Road Traffic
Management Corporation

Service

2022/23

ANNUAL REPORT

To give real service you must add something which can not be bought or measured with money, and that is sincerity and integrity. A life lived in the service of others is a life worthwhile.

"SAFE ROADS IN SOUTH AFRICA"

ARRIVE ALIVE
A proud initiative of
The Department of Transport

TABLE OF CONTENTS

ADDRESSES

General Information	
Registered Name	Road Traffic Management Corporation
Registered Office Address	349 Witch-Hazel Avenue Highveld Ext 79 Centurion
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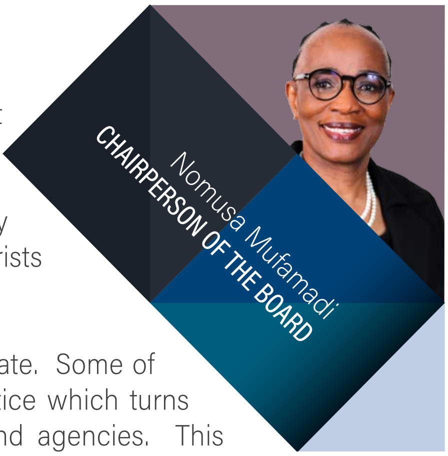
Email Address	info@rtmc.co.za
Website Address	www.rtmc.co.za
External Auditors	The Auditor-General of South Africa Lynnwood Bridge Office Park The Auditor-General of South Africa Building 4 Daventry Road Lynnwood Manor 0181
Bankers	First National Bank Bank City Corner Simmons and Pritchard Street Johannesburg 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

General Information

Abbreviations and Acronyms

AARTO	Administrative Adjudication of Road Traffic Offences
APP	Annual Performance Plan
CEO	Chief Executive Officer
CLLTS	Computerised Learner Licence Testing Sheet
CoE	Compensation of Employees
CBA	Cost Benefit Analysis
CPA	Criminal Procedures Act
C-BRTA	Cross-Border Road Transport Agency
DoT	Department of Transport
DLTC	Driving Licence Testing Centre
EME	Emerging Micro Enterprise
ERAC	Enterprise Risk & Audit Committee
ERRP	Economic Reconstruction and Recovery Plan
EOV	Examiner of Vehicles
EDL	Examiner of Driving Licence
FY	Financial Year
MDG	Millennium Development Goals
MTSF	Medium-Term Strategic Framework
MEC	Member of the Executive Council
NDP	National Development Plan
NaTIS	National Traffic Information System
NKP	National Key Point
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
NQF	National Qualification Framework
OHS	Occupational Health Safety
POPIA	Protection of Personal Information Act
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
PPR	Preferential Procurement Regulations
PWD	People With Disabilities
RTTA	Road Traffic Training Academy
RTIA	Road Traffic Infringement Agency
RTI	Road Traffic Information
CBRTI	Cross Border Road Traffic Inspectorate
RTMC	Road Traffic Management Corporation
RTMCA	Road Traffic Management Corporation Act
SHC	Shareholders Committee
SADC	South African Development Community
SDG	Sustainable Development Goals
SP	Strategic Plan
UNDA	United Nations Decade of Action
UNRSC	United Nations Road Safety Collaboration
VTS	Vehicle Testing Station

FOREWORD BY THE CHAIRPERSON OF THE BOARD



It is my singular honour to present to you the Road Traffic Management Corporation's report in which we account for how the organisation performed in the 2022/23 financial year. It gives you insights into the progress we made in executing our mandate of enhancing the quality of traffic management in order to preserve the lives of road users, motorists and pedestrians alike.

In this report, you will see the many headwinds we have had to navigate. Some of these are systemic as they are embedded in the organisational practice which turns to misallocate functions between various spheres of government and agencies. This has undermined the agility of the organisation and therefore impaired its capacity fully to discharge its mandate. Hence, our end-to-end provision of quality service on road traffic management has not been up to the level we desire.

Several measures were introduced in order to remove the systemic impediments and to fashion the RTMC as a more future-fit entity. We developed new revenue streams by implementing the online licence renewal initiative.

To address the fragmentation of the traffic law enforcement environment, the National Road Traffic Law Enforcement Code (the Code) was developed. It is envisaged that the implementation of the Code will bring about integration and harmonisation of the traffic law enforcement fraternity. This will facilitate the integration and development of road safety regulations as well as the fair and efficient utilisation of resources. It will also enable the implementation of alternative revenue generation and attainment of self-sufficiency. Engagements need to take place with the Shareholders Committee to accelerate the implementation of this intervention.

The slow implementation of the 24/7 shift system by the provincial authorities continues to be a challenge that does not bode well for efforts to reduce road crashes and fatalities in the country. A closer analysis of road fatality statistics clearly shows that most fatal road crashes take place in the late hours of the night and early hours of the morning when traffic officers are not on the roads. Engagements need to occur with the Shareholders to accelerate the implementation of this intervention.

Notwithstanding, the immense challenges we referred to above, the performance of the RTMC during the year under review was by and large, in line with our plan. Our targets on law enforcement interventions, such as road traffic inspection, self-initiated fraud and corruption cases and digitisation of vehicle testing stations were met.

The RTMC and the entire road traffic fraternity celebrated the graduation and pass-out of the first cohort of traffic officers and road safety practitioners trained on the ground-breaking NQF level 6 qualification. The deployment of these new officers will assist in creating a safe road environment in the country.

In line with its commitment to reduce road fatalities over a five-year period using 2018 fatalities as a baseline, the RTMC has recorded a 3.7 percent decline in fatalities in the period ending 31 December 2022 compared to 2018.

Going forward, we shall have to pay focused attention to the task of mobilising all stakeholders to play an enhanced role in the process of promoting the imperative of road safety education and awareness.

We have introduced a new curriculum which is pitched at National Qualification Framework (NQF) Level 6 which is intended to generate a pipeline of high calibre road safety, traffic management and enforcement officers. The first cohort of graduates completed the course in March 2023. No doubt that this will translate into better operational efficiencies. Put simply, it means that the lives of our people will henceforth be in more capable and dependable hands.

A better resourced and more capable RTMC is an indispensable condition for assuring the safety and security of our people. We pledge to do everything necessary to build an RTMC that is capable of living up to its calling. We know that as we strive to achieve this goal we can continue to count on the invaluable support of the Minister of Transport, the Honourable Ms Sindisiwe Chikunga and the Deputy Minister of Transport, the Honorable Mr Lisa Mangcu. We have been walking this journey hand in hand with the former Minister of Transport, Mr Fikile Mbalula, Honourable Members of the Portfolio Committee on Transport, the Management and staff of both the Department of Transport and the RTMC. With partners who have displayed such high levels of commitment to service, the future looks bright.

On behalf of the Board, I sincerely thank the Minister of Transport Ms. Sindisiwe Chikunga and Deputy Minister Mr Lisa Mangcu for their guidance and unwavering support. A word of gratitude also to former Minister Mr Fikile Mbalula, former Members of the Board, the Portfolio Committee on Transport and the entire leadership of the Department of Transport.

N. Mufamadi

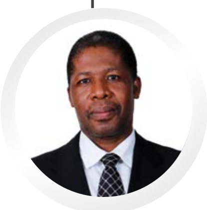
N. Mufamadi
Chairperson of the Board

THE **BOARD**

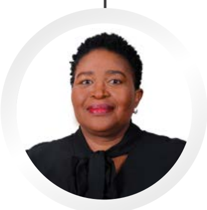
Zola Majavu*
CD(SA)
Chairman

Nomusa Mufamadi
Chairperson

Adv Makhosini Msibi
Chief Executive Officer

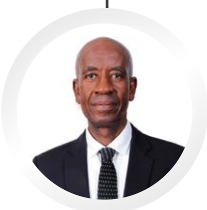


Adv Johannes Makgatho



Thandi Thankge
(CD)SA

Dr Eddie Thebe



Prof Maredi Mphahlele

Thulani Kgomo*

Tembeka Mdlulwa*

Prof Chitja Twala

Lerato Magalo

Nkhumeleni Kudzingana

Adv Xola Stemela

Sigidikazi Petse
Company Secretary

*Member retired from the Board with effect from 31 October 2022

OVERVIEW BY
CHIEF EXECUTIVE OFFICER

It gives me pleasure to present the Annual Report of the Road Traffic Management Corporation (RTMC) for the financial year that ended on 31 March 2023. The report offers an honest account of the performance of the RTMC in the 2022/2023 financial year and outlines challenges encountered and interventions that will be taken to overcome those challenges.

The report reflects that the RTMC maintained above 90% performance achievement on pre-determined objectives which is the same as in the previous year.

I wish to highlight the following achievements on our 2022/2023 performance targets:

- The RTMC achieved 95% of its performance targets which is consistent with the achievement from the previous financial year. Of the 19 planned targets only one was not achieved. This objective related to the 25% target in revenue change which was not achieved.
- The Auditor General has issued the RTMC with a clean audit report for the second financial year in succession which reflects a significant progress in implementing measures to ensure good governance and robust internal controls.
- Road fatalities have continued a downward trend, although at a slower pace. In 2022 the country recorded a total of 12 436 road fatalities which was a reduction of 485 when compared to the year 2021. The outcomes of the Road Safety Indaba hosted by the Minister of Transport and attended by MECs and Chief Executive Officers of different transport state owned entities between 06 and 07 October 2022 will help to accelerate the pace of reduction for us to achieve the strategic target of reducing fatalities by 25% over the five-year period. To enhance safety on the roads, a total of 3 195 interventions were conducted by our law enforcement officers. These focused on drunken driving, loads management, roadworthiness of vehicles, moving violations, public transport, pedestrian safety and speed enforcement. The interventions were above the planned target by nine.
- The first cohort of traffic officers and road safety practitioners trained on the ground-breaking NQF level 6 qualification graduated and passed out of the road traffic training academy at the end of March. The qualification will have a profound impact on the professionalisation of the traffic and road safety fraternity.
- In the year under review the RTMC investigated 444 cases of fraud and corruption relating to the provision of road traffic services and arrested 96 suspects.

General financial review

The solvency ratios for the year under review show that the RTMC is in a healthy state in that its assets far exceed its liabilities. The RTMC managed to pay 100% of its invoices within 30 days. However, the RTMC's expenses are not commensurate with its cash generation, and this requires a reconsideration of some of its objectives.

Spending trends

An expenditure comparison reflects an increase in the current financial year compared to the previous year. The RTMC spent 108% of its adjusted allocated budget in the 2022/23 financial year. Over expenditure was incurred in the budget for compensation of employees as well as goods and services. The capital budget, which was mainly used for upgrading the Boekenhoutkloof Traffic Training College was under-spent by two percent.

Challenges and how they will be resolved

The RTMC continued to be hampered by the cascading effects of the COVID-19 pandemic. This caused a delay in the delivery of certain objectives. Key amongst others is the completion of training of traffic officers on the NQF Level 6 qualification framework. The training of the first cohort which started in 2019, had to be extended by nine months due to the operations of the College that had to be halted when the pandemic broke out. The trainees managed to graduate and pass out on 31st March 2023.

The closure of driving licence testing centres in 2020 because of the pandemic has continued to have a ripple effect on the cash flow of the RTMC. The billing for the months of April, May and June have been slow to recover which placed a severe constraint on the cashflow in the first two quarters of the financial year.

In the 2019/2020 financial year, the RTMC undertook an organisational structure re-alignment in anticipation of the transfer of functions outlined in Section 18 of the RTMC Act including integration with the Driver Licence Card Account and the Road Traffic Infringement Agency. The re-alignment process was also intended to provide an appropriate operating model for the RTMC to enhance its sustainability. However, the anticipated transfers and integrations did not materialise as anticipated and this resulted in an organisational structure that was not fit for purpose. In the new financial year, the RTMC will review its organisational structure and operational model to ensure that it is lean, efficient, effective and able to improve the quality of services it provides.

The RTMC will also address challenges which have led to the delay in the completion of the construction and renovation of the Boekenhoutkloof Traffic Training College.

Discontinued activities or activities to be discontinued

The Road Transport Inspectorate function, which the RTMC had implemented on an agency basis on behalf of the Cross Border Transport Agency (CBRTA), was transferred back to the CBRTA in the year under review. This was subsequent to the decision of the Department of Transport to undertake a review of transport entities and this process identified a need to re-integrate Road Transport Inspectorate operation back with the CBRTA

Whether SCM processes and systems are in place

The Supply Chain Management Unit has a code of conduct to promote mutual trust, respect and an environment where business can be conducted with integrity, fairness and in a reasonable manner. There is clearly defined segregation of duties to safeguard the integrity of decision-making.

All members of Bid Committees are required to declare their interest and where a potential conflict exists, a member is required to recuse him/or herself from participation in the evaluation and adjudication process.

The RTMC did not have unsolicited bid proposals for the period under review.

Audit report matters in the previous year and how they will be resolved

In the previous financial year, the Auditor General issued 20 findings against the RTMC. Fifteen of the findings have been resolved while five are in progress. The number of findings had declined by nine percent (9%) when compared to the previous financial year. The implementation of action plans to address audit findings is monitored monthly and an annual report on progress made to address audit findings for 2021/22 was submitted to the Department of Transport in the year under review.

Economic viability

The RTMC has a five year strategic plan which has been approved by the Executive Authority. The budget for the 2023/24 medium-term expenditure framework period has been approved together with a revised funding model and approval for the implementation of new revenue streams.

Outlook for the future

The RTMC has commenced with the recovery of millions of rands in licensing fraud within Gauteng. An agreement has been concluded with the provincial Department of Roads and Transport to split the income on a

60% and 40% basis and this initiative will generate income for the RTMC. Steps are underway to conclude similar arrangements with other provincial departments where similar fraud and corruption has been committed.

The implementation of the new funding model and operations of the driving licence testing centres will also alleviate any future threats to the liquidity of the RTMC.

Events within and after the reporting period

The term of the previous Board came to an end in the year under review and a new Board was appointed by the Shareholder Committee.

Changes also occurred at the level of the Shareholder Committee with Mr Fikile Mbalula replaced by Ms Sindisiwe Chikunga as Transport Minister and Chairperson of the Shareholder Committee. Mr Lisa Mangcu was appointed as Deputy Minister. Committee members representing KwaZulu Natal, Gauteng, Western Cape, Mpumalanga, Limpopo, Eastern Cape and Free State were also changed. The South African Local Government Association also changed its nominee on the Committee.

Acknowledgements/appreciations

We acknowledge the pivotal role that the outgoing Board under Mr Zola Majavu has played in guiding the RTMC and pledge our full support to the new Board led by Ms Nomsa Mufamadi in the execution of its oversight responsibilities.

We extend a word of gratitude to Minister Mbalula for his leadership and undertake that we will continue to support the new Minister of Transport Ms Sindisiwe Chikunga and Deputy Minister Lisa Mangcu.

We recognise the important role played by Portfolio Committee on Transport and we pledge our continued co-operation with the committee and its oversight role.

We also thank the management and staff of RTMC for showing extra-ordinary commitment and resilience through this challenging period. The delivery of service and our mandate and efforts to reduce carnage on the roads would not have been possible without the unrelenting commitment of our staff, especially our frontline workers.

We remain committed to our mission to ensure safe, secure and responsible use of roads in South Africa.

Adv Makhosini Msibi
Chief Executive Officer

STATEMENT OF RESPONSIBILITY AND ACCURACY OF THE ANNUAL REPORT

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

N. Mufamadi

N. Mufamadi
Chairperson of the Board
31 July 2023

STRATEGIC OVERVIEW

Vision

The Road Traffic Management Corporation's vision is: "SAFE ROADS IN SOUTH AFRICA"

Mission

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

Values

The RTMC's values emanate from the Constitution of the Republic of South Africa. They emphasise the organisation's commitment to law and order and service delivery.

Education	Enforcement	Engineering
Evaluation	Planning and Coordination	Partnerships

Figure 1: Mission Motive Forces

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

Table 1: RTMC Values

LEGISLATIVE AND OTHER MANDATES

The RTMC is a Schedule 3A Public Entity with the mandate to perform a particular social or economic responsibility of government. The RTMC relies on government funding through a transfer from the revenue fund and statutory money.

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: • Public Transport • Road Traffic Regulation • Vehicle Licensing
Schedule 5	Provides for traffic as a Schedule 5 functional area, however, the Constitution also provides for the national legislative authority over schedule 5 matters under section 44 (2) and the provision of section 76 (1) legislation, all the legislation 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 2: RTMC's Constitutional Mandate

Road Traffic Management Corporation Act (RTMCA)

Parliament approved the RTMCA in 1999 in line with 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 in line with the following objectives:

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 to ensure safety, security, order, discipline and mobility on the roads;
• To protect road infrastructure and the environment through the adoption of innovative practices and implementation of innovative technology;
• To phase out, where appropriate, public funding and phase in private sector investment in road traffic on a competitive basis;
• To introduce commercial management principles to inform and guide road traffic governance and decision-making in the interest of enhanced service provision;

RTMCA OBJECTIVES
• To optimise the utilisation of public funds by:
• Limiting investment of public funds to road traffic services that meet a social or non-commercial strategic objective, and which have poor potential to generate a reasonable rate of return; and by securing, where appropriate, full cost recovery based on the user-pays principle;
• To regulate, strengthen and monitor intergovernmental contact and cooperation in road traffic matters;
• To improve the exchange and dissemination of information on road traffic matters;
• To stimulate research in road traffic matters and effectively utilise the resources of existing institutes and research bodies; and
• To develop human resources in the public and private sectors that are involved in road traffic.

Table 3: RTMC Objectives

Section 18 (1) of the RTMCA states that the Shareholders Committee (SHC) must as part of the organisational structuring of the RTMC, establish as many functional units as are required in accordance with the business and financial plan to ensure effective management of at least the 10 functional areas depicted in Figure 2:

The 10 functional areas are executed as follows:

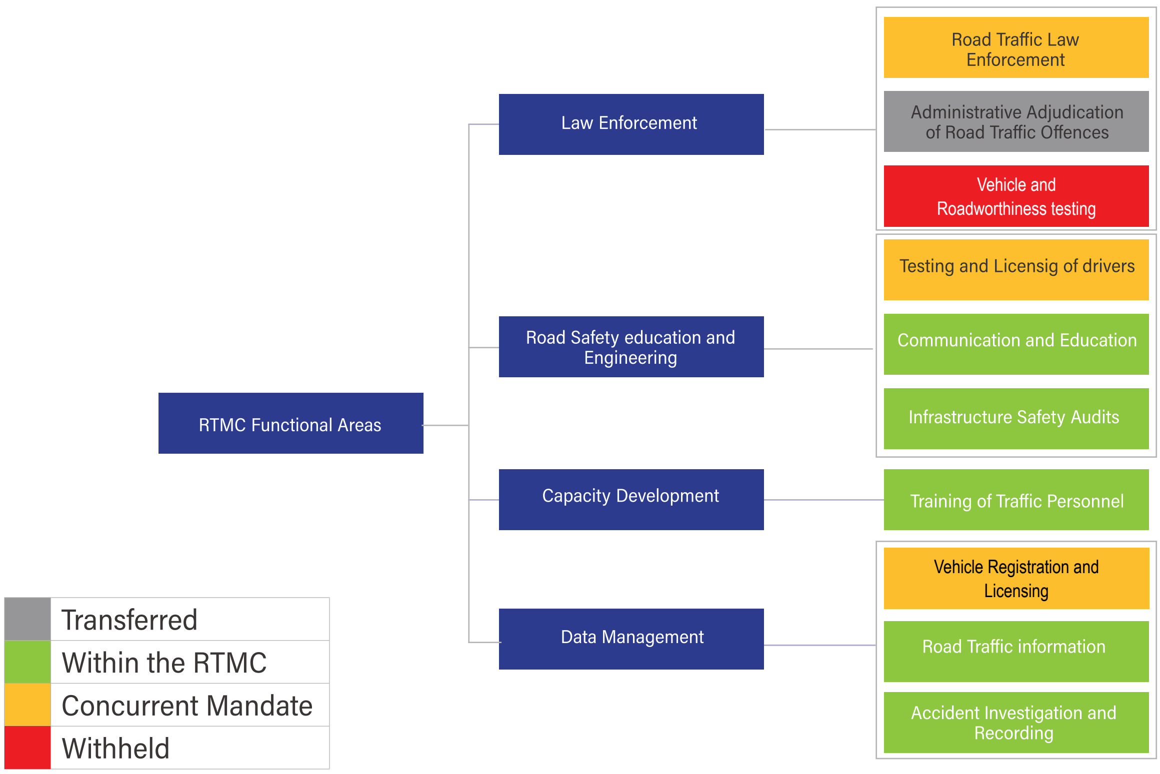


Figure 2: Functions of the RTMC as outlined in Section 18 of the RTMCA

The functional areas are executed as follows:

Functional Area	Current Practice
Road Traffic Law Enforcement	Provincial and local authorities execute law enforcement operations, the RTMC National Traffic Police (NTP) is created to conduct law enforcement operations in the nine provinces. Furthermore, the RTMC is responsible for thought leadership regarding law enforcement in the Republic.
Administrative Adjudication of Road Traffic Offences (AARTO)	The AARTO Act established the Road Traffic Infringement Agency (RTIA) as the agency responsible for the roll out and implementation of the AARTO system. The RTMC is responsible for the training of traffic personnel and the development and maintenance of the National Contravention Register in support of AARTO implementation. The NTP also issues infringements in terms of the AARTO Act. The AARTO function was transferred to the RTIA.
Vehicle and roadworthiness testing	Function is not transferred to the RTMC. The function is conducted by the provinces or municipalities as delegated.
Testing and licensing of drivers	The function is a concurrent function of National and Provincial Spheres of Government, in the 2021/22 financial year, the RTMC for the first time established two Driver Licence Testing Centres (DLTC) which are operationalised through an agency agreement with the Gauteng Province. The RTMC performs the functions on behalf of the province, in endeavour to pilot improved service delivery model, underpinned by efficiency, effectiveness, and extended operating time and days.
Communication and education	The function was transferred to the RTMC and is fully executed in line with the National Road Safety Strategy (NRSS).
Infrastructure safety audits	The RTMC is the custodian of the Road Safety Audit Manual and is driving the professionalisation of the Road Safety Auditor career path. The conducting of the road infrastructure audits is intended to grade our roads and ensure that they are comply to safety standards and not hazardous.
Training of Traffic Personnel	Through the Road Traffic Training Academy, the RTMC implements curricula. Through the Training Norms and Standards function, the RTMC executes the development of training material and provides quality assurance on the training process and assessments.
Vehicle Registration and Licensing	The function is partially fulfilled by the RTMC. The RTMC conducts online Vehicle Registration and Licensing services.
Road Traffic Information	The RTMC is the custodian of Road Traffic Information, which is housed in the National Road Traffic Information System and published periodically.
Accident investigation and recording	The RTMC is responsible for the investigation and recording of crashes, these are conducted in line with the defined criteria relating to major crashes.

Table 4: Status of the 10 Functional Areas

The Department of Transport, Provincial Departments and Local Municipalities, through the RTMC, collaborate in planning, coordination, and facilitation in line with the RTMCA. The CEO undertakes his functions in accordance with Section 29 of the RTMCA:

The functions of the CEO - Section 29 of the RTMCA
a) Manage and control the day-to-day affairs of the RTMC in accordance with the business and financial plan;
b) Undertake, in accordance with this Act and any other legislation concerning road traffic matters, the provision and rendering of road traffic services;
c) Execute any directive of the Shareholders Committee issued in terms of section 13 and report to the Shareholders Committee on the implementation of the directive;
d) Undertake research into road traffic matters;
e) After consultation with the Minister of Finance and every MEC responsible for finance, draw up a governance agreement to be concluded between the Shareholders Committee and the Board on the appointment of the board;
f) Facilitate private sector investment by:
(i) undertaking feasibility and investment studies to ascertain the technical, commercial, and economic viability of projects;
(i) assisting the private sector in preparing business plans to provide equity and loan finance;
(i) assisting potential private investors to ensure compliance with any legal requirements; and
(i) providing the private sector with advice;
g) Promote private sector investment in road traffic by:
(i) the establishment of investment helplines to assist potential investors;
(i) the publication of investment-related publications;
(i) holding national or localised conferences;
(i) organising investment contact visits;
(i) initiating contacts with other Ministries, Departments, state-owned enterprises, investment promotion centres and related parties;
(i) collecting, updating and disseminating appropriate promotional and facilitator information; and
(i) any other appropriate method;
h) Report to the Shareholders Committee:
(i) on the level and scope of performance of the RTMC in terms of the 5-year business and financial plan;
(i) on the impact of investment contracts contemplated in section 37 and performance contracts contemplated in sections 15(4) and 19(4); and
(i) subject to section 38(2) on whether a private sector entity is better suited to perform the function envisaged in a public contract;
i) Perform the functions assigned to him or her by the Shareholders Committee and the Board on its appointment;
j) Assign functions to the managers of functional units if authorised thereto by the Shareholders Committee in terms of section 28(2)(u);
k) Exercise and perform all the powers and duties conferred or imposed by this Act or by any other law: and
l) Exercise and perform all the powers and duties incidental to the abovementioned powers and duties.

Table 5: Functions of the CEO

National Road Traffic Act (NRTA)

The 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 consolidates land transport functions and locate them in the appropriate sphere of government.

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

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

Criminal Procedures Act 51 of 1977 (CPA)

The purpose of the 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 process in criminal prosecutions. A Traffic Officer is appointed as a peace officer as per section 334(2) (A) of the CPA, which contains schedules of offences that a peace officer may impose.

Protection of Personal Information Act 4 of 2013 (POPIA)

The purpose of the POPIA is to promote the protection of personal information processed by public and private bodies. It introduces certain conditions to establish minimum requirements for processing personal information.

Other Applicable Legislation

Legislation	Context
Public Service Act of 1994, as amended, and applicable regulations	This Act forms the basis of national and provincial planning and reporting and promotes integrated planning. Chapter II (3) (1) of the PSA states that the Minister of Public Service and Administration is responsible for establishing the norms and standards relating to transformation, reform, innovation and any other matter to improve the effectiveness and efficiency of the public service and its service delivery to the public.
Public Finance Management Act 1 of 1999 and applicable regulations	The PFMA also provides the basis for reporting against predetermined objectives as explained in the approved plans of the RTMC. Section 27 (4) of the PFMA provides the basis for the development of measurable objectives which must be included in national and provincial institutions' annual budgets. • Section 38 (d) of the Act states that the Accounting Officer is responsible for managing, safeguarding and maintaining a department or entity's assets and liabilities. • Sections 38 (a) (iv) and (c) (iii) provide the basis for systems that properly evaluate all major capital projects before a final decision on the project is made and that manage available working capital efficiently and economically. • Section 51 (b) must take effective and appropriate steps to: (i) collect all revenue due to the public entity concerned; (ii) prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity; and (iii) manage available working capital efficiently and economically. • Section 51 (c) is responsible for the management, including the safeguarding, of the assets and for managing the revenue, expenditure and liabilities of the public entity.

Legislation	Context
Statistics Act, 1999	The Statistics Act provides the basis for planning, producing, analysing, documenting, storing, disseminating, using official and other statistics. These statistics help organs of state, businesses, other organisations, and the public with planning, decision-making and monitoring or assessing policies. Using official statistics strengthens the quality of government and institutional short- and medium-term plans.
Spatial Planning and Land Use Management Act, 2013	The Act is intended to help ensure South Africa achieve its goals of spatial justice, spatial sustainability, efficiency, spatial resilience, and good administration. The Act establishes mechanisms for negotiating spatial conflicts, issuing guidelines and monitoring compliance. Although it does not deal directly with the fragmentation of the spatial planning function, it introduces a new approach to spatial planning that can be refined and linked to overall long-term planning. Embedding spatial planning within the comprehensive planning system is critical.
Promotion of Equality and Prevention of Unfair Discrimination Act, 2000	Promotion of equality, non-racialism and non-sexism and unfair discrimination in line with Sections 9 and 10 of the constitution.

Table 6: Other applicable legislation

Institutional Policies and Strategies

The Department of Transport (DOT) directs traffic and road safety policy and legislation. However, the policy formulation is also done at a regional level and according to global norms. Figure 3 below provides more information.

Figure 3: Road Safety Policies/Instruments

Global Policy Instruments - Sustainable Development Goals

The RTMC's road safety responses are underpinned by two crucial global policy instruments: the Sustainable Development Goals (SDGs) and the Global Plan for the Decade of Action for Road Safety. The SDGs were developed in 2015 in Paris as a response to the global community's development challenges. There was acceptance globally that road safety is directly linked to Health and Sustainable Cities and Communities Goals.

Figure 4: Sustainable Development Goals

Road Safety was included in the development agenda in 2015, following increased international attention to road safety challenges. The following two road safety targets have been included in the 17 goals:

Goal	Road Safety Target
	Halve the number of global deaths and injuries from road traffic accidents by 2020.[1]
	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 by 2030.

Table 7: Road Safety Sustainable Development Goals and Targets

Decades of Action for Road Safety

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

First Decade of Action for Road Safety

11 May 2011 saw the launch of the United Nations Decade of Action for Road Safety 2011-2020 (UNDA). The global plan laid out a programmatic action blueprint to reduce road traffic fatalities.

Figure 5: First Decade of Action for Road Safety 2011-2020

The Plan for the Decade of Action for Road Safety 2011-2020 provides guidelines on the approach that can be deployed to reduce road fatalities. The table outlines the pillars of the Decade of Action for Road Safety and activities that should be undertaken to reduce road crash fatalities and serious injuries.

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

Table 8: The five pillars of the first decade of action

Second Decade of Action for Road Safety (2021-2030)

Launched in August 2020 by the United Nations General Assembly, resolution 74/299, the second Decade of Action for Road Safety builds on the previous decade's gains to promote a coordinated effort towards sustaining the attainment of road safety goals. The decade seeks to reduce global road injuries and deaths from 2021 to 2030 by at least 50%, using 2020 as a baseline year. The supporting global plan for road safety was launched in the 2021/22 financial year and guides the implementation of plans towards attaining road safety global goals.

Figure 6: Second Decade of Action for Road Safety 2021 – 2030

Role as a lead agency

As part of the process of intensifying the participation of South Africa in the global agenda, 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 the lead agency on road safety, has specific roles and responsibilities as outlined in the Global Plan for Road Safety which are stated below:

- 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 national campaigns to reach as many people as possible;
- Determine norms and standards for road safety and traffic personnel; and
- Increase private sector participation.

Regional Policy Instruments – Africa Agenda 2063

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 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; and
- An Africa that is a strong, united, and influential global player and partner.

The *2007 Ministerial Round Table - African Road Safety Conference* was held in Ghana. The conference declared road safety as a health, transportation, enforcement, educational, and development priority and encouraged member states to reduce the causes substantially 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 and adopt the Decade of Action global plan approach to address the increasing road trauma.

Local Policy Instruments

The developments of the strategic imperatives of the RTMC are informed by the key priorities of government adopted through the Cabinet. The following plans and strategies apply:

National Road Safety Strategy 2016-2030

The National Road Safety Strategy developed for 2016-2030 is a product of national and international road safety policy and was approved by Cabinet in March 2017. The purpose of the NRSS is to reduce fatalities and crashes on the country's roads through effective action by all South Africans led by the RTMC. The NRSS's 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. These are (1) Road User Behaviour, (2) Effective Leadership, Management and Coordination (3) Data and Knowledge Management and (4) Road Infrastructure and Design. The responsibility for implementation of the NRSS is shared across several key road safety entities and stakeholders.

The Vision fo the the National Road Safety Strategy: "Safe and secure roads"
The Mission of the National Road Safety Strategy: • Reducing the number of fatal and serious crashes in South Africa by 50% from the 2010 base by 2030 • To ensure safety on our roads, promote responsible road usage and to save lives. • To ensure an acceptable level of quality in road traffic management, with emphasis on road safety, with specific focus on the South African rural and urban road network

Figure 7: Strategic Vision and Mission of the NRSS

National Road Traffic Law Enforcement Code (NRTLEC)

The National Road Traffic Law Enforcement Code (NRTLEC) has been developed and seeks to integrate and harmonise the road traffic law enforcement environment. The Code aims to standardise norms and standards, provide for strategic direction and goal setting, 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.

National Development Plan (NDP)

The NDP seeks to write a new story for South Africa by outlining the vision for 2030. The below priorities 8, 10 and 12 are closely linked to the mandate of the Corporation:

NDP Priority 8 (Health Care for All)

The NDP sets out a target to reduce 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:

Vehicle driver behaviour	Roadworthiness of vehicles	Alcohol and substance abuse	Weakness in law enforcement

Figure 8: NDP Factors

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

NDP 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 preve
ntion and security cluster".

NDP Priority 12 (Fighting Corruption)

The NDP recognises corrupt practices as a phenomenon where clear and decisive action must be taken, where the rule of law and compliance must be upheld. High levels of corruption, especially within the traffic fraternity, negatively affect 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 (MTSF)

The MTSF is one of government's key means of annually tracking progress towards achievement of the NDP 2030. As a result, the RTMC's Strategic Plan (SP) and Annual Performance Plan (APP) were aligned with the MTSF to enable its implementation. In the current strategic cycle, informed by the COVID-19 pandemic outbreak and the declaration of a National State of Disaster on 15 March 2020, the MTSF was revised. The main revisions considered:

- Reprioritisation of plans and budgets in response to the pandemic, which had a devastating impact on the health, social and economic aspects of the lives of South Africans.
- Measures related to the R500 billion relief package as unveiled in the supplementary budget.
- The Economic Reconstruction and Recovery Plan (ERRP) launched on 15 October 2021, which sought to restore economic growth and employment.

The 2019-2024 MTSF outlines seven Priorities shown in Figure 9 below:

Priority 1: Capable, Ethical and Developmental State

Priority 2: Economic Transformation and Job Creation

Priority 3: Education, Skills and Health

Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services

Priority 5: Spatial Integration, Human Settlements and Local Government

Priority 6: Social Cohesion and Safer Communities

Priority 7: Better Africa and World

Figure 9: MTSF Priorities

Out of the seven priorities identified by the MTSF. The RTMC is closely aligned with Priority 1 and Priority 6. The RTMC gives effect to these by positioning itself as a high-performing capable state organ aligned to its mandate and endeavours for safer communities.

