



**ANNUAL REPORT** | 2016/17



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**PART A**  
GENERAL INFORMATION

## LIST OF ABBREVIATIONS/ACRONYMS

<b>AARTO/(Act)</b>	Administrative Adjudication of Road Traffic Offences (Act)
<b>AARTO 01</b>	Infringement notice completed by hand at the roadside and served in person
<b>AARTO 02</b>	Infringement notice completed electronically at the roadside and served in person or by registered mail
<b>AARTO 03</b>	Infringement notice for camera and other infringements served by registered mail
<b>AARTO 03a</b>	Notice served by registered mail to operator in terms of an AARTO 01 for vehicle fitness infringements
<b>AARTO 03b</b>	Notice served by registered mail to the owner of a vehicle in terms of an AARTO 31 notice in respect of an unattended vehicle
<b>AARTO 04</b>	Notification to pay in instalments
<b>AARTO 05a</b>	Acknowledgement of receipt of notification to pay in instalments
<b>AARTO 05b</b>	Acknowledgement of receipt of nomination of driver or person in control
<b>AARTO 05c</b>	Acknowledgement of receipt of representation
<b>AARTO 05d</b>	Acknowledgement of receipt of election to be tried in court
<b>AARTO 05e</b>	Acknowledgement of receipt of application for the revocation of enforcement order
<b>AARTO 06</b>	Confirmation of instalment arrangement
<b>AARTO 07</b>	Nomination of driver or person in control of vehicle at the time an infringement was committed
<b>AARTO 08</b>	Representation application
<b>AARTO 09a</b>	Notification of result of representation – successful on all charges
<b>AARTO 09b</b>	Notification of result of representation – unsuccessful on all charges
<b>AARTO 09c</b>	Notification of result of representation – successful on main charge/s – unsuccessful on alternative
<b>AARTO 10</b>	Election to be tried in court
<b>AARTO 12</b>	Courtesy Letter
<b>AARTO 13</b>	Enforcement Order

<b>AARTO 14</b>	Application for revocation of Enforcement Order
<b>AARTO 15</b>	Notification of result of application for revocation of Enforcement Order
<b>AARTO 20</b>	Receipt of payment
<b>AARTO 31</b>	Infringement notice completed by hand at the roadside and placed on the vehicle in respect of an unattended vehicle
<b>AARTO 32 &amp; 32a</b>	Record of particulars of an offence issued at the roadside
<b>AARTO 33</b>	Notice of a summons to be issued for a traffic offence
<b>AARTO 33a</b>	Notice of a summons to be issued to an operator for a traffic offence
<b>AMIP</b>	AARTO Master Implementation Plan
<b>The Agency</b>	Refers to Road Traffic Infringement Agency
<b>AGSA</b>	Auditor-General of South Africa
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>CCMA</b>	Commission for Conciliation, Mediation and Arbitration
<b>CFO</b>	Chief Financial Officer
<b>CL/s</b>	Courtesy Letter/s
<b>CPA</b>	Criminal Procedure Act
<b>DLTC</b>	Driving Licence Testing Centre
<b>DoJ &amp; CD</b>	Department of Justice & Constitutional Development
<b>EFT</b>	Electronic Funds Transfer
<b>eNaTIS/NaTIS</b>	National Traffic Information System
<b>EO/s</b>	Enforcement Order/s
<b>EXCO</b>	Executive Committee of the RTIA

## LIST OF ABBREVIATIONS/ACRONYMS CONTINUED

<b>FAR</b>	Fixed Asset Register
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>GDoCS</b>	Gauteng Department of Community Safety
<b>IA/s</b>	Issuing Authority/ies
<b>IT</b>	Information Technology
<b>JMPD</b>	Johannesburg Metropolitan Police Department
<b>MEC</b>	Member of Executive Council
<b>MoU</b>	Memorandum of Understanding
<b>MTEF</b>	Medium Term Expenditure Framework
<b>NCR</b>	National Contraventions Register
<b>NDoT/DoT</b>	National Department of Transport
<b>NRTA</b>	National Road Traffic Act
<b>NRTLEC</b>	National Road Traffic Law Enforcement Code
<b>NT</b>	National Treasury
<b>PDS</b>	Points Demerit System
<b>PFMA</b>	Public Finance Management Act
<b>PPP</b>	Public Private Partnerships
<b>PrDP</b>	Professional Driving Permit
<b>RO/s</b>	Representation Officer/s
<b>RTIA</b>	Road Traffic Infringement Agency
<b>RTMC</b>	Road Traffic Management Corporation

<b>RSA</b>	Republic of South Africa
<b>SAIA</b>	South African Insurance Association
<b>SAPO</b>	South African Post Office
<b>SAPS</b>	South African Police Service
<b>SATAWU</b>	South African Transport and Allied Workers Union
<b>SAVRALA</b>	South African Vehicle Rental and Leasing Association
<b>SCM</b>	Supply Chain Management
<b>SLA</b>	Service Level Agreement
<b>SMME</b>	Small Medium and Micro Enterprises
<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
<b>TMPD</b>	Tshwane Metropolitan Police Department
<b>ToR</b>	Terms of Reference
<b>TR</b>	Treasury Regulations
<b>UNDoARS</b>	United Nations Decade of Action for Road Safety
<b>VTs</b>	Vehicle Testing Station

## ROAD TRAFFIC INFRINGEMENT AGENCY PROFILE

The Agency was established through the Administrative Adjudication of Road Traffic Offences Act, 1998 (Act No. 46 of 1998) (the AARTO Act) and listed as a public entity under Schedule 3A of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The founding legislation prescribes the entity as an independent adjudicator that protects the interest of South African road users through balancing acts.

The Agency has been set up as the custodian of the processes expounded within the AARTO Act and related Regulations in order to ensure that the mandate of achieving road safety can be attained. Law enforcement coupled with efficient and effective and fair road traffic adjudication system will be catalysts in effecting an improvement in driver behaviour and law compliance.

The current processes and systems of finalising traffic contraventions under the Criminal Procedure Act are inadequate. The majority of the courts will accept the hearing of only a limited number of traffic violations.

which is detrimental to the necessary successful conclusion of all traffic-related cases. Approximately less than 20% of traffic cases are finalised and the fines paid.

The Agency's responsibility within the AARTO business processes entails the following:

- adjudicating representations;
- processing nomination of driver;
- administering instalment arrangements;
- authorising enforcement and revocation orders;
- administering elections to go court.

In line with the Government's National Development Plan, the services of entrepreneurs will be sourced to extend these services inclusive of information dissemination as well as receipt of all applications.



<b>REGISTERED NAME:</b>	Road Traffic Infringement Agency (RTIA)
<b>REGISTRATION NUMBER (if applicable):</b>	Not applicable
<b>PHYSICAL ADDRESS:</b>	Waterfall Edge B Howick Close Waterfall Park Bekker Road Midrand
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<b>TELEPHONE NUMBER/S:</b>	+27 87 285 0500
<b>FAX NUMBER:</b>	+27 86 620 7836
<b>EMAIL ADDRESS:</b>	info@rtia.co.za
<b>WEBSITE ADDRESS:</b>	www.rtia.co.za
<b>EXTERNAL AUDITORS:</b>	Auditor-General of South Africa
<b>BANKERS:</b>	Standard Bank of South Africa
<b>COMPANY / BOARD SECRETARY</b>	Adv. MLT Bilikwana

## STRATEGIC OVERVIEW

### 2.1 Vision

The Agency's vision is to have an informed, compliant and safe road user community.

### 2.2 Mission

The Agency's mission is to encourage compliance with road traffic laws in South Africa through:

- targeted road user community, education and communication programmes;
- promotion of procedurally fair, lawful and reasonable administrative adjudication;
- levying of penalties;
- imposing demerit points;
- effective administration and management of the suspension and cancellation of driving licences and operator cards; and
- rewarding compliant road users.

### 2.3 Values



## **2.4 Strategic outcome orientated goals**

- 2.4.1 Discourage the contravention of the road traffic laws
- 2.4.2 Co-ordinate and facilitate readiness for national implementation of AARTO
- 2.4.3 Influence changes in road user behaviour
- 2.4.4 Effective administration and resourcing of the Agency to deliver on its mandate

## LEGISLATIVE AND OTHER MANDATES

The Agency is established through an Act of Parliament: AARTO Act (No. 46 of 1998). It is an entity of the Department of Transport with the Honourable Minister as a Shareholder and Executive Authority, and is listed as a Schedule 3A Public Entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999).

In line with provisions of the AARTO Act, the Agency is an independent adjudicator designed to provide an administratively fair and just system for road traffic law infringement, which seeks to uphold the rights of the alleged infringer whilst upholding compliance to South African road traffic laws and regulations. It is further mandated to facilitate for:

- Implementation of community educational and awareness programmes aimed at enhancing voluntary road traffic law compliance and behavioural change;
- Facilitate for payment of penalties imposed as a result of road traffic law infringements and facilitate for road traffic law infringers to make representations;
- Establish a procedure for the effective and expeditious adjudication of infringements;
- To alleviate road traffic law prosecution administrative burden on the judiciary;
- Decriminalise road traffic law infringement, penalise infringers and reward rehabilitated motorists through administration of a points demerit system;
- Establish an administrative authority responsible for implementing the road traffic law infringement administrative adjudication process, manage the national contravention register as well as coordinate allocation of infringement authorities through a dedicated AARTO bank account.



### 3.1. Legal developments

#### 3.1.1. Relevant court rulings CANCOM

Although this matter falls within the 2015/16 financial year, it is important to mention it in the 2016/17 period because the awarded legal costs had not yet been paid to the Agency. This matter concerned enforcement orders issued against the clients of Cancom, in which the latter approached the court for an interdict prohibiting the Agency from authorising enforcement orders in instances where Cancom had made applications for nominations. The judgement in respect of this matter was handed down on 11 December 2015. The court ruled in favour of the Agency as well as the related costs.

#### FINES 4 U

This matter involved various representations that were made by Fines 4 U on behalf of its clients. In its representations, Fines 4 U alleged that the infringement notices in respect of such representations were not issued

in compliance with the precepts of the AARTO Act and as such requested the court to review and set aside the decision of the Agency to make such representations unsuccessful.

The judgement in this matter was handed down on 24 February 2017 and the court decided in favour of Fines 4 U and ordered the Agency to pay the associated legal costs.

Subsequent to this judgement, the Agency applied for the relief to appeal this matter and the court dismissed the Agency's application with cost. The Agency will be liable to pay for the legal costs in respect of the main judgement and the application for leave to appeal. It is not yet certain what the exact financial implications of this judgement are at this stage, because the litigant still has to submit its costs for taxing by the Master of the Court.

