intangible assets	8	277 116 618	273 176 838
		<b>664 426 186</b>	<b>606 574 254</b>
Total Assets		<b>982 651 965</b>	<b>1 019 585 676</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	9	9	9
Operating lease liability	10	2 242 616	1 851 893
Payables from exchange transactions	11	66 989 832	59 753 686
Provisions	12	37 175 033	59 129 176
		<b>106 407 490</b>	<b>120 734 764</b>
<b>Non-Current Liabilities</b>			
Provisions	12	583 921	575 355
Total Liabilities		<b>106 991 411</b>	<b>121 310 119</b>
Net Assets		<b>875 660 554</b>	<b>898 275 557</b>
<b>Reserves</b>			
Revaluation reserve		55 699 990	55 699 990
Accumulated surplus		819 960 564	842 575 567
Total Net Assets		<b>875 660 554</b>	<b>898 275 557</b>

Statement of Financial Performance for the year ended 31 March 2021

	Note(s)	2021 R	2020 Restated* R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
NaTIS data charge		610 523	193 168
Boekenhoutkloof training and facilities		299 294	1 089 670
Discount received		3 589 955	140 000
Secondment income		-	423 050
Sundry income		112 961	25 397
Project Income - Sponsorships		6 536 758	3 896 237
Insurance reimbursements		184 313	747 603
Interest received	13	7 290 171	11 712 329
<b>Total revenue from exchange transactions</b>		<b>18 623 975</b>	<b>18 227 454</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Sponsorship in-kind		13 084 412	-
Government grant		240 606 000	210 228 000
Administration of infringement fees (RTI income)		18 819 350	43 779 919
Bad debts recovered (Department of Transport)		-	176 683 117
Infringement fees (AARTO income)		16 658 974	16 364 409
Transaction fees		885 503 532	915 349 117
NRTA section 56 infringement fees		6 878 779	-
<b>Total revenue from non-exchange transactions</b>		<b>1 181 551 047</b>	<b>1 362 404 562</b>
<b>Total revenue</b>	14	<b>1 200 175 022</b>	<b>1 380 632 016</b>
<b>Expenditure</b>			
Employee related costs	15	(619 146 942)	(601 272 077)
Depreciation and amortisation		(62 570 586)	(44 071 372)
Finance costs	16	(8 309)	(5 352)
Lease rentals on operating lease	17	(34 430 583)	(31 269 193)
Debt Impairment	18	(26 995 503)	(9 394 514)
Loss on disposal of assets and liabilities		(4 289 112)	(5 422 297)
Operating expenditure	19	(318 810 685)	(433 907 277)
<b>Total expenditure</b>		<b>(1 066 251 720)</b>	<b>(1 125 342 082)</b>
<b>Surplus for the year</b>		<b>133 923 302</b>	<b>255 289 934</b>

Statement of Changes in Net Assets for the year ended 31 March 2021

	Revaluation reserve R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	55 699 990	593 349 844	649 049 834
<b>Adjustments</b>			
Prior year adjustments (refer to note 25)	-	5 525 728	5 525 728
<b>Balance at 01 April 2019 as restated*</b>	<b>55 699 990</b>	<b>598 875 572</b>	<b>654 575 562</b>
<b>Changes in net assets</b>			
Distribution of accumulated surplus funds to provinces (refer to note 23)	-	(11 589 939)	(11 589 939)
Net income (losses) recognised directly in net assets	-	(11 589 939)	(11 589 939)
Surplus for the year	-	255 289 934	255 289 934
Total recognised income and expenses for the year	-	243 699 995	243 699 995
Total changes	-	243 699 995	243 699 995
<b>Restated* Balance at 01 April 2020</b>	<b>55 699 990</b>	<b>842 575 567</b>	<b>898 275 557</b>
<b>Changes in net assets</b>			
Distribution of accumulated surplus funds to provinces (refer to note 23)	-	(156 754 429)	(156 754 429)
Unspent distribution of accumulated surplus funds to provinces (refer to note 23)	-	216 124	216 124
Net income (losses) recognised directly in net assets	-	(156 538 305)	(156 538 305)
Surplus for the year	-	133 923 302	133 923 302
Total recognised income and expenses for the year	-	(22 615 003)	(22 615 003)
Total changes	-	(22 615 003)	(22 615 003)
<b>Balance at 31 March 2021</b>	<b>55 699 990</b>	<b>819 960 564</b>	<b>875 660 554</b>

Cash Flow Statement for the year ended 31 March 2021

	Note(s)	2021 R	2020 Restated* R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from RTIA		3 626 886	4 441 411
Receipts from administration fees (RTI)		19 316 236	42 892 119
Grants		240 606 000	210 228 000
Interest income		7 316 293	11 628 710
Boekenhoutkloof training and facilities		295 886	5 646 353
Transaction fees		889 648 521	945 462 106
Other cash item		14 297 675	179 554 986
		<b>1 175 107 497</b>	<b>1 399 853 685</b>
<b>Payments</b>			
Employee costs		(622 028 560)	(602 760 582)
Suppliers		(492 040 693)	(493 184 974)
Finance costs		(7 486)	(5 352)
		<b>(1 114 076 739)</b>	<b>(1 095 950 908)</b>
<b>Net cash flows from operating activities</b>	20	<b>61 030 758</b>	<b>303 902 777</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(116 079 008)	(171 329 714)
Proceeds from sale of property, plant and equipment		676 400	1 010 066
Purchase of other intangible assets		(6 218 590)	-
Purchase of asset held for distribution		-	(10 036 000)
<b>Net cash flows from investing activities</b>		<b>(121 621 198)</b>	<b>(180 355 648)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(60 590 440)</b>	<b>123 547 129</b>
Cash and cash equivalents at the beginning of the year		253 353 807	129 806 678
<b>Cash and cash equivalents at the end of the year</b>	4	<b>192 763 367</b>	<b>253 353 807</b>



## Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2021

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
	R	R	R	R	R	
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
NaTIS data charge	49 384 000	(49 384 000)	-	610 523	610 523	29a
NaTIS online services	90 823 075	(90 823 075)	-	-	-	
Boekenhoutkloof training and facilities	5 232 711	(3 800 000)	1 432 711	299 294	(1 133 417)	29b
Discount received	-	-	-	3 589 955	3 589 955	29c
Impound fees	39 000 000	(39 000 000)	-	-	-	
Sundry income	-	-	-	112 961	112 961	29c
Project Income - Sponsorships	-	-	-	6 536 758	6 536 758	29c
Insurance reimbursements	-	-	-	184 313	184 313	29c
Interest received	-	-	-	7 290 171	7 290 171	29e
<b>Total revenue from exchange transactions</b>	<b>184 439 786</b>	<b>(183 007 075)</b>	<b>1 432 711</b>	<b>18 623 975</b>	<b>17 191 264</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Sponsorship in-kind	-	-	-	13 084 412	13 084 412	
Government grants	220 535 000	-	220 535 000	240 606 000	20 071 000	
Administration of infringement fees (RTI income)	42 000 000	(10 500 000)	31 500 000	18 819 350	(12 680 650)	29f
Infringement fees (AARTO income)	10 266 549	-	10 266 549	16 658 974	6 392 425	29g
Transaction fees	1 107 450 092	(246 859 829)	860 590 263	885 503 532	24 913 269	
NRTA section 56 infringement fees	80 000 000	(64 833 333)	15 166 667	6 878 779	(8 287 888)	29h
<b>Total revenue from non- exchange transactions</b>	<b>1 460 251 641</b>	<b>(322 193 162)</b>	<b>1 138 058 479</b>	<b>1 181 551 047</b>	<b>43 492 568</b>	
<b>Total revenue</b>	<b>1 644 691 427</b>	<b>(505 200 237)</b>	<b>1 139 491 190</b>	<b>1 200 175 022</b>	<b>60 683 832</b>	

## Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2021

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
	R	R	R	R	R	
<b>Expenditure</b>						
Employee cost	(611 761 789)	-	(611 761 789)	(619 146 942)	(7 385 153)	
Depreciation and amortisation	(59 429 603)	27 429 976	(31 999 627)	(62 570 586)	(30 570 959)	29i
Finance costs	(167 683)	83 841	(83 842)	(8 309)	75 533	
Lease rentals on operating lease	(49 952 550)	16 283 985	(33 668 565)	(34 430 583)	(762 018)	
Debt Impairment	-	-	-	(26 995 503)	(26 995 503)	29j
Operating expenditure	(708 139 657)	376 520 013	(331 619 644)	(318 810 685)	12 808 959	29k
<b>Total expenditure</b>	<b>(1 429 451 282)</b>	<b>420 317 815</b>	<b>(1 009 133 467)</b>	<b>(1 061 962 608)</b>	<b>(52 829 141)</b>	
<b>Operating surplus</b>	<b>215 240 145</b>	<b>(84 882 422)</b>	<b>130 357 723</b>	<b>138 212 414</b>	<b>7 854 691</b>	
Loss on disposal of assets and liabilities	-	-	-	(4 289 112)	(4 289 112)	29l
<b>Surplus before subtracting capital expenditure</b>	<b>215 240 145</b>	<b>(84 882 422)</b>	<b>130 357 723</b>	<b>133 923 302</b>	<b>3 565 579</b>	
Capital expenditure	215 240 145	(84 882 422)	130 357 723	125 459 467	(4 898 256)	
<b>Budget surplus for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 463 835</b>	<b>8 463 835</b>	

The accounting policies on pages 91 to 104 and the notes on pages 105 to 144 form an integral part of the annual financial statements.