MTSF Priority 1: Capable, Ethical and Developmental State

Emphasis on the public sector, economy and broad state has centred on the country's developmental priorities. The Medium-Term Strategic Framework Priority 1: Capable, Ethical and Developmental State classifies the priority as follows.

CAPABLE STATE	ETHICAL STATE	DEVELOPMENTAL STATE
A 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.	An ethical state is drvien by the constitutional values and principles of public administration and the rule of law, focused on the progressive realisation of socio-economic rights and social justice outlined in the Bill of Rights.	An ethical 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 and society.

Figure 10: MTSF Capable State Dimensions

MTSF Priority 3: Education, Skills and Health

The MTSF envisages improved post-school education and skills training targeting young people not in employment or the school/education system. The notable barrier to entry in this regard is funding for post school education which requires collaboration between all key players in education and training.

MTSF Priority 6: Social Cohesion and Safer Communities

Through its operations in Law Enforcement, Communication and Education as well as system integrity, the ultimate objective as per the vision is to create a safer road environment in South Africa, responding to the Social Cohesion and Safer Communities priority which acknowledges the need to:

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

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 five key priorities have been identified which will guide the effort of the sector:

Safety as an enabler of service delivery
Public transport that enables social emancipation and an economy that works
Infrastructure build that stimulates economic growth and job creation
Building a maritime nation, elevating the oceans economy; and
Accelerating transformation towards greater economic participation.

Figure 11: DOT Priorities

The RTMC aligned its key strategic deliverables to the following DOT priorities:

Priority	Description
Priority 1	Stipulates the roll-out of the 365-days action agenda, which aims 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 7-day, 24-hour job.
Priority 5	The transformation agenda of the transport sector must focus on contributing. to broad-based black economic empowerment, skills development, and the growth of small, medium, macro enterprises and co-operatives, with a particular bias towards township, dorpie and rural economies.

Table 9: DOT Priorities Alignment

ORGANISATIONAL STRUCTURE

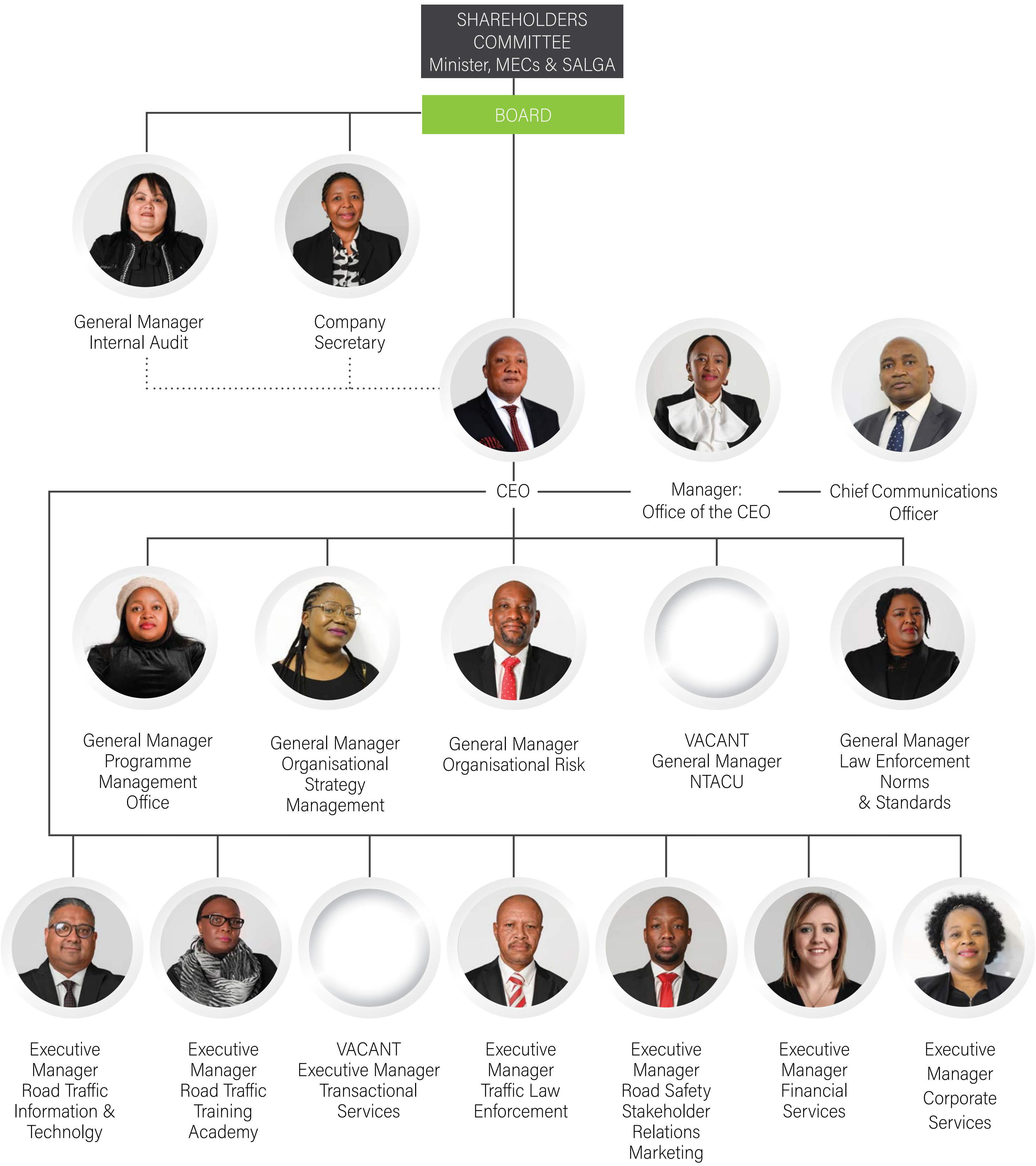


Figure 12: RTMC Organisational Structure [1]

1 Vacant Positions: Executive Manager: Transactional Services and General Manager: NTACU

EXECUTIVE TEAM

Adv. Makhosini Msibi
Chief Executive Officer

Vacant
Executive Manager:
Transactional services

Kevin Kara-Vala
Executive Manager:
Road Traffic
Information and Technology

Liana Moolman
Executive Manager:
Financial Services

Thabiso Ndebele
Executive Manager:
Road Safety,
Stakeholder Relations
Management &
Marketing

Stephen Podile
Executive Manager:
Road Traffic
Law Enforcement

Nompumelelo Ramutle
Executive Manager:
Corporate Services

Ntombizodwa Mobeng
Executive Manager:
Road Traffic
Academy

Programme Management Structure

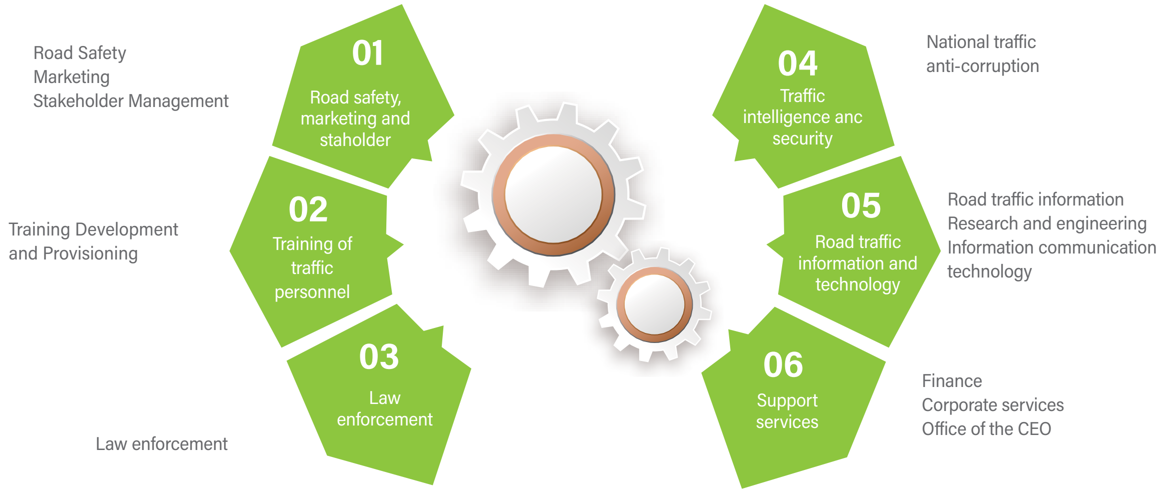


Figure 13: Programme Management Structure

Positions Reporting to the CEO

Name	Designation	Sub-Programme
Executive Management		
Mr Thabiso Ndebele	Executive Manager: Road Safety Stakeholder Relations Management	Road Safety, Stakeholder Management, Marketing
Ms Ntombizodwa Mobeng	Executive Manager: Road Traffic Training Academy	Training of Traffic Personnel
Mr Stephen Podile	Executive Manager: Traffic Law Enforcement	Law Enforcement
Mr Kevin Kara-Vala	Executive Manager: Road Traffic Information and Technology	Road Traffic Information Research and Engineering Information Communication Technology
Ms Liana Moolman	Executive Manager: Financial Services	Financial Services
Ms Nompumelelo Ramutle	Executive Manager: Corporate Services	Human Resources
Office of the CEO		
Ms Daphline Ewertse	General Manager: Internal Audit	Internal Audit
Ms Refilwe Mongale	General Manager: Organisational Strategy Management	Strategy Management
Mr Kagiso Kgosiemang	General Manager: Organisational Risk Management	Risk Management
Ms Nontsikelelo Jolingana	General Manager: Law Enforcement Norms and Standards	Law Enforcement Norms and Standards
Ms Motselisi Juma	General Manager: Programme Management Office	Programme Management
Ms Sigidikazi Petse	Company Secretary	Company Secretariat
Ms Ntombizodwa Mnguni	Manager: Office of the CEO	National Traffic Anti-Corruption Unit
Mr Simon Zwane	Chief Communications Officer	Communications

Table 10: Positions reporting to the CEO

Performance Information

AUDITOR-GENERAL'S REPORT: PRE-DETERMINED OBJECTIVES

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

The performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the approved strategic plan (2020 – 2025) and annual performance plan (2022/2023) of the RTMC for the year ended 31 March 2023.

The audit conclusion received from the Auditor-General South Africa on the performance against predetermined objectives is included in the audit report under predetermined objectives of the audit report on pages 122 to 130.

OVERVIEW OF PUBLIC ENTITY'S PERFORMANCE

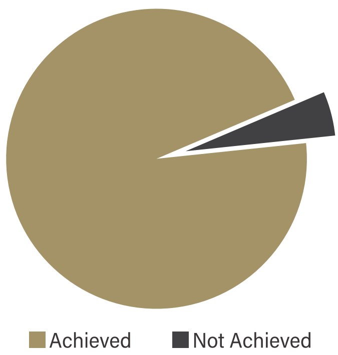
Summary Performance

In the year under review, the RTMC planned for 19 targets, 18 were achieved, one target was not met; translating to a 95% achievement overall organisational performance. A downward revision of Information Communication Technology (ICT) targets was processed during the year. The Executive Authority granted approval the in-year change to the APP ICT targets. The change impacted two targets relating to digitisation at service centres.

Four targets on law enforcement interventions, road traffic inspections, self-initiated fraud and corruption cases and digitisation of vehicle testing stations were overachieved. The performance objective relating to revenue was not achieved. There is no performance variation compared to the previous financial year, where 95% of targets were achieved, bringing a consistent 95% performance over the two-year period. The performance summary for the 2022/2023 year is depicted below:

Number of Targets	19
Annual targets due	19

Achieved	18
Not achieved	1



Item	Programme 1: Operations	Programme 2: Training of Traffic Personnel	Programme 3: Law Enforcement	Programme 4: Traffic Intelligence & Security	Programme 5: Road Traffic Information and Technology		Programme 6: Support Services				
Status	Road Safety	Training of Traffic Person-nel	National Traffic Police	National Traffic Anti Fraud and Corruption	Research & Develop-ment	Road Traffic Infor-mation	Human Resour-ces	Financial Stability	Legal Services	Com-muni-cations	Risk Manage-ment
On Target	1	3	0	1	2	2	1	1	2	1	1
Below Target	0	0	0	0	0	0	0	1	0	0	0
Above Target	0	0	2	1	0	0	0	0	0	0	0
Completed	0	0	0	0	0	0	0	0	0	0	0
Not Planned	0	0	0	0	0	0	0	0	0	0	0
Total	1	3	2	2	2	2	1	2	2	1	1

Figure 14: Summary Performance

Service Delivery Environment

Heightened Road Safety Campaigns

Heightened campaigns are informed by high traffic volumes and an increase in road crashes and fatalities, this mostly occur during the festive, easter and any other period characterised by high traffic volumes in line with the 365 Day Road Safety approach. Road safety campaigns are intensified to support safer journeys. Some of the highlights for the period are described below.

2022 Easter Period Campaign

The Easter period is an annual long weekend starting from Friday to Monday. The 2022 Easter period was from the 15th to the 18th of April 2022. The Easter weekend holidays are characterised by the mass movement of people from different religious denominations, holidaymakers, tourists and migrant workers. As a result, this period experiences typically high demand for long-distance travelling through public and private transport modes. The demand for road transportation of goods and passengers across the length and breadth of the country, including SADC countries, also increases.

The statistical announcement of the Easter performance was undertaken on the 28 April 2022. The 2022 Easter period, fatal crashes decreased by 30% compared to the previous Easter period, from 222 to 156 fatal crashes. All the provinces recorded a decrease in this regard. Fatalities decreased by 32%, from 270 in 2021 to 184 in 2022. Only Western Cape recorded an increase of 41%; this is due to a major crash that resulted in 12 fatalities.

Number of Fatalities per Province										
Year	EC	FS	GP	KZN	LI	MP	NC	NW	WC	RSA
2021	32	12	41	63	45	20	8	20	29	**270**
2022	26	9	27	22	25	14	4	16	41	184
Change	-6	-3	-14	-41	-20	-6	-4	-4	12	-86
% Change	-19	-25	-34	-65	-44	-30	-50	-20	41	-32

Table 11: Number of Fatalities per Province

Heritage Month

September is commemorated annually as Heritage month across the country, and it is characterised by increased traffic activities impacting road safety. During the month, a campaign aimed at promoting sharing of roads was rolled out. It promoted safe road usage by all road users. The 2022 Heritage weekend between 23 and 26 September, fatalities reduced from 193 in 2021 to 167 in 2022:

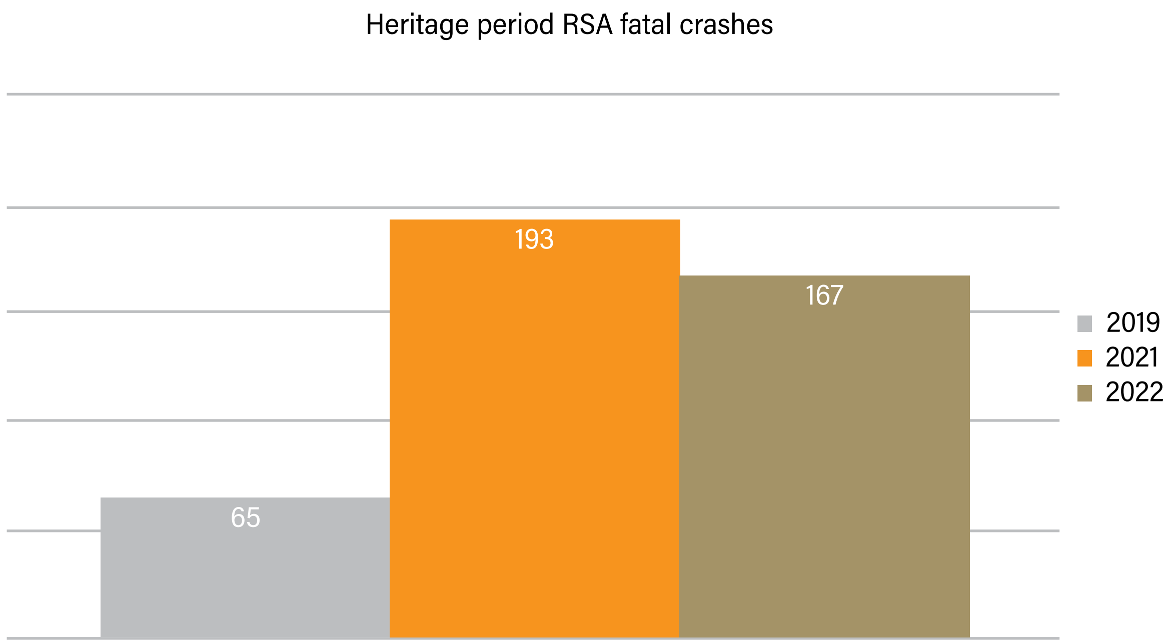
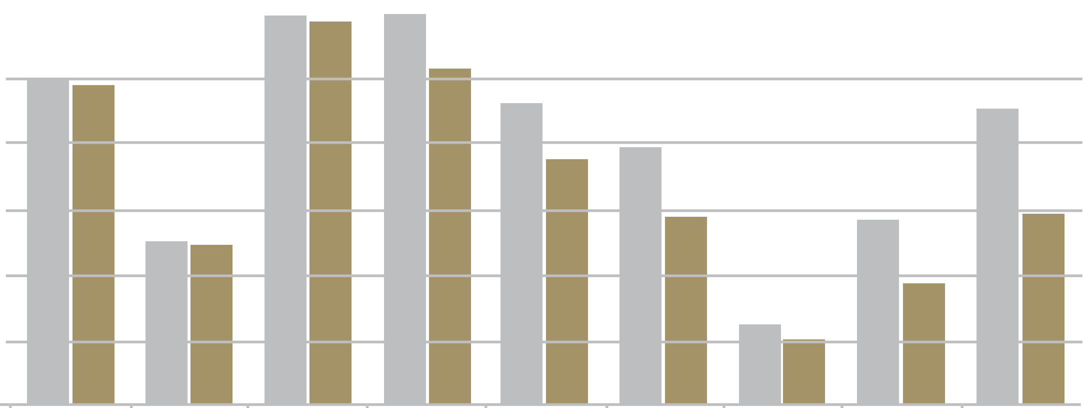


Figure 15: Heritage Period Fatal Crashes

2022 Festive Season Campaign

The 2022/2023 festive period entailed heightened education and law enforcement initiatives, and the road safety statistical release took place on 17 January 2023. Fatalities for the period reduced by 15,7% from 1 850 in 2021 to 1 560 in 2022. The Figure below shows fatalities per province:

Fatalities per province



	EC	FS	GP	KZN	LP	MP	NC	NW	WC
2021	252	129	299	301	233	199	64	144	229
2022	248	125	295	258	191	146	53	95	149

Figure 16: 2022 Festive Season Fatalities Per province

2022 October Transport Month

The October Transport Month is a period where several transport flagship projects are launched alongside awareness initiatives on the implementation of transport priorities in the country; the RTMC led and supported several of these initiatives. To embrace the spirit of cooperation and participation in road safety, the National Road Safety Indaba was held between 06 and 07 October 2022 and it was hosted by the Minister of Transport. In attendance was MECs, CEOs of different Transport entities, various provincial representatives and stakeholders from different industries. The purpose of the Road Safety Indaba was to formulate immediate and short- to medium-term interventions in addressing Road Safety in support of the implementation of the NRSS 2016-2030.

Corporate governance

The previous Board's term ended in the year under review, and a new Board was duly appointed by the Shareholders Committee.

Corporate Citizenship

In April 2022, the KwaZulu-Natal province was plagued by flood disasters that destroyed homes and resulted in injury and loss of life, creating a disaster in the province. The RTMC, in its Corporate Social Responsibility programme, exercised corporate citizenship by working with the DoT to support the people of KwaZulu-Natal.

The RTMC also marked Nelson Mandela Day on 19 July 2022 in Katlehong, Johannesburg. This provided an opportunity to reach out to communities in commemorating former President Nelson Mandela by impacting the less privileged. This also allowed promoting road safety.

Commemoration of National Events

Women's Day Commemoration events were held at Pretoria/Tshwane Hall and Denel Traffic College on the 26th and 29th of August 2022, respectively. This provided an opportunity to reflect and highlight gender-related issues impacting women, which included the importance of women's socio-economic advancement and professional and personal growth. Women in Law Enforcement amplified the importance of commemorative events by campaigning against gender-based violence.

International Developments

The United Nations High-Level Meeting on Improving Global Road Safety was held between 30 June and 01 July 2022 in the United States of America under the theme "The 2030 horizon for road safety: securing a decade of action and delivery". The meeting resulted in a political declaration which can be accessed on the following link: https://www.un.org/pga/76/wp-content/uploads/sites/101/2022/05/Final-draft-PD-on-road-safety-23-May-2022-1.pdf

Graduation and Pass Out Parade of the 21st Century Cadre

The professionalisation of traffic personnel remain a pivotal strategic deliverable of the RTMC. The first cohort of traffic trainees and road safety practitioners completed their NQF 6 traffic qualifications. A graduation ceremony to mark the landmark completion of the NQF Level 6 Traffic Officer and Road Safety Officer qualification was held on 30 March 2023 at the Denel Campus in Kempton Park, followed by a Pass Out Parade for Traffic Officers on 31 March 2023 in Atteridgeville, Pretoria.

Transfer of the Road Transport Inspectorate function to CBRTA

During the year under review, the RTI function, operated as a sub-programme under Law Enforcement. The RTI function was transferred back to the CBRTA on 31 March 2023. The relationship between the RTMC and C-BRTA was governed through an agency agreement that was also revoked. The transfer process was guided through a steering committee comprising both entities to ensure a smooth transition.

Organisational Environment

Introduction of new revenue streams

The RTMC has seen developments towards generating new revenue streams to become self-sustainable. Most of the RTMC's revenue is generated from non-exchange transactions, including transaction fees, infringements, and government grants. The RTMC has been able to implement some of the revenue streams as approved by the DoT and National treasury (NT). During the implementation process some challenges were experienced in implementing change of ownership, resulting in a need to review the gazetted amount.

Support for the National Road Safety Strategy Implementation and Adoption of the Safe System approach

Stakeholder Management is a key focus area for the RTMC in ensuring delivery of outputs. Implementing the stakeholder management strategy ensures that all echelons of society participate and advocate for a more road safety-conscious society. That collaboration within the sector can and results in speedy and quality delivery of products and services. The RTMC continues to intensify its stakeholder participation efforts in realising a participatory environment and high-performing organisation. There are several guiding assumptions and principles to the road safety safe system approach which are included in the National Road Safety Strategy:

- **People make mistakes:** Humans will continue to make mistakes, and the road transport system must accommodate these. The road transport system should not result in death or serious injury because of road error.
- **Human physical frailty:** There are known physical limits to how much force our bodies can take before we are injured.
- **A 'forgiving' road system:** A Safe System ensures the forces in collisions do not exceed the limits of human tolerance. Speeds must be managed so humans are not exposed to impact forces beyond their physical tolerance. System designers and operators need to consider the limits of the human body in designing and maintaining roads, vehicles, and speeds.

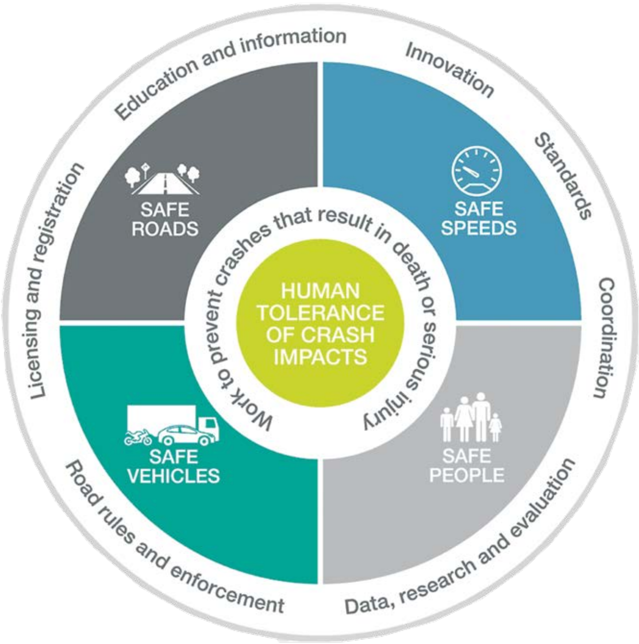


Figure 17: A Safe System Approach to Road Safety

All key role players in the public and private sectors are to collaborate in ensuring unity of effort on road safety matters. The RTMC continues to monitor the implementation of the NRSS.

Transfer of remaining functions and consolidation of RTMC Mandate

The RTMC has been operating without the complete transfer of its ten functional areas from Provinces; these are licensing and testing of drivers, vehicle and roadworthiness testing and vehicle registration and licensing. The RTMC is still awaiting the transfer of the functions from the DoT as resolved by the Shareholders Committee. This has limited the ability to provide full accountability on end-to-end services on road traffic services.

Fraud and Corruption

The RTMC has adopted an internal and external approach to curbing fraud and corruption. The NTACU consistently records the attainment of performance objectives; in this context, the programme also attains positive news coverage, which yields positive spins offs for deterrence and improved public perceptions.

Implementation of a 24/7 Shift System Across Authorities

Implementing a 24/7 shift system remains critical in ensuring the visibility of traffic law enforcement on South African roads. The State of Road Safety Report shows that weekends and night-time are critical times for law enforcement officers to be on the roads:

TIME-SLOT	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
00:00 - 01:00	1,6%	0,6%	0,3%	0,3%	0,3%	0,3%	1,0%
02:00 - 02:00	1,3%	0,4%	0,1%	0,1%	0,1%	0,2%	1,0%
02:00 - 03:00	1,2%	0,4%	0,2%	0,1%	0,1%	0,2%	0,8%
03:00 - 04:00	0,9%	0,5%	0,2%	0,1%	0,1%	0,2%	1,0%
04:00 - 05:00	0,8%	0,4%	0,2%	0,1%	0,1%	0,3%	0,9%
05:00 - 06:00	0,8%	0,6%	0,4%	0,3%	0,4%	0,3%	0,7%
06:00 - 07:00	0,7%	0,6%	0,5%	0,5%	0,5%	0,5%	0,6%
07:00 - 08:00	0,6%	0,6%	0,5%	0,4%	0,4%	0,5%	0,4%
08:00 - 09:00	0,5%	0,4%	0,2%	0,2%	0,3%	0,5%	0,6%
09:00 - 10:00	0,4%	0,2%	0,3%	0,3%	0,2%	0,3%	0,6%
10:00 - 11:00	0,5%	0,3%	0,3%	0,2%	0,4%	0,3%	0,5%
11:00 - 12:00	0,5%	0,3%	0,3%	0,2%	0,2%	0,4%	0,6%
12:00 - 13:00	0,5%	0,3%	0,3%	0,3%	0,3%	0,5%	0,7%
13:00 - 14:00	0,5%	0,4%	0,4%	0,3%	0,4%	0,5%	0,7%
14:00 - 15:00	0,7%	0,4%	0,5%	0,4%	0,5%	0,8%	0,7%
15:00 - 16:00	0,8%	0,8%	0,5%	0,4%	0,5%	0,8%	0,9%
16:00 - 17:00	1,2%	0,6%	0,5%	0,6%	0,5%	0,6%	0,9%
17:00 - 18:00	1,1%	0,6%	0,8%	0,7%	0,8%	1,1%	1,3%
18:00 - 19:00	1,7%	0,7%	0,7%	0,6%	0,9%	1,3%	2,1%
19:00 - 20:00	2,1%	0,8%	0,5%	0,5%	0,3%	1,3%	2,7%
20:00 - 21:00	1,6%	0,7%	0,3%	0,5%	0,5%	1,2%	2,0%
21:00 - 22:00	1,1%	0,5%	0,4%	0,3%	0,5%	1,0%	1,9%
22:00 - 23:00	0,7%	0,4%	0,3%	0,4%	0,4%	0,9%	1,2%
23:00 - 24:00	0,7%	0,3%	0,2%	0,2%	0,3%	0,7%	1,1%

Table 12: Fatalities per time of day and day of week

In prior periods, the RTMC developed a model for implementing a 24/7 shift system for traffic officers, which would correlate with the time of day and day of week injuries and fatalities. Stakeholder engagements with provinces on adopting and implementing the principle are on-going. The approach involves a phase in implementation with a specific focus on hazardous locations where resources do not permit implementation across the board.

Key Policy developments and legislative changes

There were no major changes to relevant policies and legislation during the year under review.

PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

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

Impact	Outcome	Outcome Indicators	Baseline	Five-Year Target
Safe Mobility on SA Roads	Reduce Road Fatalities	Number of Road Fatalities	12,921	9,960 (-3,231)
	High Performance Organisation	External Stakeholder Satisfaction Survey	68%	80%+
		Internal Stakeholder Satisfaction Survey	55%	80%+

Table 13: Outcome Indicator Development

Reduction of Road Fatalities

Comparing road fatalities between 2021 and 2022 shows a decline of 0,8% (from 12 541 in 2021 to 12 436 in 2022). Forty-three percentage (43%) of road user fatalities are pedestrians. Male fatalities account for ¾ of total road fatalities. Death of children between 0 to 14 years account for 10,2% of fatalities and 41,4% for the age group 25 to 39. 60,8% of road fatalities occur over weekends (Friday to Sunday).

The strategic target of reducing road traffic fatalities is 25% over a five-year period, using 2018 fatalities as a baseline. On 31 December 2022, fatalities had decreased to 12 436, a reduction of 485, translating to a 3,7% decline between 2018 and 2022. Year-on-year performance is as follows:

Year	Number of fatalities	Performance in fatalities over strategic period
2018	12 921	Strategic period baseline
2019	12 503	418 less fatalities, 3,2% reduction
2020	9 969	2 952 less fatalities, 22,8% reduction
2021	12 545	376 less fatalities, 2,9% reduction
2022	12 436	485 less fatalities, 3,7% reduction

Table 14: Strategic Outcome Indicator Performance 2018 – 2022

The graph below depicts the outcome indicator performance against the National Road Safety Strategy (NRSS) target from 2016 to 2022:

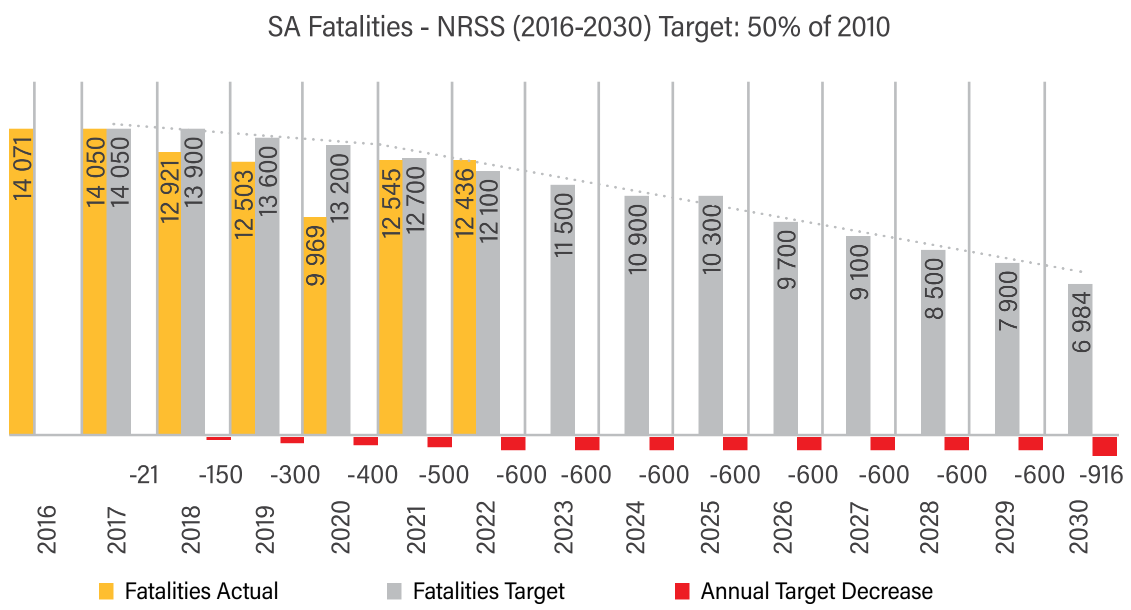


Figure 18: Progression Towards NRSS Targets

High Performing Organisation

The creation of the RTMC was envisaged as a coordinating body to enhance the overall quality of road traffic services and to ensure safety, security, order, discipline, and mobility on South African roads. With a vision of providing safer roads, the RTMC drives strategic projects that cut across, amongst others, Road Safety, Law Enforcement, Road Traffic Training and Road Traffic Information. As such, the external stakeholder relations need to be positive, well managed and at the very least, enablers for key strategic projects and initiatives to improve the lives of South Africans and services rendered to the public.

RTMC strives for an organisational culture of integrity, teamwork, professionalism, and respect. As part of building a high performing organisation, during the period under review, two surveys were conducted, namely an external and internal stakeholder satisfaction survey.

External stakeholder satisfaction survey

An external stakeholder survey was undertaken in the second quarter of the 2022/23 financial year, focusing on key stakeholders that engage with the RTMC on various focus areas. The research approach used to determine the external stakeholder satisfaction baseline was a mixed method, where quantitative and qualitative data were collected and analysed. The baseline external satisfaction score is 68%.