The Agency also expects infringers who had their Representations. based on

service, declined in the past, to make follow-up claims for such decisions to be overturned as a consequence of this judgement. The Agency does not expect that the above will pose a liquidity risk, as it is planning to institute Section 31 (2) of the AARTO Act, in order to re-serve such infringements, using proper methods, rather than reimbursing the Infringers.

#### JUSTICE PROJECT SOUTH AFRICA

Justice Project South Africa lodged a review application at North Gauteng High Court against the Agency for an order to cancel all infringement notices issued to infringers from 2008 and refund the penalties already paid in that regard on the basis that such infringement notices were allegedly not issued by registered mail as required by the AARTO Act.

This matter is still in the pleading stage and there has not been any order made in respect of legal costs.

#### 1. Observations on the service delivery environment for AARTO

The Agency is depicted as an independent adjudicator and an administrative authority for implementing AARTO as outlined in the AARTO Act (No. 46 of 1998). In the AARTO process value chain, the Agency's role emerges after a road traffic law infringement has been committed and detected by the enforcement authorities. The role played by the Agency centres on the need to correct the infringing behaviour through institution of remedial measures such as monetary punishment, reduction and/or total cancellation of driving privileges. Inherently, the action bears economic implications on the infringers' socio-economic context whose impact may vary depending on a myriad of factors.

True to its status of being the "nurturing arm of the state", beyond administration of punitive measures for infringement

## LEGISLATIVE AND OTHER MANDATES CONTINUED

of road traffic laws as a behavioural corrective intervention, the Agency's role transcends to being an institution of infringer rehabilitation and motorist awareness programmes. Such measures are meant to invoke an increased sense of self-awareness and responsibility amongst motorists and other road users in South Africa in a bid to encourage a new ethos on our roads.

The Agency's legislative mandate, born with the promulgation of the AARTO Act, or what is also known as the Demerit System for Traffic Offences and Road Safety, which is aimed at addressing what is deemed to be the "lawlessness of South African motorists" through expressly reducing the incidents of road traffic law offences. This comes as a response to statistical indicators which point out that 95% of road crashes occur after a direct infringement or a road traffic law or regulation by one or two of the motorists involved in a crash. For South Africa, a country tormented by no less than

40 road crash deaths and 30 road crash serious injuries daily, a legislative system in the form of the AARTO Act or the Demerit System for road traffic offences and road safety presented an appropriate administrative intervention to decisively address the growing disregard for road traffic rules and regulations as well as the imperturbable demeanour towards human life.

A number of interest groups such as Justice Project South Africa, SAVRALA and SAIA reflect an opportunity of support for the Roll-Out, with emphasis placed on ensuring systemic and operational discrepancies. It is for this reason that the Agency has been focusing on addressing technical, systemic and human resource needs as part of facilitating for the country's readiness to implement AARTO through Issuing Authorities.

Illustrative of South Africa's political commitment towards addressing the astonishingly high rate of road deaths and injuries, which is estimated at about R40 billion of the country's annual budget and R200 billion on the economy, the AARTO Act was promulgated into law in 1998. It is emulated from practices by leading road safety and security countries such as Australia and the United Kingdom with the following key objectives:

### 2. Objectives of the AARTO Act and the Point Demerit System

- to promote road traffic quality by providing for a scheme to discourage road traffic contraventions;
- to facilitate the adjudication of road traffic infringements;
- to support the prosecution of offences in terms of the national and provincial laws relating to road traffic, and implement a points demerit system:

- to provide for the establishment of an agency to administer the scheme; and
- to provide for the establishment of a Board to represent the Agency.

### 3. AARTO's socio-economic and cultural environment

Designed into law in September 1998, the Administrative Adjudication of Road Traffic Offences Act was piloted in Tshwane and Johannesburg Metropolitan areas. The point demerit system was delayed pending, amongst other reasons, a feasibility study and an assessment of technological requirements, law enforcement criteria and an analysis of human resources needed to ensure the successful implementation of the system and the Act as a whole.

As a response to the above-cited feasibility study, the Agency is implementing interventions through the AARTO Master Implementation Plan (AMIP), which seeks to provide support and guidance to

Issuing Authorities and all other affected primary stakeholders to be operationally geared towards the inception of AARTO in their respective jurisdictional areas. To this end, the AMIP, driven through a National AARTO Task Team, is looking at interventions aimed at:

- Imparting skills, availing resources and technologies to the Agency implementing partners which are in the AARTO and demerit system value chain;
- Enhance integrity of the system, accessibility, convenience and adaptability in order to enhance compliance and payment of fines; and
- Rally stakeholder buy-in and inspire change, especially amongst those at the coal-face of service delivery.

Appreciative of the South African motorist, the primary customer of the AARTO Roll-Out, as a technologically

savvy, insightful, intelligent and mobile customer, the back office system readiness as well as availability of a comprehensive and adaptable information management system cannot be outlined emphatically enough as a key determinant of success for the Roll-Out project.

#### **4. AARTO stakeholder arena**

Other key stakeholders such as insurance companies and fleet management companies generally reflect a willingness to see through the implementation of the AARTO Act and the demerit system as a reasonable and decisive intervention to address safety on our roads. Such eagerness to implement the programme is due to the impact of the economic cost related to road crashes in as far as it creates delays and bottlenecks which indirectly affect the level of profitability and cost of doing business in South Africa.

It is important to note that the business sector still perceives AARTO as an

administratively burdensome and complicated system, notwithstanding their willingness to comply with it. To address this concern, the Agency continues to provide training and collaborate with stakeholders on the management of AARTO and traffic penalties to ease the time and cost of doing business under the AARTO legislative environment.

AARTO training provides formal education and awareness creation to help industry players and fleet owners to have an in-depth understanding of the AARTO Act and the obligations it places on them as operators and individual motorists.

The Agency is strengthening this aspect of its service-offering with the aim of harnessing voluntary compliance to AARTO as well as ease of access for processing outstanding infringement notices. Not only do such efforts help position the Agency as a trusted authority

for the AARTO programme which the customer (motorists, individual and corporate infringers) can rely upon, but they go a long way in empowering the motorist to take charge of their own behaviour.

The continued pilot of the AARTO Act leads to uneven penalties being applied across the country for similar or same traffic contraventions. In some instances, under the AARTO jurisdictional areas, a courteous consideration for addressing the alleged infringer's behaviour may not be enjoyed by another would-be infringer of the same regulation in a different area that may still be applying the CPA provisions, which would lead to an acquisition of a criminal record. It is thus the Agency view that the promulgation of the AARTO Amendment Act should be expedited to ensure a uniform application of traffic contraventions administration across the country.

## LEGISLATIVE AND OTHER MANDATES CONTINUED

### **Mandate and Functions**

The mandate of the Agency stems from the founding Act which highlights its objects as follows, despite the Criminal Procedure Act, 1977 (Act No. 51 of 1977):

- (a) to encourage compliance with the national and provincial laws and municipal by-laws relating to road traffic and to promote road traffic safety;
- (b) to encourage the payment of penalties imposed for infringements and to allow alleged minor infringers to make representations;
- (c) to establish a procedure for the effective and expeditious adjudication of infringements:

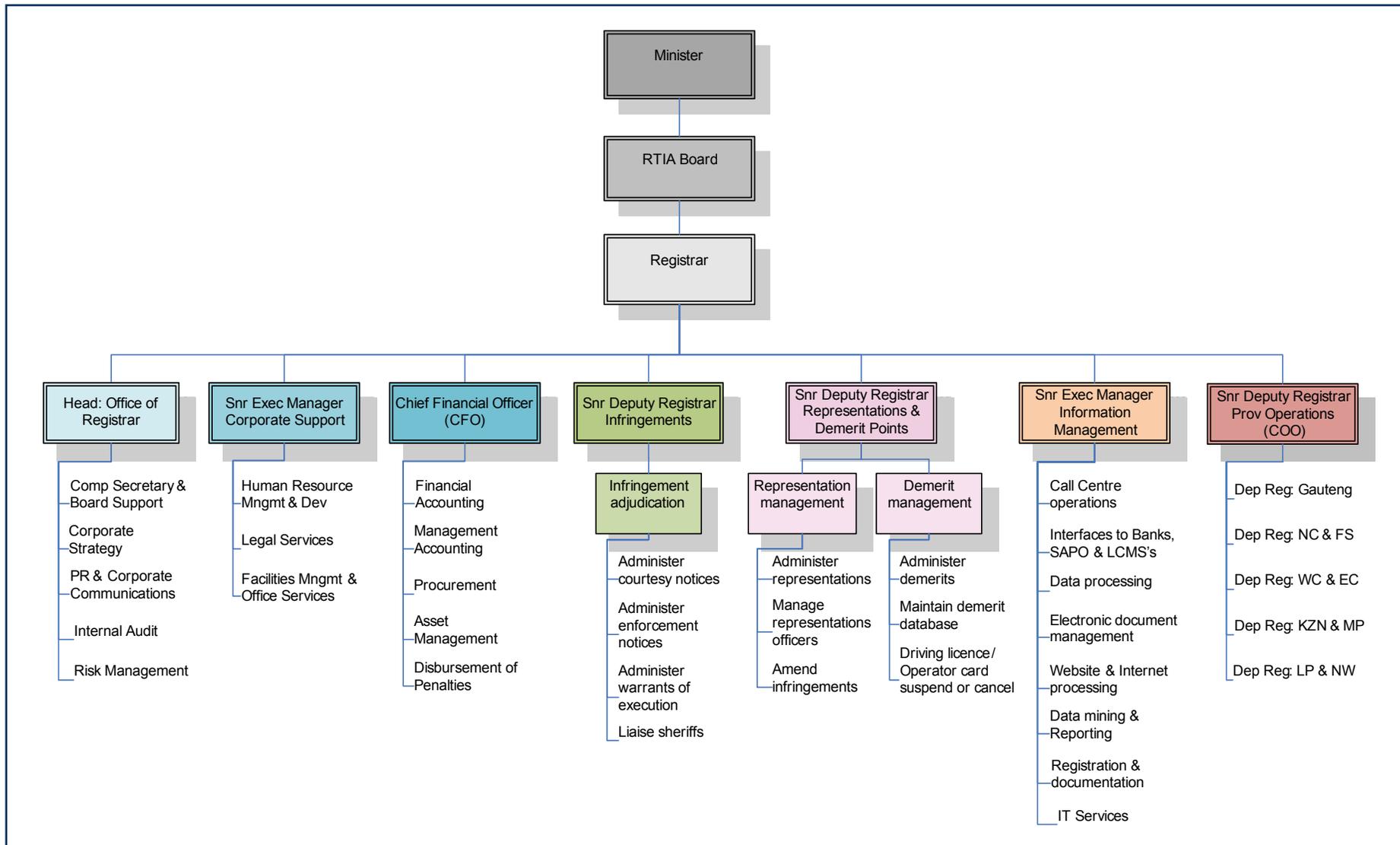
- (d) to alleviate the burden on the courts of trying offenders for infringements;
- (e) to penalise drivers and operators who are guilty of infringements or offences through the imposition of demerit points leading to the suspension and cancellation of driving licences, professional driving permits or operator cards;
- (f) to reward law-abiding behaviour by reducing demerit points where they have been incurred if infringements or offences are not committed over specified periods;
- (g) to establish an agency to support the law enforcement and judicial authorities by undertaking the

administrative adjudication process; and

- (h) to strengthen co-operation between the prosecuting and law enforcement authorities by establishing a Board to govern the Agency.