# ACCOUNTING POLICIES

## 1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

### 1.1 Presentation currency

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

### 1.2 Going concern assumption

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

### 1.3 Comparative figures

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

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

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

## 1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

## 1.4 Property, plant and equipment – continued

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

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

Item	Depreciation method	Average useful life 2020/21
Land and buildings	Straight line	99 years
Machinery and equipment	Straight line	20 years
Furniture and fittings	Straight line	2-12 years
Motor vehicles	Straight line	5-13 years
Office equipment	Straight line	2-13 years
Computer equipment	Straight line	2-13 years
NaTIS computer equipment	Straight line	1-13 years
Communication devices	Straight line	2-4 years
Firearms	Straight line	10 years

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

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

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

## 1.5 Intangible assets

An asset is identifiable if it either:

- Is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

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

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

### 1.5 Intangible assets – continued

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

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

Item	Depreciation method	Average useful life 2020/21
Computer software	Straight line	1-7 years
NaTIS system	Straight line	Indefinite useful life

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

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

Intangible assets are derecognised:

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

### 1.6 Financial instruments

#### Initial recognition

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

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

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

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

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

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost. All financial assets and financial liabilities are measured after initial recognition using the following categories:

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

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

#### Reclassification

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

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

#### Gains and losses

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

#### Offsetting

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

#### Impairment and uncollectibility of financial assets

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

#### Financial assets measured at amortised cost:

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

### 1.6 Financial instruments Initial recognition – continued

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

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

#### Financial assets measured at cost:

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

#### Policies relating to specific financial instruments

##### Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

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

##### Trade and other receivables

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

12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

##### Trade and other payables

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

##### Derecognition

###### Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

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

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

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

### 1.6 Financial instruments Initial recognition – continued

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

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

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

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

#### Financial liabilities

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

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised

in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a nonexchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Nonexchange Transactions (Taxes and Transfers).

#### Presentation

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

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

### 1.7 Employee benefits

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

## 1.7 Employee benefits – continued

### Defined contribution plans

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

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

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

## 1.8 Leases

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

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

### Finance leases - lessee

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

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

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

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

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

### Operating leases - lessee

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

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

## 1.9 Revenue from exchange transactions

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

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

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

### Measurement

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

### NaTIS data charge

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;



### 1.9 Revenue from exchange transactions – continued

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Boekenhoutkloof training facilities

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

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

#### Interest, royalties and dividends

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

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

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

### 1.10 Revenue from non-exchange transactions

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

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

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

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

#### a) Infringement fees

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

##### Initial recognition

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

##### Subsequent recognition

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

#### b) Government grants

Government grants are recognised as revenue when:

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

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

### 1.10 Revenue from non-exchange transactions – continued

#### c) Transaction fees

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

#### d) Administration of infringement fees

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

#### e) Unclaimed liabilities

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

#### f) Sponsorships

Assets and revenue arising from sponsorship transactions are recognised in the period in which the sponsorship arrangement becomes binding, except for some services received in-kind. The RTMC recognises only those services received in-kind for which fair value can be determined by reference to the market rates. Other services in-kind are not recognised, they are disclosed.

### 1.11 Borrowing costs

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

### 1.12 Irregular expenditure

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register.

In such an instance, no further action is required with the exception of updating the note to the financial statements.

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

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

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

### 1.13 Fruitless and wasteful expenditure

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

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

### 1.14 Budget information

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

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

### 1.14 Budget information - continued

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

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

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

### 1.15 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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

### 1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

### 1.17 Significant judgements and sources of estimation uncertainty

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

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

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

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value- in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are

### 1.17 Significant judgements and sources of estimation uncertainty – continued

grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. They are significantly affected by a number of factors including amongst others environmental conditions, together with economic factors such as inflation etc.

#### Provisions

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

#### Taxation

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

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

#### Allowance for doubtful debts

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

#### Other provisions

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

#### Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, and expected future use and the entity's expectations for the year ended 31 March 2021 availability of finance to replace the asset at the end of its useful life.

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

### 1.18 Inventories

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

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

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

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement

## 1.18 Inventories - continued

cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

## 1.19 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

### Value in use

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

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

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

### Recognition and measurement

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

## 1.19 Impairment of non-cash-generating assets – continued

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

### Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

## 1.20 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

## 1.21 Transfer of functions between entities under common control

### Definitions

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

## 1.22 Statutory receivables

### Identification

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

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

### Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or

### 1.22 Statutory receivables - continued

- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

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

#### Subsequent measurement

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

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

#### Derecognition

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

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative

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

### 1.23 Asset held for distribution

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

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

### 1.24 Accounting by principals and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

## 1.24 Accounting by principals and agents – continued

### Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

### Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

### Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal- agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.



## 2. Receivables from exchange transactions

	2021	2020
	R	Restated* R
Staff advance	636 740	368 726
Prepayments (*)	30 652 753	41 124 346
Deposits	1 949 920	1 911 101
Staff debtors	72 291	227 109
NaTIS data charge	-	16
Receivables - Other (**)	6 639 371	906 477
Boekenhoutkloof training and facilities	4 969 514	4 985 039
Sponsorships	-	2 035 530
	<b>44 920 589</b>	<b>51 558 344</b>
<b>Reconciliation of provision for impairment of trade and other receivables</b>		
Opening balance	(336 941)	(460 507)
Amounts written off as uncollectible	172 362	123 566
	<b>(164 579)</b>	<b>(336 941)</b>
<b>Receivables from exchange transactions after impairment</b>		
Staff advance	636 740	368 726
Prepayments (*)	30 652 753	41 124 346
Deposits	1 949 920	1 911 101
Staff debtors	69 422	52 218
NaTIS data charge	-	16
Receivables - Other (**)	6 639 371	906 477
Boekenhoutkloof training and facilities	4 807 804	4 822 990
Sponsorships	-	2 035 530
	<b>44 756 010</b>	<b>51 221 404</b>

\* Prepayments can mainly be attributed to Motor Vehicle Testing Stations (MVTs') deposits and software licence payments made in line with the Service Level Agreement.

\*\* The increased receivables is attributed to an amount owed by the KZN DoT for MVTs' procured on their behalf.

### 3. Receivables from non-exchange transactions

	2021 R	2020 Restated* R
AARTO - Infringements	59 678 308	47 490 606
CBRTA RTI - Administration of Infringement fees	752 989	1 619 275
Receivables - Other	17 154	670 305
NaTIS Transaction Fees	95 828 428	99 973 631
NRTA section 56 infringement fees	5 756 959	-
	<b>162 033 838</b>	<b>149 753 817</b>
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	(59 564 521)	(54 579 390)
Provision for debt impairment	(26 995 503)	(9 394 514)
Amounts written off as uncollectible	237 196	3 242 497
Amounts written off - AARTO	844 385	1 166 886
	<b>(85 478 443)</b>	<b>(59 564 521)</b>
<b>Receivables from non-exchange transactions after impairment</b>		
CBRTA RTI - Administration of Infringement fees	752 989	1 619 275
Receivables - Other	17 154	433 325
NaTIS Transaction Fees	75 704 572	88 136 696
NRTA section 56 infringement fees	80 680	-
	<b>76 555 395</b>	<b>90 189 296</b>

#### 4. Cash and cash equivalents

	2021 R	2020 Restated* R
Cash and cash equivalents consist of:		
Cash on hand	8 151	7 750
Bank balances	55 668 851	13 326 002
Call accounts	137 086 365	240 020 055
	<b>192 763 367</b>	<b>253 353 807</b>

#### 5. Inventories

Ammunition	294 556	805 010
Consumable stores	507 118	872 808
Uniform stock	406 264	575 828
Printing and stationery	2 364 131	2 414 150
Office refreshments	80 200	596 676
Roadblock essentials	155 722	957 136
Traffic training material	-	225 000
COVID-19 Stock	343 016	1 764 307
	<b>4 151 007</b>	<b>8 210 915</b>

#### Inventory pledged as security

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

#### 6. Assets held for distribution

Mobile Testing Stations (MVT'S)	-	<b>10 036 000</b>
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Assets held for distribution in the prior year related to Mobile Vehicle Testing Stations (MVT'S). These units were procured in line with the Shareholders' resolution and has subsequently been distributed to the relevant Province.