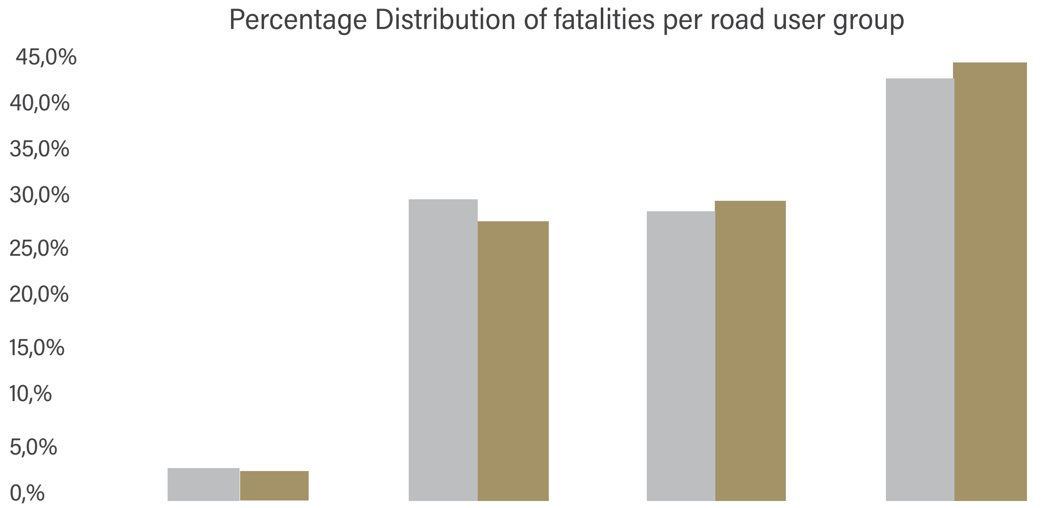
Internal stakeholder satisfaction survey

An internal satisfaction survey focuses on the internal perspective through the lens of employees. The feedback from surveys will assist the RTMC to gain a deeper understanding of how satisfied employees are with the benefits, salaries, and internal communication. This will aid in the development and implementation of talent management initiatives. The internal stakeholder satisfaction survey baseline is 55% and the 2024/25 target is 80%+.

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Programme 1: Road Safety, Stakeholder Management and Marketing

The strategic focus of Road Safety, Stakeholder Management and Marketing is cemented on the collaborative execution of campaigns in line with the mandate of the RTMC, which exists as a partnership between the three spheres of government. Campaigns are designed to target vulnerable groups; the Figure below shows the percentage distribution of fatalities per road user group:



	Cyclist	Driver	Passenger	Pedestrian
2021	1,4%	28,9%	28,1%	41,5%
2022	1,4%	26,8%	28,8%	43,0%

Figure 19: Fatalities per road user group

The Programme strategic mandate of forging relationships is in response to the clear directive of road safety as a matter of societal concern. The Programme is directly linked to the functional area relating to Communication and Education and Sub-Programmes are as follows:

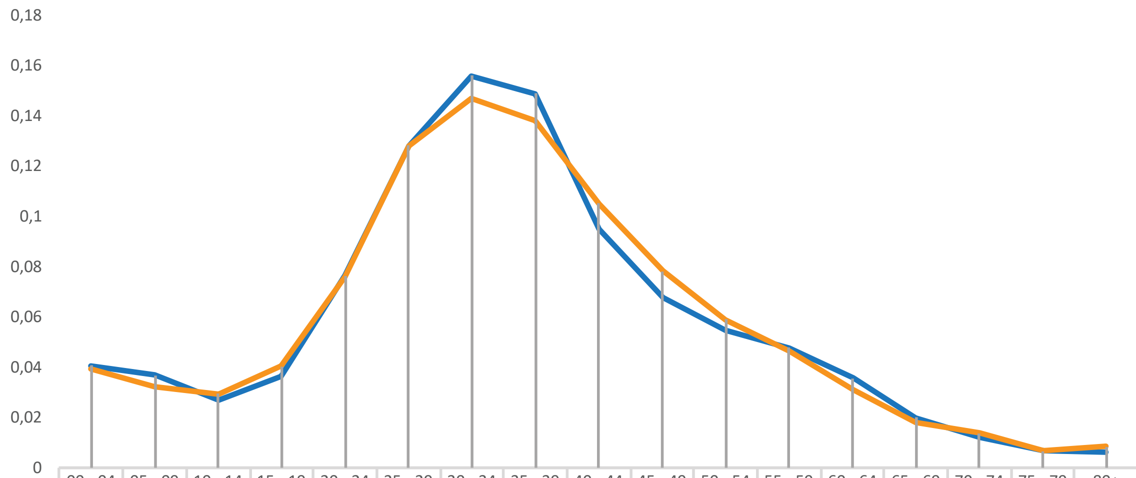
Sub-Programme	Purpose	Link to Institutional Outcomes
Road Safety	To communicate and educate on road safety in the Republic	Reduced road fatalities
Marketing	To market road safety campaigns and the RTMC value offering to the public	High performing organisation
Stakeholder Management	To develop, maintain and monitor stakeholder relations in support of the mandate of the RTMC	

Table 15: Road Safety, Marketing and Stakeholder Management Sub-Programmes

Youth programme

The youth programme seeks to be responsive to road traffic data, which indicates that young people are mainly vulnerable to road crashes. The Figure below shows that the most significant proportion of fatalities are within the age group 25 to 39, totalling 41,4% of all fatalities.

Fatalities per age group



	00 - 04	05 - 09	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	55 - 59	60 - 64	65 - 69	70 - 74	75 - 79	80+
2021	0,04089	0,03707	0,02726	0,03681	0,07681	0,12839	0,15616	0,14915	0,09527	0,06789	0,05464	0,04789	0,03579	0,02012	0,01248	0,00675	0,00662
2022	0,03949	0,03259	0,02961	0,04057	0,076	0,12847	0,14699	0,1382	0,10521	0,07857	0,05923	0,04638	0,0311	0,01812	0,01393	0,00676	0,00879

Figure 20: Percentage distribution of fatalities per age group for 2021 - 2022

Targeted programmes for youth are developed as a response mechanism as informed by the data. The RTMC monitors programme implementation by Provinces and initiates complementary programmes. In the second quarter of the year, a youth programme monitoring report was developed, and 177 Youth Road Safety Awareness activities were undertaken by six provinces. Internally a Youth Road Safety dialogue was hosted for the RTMC interns to engage on road safety matters, and various activities were implemented during the year.

Province	Activities
Limpopo	64
Free State	4
Eastern Cape	5
Western Cape	4
North West	40
Gauteng	60
Total	177

Table 16: Youth Programme Activities by Province

Driver Awareness Programme

In the year under review, 316 driver awareness education activities/programmes were conducted in Provinces as per the table below:

Province	Activities
Limpopo	36
Free State	79
Eastern Cape	12
Western Cape	24
North West	36

Province	Activities
Gauteng	69
Kwa-Zulu Natal	4
Mpumalanga	56
Total	316

Table 17: Driver Awareness Campaign

Pedestrian Programme

A monitoring report on pedestrian road safety awareness education was developed and 200 pedestrian activities were conducted across provinces in the year under review.

Province	Activities
Limpopo	63
Free State	16
Eastern Cape	17
Western Cape	5
North West	19
Gauteng	48
Kwa-Zulu Natal	4
Mpumalanga	28
Total	200

Table 18: Pedestrian programme activities by province

Road Safety Outcomes, Outputs, Output Indicators, Targets and Actual Achievement
All predetermined performance objectives were achieved as planned; there was no deviation recorded.

Programme 1: Road Safety Stakeholder Relations Management Sub-Programme: Road Safety Outcome: Reduced Road Fatalities					
Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23
Create awareness on road safety matters	Number of road safety programmes implemented	3 road safety educational programmes implemented	4 road safety educational programmes implemented	3 road safety educational programmes implemented	3 road safety educational programmes implemented

Table 19: Road Safety, Marketing and Stakeholder Management

Programme 2: Training of Traffic Personnel

The Programme is responsible for the implementation of training outcomes. The RTMC is an accredited training provider for training traffic officers, road safety practitioners and upskilling of traffic personnel. Training programmes are developed to increase and enhance sector capacity through investment in skills towards professionalism. The Programme is directly linked to the functional area relating to Training of Traffic Personnel, Sub-Programmes are as follows:

Sub-Programme	Purpose	Link to Institutional Outcomes
Training Development	To implement the curriculum through theoretical and practical training	High performing organisation
Training Material Development and Quality Assurance	To develop training material based on qualification and curriculum requirements and further to quality assure the training process and assessments.	
Administration and Learner Support	To provide administrative support to the entire academy and the learner affairs component provides psychosocial, spiritual, and counselling support to the learner.	

Table 20: Training of Traffic Personnel Sub-Programmes

Upskilling of Existing Traffic Officers

In relation to this KPI, the RTMC planned to deliver three Modules to existing Traffic Officers: Advanced Driving, Examiner for Driving Licences (EDL) and Examiner of Motor Vehicles (EOV).

The advanced driving course was conducted at the Boekenhoutkloof Traffic College during the period under review. The Examiner for Driving Licences and Examiner of Motor Vehicles modules were not only presented to existing traffic officers but also to civilians who are employed in municipalities and provincial authorities.

Implementation of NQF Level 6 Traffic Officer Qualification

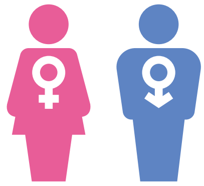
In terms of this KPI, the RTMC delivered ten modules to the traffic trainee cohort. Eight knowledge and two practical Modules were presented as follows:

#	Module
1	KM04; - National Road Traffic Act
2	KM06 – Administrative Adjudication of Road Traffic Offences Act
3	KM08 – Criminal Law;
4	KM09 – Criminal Procedure Act;
5	KM11 – Road Safety Education and Road Safety Systems;
6	KM12 – Basic Crash Investigation
7	KM14 – Handle and Use of a Firearm in Law Enforcement Environment
8	KM15 – Anti-Corruption and other Relevant Legislation:
9	PM01 – Ensure Safety on Public Roads; and
10	PM02 – Apply Tactical Survival Techniques

Table 21: NQF 6 Traffic Officer Qualification Modules

The NQF 6 Traffic Officer qualification is envisaged to impact on the professionalism of the fraternity. The output of the programme is as follows:

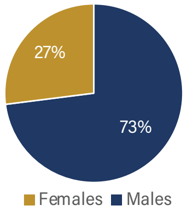
Trainees:
Recruited from all 9 provinces



Females 71 | Males 195

Trainees:
266

257



Breakdown: 27% Females
73% Males

Figure 21: First Intake of Traffic Officer Qualification

Implementation of NQF level 6 Road Safety Practitioner Qualification

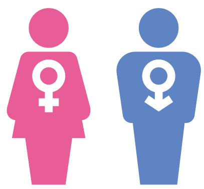
The RTMC presented nine modules to enrolled road safety practitioners. Six knowledge and three practical modules were presented as follows:

#	Module
1	KM02 – Communication Skills
2	KM03 – Introduction to Criminology
3	KM06 – Legislation
4	KM07 – Public Sector Management
5	KM08 – Introduction to Research Methodology
6	KM09 –Introduction to Road Maintenance, Design and Related Principles
7	PM01 – Design and Develop Road Safety Plans
8	PM02 – Conduct Research Project and Generate an Abstract
9	PM03 – Conduct Road Infrastructure Audit/ Assessment

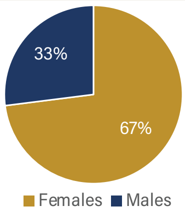
Table 22: NQF 6 Road Safety Officer Qualification Modules

The NQF 6 road safety practitioner qualification is the first in the South African road traffic safety fraternity. The output of the programme as follows:

Trainees:
18



Females 12 | Males 6



Breakdown

Figure 22: First Intake for Road Safety Officer Qualification.

Training of Traffic Personnel, Outputs, Output Indicators, Targets and Actual Achievement

All predetermined performance objectives were achieved as planned, there was no deviation recorded.

Programme 2: Training of Traffic Personnel Sub-Programme: Training Development Outcome: High Performing Organisation					
Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23
Professionalism of the road traffic safety fraternity	Number of traffic officer modules delivered to existing traffic officers	3 traffic officer modules delivered to existing traffic officers	2 traffic officer modules delivered to existing traffic officers	3 traffic officer modules delivered to existing traffic officers	3 traffic officer modules delivered to existing traffic officers
	Number of 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	10 modules on NQF Level 6 Traffic Officer qualification completed for traffic trainees	10 modules on NQF Level 6 Traffic Officer qualification completed for traffic trainees	10 modules on NQF Level 6 Traffic Officer qualification completed for traffic trainees
	Number of 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	9 modules on NQF Level 6 Road Traffic Safety Officer qualification completed for road safety practitioners	9 modules on NQF Level 6 Road Traffic Safety Officer qualification completed for road safety practitioners	9 modules on NQF Level 6 Road Traffic Safety Officer qualification completed for road safety practitioners

Table 23: Training of Traffic Personnel Performance

Programme 3: 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, loads management, roadworthiness, moving violations, public transport, pedestrians and speed. The RTI operations stem from section 39 of the Cross-Border Road Transport Act (C-BRTA), which specifically focuses on cross-border traffic compliance. The Programme is directly linked to the functional areas relating to Road Traffic Law Enforcement, Administrative Adjudication of Road Traffic Offences, Testing and Licensing of Drivers and Accident Recording and Investigation. Sub-Programmes are as follows:

Sub-Programme	Purpose	Link to Institutional Outcomes
Law Enforcement Operations	Proactive law enforcement to enforce the laws of the road and implement effective punitive measures to reduce the number of road crashes and fatalities.	Reduced road fatalities
Specialised Services	Focus on heightened offences, especially with high speed, moving violations, public transport and the freight industry. Escorting of dignitaries by the Bike Unit and recovering outstanding traffic revenue (warrants of arrest) by the Track and Tracing Unit.	
Road Transport Inspectorate	The Inspectorate plays the key role of implementing regulations and inspecting freight and passenger road vehicles crossing the borders.	

Table 24: Law Enforcement Sub-Programmes

Law Enforcement Interventions

During the year under review, 3 196 interventions were conducted against the planned 3 186, thereby overachieving by 10.

Intervention Type	Actual
Drunken Driving	490
Loads Management	308
Roadworthiness	618
Moving Violation	572
Public Transport	790
Pedestrian	102
Speed	317
Total	3 196

Table 25: Law Enforcement Interventions

Road Traffic Inspectorate

The target for the year was 325 000 inspections in terms of the C-BRTA Act, 1998 (Act 4 of 1998). 326 615 inspections were conducted, and the RTMC overachieved by 1 615. Inspections across provinces were conducted as follows:

Province	Actual
Free State	35 270
Kwa-Zulu Natal	13 813
Northern Cape	11 973
Gauteng	95 592
Limpopo	100 871
Mpumalanga	47 272
North West	21 824
Total	326 615

Table 26: Road Traffic Inspectorate

Law Enforcement, Outputs, Output Indicators, Targets and Actual Achievement

The programme had two output indicators for the year under review and overachieved on both.

Programme 3: Law Enforcement Sub-Programme: Law Enforcement Operations Outcome: Reduced Road Fatalities							
Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviations
Enhanced law enforcement	Number of targeted law enforcement interventions	4 322	5 864	3 186	3 196	10	Use of project e-force which increased productivity

Table 27: Law Enforcement Operations Performance

Programme 3: Law Enforcement Sub-Programme: Road Transport Inspectorate Outcome: Reduced Road Fatalities							
Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviations
Enhanced law enforcement	Number of inspections conducted	212 737	359 890	325 000	326 615	1 615	Intensified deployment at busy ports by the newly established blitz unit compromising NTP officers appointed as RTI officers

Table 28: Road Traffic Inspectorate Performance

Programme 4: Traffic Intelligence and Security

This programme incorporates a proactive and reactive approach to corruption and fraud-related incidents associated with providing road traffic services. The proactive element entails the application of intelligence tools in identifying and investigating corruption and fraud incidents at the initiation of the RTMC; the reactive element entails incidents reported to the RTMC. This work is undertaken collaboratively with other law enforcement authorities to ensure the successful prosecution of wrongdoers.

The programme is responsive to the functional areas relating to Road Traffic Law Enforcement, Administrative Adjudication of Road Traffic Offences, Vehicle and Roadworthiness Testing, Vehicle and Roadworthiness Testing, Communication and Education and Vehicle Registration and Licensing.

Investigations of reported fraud and corruption complaints

The National Traffic Anti-Corruption Unit (NTACU) received and investigated 247 complaints from the public, law enforcement and government agencies alleging acts of fraud and corruption.

Investigation of self-initiated cases

The RTMC continues to ensure that effective programmes are implemented to eradicate fraud and corruption within the fraternity. Self-initiated cases were introduced to strengthen combatting fraud and corruption as a proactive measure, and 197 cases were investigated.

Nature of complaint	Number
DLTC Fraud and Corruption	136
Fraud	31
Fraud and Corruption	27
Officer Corruption	149
PVTS Fraud and Corruption	65
RA Fraud and Corruption	36
Total	444

Table 29: NTACU Investigations

NTACU effected 96 arrests during the year under review in eliminating acts of fraud and corruption.

Category	Number
VTS	4
DLTC	13
Driving School Officials	6
Runner	1
Law Enforcement	3
Applicants	2
SAPS	1
Clerks	10
Other	56
Total	96

Table 30: NTACU Arrests

NTACU, Outputs, Output Indicators, Targets and Actual Achievement

Both predetermined performance targets were achieved as planned; no deviations were recorded.

Programme 4: Traffic Intelligence and Security Sub-programme: National Traffic Anti-Corruption Unit Outcome: Reduced Road fatalities and high performing organisation							
Output	Output Indicator	Audited Actual Perfor-mance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achieve-ment 2022/23	Devia-tion from Planned Target to Actual Achieve-ment 2022/23	Reason for Deviations
Reduced fraud and corruption	Percentage of reported fraud and corruption complaints investigated	100%	100%	100%	100%	0%	-
	Number of self-initiated fraud and corruption cases investigated	130	160	190	197	7	Collaborative effort with relevant stakeholders

Table 31: NTACU performance

Programme 5: Road Traffic Information and Technology

The Programme develops, enhances, maintains, and operates road traffic information management systems. The core functions are directly linked to the seven functional areas of the RTMC (including transferred or withheld functions) as defined in Section 18 of the RTMC Act, namely:

- Vehicle registration and licensing,
- Driver Fitness,
- Vehicle fitness,
- Accident Recording and Investigation,
- Infrastructure Safety Audits,
- Road Traffic Information,
- Administrative Adjudication of Road Traffic Offences (AARTO)

The primary tool in this arsenal is the National Traffic Information System (NaTIS), broadly defined in the National Road Traffic Act (NRTA) as the register of all road traffic information. To this end, the Programme is also responsible for the collecting, managing and disseminating of road traffic crash information in line with the objectives of the RTMC Act. The current focus is on fatal crashes. However, a methodology to include the entire continuum of road crash information has been approved and will be implemented in the medium to long-term to enhance the pool of information available for research and planning purposes.

The symbiotic relationship between road traffic information and research is demonstrated through the coordination and implementation of the road safety research agenda for law enforcement deployment, road safety education programmes and road safety engineering interventions. It also identifies and implements traffic and road safety engineering technological interventions that set standards and publishes design manuals for infrastructure safety audits and safe road network infrastructure in line with the Safe System approach.

The Programme is also responsible for ensuring that all traffic and road safety engineering as it relates to safety on the road network is efficiently and effectively coordinated among the three spheres of government to reduce fragmentation and harmonise traffic and road safety engineering activities within the road traffic environment.

Sub-Programmes as follows:

Sub-Programme	Purpose	Link to Institutional Outcomes
Information Governance and Security	To protect the confidentiality of data, preserve the integrity of data and promote the availability of data for authorised use.	High performing organisation Reduced road fatalities
Road Traffic Management Infrastructure	To provide the IT Infrastructure operations and to ensure that an effective, efficient, and best-value IT service is provided.	
Road Traffic Management Systems	To ensure that support is provided regarding all ICT architecture, infrastructure, hardware, and software, and to ensure that high-quality systems are delivered by providing strong management controls over the projects and maximising the productivity of the systems staff.	
Road Traffic Management Systems Support Unit	To facilitate and address various ICT operational and technical issues within a service management culture.	
Road Traffic Information	To collate and analyse road traffic crash data required for planning, decision making and publication of road safety reports.	
Research, Innovation and Engineering	To stimulate research in road safety-related matters and to ensure effective road traffic and safety engineering coordination across all spheres of government in line with the safe system approach.	

Table 32: Road Traffic Information and Technology Sub-Programmes

Publication of 2021 State of Road Safety Report

The RTMC is responsible for the production of Road Traffic Information on a periodic basis. In this regard, the State of Road Safety Calendar Report is published in the first quarter of the year to make road safety data and information available to stakeholders and the public, this guides the discourse and road safety programme implementation in the republic.

The 2021 State of Road Safety Report showed that when comparing fatal crashes between the years 2019 and 2021, there is an increase of 2,2% (from 10381 in 2019 to 10611 in 2021); comparing the years 2020 and 2021, the increase is 26,2% (from 8405 in 2020 to 10611 in 2021).

When comparing road fatalities between the years 2019 and 2021 there is an increase of 0,3% (from 12503 in 2019 to 12545 in 2021); comparing the years 2020 and 2021 the increase is 25,8% (from 9969 in 2020 to 12 545 in 2021). More people died per fatal crash in 2019 and 2020 compared to 2021. The ratios are 1:1.2 deaths in 2019, 1:1.19 deaths in 2020 and 1:1.18 deaths in 2021.

The percentage of pedestrians who lose their lives on South African roads is still high at 40% of all road users. Male fatalities account for ¾ of total road fatalities. Death of children between 0 to 4 years accounts for 17% of deaths, and the 25 to 35 age group account for 38% of deaths. 60% of road fatalities occur over weekends (Friday to Sunday).

The Report also pointed out that key challenges are inherently tough to change in South Africa, and amongst these are the rise of information settlements next to major freeways, poor town planning which does not prioritise non-motorised transport and limited action towards safer vehicles in South Africa. The report may be downloaded from the RTMC website using the following link:

https://www.rtmc.co.za/images/rtmc/docs/traffic_reports/stateofrsreport/STATE-OF-ROAD-SAFETY-REPORT-2021.pdf

Publication of a research study - Fatal Truck and Bus Crashes in South Africa

The RTMC published the study on fatal bus and truck crashes in South Africa in March 2023 as planned. The study aims to provide crash data analysis on trucks and buses involved in fatal crashes within a five-year study period between 1 January 2018 and 31 December 2022. This effort also supports the South African Road Safety Strategy (NRSS 2016-2030). The study can be accessed on the link below:

https://www.rtmc.co.za/images/rtmc/docs/research_dev_rep/Fatal-Truck-and-Bus-Crashes-in-SA---March-2023.pdf

Road Traffic Information and Technology, Outputs, Output Indicators, Targets and Actual Achievement
Road Traffic Information achieved predetermined performance targets achieved as follows; there were no deviations.

Programme 4: Road Traffic Information and Technology Sub-Programme: Road Traffic Information Outcomes: Reduced Road fatalities and high performing organisation					
Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23
Improved intelligence on the road traffic environment	Number of state of road safety reports published	1	-	1	1

Table 33: Road Traffic Information Performance

Research, Innovation and Engineering achieved the predetermined performance target as follows, there were no deviations.

Programme 4: Road Traffic Information and Technology Sub-Programme: Research, Innovation and Engineering Outcomes: Reduced Road fatalities and high performing organisation					
Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23
Improved intelligence on the road traffic environment	Number of research studies published	3	4	1	1

Table 34: Research, Innovation and Engineering Performance

Implementation of the digitisation programme

The RTMC seeks to digitise the provision of road traffic services; in this context the Learner Licence Testing Centres and Vehicle Testing Stations are targeted for the implementation of digital solutions. In the year under review, digitisation targets were reviewed as shown in the original and updated performance tables below.

The RTMC computerised 42 learner's licence testing centres in Mpumalanga, North West, Northern Cape, Eastern Cape, Gauteng and KwaZulu-Natal. On the Digitisation of the Roadworthiness Testing Sheet Form at Vehicle Testing Stations, the RTMC managed to digitise 82 of the 81 planned Vehicle Testing Stations (VTS). The digitisation programme was implemented as follows:

Initiative	Province	Number
Computerised Learner's License Testing Centres	Mpumalanga	24
	North West	4
	Northern Cape	2
	Eastern Cape	10
	Gauteng	1
	KwaZulu-Natal	1
Digitisation of the roadworthiness testing sheet form at Vehicle Testing Centres	Eastern Cape	61
	Western Cape	21

Table 35: Digitisation programme

Information Communication Technology predetermined performance targets achieved as follows:

Programme: Road Traffic Information and Technology Sub-Programme: Information Communication Technology Outcome: Reduced Road Fatalities, high performing organisation								
Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reason for deviation	Reasons for Revisions to the Annual Targets
Reduced fraud and corruption	Number of Learner's License Testing Centres computerised	25	120	120	42	78	Budget considerations leading to inability to meet operational requirements	
	Number of Vehicle Testing Stations utilising digitised roadworthiness testing sheet form	0	116	120	82	38		

Table 36: Information Communication Technology Performance Original APP

Programme: Road Traffic Information and Technology Sub-Programme: Information Communication Technology Outcome: Reduced road Fatalities, high performing organisation							
Output	Output Indicator	Audited Actual Perfor-mance 2020/21	Audited Actual Perfor-mance 2021/22	Planned Annual Target 2022/23	Actual Achieve-ment 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviations
Reduced fraud and corruption	Number of learner's license testing centres computerised	25	120	42	42	0	-
	Number of vehicle testing stations utilising digitised roadworthiness testing sheet form	0	116	81	82	1	Site configuration problem that required a back-up site deployment to achieve the set target, which was later resolved

Table 37: Information Communication Technology Performance Updated APP

Programme 6: Support Services

Support Services houses functions related to the Corporate Services, Office of the CEO, Financial Services and Corporate Services.

Corporate Services

Sub-Programmes for Corporate Services include:

Sub-Programme	Purpose	Link to Institutional Outcomes
Organisational Development and Human Resources Operations	To build a high performing organisation through the implementation of talent management initiatives	High performing organisation
Transformation and Employee Relations	To manage the transformation agenda and employee relations matters and programs within the RTMC.	
Legal and Compliance	To establish systems and processes to deliver an effective legal service to all stakeholders.	
Training Norms and Standards	To ensure that all qualifications, training curriculums for the fraternity are developed in conjunction with the QCTO and SAQA, all Traffic Training Colleges are registered properly and that training programmes are presented in alignment with the qualification and curriculum.	
Facilities Management	To ensure provision of facility management, fleet management, security related services and knowledge management within the RTMC. The sub-programme aims to create an enabling environment for all employees to be effective, efficient and productive in discharging their duties.	

Table 38: Corporate Services Sub-Programmes

Implementation of talent management initiatives

Talent Management initiatives aim to attract and retain employees and are implemented in line with the approved talent management strategy. The following four talent management initiatives were implemented:

- Implementation of Performance Management Policy
- Competency Framework Approved and Skills Audit conducted for Traffic Law Enforcement Officers
- Men's Empowerment Programme launched
- Skills Audit processes launched

Implementation of the Ethics Programme

In the year under review, there were no internally reported incidents of corruption. As part of monitoring the operations of the ethics committee two reports, Bi-Annual and Annual, were completed.

Corporate Services Outputs, Output Indicators, Targets and Actual Achievement

Corporate Services predetermined performance targets were achieved as follows, there were no deviations recorded.

Programme: Support Services Sub-Programme: Corporate Services Outcome: High-Performing Organisation					
Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23
An employer of choice	Number of talent management initiatives implemented	4 talent management initiatives implemented	4 talent management initiatives implemented	4 talent management initiatives implemented	4 talent management initiatives implemented
Functionality of ethics structures	Ethics Management Committee established and operationalised	-	2 reports on the status and operations of the Ethics Management Committee established and operationalised	2 reports on the status and operations of the Ethics Management Committee	2 reports on the status and operations of the Ethics Management Committee

Table 39: Corporate Services Performance

Financial Services

The Financial Services Programme is responsible for, amongst others:

- Improving financial performance, practice, compliance to GRAP and the PFMA and overall fiscal discipline
- Managing and executing financial management
- Ensuring unqualified annual financial statements
- Executing risk management and internal control systems
- Managing and executing supply chain management
- Executing revenue management
- Managing and executing asset management
- Providing Budget management

The following Sub-Programmes are executive within Financial Services:

Sub-Programme	Purpose	Link to Institutional Outcomes
Supply Chain Management	Ensuring the procurement of goods and services required by the RTMC in line with the PFMA and Treasury Regulations. SCM is also responsible for the management of assets.	High performing organisation
Financial Accounting	Ensuring the application of sound financial practice, compliance to GRAP standards and the PFMA. Regular reporting of accurate financial information, including the Annual Financial Statements, to all governance bodies.	
Management Accounting	Developing and managing of the RTMC's budget in compliance with the PFMA. Ensuring that budget analysis and reporting is reported to all governance bodies on a regular basis.	
Revenue Management	The execution of revenue management and optimisation of revenue streams. Providing strategic inputs to management in an attempt to optimise revenue streams and introducing new revenue generation initiatives.	

Table 40: Financial Services Sub-Programme

The following performance objectives for financial services were executed during the year:

Increase in revenue

To ensure the financial sustainability of the RTMC, an increase of 25% revenue change from the previous year was planned, however 17% increase was realised resulting in an 8% underachievement from the planned 25%.

30-day payment compliance invoices

In the year under review, the RTMC managed to pay a total of 2 109 within 30 days, translating into a 100% compliance.

Financial Services Outputs, Output Indicators, Targets and Actual Achievement

Financial Services predetermined performance targets achieved as follows:

Programme: Support Services Sub-Programme: Financial Services Outcome: High-Performing Organisation							
Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for deviations
Enhanced corporate sustainability	Percentage revenue change from previous year	-5%	9%	25%	17%	-8%	The implementation of Motor Vehicle Registration and change of ownership could not be realised as it requires system development from external users which cannot be committed to due to the delay in finalisation of the erratum submission to correct the gazetted incorrect fee
Compliance to 30-day payment requirement	Percentage compliance to 30-day payment requirement	-	100%	100%	100%	0%	-

Table 41: Financial Services Performance

Office of the CEO

Office of the CEO Sub-Programmes include:

Sub-Programme	Purpose	Link to Institutional Outcomes
Organisational Strategy Management	To facilitate the development of the RTMC Strategy and Annual Performance Plans and periodically report on organisational performance in line with the PFMA and RTMCA	High performing organisation
Programme Management Office	Responsible for managing the Programme Management Unit and ensuring that programmes and projects are developed and managed according to set methodologies and frameworks.	
Organisational Risk Management	To facilitate a risk assessment in the determination of material risks to which the institution may be exposed and to evaluate the strategy for managing these risks.	
Internal Audit	Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the RTMC's operations. It supports the RTMC to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.	
Law Enforcement Norms and Standards	To ensure provision for integrated and coordinated development and implementation of law enforcement norms and standards through improved coordination with stakeholders, promotion of standardisation and harmonisation within the traffic fraternity.	-
Communications	Facilitate interaction between RTMC, the media and other external audiences and to manage internal communications within the RTMC, to safeguard the reputation of the RTMC.	-

Table 42: Office of the CEO Sub-Programmes

Management of Parliamentary Questions

In the year under review, 18 Parliamentary questions were received and were all responded to within the stipulated timeframe, translating into a 100% achievement of the target.

Implementation of audit findings action plans

The governance structures of the RTMC consider risk management reports on monitoring of the implementation of action plans to address the audit findings on a quarterly basis. In the year under review, an annual report on progress on the implementation action plans to address audit findings for the 2021/22 financial year was submitted to the Department of Transport.

Office of the CEO Outputs, Output Indicators, Targets and Actual Achievement
Office of the CEO predetermined performance targets achieved as follows:

Programme: Support Services Sub-Programme: Office of the CEO Outcome: High-Performing Organisation					
Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23
Adequacy of responses to Parliamentary questions	Percentage responses to Parliamentary questions within stipulated timelines	-	100%	100%	100%
Implementation of action plan to address audit findings	Percentage implementation of action plans to address audit findings	-	-	Action plan to address audit findings developed and monitored	Action plan to address audit findings developed and monitored

Table 43: Office of the CEO Performance

Linking performance of the entity with the approved budget

Expenditure per programme

A year-on-year expenditure comparison reflects an increase compared to the previous year; R1.54 billion was spent in the 2022/23 financial year compared to R1.43 billion in the 2021/22 financial year. In total, the RTMC spent 112% of the adjusted allocated budget during the 2022/23 financial year. The tables below depict the financial performance of the programmes during the year under review.