Whereas all matters related to traffic violations were previously dealt with under the CPA, the establishment of the Agency and the full implementation of the AARTO Act means that most of the traffic violations will be dealt with administratively. This is expected to help free the courts and judicial authorities to deal with more serious criminal matters.

## ORGANISATIONAL GOVERNANCE



## FOREWORD BY THE CHAIRPERSON

It is my pleasure as the Chairperson of the Board of Directors of the Road Traffic Infringement Agency to present the Agency's Integrated Annual Report and Annual Financial Statements for the financial year ending 31 March 2017.

The Agency has once again thrived in implementing its business programmes and was ably assisted by the stewardship of the Board and its Committees, which did its best to ensure that the Management team continue to receive the required support in their duties.

The Board ensured that it actively monitors the combined assurance programmes, which it believes to be a cornerstone of good governance practice. A lot of attention was paid to the compliance environment, through the revision of the compliance universe

and the development of the required monitoring instruments in that regard.

The control environment of the Agency continued to improve as well, as evidenced by the positive internal audit reports it has received throughout the year under review, as well as the Auditor-General's clean audit opinion. This sterling performance is a result of the Board and Management placing all the issues raised in the Auditor-General's previous audit in our governance agenda.

The Agency continued with its stakeholder consultation programme during the reporting period in preparation for its AARTO Roll-Out, through its renowned catalyst programmes in the form of "Know your Traffic fine status" campaign and the AARTO Road Safety Ambassadors

programme. We continue to appreciate the critical role which is performed by the Interfaith Movement and road safety ambassadors. To date these projects have achieved tremendous success in raising Road Safety Awareness and Campaigns amongst various interfaith groupings throughout the country.

The countdown towards the AARTO Roll-Out continues and here, we commend the stellar efforts of the Portfolio Committee on Transport, as well as the Department of Transport, in prioritising the AARTO Legislative Amendment processes. Great strides have indeed been made on that front and this has resulted in the Agency and the Department of Transport successfully completing two public comment processes, to complete the first round of the legislative amendment. We have no

doubt in our minds that this process will be finally completed during the 2017/18 financial year.

We have placed ourselves at the pinnacle of thought leadership on Road Safety and this can be evidenced by our increased workshops on AARTO consultations around the country and we will galvanise this process in the upcoming year, in order that all communities and various stakeholders are ardently prepared for the complexities of AARTO long before it is rolled out.

### High level overview of the strategy and performance

The programmes implemented by the Agency have yielded a tremendous achievement of 85.19% against APP targets thus representing the establishment of a higher performance environment which built on the previous year's achievement of 84.72%.

The Agency exceeded the targets which were aimed at preparations for AARTO Roll-Out, in the form of Readiness Assessment of Issuing Authorities across the country, as well as the AARTO support workshops, by an average of 55%. This means that the ethos of AARTO are cross pollinated throughout all the transaction partners around the country and it is a feat that was considered impossible two years ago, given all the misgivings that the marketplace had about AARTO as a Road Safety programme. The Agency also continued its preparations for the AARTO roll-out by finalising the first Model of its Traffic Rehabilitation programme, pursuant to the strong public calls for the inclusion of such, during the public engagement process of the AARTO legislative amendments.

The Agency demonstrated its commitment towards the achievements of the goals of the National Development Plan to reduce the national unemployment rate from 24.9% in June 2012 to 14% by 2020 and to 6% by 2030, by entrenching the Enterprise Development programme into its core business. The Enterprise Development will become a fulcrum of the Operating Model, which was approved by the Board in July 2016. These Enterprises will play a key role in the expansion capacity of the Agency and will thus be engaged in the key areas of its business. The required induction as well as the training of such enterprises in the AARTO core business were underway at the end of the reporting period and they will hopefully be fully integrated in the business by the end of the 2017/18 financial year.

We are hopeful that the strategy of involving the Enterprises as partners in implementing our core business will be replicated across other State Owned Enterprises and be a citadel model for job creation and radical economic transformation in our country.

The Agency continued to participate in the programmes of the United Nations Road Safety Council as part of its commitments to the achievement of the Global Plan for the Decade of Action for Road Safety 2011-2020.

### **Strategic Relationships**

The Agency continued to engage in its monthly meetings with the AARTO National Task Team, in order to draw critical lessons from Issuing Authorities on the implementation of the programme and also to ensure that the programme is driven from the ethos of

a “bottom up” approach. The partners in this forum have really assisted the Agency in shaping up the art and science of its programmes.

The Agency managed to secure a strategic partnership with the Department of Small Business Development. This partnership is geared at the development and harnessing of the participating Enterprises in the programme and will assist the Agency to acquire, amongst others, the Kiosks to be rolled out across the country; the acquisition of driver simulation instruments for its Traffic Rehabilitation programmes as well as for the training and incubation of particularly early-stage Enterprises in the programme. The end goal of the programme is for the Agency to provide business opportunities to all participating Enterprises. and a further goal being for

## FOREWORD BY THE CHAIRPERSON CONTINUED

them to create three full-time equivalent jobs to other unemployed young people.

The partnership between the Agency and Monash University continued to blossom, with more managers, Board members and senior management from other state entities such as the Road Accident Fund and Road Traffic Management Corporation being included in the “Safe Systems” training programme, which is aimed at broadening the understanding of the cutting-edge methods in the reduction of road fatalities. The partnership has also resulted in the Agency committing to a bursary programme which will see Managers and Executives being offered opportunities to study towards Masters and Doctoral studies in Road Safety. The Agency plans to expand this opportunity to other partner Agencies in the Road Safety space in South Africa.

The Agency managed to score one of the most important partnerships with the youth, driven by the eKasi Road Safety movement. What makes this partnership to be so endearing to the Agency is because the youth have always formed the most affected group of road fatalities in the country and this partnership is geared at spreading and inculcating the road safety messages across this group of citizens and ensuring that they become the core of our Road Safety Ambassadors programme.

The Agency continued to be part of the ITS (Intelligent Transport System) meetings and conferences, which is geared at exposing the Agency to smart transport systems in the world. The Agency wants to be a key player and conduit of knowledge management and informatics in the Transport sector and

to further utilise this to aid the Traffic Law Enforcement in the country.

The Agency continues to work collaboratively with other partners, including public transport associations and those in the public transport space in order to find common ways of tackling the incidents of road carnage in the country.

### Challenges faced by Board

The dispute which the Agency had with SAPO over the payment issues continued to be a thorn in the progress of the work of the Agency. The damage caused by this impasse was evidenced by the dipping revenues from the unprecedented figure of R458m during 2015/16 to R346.3m during 2016/17.

This situation not only hurt the revenue collection front but also heavily impacted

on road safety as a whole, because no sooner had the word gone out about the impasse and its implications on the non-serving of AARTO notices, than the road users started behaving with lawless impunity on the road, with the knowledge that their fines will never be posted and they will therefore never be brought to book.

We are happy to announce that the dispute between the two Organisations was settled shortly before the close of the financial year and a new Service Level Agreement, which we believe will serve the common interests of the parties, has been signed and everything is now back to normal.

The initiation of the relationship between the Agency and the newly recognised Trade Union- SATAWU - has not been

without incidents. There were a couple of cases between the Agency and the Trade Union which were referred to the CCMA. The Agency fortunately prevailed in those cases, which goes to show that the Agency is indeed a caring organisation and an employer of choice, which utilises updated labour relations policies and procedures.

### The year ahead

For the year ahead, the Agency will focus on participating earnestly in the final round of the AARTO legislative amendment processes. This task entails the follow:

- Regular visits and assessments of compliance by the Issuing Authorities;
- Verification of operational requirements relating to the AARTO Act; and

- Testing the integration of the Enterprise Development program into the operating model of the Agency.

The Agency plans to be more visible than ever before in the public arena through its Mobile Offices. The streets and all corridors of our road and social networks will be abuzz with endless AARTO awareness and educational messages.

The Agency will also be implementing the new Organisational Structure, which it hopes will carry it through the national Roll-Out. The focus will also be on the re-engineering processes, which are aimed at turning the Agency into a highly driven service machinery that is responsive to the needs of the country.

To us at the Agency, the 2017/18 year will be business unusual, as we prepare ourselves for the imminent national Roll-Out of the AARTO programme. We have promised a great product and service offering to the country. Our international partners also expect a lot from us, as a result of the constant knowledge sharing programmes we have had with them over the years.

### Acknowledgements / Appreciation

Allow me to express our heartfelt appreciation for the unwavering support and guidance that the Agency enjoyed under the leadership of the former Honourable Minister Ms Dipuo Peters and Honourable Deputy Minister Ms Sindisiwe Chikunga, MP, which it continues to enjoy under the new leadership of Honourable Minister Mr

Joe Maswanganyi, MP, as well as the Executive Management Leadership of the Department of Transport. With their support, during the year under review, the AARTO Amendment Act made considerable progress in Parliament. Getting the Amendment Act promulgated into law will go a long way in harmonising the country's administrative and legislative environments towards a uniformed management of road traffic offenses through the national AARTO Roll-Out.

Who can forget the role that has been played by the Interfaith Movement in immersing the role of the Agency in the road safety environment? We also remain hopeful that our partnership with the Small Business Development Department will yield the much-needed result on the Enterprise Development front.

## FOREWORD BY THE CHAIRPERSON CONTINUED

The upcoming financial year will see the end of the Board's term. Some of the members, like myself, are at the end of the second term at the Board and we are happy that we leave behind us a strong legacy as we step off the Agency Board. In that regard, we have ensured that the Agency achieves, for the very first time since its existence, a 100% attainment of its targets.

The other rewarding factor is that we exit the Board with a satisfactory

Board evaluation report which was commissioned to an external service provider. The report demonstrated effective working and well-coordinated oversight structures at the Agency. There will of course always be room for improvement and this is the spirit in which the Board and Committees received the report.