## 7. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property (Land and Buildings)	55 700 000	(2 250 505)	53 449 495	55 700 000	(1 687 879)	54 012 121
Machinery and equipment	199 444	(49 861)	149 583	199 444	(39 889)	159 555
Furniture and fittings	9 648 231	(6 291 475)	3 356 756	8 278 310	(5 375 716)	2 902 594
Motor vehicles	209 556 579	(96 567 100)	112 989 479	162 846 954	(73 313 358)	89 533 596
Office equipment	70 115 086	(25 592 842)	44 522 244	69 094 479	(18 100 856)	50 993 623
Computer equipment	173 546 087	(56 532 579)	117 013 508	127 117 338	(40 799 194)	86 318 144
Leasehold improvements	8 139 552	(3 442 336)	4 697 216	2 066 162	(1 938 609)	127 553
Parkhomes - Work in progress	42 225 114	-	42 225 114	41 844 480	-	41 844 480
Communication devices	5 990 027	(2 761 888)	3 228 139	6 068 092	(3 494 374)	2 573 718
Fire arms	8 447 486	(2 769 452)	5 678 034	6 932 486	(2 000 454)	4 932 032
<b>Total</b>	<b>583 567 606</b>	<b>(196 259 038)</b>	<b>387 309 568</b>	<b>480 147 745</b>	<b>(146 750 329)</b>	<b>333 397 416</b>

### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property (Land and Buildings)	54 012 121	-	-	(562 626)	53 449 495
Machinery and equipment	159 555	-	-	(9 972)	149 583
Furniture and fittings	2 902 594	1 476 827	(15 978)	(1 006 687)	3 356 756
Motor vehicles	89 533 596	50 496 970	(813 170)	(26 227 917)	112 989 479
Office equipment	50 993 623	3 757 638	(728 016)	(9 501 001)	44 522 244
Computer equipment	86 318 144	51 956 267	(2 965 906)	(18 294 997)	117 013 508
Leasehold improvements	127 553	6 073 391	-	(1 503 728)	4 697 216
Parkhomes - Work in progress	41 844 480	380 634	-	-	42 225 114
Communication devices	2 573 718	3 674 150	(603 880)	(2 415 849)	3 228 139
Fire arms	4 932 032	1 515 000	-	(768 998)	5 678 034
	<b>333 397 416</b>	<b>119 330 877</b>	<b>(5 126 950)</b>	<b>(60 291 775)</b>	<b>387 309 568</b>

## 7. Property, plant and equipment – continued

### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Development completed during the year	Depreciation	Total
Leasehold property (Land and Buildings)	54 574 747	-	-	-	(562 626)	54 012 121
Machinery and equipment	169 527	-	-	-	(9 972)	159 555
Furniture and fittings	3 237 252	395 486	(13 006)	-	(717 138)	2 902 594
Motor vehicles	59 461 333	47 375 527	(408 234)	-	(16 895 030)	89 533 596
Office equipment	8 916 313	49 909 563	(1 033 478)	-	(6 798 775)	50 993 623
Computer equipment	78 186 327	24 533 728	(5 993 803)	4 517 059	(14 925 167)	86 318 144
Leasehold improvements	419 992	69 979	-	-	(362 418)	127 553
Finance lease equipment	75	-	(75)	-	-	-
Computer equipment - Work in Progress	4 517 059	-	-	(4 517 059)	-	-
Parkhomes - Work in progress	3 630 217	38 214 263	-	-	-	41 844 480
Communication devices	2 853 896	1 170 428	(67 906)	-	(1 382 700)	2 573 718
Fire arms	1 647 282	3 795 359	-	-	(510 609)	4 932 032
	<b>217 614 020</b>	<b>165 464 333</b>	<b>(7 516 502)</b>	<b>-</b>	<b>(42 164 435)</b>	<b>333 397 416</b>

#### Park homes Work in Progress

Parkhomes will be installed at Boekhoutkloof Traffic College as there were site restrictions at Denel. The amount disclosed comprises of 37 manufactured units not yet installed to the value of R31 385 872 and 7 507 loose manufactured components to the value of R7 507 927. The full amount is in the Work in Progress account as it is not yet ready for use and thus not depreciated.

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

	2021 R	2020 Restated* R
Leasehold property	53 449 495	54 012 121

#### Finance lease property

The leasehold property consists of the Boekhoutkloof Traffic College that was leased to the RTMC under a 99 year lease, with an option to extend at R1 per year. The lease commenced on 1 April 2017. The property was valued by an independent valuer at the end of 2018/19 financial year.

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

## 8. Intangible assets

	2021			2020 (Restated)		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	272 729 657	(9 791 650)	262 938 007	266 511 067	(7 512 840)	258 998 227
Intangible assets under development	14 178 611	-	14 178 611	14 178 611	-	14 178 611
<b>Total</b>	<b>286 908 268</b>	<b>(9 791 650)</b>	<b>277 116 618</b>	<b>280 689 678</b>	<b>(7 512 840)</b>	<b>273 176 838</b>

### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	258 998 227	6 218 590	(2 278 810)	262 938 007
Intangible assets under development	14 178 611	-	-	14 178 611
	<b>273 176 838</b>	<b>6 218 590</b>	<b>(2 278 810)</b>	<b>277 116 618</b>

### Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software	260 905 165	(1 906 938)	258 998 227
Intangible assets under development	14 178 611	-	14 178 611
	<b>275 083 776</b>	<b>(1 906 938)</b>	<b>273 176 838</b>

#### Included in Computer software is NaTIS assets with indefinite useful life

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

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

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

## 9. Finance lease obligation

	2021 R	2020 Restated* R
<b>Minimum lease payments due</b>		
- within one year	9	9
<b>Present value of minimum lease payments due</b>		
- within one year	9	9

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

## 10. Operating lease liability

Current liabilities	(2 242 616)	(1 851 893)
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The operating lease liability is as a result of the lease smoothing in line with the lease agreements of the the main offices situated in Waterfall and Eco-Park, the six Regional offices and the 3 lecture rooms based in Denel. For further details of future periods refer to note 21.

## 11. Payables from exchange transactions

Trade payables	20 708 504	23 297 673
Court fees	39 000	15 450
Accrued employee costs	29 977 705	10 120 093
Accrued expenses	15 424 939	25 468 251
Unallocated/unidentified receipts	839 684	852 219
	<b>66 989 832</b>	<b>59 753 686</b>

The significant increase in the accrued employee cost is as a result of the bonuses that were declared on 25 March 2021.

## 12. Provisions

				2021 R	2020 R
<b>Reconciliation of provisions - 2021</b>					
	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for Compensation Commissioner	1 538 107	933 810	(735 414)	-	1 736 503
Provision performance bonus	36 188 767	-	(20 240 461)	(15 948 306)	-
Provision leave	21 402 302	49 682 482	(35 646 254)	-	35 438 530
Provision capped leave (non-current)	575 355	8 566	-	-	583 921
	<b>59 704 531</b>	<b>50 624 858</b>	<b>(56 622 129)</b>	<b>(15 948 306)</b>	<b>37 758 954</b>
<b>Reconciliation of provisions - 2020</b>					
	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for Compensation Commissioner	2 403 651	1 046 914	(1 912 458)	-	1 538 107
Provision performance bonus	32 309 911	32 580 424	(28 701 568)	-	36 188 767
Provision leave	26 069 232	100 552	-	(4 767 482)	21 402 302
Provision capped leave (non-current)	545 314	30 041	-	-	575 355
	<b>61 328 108</b>	<b>33 757 931</b>	<b>(30 614 026)</b>	<b>(4 767 482)</b>	<b>59 704 531</b>
Non-current liabilities				583 921	575 355
Current liabilities				37 175 033	59 129 176
				<b>37 758 954</b>	<b>59 704 531</b>

### Compensation Commissioner provision

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



## 12. Provisions – continued

	2021 R	2020 R
<b>Leave provision</b>		

Employees entitlement to annual leave is recognised when it accrues from 1 January to 31 December and will be forfeited on 30 June the following year. In the 2019/20 financial year however, the COVID-19 pandemic forced employees to work from home from 23 March and the ability to utilise leave were few due to the lock-down restrictions. This resulted in the forfeiture of leave to be suspended in June and subsequently moved to December 2020 to allow employees to utilise their leave after the easing of the lock-down restrictions. Employees were encouraged to utilise the leave before 31 December 2020 to avoid forfeiture. A provision is made on the estimated liability for annual leave as a result of services rendered by employees up to the amount of the obligation.

### Capped leave provision

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

### Performance bonus provision

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

The Corporation's performance for 2020/21 was below the required 75% which is the required pre-requisite for the Board to consider performance bonus pay out. Therefore no provision for performance bonuses was made in the current year.

## 13. Finance income

<b>Interest revenue</b>		
Bank	7 290 171	11 712 329

## 14. Revenue

	2021 R	2020 Restated* R
NaTIS data charge	610 523	193 168
Boekenhoutkloof training and facilities	299 294	1 089 670
Discount received (14.1)	3 589 955	140 000
Secondment income	-	423 050
Sundry income	112 961	25 397
Project Income - Sponsorships (14.2)	6 536 758	3 896 237
Insurance reimbursements	184 313	747 603
Interest received	7 290 171	11 712 329
Sponsorship in-kind (14.3)	13 084 412	-
Government grant	240 606 000	210 228 000
Administration of infringement fees (RTI income) (14.4)	18 819 350	43 779 919
Bad debts recovered (Department of Transport)	-	176 683 117
Infringement fees (AARTO income)	16 658 974	16 364 409
Transaction fees	885 503 532	915 349 117
NRTA section 56 infringement fees	6 878 779	-
	<b>1 200 175 022</b>	<b>1 380 632 016</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
NaTIS data charge	610 523	193 168
Boekenhoutkloof training and facilities	299 294	1 089 670
Discount received (14.1)	3 589 955	140 000
Secondment income	-	423 050
Sundry income	112 961	25 397
Project Income - Sponsorships (14.2)	6 536 758	3 896 237
Insurance reimbursements	184 313	747 603
Interest received	7 290 171	11 712 329
	<b>18 623 975</b>	<b>18 227 454</b>

14.1 In light of the COVID-19 pandemic, the corporation purchased communication devices for the traffic trainees. Discount received on these devices is in line with the National Treasury RT contract.