Programme/activity/Objective	Approved Budget Allocation 2022/23	Approved Adjusted Budget Allocation 2022/23	Actual Expenditure 2022/23	Under/ (Over) Expenditure	Annual Spent as % of Allocated Budget	Approved Budget Allocation 2021/22	Approved Adjusted Budget Allocation 2021/22	Actual Expenditure 2021/22	Under/ (Over) Ex-penditure	Annual Spent as % of Allocated Budget
Road Safety, Marketing & Stakeholder	82 992 488	27 238 451	24 932 813	2 305 638	92%	43 690 208	30 484 499	32 499 547	-2 015 048	107%
Law Enforcement	329 141 444	255 898 916	274 435 520	-18 536 604	107%	272 125 198	275 766 104	271 205 877	4 560 227	98%
Traffic Intelligence & Security	29 383 723	20 307 196	21 334 211	-1 027 015	105%	27 020 823	26 912 753	25 386 343	1 526 410	94%
Strategic Services	303 018 043	251 408 849	260 539 442	-9 130 593	104%	265 415 367	230 649 873	284 810 894	-54 161 021	123%
Support Services	571 502 168	634 959 873	759 921 291	-124 961 417	120%	690 650 840	606 496 382	638 575 490	-32 079 108	105%
Training of Traffic Personnel	238 437 960	191 674 536	203 272 647	-11 598 110	106%	198 059 374	156 355 989	181 384 245	-25 028 256	116%
Total Expenditure	1,554,475,826	1,381,487,821	1,544,357,509	-162,869,687	112%	1,496,961,811	1,326,665,599	1,433,862,396	-107,196,797	108%

Table 44: Programme Financial Performance

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

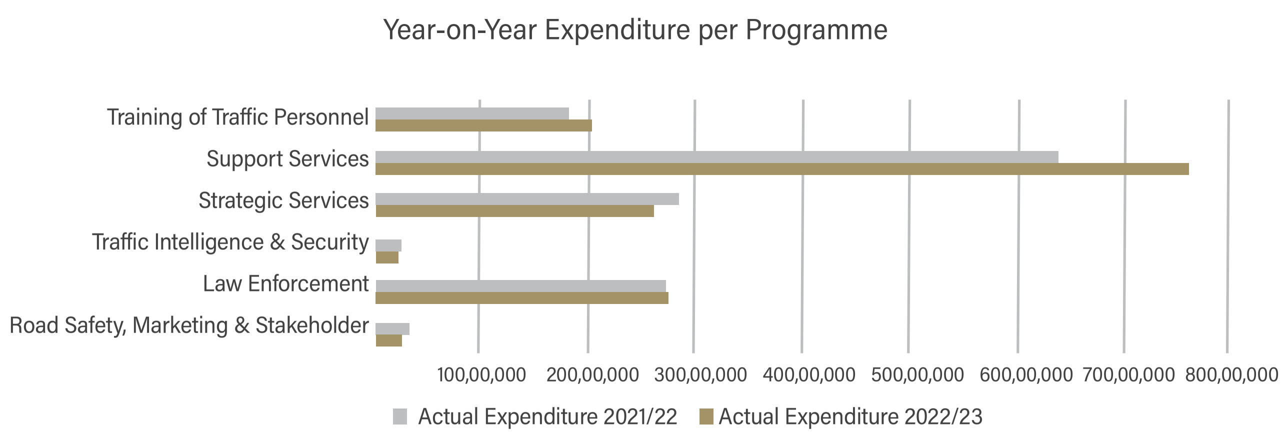


Figure 23: Expenditure per Programme

- **Road Safety, Marketing & Stakeholder Management** spent 92% against the adjusted budget for the year compared to the prior year, where 107% (against budget) was recorded. The RTMC opted for social media platforms to promote service available to the public, resulting in the recorded underspent.
- **Law Enforcement** overspent by 7% against the adjusted budget for the year under review. The prior year reflected an underspending of 2%. The deployment of traffic officers to hazardous locations around the country is the main contributor to the overspent, which is a necessary intervention, considering the multiple fatalities at those locations.
- **Traffic Intelligence and Security** overspent by 5% against the adjusted allocated budget for the year against an underspent of 6% in the previous year. Operations for the budget sub-programme are driven by the number of complaints received from around the country, resulting in vigorous investigations to curb the ever-growing corruption.
- **Strategic Services** overspent by 4% against the adjusted allocated budget for the year vis-à-vis a recorded overspent of 23% in the previous year. The NaTIS refresh project remains the biggest cost driver for the budget sub-programme, along with the software licence fees and the continuation of the digitalisation of learner's licences at driving licence testing stations which attributed to the overspent reflected at the end of the financial year.
- **Support Services** reflect a 120% spent of the allocated adjusted budget against a 105% spent in the previous year. The overspent can be attributed to the expenditure incurred on non-cash items, i.e. depreciation and provisions.
- **Training of Traffic Personnel** reflects a 106% spent of the allocated adjusted budget against a 116% spent in the previous year. The variance can mainly be attributed to the conclusion of the first cohort of traffic training trainees, which completed their training and were ready for pass-out at the end of the financial year. The traffic trainees will become the first 21st- century traffic officers who have completed the NQF6 qualification in the country. The Academy still has 549 traffic trainees still under-going training.

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

Programme/activity/ Objective	Approved Budget Allocation 2022/23	Approved Adjusted Budget Allocation 2022/23	Actual Expenditure 2022/23	Under/ (Over) Expenditure	Annual Spent as % of Allocated Budget	Approved Budget Allocation 2021/22	Approved Adjusted Budget Allocation 2021/22	Actual Expenditure 2021/22	Under/(Over) Expenditure	Annual Spent as % of Allocated Budget
Law Enforcement	329 141 445	255 898 916	274 435 520	-18 536 604	90%	272 125 198	275 766 102	271 205 877	4 560 225	98%
Cost of Employees	279 997 986	237 265 691	253 089 357	-15 823 665	107%	245 965 150	261 680 359	253 618 577	8 061 782	97%
Goods & Services	49 143 459	18 633 225	21 346 163	-2 712 939	115%	26 160 048	14 085 743	17 587 300	-3 501 557	125%
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Road Safety, Marketing and Stakeholder	82 992 488	27 236 451	24 932 813	2 303 638	92%	43 690 208	30 484 499	32 499 547	-2 015 048	107%
Cost of Employees	31 359 244	16 888 436	21 691 585	-4 803 149	128%	22 831 650	23 924 383	21 488 108	2 436 275	90%
Goods & Services	51 633 244	10 348 015	3 241 228	7 106 787	31%	20 858 558	6 560 116	11 011 439	-4 451 323	168%
Capital Expenditure	-	-	-	-	-		-	-	-	-
Traffic Intelligence and Security	29 383 723	20 307 196	21 334 211	-1 027 015	90%	27 020 823	26 912 753	25 386 343	1 526 410	94%
Cost of Employees	27 936 019	19 575 092	20 141 245	-566 154	103%	25 724 110	26 108 429	24 577 118	1 531 311	94%
Goods & Services	1 447 704	732 104	1 192 966	-460 862	163%	1 296 713	804 324	809 225	-4 901	101%
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Strategic Services	303 018 043	251 410 849	260 539 442	-9 128 593	96%	265 415 365	230 649 871	284 810 894	-54 161 023	123%
Cost of Employees	147 875 516	147 084 012	150 785 787	-3 701 775	103%	154 852 539	138 201 414	169 401 985	-31 200 571	123%
Goods & Services	155 142 527	104 326 837	109 753 655	-5 426 818	105%	110 562 826	92 448 457	115 408 909	-22 960 452	125%
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Support Services	571 502 167	634 959 873	759 921 291	-124 961 418	124%	690 650 843	606 496 385	638 575 490	-32 079 105	105%
Cost of Employees	139 459 340	144 452 605	149 499 502	-5 046 896	103%	141 350 341	130 335 835	127 144 459	3 191 375	98%
Goods & Services	262 156 631	261 299 867	400 606 257	-139 306 390	153%	185 707 879	245 390 091	291 795 833	-46 405 741	119%
Capital Expenditure	169 886 196	229 207 400	209 815 532	19 391 868	92%	363 592 623	230 770 459	219 635 198	11 135 261	95%
Training of Traffic Personnel	238 437 960	191 674 536	203 272 647	-11 598 110	124%	198 059 374	156 355 989	181 384 245	-25 028 256	116%
Cost of Employees	191 299 123	141 452 574	128 706 489	12 746 085	91%	129 711 324	114 439 324	116 851 815	-2 412 491	102%
Goods & Services	47 138 837	50 221 962	74 566 158	-24 344 195	148%	68 348 050	41 916 665	64 532 430	-22 615 765	154%
Capital Expenditure	-	-	-	-	-					
Total Expenditure	1,554,475,825	1,381,487,821	1,544,375,509	-162,869,687	112%	1,469,961,811	1,326,665,599	1,433,862,396	-107,196,797	**108%**

Table 45: Expenditure per Programme and Economic Classification

Expenditure per Economic Classification

The expenditure per economic classification shows that 102% of the budget for Compensation of Employees (CoE) was spent compared to the previous financial year, wherein 109% of the budget for CoE was utilised. During the year under review, 138% of the budget for goods and services was spent compared to the 114% spent in the previous financial year. The RTMC spent 92% of the capital budget, mainly utilised to upgrade the Boekenhoutkloof College. Completion of the project's first phase is expected in the next financial year.

Programme/activity/ Objective	2022/23			Under/(Over) Expenditure	Annual Spent as % of Allocated Budget	2021/22			Under/(Over) Expenditure	Annual Spent as % of Allocated Budget
	Approved Budget Allocation	Adjusted Budget Allocation	Actual Expenditure			Approved Budget Allocation	Adjusted Budget Allocation	Actual Expenditure		
Cost of Employees	759 877 072	710 541 803	723 913 965	-13 372 162	102%	654 585 114	654 585 114	713 082 063	-58 496 949	109%
Goods & Services	624 712 557	441 738 618	610 706 426	-168 967 808	138%	478 784 074	441 310 027	501 145 136	-59 835 109	114%
Capital Expenditure	169 886 196	229 207 400	209 815 532	19 391 868	92%	363 592 623	230 770 459	219 635 198	11 135 261	95%
Total Expenditure	1 554 475 826	1 381 487 821	1 544 435 923	-162 948 102	112%	1 496 961 811	1 326 665 599	1 433 862 396	-107 196 797	108%

Table 46: Expenditure per Economic Classification

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

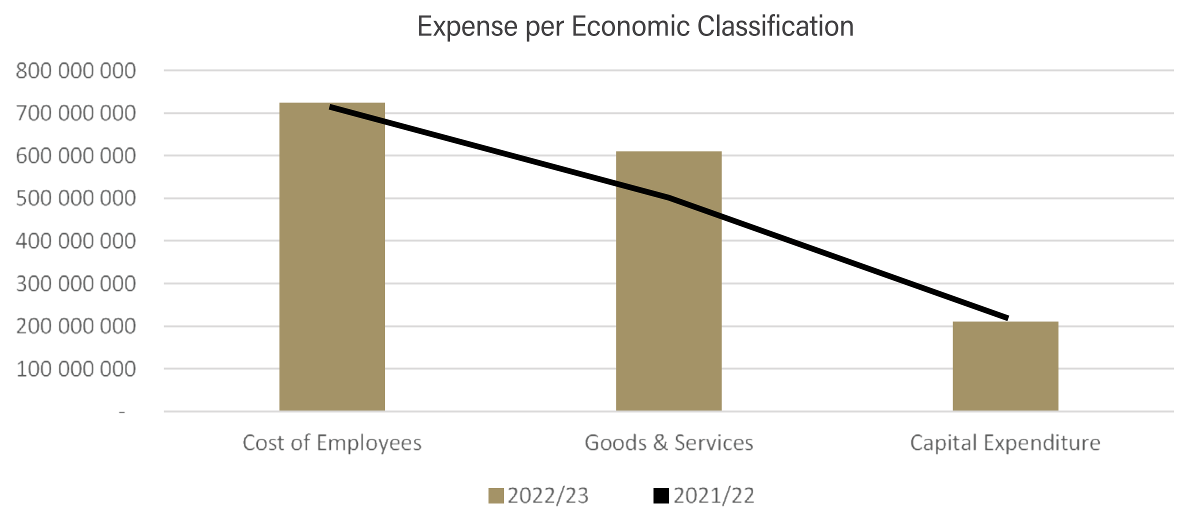


Figure 24: Expenditure per Economic Classification

Compensation of Employees

Spending on the compensation of employees increased by R10 million from R713 million to R723 million. The staff complement of the RTMC decreased from 1 883 in 2021/22 to 1855 in 2022/23. The increase in compensation of employees can be attributed to the additional provision made for performance bonuses, leave pay and salary increments in the current year.

Goods and Services

The overspend of R169 million in Goods and Services is mainly attributed to the expenditure incurred towards non-cash items such as provision for bad debts, depreciation, and loss on disposal of assets. Other items contributing to the overspend are computer expenses relating to the procurement of software licences and the various computer packages used in the RTMC Capital Expenditure.

The RTMC spent R209 million on the procurement of assets, with the cost drivers being, among others, the procurement of:

- Upgrade of the Boekenhoutkloof College
- Computer hardware for the introduction of Computerised Learner's Licence Testing (CLLT) at testing stations

Budget Adjustment and Virement

The initial approved budget of the RTMC for 2022/23 amounted to R1.49 billion. During the third quarter of the financial year, a decision was taken to reduce the budgeted revenue from R1.49 billion to R1.32 billion due to a delay in implementing additional revenue streams identified by the RTMC. The downward revenue budget adjustment resulted in an exact 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.

Strategy to address areas of underperformance

The financial sustainability of the RTMC will have a bearing on the ability to meet mandate by being responsive to impact and outcomes as outlined. This will also impact on the contribution of the entity to the country's development priorities.

Area of Underperformance	Strategy
Financial Sustainability	• Implementation of revenue streams in line with National Treasury approval • Development and implementation of new revenue streams • Implementation of revenue assurance strategies to curb leakages in revenue-generating operations

Table 47: Strategies to address areas of underperformance

REVENUE COLLECTION

The RTMC derived its revenue from, among others, the following sources:

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

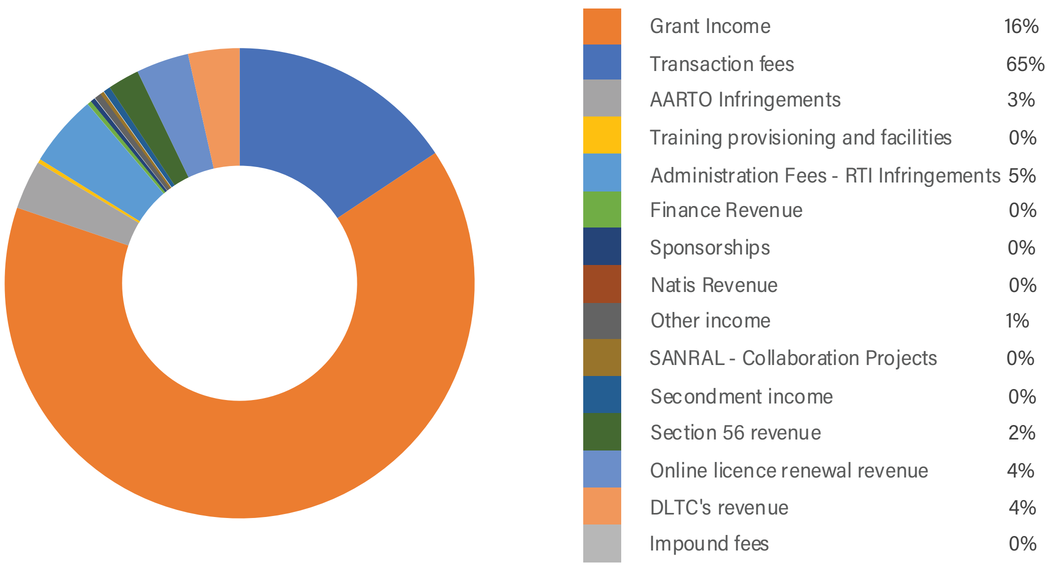
Revenue collected by the RTMC was 4% above the adjusted budgeted amount (2021/22 below budget by 7%). The initial budget was R1.5 billion, which was later adjusted to R1.3 billion. The actual collection amounts to R1.4 billion resulting in an over-collection of R50 million. The over-collection can be attributed mainly to the revenue collection for Administration fees for RTI infringements and other revenue items not budgeted for in the ordinary cause of business.

Source of Revenue	2022/23				Annual Collection as % of annual budget	2021/22				Annual Collection as % of annual budget
	Approved Estimate	Adjusted Estimate	Actual Amount Collected	Over/ (Under) Collection		Approved Estimate	Adjusted Estimate	Actual Amount Collected	Over/(Under) Collection	
Grant Income	224 179 000	224 179 000	224 179 000	-	100%	217 322 000	217 322 000	217 322 000	-	100%
Transaction fees	999 719 022	922 497 642	924 293 970	1 796 328	100%	980 116 688	877 802 068	909 035 040	31 232 972	104%
AARTO Infringements	11 318 870	45 966 979	48 137 172	2 170 193	105%	10 779 876	39 740 404	25 762 637	-13 977 767	65%
Training provisioning and facilities	5 815 857	2 838 922	3 928 372	1 089 451	138%	5 520 510	171 579	379 705	208 126	221%
Administration Fees - RTI Infringements	46 966 500	53 421 510	70 841 670	17 420 160	133%	44 730 000	44 730 000	41 625 550	-3 104 450	93%
Finance Revenue	-	-	4 120 637	4 120 637	0%	-	-	3 630 340	3 630 340	0%
Sponsorships	-	-	4 711 145	4 711 145	0%	-	-	3 421 168	3 421 168	0%
Natis Revenue	56 578 797	-	483 930	483 930	0%	140 219 487	63 300 178	1 927 507	-61 372 671	3%
Other income	-	-	7 123 506	7 123 506	0%	-	-	8 142 852	8 142 852	0%
SANRAL - Collaboration Projects	-	-	3 553 200	3 553 200	0%	-	-	-	-	0%
Secondment income	-	-	6 954 098	6 954 098	0%	-	-	207 749	207 749	0%
Section 56 revenue	66 971 400	25 644 179	31 090 642	5 446 464	121%	63 300 000	63 300 000	7 304 750	-55 995 250	12%
Online licence renewal revenue	105 924 682	54 898 763	51 844 702	-3 054 061	94%	-	-	-	-	0%
DLTC's revenue	-	52 040 828	50 590 785	-1 450 043	97%	-	20 299 370	17 741 964	-2 557 406	87%
Impound fees	37 001 699	-	-	-	0%	34 973 250	-	-	-	0%
Total revenue collected	1,497,897,029	1,381,487,821	1,431,922,177	50,434,355	104%	1,496,961,811	1,326,665,599	1,236,501,263	-90,164,337	93%

Table 48: Sources of Revenue

The budgeted amount for Transaction Fees was R922 million (2021/22: R877 million, collection of R909 million), of which R924 million collection was recorded. This resulted in an over-recovery of Transaction Fees in relation to the budget by 0.2%. This revenue stream accounts for 65% of the total revenue.

2022/23 Actual Amount Collected



2021/22 Actual Amount Collected

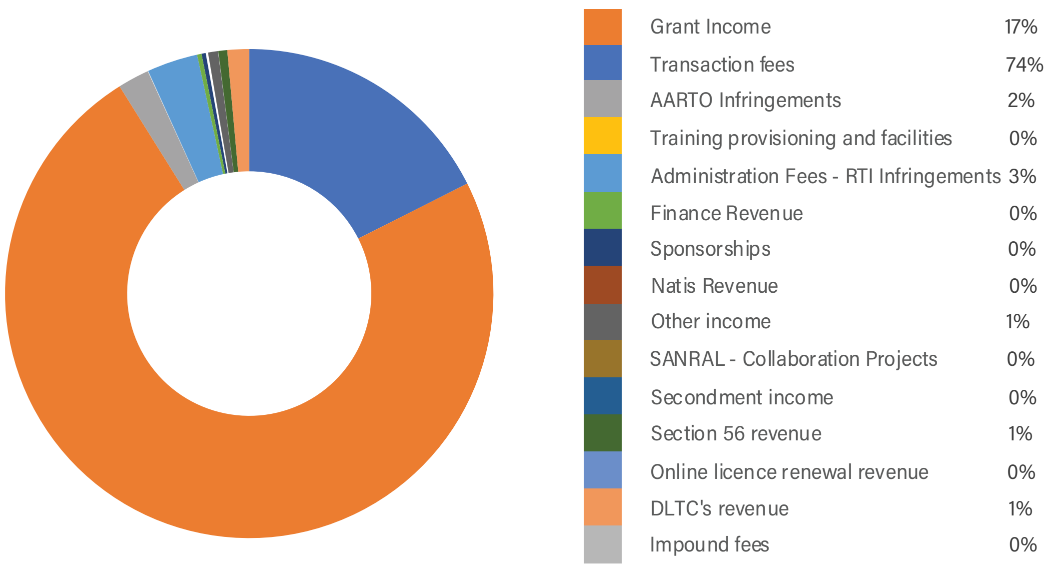


Figure 25: Sources of Revenue

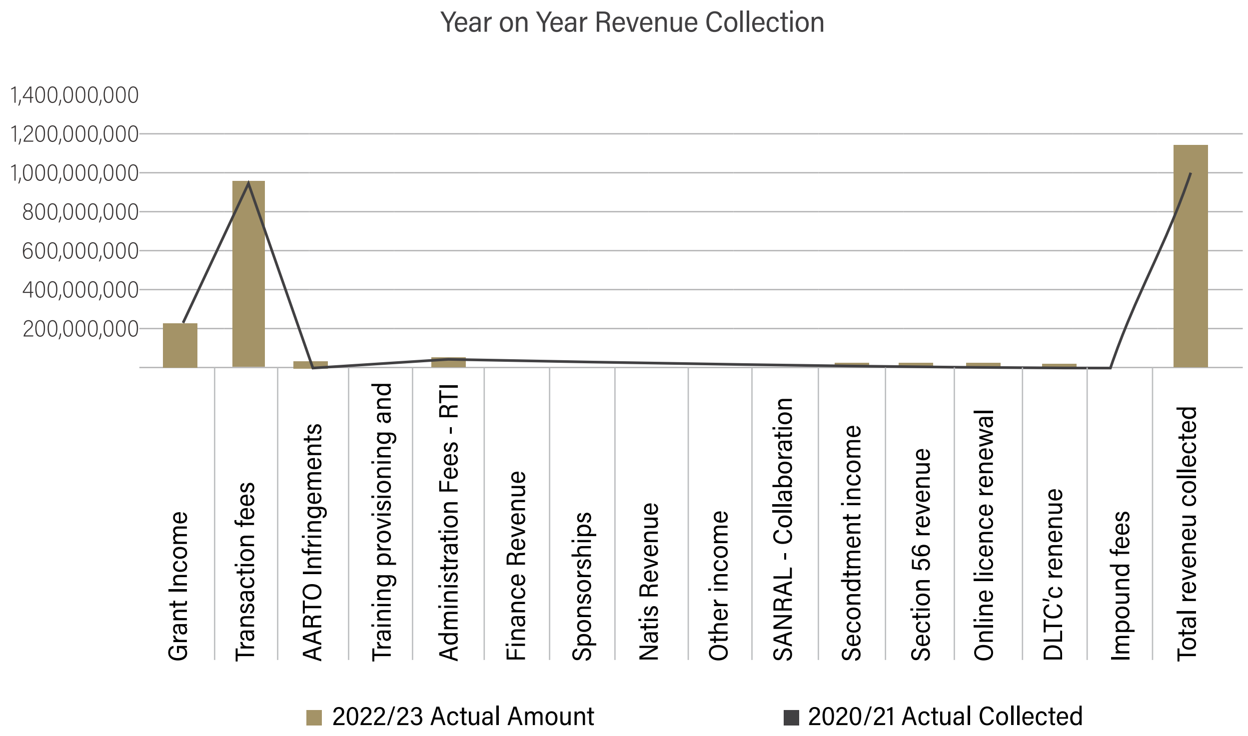


Figure 26: Combination Chart – Revenue Performance

Capital Investment Finance

There was none in the year under review.

NOTES

Governance Information

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Corporate governance embodies processes and systems by which public entities are directed, controlled, and held accountable. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance regarding public entities is applied through the precepts of the PFMA and in tandem with the principles contained in the King IV Report on Corporate Governance for South Africa, 2016 (King IV).

PORTFOLIO COMMITTEE

Parliament exercises its role through the performance of the public entity by scrutinising their annual financial statements and other relevant documents that have to be tabled occasionally.

The Standing Committee on Public Accounts (SCOPA) reviews the external auditor's annual financial statements and audit reports. In the year under review, the RTMC was not required to appear before SCOPA.

The Portfolio Committee exercises oversight over the service delivery performance of the public entities and, as such, reviews the non-financial information contained in the annual reports of the public entities and is concerned with service delivery and enhancing economic growth.

During the period under review, the RTMC appeared before the Portfolio Committee on Transport to account on the delivery of its mandate on 13 October 2022.

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, and CPA and subscribes to the principles enshrined in King IV. 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:

Name	Portfolio	Jurisdiction
Mr Fikile Mbalula*	Minister of Transport	National Chairperson
Ms Sindisiwe Chikunga **		
Ms Sindisiwe Chikunga*	Deputy Minister of Transport	
Mr Lisa Mangcu **		
Ms Weziwe Tikana-Gxotiwe*	MEC: Transport, Safety & Liaison	Eastern Cape
Mr Xolile Nqatha**		
Mr Kwekwe Bulwane*	MEC: Community Safety, Roads & Transport	Free State
Ms Maqueen Letsoha-Mathae**		
Ms Faith Mazibuko	MEC: Community Safety	Gauteng ***
Mr Jacob Mamabolo*	MEC: Roads & Transport	
Ms Kedibone Diale-Tlabela**		
Ms Peggy Nkonyeni*	MEC: Transport, Community Safety & Liaison	KwaZulu-Natal
Mr Sipho Hlomuka**		
Ms Mavhungu Lerule-Ramakhanya*	MEC: Transport, Safety, Security & Liaison	Limpopo ***
Ms Polly Boshielo*		
Ms Florence Radzilani**		
Mr Vusi Shongwe	MEC: Community Safety, Security & Liaison	Mpumalanga ***
Ms Mohita Latchminarain*	MEC: Public Works, Roads & Transport	
Mr Mandla Ndlovu**		
Ms Nomandla Bloem	MEC: Transport, Safety & Liaison	Northern Cape
Mr Sello Lehari	MEC: Community Safety & Transport	North West ***
Mr Gaoage Molapisi	MEC: Public Works & Roads	
Mr Daylin Mitchell *	MEC: Mobility	Western Cape
Mr Ricardo Mackenzie**		

Name	Portfolio	Jurisdiction
Mr Seane Nkahle *	SALGA nominee	National
Mr Sebang Motlhabi **		

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

Table 49: Members of the Shareholders Committee

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 Provincial Departments responsible for road traffic matters. The Board will continue to manage good relations with the Shareholders. 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.
- Representing and serving the Shareholder's interests by overseeing and appraising the strategies, policies and performance of the RTMC.
- Ensuring that the RTMC continues to operate as a viable and sustainable going concern.
- Providing oversight on the human, operational and financial resources available to achieve strategic objectives.
- Ensuring 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 (8) 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 Chairperson and the Chief Executive Officer are distinct. The Chairperson 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.

The term of the previous Board came to an end in the year under review on 31 October 2022 and a new Board was duly appointed with effect from 1 November 2022. During the term of office of the previous Board, a performance evaluation was conducted and facilitated independently by a service provider. All areas of improvement will form part of an action plan which will be monitored by the Board. An induction session was held for the new Board. The session enabled new Members of the Board to understand the mandate of the RTMC as outlined in the RTMC Act, the organisation's strategy and risks.

Below are the details of the Members who served on the Board in the year under review:

Name	Designation	Date of Appointment	Date Retired	Qualifications	Area of Expertise	Board Directorship	Other Committees	# of Meetings Attended
Mr Zola Majavu* CD(SA)	Chairman	1 January 2017 (re-appointed)	31 October 2022	BA (Law) LLB Higher Dip. in Sports Law Attorney of the High Court of SA	Legal and Governance	-	-	5/5
Ms N Mufamadi**	Chairperson	1 November 2022	n/a	Dip in Industrial Relations B Compt.	Finance	NHBRC	-	3/3
Ms Tembeka Mdlulwa*	Non-Executive	1 January 2017 (re-appointed)	31 October 2022	B Juris LLB Attorney of the High Court of SA	Legal	-	Strategy, Monitoring & Evaluation Committee Remuneration Committee	4/5
Mr Thulani Kgomo*	Non-Executive	1 December 2018 (re-appointed)	31 October 2022	B Proc Attorney of the High Court of SA	Legal	Legal Practice Council	Strategy, Monitoring & Evaluation Committee Audit & Risk Committee	4/5

Name	Designation	Date of Appointment	Date Retired	Qualifications	Area of Expertise	Board Directorship	Other Committees	# of Meetings Attended
Prof Maredi*** Mphahlele	Non-Executive	1 November 2022 (Reappointed)	n/a	Teacher's Dip. in Science and Mathematics BSc in Computer Science and Mathematics BSc Hons in Computer Science MSc in Computer Science D Tech in Computer Science	Information Technology	-	Strategy, Monitoring & Evaluation Committee Audit & Risk Committee	8/8
Ms Thandi Thankge CD(SA)***	Non-Executive	1 November 2022 (Reappointed)	n/a	Dip. in Library and Information Services BA in Industrial Psychology BA Hons in Industrial Psychology M Com in Business Management	Human Resources, Governance	Private Security Industry Regulatory Authority (PSIRA) Mine Health and Safety Council National Construction Incubator	Remuneration Committee Social & Ethics Committee Audit & Risk Committee	8/8
Dr Eddie Thebe***	Non-Executive	1 November 2022 (Reappointed)	n/a	D Tech MTech in Public Relations Management BA Comm Hons BA Comm Road Traffic Dip	Road Safety	-	Remuneration Committee Social & Ethics Committee	8/8

Name	Designation	Date of Appointment	Date Retired	Qualifications	Area of Expertise	Board Directorship	Other Committees	# of Meetings Attended
Prof Chitja Twala**	Non-Executive	1 November 2022	n/a	PhD in History M Admin BA Hons BA	Research	-	Social & Ethics Committee Strategy, Monitoring & Evaluation Committee	3/3
Ms Lerato Magalo**	Non-Executive	1 November 2022	n/a	MBA BTech: Civil Engineering (Environmental) Postgraduate Diploma in Business Administration National Diploma: Civil Engineering Tshwane	Strategy development and execution Sustainability Reporting	-	Social & Ethics Committee Strategy, Monitoring & Evaluation Committee	3/3
Adv Xola Stemela**	Non-Executive	1 November 2022	n/a	B Juris LLB Advocate (Member of the Chamber)	Legal	-	Remuneration Committee Audit & Risk Committee	1/3
Mr Nkhumeleni Kudzingana**	Non-Executive	1 November 2022	n/a	National Diploma in Information & Technology	Information Technology	-	IT Governance Committee Remuneration Committee	3/3
Adv Johannes Makgatho	DOT Representative	July 2020	n/a	B Proc LLB	Legal Transport Regulations	-	Strategy Committee IT Governance Committee	6/8
Adv Makhosini Msibi	Chief Executive Officer	1 January 2019 (re-appointed)		B Juris LLB	CEO	-	-	7/8

*Member retired from the Board with effect from 31 October 2022
**New Member appointed to the Board with effect from 1 November 2022
*** Member reappointed to the Board with effect from 1 November 2022

Table 50: Members of the RTMC Board

Board 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:

- Audit & Risk Committee;
- Strategy, Monitoring & Evaluation Committee;
- Remuneration Committee;
- Social & Ethics Committee; and
- Information & Technology Governance Committee.

The Board Charter and the Terms of Reference of Committees set out the roles and responsibilities of the Board and Committees and 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. Below are the details on Board Committees:

Audit & Risk Committee

The Committee provides independent and objective oversight of, among others, financial and sustainability reporting; financial management; risk management; internal controls; internal audit function; external audit; combined assurance and integrated annual reporting.

The Committee meets at least four times a year to consider financial management reports, internal audit reports, risk management reports, organisational performance management, IT governance reports, external audit strategy and other statutory requirements. The Members of the Committee and dates of meetings are captured below:

Name	Qualification	Internal or External	If Internal, Position	Date Appointed	Date Resigned	Number of Meetings Attended
Ms Nomusa Mufamadi - Chairperson*	Dip in Industrial Relations BCompt	External	n/a	1 October 2020	7 November 2022	6/8
Ms Rachel Cuna **** Interim Chairperson	BSocSc BCom in Information Systems Higher Dip. in Computer Auditing BCom (Hons) Informatics	External	n/a	1 August 2020	n/a	6/8
Ms Nontle Jaxa	BCom (Accounting) BCompt (Hons) MBA	External	n/a	1 August 2020	n/a	8/8

Name	Qualification	Internal or External	If Internal, Position	Date Appointed	Date Resigned	Number of Meetings Attended
Prof Maredi Mphahlele**	BSc in Computer Science and Mathematics BSc Hons in Computer Science MSc in Computer Science DTech in Computer Science	Internal	Non-Executive	1 January 2017	n/a	6/6
Ms Thandi Thankge***	Dip. in Library and Information Services BA in Industrial Psychology BA Hons in Industrial Psychology MCom in Business Management	Internal	Non-Executive	1 January 2023	n/a	2/2
Adv Xola Stemela***	B Juris LLB	Internal	Non-Executive	1 January 2023	n/a	2/2

* Member resigned as an external member of the Committee due to appointment as the Chairperson of the Board.
** Member ceased to be a member of the Committee with effect from 31 October 2022
*** New Member with effect from 1 January 2023.
**** Member served as the interim Chairperson of the Committee with effect from 1 January 2023

Table 51: Audit Committee Members and Meetings

Non-executive members are nominated by the Board to serve as members of the Committee and the 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.

Strategy Monitoring & Evaluation Committee

The Committee assists the Board in ensuring that the development of the RTMC long-term strategy is aligned with its legislated mandate, Shareholders' directives and Government priorities. The Committee:

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

- The bid evaluation and adjudication processes were fair, equitable, transparent, competitive and cost-effective.

Number of Meetings Held	Number of Members	Name of Members	Number of Meetings Attended
6	5	1. Ms Thulani Kgomo (Chairperson)*	3/3
		2. Ms Tembeka Mdlulwa*	3/3
		3. Prof Maredi Mphahlele (Chairperson)**	6/6
		4. Dr Eddie Thebe***	3/3
		5. Ms Lerato Magalo***	3/3
		6. Prof Chitja Twala***	3/3
		7. Adv Johannes Makgatho	5/6

* Member ceased to be a member of the Committee with effect from 31 October 2022
** Member served as the Chairperson of the Committee with effect from 1 January 2023.
*** Member of the Committee with effect from 1 January 2023.

Table 52: Strategy Monitoring & Evaluation Committee Members and Meeting Attendance

Remuneration Committee

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

Number of Meetings Held	Number of Members	Name of Members	Number of Meetings Attended
4	3	Ms Tembeka Mdlulwa (Chairperson)*	3/3
		Ms Thandi Thankge (Chairperson) **	4/4
		Dr Eddie Thebe*	3/3
		Mr Nkhumeleni Kudzingana***	1/1
		Adv Xola Stemela***	1/1

* Member ceased to be a member of the Committee with effect from 31 October 2022.
** Member served as the Chairperson of the Committee with effect from 1 January 2023.
*** Member of the Committee with effect from 1 January 2023.

Table 53: Remuneration Committee Members and Meeting Attendance

Social & 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 action taken arising out of unethical conduct; monitors cases reported through the anticorruption 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; ensures that the RTMC promotes good corporate citizenship; oversees the environmental, health and safety function.