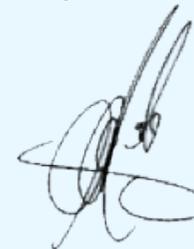
### Conclusion

On behalf of the Board of Directors of the Agency, I would like to state

that we remain extremely proud of the achievements and stature of the Agency up to this point. I would truly like to thank my fellow Board members for the excellent work done over the years. It was never going to be easy to nurture a newborn baby in this highly charged environment.

We are also happy to have played our part in the renewal of the contract of the Registrar for the next five years. This effectively means that we leave

the Agency under the stewardship of someone who is not only skilled and competent, but also very passionate about the Agency and the road safety mandate.



**Ms Nomini Rapoo**

*Chairperson of the Board*

Date: 31 July 2017

## REGISTRAR'S OVERVIEW



**Mr Japh R. Chuwe**  
Registrar/Chief Executive Officer

### General financial review of the public entity

The year under review saw the Agency experiencing tremendous challenges with a significant reduction in the collection of revenue. This was occasioned by a significant drop in the volume of electronically generated infringement notices issued by the Issuing Authorities for the period under review. The number of these electronically generated notices reduced dramatically. Compared to the previous financial year, the volume of all notices issued dropped from 5,515,529 to 2,016,233 during the period under review, which is an overall drop of 63.44%. With the reduction in the number of notices issued, a concomitant drop in revenue collected and due to the Issuing Authorities and the Agency was experienced.

Furthermore, the litigations challenges experienced throughout the year also had a negative impact and reduced the compliance level by infringers. The rate of finalisation of outstanding infringements in the form of adjudication and the exercise of available options in terms of the AARTO process are completely dependent on the efforts of the Issuing Authorities and the Agency only plays a role as a subsequent process.

Whereas the revenue collected over the period reduced by 41.83% compared to the previous year, with a total of R140,906,187 during the 2016/17 period, from R242,243,813 during the 2015/16 period, the Agency nonetheless managed to experience a surplus at the end of the period, mainly due to prudent management and controlled spending. Thus, as in the

previous period, the Agency's financial position during the year under review remained favourable, which continues to place it in a strong position to continue dispensing of its mandate.

### Spending trends of the public entity

Given that the Agency is a service organisation, its biggest expenditure item remains the human capital costs. Whilst implementing a cautious strategy of recruitment and adequate capacitation in line with the envisaged national Roll-Out of the AARTO, the key positions required to ensure full and efficient implementation continued. In addition to the staffing costs, the other biggest expenditure items are funding for the communication and empowerment programmes, so that the road users are adequately enlightened about

## REGISTRAR'S OVERVIEW CONTINUED

their roles and responsibilities. Lastly, the Agency has embarked on the process of vigorously marketing its services and educating users, which has been achieved through the AARTO Mobile Offices. This programme enabled the Agency to take its service delivery and value proposition to stakeholders in communities where they live, especially those in rural and outlying areas, and is expected to continue providing leverage on the Agency's mandate.

### Capacity constraints and challenges facing the public entity

The Agency faced capacity constraints in its business and operational environment, particularly related to the levels of human capital capacitation. This is brought about by the strategic positioning of timing the levels of capacitation and aligning it to the envisaged national Roll-Out. Whilst that is the position, the need to resource the Agency with critical staff continued to be

implemented, so that the core functions related to efficient service delivery could be attained. During this period, the Agency embarked on the review of its organisational structure, with a view towards developing an appropriate structure that would support the dispense of its mandate. The new structure being developed takes into account the provisions of the possible incorporations in the AARTO Amendment Bill currently in the final stages in Parliament.

### Discontinued activities/ activities to be discontinued

The Agency's mandate is clearly articulated in its founding legislation and supported by its strategic plans. To that extent, the Agency does not envisage the discontinuation of any of its activities during the current term nor the foreseeable future.

### New or proposed activities

Recognising the challenges faced in the road safety environment and the need

for continuous education and awareness campaigns to empower all road users, the Agency has made plans for the acquisition and deployment of driving simulators. These are envisaged to be distributed across the country to enable novice drivers and interested learners to acquire the requisite driving skills prior to applying for practical driving tests. This intervention will go a long way towards scaling up on the skills and competence of drivers, thereby positively contributing to a safer road traffic environment. Not only will this programme contribute towards the up-skilling of drivers but also on reducing the financial cost of acquiring a driving licence, since the costs of undertaking private lessons can be exorbitant and beyond the reach of the greater percentage of the South African population.

The Agency is excited about the tremendous progress made with respect to the AARTO Amendment Bill currently in Parliament. To that extent, the legislative

provisions will provide the framework to enable the Agency to effectively deal with the attitudes and behaviour of road users and implement catalyst interventions. The Agency envisages the expansion of its footprint on an extended platform through the Enterprise Development programme, which will be expanded and imbedded in many localities throughout the country.

In the bigger scheme of things, the following programmes to be embarked upon by the Agency are expected to make a positive contribution to the attainment of its mandate:

- Driver Rehabilitation Programmes;
- Infringement Appeals Tribunal; and
- Driver Simulation Programme.

These programmes will also contribute directly to the envisaged implementation of the Graduated Driving Licence System that the Department of Transport is preparing. These programmes will

ensure that every motorist that enjoys the benefits of the road infrastructure network has the required competence and skills to contribute to a safer road traffic environment.

### **Requests for roll over of funds**

The Agency realised a cash surplus of R176 million (before adjustments) as at the end of March 2017. The Agency submitted a request for the retention of the surplus funds at the end of the financial year and the National Treasury gave conditional approval, linked to the national Roll-Out of AARTO. The retention of the funds will be used to support the Agency's programmes of proactively changing the attitudes and behaviour of all road users, through the intensification and broadening of educational programmes, the extension of the Agency's service delivery platforms through AARTO Mobile Offices, which renders services to road users in the communities where they live, service of related documents. providing the

platforms for rehabilitation programmes upon approval by Parliament as envisaged in the AARTO Amendment Bill, as well as expanding electronic platforms of service delivery to support national Roll-Out.

### **Supply chain management**

Consequent to the capacity challenges experienced in the previous year and the need to ensure effective service delivery, the Agency successfully recruited additional capacity in the form of competent and experienced staff. In the context of the applicable policy framework and legislative provisions, the Agency is pleased to report that it continued to implement its programmes and dispense of its applicable mandate through a system of internal control that is fair, transparent, objective and compliant to all the supply chain management prescripts.

Continuous retraining and up-skilling empowerment workshops were provided

to finance staff to ensure that the Agency's supply chain management processes are fully compliant with the applicable legislative prescripts and new standards. Furthermore, the Agency's financial policy framework was updated in line with the new standards and cost containment measures, as well as the related accounting procedures.

### **Unsolicited bid proposals for the year under review**

The Agency did not conclude any unsolicited proposals for the period under review and all procurement undertaken was as a result of following the applicable procurement process as provided in the legislative frameworks, including open tenders, quotations and participation in transversal contracts awarded by other state departments and entities in line with Treasury Regulations.

### **SCM processes and systems**

The number of instances of irregular and fruitless and wasteful expenditure

was completely eliminated in the 2016/17 financial year. The Agency continued to tighten internal controls and takes a zero tolerance approach towards possible or suspected supply chain management abuses. To solidify the integrity of its supply chain management processes, the Agency implemented a proactive policy framework which works as an early detection system to identify and eliminate any possible fraud, malpractices and abuses of the supply chain management processes. This has yielded positive results as can be attested to with the Auditor-General's clean audit opinion, as well as the absence of any irregular, fruitless or wasteful expenditure experienced by the Agency.

### **Resolving challenges experienced**

Amongst the Agency's main challenges experienced, are the capacity levels that continue to hamper efficiency and effectiveness. This has resulted in

## REGISTRAR'S OVERVIEW CONTINUED

a return to basics to focus on what is core to the business of the Agency and provides excellent opportunities for enhancements and further innovations.

Some of the major challenges experienced are deficiencies consequential to the current prevailing legislative framework. To this extent, the Agency invested a tremendous amount of time with the finalisation of the AARTO Amendment Bill that is currently in its final stages in Parliament. The envisaged approval and promulgation of the Amendment Bill will introduce efficiencies that will benefit all stakeholders, including Issuing Authorities, motorists and the Agency, with respect to the electronic service of documents, rehabilitation programmes and an appeal structure.

### **Audit report matters in the previous year and how they were addressed**

Pursuant to good governance and clean administration, the Agency continued to

extend its excellent track record with the acquisition of a clean audit report. This comes on the back of four unqualified and one clean report previously attained. This achievement is made possible through the Agency's system of continuous tracking of previous audit findings raised by the Auditor-General, monitoring and reporting on them on a regular basis and a robust Internal Audit as well as externally through the Audit and Risk Committee. The Board is regularly briefed on the risks and challenges, as well as the related progress on appropriate steps taken to ensure that all challenges stay within the radar, monitored regularly and ensuring that the related interventions are timeously implemented. The Agency has furthermore implemented a system whereby every identified risk and audit matter previously raised, are allocated a "champion" responsible to manage and solve them.

### **Outlook/Plans for the future to address financial challenges**

The Agency has proactively invested time in the determination of its own funding strategies. These will be phased in gradually according to the circumstances prevailing, as well as the approval of the enabling legislative framework. Furthermore, the Agency will be implementing robust mechanisms of effectively collecting on outstanding penalty revenue, as well as implementing new interventions that are based on the "user-pay principle".

The pre-eminent, long-term sustainable solution that the Agency is pursuing is the co-funding of its programmes through strategic partnerships. This strategy recognises the mutual benefits to be derived by various stakeholders in the road traffic management space as well as society in general, given that road safety is everyone's responsibility. Thus,

the related funding of its intervention programmes must similarly be shared by all interested parties to ensure future sustainability. To this extent, the Agency has established tangible partnerships with the Department of Small Business Development and Transport Education Training Authority amongst others, which are envisaged to deliver tangible benefits to all road users and contribute to the country's economic development.

### **Events after the reporting period**

The only significant event reported on after the close of the financial year, was the conclusion of the appeal process that was launched subsequent to the litigation by Fines 4 U. The appeal was finalised against the Agency and the consequential implications of the financial impact are yet to be provided by the Master of the High Court. Consequent to this litigation, the Agency has enhanced its policies and procedures in line with the judgement and included related interventions in

the AARTO Amendment Bill currently before Parliament for approval and promulgation.