## 14. Revenue – continued

14.2 During the current year the sponsorship received from Transport Education Training Authority (TETA) for Road Safety activities and Safety and Security Sector Education and Training Authority (SASSETA) for the intership.

	2021	2020
	R	Restated* R
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
Sponsorship in-kind (14.3)	13 084 412	-
Government grant	240 606 000	210 228 000
Administration of infringement fees (RTI income) (14.4)	18 819 350	43 779 919
Bad debts recovered (Department of Transport)	-	176 683 117
Infringement fees (AARTO income)	16 658 974	16 364 409
Transaction fees	885 503 532	915 349 117
NRTA section 56 infringement fees	6 878 779	-
	<b>1 181 551 047</b>	<b>1 362 404 562</b>

14.3 Nature of goods and services received in-kind

- a.) The RTMC is utilising the properties of the following entities at no cost:
- CBRTA Office – Cashiers office
  - North West Provincial Department of Transport (Brits) – NTP Office
  - North West Provincial Department of Transport (Mogwase) – NTP Office
  - North West Provincial Department of Transport (Rustenburg) – NTP Office

The space used is immaterial in nature and thus not quantified. Finalisation of the SANRAL agreement is still pending.

- b.) During December 2020, as part of the festive media campaign, RTMC received a sponsorship from Aware.org for the following:
- Campaign concept, development and strategy
  - Agency fees
  - Production fees
  - Media Placement fees
  - Marketing collateral support and branding
  - Media monitoring
  - Physical assets (Gazebo's, banners, tables and chairs)

- c.) Sasol South Africa limited and South Africa Breweries sponsored the RTMC with 1200 and 2000 litres of hand sanitizers inkind respectively, in an effort of reducing COVID19 infections within the country.

There are no conditions attached to the sponsorship.

14.4 The closure of the borders due to the COVID 19 restrictions resulted in a significant decrease in the operations at the borders.

## 15. Employee related costs

	2021 R	2020 Restated* R
Basic salaries	385 697 832	332 681 632
Bonus payment (*)	(15 882 048)	32 580 424
Medical aid - company contributions	3 248 455	3 126 246
UIF	1 830 822	1 781 953
SDL	3 606 439	5 117 296
Leave gratuity	3 647 239	1 622 177
Post-employment benefits - Pension - Defined contribution plan (employee contributions)	40 939 716	37 712 815
Travel, motor car, accommodation, subsistence and other allowances	4 347 217	7 886 811
Overtime payments	9 333 295	12 905 073
Long-service awards	195 000	147 500
Acting allowances	340 708	461 185
Car allowance	6 929 793	5 965 429
Housing benefits and allowances	25 808 940	26 795 278
Non Pensionable Allowances	130 306 887	115 929 550
Service Bonus - 13th cheque	18 796 647	16 558 708
	<b>619 146 942</b>	<b>601 272 077</b>

\* The Corporation's performance for 2020/21 was below the required 75% which is the required pre-requisite for the Board to consider performance bonus pay out. Therefore no provision for performance bonuses was made in the current year, the un-utilised provision was reversed in the current year thus resulting in the recognition of a negative expense in performance bonus.

Employee related cost includes:

- Board and its committee members and Traffic Law Enforcement Review committee members.
- R10 671 702 relating to eighteen (18) employees who took up a section 189 voluntary severance package.

Contract employees are utilised on an adhoc basis when needed.

Staff complement		
Permanent employees	853	793
Contract employees	48	49
Traffic trainees	273	273
Interns	41	50
	<b>1 215</b>	<b>1 165</b>

## 16. Finance costs

	2021 R	2020 Restated* R
Trade and other payables	8 309	5 352

## 17. Lease rentals on operating lease

<b>Office buildings</b>		
Contractual amounts	33 207 156	30 048 968
<b>Equipment</b>		
Contractual amounts	1 223 427	1 220 225
	<b>34 430 583</b>	<b>31 269 193</b>

## 18. Debt impairment

Contributions to debt impairment provision	26 995 503	9 394 514
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The increase is due to the low collection rate of infringement and transaction fees.

## 19. Operating expenditure

	2021	2020
	R	Restated*
	R	R
Administration fees	19	1 518
Advertising (a)	13 700 958	2 294 135
Ammunition	1 726 329	801 360
Auditors remuneration (b)	6 076 230	7 571 923
Bank charges	925 223	1 161 180
Catering	540 732	2 860 782
Cleaning material (c)	813 884	581 376
Compensation commissioner provision	933 809	1 046 914
Computer expenses (d)	35 911 627	30 084 582
Consulting and professional fees (e)	21 549 476	41 713 221
Consumables	975 184	877 602
Corporate Gifts, Donations	29 774	2 493
Corporate social responsibility (f)	2 417 051	5 315 614
COVID-19 expenditure (g)	4 138 303	2 299 654
Electricity	7 459 171	8 024 038
Employee Wellness Programme	3 000 925	2 088 492
Fuel and oil (h)	13 642 468	15 616 537
Insurance	3 978 775	3 302 080
Labour Relations	4 569 006	4 969 841
Legal fees (i)	13 017 185	9 801 501
Minor assets	2 924 724	1 014 458
Motor vehicle expenses	16 689 828	15 567 583
NaTIS SMME support (j)	1 053 935	2 004 766
Postage and courier	1 749 830	3 760 607
Printing and stationery (k)	5 180 476	22 719 126
Projects - Annual Performance Plan (l)	41 015 633	56 793 426
Recruitment Cost	10 914 229	20 771 058
Repairs and maintenance	7 272 565	4 246 187
SAPO Truebill (m)	334 489	49 649 655
Security (n)	8 764 550	7 844 184

## 19. Operating expenditure – continued

	2021	2020
	R	Restated* R
Staff welfare	1 316 661	2 545 889
Storage & warehouse	212 610	-
Subscriptions and membership fees	180 044	64 108
Telephone and fax	63 864 347	54 599 412
Training (o)	2 616 147	3 122 143
Travel - local (p)	14 294 710	37 920 949
Travel - overseas (q)	-	2 351 955
Uniforms	4 438 564	4 006 378
Venue expenses (r)	581 214	4 510 550
	<b>318 810 685</b>	<b>433 907 277</b>

**a) Advertising**

During December 2020, as part of the festive media campaign, RTMC received a sponsorship from Aware.org for the following:

- Campaign concept, development and strategy
- Agency fees
- Production fees
- Media Placement fees
- Marketing collateral support and branding
- Media monitoring
- Physical assets (Gazebos, banners, tables and chairs)

**b) Auditors remuneration**

The normal audit strategy was reviewed to accommodate the COVID-19 restrictions.

**c) Cleaning material**

The corporation had to enforce additional cleaning measures such as fogging of offices on a weekly basis to ensure safety of internal staff against COVID-19.

**d) Computer expense**

During the current financial year, the RTMC undertook to implement the digitalisation of testing stations.

**e) Consulting and professional fees**

Not all projects could be executed due to the impact of Covid 19 restrictions. In the main, development of training modules during the current year was put on hold.

**f) Corporate Social Responsibility (CSR)**

The COVID-19 pandemic placed restrictions on face-to-face human interaction, which saw lesser CSR project initiatives being carried out.

## 19. Operating expenditure – continued

- g) **COVID - 19 expenditure**  
Personal Protective Equipment was procured through-out the financial year to ensure the safety of internal staff against COVID -19.
- h) **Fuel and oil**  
A number of projects planned were put on hold due to COVID-19 restrictions which resulted in decreased travelling which in turn results in a decrease in fuel and oil consumption.
- i) **Legal fees**  
Legal expenses incurred relates to the ongoing legal matter as well as a significant settlement dispute.
- j) **NaTIS SMME support**  
The Corporation employed its own technicians during the current financial year resulting in reduced costs of usage of SMMEs.
- k) **Printing and stationery**  
There was no replenishment of accident report forms in the current financial year.
- l) **Projects - Annual Performance Plan**  
Amongst others, the following significant projects were put on hold due to COVID-19 restrictions
- Participatory Education Techniques.
  - Road Safety Education awareness campaigns (Virtual awareness was more intensive).
- m) **SAPO Truebill**  
The Corporation launched the electronic sending of notifications to users and no longer make use of physical documents that need to be distributed by SAPO.
- n) **Security**  
The corporation entered into additional security contract for Denel premises.
- o) **Training**  
During the year under review most planned training activities were put on hold due to the COVID-19 restrictions.
- p) **Travel - local**  
During the year under review most planned activities were put on hold due to the COVID-19 lockdown restrictions. The implementation of virtual meetings also contributed to the decrease in travel expenditure.
- q) **Travel - overseas**  
For the majority of the financial year overseas travel was prohibited due to the COVID-19 lockdown restrictions.
- r) **Venues expenses**  
During the year under review most planned activities were either put on hold or moved to a virtual platform due to the COVID-19 lockdown restrictions.