Number of Meetings Held	Number of Members	Name of Members	Number of Meetings Attended
4	4	Ms Thandi Thankge (Chairperson)*	3/3
		Prof Chitja Twala (Chairperson)**	1/1
		Mr Thulani Kgomo*	3/3
		Dr Eddie Thebe	4/4
		Ms Lerato Magalo***	1/1

* Member ceased to be a Member and Chairperson of the Committee on 31 October 2022.
**Member served as the Chairperson of the Committee with effect from 1 January 2023.
*** Member of the Committee with effect from 1 January 2023.

Table 54: Social & Ethics Committee Members and Meeting Attendance

Information & Technology Governance Committee

The Information & Technology Governance Committee was established as a new Committee effective from January 2023. The Committee is responsible for exercising oversight of information and technology by reviewing the strategic alignment of IT in terms of the IT Strategy with the overall strategic plan of the RTMC, IT risk management, IT performance management, IT resource management and IT value delivery, Business Continuity and Disaster Recovery, and Information security and privacy.

Number of Meetings Held	Number of Members	Name of Members	Number of Meetings Attended
1	3	Mr Nkhumeleni Kudzingana (Chairperson)	1/1
		Prof Maredi Mphahlele	1/1
		Adv J Makgatho	1/1

Table 55: Information & Technology Committee Members and Meeting Attendance

Remuneration of Board Members

Remuneration of the Board Members 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 remunerated for attending four (4) quarterly meetings of Committees and are not remunerated for attending special meetings as the monthly retainer fees seek to cover such eventualities.

Name	Remuneration (Retainer and Meeting Attendance Fees)	Other Allowance	Other Reimbursement	Total
Mr Z Majavu* - Chairman	645 399	Nil	Nil	645 399
Ms N Mufamadi** - Chairperson	322 699	Nil	Nil	322 699
Ms T Mdlulwa*	519 414	Nil	Nil	519 414
Mr T Kgomo*	486 951	Nil	Nil	486 951

Name	Remuneration (Retainer and Meeting Attendance Fees)	Other Allowance	Other Reimbursement	Total
Prof M Mphahlele***	678 827	Nil	Nil	678 827
Ms T Thankge***	767 974	Nil	Nil	767 974
Dr E Thebe***	645 396	Nil	Nil	645 396
Prof C Twala**	248 563	Nil	Nil	248 563
Ms L Magalo**	215 132	Nil	Nil	215 132
Mr N Kudzingana**	248 563	Nil	Nil	248 563
Adv X Stemela**	134 457	Nil	Nil	134 457

Chairpersons of Committees are remunerated more than ordinary members.
* Member retired with effect from 31 October 2022.
** Member appointed with effect from 1 November 2022.
*** Member reappointed with effect from 1 November 2022.

Table 56: Remuneration of Board Members

Remuneration of External Audit & Risk Committee Members

In line with the Terms of Reference of the Audit & Risk Committee, which provides for the appointment of three (3) external members, the following members were appointed by the Shareholders Committee during the year under review:

Name	Remuneration Meeting Attendance Fees	Other Allowance	Other Reimbursement Travel Expenses (km)	Total
Ms N Mufamadi – Chairperson*	357 097	n/a	2 028	359 125
Ms N Jaxa	215 130	n/a	1 624	216 754
Ms R Cuna – Interim Chairperson**	226 274	n/a	167	226 441

The Chairperson of the Committee also attends Board quarterly meetings and Annual General Meetings to account for matters that the Committee exercises oversight on and was remunerated for such.
* Member resigned as an external member and Chairperson of the Committee due to appointment as a Chairperson of the Board effective from 1 November 2022.
** Member appointed as an interim Chairperson subject to confirmation of the Shareholders.

Table 57: Remuneration of External Audit & Risk Management Committee Members

Risk Management

The RTMC has a Risk Management Framework, which was reviewed and approved during the year under review. The supporting Risk Management Policy was also approved by the Board. The risk management operational plan annual deliverables inform the strategy to deliver on the mandate of the Risk Management function.

In adherence to the approved Risk Management Framework and policy, the RTMC will conduct annual risk assessments. 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 (Audit & Risk Committee and ultimately, the Board).

The RTMC's Enterprise Risk Management governance approach, which is also aimed at achieving the objective of a combined assurance model, has seen the Enterprise Risk & Audit Committee (ERAC) resuscitation once the new operating structure was fully implemented.

The Board, through its subcommittee, namely the Audit & Risk Committee (ARC), provides independent oversight in respect of Risk Management. The ARC guides the strategic intent of Risk Management with the Committee also monitoring activities of the function.

The following Strategic Risks were duly identified and measured, and the RTMC continues to monitor the implementation of agreed mitigations periodically.

Risk	Mitigation Strategies	Residual risk rating as of 31 March 2023
Increased risk of cyber attacks	1) Cyber Security Framework adopted 2) Regular penetration testing and vulnerability scans are performed 3) Cyber Security awareness and training in place 4) Newly approved Cyber security strategy in place	High
Inability to develop and implement an Enterprise Architecture plan as required by the approved ICT strategy	1) The EA maturity assessment was performed	High
Inability to implement the National Road Safety Strategy (NRSS)	1) Monitoring of the strategy 2) The establishment of the Working Committee and other structures	Medium
Dependency on public funding	1) Online Services Steering Committee has been established to address the online services (all the challenges, development etc) and meets regularly 2) Call centre management implemented (calls are logged with RTIT to fix issues) 3) Delivery of driver's license cards	Medium

Risk	Mitigation Strategies	Residual risk rating as of 31 March 2023
Increased risk of liquidity	1) Implementation of the approved funding model 2) Monthly reporting of cash flow projections to MANCO and EXCO 3) Reduction of expenditure (cost containment measures) 4) Monthly monitoring and reporting of the revenue collection, cancellations of fines etc 5) Only funded positions are filled 6) Payment plans in place with service providers	High
The new operating model not fully implemented	1) Performance management system in place 2) Workplace skills plan is in place 3) Exit interviews are conducted 4) Positions are filled based on the approved organisational structure 5) Newly approved competency framework	Medium
Fraud and corruption (Failure to curb fraud and corruption within the Road Traffic fraternity)	1) Email address and a hotline to report fraudulent activities (investigation conducted) 2) Self-initiated cases (investigation conducted) 3) National Anti-Corruption forum led by DoT (quarterly) 4) Ethics Committee has been established (internally) 5) Investigation of internal fraud cases	High
Risk of non-compliance with laws, rules, and regulations (Inadequate preparedness to fully comply with all provisions of the Protection of Personal Information Act)	1) A Deputy Information officer has been appointed, 2) POPIA Policy approved in April 2022 3) Requirements for POPIA on the website (PAIA manual loaded on the website)	Medium
Business Continuity - Natural disasters (i.e. Floods) (Inability to pursue opportunities that make it easier for the public to do business with us)	1) The revised approved Business Continuity policy 2) Two server rooms and the other office is being used as the second site for failover.	Low

Table 58: Risk Management

Risk rating legend

Risk Grade	Score Range
Low	1-8
Medium	9-16
High	17-25

Internat Control Unit

The RTMC management and employees enable the Board to meet its responsibility of ensuring that there are adequate and effective internal controls within the RTMC by implementing standards and systems of internal control that provide reasonable assurance in terms of:

- The integrity and reliability of the financial and operational information in line with applicable standards.
- The efficiency and effectiveness of controls in safeguarding assets.
- Compliance with applicable policies, procedures, laws and regulations.

The internal control unit is thus responsible for the following:

- Coordinating the development, review and implementation of financial internal control systems, policies and procedures.
- Identifying, mitigating and managing control risks which may hamper the achievement of the unit's objective to effectively, efficiently and economically manage its financial and related resources.

Internat Audit

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the RTMC's operations. It supports the RTMC 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 RTMC'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 Audit 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; and
- Safeguarding of assets.
- The audit activities undertaken were implemented on a risk-based approach. The table below is a summary of the Internal Audit planned activities and execution status for the 2022/23 financial year.

Quarter 1		Quarter 2	
April 2022 – June 2022	Executed Yes/No	July 2022 – September 2022	Executed Yes/No
1. Road Traffic Information (include crash stats audit)	Yes	1. Law Enforcement: National Traffic Police full back-office audit incl. the two RTMC DLTCs	Yes
2. Performance Information audit (Q4 of 2020/21)	Yes	2. Supply Chain Management: Quotations and Contract Management	Yes

3. Follow-up on Audit findings and Board Committee resolutions	Yes	3. Performance Information audit (Q1 of 2022/23)	Yes
4. 4th quarter AFS review of file and year-end selected audit tests	Yes	4. NATIS System – Application Controls Review	Yes
5. Governance audit	Yes	5. Follow-up on Budget compilation and monitoring process	Yes
6. Follow -Up on NTCMS IT Audit	Yes	6. QFS1 and supporting file review	Yes
7. Data Analytics (Jan- March 2022 data)	Yes	7. Post Implementation Review – NATIS Online Services	Yes
8. Road Safety Audit (Scholar Patrol Programme.)	Yes	8. Performance Management and Development System (PMDS) Audit	Yes
Quarter 3		**Quarter 4**	
October 2022 – December 2022	**Executed Yes/No**	**January 2023 – March 2023**	**Executed Yes/No**
1. HR Audit – Recruitment & Terminations	Yes	1. Supply Chain Management	Yes
2. IT Audit – Application Control Review – Oracle ERP	No	2. Revenue Audit on all streams – incl. new revenue streams	Yes
3. Enterprise Risk Management Audit	No	3. QFS 3 and supporting file review	Yes
4. Performance Information audit (Q2 of 2021/22)	Yes	4. Follow-up Project Governance Audit	Yes
5. Road Traffic Training Academy – Follow-up audit	Yes	5. Performance Information audit (Q3 of 2021/22)	Yes
6. Payroll Management and all related payroll expenditures	Yes	6. HR Audit – Leave Management	Yes
7. QFS2 and supporting file review	Yes	7. Business Continuity Audit	No
8. Asset Management Audit	Yes	8. Data Analytics Audit – NaTIS & NTCMS	No

Table 59: Summary Annual Audit Plan Executed

The audits that were not executed were due to the secondment of some the RTMC resources to the DLCA (ERM Audit) and the loss of critical resources (IT Audit Manager).

In addition to the planned audits as per the table above, the Internal Audit team executed the following Management Initiated Activities which were still in progress at year-end:

1.	Audit of the RTMC DLTC Operations, incl. the use of the Smart Enrolment Unit (SEU)
2.	Audit of 2 of the Mega projects i.e, NATIS Infrastructure Refresh and Boekenhoutkloof Traffic Academy Upgrade

Table 60: Management Initiated Activities

Compliance with Laws and Regulations

Compliance is an important element in an organisation's governance and due diligence. Principle 13 of King IV states, "The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being an ethical and good corporate citizen".

Compliance within the RTMC is managed in line with the revised Compliance Framework, approved during the 2021/22 financial year. The Framework highlights the RTMC's compliance and implementation process. It seeks to set out and dissect the RTMC's approach to enterprise-wide compliance management.

The diagram below depicts the key elements of the Corporation's compliance framework.

Figure 27: Elements of the Compliance Framework

Leadership commitment to ethics and compliance is embedded in the organisational and reinforced at all levels of management. A multi-layered governance structure was developed to ensure that the compliance function is supported at all levels of the RTMC.

During the 2022/23 financial year, a compliance universe was developed. The compliance universe consists of:

- Legislation that the RTMC should comply with
- Applicable clauses of compliance
- Unit responsible and
- Level of compliance.

Ethics Management

In 2022/2023, the RTMC established an internal Ethics Management Committee to, among others, augment the functions of the Ethics & Social Board Committee by:

- embedding and exercising oversight on the ethical values and culture of the RTMC;
- developing an Ethics Strategy;
- reviewing the current Code of Ethics, informed by the provisions of the Ethics Strategy; and
- Ensuring and monitoring the overall ethical health of the RTMC and compliance with professional and ethical standards associated with public service.

The Committee is responsible for identifying key risks associated with unethical conduct and reviewing, implementing and monitoring mitigation activities and controls.

The RTMC aims to create an environment and culture that promotes ethical, transparent, effective and efficient public administration that conforms to constitutional accountability principles.

The Committee formulated its Terms of Reference and annual work plan to promote, implement and sustain ethical conduct, and stimulate inherent accountability by all employees.

The tasks undertaken by the Committee included, amongst others –

- Review of Ethics Committee Terms of Reference; Identify and review Ethics related Policies; Review Road Traffic Training Academy Code of Conduct; Consider and approve measurement Metrics; Implement approved Metrics; Consider Labour Report; Provide advice on preventative and/or corrective measures to address common unethical behaviour observed; Identify appropriate training for the respective Business Units; Review Compliance Universe; Compliance monitoring and audit; Annual declarations by employees.

Code of Conduct

The Code constitutes a duty on the RTMC to create an environment and culture that promotes ethical, transparent, effective and efficient public administration that conforms to the Constitutional accountability principle. The aim is to develop and stimulate accountability by all employees to promote, implement and sustain compliance. The Executive Management and Managers have the responsibility to curb risk associated with non-compliance by employees and adhere to strict consequent management when employees deliberately and continuously fail to comply with the applicable legislative and or regulatory framework. The RTMC, as a principle of the Compliance Framework, will evoke a zero-tolerance approach to fraud and corruption, and culpable behaviour and corrective measures will be taken, including but not limited to disciplinary actions, where merited.

Conflict of Interest

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

The Supply Chain Management Unit has a Code of Conduct for SCM Practitioners to promote mutual trust, respect and an environment where business can be conducted with integrity, fairness and in a reasonable manner. Internally, there are levels of segregation of duties from preparer, reviewer and approver. This process also assists in ensuring the process is foolproof. It is also expected of an SCM Practitioner or other role players that are involved in SCM to, among others:

1. Maintain a high level of integrity at all material times.
2. Reject any business practices which might be deemed improper.
3. Never use authority or position for own personal gain.
4. Declare any personal interest that might affect or be seen by others to affect impartiality and decision-making; and;
5. Remain impartial in all dealings and not be influenced by any circumstances.

Members of Bid Committees are also expected to carry out their roles in a manner that is honest, fair, impartial, transparent, cost-effective and maintain the highest level of confidentiality in all material respects. In Bid Committees, all members declare their interest, and where there is a potential conflict, a member recuses themself from participating in the evaluation and adjudication process.

There are mandatory documents that bidders must complete in the bidding process, and failure to complete these mandatory documents results in bidder disqualification. These documents include:

- Standard bidding document 4 (SBD 4) – to declare interest and relationship with any other persons employed by the state. This declaration ensures that officials that are related to a specific bidder do not participate in the evaluation and adjudication process.
- Standard bidding document 8 (SBD 8) – to declare the bidder's past supply chain management practices. This declaration assists with combating the abuse of the SCM system as bidders are required to declare a failure to perform or if they are listed in the National Treasury database of restricted suppliers.

Occupational Health and Safety

The RTMC is required to comply with the Occupational Health and Safety (OHS) Act, 1993 (Act 85 of 1993) by providing a safe working environment for its employees, contractors, and visitors alike. To this end, the RTMC has taken all requisite measures to ensure complete compliance with the requirements and spirit of the OHS Act.

At the end of the reporting period, the RTMC registered forty-four (44) cases with the Department of Employment and Labour. The increased number of Injuries on duty cases is attributed to the exponential increase in the rigorous physical training exercises undertaken daily by the traffic trainees. However, as trainees become more socialised on the safety measures they need to apply before training sessions, there has been an improvement in the incidents reported.

The RTMC continues to ensure that strict compliance with OHS requirements is not compromised, to the extent that the RTMC has adopted a zero-tolerance approach to non-compliance.

Company Secretary

The role and responsibilities of the Company Secretary are outlined in the Board Charter, read with King IV. The Company Secretary provides a central source of guidance to the Board on matters of good governance. Members of the Board have full access to the services of the Company Secretary as well as access to information and records necessary to discharge their duties. The Company Secretary is empowered with the authority and support needed to carry out the duties, which include, among others:

- Development of systems and processes that enable the Board to discharge its functions effectively and efficiently
- Maintaining all statutory records
- Reviewing Board Charter and Committee Terms of Reference annually
- Development of Board and Board Committees' annual work plans
- Ensuring that the Board receives adequate information to make informed decisions
- Ensuring Board induction, training and development

Corporate Social Responsibility (CSR)

RTMC plays an important role in the economic and social transformation of its stakeholders and communities and aims to facilitate sustainable corporate social responsibility programmes. The RTMC participates in projects that contribute towards uplifting youth and vulnerable citizens in households from disadvantaged communities through social welfare and community outreach programmes. Public health, education, and health form part of the RTMC CSR focus areas and the targeted beneficiaries are not limited to vulnerable children, orphans, youth, and pensioners from disadvantaged communities.

Kwa-Zulu Natal Flood Disaster Relief CSR Project in Lower Molweni and Tshelimnyama on 6 and 16 May 2022.		
Partnership	Beneficiaries	Objective of the initiative
The RTMC in response to the Kwa-Zulu Natal Floods implemented the RTMC Disaster Relief Corporate Social Responsibility Drive during May 2022. The Disaster Relief CSR Project was implemented in partnership with the National Department of Transport, Kwa-Zulu Natal Department of Transport, Transport Entities, Department of Social Services and Home Affairs.	The beneficiaries were community members of the flood-ravaged rural communities of Lower Molweni and Tshelimnyama in KwaZulu Natal. Each household received a substantial grocery hamper to sustain them while displaced from their homes. Most of the hardest-hit areas are plagued by socio-economic ills and high unemployment and depend on the social grant for survival and the contribution assisted in alleviating their dire plight.	*Sustainable Development Goal 1: No Poverty* Through the project, the RTMC donated and handed over grocery care hampers and blankets as part of the Disaster Relief project to support government's disaster response programmes, poverty alleviation and pandemic-driven societal ills. *Sustainable Development Goal 5: Gender Equality* The RTMC provided dignity packs to empower the displaced young and adult women who had also been affected by the devastating floods. The initiative aims to uplift the lives of vulnerable and disadvantaged households by contributing to the well-being and social welfare of the children, youth, and families.

My Safety Bag and Dignity Packs Corporate Social Responsibility Project in Limpopo, Vleifontein, on 23 June 2022		
Partnership	Beneficiaries	Objective of the initiative
The RTMC partnered with the Limpopo Department of Transport and Community Safety, MEC Mavhungu Lerule-Ramakhanya, in rolling out the *My Safety Bag and Dignity Packs CSR Project*, held at the rural community of Vleifontein, characterised by unemployment and poverty. The Local Municipality Mayor and Local Councillors supported the handover event.	A total of 82 (eighty-two) *My Safety School Bag* packs with reflective road safety strips, stationery and 82 (eighty-two) feminine care and dignity packs were distributed to learners from Tshiawelo Secondary School in Vleifontein. The beneficiaries in this project are learners from poverty-stricken households affected by high unemployment rates and socio-economic ills in the rural villages of Vleifontein. The Basic Education and the School Social Welfare Committee identified the benefitting school learners as the most deserving beneficiaries due to their dire situation.	*Sustainable Development Goal 17: Quality Education* To uplift the lives of vulnerable and disadvantaged children by contributing to their educational tools and wellness, providing learners with holistic support to focus on their schoolwork. *Sustainable Development Goal 17: Partnerships for the Goals* This initiative also allows the RTMC and provincial road safety and transport departments to partner in engagements with learners, teachers and SGB on issues related to road safety, using the platform to promote and educate on road safety matters to an audience of future drivers and vulnerable road users, pedestrians.

Nelson Mandela Drive CSR Project at Khanya Family Centre, Katlehong Resource Centre, in Katlehong, on 19 July 2022.		
Partnership	Beneficiaries	Objective of the initiative
An integral part of the CSR project rollout is for the RTMC to forge strategic partnerships aligned to the CSR strategy and objectives. As part of the Nelson Mandela Day Drive CSR Project, the RTMC partnered with Khanya Family Centre in Katlehong. The Centre provides training and development, psycho-social counselling, care, and support to the indigent members of the Katlehong community and surrounding informal settlements.	The RTMC committed 67 minutes of the historic day in serving the Khanya Family Centre's residents through the Nelson Mandela Drive Project. The RTMC handed over grocery care hampers, vegetables, dignity packs, educational toys, and road safety education material to the Centre, that supports over 120 households. Five households, reliant on government grant, were identified as child and youth headed and of greater need due to the challenges they experienced.	*Sustainable Development Goal 2: Zero Hunger* The RTMC uses the period in the year's calendar to honour the legacy of the late Nelson Mandela by helping communities in need. Over the years, the project has afforded the RTMC an opportunity to touch and uplift the lives of vulnerable households in different communities by contributing towards their well-being and the social welfare of the elderly, orphaned children, and the indigent. Through the project, the RTMC supports CSR initiatives that seek to make an impact in lessening the burden of poverty and uplift communities that the RTMC operates in, especially the vulnerable road users.

Road Safety Response Care Hamper CSR Programme at Godlwayo One Stop Development Centre in Pongola, Kwa-Zulu Natal, on 22 September 2022.		
Partnership	Beneficiaries	Objective of the initiative
The RTMC, through its Disaster Relief CSR programme, partnered with the National Department of Transport and the Kwa-Zulu Natal Department of Transport in support of the families of the 20 road crash victims, who lost their lives during a fatal road crash on the N2 in Pongola, The partnership is aligned with the RTMC's objectives of promoting safe roads for all road users.	In response to the immediate needs of the affected families, RTMC contributed grocery packs to 13 households that lost children and adult members of their families in the fatal crash road crash. The RTMC continues to initiate CSR projects that respond to the beneficiaries' needs, by contributing towards their needs and welfare.	*Sustainable Development Goal 3: Good Health and Well-Being* As a responsible public citizen and an agency mandated to promote road safety, the RTMC endeavours to contribute to meeting the economic and societal needs of the communities where we operate and promote road safety. Furthermore, the RTMC utilises its CSR programmes to respond to various road safety-related incidents by helping communities and households in need of social intervention continually.

Festive Season Act of Kindness Grocery Care Hamper CSR Project in Creighton, KwaZulu Natal on 8 December 2022		
Partnership	Beneficiaries	Objective of the initiative
The RTMC partnered with the KwaZulu Natal Department of Transport and Community Safety and the Municipality servicing the rural community of Creighton, a rural settlement situated in the vicinity of Donnybrook village KwaZulu Natal.	The RTMC and the KZN Department of Transport handed over 130 grocery hampers and dignity packs to beneficiaries identified by the community structures as from impoverished child-headed households, and the elderly. The beneficiaries included victims of gender-based violence housed in the community shelters and displaced victims of the KZN flood disaster aftermath.	*Sustainable Development Goal 1: No Poverty* The RTMC utilised the project to reach out to communities hardest hit by the social ills – poverty, gender-based violence and unemployment during a season of giving and showing kindness to those in need. Through the project, the RTMC supports CSR initiatives that seek to make an impact in reducing the burden and bleakness faced by the affected communities due to high unemployment rates and natural disasters; in most cases, those affected are the vulnerable road users (pedestrians), who record higher numbers of road fatalities. *Sustainable Development Goal 17: Partnerships for the Goals* The project handover further presented an opportunity for the RTMC to partner with the provincial stakeholders and the communities to promote and raise awareness on road safety during the festive season to reduce road deaths amongst pedestrians.

Education and Learner Support Project at Ephangweni, Escourt, Kwa-Zulu, Natal on 16 January 2023		
Partnership	**Beneficiaries**	**Objective of the initiative**
The RTMC partnered with the National Department of Transport in responding to the plight of the indigent households from the community of Ephangweni, Escourt, in KwaZulu Natal.	The RTMC and the KZN Department of Transport handed over care hampers to beneficiaries from destitute child-headed households and elderly who support grandchildren with social grants.	*Sustainable Development Goal 1: No Poverty* The RTMC used the project to reach out to communities that are hardest hit by social ills. The project supported the affected the indigent, child-headed households with grocery care hampers aimed at alleviating the burden faced by these households at the start of the school calendar. The project handover further presented an opportunity for the Department of Transport Ministry and the RTMC to promote and raise awareness on road safety to reduce road carnages amongst pedestrians and vulnerable road users.

Table 61: CSR Programmes

Environmental Sustainability

Target	Achievements
1. Compliance with Environmental Sustainability legislation during the refurbishment and upgrade of Boekenhoutkloof Traffic College	The following documents were submitted as assurance of compliance with the Environmental Sustainability legislation: - Ecological report - Heritage Impact assessment - Wetland Assessment - Habitat sensitivity
2. Inhouse recycling	There is a recycling drive where paper is collected and sent for recycling. This project was successful and generated a total of R807.93 (R335.97 in April and R471.96 in June).
3. Disposal of computer waste equipment (e-waste)	All electronic equipment (e-waste) is disposed of in the form of a bid, where only e-waste accredited suppliers are invited to bid to purchase the equipment, and they produce a SANS certificate. R259 500.00 was paid for e-Waste in the 2021/22 financial year. The disposal for 2022/23 will be performed after the asset verification exercise.

Target	Achievements
4. Implement technology solutions to drive environmental sustainability efforts	Use Electronic Signature (e-Signature) - The process to secure PDF documents is underway, and RTTA has been prioritised. PDF signatures are used as an interim measure. Use of virtual platforms - The events for the Corporation are held through Teams, namely PET road safety, Online Services for DLTCs, and request a slot system (efficiencies) gives citizens slots closer to home energy savings. Training on MS One Drive & Teams - users were trained and are using One-Drive & SharePoint. Document Management System - Convenient system is a secure document tool for all Board Executive and Management committees.
5. Reduction of Carbon Footprint caused by the RTMC fleet	The RTMC is paying a Carbon Emission Tax as stipulated in the Carbon Tax Act, all entities that carry on activities resulting in the emission of greenhouse gases (GHG) more than the thresholds stipulated in Schedule 2 to the Carbon Tax Act will be liable for carbon tax.
6. Provide Communication and education on Environmental Sustainability in the Corporation.	Circulars and poster/s utilised to communicate and inform employees about the RTMC's strategy and current initiatives. Employees were nominated from each unit to form part of the Environmental Sustainability Committee. The Committee holds monthly meetings to discuss initiatives and progress made.
7. Reduce unnecessary water usage and wastage.	Installation of water-efficient shower heads at Denel Training Academy, which aids in saving water.
8. Conserve energy resources within the office	Turn off the lights and switch off electronic equipment around the office after hours or when not used. Communication was sent to staff indicating the importance of turning off the lights and switching off electronic equipment around the office after hours or when not in use. Security check lights and aircon after hours to ensure they are turned off. The new RTMC logo and lights for the building branding at Eco Park offices use less energy than the previous signage on the building. Use of LED and energy-efficient lights which are brighter and more energy efficient

Table 62: Environmental Sustainability Targets and Achievements

AUDIT & RISK COMMITTEE REPORT

Audit & Risk Committee Terms of Reference

The Committee was established in line with the requirements of section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999)

The Committee reports that it has complied with its responsibilities arising from section 51(1)(a)(ii), as amended, and Treasury Regulation 27.1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The Committee also reports that its Terms of Reference were reviewed and 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 comprised of four (4) independent non-executive members as stated on page 77 of the report. From April to October 2022, three (3) members were external independent members, and one (1) was a member of the Board. From January to March 2023, two of the members were external independent members, and two (2) were members of the Board. The appointment of the Audit & Risk Committee members is confirmed annually by the Shareholders Committee at the Annual General Meeting.

During the period under review, the Committee held four (4) scheduled quarterly meetings, two (2) special meetings and two (2) Strategic Risk workshops. The schedule of attendance is shown on page 77 to 78 of the report.

The Chief Executive Officer, Executive Manager responsible for Financial Services, General Manager responsible for Internal Audit, other senior management members, and representatives of the Auditor-General South Africa have standing invitations to the Committee meetings. The Committee periodically meets separately with external and internal auditors as well as management.

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

Audit & Risk Committee Responsibilities

The Committee has reviewed the following:

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 also ensured the quality of financial reporting by reviewing the draft annual financial statements and annual report.

The Committee reviewed the Delegation of Authority Framework and Budget Policy and recommended these for the Board's approval.

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

Internal Controls and Risk Management

The Committee is responsible for overseeing risk management and reviewing the effectiveness of internal control systems. The Committee continued to monitor key strategic risks identified and mitigations on a quarterly basis.

The progress reports made to mitigate the identified strategic risks were presented to the Board.

The Committee monitored the effectiveness of the control environment by reviewing reports from the internal audit, management, and external auditor. The Committee believes that the systems of internal controls are adequate. However, there is room for improvement.

The Committee held an annual strategic risk assessment with Management to identify the key risks that may impede the achievement of strategic objectives, culminating in a draft 2023/24 Strategic Risk Register for consideration by the Board.

The Committee considered and recommended the revised Business Continuity Management and Risk Management Policies to the Board for approval.

Governance of Information & Technology

The Committee fulfilled an oversight role on the governance of Information Technology (IT) during the part of the financial year under review. The Committee considered on a quarterly basis a report on the governance of IT in monitoring, among others, the achievement of the set KPIs relating to Information & Technology, implementation of ICT Strategy, etc. The Committee further considered the Cyber Security Strategy and recommended to the Board for approval.

Internal 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 with the effectiveness and efficiency of the internal audit function during the year under review.

The Committee approved the Internal Audit Charter and the three-year risk-based internal audit plan, including the annual internal audit plan. Internal audit activities are measured against the approved plan, and the General Manager: Internal Audit tabled reports on a quarterly basis in that regard to the Committee.

The Committee further considered a Combined Assurance Framework which will enable management to prioritise resources efficiently to mitigate the risks to an acceptable level and identify who is responsible for each risk.

The Committee is satisfied that 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.

The Committee noted the Auditor-General engagement letter and the Audit Strategy, which included the audit fees for the financial year.

The Committee encouraged communication between Management, the internal audit, and the external auditors.

Auditor-General's Report

The Committee consurs and accepts the conclusion of the audit report on the Annual Financial Statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.

pp

Ms R Cuna
Interim Chairperson: Audit & Risk Committee

B-BBEE Compliance Performance Information

The RTMC undertakes a periodic compliance review to its B-BBEE requirements verification process. It was issued a Level Two Contributor to B-BBEE verification certificate on 25 August 2022, valid until 24 August 2023.

CRITERIA	RESPONSE Yes/No	DISCUSSION
Determine qualification criteria for issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The RTMC does not issue any licences
Developing and implementing a preferential procurement policy?	Yes	The validity of the PPR2017 was challenged on several grounds relating to the Minister of Finance's powers to make the regulations. On 16 February 2022, the Constitutional Court handed down its judgment in Minister of Finance v Afribusiness NPC. The Court upheld the challenge and agreed that the Minister acted beyond the scope of his powers and not in line with the PPPFA by allowing organs of state to use pre-qualification criteria that effectively disallowed certain bidders from participating in a tender. The Court declared the PPR 2017 invalid and set them aside. Sending the Minister back to the drawing board. Considering the above, the National Treasury introduced the new 2022 Preferential Procurement Regulations. The RTMC has, from 16 January 2023, developed and approved a policy to comply with the new Preferential Procurement Regulations ("2022 Regulations").

CRITERIA	RESPONSE Yes/No	DISCUSSION
Developing and implementing a preferential procurement policy?	Yes	The 2022 Regulations allow some discretion for procuring institutions when allocating preference points. Although the scoring system of 80/20 (for contracts up to R50-million) and 90/10 (for contracts above R50-million) is still in place, the 2022 Regulations permit the procuring institution to decide on "the specific goal specified for the tender" (instead of only B-BBEE contributor status level, as was provided in the PPR 2017). The "specific goals" may include contracting with persons historically disadvantaged by unfair discrimination or the implementation of programmes of the Reconstruction and Development Programme. These will expand the aims of preferential procurement and reinforce the discretion of the Corporation in implementing its own procurement targets and goals. This approach provides the RTMC with an opportunity to expand on transformation objectives.
Determining qualification criteria for the sale of state-owned enterprises?	No	The RTMC does not have any other enterprise
Developing criteria for entering partnerships with the private sector?	No	The RTMC does not have the criteria for entering partnerships with the private sector.
Determining criteria for awarding incentives, grants and investment schemes in support of B-BBEE?	No	The RTMC does not have the criteria for the awarding of incentives, grants, and investment schemes in support of B-BBEE.

Table 63: B-BBEE Compliance

Human Resource Management

Human Resource Management

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.

Overview of Human Resources Matters

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

In its efforts to become a high performing and sustainable organisation, the Road Traffic Management Corporation (RTMC) believes in the attraction and retention of its most important resources, people. To achieve this, various processes are in place, namely, recruitment of talent, performance management, reward and recognition, remuneration practices and learning and development related procedures.

The management of the RTMC regards talent management as a critical and strategic business activity for its sustainability, resilience, and growth.

HR Priorities for The Year and the Impact of These Priorities

The external and internal stakeholder satisfaction index was introduced as strategic outcome indicators in the current strategic plan for 2020/21 to 2024/25. To achieve this strategic imperative, surveys of internal and external stakeholders are necessary to measure improvements (or regression) regarding external and internal stakeholder satisfaction.

IMPACT	OUTPUT	OUTCOME INDICATOR	BASELINE	FIVE YEAR TARGET
Safe mobility on South African roads	High performance organisation	External stakeholder survey	68%	80%+
		Internal stakeholder survey	55%	80%+

Table 64: RTMC's strategic outcomes from the 2020/21 - 2024/25 Strategic Plan

During the period under review, an internal satisfaction survey was conducted to establish the internal stakeholder satisfaction index. The survey assisted in identifying stakeholder needs, expectations, and levels of satisfaction. The baseline for the internal stakeholder satisfaction survey is 55%.

The RTMC will utilise the outcomes of both surveys in strategic planning, implementation and monitoring and evaluation to proactively respond to stakeholders' needs.

Workforce Planning Framework

The Human Resource (HR) Plan is developed annually to ensure that the RTMC has the right number of employees, with the right composition representativity and competencies, in the appropriate posts to deliver on its mandate and to achieve its strategic goals and objectives.