### **Economic Viability**

Based on its determined mandate and strategic plans, the Agency is fully confident that its programmes, activities and interventions meet the muster of economic viability and future sustainability. The Agency has also implemented dynamic programmes that are based on leveraging strategic partnerships and joint funding on some of its catalyst programmes, such as the partnerships with the Department of Small Business Development and the Transport Education Training Authority for joint funding of its programmes.

Furthermore, the Agency has identified innovations of service delivery, which would increase the empowerment of road users through timeous delivery of notices, interfacing with the Agency electronically for the management of

representations and nominations of drivers, thereby enabling infringers to exercise their rights appropriately. The AARTO Mobile Offices are now deployed on a regular basis and provide a full suite of services, enabling infringers to deal with their outstanding infringements timeously, including payments thereof.

The Agency has also identified other means of revenue generation that would be used to fund the programmes and interventions envisaged after the promulgation of the AARTO Amendment Bill. These funding streams will be implemented so that the Agency's programmes are in themselves self-funding and replicated throughout the country for efficiency and best practice.

### **Acknowledgements and Appreciation**

The prevailing period of the 2016/17 reporting cycle continued to render the Agency under tremendous pressure and facing critical challenges. One of

the most important challenges faced by the Agency during this period was the increased rate of litigation challenges that led to the Agency facing serious exposure to the integrity of the AARTO. In spite of these challenges, the multi-disciplinary team of the Agency's Board, management and staff continued to steer the Agency to good fortunes and remained focused on the achievement of its deliverables. I wish to express my sincere gratitude to the Board and its Committees, management, staff and partners for their loyalty and passionate dispense of their mandate.

My sincerest gratitude and utmost respect goes to Ms Dipuo Peters, former Minister of Transport, for the sterling leadership she exercised over Team Transport. We shall remain indebted for your critical input and effective leadership for a long time. I would be remiss not to acknowledge our indebtedness to Deputy Minister of Transport, Ms Sindisiwe Chikunza, MP.

for her dynamic, exemplary leadership and commitment to the cause of the family of transport. I welcome with tremendous excitement, the Honourable Mr Joe Maswanganyi, MP, as our new Minister and look forward to a solid and positive trajectory as we continue the pursuit of our mandate. I wish to also express our deepest gratitude to Parliament's Portfolio Committee of Transport, ably led by its chairperson Ms Dikeledi Magadzi, MP, for the unwavering leadership and support as we traversed the tumultuous journey of guiding the finalisation of the AARTO Amendment Bill for approval and promulgation by Parliament. With these leaders guiding the Agency's strategic interventions and operations, we can be assured that the vision and goals of a safer transport environment will be achieved and as the Agency, offer our utmost support and commitment to ensure that together, we succeed.

## REGISTRAR'S OVERVIEW CONTINUED

### Important information for users of the Annual Financial Statements

Pursuant to its legislative mandate of administering the AARTO function, one of the Agency's key responsibilities is the enforcement of road traffic laws, through the collection of outstanding penalty revenue. Consequently, upon the successful collection of the penalties, the Agency disburses this revenue to various Issuing Authorities according to their involvement and origination of the infringement notice. After having performed this duty, the Agency reports on its custodial functions thereto, including its accountability, as well as the rate and status of revenue collected. In accordance with section 14(3) of the AARTO Act, the Agency subjects the administration and custodial functions of the AARTO and its related bank accounts to a full statutory audit, in order to obtain reasonable assurance on the state of affairs of the function. This

practice therefore provides more useful information to users of the financial statements as the Auditor-General asserts whether the financial statements fairly present the financial affairs of the Agency. Presentation of the disclosure has been made under the Annual Financial Statement section, notes 8 and 18 respectively.

During the period from 1 April 2016 to 31 March 2017, an amount of R346.3 million was collected from infringement penalties. By 31 March 2017, an amount of R197 million was disbursed to various AARTO stakeholders and R166 million retained by the various AARTO Stakeholders. The payable amounts are funded from the closing bank balance of R109 million and receivables of R6 million. These receivables consist of infringement revenue due from the Collecting Authorities and Agents.

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**Mr Japh R Chuwe**

*Registrar/Chief Executive Officer  
Road Traffic Infringement Agency*

Date: 31 July 2017

## STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

1. All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.
2. The annual report is complete, accurate and free from any omissions.
3. The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
4. The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the Agency.
5. The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

6. The accounting authority is responsible for establishing and implementing a system of internal control which is designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

7. The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Agency for the financial year ended 31 March 2017.

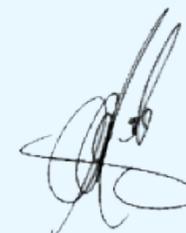
Yours faithfully



Registrar/Chief Executive Officer

**Mr Japh R. Chuwe**

Date: 31 July 2017



Chairperson of the Board

**Ms Nomini Rapoo**

Date: 31 July 2017







**PART B**  
PERFORMANCE INFORMATION

## PERFORMANCE INFORMATION

### 1. OVERVIEW OF THE ROAD TRAFFIC INFRINGEMENT AGENCY'S PERFORMANCE

Subsection	
1.1.1	Number of Infringement Notices Captured
1.1.2	Number of Notices Captured per Issuing Authority
1.1.3	Elective options exercised by Infringers
1.1.4	Adjudication of Representations
1.1.5	Courtesy Letters Issued
1.1.6	Enforcement Orders Issued
1.1.7	Applications for the Revocation of Enforcement Orders

### 1.1.1 Number of Infringement Notices Captured

The number of notices per type captured per month on the NCR during the financial year from 1 April 2016 to 31 March 2017 by all Issuing Authorities (IA's) is shown in the table below.

NUMBER OF NOTICES CAPTURED PER TYPE :						ALL IA'S
Month	AARTO 01	AARTO 02	AARTO 03	AARTO 31	AARTO 32	Total
Apr 2016	67 295	106	395 393	57 305	0	520 099
May 2016	77 408	131	414 210	74 034	1	565 784
Jun 2016	84 649	116	245 805	81 021	0	411 591
Jul 2016	80 277	94	124 418	68 246	0	273 035
Aug 2016	83 803	138	128 483	50 429	0	262 853
Sep 2016	78 033	72	136 118	61 324	0	275 547
Oct 2016	101 520	87	144 388	42 686	0	288 681
Nov 2016	110 561	128	113 670	32 788	0	257 147
Dec 2016	64 645	105	91 435	19 971	0	176 156
Jan 2017	96 641	68	120 571	35 860	0	253 140
Feb 2017	81 267	90	65 393	40 029	0	186 779
Mar 2017	122 933	144	36 349	32 920	0	192 346
<b>Year Total</b>	<b>1 049 032</b>	<b>1 279</b>	<b>2 016 233</b>	<b>596 613</b>	<b>1</b>	<b>3 663 158</b>

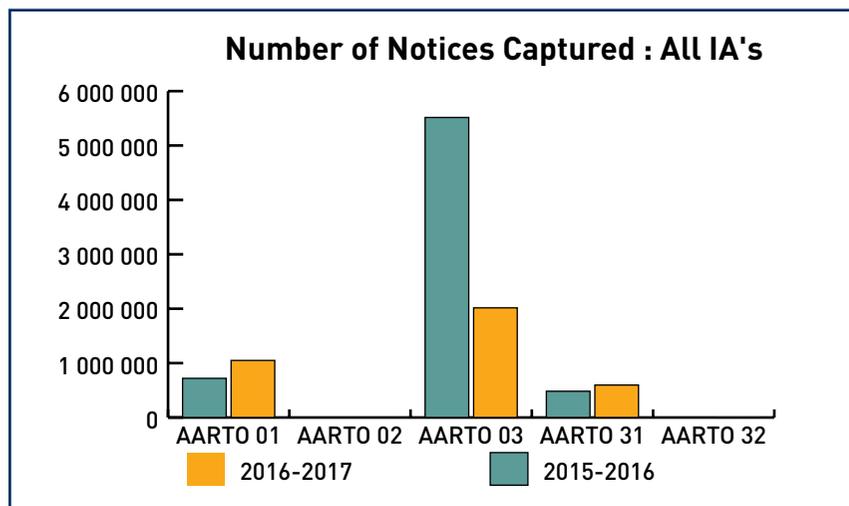
The table above shows the number of notices captured during the 2016/17 financial year was 3 663 158 for all the IA's. The analysis of the table above is as follows:

- **AARTO 01** – These are the handwritten infringement notices written by the traffic officer at the roadside. A total of 1 049 032 were issued during the 2016/17 period. This is an increase of 45.64% from 720 268 notices in 2015/16;
- **AARTO 02** – These are the electronic infringement notices created at the weighbridges. For 2016/17, there were 1 279 notices, which is 5 notices more from 1 274 in 2015/16;

## PERFORMANCE INFORMATION CONTINUED

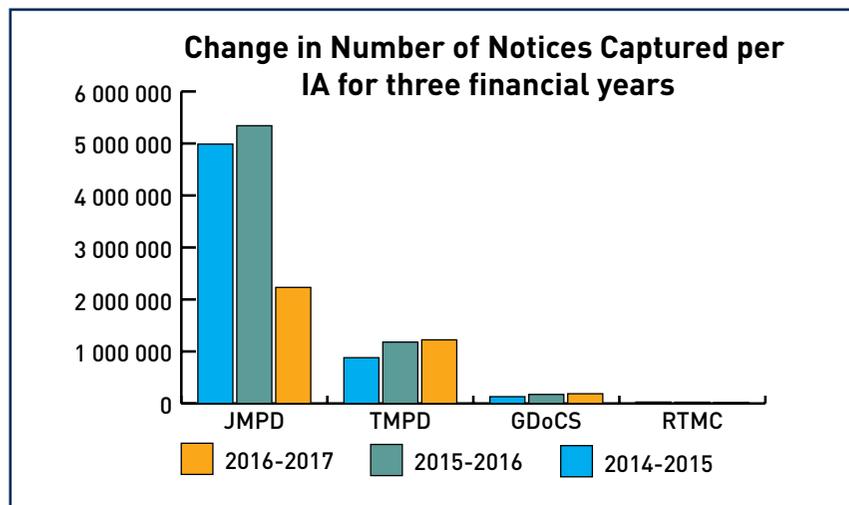
- **AARTO 03** – These are the camera captured infringement notices. A total of 2 016 233 notices were captured, which is 55% of the total notices captured in 2016/17 financial year. There is a huge decline of 63.44% from 5 515 529 notices captured in 2015/16;
- **AARTO 31** – These are the notices captured for the unattended vehicle. A total of 596 613 notices were captured in the financial year under review, which is a 23.51% increase from 483 041 notices in 2015/16; and
- **AARTO 32** – These are the offences at the roadside. For 2016/17, only 1 notice was recorded in May 2016 and in 2015/16 financial year, a total of 81 notices were captured.