## 20. Cash generated from operations

	2021 R	2020 Restated* R
Surplus	133 923 302	255 289 934
<b>Adjustments for:</b>		
Depreciation and amortisation	62 570 586	44 071 372
Loss on sale of assets and liabilities	4 289 112	5 422 297
Debt impairment	26 995 503	9 394 514
Movements in operating lease assets and accruals	390 723	1 766 559
Movements in provisions	(21 945 577)	(1 623 577)
Distribution of accumulated surplus funds	(146 502 305)	(11 589 939)
<b>Changes in working capital:</b>		
Inventories	4 059 908	(3 092 566)
Receivables from exchange transactions	6 465 394	(26 574 712)
Reversal of debt impairment	(26 995 503)	(9 394 514)
Other receivables from non-exchange transactions	13 633 901	26 168 135
Payables from exchange transactions	4 145 714	14 065 274
	<b>61 030 758</b>	<b>303 902 777</b>

## 21. Commitments

	2021 R	2020 Restated* R
<b>a) Authorised capital expenditure</b>		
<b>Contract commitments</b>		
• Property, plant and equipment	68 146 377	112 958 745
• Intangible assets	3 595 876	1 595 876
	<b>71 742 253</b>	<b>114 554 621</b>
<b>Purchase order commitments</b>		
• Property, plant and equipment	48 147 306	15 935 235
<b>Total capital commitments</b>		
Contract commitments	71 742 253	114 554 621
Purchase order commitments	48 147 306	15 935 235
	<b>119 889 559</b>	<b>130 489 856</b>
<b>b) Authorised operational expenditure</b>		
<b>Contract commitments</b>		
• Operating expenditure	155 488 760	70 805 142
<b>Purchase order commitments</b>		
• Operating expenditure	17 782 284	19 104 454
<b>Total operational commitments</b>		
Contract commitments	155 488 760	70 805 142
Purchase order commitments	17 782 284	19 104 454
	<b>173 271 044</b>	<b>89 909 596</b>

## 21. Commitments – continued

	2021 R	2020 Restated* R
<b>Total commitments</b>		
Authorised capital expenditure	119 889 559	130 489 856
Authorised operational expenditure	173 271 044	89 909 596
	<b>293 160 603</b>	<b>220 399 452</b>
c) Commitments beyond 12 months	80 073 424	119 942 226
d) Below are operating leases included in the above total commitments:		
Operating leases - as lessee (expense)		
Minimum lease payments due - Office Space		
- within one year	31 890 651	30 014 763
- in second to fifth year inclusive	4 987 800	32 165 005
	<b>36 878 451</b>	<b>62 179 768</b>
Minimum lease payments due - Office Equipment		
- within one year	1 260 976	1 023 244
- in second to fifth year inclusive	666 456	1 145 133
	<b>1 927 432</b>	<b>2 168 377</b>

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

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

## 22. Contingencies

### Contingent liabilities

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

- In April 2017 Tasima lodged an urgent application for a declaratory order that the Tasima employees must transfer to the RTMC in terms of Section 197 of the Labour Relations Act.
- On 25 May, Steenkamp J ordered amongst others that, with effect from 5 April 2017, the contracts of employment of the Tasima employees transferred automatically from Tasima to the RTMC.
- On 21 December 2018 the Labour Appeal Court upheld the Order of Steenkamp J, but upheld the appeal of the RTMC re interim payments
- The RTMC appealed to the Constitutional Court. The matter was heard in the Constitutional Court on 13 August 2019 and judgement was reserved.
- On 4 August the Constitutional Court ordered the transfer of the employees to RTMC in terms of Section 197 of the LRA. The RTMC duly complied, and the employees were transferred to the RTMC.
- Financial exposure with regards to the backpay is still to be calculated however, estimated at R60 million plus legal fees.

#### Rekwele Chauffeur Drive (Pty) Ltd

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

#### Mohlaleng Investment Holdings (Pty) Ltd

- Makhabela Huntley Adekeye Inc (MHA) Attorneys were appointed to institute legal action against Mohlaleng for the outstanding deposit as well as for all expenses the RTMC incurred as a result of the RTMC relocating offices from Silver Lakes.
- MHA issued summons to Mohlaleng to the amount of R900 422 and was instructed to recover the costs for relocating offices to the amount of R1 102 323.
- Mohlaleng filed a counter claim to the amount of R 1 831 950.
- Litigation is ongoing and the parties are engaged in pre-trial.
- Financial exposure is determined at R1 831 950 plus cost in the event that the plaintiff is successful.

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

- Respective plaintiffs issued summons for unlawful arrest against the RTMC. RTMC has defended the matters and will file its plea.
- Financial exposure is determined at R3 000 000 plus cost (R500 000 per claim) in the event that the plaintiffs are successful.

#### Mabena vs RTMC

- Statement of Claim lodged with the labour court for payment of salary post order to reinstate. Litigation is on going
- Financial exposure is determined at an estimated R1 517 051 plus cost in the event that the plaintiff is successful.

#### Acquisition of land

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

#### Special Investigating Unit (SIU)

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

## 22. Contingencies – continued

### SANRAL

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

### Tasima vs Department of Transport and RTMC

- Tasima instituted, by way of application, a claim against the Department of Transport and the Corporation jointly and severally, claiming compensation for the period October 2016 to April 2017.
- The Corporation opposed the application and accordingly filed its answering affidavit.
- Tasima yet to file a replying affidavit.
- Financial exposure is determined at an estimated R73 093 914 plus cost in the event that the plaintiff is successful.

### Zwane vs RTMC

- Plaintiff issued summons for unlawful arrest and the Corporation has defended the matter and filed an exception.
- Financial exposure is determined at R200 000 plus cost in the event that the plaintiff is successful.

### Word of Mouth vs RTMC

- Word of Mouth issued summons against RTMC claiming payment for amongst others lost on earnings.
- RTMC opposed the matter and raised exception.
- Financial exposure is determined at R22 000 000 plus cost in the event that the plaintiff is successful.

### Claasens vs RTMC

- Civil claim for damages suffered as result of shooting.
- RTMC defended the matter and litigation is ongoing.
- Financial exposure is determined at R7 266 046 plus cost in the event that the plaintiff is successful.

### Rakobo vs RTMC

- Plaintiffs issued summons for unlawful arrest and Corporation has defended the matters and filed its plea.
- Financial exposure is determined at R200 000 plus legal cost in the event that the plaintiff is successful.

### MTN

- Invoices amounting to R4 626 394 were submitted by MTN for services rendered. The Corporation is in the process of validating the invoices with MTN.

### Contingent assets

#### Acquisition of land

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

## 23. Distribution of accumulated surplus (refer to note 24)

The below distributions were made to the Shareholders of the Corporation in line with Section 24 of the RTMC Act.

	2021	2020
	R	Restated* R
<b>Distribution of COVID-19 personal protective equipment to provinces:</b>		
<b>Province</b>		
Eastern Cape	255 381	1 047 420
Free State	193 031	942 459
Gauteng	1 937 582	4 800 053
KwaZulu Natal	854 229	1 218 936
Limpopo	133 476	1 119 328
Mpumalanga	-	994 328
North West	244 291	1 046 410
Northern Cape	102 082	420 498
Western Cape	1 958 621	-
	<b>5 678 693</b>	<b>11 589 432</b>
<b>Distribution of Motor Vehicle Testing Stations to Provinces and SALGA</b>		
- Ekurhuleni Metro Police Department (EMPD)	10 036 000	-
- Johannesburg Metro Police Department (JMPD)	10 036 000	-
- Tshwane Metro Police Department (TMPD)	10 036 000	-
- Buffalo City Metropolitan Municipality	10 036 000	-
- Nelson Mandela Bay Municipality	10 036 000	-
<b>SALGA</b>	<b>50 180 000</b>	<b>-</b>
Eastern Cape	20 072 000	-
Limpopo	25 090 000	-
	<b>95 342 000</b>	<b>-</b>
<b>Distribution of Motor Vehicles to provinces</b>		
Free State	12 192 830	-
Mpumalanga	23 744 335	-
North West	7 603 679	-
Northern Cape	12 192 830	-
	<b>55 733 674</b>	<b>-</b>

Distributions are made in line with Law Enforcement and Road Safety initiatives in line with the combat to decrease road fatalities.

## 24. Related parties

### 24.1. Related party balances

	2021 R	2020 Restated* R
<b>Amounts included in Trade receivables (Trade payables) regarding related parties</b>		
Cross-Border Road Transport Agency (CBRTA)	752 989	1 619 275
Road Traffic Infringement Agency (RTIA)	59 678 308	47 490 606
Gauteng Deptment of Community Safety	4 170 396	-
KwaZulu Natal Provincial Department of Transport	5 017 999	-
Limpopo Provincial Department of Transport	(311 220)	-
<b>Provision for doubtful debts related to outstanding balances with related parties</b>		
Road Traffic Infringement Agency (RTIA)	(59 678 308)	(47 490 606)
<b>24.2. Related party transactions</b>		
<b>Services rendered on behalf of CBRTA</b>		
Administration of infringement fees	18 819 350	43 779 919
<b>Service rendered by RTIA on behalf of RTMC</b>		
Administration of AARTO fines	16 658 974	16 364 409
<b>Secondments</b>		
Secondment income	-	423 050
Two RTMC employees were seconded to North West Provincial Department of Transport on behalf of the National Department of Transport in terms of Section 100 of the Constitution.		
<b>Training costs due to the RTMC</b>		
Gauteng Department of Community Safety	4 170 396	-
The RTMC provided training accomodation and meals to the Gauteng Department of Community Safety.		