The Human Resource Plan therefore aims to ensure that the RTMC:

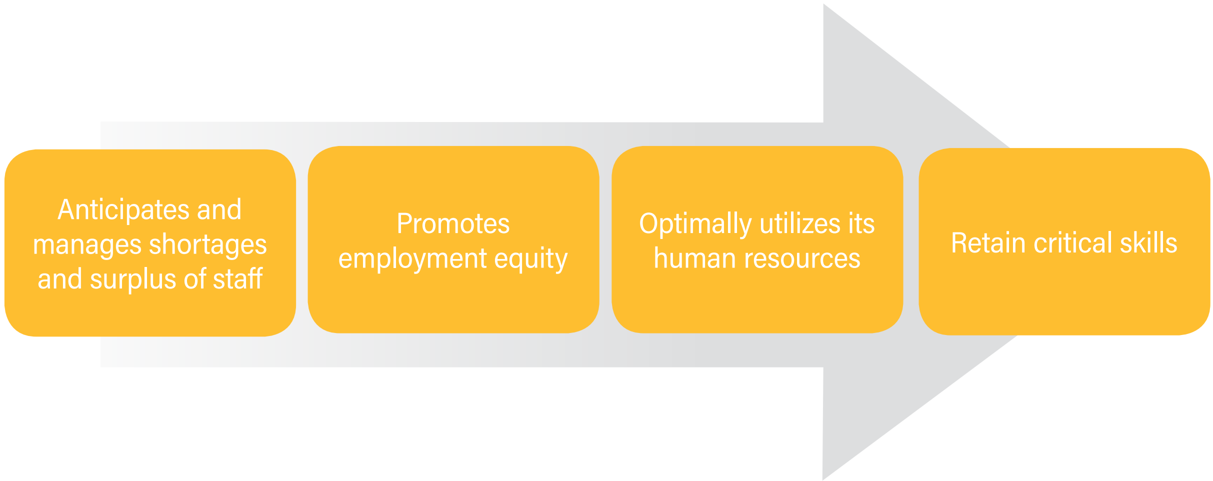

Figure 28: Aim of the HR Plan

The HR Plan assesses of the human resources required to deliver on the RTMC's strategic objectives is presented, followed by a gap analysis indicating the current human resource needs.

Employee Performance Management Framework

In pursuit of a performance-driven culture, the RTMC has a performance management and development system. As such, all employees signed performance agreements and performance reviews were conducted.

Employee Wellness Programmes

Healthy employees are the foundational pillar of any successful business. Healthy employees are productive and diligent in their work, resulting in better productivity. To this end, the RTMC has instituted an employee wellness programme which offers assistance for the psychological, social and spiritual wellbeing of all employees. During the 2022/2023 financial year, the following Employee Wellness Programme were implemented:

- Mental health workshops were facilitated to provide emotional support to employees
- Health risk assessment
- Health and Wellness Articles
- Trauma Debriefing Session
- Psychosocial Counselling
- Spiritual Upliftment

The RTMC commemorated the important calendar days such as:

- World Aids Day
- International Men's Day with specific focus on targeted groups
- National Women's Day with specific focus on targeted groups

Policy Development

During the 2022/2023 financial year, the following policies were developed:

- Bursary Policy
- Bereavement and Group Benefits Policy
- Employee Health and Wellness Policy
- Performance Management Policy

HR Achievements

In terms of the approved integrated talent management strategy, the RTMC talent management strategic intent and vision is:

"To develop a high performing organisation and an engaged workforce, supported by an environment that values and engages talent."

During the year under review, the RTMC implemented its talent management strategy by implementing talent management initiatives. The talent management initiatives that were implemented are as follows:

1. Performance Management policy developed and implemented.

One of the objectives of the talent management framework is to develop a high-performance culture that nurtures, develops and rewards talent. An effective performance management system is crucial for talent management. Consistent application of a performance management process ensures work outputs align with measurable performance standards.

The performance management system was approved and implemented during the first quarter of the year under review. To that extent, employees were assisted to develop performance agreements aligned to the Annual Performance Plan and Strategic Objectives of the RTMC.

2. Competency Framework Development

A competency framework was developed and implemented during the second quarter of the year under review.

The purpose of the Competency Framework is to provide a common shared platform that seeks to define the competencies that underpin performance that is in line with the RTM's objectives and the changing world.

The competency framework was implemented by conducting the skills audit on technical competencies for law enforcement officers.

3. Men's Empowerment Programme

A Men's Empowerment Programme to commemorate the International Men's Day was held on 11 November 2022. The theme for the Programme was "Shaping leaders in society". The programme is aimed at helping men cope with life challenges.

4. Skills Audit Conducted

The skills audit was conducted during the fourth quarter of the year under review. The skills audit was aligned to the competency framework, focusing on the core and generic competencies.

HR Challenges

Managing the vacancy rate is essential as it reflects the workforce demand and informs capacity requirement decisions. The current challenge however is the attraction and employment of people with disabilities PWDs which requires urgent attention at the RTMC. Currently there are eleven (11) employees who have disclosed the disability which represents 1% which means the Corporation is below the 2% National target.

Employment equity remains a business imperative to ensure that the workforce profile of the RTMC is aligned to the transformation agenda and national demographics. An action plan has been implemented to improve representativity of people with disabilities.

Future HR Plans and Goals

The RTMC has developed three HR goals, that, if realized, will directly impact on organizational success and mission achievement. The overarching outcome measure is the high performing organization as outlined in the RTMC's strategic outcomes from the 2020/21 to 2024/25 Strategic Plan.

- Leadership: Grow our Leaders
  - We will improve leadership competency and strengthen accountability for achieving mission results, while improving executive hiring and onboarding processes and preparing the workforce for future RTMC needs.
- People: Strengthen our Workforce
  - We will hire the best talent, develop our employees, and optimize performance with a renewed emphasis on employee engagement, workplace improvement and workforce flexibility.
- Human Capital: Improve our HC Service Delivery
  - We will improve HC competency, processes, and systems to provide effective, efficient results and excellent customer service to the RTMC employees.

Figure 29: HR Goals

Human Resources Oversight Statistics

Personnel Cost by Programme

Programme/Activity/ Objectives /Programme	Total expenditure for the entity	Personnel expenditure	Personnel expenditure as a % of total expenditure	Number of employees	Average personnel cost per employee
	(R'000)	(R'000)	(R'000)		(R'000)
Road Safety, Marketing & Stakeholder Management	24 933	20 294	81%	18	1 127
Training of Traffic Personnel	203 273	59 574	29%	79	754
Law Enforcement	274 436	253 141	92%	469	540
Traffic Intelligence and Security	21 334	20 141	94%	24	839
Strategic Services	260 539	150 176	58%	220	683
Support Services	759 921	139 851	18%	190	736
Total	**1 544 436**	**643 177**	**42%**	**1000**	**643**

Table 65: Personnel Cost by Programme

Personnel Cost by Salary Band

Level	Personnel expenditure	% of personnel expenditure to total personnel cost	Personnel expenditure as a % of total expenditure	Number of employees	Average personnel cost per employee
	(R'000)		(R'000)		(R'000)
Top Management	5 745	1%	0,4%	1	5 745
Senior Management	61 493	10%	4%	30	2 050
Professionally Qualified	137 755	21%	9%	108	1 276
Skilled	370 778	58%	24%	593	625
Semi-Skilled	56 033	9%	4%	214	262
Unskilled	11 373	2%	1%	54	211
Total	**643 177**	**100%**	**42%**	**1000**	**643**

Table 66: Personnel Cost by Salary Band

Performance Rewards

No performance rewards were paid during the year under review.

Training Costs

Level	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as % of personnel expenditure (R'000)	Number of employees	Average training cost per employee (R'000)
Top Management	5 745	0	0%	0	0
Senior Management	61 493	107	0%	22	4,9
Professionally Qualified	137 755	0	0%	14	0
Skilled	370 778	0	0%	61	0
Semi-Skilled	56 033	0	0%	91	0
Unskilled	11 373	100	1%	37	2,7
Total	**643 177**	**207**	**0%**	**225.00**	**0**

Table 67: Training Costs by Salary Band

Employment and Vacancies

Managing the vacancy rate is essential as it reflects the changes in workforce demand and informs capacity requirement decisions. As of 31 March 2023, the vacancy rate was 3% compared to 6% in the previous year. This was due to the appointment of employees to fill the key and critical vacant positions that were identified.

Employment and Vacancies

Programme/activity/ objective	2021/22 Number of employees	2022/23 Approved posts	2022/23 Number of employees	2022/2023 Vacancies	% of vacancies
Road Safety, Marketing & Stakeholder Management	109	19	18	1	5%
Training of Traffic Personnel	-	81	79	2	3%
Law Enforcement	440	479	469	10	2%
Traffic Intelligence and Security	24	24	24	0	0%
Strategic Services	188	224	220	4	2%
Support Services	215	209	190	16	8%
Total	**976**	**1036**	**1000**	**36**	**3%**

Table 68: Employment and Vacancies

Employment Changes

Salary Band	Employment at the end of previous period 31 March 2022	Appointments	Terminations	Employment at the end of the period 31 March 2023
Top Management	1	0	0	1
Senior Management	32	0	2	30
Professionally Qualified	119	3	14	108
Skilled Technical & Academically Qualified	616	17	40	593
Semi-Skilled & discretionary decision-making	167	64	17	214
Unskilled & defined decision-making	41	16	3	54
Total	**976**	**100**	**76**	**1000**

Table 69: Employment Changes

Reason for Staff Leaving

Reason	Number	% of total number of staff leaving
Abscondment	1	1%
Contract not Renewed	22	29%
Deceased	3	4%

Reason	Number	% of total number of staff leaving
Misconduct	4	5%
Ill-health	2	3%
Resigned	40	53%
Retirement	4	5%
Total	76	100%

Table 70: Reason for Staff Leaving

Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	2
Final Written Warning	8
Dismissal	6
Suspension Without Pay	7
Resignation during disciplinary processes	1
Total	24

Table 71: Labour Relations: Misconduct and Disciplinary Action

Equity Target and Employment Equity Status

Levels	Female							
	African		Coloured		Indian		White	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Top management	0	0	0	0	0	0	0	0
Senior Management Service	14	11	1	1	0	1	1	1
Professionally qualified	38	39	1	1	2	6	5	6
Skilled	225	216	8	7	4	10	10	10
Semi-skilled	106	133	2	3	3	1	1	1
Unskilled	21	26	0	0	0	1	1	1
Total	404	425	12	12	9	19	18	19

Table 72: Equity Target and Employment Equity Status: Female

Levels	Male							
	African		Coloured		Indian		White	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Top management	1	1	0	0	0	0	0	0
Senior management	12	13	2	2	0	0	2	2
Professionally qualified	44	40	3	3	7	6	11	11
Skilled	323	314	12	11	10	9	25	22
Semi-skilled	57	72	0	0	1	1	1	1
Unskilled	21	26	1	1	0	0	0	0
Total	458	486	18	17	18	16	39	36

Table 73: Equity Target and Employment Equity Status: Male

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	1	0	1
Professionally Qualified	2	1	1	1
Skilled	3	2	3	3
Semi-skilled	1	1	1	1
Unskilled	0	1	0	0
Total	6	6	5	6

Table 74: Equity Target and Employment Equity Status: Disabled Staff

NOTES

PFMA Compliance

IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure

Description	2022/2023	2021/2022	2020/2021
	R'000	R'000	R'000
Opening balance	0	83 728	0
Add: Irregular expenditure confirmed	0	46 979	83 728
Less: Irregular expenditure condoned	0	(130 707)	0
Less: Irregular expenditure not condoned and removed	0	0	0
Less: Irregular expenditure recoverable	0	0	0
Less: Irregular expenditure not recovered and written off	0	0	0
Closing balance	0	0	83 7280

Table 75: Reconciliation of Irregular Expenditure

The previous irregular expenditure disclosed was consequent to the erroneous misinterpretation and misapplication of Regulation 4 of the Preferential Procurement Regulations 2017. Regulation 4(1)(a) confers the discretion of the RTMC to determine the stipulated minimum B-BBEE status level contributor level and to disqualify any potential tender 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. No losses were suffered, and value was received, and the imminent disaster avoided in the National Key Point. An application for condonation was submitted to National Treasury and approval was granted.

Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure the was under assessment in 2021/2022	0	83 728
Irregular expenditure that relates to 2020/2021 and identified in 2021/2022	0	0
Irregular expenditure for the current year	0	46 979
Total	0	130 707

Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	0
Total	0	0

Details of current and previous year irregular expenditure condoned.

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure condoned	0	(130 707)
Total	0	(130 707)

An application for condonation was submitted to National Treasury and approval was granted.
Details of current and previous year irregular expenditure removed - (not condoned)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure recovered	0	0
Total	0	0

Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure written off	0	0
Total	0	0

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	517	527
Add: Fruitless and wasteful expenditure confirmed	2 877	0
Less: Fruitless and wasteful expenditure condoned	0	(10)
Less: Fruitless and wasteful expenditure not condoned and removed	0	0
Less: Fruitless and wasteful expenditure recoverable	0	0
Less: Fruitless and wasteful expenditure not recovered and written off	0	0
Closing balance	3 394	517

Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure was under assessment in 2021/2022	0	517
Fruitless and wasteful expenditure that relates to 2020/2021 and identified in 2021/2022	0	0
Fruitless and wasteful expenditure for the current year	2 877	0
Total	2 877	517

Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	2 877	517
Total	2 877	517

Interest on late payments to suppliers (Prior year)

Discussions and investigations are underway with the Loss and Disposal Committee on interest charged on late payments (R516 770).

Re-print and delivery of motor vehicle licences

Re-print and delivery of vehicle licences Regulation 26 specifies that the validity of a licence is 12 months from the first day of the month in which the vehicle is licensed or alternatively if the vehicle is licensed before the current expiry date,12 months from the current expiry date. This regulation is translated into a Java method which ordinarily handles the addition of 12 months to an existing date. When you add 12 months the code will keep the day portion, the system therefore calculated the expiry date for the February 2024 (Leap year) incorrectly. The individual responsible for the coding error of the leap year was suspended and subsequently resigned (R2 814 001).

Interest on late payments to suppliers

Discussions and investigations are underway with the Loss and Disposal Committee on interest charged on late payments (R62 573).

Details of current and previous year fruitless and wasteful expenditure recovered.

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure recovered	0	0
Total	0	0

Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure written off	0	0
Total	0	0

Details of current and previous year disciplinary or criminal steps taken because of fruitless and wasteful expenditure.

Disciplinary steps taken
None

Information on Late and / non-payment of suppliers

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	2 287	678 968
Invoices paid within 30 days or agreed period	2 104	637 201
Invoices paid after 30 days or agreed period	5	6 158
Invoices older than 30 days or agreed period (unpaid and without dispute)	2	40
Invoices older than 30 days or agreed period (unpaid and in dispute)	25	7 200

The remainder of the invoices received during 2022/23 of 151 were received during March and were only due for payment in April 2023.

Information on Supply Chain Management

Procurement by other means

PFMA SCM Instruction Note No. 03 of 2021/22 on Enhancing Compliance, Transparency and Accountability in Supply Chain Management requires that Accounting Authorities (AA)/ Accounting Officers (AO) must ensure that all procurement by "other means" is reported in the annual report of an institution.

Other means include, amongst others –

- Limited bidding
- Written price quotations within the threshold determined by National Treasury
- Procurement that occurs in emergency and urgent cases, which in this instance is through a single source.

Below is a list of procurement by other means undertaken by the RTMC.

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Student Accommodation and Classrooms	Denel Properties - Kempton Park Campus	Limited bidding	CONTR - 00187	R36 419
Provision of physical security services	Makheda Business Projects	Written price quotations	CONTR-00301	R2 725
Student Accommodation and Classrooms	Airports Company South Africa (ACSA)	Limited bidding	CONTR-00306	R51 759
Total:				R90 903

Contract variations and expansions

PFMA SCM Instruction Note No. 03 of 2021/22 on Enhancing Compliance, Transparency and Accountability in Supply Chain Management requires that Accounting Authorities (AA) / Accounting Officers (AO) must ensure that all variations or expansions above the thresholds prescribed in terms of the instruction on Enhancing Compliance, Transparency and Accountability in Supply Chain Management are reported in the annual report of an institution in the format specified.

Contract Variation: contract extension within the original approved scope of work.

Contract Expansion: expansion of scope and what was initially approved.

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Provision of Physical Security Services	Bamogale Security Services	Variation	CONTR-00187	R10 461	R1 979	R989
Insurance Services	AON (Pty) Ltd	Variation	CONTR-00263	R 3 294	R3 245	R2 314
Rental of Office Space Mowana Properties Variation CONTR - 00173				R12 993	R4 623	R2 764

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Provision of clinic services	Blue Collar Occupational Health	Variation	CONTR-00250	R3 000	R0	R600
Provision of Physical Security Service	Royal Security	Variation	CONTR - 00292	R993	R0	R1 490
Boekenhout-kloof Upgrade Project	GVK Siyazama (Pty) Ltd	Expansion	CONTR-00270	R176 519	R0	R17 353
Provision of office space (Classrooms)	Denel Properties – Kempton Park Campus	Variation	CONTR - 00187	R339 892	R0	R3 933
Support and maintenance of copper Lines	Telkom SA	Variation	CONTR-00221	R67 000	R0	R43 000
Total:						R72 443

1 The 2020 target was included in the SDG to align to the Decade of Action for Road Safety 2011-2020

NOTES

Financial Statements

Financial Statements

INDEX

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

GENERAL INFORMATION

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

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

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

The Accounting Authority acknowledges that it is ultimately responsible for an effective system of internal financial controls being 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.

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2024 and all other contributing legislative factors. In the light of this review and the current financial position, the Accounting Authority is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is in the main dependent on the transaction fees for continued funding of operations. The annual financial statements is 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 is primarily responsible for the financial affairs of the entity, it is supported by the entity's internal as well as external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements were examined by the entity's external auditors and their report is presented on page 123.

The annual financial statements set out on page 130 to 203, which have been prepared on the going concern basis, was approved by the accounting authority on 31 July 2023 and was signed on its behalf by:

N. Mufamadi

N. Mufamadi
Chairperson of the Board
31 July 2023

Report of the auditor-general to Parliament on the Road Traffic Management Corporation

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Road Traffic Management Corporation set out on pages 130 to 203, which comprise the statement of financial position as at 31 March 2023, 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 2023, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 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 responsibilities of the auditor general 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 matters

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

Restatement of corresponding figures

7. As disclosed in note 24 to the financial statements, the corresponding figures were restated because of errors in the financial statements of the public entity at, and for the year ended, 31 March 2023.

An uncertainty relating to the future outcome of exceptional litigation or regulatory action

8. With reference to Note 21 to the financial statements, the public entity has listed numerous contingent assets and liabilities. The ultimate outcome of these matters could not be determined, and no provisions were made in the financial statements.

Other matter

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

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

10. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Road Traffic Management Corporation. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

11. 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.

12. 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.

Responsibilities of the auditor-general for the audit of the financial statements

13. 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.

14. 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

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

16. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Road safety, Marketing and Stakeholder Relations	40 to 42	The purpose of the programme is to ensure provision for a safe environment through road safety education.
Training of Traffic Personnel	42 to 45	To provide the requisite training for road traffic personnel through curriculum implementation and specialist courses for new and existing road traffic personnel.
Law enforcement	45 to 47	The purpose of the programme is to embark on law enforcement operations in an integrated and co-ordinated manner.
Road Traffic Information and Technology	49 to 53	The programme has both an internal and external outlook and provides strategic services to the Corporation.

17. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

18. I performed procedures to test whether :

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

20. I did not identify any material findings on the reported performance information for the selected programmes.

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides explanations for underachievement.

Report on compliance with legislation

23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

26. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

27. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

28. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

29. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract 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

31. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

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

Auditor-General.

Pretoria

31 July 2023

AUDITOR GENERAL
SOUTH AFRICA
Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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, intentionai 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
- conclude on the appropriateness of the 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 public entity 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

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.

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.

Compliance with legislation -selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56(1); 56(2); 57(b); 66(3)(c); 66 5
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2; 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Preferential Procurement Policy Framework Act	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2
Preferential Procurement Regulations 2022	Paragraph 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6; 5.4; 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraph 5.5.1(vi); Paragraph 5.5.1(x)
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2; 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1; 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1

Statement of Financial Position as at 31 March 2023

	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	2	47 176 699	33 561 564
Receivables from non-exchange transactions	3	86 181 701	94 510 374
Cash and cash equivalents	4	55 300 398	73 721 304
Inventories	5	2 857 867	7 322 666
		191 516 665	**209 115 908**
Non-Current Assets			
Property, plant and equipment	6	768 882 437	610 305 304
Intangible assets	7	354 096 131	369 380 752
		1 122 978 568	**979 686 056**
Total Assets		**1 314 495 233**	**1 188 801 964**
Liabilities			
Current Liabilities			
Finance leases - as lessee	8	45 195 388	43 136 944
Operating lease liability	9	768 377	409 816
Payables from exchange transactions	10	145 708 791	87 801 244
Provisions	11	84 715 755	71 335 404
		276 388 311	**202 683 408**
Non-Current Liabilities			
Finance leases - as lessee	8	34 565 402	79 676 677
Provisions	11	473 217	606 014
		35 038 619	**80 282 691**
Total Liabilities		**311 426 930**	**282 966 099**
Net Assets		**1 003 068 303**	**905 835 865**
Reserves			
Revaluation reserve		55 699 990	55 699 990
Accumulated surplus		947 368 313	850 135 875
Total Net Assets		**1 003 068 303**	**905 835 865**

Statement of Financial Performance

	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
RTIA - Aarto infringement collection fees		389 270	243 836
NaTIS data charge		483 930	1 113 192
Special KZN deployment		3 553 200	-
Training provisioning and facilities		3 928 372	379 705
Revenue from previously written off assets		1 389 000	-
Secondment income		6 954 098	207 749
Courier fees		26 761 560	475 799
NaTIS online services		25 557 253	338 516
Sundry income		1 120 944	387 104
Project income - sponsorships		4 272 595	3 596 218
Insurance reimbursements		1 233 717	160 322
Interest received	12	4 120 637	3 649 576
Total revenue from exchange transactions		**79 764 576**	**10 552 017**
Revenue from non-exchange transactions			
Sponsorship in-kind		3 818 395	7 595 425
DLTC management		49 727 404	17 741 964
Government grant		224 179 000	217 322 000
Administration of infringement fees (RTI income)		70 841 670	41 625 550
Infringement fees (AARTO income)		48 137 172	25 560 834
Transaction fees		924 293 970	909 035 040
NRTA section 56 infringement fees		31 090 642	7 304 750
Total revenue from non-exchange transactions		**1 352 088 253**	**1 226 185 563**
Total revenue	13	**1 431 852 829**	**1 236 737 580**
Expenditure			
Employee related costs	14	(724 838 648)	(713 082 063)
Depreciation and amortisation		(83 329 964)	(66 358 050)
Impairment loss	7	(12 860 939)	-
Finance costs	15	(4 720 162)	(1 484 028)
Lease rentals on operating lease	16	(35 337 487)	(39 178 313)
Provision for debt Impairment	17	(78 009 278)	(20 653 715)
Loss on disposal of assets and liabilities		(5 421 481)	(8 463 841)
Operating expenditure	18	(390 102 431)	(362 397 229)
Total expenditure		**(1 334 620 390)**	**(1 211 617 239)**
Surplus for the year		**97 232 439**	**25 120 341**

Statement of Changes in Net Assets

	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	55 699 990	859 412 830	915 112 820
Adjustments	-	-	-
Prior year adjustments	-	216 404	216 404
Balance at 01 April 2021 as restated*	**55 699 990**	**859 629 234**	**915 329 224**
Changes in net assets			
Other fair value gains (losses)	-	512 300	512 300
Distribution of accumulated surplus funds to provinces (refer to note 22)	-	(35 126 000)	(35 126 000)
Net income (losses) recognised directly in net assets	-	(34 613 700)	(34 613 700)
Surplus for the year	-	25 120 341	25 120 341
Total recognised income and expenses for the year	-	(9 493 359)	(9 493 359)
Total changes	-	(9 493 359)	(9 493 359)
Restated* Balance at 01 April 2022	**55 699 990**	**850 135 874**	**905 835 864**
Changes in net assets			
Surplus for the year	-	97 232 439	97 232 439
Total changes	-	97 232 439	97 232 439
Balance at 31 March 2023	**55 699 990**	**947 368 313**	**1 003 068 303**

Cash Flow Statement

	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Receipts from RTIA		3 861 660	3 911 752
Receipts from administration fees (RTI)		72 683 459	42 616 797
Grants		224 179 000	217 322 000
Interest income		4 113 415	3 659 178
NaTIS online services		371 221 642	6 130 171
DLTC management		62 982 615	25 625 310
NRTA section 56 infringement fees		2 764 061	1 386 630
Other cash item		16 796 033	15 700 382
Training provisioning and facilities		1 709 162	4 557 431
Transaction fees		900 317 399	896 939 787
		1 660 628 446	1 217 849 438
Payments			
Employee costs		(702 798 399)	(701 604 352)
Suppliers		(443 225 549)	(426 170 616)
Finance costs		(62 960)	-
NaTIS online payments		(241 898 995)	(127 981)
		(1 387 985 903)	(1 127 902 949)
Net cash flows from operating activities	19	**272 642 543**	**89 946 489**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(227 015 590)	(119 842 647)
Proceeds from sale of property, plant and equipment	6	910 563	1 806 696
Purchase of other intangible assets	7	(17 159 307)	(79 182 305)
Net cash flows from investing activities		**(243 264 334)**	**(197 218 256)**
Cash flows from financing activities			
Finance lease payments		(47 799 115)	(11 770 296)
Net increase/(decrease) in cash and cash equivalents		**(18 420 906)**	**(119 042 063)**
Cash and cash equivalents at the beginning of the year		73 721 304	192 763 367
Cash and cash equivalents at the end of the year	4	**55 300 398**	**73 721 304**

Statement of Comparison of Budget and Actual Amounts

	Budget on Accrual Basis					
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
Statement of Financial Performance						
Revenue						
Revenue from exchange						
RTIA - Aarto infringement collection fees	-	-	-	389 270	**389 270**	28a
NaTIS data charge	56 578 797	(56 578 797)	-	483 930	**483 930**	-
Special KZN deployment	-	-	-	3 553 200	**3 553 200**	28a
Training provisioning and facilities	5 815 857	(2 976 935)	**2 838 922**	3 928 372	**1 089 450**	28b
Revenue from previously written off assets	-	-	-	1 389 000	**1 389 000**	28a
Secondment income	-	-	-	6 954 098	**6 954 098**	28a
Courier fees	-	-	-	26 761 560	**26 761 560**	28c
NaTIS online services	105 924 682	(51 025 919)	**54 898 763**	25 557 253	**(29 341 510)**	28c
Sundry income	-	-	-	1 120 944	**1 120 944**	28a
Project income - sponsorships	-	-	-	4 272 595	**4 272 595**	28a
Insurance reimbursements	-	-	-	1 233 717	**1 233 717**	-
Interest received	-	-	-	4 120 637	**4 120 637**	-
Total revenue from exchange transactions	**168 319 336**	**(110 581 651)**	**57 737 685**	**79 764 576**	**22 026 891**	-
Revenue from non-exchange transactions						
Sponsorship in-kind	-	-	-	3 818 395	**3 818 395**	28a
DLTC management	-	52 040 828	**52 040 828**	49 727 404	**(2 313 424)**	28d
Government grant	224 179 000	-	**224 179 000**	224 179 000	**-**	-
Administration of infringement fees (RTI income)	46 966 500	6 455 010	**53 421 510**	70 841 670	**17 420 160**	28e
Infringement fees (AARTO income)	11 318 870	34 648 109	**45 966 979**	48 137 172	**2 170 193**	-
Impound fees	37 001 699	(37 001 699)	-	-	**-**	-
Transaction fees	999 719 022	(77 221 380)	**922 497 642**	924 293 970	**1 796 328**	
NRTA section 56 infringement fees	66 971 400	(41 327 221)	**25 644 179**	31 090 642	**5 446 463**	28f
Total revenue from non-exchange transactions	**1 386 156 491**	**(62 406 353)**	**1 323 750 138**	**1 352 088 253**	**28 338 115**	-
Total revenue	**1 554 475 827**	**(172 988 004)**	**1 381 487 823**	**1 431 852 829**	**50 365 006**	-

	Budget on Accrual Basis					
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
Expenditure						
Employee related costs	(812 167 072)	101 625 269	**(710 541 803)**	(724 838 648)	**(14 296 845)**	28g
Depreciation and amortisation	(65 483 992)	19 363 621	**(46 120 371)**	(83 329 964)	**(37 209 593)**	28h
Impairment loss	-	-	**-**	(12 860 939)	**(12 860 939)**	28h
Finance costs	-	(5 004 890)	**(5 004 890)**	(4 720 162)	**284 728**	
Lease rentals on operating lease	(40 717 091)	(4 710 702)	**(45 427 793)**	(35 337 487)	**10 090 306**	28i
Provision for debt Impairment	-	-	**-**	(78 009 278)	**(78 009 278)**	28j
Operating expenditure	(466 221 476)	121 035 910	**(345 185 566)**	(390 102 431)	**(44 916 865)**	28k
Total expenditure	**(1 384 589 631)**	**232 309 208**	**(1 152 280 423)**	**(1 329 198 909)**	**(176 918 486)**	-
Operating surplus	**169 886 196**	**59 321 204**	**229 207 400**	**102 653 920**	**(126 553 480)**	-
Loss on disposal of assets and liabilities	-	-	-	(5 421 481)	**(5 421 481)**	28j
Surplus before capital expenditure	**169 886 196**	**59 321 204**	**229 207 400**	**97 232 439**	**(131 974 961)**	-
Capital expenditure	**(169 886 196)**	**(59 321 204)**	**(229 207 400)**	**(246 708 852)**	**(17 501 452)**	
Budget surplus / (deficit) for the year	**-**	**-**	**-**	**(149 476 413)**	**(149 476 413)**	-

The accounting policies on pages 136 to 160 and the notes on pages 161 to 203 form an integral part of the annual financial statements.

Accounting Policies

1. Significant accounting polices

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

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.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 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.

1.4 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.

1.5 Property, plant and equipment

The tangible non-current assets known as property, plant, and equipment are held for use in the provision of goods or services, or administrative needs, and are anticipated to be used over a longer period.

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

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

An item of property, plant and equipment that qualifies for recognition as an asset, shall be measured at its cost. Where an asset is acquired through non-exchange transaction, its cost shall be measured at its fair value as at the date of such acquisition.

Accounting Policies

1.5 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is the purchase price and other costs 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.

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 not in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

Land and buildings are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. On an annual basis, the land and buildings are assessed for any significant changes that could lead to a significant change in the carrying value. Should there be no significant changes the land and buildings are only revalued every 5 years.

The useful lives of the assets are considered and evaluated at the end of each financial year and redetermined where necessary.

The useful lives of items of property, plant and equipment are as follows:

Item	Depreciation method	Average useful life 2022/23
Land and buildings	Straight-line	1-99 years
Machinery and equipment	Straight-line	20 years
Furniture and fittings	Straight-line	4-30 years
Motor vehicles	Straight-line	5-20 years
Office equipment	Straight-line	2-15 years
Computer equipment	Straight-line	2-20 years
Parkhomes and containers	Straight-line	1-20 years
NaTIS computer equipment Communication	Straight-line	1-20 years
devices	Straight-line	2-5 years
Firearms	Straight-line	10-20 years

Accounting Policies

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. 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.

An item of intangible assets that qualifies for recognition as an asset, shall be measured at its cost. Where an asset is acquired through non-exchange transaction, its cost shall be measured at its fair value as at the date of such acquisition.

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.

Accounting Policies

1.6 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 2022/23
Computer software	Straight-line	1-8 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.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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.

Accounting Policies

1.7 Financial instruments (continued)

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

Financial assets measured at amortised cost:

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that

Accounting Policies

1.7 Financial instruments (continued)

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.

Liability - Online Motor Vehicle Licence Renewal

Liability to provinces is recognised on the online renewal of motor vehicle licence.

It is measured at net of the service fee payable to RTMC (92%) of all baseline fees and penalties collected on behalf of the provinces.

Accounting Policies

1.7 Financial instruments (continued)

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

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

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

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

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

Accounting Policies

1.7 Financial instruments (continued)

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 Non-exchange Transactions (Taxes and Transfers).

Presentation

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

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

1.8 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.

Accounting Policies

1.8 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 service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

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

1.9 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 - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Accounting Policies

1.9 Leases (continued)

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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.

1.10 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non- contractual) arrangement (see the accounting policy on Statutory Receivables).

Aarto infringement collection fee

As a collecting authority for AARTO infringements, 3% of the value of every infringement collected by the RTMC is due to the RTMC as a collection fee. This in terms of the AARTO Act.

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;

Accounting Policies

1.10 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.

Online Motor Vehicle Licence Renewal

a. Collection Agency fee:

Revenue arising from the use of online motor vehicle licence renewal system is recognised when there is an online renewal of motor vehicle licence.

It is measured at 8% of all baseline fees collected on behalf of the provinces in line with the respective agreements with provinces.

b. Delivery fee

Online Motor Vehicle Licence renewal delivery fee revenue is recognised when there is an online renewal of motor vehicle licence and payment of non-refundable delivery fee. A maximum of 5 licences can be delivered in one parcel.

It is measured at R99 for door-to-door delivery and R72 for registered mail.

Accounting Policies

1.11 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

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

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.

Accounting Policies

1.11 Revenue from non-exchange transactions (continued)

Revenue is then only recognised once evidence of the probability of the flow becomes available.

c. Transaction fees

Transaction fees are recognised when there is a registration of 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.

g. DLTC Management

RTMC has been appointed as a DLTC in accordance with Gauteng Road Traffic Act and was appointed by Gauteng Department of Roads and Transport to perform DLTC management functions. As a compensation for the DLTC management function, the value of the collected fees is retained by the RTMC. Revenue is recognised on collection of the fees in line with the Memorandum of Understanding signed by the two entities.

1.12 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.13 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.

Accounting Policies

1.13 Irregular expenditure (continued)

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.

1.14 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 12 months 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.