The change in the number of notices per type of notice from the previous year is also reflected in the graph below.



The graph above shows that the majority of the notices captured by all the issuing authorities are these AARTO 03's, the camera infringement notices. These AARTO 03's have declined massively in the 2016/17 financial year.

The table below shows the comparison of captured notices per Issuing Authority for the three financial years, i.e. 2014/15, 2015/16 and 2016/17.



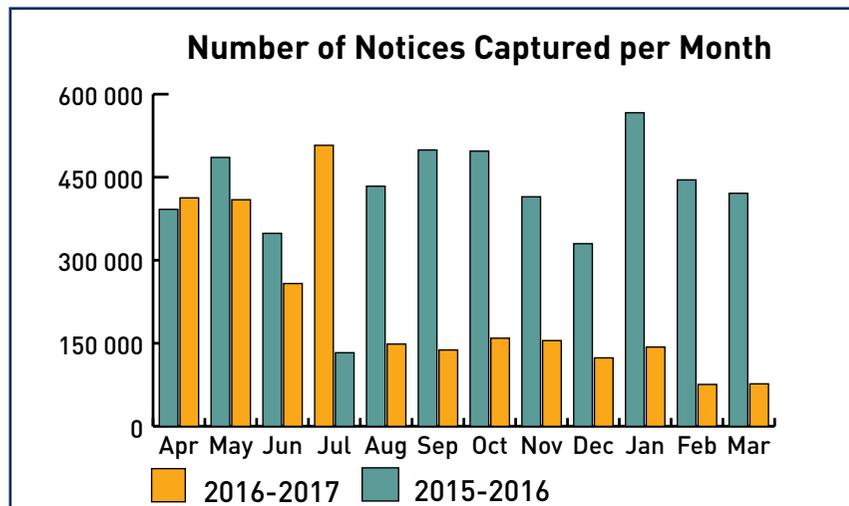
CHANGE IN NUMBER OF NOTICES CAPTURED PER ISSUING AUTHORITY					
Year	JMPD	TMPD	GDoCS	RTMC	Total
2014-2015	4 987 747	880 428	130 617	27 153	6 025 945
2015-2016	5 341 470	1 180 515	173 671	24 537	6 720 193
2016-2017	2 232 070	1 223 472	187 019	20 597	3 663 158

From the information above, it can be seen that JMPD has been generating more notices compared to the other issuing authorities over the past three years. In 2016/17, the JMPD's statistics have dropped by more than 50% from the previous financial year.

## PERFORMANCE INFORMATION CONTINUED

The number of notices captured per month in comparison with the previous year for the issuing authorities is shown in the table and graph below:

Month	2015/16	2016/17	Difference
Apr	499 449	520 099	20 650
May	600 262	565 784	-34 478
Jun	478 606	411 591	-67 015
Jul	640 931	273 035	-367 896
Aug	546 007	262 853	-283 154
Sep	599 754	275 547	-324 207
Oct	622 507	288 681	-333 826
Nov	524 031	257 147	-266 884
Dec	436 603	176 156	-260 447
Jan	678 956	253 140	-425 816
Feb	555 274	186 779	-368 495
Mar	537 813	192 346	-345 467
<b>Total</b>	<b>6 720 193</b>	<b>3 663 158</b>	<b>-3 057 035</b>



From the information above, it can be clearly seen that during the 2016/17 financial year, the notices captured by the issuing authorities have been decreasing for 11 consecutive months, that is from May 2016 until the end of 2016/17 financial year, March 2017.

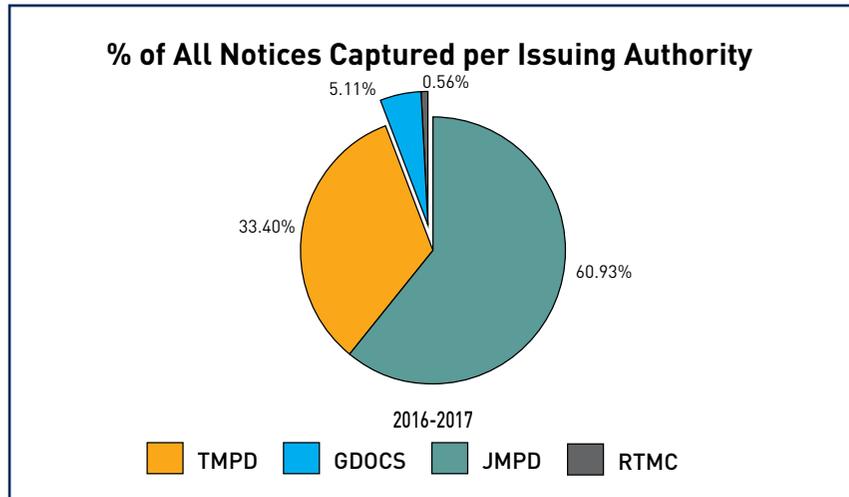
In 2016/17, the total decline makes a difference of 3 057 035, which is a 45% decrease from the previous financial year.

### 1.1.2 Number of Notices captured per Issuing Authority

The total number of notices captured per month per Issuing Authority during the year under review is shown in the table and reflected in the pie-chart below.

NUMBER OF NOTICES CAPTURED PER ISSUING AUTHORITY						
Month	JMPD	TMPD	GDoCS	RTMC	Total	
Apr 2016	412 677	99 573	6 883	966	520 099	
May 2016	409 283	140 399	13 955	2 147	565 784	
Jun 2016	257 904	130 458	21 481	1 748	411 591	
Jul 2016	132 927	120 559	17 259	2 290	273 035	
Aug 2016	148 510	93 800	17 807	2 736	262 853	
Sep 2016	137 823	122 555	14 157	1 012	275 547	
Oct 2016	159 148	114 408	14 621	504	288 681	
Nov 2016	154 844	90 768	10 773	762	257 147	
Dec 2016	123 599	37 165	14 828	564	176 156	
Jan 2017	143 110	89 773	18 394	1 863	253 140	
Feb 2017	75 591	89 736	19 660	1 792	186 779	
Mar 2017	76 654	94 278	17 201	4 213	192 346	
<b>Year Total</b>	<b>2 232 070</b>	<b>1 223 472</b>	<b>187 019</b>	<b>20 597</b>	<b>3 663 158</b>	

## PERFORMANCE INFORMATION CONTINUED

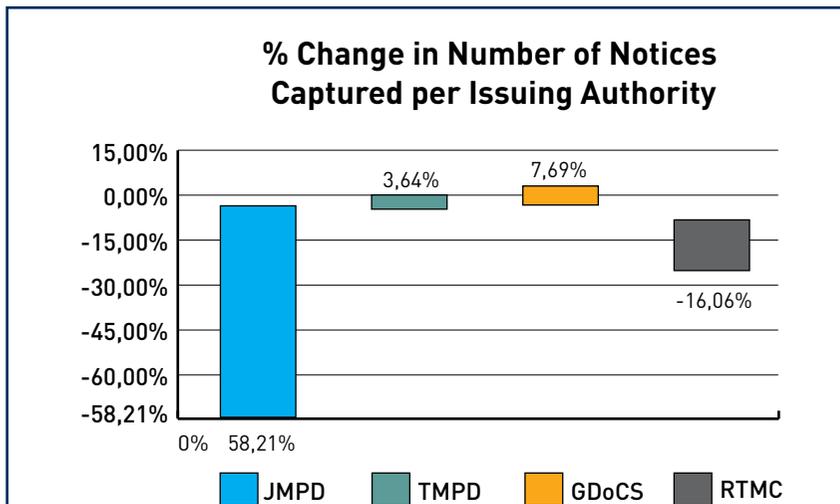


The information in the table and pie-chart above shows the total number of 3 663 158 notices captured during the year per Issuing Authority as follows:

- **JMPD:** 2 232 070 notices, which is 60.93% of the total;
- **TMPD:** 1 223 472 notices, which is 33.40% of the total;
- **GDoCS:** 187 019 notices, which is 5.11% of the total; and
- **RTMC:** 20 597 notices, which is 0.56% of the total.

The change in the number of notices captured per Issuing Authority from the 2015/16 to 2016/17 financial years is shown in the table and reflected in the graph below.

CHANGE IN NUMBER OF NOTICES CAPTURED PER ISSUING AUTHORITY					
Year	JMPD	TMPD	GDoCS	RTMC	Total
2015-2016	5 341 470	1 180 515	173 671	24 537	6 720 193
2016-2017	2 232 070	1 223 472	187 019	20 597	3 663 158
Change	-3 109 400	42 957	13 348	-3 940	-3 057 035
% change	-58.21%	3.64%	7.69%	-16.06%	-45.49%



## PERFORMANCE INFORMATION CONTINUED

The information in the table and graph above shows a decrease of 3 057 035 (45.49%) in the total number of notices captured, from 6 720 193 in 2015/16 to 3 663 158 in 2016/17. The changes in the number of notices captured per Issuing Authority from the previous financial year are as follows:

- **JMPD**: a decrease of 3 109 400 (58.21%) from 5 341 470 notices to 2 232 070 notices;
- **TMPD**: an increase of 42 957 (3.64%) from 1 180 515 notices to 1 223 472 notices;
- **GDoCS**: an increase of 13 348 (7.69%) from 173 671 notices to 187 019 notices; and
- **RTMC**: a decrease of 3 940 (16.06%) from 24 537 notices in 2015/16 to 20 597 notices in 2016/17.

Performance of the Issuing Authorities during the 2016/17 financial year are as follows:

### Johannesburg Metropolitan Police Department (JMPD)

For the three year period, JMPD has not been consistent. In the 2015/16 period, there was an increase of 7% from the 2014/15 financial year whereas the 2016/17 period saw a massive decline of 58%.

NUMBER OF NOTICES CAPTURED PER TYPE :						JMPD
Month	AARTO 01	AARTO 02	AARTO 03	AARTO 31	AARTO 32	Total
Apr 2016	40 451	0	336 530	35 696	0	412 677
May 2016	31 300	0	337 629	40 353	1	409 283
Jun 2016	33 831	0	176 726	47 347	0	257 904
Jul 2016	28 536	0	63 660	40 731	0	132 927
Aug 2016	44 369	0	75 303	28 838	0	148 510
Sep 2016	35 675	0	72 042	30 106	0	137 823
Oct 2016	50 707	0	74 554	33 887	0	159 148
Nov 2016	52 104	0	76 820	25 920	0	154 844
Dec 2016	30 257	0	78 532	14 810	0	123 599

NUMBER OF NOTICES CAPTURED PER TYPE :						JMPD
Month	AARTO 01	AARTO 02	AARTO 03	AARTO 31	AARTO 32	Total
Jan 2017	37 423	0	78 004	27 683	0	143 110
Feb 2017	33 429	0	11 382	30 780	0	75 591
Mar 2017	44 532	0	5 079	27 043	0	76 654
<b>Year Total</b>	<b>462 614</b>	<b>0</b>	<b>1 386 261</b>	<b>383 194</b>	<b>1</b>	<b>2 232 070</b>

The table above shows the notices captured per type for the JMPD. The 58% decline in 2016/17 started in June 2016 and these are the camera notices and it can be seen that in March 2017, only 5 079 camera notices were captured. There were no AARTO 02's captured by JMPD during the period under review and only 1 AARTO 32 captured.