## 24. Related parties – continued

	2021 R	2020 Restated* R
<b>Advance paid by the RTMC on behalf of KwaZulu Natal Provincial Department of Transport</b>		
Procurement of Motor Vehicle Testing Stations	5 017 999	-
The RTMC paid 50% deposit on behalf of KwaZulu Natal Provincial Department of Transport for the procurement of Motor Vehicle Testing Stations. This has subsequently been recovered.		
<b>Advance paid to the RTMC by Limpopo Provincial Department of Transport</b>		
Branding of motor vehicles	2 520 319	-
The Limpopo Provincial Department of Transport paid an advance of R2 520 319 to the RTMC for the branding of their motor vehicles. At year end, a balance of R311 220 still remains as unutilised.		
<b>Refund of unused distribution of accumulated surplus funds</b>		
Free State	216 124	-
During the 2014/15 financial year, the RTMC Shareholders Committee resolved that funds will be distributed to provinces from accumulated surpluses based on business plans submitted to the RTMC. The Service Level Agreement made provision for the the refund of utilised funds, it is on this basis that the province has subsequently refunded the RTMC.		
<b>Distribution of Personal Protective Equipment to provinces</b>		
Eastern Cape	255 381	1 047 420
Free State	193 031	942 459
Gauteng	1 937 582	4 800 053
KwaZulu Natal	854 229	1 218 936
Limpopo	133 476	1 119 328
Mpumalanga	-	994 836
North West	244 291	1 046 410
Northern Cape	102 082	420 498
Western Cape	1 958 621	-
The RTMC procured Personal Protective Equipment (PPE) for all provinces as start up as a result of a Shareholders Committee resolution. PPE started being distributed to provinces prior to year-end.		



## 24. Related parties – continued

	2021 R	2020 Restated* R
<b>Distribution of Motor Vehicle Testing Stations to provinces and SALGA</b>		
- Ekurhuleni Metro Police Department (EMPD)	10 036 000	-
- Johannesburg Metro Police Department (JMPD)	10 036 000	-
- Tshwane Metro Police Department (TMPD)	10 036 000	-
- Buffalo City Metropolitan Municipality	10 036 000	-
- Nelson Mandela Bay Municipality	10 036 000	-
<b>SALGA</b>	<b>50 180 000</b>	-
Eastern Cape	20 072 000	-
Limpopo	25 090 000	-
	<b>95 342 000</b>	-
The RTMC procured and distributed Motor Vehicle Testing Stations for provinces and SALGA.		
<b>Distribution of Motor Vehicles to provinces</b>		
Free State Police Roads and Transport	12 192 830	-
Mpumalanga Department of Transport	8 280 110	-
Mpumalanga Department of Community Safety, Security and Liaison	15 464 256	-
North West Department of Community Safety and Transport Management	7 603 679	-
Northern Cape Department of Transport, Safety and Liaison	12 192 830	-
The RTMC procured and distributed motor vehicles to four provinces.		
<b>Utilisation of office and parking space</b>		
RTMC utilises office and parking space of other departments at no cost (refer to note 14).		

## 24. Related parties – continued

### 24.3. Key management

Remuneration of non executive members 2021	Retainer and meeting fees	Total
Name		
Z. Majavu CD(SA) - Chairman	984 049	984 049
T.M.N. Kgomo	876 512	876 512
M.M. Manqele	779 122	779 122
T. Mdlulwa	746 658	746 658
Prof. M.I. Mphahlele	591 613	591 613
C.T. Thankge	618 504	618 504
Dr. E.M. Thebe	618 504	618 504
	<b>5 214 962</b>	<b>5 214 962</b>

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

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

## 24. Related parties – continued

Remuneration of executive members	Basic salary	Performance bonus paid or receivable	Other employee benefits	Total
2021				
Name				
Adv. M Msibi (CEO)	3 413 645	3 698 115	2 275 763	9 387 523
D. Ewertse	1 240 738	-	931 742	2 172 480
N.J. Jolingana	1 448 517	267 976	634 383	2 350 876
M.P Juma	1 254 999	88 968	824 458	2 168 425
K. Kara-Vala	1 560 000	241 532	1 031 955	2 833 487
K.K. Kgosiemang	1 254 999	192 812	839 743	2 287 554
D.N Mobeng	1 807 211	-	796 346	2 603 557
R. Mongale	1 258 437	193 346	838 958	2 290 741
L. Moolman	1 749 293	274 658	1 169 810	3 193 761
Dr. H.J Moyana	1 500 000	-	1 000 000	2 500 000
T. Ndebele	1 785 697	-	792 141	2 577 838
S. Petse	1 326 573	194 611	593 092	2 114 276
S. Podile	1 804 818	-	808 781	2 613 599
	<b>21 404 927</b>	<b>5 152 018</b>	<b>12 537 172</b>	<b>39 094 117</b>

## 24. Related parties – continued

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

## 24. Related parties – continued

Remuneration of Audit and Risk Committee members	Meeting attendance	Travel reimbursement	Total
2021			
R. Cuna from 01 August 2020	134 456	502	134 958
H.N. Jaxa from 01 August 2020	134 456	1 521	135 977
N.M. Mufamadi	475 807	572	476 379
	<b>744 719</b>	<b>2 595</b>	<b>747 314</b>

Remuneration of Audit and Risk Committee members	Fees for services as a member of management	Basic salary	Total
2020			
D.H. Ewertse until 28 January 2020	92 577	-	92 577
N.M. Mhlakaza until 6 June 2019	25 562	223	25 785
G.P. Mnguni until 28 February 2020	127 811	284	128 095
N.M. Mufamadi	127 811	417	128 228
	<b>373 761</b>	<b>924</b>	<b>374 685</b>

## 25. Prior period errors

		2021 R	2020 Restated* R
<b>Statement of financial position</b>			
Increase in receivables from exchange transactions	(a)		1 779 988
Increase in receivables from non-exchange transactions	(b)		1 453 828
Increase in accumulated surplus	(c)		(5 525 728)
Decrease in property, plant and equipment	(d)		(191 693)
Increase in intangible assets	(e)		10 752
Increase in payables from exchange transactions	(f)		(4 136 531)
Decrease in operating lease liabilities	(g)		81 116
Increase in provisions	(h)		(100 551)
			<b>(6 628 819)</b>
<b>Statement of financial performance</b>			
Decrease in revenue from exchange transactions	(j)		9 393 469
Increase in revenue from non- exchange transactions	(k)		(1 158 200)
Decrease in employee cost	(l)		(4 673 374)
Increase in interest fines & penalties	(m)		2 755
Increase in depreciation / amortisation	(n)		1 857 399
Decrease in lease rentals on operating lease	(o)		(257 062)
Increase in operating expenditure	(p)		1 463 832
			<b>6 628 819</b>

### a) Receivables from exchange transactions

- Overstatement (receivables) - A refund of electricity deposit was erroneously set-off against electricity expense (R155 000); late receipt of invoices for staff advances issued (R16 431); a receipt for the Service bonus's and medical aid payment for the Gauteng Department of Community Safety employees that were transferred to the RTMC was incorrectly classified as a receipt for the Boekenhoutkloof debt (R41 550); expenditure for warranty cost was erroneously included in prepayments (R4 061).
- Understatement (receivables and revenue) - Interest earned on rental deposits was erroneously omitted (R120 554); Frama annual licence renewal was incorrectly expensed (R3 820); A cancelation of foreign travel was not erroneously omitted (R138 734); Warranty paid for a period of 5 years was incorrectly expensed (R164 123); Monthly rental related costs for Waterfall Office Park were renegotiated to a lesser amount resulting in an overpayment (R310 167), Additional lease deposit for Upington was erroneously recognised twice as interest and deposit (R1 072), Sponsorship debt from World Bank was omitted (R343 820), Debtors with credit balance were incorrectly classified as debtors (R1 909); Software licence for a period of 3 years was incorrectly classified as computer expense (R919 950).

## 25. Prior period errors – continued

### b) Receivables from non-exchange transactions

Understatement (receivables) - A receipt for the service bonus and medical aid payment for the Gauteng Department of Community Safety employees that were transferred to the RTMC was incorrectly classified as a receipt for the Boekenhoutkloof debt (R41 550); A cancelled transaction fee payment was erroneously deducted from the Gauteng Provincial Government Debtor (R6 228); Incorrect accounting treatment of RTI revenue (R1 390 600); RTI receipts were incorrectly classified as unallocated receipts (R136 000); Contempt of Court fees payable to Department of Justice were erroneously omitted (R15 450).