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

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

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

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.

1.16 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.

Accounting Policies

1.16 Related parties (continued)

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.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

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.

1.17 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 note 21, 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.

Accounting Policies

1.18 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 as well as related disclosures. Use of historic and new available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

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

Impairment testing

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

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. They are significantly affected by a number of factors including 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 note 11 - 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 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. Where an individual

Accounting Policies

1.18 Significant judgements and sources of estimation uncertainty (continued)

consideration is regarded practical, it is applied. 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.

Accounting by principals and agent

The entity makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are disclosed in accounting policy 1.25.

Additional information is disclosed in Note 29.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Accounting for adjustments to revenue

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the entity, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

a. If information becomes known to the entity, and the entity could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

b. If information becomes known to the entity, but the entity could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

Accounting for adjustments to revenue that correct an error or prior period error

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the entity, the entity accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the entity:

Accounting Policies

1.18 Significant judgements and sources of estimation uncertainty (continued)

a. has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or

b. incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Errors discovered within the reporting period which relates to that period are corrected before the annual financial statements are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

Accounting for adjustments to revenue as a change in an accounting estimate

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the entity, the entity accounts for any adjustment to revenue already recognised, including interest and penalties, as a change in an accounting estimate if changes occur in the circumstances that led to the recognition of the revenue.

The principles in GRAP 3 are applied to account for a change in an accounting estimate.

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 2023 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.

1.19 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.

Accounting Policies

1.19 Inventories (continued)

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

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

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

1.20 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.

Accounting Policies

1.20 Impairment of non-cash-generating assets (continued)

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

Accounting Policies

1.20 Impairment of non-cash-generating assets (continued)

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.

1.21 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.

1.22 Transfer of functions between entities under common control

Definition

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.

1.23 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.

Accounting Policies

1.23 Statutory receivables (continued)

Recognition

The entity recognises statutory receivables as follows:

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

Initial measurement

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

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.

Accounting Policies

1.24 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.

1.25 Distribution of accumulated surplus

The distribution of accumulated surplus is recognised and disclosed upon on declaration by the Shareholders Committee. Management decides on the implementation date.

1.26 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.

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.

Accounting Policies

1.26 Accounting by principals and agents (continued)

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.

1.27 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Accounting Policies

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Annual Financial Statements

2. Receivables from exchange transactions

	2023	2022 restated
Staff advance	818 273	444 000
Prepayments (*)	29 982 942	24 987 452
Deposits	1 959 945	1 884 660
Staff debtors	772 482	3 895 834
Online services receivable (**)	2 476 908	-
Receivables - Other (***)	8 865 493	2 026 385
Training provisioning and facilities	2 938 130	736 380
	47 814 173	**33 974 711**

Reconciliation of provision for impairment of trade and other receivables

	2023	2022 restated
Opening balance	(413 147)	(164 579)
Provision for debt impairment	(224 327)	(248 568)
	(637 474)	**(413 147)**

Receivables from exchange transactions after impairment

	2023	2022 restated
Staff advance	818 273	444 000
Prepayments (*)	29 982 942	24 987 452
Deposits	1 959 945	1 884 660
Staff debtors	767 315	3 890 667
Online services receivable (**)	2 476 908	-
Receivables - Other (***)	8 641 166	2 026 385
Training provisioning and facilities	2 530 150	328 400
	47 176 699	**33 561 564**

* Prepayments can mainly be attributed to software licence payments made in line with Service Level Agreements.

** The online services were only launched on 17 February 2022. Due to inter bank transactions that only clears after a certain time, year end cut off and the increase in transactions resulted in a receivable balance in the current year.

*** The increase in other receivables is attributable to a special project with SANRAL in KZN to monitor traffic in high risk areas of roadworks and secondments to the Driver Licence Card Account.

3. Receivables from non-exchange transactions

	2023	2022 restated
AARTO - Infringements	125 602 901	81 327 390
Receivables - Other	828 374	15 863
NaTIS Transaction Fees	103 473 356	107 416 082
NRTA section 56 infringement fees	39 945 611	11 634 629
	269 850 242	**200 393 964**

Reconciliation of provision for impairment of receivables from non-exchange transactions

	2023	2022 restated
Opening balance	(105 883 590)	(85 478 443)
Provision for debt impairment	(77 784 951)	(20 405 147)
	(183 668 541)	**(105 883 590)**

Notes to the Annual Financial Statements

3. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions after impairment

	2023	2022 restated
Receivables - Other	812 511	-
NaTIS Transaction Fees	85 369 190	89 271 074
NRTA section 56 infringement fees	-	5 239 300
	86 181 701	**94 510 374**

Statutory receivables general information

a. Transactions arising from statute

AARTO fines

In implementing the law enforcement function section 31 of the AARTO Act of 2008 and schedule 2 of the AARTO regulations, requires law enforcement officers to impose infringements to motorists who contravene the provisions of the AARTO Act. Thus, statutory receivables consist of infringements issued but not yet paid by the motorists.

Transaction fees

Section 24 of the RTMC Act prescribe that the RTMC is funded from:

- monies prescribed, subject to section 48(1)(b) which must include transaction fees charged by the Corporation for the rendered of services.

The collection of transaction fees is in terms of government gazette No. 29852 dated 30 April 2007, the terms and conditions of this arrangement are clearly stipulated therein.

NRTA Section 56

These infringements are issued in terms of Section 56 of the Criminal Procedure Act of 1977. A written notice is a method of securing attendance of the accused in the magistrate's court.

If an accused is alleged to have committed an offence and a peace officer on reasonable grounds believes that a magistrate's court, on convicting such accused of that offence, will not impose a fine exceeding the amount determined by the Minister from time to time by notice in the Gazette, such peace officer may, whether or not the accused is in custody, hand to the accused a written notice which shall-

- specify the name, the residential address and the occupation or status of the accused;
- call upon the accused to appear at a place and on a date and at a time specified in the written notice to answer a charge of having committed the offence in question;
- contain an endorsement in terms of section 57 that the accused may admit his guilt in respect of the offence in question and that he/she may pay a stipulated fine in respect thereof without appearing in court; and
- contain a certificate under the hand of the peace officer that he/she has handed the original of such written notice to the accused and that he/she has explained to the accused the importance thereof.

Notes to the Annual Financial Statements

2023	2022 restated

3. Receivables from non-exchange transactions (continued)

b. Determination of transaction amount

AARTO - Infringements

In terms of the AARTO Act and regulations, the AARTO National task team determines the fines to be imposed. The fine list is then Gazetted as schedule 3 of the AARTO Regulations.

Transaction fees

RTMC receives R72 per transaction on all motor vehicle licence registrations and renewals from all the provinces as approved by the Minister of Transport (government gazette number 40523 dated 28 December 2016) effective from 1 February 2017.

NRTA Section 56

The amount of a fine imposed is proposed by the issuing authority (RTMC) and the fine list is approved by the magistrate's court within the jurisdiction where the offence was committed.

c. Interest or other charges levied/charged

AARTO - Infringements

Interest is not charged on outstanding fines.

Transaction fees

Interest is not charged on outstanding balance.

NRTA Section 56

Interest is not charged on outstanding fines.

d. Basis used to assess and test whether a statutory receivable is impaired

At each financial year-end, the entity assesses the appropriateness and recoverability of the carrying amount of statutory receivables. As a result, assessment is made as to any indication that a statutory receivable, or a group of statutory receivables, may be impaired. In doing so, the following indicators are considered:

- Historical collection rate
- Delays in payment in line with the due date thereof.

Statutory receivables impaired

As of 31 March 2023, Statutory receivables of R269 021 868 (2022: R200 378 101) were impaired and provided for.

The amount of the provision was R183 652 677 as of 31 March 2023 (2022: R105 867 726).

Notes to the Annual Financial Statements

	2023	2022 restated

3. Receivables from non-exchange transactions (continued)

Statutory receivables included in receivables from non-exchange transactions above before impairment are as follows:

	2023	2022 restated
AARTO - Infringements	125 602 901	81 327 390
NaTIS Transaction Fees	103 473 356	107 416 082
NRTA section 56 infringement fees	39 945 611	11 634 629
	269 021 868	**200 378 101**

Reconciliation of provision for impairment for statutory receivables

	2023	2022 restated
Opening balance	(105 867 726)	(85 478 443)
Provision for impairment	(77 784 951)	(20 389 283)
	(183 652 677)	**(105 867 726)**

Statutory receivables included in receivables from non-exchange transactions above after impairment are as follows:

	2023	2022 restated
NaTIS Transaction Fees	85 369 190	89 271 074
NRTA section 56 infringement fees	-	5 239 300
	85 369 190	**94 510 374**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2023	2022 restated
Cash on hand	1 524	2 762
Current accounts	19 330 902	1 210 722
Cash in-transit (*)	97 000	-
Call accounts	35 870 972	72 507 820
	55 300 398	**73 721 304**

* Cash in-transit consists of RTI infringement fees located in bank safes in regions as per the Cash Solution Services contract.

Cash and cash equivalents include assets related to online services as disclosed in note 29.

5. Inventories

	2023	2022 restated
Ammunition	897 729	452 920
Consumable stores	264 088	705 643
Office refreshments	65 638	15 579
Personal protective equipment	134 342	190 933
Printing and stationery	1 320 641	2 005 217
Roadblock essentials	175 429	692 981
Uniform stock	-	3 259 393
	2 857 867	**7 322 666**

Notes to the Annual Financial Statements

2023	2022 restated

5. Inventories (continued)

Inventory pledged as security

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

6. Property, plant and equipment

	2023			2022		
	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	(3 375 758)	52 324 242	55 700 000	(2 813 131)	52 886 869
Machinery and equipment	199 444	(69 806)	129 638	199 444	(59 833)	139 611
Furniture and fittings	8 983 212	(5 013 736)	3 969 476	9 530 441	(4 915 569)	4 614 872
Motor vehicles	202 121 690	(116 629 442)	85 492 248	206 361 063	(93 855 220)	112 505 843
Office equipment	85 381 436	(31 971 931)	53 409 505	88 904 706	(24 415 317)	64 489 389
Computer equipment	394 400 237	(100 767 385)	293 632 852	358 622 181	(61 058 642)	297 563 539
Leasehold improvements	9 478 718	(5 577 002)	3 901 716	9 478 718	(4 461 967)	5 016 751
Traffic training college - Work in progress	180 985 130	-	180 985 130	22 012 122	-	22 012 122
Computer equipment - Work in progress	38 999 913	-	38 999 913	-	-	-
Parkhomes and containers	713 627	(66 670)	646 957	713 627	(30 989)	682 638
Parkhomes - Work in progress	48 048 848	-	48 048 848	41 695 826	-	41 695 826
Communication devices	4 861 273	(2 598 851)	2 262 422	4 748 930	(1 451 158)	3 297 772
Fire arms	8 394 909	(3 315 419)	5 079 490	8 447 486	(3 047 414)	5 400 072
Total	**1 038 268 437**	**(269 386 000)**	**768 882 437**	**806 414 544**	**(196 109 240)**	**610 305 304**

Notes to the Annual Financial Statements

2023	2022 restated

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property (Land and Buildings)	52 886 869	-	-	(562 627)	52 324 242
Machinery and equipment	139 611	-	-	(9 973)	129 638
Furniture and fittings	4 614 872	-	(213 510)	(431 886)	3 969 476
Motor vehicles	112 505 843	218 499	(1 426 963)	(25 805 131)	85 492 248
Office equipment	64 489 389	820 491	(2 523 170)	(9 377 205)	53 409 505
Computer equipment	297 563 539	41 198 519	(3 023 045)	(42 106 161)	293 632 852
Leasehold improvements	5 016 751	-	-	(1 115 035)	3 901 716
Traffic training college - Work in progress	22 012 122	158 973 008	-	-	180 985 130
Computer equipment - Work In Progress	-	38 999 913	-	-	38 999 913
Parkhomes and containers	682 638	-	-	(35 681)	646 957
Parkhomes - Work in progress	41 695 826	6 353 022	-	-	48 048 848
Communication devices	3 297 772	145 400	(28 607)	(1 152 143)	2 262 422
Fire arms	5 400 072	-	(10 142)	(310 440)	5 079 490
	610 305 304	**246 708 852**	**(7 225 437)**	**(80 906 282)**	**768 882 437**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Leasehold property (Land and Buildings)	53 449 495	-	-	-	(562 626)	52 886 869
Machinery and equipment	149 583	-	-	-	(9 972)	139 611
Furniture and fittings	5 060 734	-	(13 040)	-	(432 822)	4 614 872
Motor vehicles	131 417 319	7 278 312	(545 730)	-	(25 644 058)	112 505 843
Office equipment	49 745 471	26 779 855	(3 512 356)	-	(8 523 581)	64 489 389
Computer equipment	127 916 681	199 263 905	(6 016 241)	-	(23 600 806)	297 563 539
Leasehold improvements	4 736 821	1 339 167	-	-	(1 059 237)	5 016 751
Traffic training college - Work in progress	-	22 012 122	-	-	-	22 012 122
Parkhomes and containers	-	-	-	713 627	(30 989)	682 638
Park homes - Work in Progress	42 225 114	184 339	-	(713 627)	-	41 695 826
Communication devices	3 552 440	2 395 601	(412 191)	-	(2 238 078)	3 297 772
Fire arms	5 710 512	-	-	-	(310 440)	5 400 072
	423 964 170	**259 253 301**	**(10 499 558)**	**-**	**(62 412 609)**	**610 305 304**

Notes to the Annual Financial Statements

	2023	2022 restated

6. Property, plant and equipment (continued)

Park homes - Work in Progress

Construction and installation of parkhomes at Boekehoutkloof Traffic College is continuing on site. All costs associated with the construction are capitalised under work in progress until such time that a certificate of completion and occupation has been issued.

These parkhomes will remain under work in progress and will not depreciate.

Traffic training college - Work in progress

The cost of traffic training college excludes 5% retention fee which is in line with the Service Level Agreement.

Assets subject to finance lease (Net carrying amount)

	2023	2022 restated
Leasehold property (a)	52 324 242	52 886 869
Computer equipment (b)	127 956 182	137 199 434
Communication devices (c)	1 744 960	1 694 832
	182 025 384	**191 781 135**

Finance lease assets

(a) The leasehold property consists of the improvements of the Boekehoutkloof Traffic College that was leased to the RTMC under a 99 year lease at R1 per year, with an option to extend. The lease commenced on 1 April 2017. The property was valued by an independent valuer at the end of 2018/19 financial year. During the current year there were no indications of any significant change in the carrying value of the Boekenhoutkloof Traffic College. No revaluation was thus required.

(b) During the previous financial year, the NaTIS infrastructure was upgraded. Part of the infrastructure refresh was procured through a finance lease.

(c) Communication devices were acquired through a finance lease over a period of two years.

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

The loss on disposal of assets is disclosed on the face of the Statement of Financial Performance.

Notes to the Annual Financial Statements

	2023	2022 restated

7 Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	370 010 915	(15 914 785)	354 096 130	368 693 244	(13 491 103)	355 202 141
Intangible assets under development	12 860 940	(12 860 939)	1	14 178 611	-	14 178 611
Total	**382 871 855**	**(28 775 724)**	**354 096 131**	**382 871 855**	**(13 491 103)**	**369 380 752**

Reconciliation of intangible assets - 2023

		Opening balance	Transfers	Amortisation	Impairment loss	Total
Computer software		355 202 141	1 317 671	(2 423 682)	-	354 096 130
Intangible assets under development		14 178 611	(1 317 671)	-	(12 860 939)	1
		369 380 752	**-**	**(2 423 682)**	**(12 860 939)**	**354 096 131**

Reconciliation of intangible assets - 2022

			Opening balance	Additions	Amortisation	Total
Computer software			262 805 970	96 341 612	(3 945 441)	355 202 141
Intangible assets under development			14 178 611	-	-	14 178 611
			276 984 581	**96 341 612**	**(3 945 441)**	**369 380 752**

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

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

- The system infrastructure was upgraded during the previous financial year as part of continuous service delivery and new revenue streams implemented;
- Negotiations are underway to implement Natis in SADC countries in the near future;
- Online platforms are being 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.

Notes to the Annual Financial Statements

	2023	2022 restated

7. Intangible assets (continued)

Intangible assets under development

Assets were evaluated for impairment indicators at year end which resulted in an impairment of intangible assets under development.

8. Finance leases - as lessee

	2023	2022 restated
Minimum lease payments due		
- within one year	45 195 388	45 195 388
Present value of minimum lease payments due		
- within one year	45 195 388	43 136 944
Non-current liabilities	34 565 402	79 676 677
Current liabilities	45 195 388	43 136 944
	79 760 790	**122 813 621**

- 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 10.50% as at 1 April 2017.
- The infrastructure refresh was partially financed through a finance lease over a three year period. The commencement date of the finance lease was 01 January 2022 at an interest rate of 4.9%.
- Communication devices were acquired through a finance lease over a period of two years. The devices were acquired at different dates during the previous and current financial year. The initial commencement date of the finance lease in the current year was 15 December 2022 at an interest rate of 10.50%.

Interest rates are linked to the prime rate at the contract date unless otherwise stipulated in the contract. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

9. Operating lease asset (liability)

	2023	2022 restated
Current liabilities	(768 377)	(409 816)

The operating lease liability is as a result of the lease smoothing in line with the respective lease agreements of the three main offices situated in Waterfall and Eco-Park, the six Regional offices and the three lecture rooms based in Denel. For further details of future periods refer to note 20.

Notes to the Annual Financial Statements

	2023	2022 restated

10. Payables from exchange transactions

Trade payables (*)	55 124 260	51 370 339
Court fees	78 900	177 200
RTIA - Aarto infringements (collecting authority capacity)	1 874 399	2 308 731
Accrued employee costs	11 355 268	10 715 936
Accrued expenses	15 399 224	16 307 987
Online services (**)	56 688 641	4 651 268
Unallocated/unidentified receipts	5 188 099	2 269 783
	145 708 791	**87 801 244**

* Trade payables include a rentention fee of 5% on the construction Service Level Agreement of the training college.

** Online services were fully operational during the the year under review as compared to previous financial year where it was only launched in February 2022.

11. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for Compensation Commissioner	3 132 379	-	(2 379 306)	(753 073)	-
Provision for leave	23 634 426	51 192 829	(44 409 025)	-	30 418 230
Provision for capped leave (non-current)	606 014	3 675	(136 472)	-	473 217
Provision for salary increase	-	7 839 492	-	-	7 839 492
Provision for performance bonus	44 568 599	1 889 434	-	-	46 458 033
	71 941 418	**60 925 430**	**(46 924 803)**	**(753 073)**	**85 188 972**

Reconciliation of provisions - 2022

		Opening Balance	Additions	Utilised during the year	Total
Provision for Compensation Commissioner		1 736 503	3 132 379	(1 736 503)	3 132 379
Provision for leave		35 438 530	-	(11 804 104)	23 634 426
Provision for capped leave (non-current)		583 921	22 093	-	606 014
Provision for performance bonus		-	44 568 599	-	44 568 599
		37 758 954	**47 723 071**	**(13 540 607)**	**71 941 418**

Non-current liabilities	473 217	606 014
Current liabilities	84 715 755	71 335 404
	85 188 972	**71 941 418**

Notes to the Annual Financial Statements

	2023	2022 restated

11. Provisions (continued)

Compensation Commissioner provision

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

Leave provision

Employees' entitlement to annual leave is recognised when it accrues from 1 January to 31 December and will be forfeited on 30 June the following year. A provision is made on the estimated liability for annual leave as a result of services rendered by employees up to the amount of the obligation.

Capped leave provision

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

Salary increase provision

The Board approved a suggested salary increase for 2022/2023 for all employees within the bargaining chamber. The proposed percentage is still subject to discussions at the bargaining chamber and a provision has been raised for the current proposed approval.

Performance bonus provision

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

Payment of performance bonuses is at the sole discretion of the Board. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date assuming that all employees qualify in terms of the performance measurement tool. The Corporation did meet the minimum requirement of 75% performance in order to consider bonus payments.

12. Finance income

	2023	2022 restated
Interest revenue		
Bank	4 120 637	3 649 576

Notes to the Annual Financial Statements

13. Revenue

	2023	2022 restated
RTIA - Aarto infringement collection fees	389 270	243 836
NaTIS data charge	483 930	1 113 192
Special KZN deployment (13.1)	3 553 200	-
Training provisioning and facilities (13.2)	3 928 372	379 705
Revenue from previously written off assets (13.3)	1 389 000	-
Secondment income (13.4)	6 954 098	207 749
Courier fees (13.5)	26 761 560	475 799
NaTIS online services (13.6)	25 557 253	338 516
Sundry income	1 120 944	387 104
Project income - sponsorships (13.7)	4 272 595	3 596 218
Insurance reimbursements	1 233 717	160 322
Interest received	4 120 637	3 649 576
Sponsorship in-kind (13.8)	3 818 395	7 595 425
DLTC management (13.9)	49 727 404	17 741 964
Government grant	224 179 000	217 322 000
Administration of infringement fees (RTI income) (13.10)	70 841 670	41 625 550
Infringement fees (AARTO income) (13.11)	48 137 172	25 560 834
Transaction fees	924 293 970	909 035 040
NRTA section 56 infringement fees (13.12)	31 090 642	7 304 750
	1 431 852 829	**1 236 737 580**

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

	2023	2022 restated
RTIA - Aarto infringement collection fees	389 270	243 836
NaTIS data charge	483 930	1 113 192
Special KZN deployment (13.1)	3 553 200	-
Training provisioning and facilities (13.2)	3 928 372	379 705
Revenue from previously written off assets (13.3)	1 389 000	-
Secondment income (13.4)	6 954 098	207 749
Courier fees (13.5)	26 761 560	475 799
NaTIS online services (13.6)	25 557 253	338 516
Sundry income	1 120 944	387 104
Project income - sponsorships (13.7)	4 272 595	3 596 218
Insurance reimbursements	1 233 717	160 322
Interest received	4 120 637	3 649 576
	79 764 576	**10 552 017**

13.1 Special KZN deployment

- This comprises of a SANRAL deployment in KZN to monitor traffic in high risk areas due to roadworks.

13.2 Training provisioning

Significant increase is due to implementation of in the main Examiner of Driving Licence (EDL) and Examiner of Vehicle (EOV) training provided as opposed to prior year where the facilities were only hired out and no training activities took place.

Notes to the Annual Financial Statements

	2023	2022 restated

13. Revenue (continued)

13.3 Revenue from previously written off assets

This comprises of mainly motor vehicles disposed of through an auction and communication devices sold to RTI employees. Assets were disposed off in the prior year and as a result the entire amount is recognised as revenue.

13.4 Secondment income

- Significant increase due to additional employees being seconded to the following transport entities as compared to the previous year:
  - Road Traffic Infringement Agency (RTIA) - 3 employees
  - Gauteng Management Agency (GMA) - 4 employees
  - National Department of Transport (DLCA) - 3 employees

13.5 Courier fees

- Online services were fully operational during the the year under review as compared to previous financial year where it was only launched in February 2022 which saw an increase in delivery fees.

13.6 NaTIS online services

- Online services were fully operational during the the year under review as compared to previous financial year where it was only launched in February 2022.

13.7 Project income - sponsorships

- During the current year the sponsorship was received from Safety and Security Sector Education and Training Authority (SASSETA) for training and developments

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

	2023	2022 restated
Sponsorship in-kind (13.8)	3 818 395	7 595 425
DLTC management (13.9)	49 727 404	17 741 964
Government grant	224 179 000	217 322 000
Administration of infringement fees (RTI income) (13.10)	70 841 670	41 625 550
Infringement fees (AARTO income) (13.11)	48 137 172	25 560 834
Transaction fees	924 293 970	909 035 040
NRTA section 56 infringement fees (13.12)	31 090 642	7 304 750
	1 352 088 253	**1 226 185 563**

13.8 Nature and type of services in-kind are as follows:

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

- CBRTA Office – Cashiers office
- North West Provincial Department of Transport (Mogwase) – NTP Office
- North West Provincial Department of Transport (Rustenburg) – NTP Office
- SANRAL office space and parking for NTP

Notes to the Annual Financial Statements

	2023	2022 restated

13. Revenue (continued)

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

b. As part of the Traffic Trainee program, a graduation and passout parade was held in March 2023 for Traffic Trainees who have successfully completed their training programme. The RTMC received sponsorship for the following:

- Matupunuka ICT – Transportation to venue (R127 800)
- Ndabase – Graduation/Passout leaflets (R2 500)
- Malanseuns - Flowers (R5 000)
- Assupol - Catering (R120 000)

c. During August 2022, as part of the health and wellness campaign for women's day commemoration, RTMC received sponsorship for the following:

- Workshop Electronics – Corporate Gifts (R20 724)
- Coca-Cola Beverages South Africa (CCBSA) – Beverages (R3 070)
- Assupol - Catering (R50 000)

d. During transport month in October 2022, RTMC held a weighbridge activation in Mantrosle Traffic Control Centre and Somerset west Traffic Control Centre as part of their transport month initiative. The following sponsorship was received from Hollard:

- Travel costs – R10 664
- Promotional items - R12 800

e. RTMC received sponsorship of training and development for Law Enforcement and Road Traffic Training Academy employees for Occupationally Directed Education, Training and Development Practitioner (ODETDP) R1 100 000.

f. During transport month, RTMC held a Road Safety conference as part of the Road Safety awareness campaign, A sponsorship from Old Mutual was received for the following:

- Catering - R89 068
- Security - R18 456
- Stationery - R2 076
- Promotional items - R6 000
- Staff welfare - R8 176

g. During 2022/23 financial year, a discretionary grant was granted by SASSETA for the internship programme and bursaries as follows:

- Internship intake of 40 - R803 948
- Internship intake of 30 - R581 500

Notes to the Annual Financial Statements

	2023	2022 restated

13. Revenue (continued)

- Internship intake of 20 - R840 213
- Bursaries - R16 400

The grant is a stipend for the interns and it is paid directly into the interns bank account on a monthly basis and for bursaries it is paid directly to the institution.

There are no conditions attached to the sponsorships.

13.9 DLTC management

The two RTMC DLTC's were fully operational during the the year under review as compared to the previous financial year where they only opened in October 2021.

13.10 Administration of infringement fees (RTI income)

Significant increase is due to implementation of specialised teams sent to specific regions to make an impact.

13.11 Infringement fees (AARTO income)

Significant increase is due to strategic deployment as well as the implementation of the e-force system (electronic infringements).

13.12 NRTA section 56 infringement fees

The implementation of E-Force system resulted in a significant increase in section 56 infringement fees .

14. Employee related costs

	2023	2022 restated
Basic salaries	473 000 540	407 886 032
Bonus provision	1 889 434	44 568 599
Medical aid - employee contributions	3 188 435	3 220 174
UIF	2 418 240	2 260 777
SDL	5 841 933	6 015 261
Leave gratuity	2 241 196	2 063 110
Post-employment benefits - Pension - Defined contribution plan (employee contributions)	43 742 921	44 599 113
Travel, motor car, accommodation, subsistence and other allowances	5 184 460	5 338 145
Overtime payments	2 405 807	4 430 826
Long-service awards	502 500	1 250 000
Acting allowances	1 690 846	1 520 010
Car allowance	5 943 729	6 411 696
Housing benefits and allowances	23 181 122	24 621 161
Non pensionable allowances (**)	133 740 557	138 953 594
Service bonus	19 866 928	19 943 565
	724 838 648	**713 082 063**

** Included in the Non-Pensionable cash is the settlement cost of R1 647 837.

Notes to the Annual Financial Statements

14. Employee related costs (continued)

Employee related cost includes

- Board and its committee members.

Contract employees are utilised on an adhoc basis when needed.

	2023	2022 restated
Staff complement		
Permanent employees	860	901
Contract employees	170	111
Traffic trainees	811	831
Interns	14	40
	1 855	**1 883**

15. Finance costs

	2023	2022 restated
Trade and other payables	62 960	-
Finance leases	4 657 202	1 484 028
	4 720 162	**1 484 028**

16. Lease rentals on operating lease

	2023	2022 restated
Office buildings		
Contractual amounts	34 722 494	37 779 447
Equipment		
Contractual amounts	614 993	1 398 866
	35 337 487	**39 178 313**

17. Provision for debt Impairment

	2023	2022 restated
Contributions to debt impairment provision	78 009 278	20 653 715

Notes to the Annual Financial Statements

18. Operating expenditure

	2023	2022 restated
Administration fees	-	1 725
Advertising (a)	494 115	2 767 802
Ammunition	378 747	331 145
Auditors remuneration (b)	7 388 803	8 437 706
Bank charges (c)	8 590 832	1 635 077
Catering (d)	269 424	664 659
Cleaning material (e)	892 689	398 770
Compensation commissioner (f)	2 691 049	7 997 866
Computer expenses	56 209 772	57 475 039
Consulting and professional fees (g)	2 322 524	6 408 488
Consumables	999 458	1 019 425
Corporate gifts, Donations (h)	14 394	-
Corporate social responsibility (i)	1 551 180	3 525 740
COVID-19 expenditure (j)	-	2 816 036
Electricity	11 004 399	9 768 719
Employee Wellness Programme (k)	1 400 044	1 878 323
Fuel and oil (l)	25 730 009	17 854 062
Insurance (m)	6 013 824	3 554 904
Labour relations (n)	763 725	2 700 532
Legal fees (o)	5 997 814	4 055 799
Minor assets (p)	1 401 339	3 151 573
Motor vehicle expenses (q)	19 545 807	14 910 284
Postage and courier (r)	23 106 732	2 033 281
Printing and stationery (s)	22 054 774	12 369 432
Projects - Annual Performance Plan	75 431 943	68 069 377
Recruitment cost (t)	6 335 330	18 140 505
Repairs and maintenance	5 406 067	5 235 413
SAPO Truebill (u)	449 709	793 207
Security	10 528 590	11 287 068
Staff welfare	864 981	1 041 306
Storage and warehouse	192 373	192 285
Subscriptions and membership fees	188 787	203 308
Telephone and fax	62 442 894	67 635 028
Training	1 826 876	1 951 936
Travel - local	18 770 915	17 251 400
Travel - overseas (v)	453 998	36 294
Uniforms (w)	7 526 827	1 444 026
Venue expenses (x)	861 687	3 359 689
	390 102 431	**362 397 229**

Notes to the Annual Financial Statements

	2023	2022 restated

18. Operating expenditure (continued)

a. Advertising

Marketing and advertisement were limited to social media only as compared to the previous financial year.

b. Auditors remuneration

Audit efficiency due to experienced audit team lead to a decrease in audit fees.

c. Bank charges

During the current financial year the 3 other bank accounts opened in the previous financial year for additional services provided by the Corporation were in service for the full financial year as compared to the 2 months in the previous financial year. Online services are the main contributing factor to increased bank charges.

d. Catering

Decrease in catering costs can be mainly attributed to cost containment measure and sponsorships received in respect of catering services.

e. Cleaning

2 new DLTC's that were launched in the previous financial year were operational for the full financial year, resulting in increased cleaning costs.

f. Compensation commissioner

In the current financial year, the accrual is based on more accurate information compared to the previous year.

g. Consulting and professional fees

During the current financial year, the Corporation did not implement significant projects that required expertise outside the Corporation, resulting in a decrease in the consulting and professional fees.

h. Corporate Gifts, Donantions

Gifts were purchased for the outgoing board members in the current financial year.

i. Corporate social responsibility (CSR)

Due to stringent budget constraints, the Corporation participated in lesser CSR project initiatives.

j. COVID-19 expenditure

Due to the COVID-19 restrictions being lifted, Personal Protective Equipment on hand was sufficient.

k. Employee Wellness Programme

In the financial year under review, the corporation operated under stringent budget constraints which resulted in less physical wellness activities taking place and increased virtual wellness activities.

Notes to the Annual Financial Statements

	2023	2022 restated

18. Operating expenditure (continued)

l. Fuel and oil

During the year under review South Africa experienced unusual road accidents which resulted in increased deployment of traffic officers to ensure visibility. This resulted in an increase in fuel expenditure due to increased use of motor vehicles. The KZN deployment programme in collaboration with SANRAL also contributed to this increase.

m. Insurance

During the year under review the Corporation's assets increased significantly due to amongst others the infrastructure refresh.

n. Labour Relations

There were less disciplinary hearings in the financial year under review.

o. Legal fees

Increase can be attributed to increased cases on Driver Licence Testing Centres located at the foreclosed South African Post Office.

p. Minor assets

There was less procurement due to stringent budget constraints.

q. Motor vehicle expenses

The corporation's fleet is very old and requires a lot of repairs and maintenance.

r. Postage & courier

During February 2022, the Corporation launched Online Services, this led to additional courier fees associated with the renewal of motor vehicle licences.

s. Printing and stationery

During previous financial year the Corporation opened 2 new Drivers Licence Testing Centres (DLTC'S), this led to additional printing costs associated with the renewal of licence cards.

t. Recruitment cost

During the financial year under review the corporation operated under stringent budget constraints which resulted in recruitment of critical vacant positions only.

u. SAPO Truebill

The foreclosure of the South African Post Office resulted in less truebill costs.

Notes to the Annual Financial Statements

	2023	2022 restated

18. Operating expenditure (continued)

v. Travel overseas

Increase in foreign travel is due to the Corporation extending NaTIS to SADC countries and the Corporation overseeing the project.

w. Uniforms

Combat uniform was procured for the Traffic Trainees to complete their workplace experience, resulting in an increase in uniform costs.

x. Venue expenses

During the year under review, activities continued to be held on virtual platforms resulting in a decrease in venue expenditure.