## PERFORMANCE INFORMATION CONTINUED

### Tshwane Metropolitan Police Department (TMPD)

The TMPD in the 2016/17 financial year, have increased the number of notices captured by 3.64%.

NUMBER OF NOTICES CAPTURED PER TYPE :							TMPD
Month	AARTO 01	AARTO 02	AARTO 03	AARTO 31	AARTO 32	Total	
Apr 2016	19 101	0	58 863	21 609	0	99 573	
May 2016	30 137	0	76 581	33 681	0	140 399	
Jun 2016	27 705	0	69 079	33 674	0	130 458	
Jul 2016	32 286	0	60 758	27 515	0	120 559	
Aug 2016	19 029	0	53 180	21 591	0	93 800	
Sep 2016	27 261	0	64 076	31 218	0	122 555	
Oct 2016	35 775	0	69 834	8 799	0	114 408	
Nov 2016	47 050	0	36 850	6 868	0	90 768	
Dec 2016	19 101	0	12 903	5 161	0	37 165	
Jan 2017	39 029	0	42 567	8 177	0	89 773	
Feb 2017	26 476	0	54 011	9 249	0	89 736	
Mar 2017	57 131	0	31 270	5 877	0	94 278	
<b>Year Total</b>	<b>380 081</b>	<b>0</b>	<b>629 972</b>	<b>213 419</b>	<b>0</b>	<b>1 223 472</b>	

The table below shows the changes in the number of notices per type captured on the NCR between 2015/16 and 2016/17 financial years by TMPD.

CHANGE IN NUMBER OF NOTICES CAPTURED PER TYPE :						TMPD
Year	AARTO 01	AARTO 02	AARTO 03	AARTO 31	AARTO 32	Total
2015-2016	167 406	0	846 786	166 323	0	1 180 515
2016-2017	380 081	0	629 972	213 419	0	1 223 472
Change	212 675	0	-216 814	47 096	0	42 957
% change	127.04%	0	-25.60%	28.32%	0	3.64%

The changes in the number of notices captured per type of notice from 2015/16 to 2016/17 are as follows:

- **AARTO 01:** There is a huge increase of 127.04% from 167 406 in 2015/16 to 380 081 in 2016/17;
- **AARTO 02:** There were no AARTO 02 notices captured by TMPD since these are notices created at the weighbridges;
- **AARTO 03:** There is a decline of 216 814 (25.60%) from 846 786 to 629 814 notices in the 2016/17 financial year;
- **AARTO 31:** There is an increase of 47 096 (28.32%) from 166 323 to 213 419 notices; and
- **AARTO 32:** There were no offences at roadside reported by TMPD between the two financial years.

## PERFORMANCE INFORMATION CONTINUED

### Gauteng Department of Community Safety (GDoCS)

The number of notices per type captured per month on the NCR during the financial year from 1 April 2016 to 31 March 2017 by GDoCS is shown in the table below:

NUMBER OF NOTICES CAPTURED PER TYPE :						GDOCS
Month	AARTO 01	AARTO 02	AARTO 03	AARTO 31	AARTO 32	Total
Apr 2016	6 777	106	0	0	0	6 883
May 2016	13 824	131	0	0	0	13 955
Jun 2016	21 365	116	0	0	0	21 481
Jul 2016	17 165	94	0	0	0	17 259
Aug 2016	17 669	138	0	0	0	17 807
Sep 2016	14 085	72	0	0	0	14 157
Oct 2016	14 534	87	0	0	0	14 621
Nov 2016	10 645	128	0	0	0	10 773
Dec 2016	14 723	105	0	0	0	14 828
Jan 2017	18 326	68	0	0	0	18 394
Feb 2017	19 570	90	0	0	0	19 660
Mar 2017	17 057	144	0	0	0	17 201
<b>Year Total</b>	<b>185 740</b>	<b>1 279</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>187 019</b>

The information in the table above shows that a total number of 187 019 notices were captured during the year with the number captured per type of notice as follows:

- **AARTO 01:** 185 740 notices, which is 99.32% of the total;
- **AARTO 02:** 1 279 notices, which is less than 1% of the total; and
- There were no AARTO 03, AARTO 31 and AARTO 32 captured by the GDoCS in 2016/17.

The change in the number of notices captured per type of notice from the 2015/16 to the 2016/17 financial year is shown in the table below:

CHANGE IN NUMBER OF NOTICES CAPTURED PER TYPE :						GDOCS
Year	AARTO 01	AARTO 02	AARTO 03	AARTO 31	AARTO 32	Total
2015-2016	172 397	1 274	0	0	0	173 671
2016-2017	185 740	1 279	0	0	0	187 019
Change	13 343	5	0	0	0	13 348
<b>% change</b>	<b>7.74%</b>	<b>0.39%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7.69%</b>

The table above shows that only AARTO 01 and AARTO 02 were captured by the GDoCS during the 2016/17 financial year.

The AARTO 01's have increased by 13 343 from 172 397 in 2015/16 to 185 740 in 2016/17; and

AARTO 02's have increased by only 5 notices as compared to the last financial year, that is 1 274 in 2015/16 to 1 279 in 2016/17.

## PERFORMANCE INFORMATION CONTINUED

### Road Traffic Management Corporation (RTMC)

The number of notices per type captured per month on the NCR during the financial year from 1 April 2016 to 31 March 2017 by the RTMC is shown in the table below.

NUMBER OF NOTICES CAPTURED PER TYPE :						RTMC
Month	AARTO 01	AARTO 02	AARTO 03	AARTO 31	AARTO 32	Total
Apr 2016	966	0	0	0	0	966
May 2016	2 147	0	0	0	0	2 147
Jun 2016	1 748	0	0	0	0	1 748
Jul 2016	2 290	0	0	0	0	2 290
Aug 2016	2 736	0	0	0	0	2 736
Sep 2016	1 012	0	0	0	0	1 012
Oct 2016	504	0	0	0	0	504
Nov 2016	762	0	0	0	0	762
Dec 2016	564	0	0	0	0	564
Jan 2017	1 863	0	0	0	0	1 863
Feb 2017	1 792	0	0	0	0	1 792
Mar 2017	4 213	0	0	0	0	4 213
<b>Year Total</b>	<b>20 597</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20 597</b>

The information in the table above shows that a total number of 20 597 were the AARTO 01's notices that were captured during the year. No other types of notices were captured.

The change in the number of notices captured from the 2015/16 to the 2016/17 financial years is shown in the table below:

CHANGE IN NUMBER OF NOTICES CAPTURED PER TYPE :						RTMC
Year	AARTO 01	AARTO 02	AARTO 03	AARTO 31	AARTO 32	Total
2015-2016	24 537	0	0	0	0	24 537
2016-2017	20 597	0	0	0	0	20 597
Change	-3 940	0	0	0	0	-3 940
% change	-16.06%	0	0	0	0	-16.06%

The information in the table above shows a decrease of 3 940 in the number of AARTO 01 notices captured, from 24 537 in 2015/16 to only 20 597 in 2016/17.

### 1.1.3 Elective options exercised by Infringers

Upon being served an infringement notice, either in person or through registered mail, the AARTO process allows infringers to select any one of the following five (5) elective options to be followed within a period of 32 days after having received such notice:

- **Payment of the penalty**, in which case the infringer may pay the penalty at any of the pay points indicated on the notice; or
- **Notification to make payment in Instalments**, in which case the infringer has to submit a completed form AARTO 04 to the Agency; or
- **Submit a Representation**, in which case the infringer has to submit a completed form AARTO 08 to the Agency providing sufficient motivation in cases where an infringer disputes the alleged violation or is of the opinion that he/she should not be held responsible for the violation; or
- **Nomination of the driver or person in control of the vehicle at the time the infringement was committed**, which can be submitted for any one of the following notice types: AARTO 03 (camera); AARTO 31 (issued as an AARTO 03b notice for an unattended vehicle) and AARTO 03a (operator) infringement notices, and in which case the infringer has to submit a completed form AARTO 07 to the Issuing Authority that served the notice, nominating the driver or person in control of the vehicle at the time the infringement was committed. The original infringement is cancelled once the nomination is successful and a new Infringement Notice is created on the NCR and served on the nominated driver; or
- **Elect to be tried in court**, in which case the infringer has to submit a completed form AARTO 10 an election for the case to be tried in court to the Issuing Authority that served the notice.

## PERFORMANCE INFORMATION CONTINUED

Details on the number of elective options exercised by infringers during the year under review are provided below.

### **(a) Payment of the Penalty**

Details on the payment of penalties are provided under Part E: Financial Information, subsection 2: “Annual Financial Statements”.

### **(b) Notifications to make payment in Instalments**

The number of notifications to make payments in instalments submitted to the Agency on form AARTO 04 during the financial year under review in comparison with the previous financial year is shown in the table below:

NUMBER OF NOTIFICATIONS TO PAY IN INSTALMENTS					
Month	2015/16	2016/17	Change	% Change	
Apr	50	23	-27	-54%	
May	20	57	37	185%	
Jun	71	80	9	13%	
Jul	21	34	13	62%	
Aug	22	68	46	209%	
Sep	32	31	-1	-3%	
Oct	49	74	25	51%	
Nov	75	35	-40	-53%	
Dec	85	29	-56	-66%	
Jan	73	71	-2	-3%	
Feb	13	71	58	446%	
Mar	22	49	27	123%	
<b>Total</b>	<b>533</b>	<b>622</b>	<b>89</b>	<b>16.70%</b>	

The information above shows that the number of notifications to make payments in instalments increased by 89 from 533 in 2015/16 to 622 in 2016/17. During the year under review the month with the highest number of notifications in this regard was June 2016 with a total of 80 notifications.

The change in the number of notices captured per issuing authority from the 2015/16 to the 2016/17 financial year is shown in the table below:

<b>CHANGE IN NUMBER OF NOTIFICATIONS TO PAY IN INSTALMENTS</b>					
Year	JMPD	TMPD	GDoCS	RTMC	Total
2015-2016	392	100	30	11	533
2016-2017	375	201	40	6	622
Change	-17	101	10	-5	89
% change	-4.34%	101.00%	33.33%	-45.45%	16.70%

The TMPD has doubled in the number of notifications to pay in instalments during the 2016/17 financial year.