### c) Accumulated surplus/deficit

Understatement – Interest in 2017 to 2019 on rental deposit was erroneously omitted (67 300); Franchise licence renewal invoice recognised in the incorrect period (R3 820); a receipt relating to proceeds on disposal of an asset was incorrectly classified as an unidentified receipt (R10 558); During migration from Pastel to Oracle, take on balances of accruals were overstated resulting in an understatement of accumulated surplus funds (R911 081); A cancelled transaction fee payment was erroneously deducted from the Gauteng Provincial Government debtor (R6 228); Upon migration from Pastel to Oracle a supplier invoice relating to 2017/18 was erroneously duplicated (R1 905); Provision for Festive Overtime write off was incorrectly classified as other income (R5 160 832).

Overstatement – Late receipt of 2018/19 board pack invoices (R38 474), Nursing services invoices (R16 322), communication related invoices (R2 515 144); Overtime accrual relating to 2017/18 was incorrectly reduced by R263 464 instead of R236 464 resulting in an overstatement of accumulated surplus (R27 000).

### d) Property, plant and equipment

Overstatement – During the 2019/2020 financial reporting period changes were made to the useful lives of some assets. It was detected that the system does not apply these changes in line with GRAP. The process of correcting the system resulted in immaterial differences (R191 693).

### e) Intangible assets

Understatement – During the 2019/2020 financial reporting period changes were made to the useful lives of some assets. It was detected that the system does not apply these changes in line with GRAP. The process of correcting the system resulted in immaterial differences (R10 752).

### f) Payables from exchange transactions

Understatement - late receipt of board pack 2018/19 invoices (R38 474), nursing services (R19 077), communication related invoices (R2 515 144) and cleaning

services (R5 580); Incorrect deposits recognised due to malfunction of the smart box deposit machine lead to incorrect payables being disclosed (R368 400); late confirmation of catering service rendered (R22 885); late receipt of invoices for motor vehicle expenses (R40 969), recruitment costs (R2 184 000), conference venues (R82 750) and travel (local) (R506 877); Overtime accrual relating to 2017/18 was incorrectly reduced by R263 464 instead of R236 464 (R27 000); Debtors with credit balance were incorrectly classified as debtors (R1 909); Contempt of Court fees payable to Department of Justice were erroneously omitted (R15 450); Gadgets received for PET debate competition were erroneously omitted (R1 162 212).

Overstatement - A receipt relating to proceeds on disposal of an asset was incorrectly classified as an unidentified receipt (R10 558); leave encashment was incorrectly expensed upon payment (R6 444); During migration from Pastel to Oracle; take on balances of accruals were overstated (R911 081); Upon migration from Pastel to Oracle a supplier invoice relating to 2017/18 was erroneously duplicated (R1 905); RTI revenue were incorrectly classified as unallocated receipts (R136 000).

### g) Operating lease liabilities

Overstatement - Operating lease smoothing calculation were done based on the National Treasury Approval, lease period was amended upon finalisation of contract (R81 116).

### h) Provisions

Understatement - A carry-over error on the leave liability report for 35 employees resulted in an understatement of provision for leave (R100 552).

### i) Revenue from exchange transactions

Understatement - Interest earned on rental deposits was erroneously omitted (R51 026); Sponsorship from World Bank was omitted (R343 820).

Overstatement - Provision for Festive Overtime write off was incorrectly classified as other income (R5 160 832); Provision for leave adjustment was incorrectly classified as other income (R4 767 482).

### j) Revenue from non-exchange transactions

Overstatement - A malfunction in the banking system (smart box deposit machine) resulted in an overstatement of revenue recognised (R368 400).  
Understatement - Incorrect accounting treatment of RTI revenue (R1 390 600); RTI revenue were incorrectly classified as unallocated receipts (R136 000).

### k) Employee costs

Overstatement – Leave encashment was incorrectly expensed upon payment (R6 444); Provision for leave adjustment was incorrectly classified as other income (R4 767 482).

## 25. Prior period errors – continued

Understatement - A carry-over error on the leave liability report for 35 employees resulted in an understatement of employee costs (R100 552).

**l) Finance costs**

Understatement - Interest incurred for 2018 nursing services was omitted (R2 755).

**m) Depreciation**

Understatement - During the 2019/2020 financial reporting period changes were made to the useful lives of some assets. It was detected that the system does not apply these changes in line with GRAP. The process of correcting the system resulted in immaterial differences (R1 857 340).

**n) Lease rentals on operating lease**

Overstatement - Monthly rental costs for Waterfall Office Park were renegotiated to a lesser amount (R211 822); Operating lease smoothing calculations were done based on the National Treasury approval, lease period was amended upon finalisation of contract (R81 116).

Understatement - Operating lease for office equipment (R9 111), Accrual write off (26 764).

**o) Operating expenditure**

Overstatement - A cancellation of foreign travel was erroneously omitted (R138 734), A prepayment of warranty cost for a period of 5 years was incorrectly expensed (R164 123); Monthly rental related costs for Waterfall Office Park were renegotiated to a lesser amount (R98 345.16); Software licence for a period of 3 years was incorrectly classified as computer expense (R919 950); Accrual write off R1 559 147).

Understatement - A refund of electricity deposit was erroneously applied to electricity expense (R155 000); late receipt of invoices for cleaning (R6 779), fuel, oil & lubricant (R6 340), stationery & printing (R310), consumables (R50), office refreshments (R57), motor vehicle expenses (R204 362), venues and facilities (82 570), water and electricity (R1 900), catering (22 885), recruitment costs (R2 184 000), travel (local) (R507 402) and project for traffic training (R632); a refund of a staff advance was erroneously applied to bank charges (R5 569); Computer expenditure relating to warranty cost was erroneously not expensed under prepayments (R4 061); Gadgets received for PET debate competition were erroneously omitted (R1 162 212).

## 26. Risk management

### Capital risk management

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

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

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

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

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

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

### Liquidity risk

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



## 26. Risk management – continued

Financial liabilities - 2021	Within 1 year	1-5 years	More than 5 years	Total
Finance lease obligation	9	-	-	9
Payables from exchange transactions	66 989 832	-	-	66 989 832
	<b>66 989 841</b>	<b>-</b>	<b>-</b>	<b>66 989 841</b>

Financial liabilities - 2020	Within 1 year	1-5 years	More than 5 years	Total
Finance lease obligation	9	-	-	9
Payables from exchange transactions	59 753 686	-	-	59 753 686
	<b>59 753 695</b>	<b>-</b>	<b>-</b>	<b>59 753 695</b>

### Credit risk

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

### Trade and other receivables

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

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

The Corporation does establish an allowance for impairment.

### Credit risk exposure

The gross carrying amount of the receivables for 2020/21: R206 954 427 and 2019/20: R201 312 161 and represents the maximum credit exposure at the reporting date.

### Concentration of credit risk

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

### Geographical Area (Provinces)

The PFMA prohibits the Corporation to have any credit facility.

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

## 26. Risk management – continued

	2021 R	2020 Restated* R
<b>Provinces</b>		
Eastern Cape	12 501 215	3 663 072
Free State	3 464 711	6 514 709
Gauteng	27 230 832	24 714 720
KwaZulu Natal	9 532 427	8 464 547
Limpopo	8 083 552	6 163 948
Mpumalanga	2 132 208	4 428 042
North West	3 674 232	6 917 400
Northern Cape	22 431 017	19 450 378
Western Cape	6 778 234	9 656 815
Provision for bad debts	(20 123 856)	(11 836 935)
	<b>75 704 572</b>	<b>88 136 696</b>
Financial assets exposed to credit risk at year end were as follows:		
<b>Financial instrument</b>		
NaTIS - Transaction fees	75 704 572	88 136 696
Deposits	1 949 920	1 911 101
Receivables - Other	6 656 525	1 339 802
CBRTA RTI - Administration of infringement fees	752 989	1 619 275
Boekenhoutkloof and training facilities	4 807 804	4 822 990
NRTA section 56 infringement fees	80 680	-
	<b>89 952 490</b>	<b>97 829 864</b>

## 26. Risk management – continued

	Neither past due nor impaired	1-3 months	More than 3 months	Impaired financial assets	Total carrying amount R
<b>Financial assets that are past due but not impaired - 2021</b>					
Trade and other receivables	128 855 324	27 675 879	48 473 304	(85 643 022)	119 361 485
Cash & cash equivalents	192 763 367	-	-	-	192 763 367
Deposits	1 949 920	-	-	-	1 949 920
	<b>323 568 611</b>	<b>27 675 879</b>	<b>48 473 304</b>	<b>(85 643 022)</b>	<b>314 074 772</b>

	Neither past due nor impaired	1-3 months	More than 3 months	Impaired financial assets	Total carrying amount R
<b>Financial assets that are past due but not impaired - 2020</b>					
Trade and other receivables	105 603 695	30 367 984	63 429 382	(59 901 462)	139 499 599
Cash & cash equivalents	253 353 807	-	-	-	253 353 807
Deposits	1 911 101	-	-	-	1 911 101
	<b>360 868 603</b>	<b>30 367 984</b>	<b>63 429 382</b>	<b>(59 901 462)</b>	<b>394 764 507</b>

### Market risk

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

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

### Interest rate risk

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

### Equity price risk

The Corporation has no exposure to equity price risk.