19. Cash generated from operations

	2023	2022 restated
Surplus	97 232 439	25 120 341
Adjustments for:		
Depreciation and amortisation	83 329 964	66 358 050
Gain on sale of assets and liabilities	5 421 481	8 463 841
Finance costs - Finance leases	4 657 202	1 484 028
Impairment deficit	12 860 939	-
Provision for debt Impairment	78 009 278	20 653 715
Movements in operating lease assets and accruals	358 561	(1 827 160)
Movements in provisions	13 247 554	34 182 464
Other non-cash items - sponsorship in-kind	(3 643 895)	(6 179 110)
Distribution of accumulated surplus funds	-	(34 896 980)
Changes in working capital:	4 464 799	(3 171 659)
Inventories	(13 615 135)	11 209 997
Receivables from exchange transactions	(78 009 278)	(20 653 715)
Consumer debtors	8 328 673	(17 972 133)
Other receivables from non-exchange transactions	59 999 961	7 174 810
Payables from exchange transactions		
	272 642 543	**89 946 489**

Notes to the Annual Financial Statements

	2023	2022 restated

20. Commitments

a. Authorised capital expenditure

Contract commitments		
• Property, plant and equipment	167 670 911	252 240 289
• Intangible assets	1 595 876	1 595 876
	169 266 787	**253 836 165**
Purchase order commitments		
• Property, plant and equipment	29 461 515	73 463 550
Total capital commitments		
Contract commitments	169 266 787	253 836 165
Purchase order commitments	29 461 515	73 463 550
	198 728 302	**327 299 715**

b. Authorised operational expenditure

Contract commitments		
• Operating expenditure	221 275 072	420 390 829
Purchase order commitments		
• Operating expenditure	2 871 694	27 916 642
Total operational commitments		
Contract commitments	221 275 072	420 390 829
Purchase order commitments	2 871 694	27 916 642
	224 146 766	**448 307 471**

Total commitments

Total commitments		
Authorised capital expenditure	198 728 302	327 299 715
Authorised operational expenditure	224 146 766	448 307 471
	422 875 068	**775 607 186**

c. Commitments beyond 12 months

Contract commitments	200 189 285	806 904 709

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	23 901 500	8 083 360
- in second to fifth year inclusive	4 851 104	1 263 910
	28 752 604	**9 347 270**

Notes to the Annual Financial Statements

	2023	2022 restated

20. Commitments (continued)

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 July 2019 to 30 April 2025.

	2023	2022 restated
Minimum lease payments due - Office Equipment		
- within one year	294 757	654 765
- in second to fifth year inclusive	53 492	330 753
	348 249	**985 518**

The lease relates to forty nine photocopy machines and sixty nine water dispensers situated in various offices. The lease term is 01 July 2019 to 31 August 2024.

e. Below are finance leases included in the above total commitments:

	2023	2022 restated
Minimum lease payments due		
- within one year	45 195 388	43 136 944
Present value of minimum lease payments due		
- within one year	45 195 388	43 136 944
Non-current liabilities	34 565 402	79 676 677
Current liabilities	45 195 388	43 136 944
	79 760 790	**122 813 621**

21. 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 Relation.
- 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 2020 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.
- The Corporation appointed a legal team to oppose the application.
- It appears as if Tasima has abandoned the litigation.
- Financial exposure with regards to the backpay is still to be calculated however, estimated at R73million plus legal fees.
- The Contingency amount includes claim from:

Notes to the Annual Financial Statements

	2023	2022 restated

21. Contingencies (continued)

- Roets vs RTMC
- Solidarity ABO vs RTMC

Rekwele Chaufeur 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.

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

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

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.

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.

Word of Mouth vs RTMC

- Word of Mouth issued summons against RTMC claiming payment for amongst others loss of earnings.
- RTMC Opposed the matter and raised exception.
- Pre-trial conference has been concluded.
- Financial exposure is determined at R22 311 065 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 filed its plea.
- Financial exposure is determined at R7 266 046 plus cost in the event that the plaintiff is successful.

Tshianeo vs RTMC

- Tshianeo issued summons against RTMC claiming payment for amongst others loss of earnings.
- RTMC Opposed the matter and filed a counter claim.

Notes to the Annual Financial Statements

	2023	2022 restated

21. Contingencies (continued)

- Financial exposure is determined at R10 152 991 plus legal cost in the event that the plaintiff is successful.

Putco Mafani vs RTMC

- Service provider issued summons against the RTMC for breach of contract – Repudiation.
- It appeared as if Putco Mafani Consulting abandoned this matter in 2019, as it has failed to proceed with any further proceedings for a period of more than 12 months. The file was closed at the time.
- Putco Mafani new attorneys of record has however indicated that Putco Mafani now wish to proceed with the matter.
- Financial exposure is determined at R3 850 000 plus legal cost in the event that the plaintiff is successful.

Skosana vs Minister of Police and RTMC

- Claim for unlawful arrest for contravention of the Disaster Management Act, COVID19 curfew.
- RTMC Defended the matter.
- Financial exposure is determined at R400 000 plus legal cost in the event that the plaintiffs are successful.

Liquid Telecommunication vs RTMC

- Claims for Services rendered.
- Financial exposure is determined at R651 308 plus legal cost in the event that the plaintiff is successful.

Mr MS Setle vs Minister Transport,DG of DOT and RTMC

- Unlawful arrest, past and future medical expenses and general damages.
- Litigation is ongoing.
- Financial exposure is determined at R1071 861 plus cost in the event that the plaintiff is successful.

Datacentrix storage upgrade

- During the previous financial year, the NaTIS infrastructure was upgraded. A contract was entered into with Datacentrix to procure data storage. An amount of R90 205 189 was set aside to be utilised when there is a need for additional data storage.
- During the current financial year, the Corporation utilised R3 261 487 of this amount and the remaining uncommitted amount is R86 943 702 as it unclear when the entity will require the data storage.

MTN

- MTN is claiming an amount of R152 447 as outstanding and due by the Corporation. Invoices to this effect have however not been received. The amount is being investigated by and awaiting validation by both parties.

Salary increases

- The Board approved a suggested staggered implementation of salary increases for 2022/2023 and 2023/2024 financial years for employees above the Collective Bargaining Chamber, subject to the reviewal of the financial situation of the RTMC informed by the new revenue generation initiatives and/or the deferment of critical projects that may impact negatively on job creation. There are several revenue generation initiatives to supplement the

Notes to the Annual Financial Statements

	2023	2022 restated

21. Contingencies (continued)

revenue, the Board will be approached either in September or October for salary increases for all employees falling outside the Bargaining Chamber. The anticipated amount based on what is put forward to the bargaining chamber is R9 768 927.

Contingent assets

Construction guarantee

- As per the construction contract of the construction of the Traffic Training College, the Contractor shall upon the date of issue of the final payment certificate submit an expense account to the RTMC showing how all monies received in terms of the construction guarantee have been expended and shall refund to the Guarantor any resulting surplus. The construction guarantee amounts to 5% of the total cost incurred as at 31 March 2023 (R7 520 140).

22. Distribution of accumulated surplus (refer to note 23)

Distribution of Motor Vehicle Testing Stations to Provinces and SALGA	2023	2022 restated
- KwaZulu Natal	-	20 072 000
- Limpopo	-	15 054 000
	-	**35 126 000**

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

23. Related parties

23.1 Related party balances

Amounts included in Trade receivable (Trade payable) regarding related parties	2023	2022 restated
Road Traffic Infringement Agency (RTIA)	125 602 901	81 327 390
Road Traffic Infringement Agency (RTIA) - Aarto infringements	(1 874 399)	(2 308 731)
Gauteng Department of Community Safety	355 195	207 749
Limpopo Provincial Department of Transport	(179 529)	(179 529)
Transaction fees:		
· Eastern Cape	13 319 369	15 351 840
· Free State	3 578 256	3 302 280
· Gauteng	27 676 224	28 454 832
· KwaZulu Natal	9 163 665	9 945 081
· Limpopo	5 881 513	8 201 630
· Mpumalanga	4 874 040	5 267 562
· North West	3 807 288	3 761 568
· Northern Cape	25 432 734	23 873 782
· Western Cape	9 740 267	9 257 505

Notes to the Annual Financial Statements

23. Related parties (continued)

	2023	2022 restated
Provision for doubtful debts related to outstanding balances with related parties		
Road Traffic Infringement Agency (RTIA)	(125 602 901)	(81 327 390)
Provinces (Transaction fees)	(18 104 166)	(18 145 008)

23.2. Related party transactions

	2023	2022 restated
Services rendered on behalf of:		
CBRTA - Administration of infringement fees	70 841 670	41 625 550
RTIA - Collection of AARTO infringements	389 270	243 836
Services rendered on behalf of RTMC by:		
RTIA - Administration of AARTO fines	48 137 172	25 560 834
Collection of transaction fees:		
· Eastern Cape	56 742 336	59 494 824
· Free State	44 736 120	45 024 408
· Gauteng	342 661 110	346 263 912
· KwaZulu Natal	120 180 162	123 433 092
· Limpopo	53 515 800	53 115 048
· Mpumalanga	62 487 372	64 104 090
· North West	45 270 258	45 562 794
· Northern Cape	20 170 692	20 385 936
· Western Cape	150 610 752	151 143 336
Distribution of Motor Vehicle Testing Stations to Provinces and SALGA		
- KwaZulu Natal	-	20 072 000
- Limpopo	-	15 054 000
	-	**35 126 000**
Services rendered in-kind		
Services rendered in-kind to GMA	-	533 220

During the previous financial year, as a strategy to deal with the backlog of drivers licence renewals, the MEC of Roads and Transport in Gauteng requested both RTMC (Road Traffic Management Corporation) and GMA (Gautrain Management Agency) to open DLTC's. Pursuant to the appointment by the MEC of the GMA as contemplated in the subsection 3(1) of the National Road Traffic Act, 1996 (Act No 93 of 1996) to operate as and perform Driving Licence Testing Centre (DLTC) functions for and on behalf of the Gauteng Department of Roads and Transport, and the fact that the RTMC had access to already competently qualified staff in its employment, the RTMC and the GMA collaborated in order for the GMA to be assisted to operate a DLTC.

Due to the urgency to ensure additional service delivery to the country, amplified by the GMA's lack of the relevant skills and the time to train or obtain same, it was agreed that RTMC will provide staff to the GMA, at no cost, to pilot a DLTC at the Gautrain Head Office in Midrand. The pilot was to run until 31 March 2022 and then it was subsequently extended, the services are rendered on a cost recovery basis.

Notes to the Annual Financial Statements

	2023	2022 restated

23. Related parties (continued)

Secondment's

Road Traffic Infringement Agency	3 543 528	207 749
Gautrain Management Agency	723 260	-
National Department of Transport (DLCA)	2 687 310	-

RTMC employees were seconded to Road Traffic Infringement Agency (RTIA), Gautrain Management Corporation and Driving Licence Card Account on behalf of the National Department of Transport.

Deployment

South African National Road Agency (SANRAL)	3 553 200	-

During the financial year under review, RTMC Traffic office were deployed to Pongola on behalf of SANRAL to reduce road fatalities.

Utilisation of office and parking space

RTMC utilises office and parking space of other departments at no cost (refer to note 13).

DLTC Management

During October 2021 RTMC was appointed as a DLTC in accordance with the Gauteng Road Traffic Act, subject to the conditions imposed by the MEC for Roads and Transport in Gauteng Province.

23.3. Key management

Remuneration of non executive members

On 1 November 2022, a new Board was duly appointed. This brought five (5) new board members and saw the re-appointment of three (3) previously appointed board members.

2023

Name	Retainer and meeting fees	Total
Z. Majavu CD(SA) - Chairman - Until 31 October 2022	645 399	645 399
N. Mufamadi - Chairperson - appointed 01 November 2022	322 699	322 699
T.M.N. Kgomo Until 31 October 2022	486 951	486 951
N.J. Kudzingana appointed 01 November 2022	248 563	248 563
L.M.E. Magalo appointed 01 November 2022	215 132	215 132
T. Mdlulwa until 31 October 2022	519 414	519 414
Prof. M.I. Mphahlele	678 827	678 827
X.C . Stemela appointed 01 November 2022	134 457	134 457
C.T. Thankge	767 974	767 974
Dr. E.M. Thebe	645 396	645 396
Prof. C.M. Twala appointed 01 November 2022	248 563	248 563
	4 913 375	**4 913 375**

Notes to the Annual Financial Statements

	2023	2022 restated

23. Related parties (continued)

2022

Name	Retainer and meeting fees	Total
Z. Majavu CD(SA) - Chairman	968 098	968 098
T.M.N. Kgomo	714 192	714 192
M.M. Manqele until 31 October 2021	422 024	422 024
T. Mdlulwa	649 268	649 268
Prof. M.I. Mphahlele	645 396	645 396
C.T. Thankge	678 827	678 827
Dr. E.M. Thebe	645 396	645 396
	4 723 201	**4 723 201**

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

Remuneration of executive members

2023

Name	Basic salary	Other employee benefits	Total
Adv. M Msibi (CEO)	3 413 645	2 275 763	5 689 408
D. Ewertse	1 305 199	870 969	2 176 168
N.J. Jolingana	1 464 165	633 452	2 097 617
M.P Juma	1 305 199	871 930	2 177 129
K. Kara-Vala	1 727 880	1 150 455	2 878 335
K.K. Kgosiemang	1 305 199	870 133	2 175 332
D.N Mobeng	2 143 832	881 375	3 025 207
R. Mongale	1 305 199	879 618	2 184 817
L. Moolman	1 819 265	1 221 141	3 040 406
T. Ndebele	1 879 499	815 373	2 694 872
S. Petse	1 389 292	599 084	1 988 376
S. Podile	1 879 499	805 500	2 684 999
N.V Ramutle (Acting EM Corporate Services from 01 July 2022 until 31 December 2022 - Appointed 01 January 2023)	1 158 465	695 810	1 854 275
	22 096 338	**12 570 603**	**34 666 941**

Notes to the Annual Financial Statements

	2023	2022 restated

23. Related parties (continued)

2022

	Basic salary	Other employee benefits	Acting allowance	Total
Name				
Adv. M Msibi (CEO)	3 413 645	2 276 193	-	5 689 838
D. Ewertse	1 305 199	877 341	-	2 182 540
N.J. Jolingana	1 464 165	630 082	-	2 094 247
M.P. Juma	1 305 199	870 817	-	2 176 016
K. Kara-Vala	1 648 770	1 094 816	-	2 743 586
K.K. Kgosiemang	1 305 199	874 188	-	2 179 387
D.N Mobeng	1 913 590	839 840	-	2 753 430
R. Mongale	1 305 199	872 715	-	2 177 914
L. Moolman (Acting CEO January -March)	1 819 265	1 216 949	146 193	3 182 407
Dr. H.J Moyana until 31 December 2021	1 170 000	790 417	-	1 960 417
T. Ndebele	1 879 499	831 431	-	2 710 930
S. Petse	1 389 292	597 251	-	1 986 543
S. Podile	1 879 499	805 500	-	2 684 999
N. Sebaku (Acting EM Financial Services January - March)	245 757	163 838	75 191	484 786
	22 044 278	**12 741 378**	**221 384**	**35 007 040**

Remuneration of Audit and Risk Committee members

2023

	Meeting attendance	Travel reimbursement	Total
R. Cuna	226 274	167	226 441
H.N. Jaxa	215 130	1 624	216 754
N.M. Mufamadi - Until 31 October 2022	357 097	2 028	359 125
	798 501	**3 819**	**802 320**

2022

	Meeting attendance	Travel reimbursement	Total
R. Cuna	188 239	-	188 239
H.N. Jaxa	188 239	-	188 239
N.M. Mufamadi	454 488	255	454 743
	830 966	**255**	**831 221**

Notes to the Annual Financial Statements

24. Prior period errors

		2023	2022 restated
Statement of financial position			
Increase in receivables from exchange transactions	(a)		1 021 351
Increase in property, plant and equipment	(b)		2 343 926
Decrease in intangible assets	(c)		(132 037)
Decrease in operating lease liability	(d)		28 453
Decrease in payables from exchange transactions	(e)		8 736
Increase in opening accumulated surplus or deficit	(f)		(216 404)
Decrease in receivables from non-exchange transactions	(k)		(207 749)
			2 846 276
Statement of financial performance			
Increase in revenue from exchange transactions	(g)		(236 318)
Decrease in depreciation and amortisation	(h)		(527 107)
Decrease in lease rental from operating lease	(i)		(18 091)
Decrease in operating expenditure	(j)		(2 064 760)
			(2 846 276)

a. Receivables from exchange transactions

- Understatement - Sponsorship debt was erroneously omitted even though the recognition criteria was fully met (R175 050), lack of actual bank statement of the self insurance fund resulted in an understatement of of prepayment (R361 456), Credit note for overcharge of data expenditure in the previous financial years resulted in understatement of accrued income (R1 024 374), A staff debt relating to covid test paid for by the Corporation on behalf of the traffic trainees was erroneously omitted (R353 223), Receivables from secondment income was erroneously classified as receivables from non-exchange (R207 749).

- Overstatement - Incorrect classification on VAT charged on foreign services resulted in an overstatement of accrued income(R845 675), Oracle support services for 2017/18 financial year were incorrectly included in prepayments (R254 826).

b. Property, plant and equipment

- Understatement - Depreciation for computer equipment, office equipment and communication devices was incorrectly calculated resulting in an overstament of accumulated depreciation (R527 107), Opening accumulated depreciation was incorrectly overstated due to incorrect calculation of depreciation of prior periods (R1 816 819).

c. Intangible assets

- Overstatement - Opening accumulated amortisation was incorrectly overstated due to incorrect calculation of amortisation of prior periods (R132 037).

d. Operating lease liability

- Overstatement - An escalation was incorrectly incorporated while performing operating lease liability calculations, this resulted in an overstatement (R28 453).

Notes to the Annual Financial Statements

	2023	2022 restated

24. Prior period errors (continued)

e. Payables from exchange transactions

- Overstatement - An accrual was raised based on a statement of account due to lack of invoices(R928 779), April 2022 rent was erroneously included in March 2022 creditors (R4 555), An incorrect adjustment was erroneously made to AARTO collection fees (R42 032).
- Understatement - Late receipt of invoices relating to 2017/18 financial year (R891 631), Late receipts of invoices relating to prior year R75 000).

f. Accumulated surplus or deficit

- Overstatement - VAT charged on foreign services relating to 2019/20 was erroneously recorded as accrued income(R845 675), late receipt of invoices relating to 2017/18 financial year (R891 631), Opening accumulated amortisation was incorrectly overstated due to incorrect calculation of amortisation of prior periods (R132 037), Oracle support services for 2017/18 financial year were erroneously omitted (R254 826.02).
- Understatement - Data expenditure for 2020/21 financial year was erroneously overstated due to incorrect charge (R508 836), An escalation was incorrectly included while performing operating lease liability resulting in an overstatement of lease expense (R10 362), An invoice inclusive of April 2020 machine rental was erroneously recorded in March 2020 (R4 555), Opening accumulated depreciation was incorrectly overstated due to incorrect calculation of depreciation of prior periods (R1 816 819).

g. Revenue from exchange transactions

- Understatement - Sponsorship income was erroneously omitted even though the recognition criteria was fully met, resulting in an understatement of sponsorships (R175 050), Interest earned on self fund insurance account was erroneously omitted due to lack of statement of account (R19 236), An incorrect adjustment was erroneously made to AARTO collection fees (R42 032).

h. Depreciation and amortisation

- Overstatement - Depreciation for computer equipment, office equipment and communication devices was incorrectly calculated (R527 107).

i. Lease rentals on operating lease

- Overstatement - An escalation was incorrectly included while performing operating lease liability calculations, this resulted in an overstatement of lease rentals (R18 091).

j. Operating expenditure

- Overstatement - Data expenditure for the previous financial year was erroneously overstated due to incorrect charge(R515 538), Incorrect data expenditure was raised based on statement balance (R928 779) due to lack of invoices, lack of actual bank statement of the self insurance fund resulted in an overstatement of motor vehicle expense (R342 220).
- Overstatement - Late receipt of invoices relating to recruitment costs (R75 000), Covid test paid for by the Corporation on behalf of the traffic trainees was erroneously included in as employee wellness expenditure (R353 223).

Notes to the Annual Financial Statements

	2023	2022 restated

24. Prior period errors (continued)

k. Reclassification

- Receivables from non-exchange transactions - Receivables from secondment income was erroneously classified as receivables from non-exchange (R207 749)
- Payables from exchange transactions - Re-imbursements of unidentified receipts was erronoulsy posted into RTIA Aarto infringements (collecting authority capacity) (R22 159)
- Revenue from exchange transactions - Courier fees for delivery motor vehicle licences was incorrectly classified as NaTIS online services (R475 799).

25. 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.

Notes to the Annual Financial Statements

	2023	2022 restated

25. Risk management (continued)

Financial liabilities - 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease obligation	45 195 388	34 565 402	-	-
Payables from exchange transactions	145 708 791	-	-	-

Financial liabilities - 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease obligation	43 136 944	45 152 652	34 524 024	-
Payables from exchange transactions	87 801 244	-	-	-

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 2022/23: R317 664 415 and 2021/22: R234 368 675 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.

Notes to the Annual Financial Statements

	2023	2022 restated

25. Risk management (continued)

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

Financial instrument	2023	2022 restated
NaTIS - Transaction fees	85 369 190	89 271 074
Deposits	1 959 945	1 884 660
Receivables - Other	9 453 677	2 026 385
Training provisioning	2 530 150	328 400
NRTA section 56 infringement fees	-	5 239 300

Financial assets that are past due but not impaired - 2023	Neither past nor impaired	1-3 months	3-5 months	More than 5 months	Impaired financial assets	Total
Trade and other receivables	134 194 158	42 157 982	41 476 286	97 876 044	(184 306 015)	131 398 455
Cash and cash equivalents	55 300 398	-	-	-	-	55 300 398
Deposit	1 959 945	-	-	-	-	1 959 945
	191 454 501	**42 157 982**	**41 476 286**	**97 876 044**	**(184 306 015)**	**188 658 798**

Financial assets that are past due but not impaired - 2022	Neither past nor impaired	1-3 months	3-5 months	More than 5 months	Impaired financial assets	Total
Trade and other receivables	114 645 228	32 266 327	8 413 686	77 158 774	(106 296 737)	126 187 278
Cash and cash equivalents	73 721 304	-	-	-	-	73 721 304
Deposit	1 884 660	-	-	-	-	1 884 660
	190 251 192	**32 266 327**	**8 413 686**	**77 158 774**	**(106 296 737)**	**201 793 242**

Market risk

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

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

Interest rate risk

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

Equity price risk

The Corporation has no exposure to equity price risk.

Notes to the Annual Financial Statements

	2023	2022 restated

26. Irregular expenditure and fruitless and wasteful expenditure

Irregular expenditure	-	-
Fruitless and wasteful expenditure	2 876 574	-

Fruitless and wasteful expenditure

1. Interest on late payments to suppliers

- Discussions and investigations are underway with the Loss Committee on interest charged on late payments (R62 573).

2. Re-print and delivery of vehicle licences

- Regulation 26 specifies that the validity of a licence is 12 months from the first day of the month in which the vehicle is licensed or alternatively if the vehicle is licensed before the current expiry date,12 months from the current expiry date. This regulation is translated into a Java method which ordinarily handles the addition of 12 months to an existing date. When you add 12 months the code will keep the day portion, the system therefore calculated the expiry date for the February 2024 (Leap year) incorrectly. The individual responsible for the coding error of the leap year was suspended and subsequently resigned (R2 814 001).

27. Events after the reporting date

Non-adjusting event after reporting date - Transfer of Road Traffic Inspectorate (RTI) function to CBRTA

During 2017, the C-BRTA and RTMC entered into an Inter-Agency Co-Operation Agreement that was amended on 31 May 2018, (**"Principal Agreement"**).

In terms of Principal Agreement, the Road Transport Inspectorate of the C-BRTA within the National Department on Transport was and subject to legislative amendment, to be transferred to the RTMC. The RTMC would pending legislative amendment render law enforcement services on behalf of and in favour of the C-BRTA.

The Minister in consideration of the parties resolved to terminate the Principal Agreement which termination will enable the C- BRTA to perform the Road Transport Agency Inspectorate law enforcement services once more as from 1 April 2023. Both entities resolved that there will be no adjustments made in the current financial year. The Parties wish to enter into an agreement to regulate the transitional provisions applicable to the transfer of assets and liabilities in terms of Section 42 of the Public Finance Management Act, 1 of 1999 and support to be provided by the RTMC to the C-BRTA.

The transfer will be in accordance with section 42 of the PFMA as follows:

- All related assets shall be transferred from the RTMC to the CBRTA;
- All liabilities, short and long term, to be transferred to and be incurred by the CBRTA;
- The transfer excludes the budget allocation to the RTMC for the purposes of the inspectorate for operational purposes;
- The revenue generated and expenditure incurred will be assumed by the CBRTA;
- The staff will also be transferred to the CBRTA;

Notes to the Annual Financial Statements

2023	2022 restated

27. Events after the reporting date (continued)

Financial implications

- Personnel costs - R66million;
- Operating costs - R8.7million;
- Book value of assets - R5.6million
- Revenue - R70.8million;

28. Budget differences

Material differences between budget and actual amounts

Reasons for material variances between the Final Approved Budget and Actual Amounts 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 were approved but required implementation which included both system and human resource requirements to be fulfilled. It became evident that these services will only take effect late in the third quarter resulting slowed-down revenue generation. A budget adjustment was thus eminent and duly approved.

a. Revenue items not budgeted for under normal operations

Some revenue items are not incidental to the normal operations of the Corporation and as a result not budgeted for. These include:

- Secondment income
- Sundry Income
- Sponsorships
- Sponsorship-in-kind
- RTIA – Aarto infringement collection fees – revenue generated as a result of Aarto infringement payments at the RTMC DLTC's
- Special KZN deployment – revenue generated as a result of a SANRAL special deployment
- Revenue from previously written off assets

b. Training provisioning and facilities

The Corporation effected a downward budget adjustment in the third quarter of the financial year based on the actual revenue generated from the revenue stream and did not anticipate training initiative of a material nature. Against all expectations the training initiatives, on EOV and EDL training, in the last quarter was material which resulted in an over-recovery at year-end.

Notes to the Annual Financial Statements

	2023	2022 restated

28 Budget differences (continued)

c. NaTIS online services and Courier fees

The Corporation introduced a convenience service during the previous financial year which enables motor vehicle drivers to renew their motor vehicle licence(s) online and have it delivered to their homes. The initial budget for revenue for online services includes the courier fees revenue. Due to the nature of the line items, they were split in compliance with the GRAP standards. A downward budget adjustment was affected for the non-implementation of an online change of ownership service. Revenue generation is driven by public take-up of the service, which was positive and resulted in an over-recovery of revenue.

d. DLTC Management

During the previous financial year, the Corporation was appointed as a Grade F DLTC on behalf of Gauteng Department of Roads and Transport. The budget was adjusted, to account for the revenue generated from the function, at the public take-up rate. The Corporation reflected an under-recovery at year-end.

e. Administration of infringement fees (RTI income)

The generation of revenue through the administration of RTI infringement is dependent on law enforcement activities at the points of entry on the South African borders. The Corporation initiated a "blitz team" at the biggest point of entry border which resulted in enhanced revenue generation resulting in an over recovery of revenue.

f. NRTA section 56 infringement fees

The generation of revenue through Section 56 notices, which was dependent on the establishment of a law enforcement specialised unit utilising specialized law enforcement equipment, experienced technical glitches with regards to the equipment used. In addition to the technical glitches the unit also experience challenges with the system with regards to the issuance of warrants of the arrest. Despite these challenges and a downward budget adjustment, the revenue stream yielded an over- recovery of revenue.

g. Employee related costs

The budget variance can be attributed to salary related provisions, such as bonus provision and salary increments raised.

h. Depreciation and impairment loss

During the current financial year assets procured and capitalized late in the previous financial year, were depreciated over a full twelve months period giving rise to the increase in the depreciation charge. The Corporation had to effect a downward budget adjustment in line with revenue and the impact of such adjustment is reflected in the variance. Assets were evaluated for impairment indicators at year end which resulted in an impairment of intangible assets.

i. Lease rental on operating lease

The Corporation anticipated that the extension of the lease agreement with the training facility service provider would come with an increase in the monthly fee. The extension however came at no increase which resulted in the lower than budget expense reflected.

Notes to the Annual Financial Statements

	2023	2022 restated

28 Budget differences (continued)

j. Expense items not budgeted for under normal operations

Some expenses are not incidental to the normal operations of the Corporation and as a result not budgeted for. These include:

- Debt Impairment
- Loss on disposal of assets

k. Operating expenditure

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

- **Communication:** Charges related to cellphone accounts with the service providers were not processed due to queries raised by the Corporation, these invoices were raised at year-end however credit notes are expected from the services providers which will decrease the budget variance.
- **Courier fees:** Courier fees are paid in relation to the delivery of motor vehicle licence discs that are renewed online as part of the new online services.
- **Computer expenses:** The Corporation utilize numerous software packages which require an annual license fee. Licence renewals are mostly linked to the rate of exchange which resulted in a higher spend than anticipated.
- **Coordinated Traffic Training:** The cost associated with training of the approx. 825 traffic trainees is driven by the training consumables required to execute training. The finalization of assessments for the trainees completing training combined with the other training initiatives resulted in higher than budget spend.
- **Fuel, oil & lubricants:** The Corporation makes use of vehicles for purposes of deployment, using an aging fleet. This is a direct result of vehicles costs increasing beyond the budget set for the financial year. The KZN project signficantly contributed to the overspend.
- **Legal Services:** With the closure or eviction of post offices housing NaTIS equipment, an urgent application to recover the RTMC NaTIS assets had to be brought as this posed a significant risk for fraudulent transactions to take place on the system.
- **Motor vehicle expenses:** The aging fleet of the Corporation requires more frequent maintenance which results in an overspend on budget. The KZN project signficantly contributed to the overspend.
- **Travel and accommodation:** Deployment of officers to assist during peak festive periods mainly contributed to the overspent reflected for travelling. The KZN project signficantly contributed to the overspend.

Notes to the Annual Financial Statements

	2023	2022 restated

29. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangment(s) is | (are) as follows:

RTMC Acts as an Agent to:

1. Cross-Border Road Transport Agency (CBRTA)

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 CBRT 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 CBRT Act, 1998 subject, inter-alia, to the following, at a minimum:

- The mandate of the CBRTA as contained in the CBRT Act, 1998, remains vested in the CBRTA,
- The Chief Executive Officer of the CBRTA remains vested with the powers as set forth in Section 37 (1)(a) of the CBRT Act, 1998, and only personnel appointed as the National RTI by the Chief Executive Officer of the CBRTA may exercise the powers and perform the functions of the RTI in terms of the CBRT 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 CBRT Act remains with the CBRTA 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.

This arrangement ended on 31 March 2023. (See note 28)

2. RTIA - infringement collection

In terms of the appointment as DLTC by Gauteng Department of Roads and Transport, RTMC is eligible to collect any other fee owed to the Department and other Road Traffic Agencies as prescribed in the applicable legislation, section 17 of the AARTO Act;

Based on the above, an MOU is in place between RTMC and RTIA for the collection of AARTO infringements.

RTMC will accept all payments or part thereof, made by the infringer in respect of settlement of an infringement notice issued in terms of section 17 of the AARTO Act;

Notes to the Annual Financial Statements

	2023	2022 restated

29. Accounting by principals and agents (continued)

The Collecting Authority will retain 3% of the total amount collected which is VAT exempt and transfer the balance to the dedicated AARTO account.

3. Online renewal of motor vehicle licences

During February 2022 financial year, RTMC and the Provincial departments of Transport entered into an agreement whereby RTMC provides online renewal of motor vehicle licences services on behalf of Provinces.

RTMC is an agent to the arrangement and the assessment is that the provinces remain responsible for the management of vehicles licensing. Further, only the provinces have the power to determine the minimum service performance of the RTMC.

The risks associated with the execution of the function remains with the Provinces.

As a compensation for the services performed, the RTMC retains 8% of all the baseline fees and penalties collected on behalf of the provinces.

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal for the year ended 31 March 2023 is R96 788 175 (2022: R42 165 869).

	2023	2022 restated
Revenue		
RTIA - Aarto Infringements	389 270	201 803
Administration Fees - RTI Infringements	70 841 670	41 625 550
Online services	25 557 235	338 516
	96 788 175	**42 165 869**

Cost incurred in the provision of the services

Expenditure	Employee cost	Operational cost	Total expenditure
Administration Fees - RTI Infringements	66 556 124	8 710 415	75 266 539

Resources (including assets and liabilities) of the entity under the custodianship of the agent

	Assets	Liabilities
RTIA - Aarto Infringements	1 874 399	1 874 399
Online Motor Vehicle Licence Renewal - Collection agency fee (*)	56 688 641	56 688 641
	58 563 040	**58 563 040**

Assets under the custodianship of the RTMC comprises of receivables from exchange transactions and cash & cash equivalents.

Notes to the Annual Financial Statements

	2023	2022 restated

29. Accounting by principals and agents (continued)

Receivables and/or payables recognised based on the rights and obligations established in the binding agreements

	Opening balance	Amounts collected on behalf of the principal	Amounts remitted during period to the principal	Closing balance
RTIA - Aarto Infringements	2 308 731	12 574 207	(13 008 539)	1 874 399
Online Motor Vehicle Licence Renewal - Collection Agency Fee	4 651 268	293 936 368	(241 898 995)	56 688 641
	6 959 999	**306 510 575**	**(254 907 534)**	**58 563 040**

The amount collected on behalf of CBRTA as a principal amounts to R70 841 670, this amount is fully surrendered to the RTMC (agent) in line with the Service Level Agreement, hence no remitted amount is disclosed. This amount is limited to the actual cash collected.

RTMC acts as a principal to:

1. RTIA - Aarto Infringements

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.

Fee paid

	2023	2022 restated
RTIA - Aarto Infringements	115 850	117 353

RTMC pays 3% of the transaction fee as compensation for services performed.

30. New standards and interpretations

30.1 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 2023 or later periods:

GRAP 25 (as revised): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.

Notes to the Annual Financial Statements

	2023	2022 restated

30. New standards and interpretations

- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set.

It is unlikely that the revisions will have a material impact on the entity's annual financial statements.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

Notes to the Annual Financial Statements

2023	2022 restated

30. New standards and interpretations (continued)

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

NOTES

NOTES

Road Traffic
Management Corporation

ARRIVE ALIVE
A proud initiative of
The Department of Transport

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DECADE OF ACTION FOR
ROAD SAFETY
2021 - 2030