## 27. Fruitless and wasteful expenditure

	2021 R	2020 Restated* R
Opening balance as previously reported	33 571	843 352
Opening balance as restated	33 571	843 352
VAT paid to a supplier recovered	(10 912)	(780 545)
Interest and penalties on tax payments	-	(37 705)
Interest on late payment to suppliers recovered	-	(5 040)
Interest on late payment to suppliers	7 486	1 897
Law enforcement penalties	-	700
VAT overpayment	-	10 912
<b>Closing balance</b>	<b>30 145</b>	<b>33 571</b>

### Progress on investigations of fruitless expenditure

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

## 28. Irregular expenditure

Opening balance	-	8 493 927
Opening balance as restated	-	8 493 927
Add: Irregular Expenditure - current	83 728 199	-
Less: Amounts condoned	-	(8 493 927)
<b>Closing balance</b>	<b>83 728 199</b>	<b>-</b>

The irregular expenditure disclosed in the financials is consequent to the erroneous misinterpretation and misapplication of Regulation 4 of the Preferential Procurement Regulations 2017. Regulation 4(1)(a) confers the discretion on the RTMC to determine the stipulated minimum B-BBEE status level contributor level and to disqualify any potential tenderer who does not meet the stipulated level from consideration. The RTMC, evident from the 2 legal opinions obtained and in compliance with the provisions and application imbedded in the Regulation, utilised a combination of the pre-qualification criteria, however, erroneously so, construed the combination incorrectly by including a bidder's ownership as part of the criterion instead of a bidder's B-BBEE contributed status level. It is worth noting that no losses were suffered and value was received and the imminent disaster avoided in the National Key Point. An application for condonation has been submitted to National Treasury.

## 29. Budget differences

### Material differences between budget and actual amounts

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

Included in the RTMC's budget were new service initiatives. These new services however required the approval of both the Department of Transport and National Treasury. At the end of the quarter two it was evident that the required approvals will not be obtained in time to yield results in the 2020/2021 financial year. A budget adjustment was thus eminent and so approved.

**a.) NaTIS data charge**

The Corporation anticipated services to be rendered to motor manufacturers for safety recall campaigns. A significant slow-down in these campaigns was experienced and a decision was taken to adjust the budget to zero.

**b.) Boekenhoutkloof training facilities**

During the financial year training initiatives were put on hold due to the COVID-19 pandemic. Also, the decision was to halt all training due to the dilapidated state of the college which could have safety concerns for the students and staff at the college resulted in a decrease in revenue.

**c.) Other Income:**

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

Other Income comprises of the following:

- Discount Received
- Sundry income
- Project Income – Sponsorship and insurance reimbursement
- Insurance reimbursements

**d.) Provision adjustment**

During the year under the review the Corporation paid bonuses to deserving employees in terms the entity's performance bonus policy. Payment of such bonuses resulted in an under-utilisation of the provision made.

**e.) Interest received**

The Corporation did not budget for this line item because Interest received is dependent on positive bank balances maintained as well as efficient and effective cash management.

**f.) Administration of infringement fees (RTI income)**

During the period under review, the borders were closed in response of the COVID-19 pandemic resulting in an under recovery of the anticipated revenue in the year under review.

**g.) Infringement fees (AARTO income)**

Stringent measures for non-payment of fines were introduced, this resulted in a significant improvement in collection of infringements. In addition, during the National Lockdown the deployment of officers was intensified, not only to assist with fighting the pandemic but to enforcement the rules of the road which resulted in increased revenue collection.

**h.) Section 56 notices**

The generation of revenue through Section 56 notices, which was dependent on the establishment of a law enforcement specialised unit, was delayed during the financial year resulting in a budget adjustment. The limitation on movement of drivers because of the different phases of the national lockdown, resulted in an under collection of budgeted revenue.

**i.) Depreciation**

During the financial year the Corporation procured a significant amount of assets, this include motor vehicles as well as a IT hardware refresh in the form of computer equipment. The Computer equipment was however procured post the significant budget adjustment.

**j.) Debt Impairment**

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

**k.) Operating expenditure**

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

- **Advertising:** Despite a budget adjustment, advertisement and marketing was limited to social media with marginal advertising campaigns on other platforms. Less rigorous advertising campaigns led to an underspend.
- **Consulting fees:** During the financial year a number of training modules were planned to be developed, which was put on hold. Delayed procurement processes, due to COVID-19 restrictions, also hampered the use of consultants for planned projects.
- **Corporate Social Responsibility:** Most of the CSR projects occur during the first half of the financial, the COVID-19 pandemic place restrictions on face-to-face human interaction, which saw lesser initiatives.

## 29. Budget differences – continued

- **Venues and Facilities:** During the year under review numerous planned activities were put on hold or cancelled due to the COVID-19 restrictions, which resulted in an underspend.
- **Uniform:** Delayed procurement in processes, due to limitations resultant from COVID-19 restrictions, resulted in an underspend of uniforms. Although uniforms were procured for law enforcement officers, a big portion thereof are yet to be delivered.
- **SAPO:** The Corporation halted the use of South African Post Office and replaced it with alternative services. This resulted in an underspend in the year under review.

### l.) Loss on disposal of assets and liabilities

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

## 30. Accounting by principals and agents

The entity is a party to the below principal-agent arrangements.

Details of the arrangements are as follows:

### 1.) RTMC Acts as an Agent to C-BRTA

At the beginning of the financial year ended 31 March 2018, the RTMC was appointed to perform the law enforcement function (Road Transport Inspectorate (RTI)) on behalf of the Cross-Border Road Transport Agency.

Pursuant to this decision, a binding arrangement was entered into between the Cross-Border Road Transport Agency and the RTMC in terms of which the latter will undertake the law enforcement function (Road Transport Inspectorate) on behalf of the former with the following significant terms agreed upon:

- The functions of the RTI as provided in Section 39 of the C-BRT Act, 1998 are now performed by the RTMC.
- All the employees of the RTI and their employment contracts were transferred to the RTMC, resulting in the RTMC being the new employer for the employees concerned.
- RTMC operationalise the roles and functions of the RTI as envisaged in the C-BRT Act, 1998 subject, inter-alia, to the following, at a minimum:
  - The mandate of the C-BRTA as contained in the C-BRT Act, 1998, remains vested in the C-BRTA,
  - The Chief Executive Officer of the C-BRTA remains vested with the powers as set forth in Section 37 (1)(a) of the C- BRT Act, 1998, and only personnel appointed as the National RTI by the Chief Executive

Officer of the C-BRTA may exercise the powers and perform the functions of the RTI in terms of the C-BRT Act, 1998,

- The -CBRTA (principal) pays the RTMC service fee not exceeding the amount of penalty income collected.

The RTMC is the agent to the arrangement and the assessment was based on the fact the mandate and the responsibility for the function as contemplated in section 39 of the C-BRT Act remains with the C-BRTA while the RTMC undertakes the function on its behalf.

Also significant is the fact that the CBRTA directs the RTMC how it should carry this function. Risks associated with the execution of the function remains with the CBRTA

### Resources held on behalf of the principal, but recognised in the entity's own financial statements

There are no assets and/or liabilities under custodianship of the RTMC that belong to the Cross-Border Road Transport Agency.

### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R18 819 350 (2020: R43 779 919).

### Additional information

#### Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

The amount of receivables due for the transactions carried out on behalf of the principal is R752 989 (2020: R1 619 275).

### 2.) RTMC Acts as a Principal to RTIA

RTMC is a principal to RTIA for the purposes of collection of AARTO penalties, this is in terms of Section 13 of the AARTO Act, 2008. The terms and conditions of this arrangement is clearly stipulated in the AARTO Act.

### Resources (including assets and liabilities) of the entity under the custodianship of the agent

There are no resources (assets and/or liabilities) of the RTMC that are under the custodianship of RTIA

### 30. Accounting by principals and agents

	2021 R	2020 Restated* R
<b>Fee paid</b>		
Fee paid as compensation to the agent	108 807	133 242

RTMC pays 3% of the transaction fees as compensation for services performed.

### 31. Change in estimate

#### Property, plant and equipment

In the current financial period, management reassessed the remaining useful lives of property, plant and equipment. The change in estimate is applied prospectively from 01 April 2020.

The property, plant and equipment useful lives were changed as follows:

Item	Depreciation method	Average useful life
Furniture and fittings	Straight line	4 to 6
Motor vehicles	Straight line	5 to 7
Office equipment	Straight line	4 to 6
Computer equipment	Straight line	4 to 6
Leasehold improvements	Straight line	2 to 4

The effect of this assessment has decreased the depreciation in the current period and accumulated depreciation. With regards to effects in future periods, it is impractical to estimate the effects, as management perform these assessments annually on all assets at the end of the financial period. The below table articulates the impact of the change in useful lives:

	March 2021	March 2020
Decrease in accumulated depreciation	482 354	3 103 313
Increase in accumulated surplus (decrease in depreciation in property, plant and equipment)	(482 354)	(3 103 313)
	-	-

## 32. New standards and interpretations

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

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (revised): Financial Instruments	Not yet determined	Unlikely there will be a material impact
• GRAP 25 (revised): Employee benefits	Not yet determined	Unlikely there will be a material impact











## Road Traffic Management Corporation

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