**(c) Submission of Representations**

The number of representation applications submitted to the Agency during the financial year is shown in the table below. The information in the table is given in terms of the representations based on Infringement Notices served by the respective Issuing Authorities in the AARTO area.

<b>NUMBER OF REPRESENTATIONS SUBMITTED</b>					
Month	JMPD	TMPD	GDoCS	RTMC	Total
Apr 2016	7 507	2 065	227	82	9 881
May 2016	6 861	1 791	196	63	8 911
Jun 2016	5 925	1 678	191	52	7 846
Jul 2016	7 611	1 814	194	36	9 655
Aug 2016	7 677	1 595	196	49	9 517
Sep 2016	6 311	1 698	190	48	8 247
Oct 2016	6 259	1 596	198	50	8 103
Nov 2016	5 832	2 967	195	45	9 039
Dec 2016	5 511	1 396	149	52	7 108

## PERFORMANCE INFORMATION CONTINUED

NUMBER OF REPRESENTATIONS SUBMITTED						
Month	JMPD	TMPD	GDoCS	RTMC	Total	
Jan 2017	4 662	1 801	230	71	6 764	
Feb 2017	3 634	1 174	144	48	5 000	
Mar 2017	4 137	1 850	192	60	6 239	
<b>Year Total</b>	<b>71 927</b>	<b>21 425</b>	<b>2 302</b>	<b>656</b>	<b>96 310</b>	

The information in the table above shows that 96 310 representation applications were submitted during the year based on notices issued by the various authorities as follows:

- JMPD: 71 927 representations, which is 75% of the total;
- TMPD: 21 425 representations, which is 22% of the total;
- GDoCS: 2 302 representations, which is only 2% of the total; and
- RTMC: 656 representations, which is 1% of the total.

The change in the total number of representations submitted during the 2016/17 financial year given in the table above in comparison with the previous year 2015/16, is given in the table below.

CHANGE IN NUMBER OF REPRESENTATIONS SUBMITTED						
Year	JMPD	TMPD	GDoCS	RTMC	Total	
2015-2016	71 143	13 883	1 695	502	87 223	
2016-2017	71 927	21 425	2 302	656	96 310	
Change	784	7 542	607	154	9 087	
% change	1.10%	54.33%	35.81%	30.68%	10.42%	

The information in the table above shows that the total number of representation applications recorded on the NCR increased by 9 087 (10.42%) from 87 848 in 2015/16 to 96 310 in 2016/17. JMPD has recorded the lowest increase of 1.1% in 2016/17 whereas TMPD shows the highest increase in representation applications by 7 542 (54.33%) from 13 883 to 21 425 in the 2016/17 financial year. GDoCS and RTMC have increased by 35.33% and 30.68% respectively.

Detail on the adjudication of representations is provided under subsection 1.1.4 “**Adjudication of Representations**”.

**(d) Nomination of Drivers**

The number of nominations of the driver or person in control of the vehicle at the time the infringement was committed on form AARTO 07 in terms of camera generated notices; unattended vehicle and operator infringements submitted per month during the year under review, in comparison with the previous year, is shown in the table below.

<b>NUMBER OF DRIVER NOMINATIONS</b>					
Month	2015/16		2016/17	Change	% Change
Apr	11 409		8 113	-3 296	-28.89%
May	13 415		8 996	-4 419	-32.94%
Jun	12 360		8 010	-4 350	-35.19%
Jul	11 372		6 860	-4 512	-39.68%
Aug	10 669		5 954	-4 715	-44.19%
Sep	11 458		6 290	-5 168	-45.10%
Oct	12 222		6 239	-5 983	-48.95%
Nov	12 366		5 368	-6 998	-56.59%
Dec	7 170		4 067	-3 103	-43.28%
Jan	9 919		3 625	-6 294	-63.45%
Feb	11 828		989	-10 839	-91.64%
Mar	9 742		1 357	-8 385	-86.07%
<b>Total</b>	<b>133 930</b>		<b>65 868</b>	<b>-68 062</b>	<b>-50.82%</b>

The information in the table above shows that:

- The total number of nominations for the year decreased by 68 062 (50.82%) from 133 930 during 2015/16 to 65 868 in 2016/17;
- The month-to-month comparison between 2015/16 and 2016/17 period shows that in 2016/17, all the months are less compared to the months in the previous year; and
- The month with the lowest number was February 2017 with a total of 989 nominations, being the biggest decrease in which the number of nominations decreased by 10 839 (91.64%) from 11 828 in 2015/16.

## PERFORMANCE INFORMATION CONTINUED

### (e) Elections to be Tried in Court

In terms of sections 17(1)(f)(iv) or 18(7) of the principal Act, an infringer may elect to be tried in court on the charge of having committed the infringement(s) as stated on the Infringement Notice. These elections are submitted to the Issuing Authority which issued the Infringement Notice on form AARTO 10 and are also captured on the NCR. Failure to appear in court on the date stipulated in the summons served on the infringer and which follows on these elections will result in the serving of an Enforcement Order by the Agency.

NUMBER OF COURT HEARINGS, OUTCOMES, FAILURE TO APPEAR, CASES POSTPONED AND WARRANTS										
Month	Court hearings	Main charge		Alternative charge		Failure to appear in court	Cases postponed	Removed from court roll	Warrant of Arrest Authorised	Cases Pending
		Guilty	Not guilty	Guilty	Not guilty					
Apr 2016	5 614	61	0	0	0	0	0	202	25	4 993
May 2016	16 206	27	0	0	0	0	0	1 822	91	12 443
Jun 2016	6 875	13	0	0	0	0	0	841	45	4 109
Jul 2016	4 755	23	0	0	0	0	0	744	0	3 433
Aug 2016	6 020	35	0	0	0	0	0	406	27	5 272
Sep 2016	5 621	23	0	0	0	0	0	412	0	5 000
Oct 2016	9 535	47	0	0	0	0	0	837	0	7 839
Nov 2016	12 878	48	0	0	0	0	0	1 110	11	10 967
Dec 2016	6 272	30	0	0	0	0	0	406	0	5 111
Jan 2017	13	0	0	0	0	0	0	0	0	3
Feb 2017	1 154	5	0	0	0	0	0	76	0	860
Mar 2017	4 179	2	0	0	0	0	0	175	0	3 924
<b>Year Total</b>	<b>79 122</b>	<b>314</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7 031</b>	<b>199</b>	<b>63 954</b>

<b>CHANGE IN MONTHLY NUMBER OF COURT HEARINGS</b>					
Month	2015/16	2016/17	Change	% Change	
Apr	8 883	5 614	-3 269	-36.80%	
May	8 644	16 206	7 562	87.48%	
Jun	8 001	6 875	-1 126	-14.07%	
Jul	4 430	4 755	325	7.34%	
Aug	4 769	6 020	1 251	26.23%	
Sep	5 529	5 621	92	1.66%	
Oct	6 677	9 535	2 858	42.80%	
Nov	4 530	12 878	8 348	184.28%	
Dec	1 727	6 272	4 545	263.17%	
Jan	764	13	-751	-98.30%	
Feb	1 425	1 154	-271	-19.02%	
Mar	4 957	4 179	-778	-15.69%	
<b>Year Total</b>	<b>60 336</b>	<b>79 122</b>	<b>18 786</b>	<b>31.14%</b>	

The information in the tables above shows the following:

- There was a total of 79 122 court hearings during the year under review, which is an increase of 31.14% from 60 336 reported in the 2015/16 financial year. The highest number of hearings recorded in the 2016/17 period was in May 2016 with a total of 16 206 and the lowest recorded in January with only 13 court hearings scheduled.
- There are 314 cases with “Guilty” findings and none with “Not Guilty” findings, which is less compared to 724 cases reported in 2015/16. These 314 cases were captured by the JMPD, and are reported from 311-Speed limits, 2-Traffic signals and 1-Rules of the road citations.
- There were no cases for Failure to appear in court and Cases postponed reported in the 2016/17 financial year.

## PERFORMANCE INFORMATION CONTINUED

The change in the number of court hearings and outcomes from the previous year is shown in the table below.

NUMBER OF COURT HEARINGS, OUTCOMES, FAILURE TO APPEAR, CASES POSTPONED AND WARRANTS										
Years	Court hearings	Main charge		Alternative charge		Failure to appear in court	Cases postponed	Removed from court roll	Warrant of Arrest Authorised	Cases Pending
		Guilty	Not guilty	Guilty	Not guilty					
2015-2016	60 336	724	0	0	0	0	30	53	105	49 628
2016-2017	79 122	314	0	0	0	0	0	7 031	199	63 954
Change	18 786	-410	0	0	0	0	-30	6 978	94	14 326
% change	31.14%	-56.63%	0	0	0	0	-100.00%	13 166.04%	89.52%	28.87%

The information in the table above shows as follows:

- The number of cases removed from the court roll has drastically ascended from 53 to 7 031 in 2016/17, representing a massive 13 166.04% increase;
- The warrants of arrest authorised has increased by 94 (89.52%) from 105 to 199; and
- The number of cases pending increased by 14 326 (28.87%) from 49 628 in 2015/16 to 63 954 in 2016/17.

### 1.1.4 Adjudication of Representations

Adjudication of representations is done in terms of Section 18 of the AARTO Act, 1998 (Act. No 46 of 1998). In terms of this section any infringer may, if reasonable grounds are present, submit a representation to the Agency in which evidence is presented that indicates that such infringer must not be held liable for the contravention as charged. A duly appointed representations officer may then consider the facts presented and make an appropriate outcome known to the alleged infringer, which may include that the representation is allowed and the infringer is not liable for payment; or the representation is rejected due to a lack of evidence and the infringer is liable for the penalty and/or any additional administrative fees payable to the Agency or the applicable Issuing Authority. The infringer may on rejection of the representation elect to be tried in a court of law in order for the court to consider the facts presented.

The total number of representation applications received and adjudicated during the year is given in the table below.

## NUMBER OF REPRESENTATION ADJUDICATIONS

Month	Applications Received	Applications Cancelled	Successful All Charges	Successful Main Charge	Unsuccessful
Apr 2016	9 881	865	6 769	59	2 366
May 2016	8 911	1 211	5 074	62	3 462
Jun 2016	7 846	1 252	5 692	67	2 420
Jul 2016	9 655	873	5 368	58	2 169
Aug 2016	9 517	1 130	6 718	48	3 124
Sep 2016	8 247	962	4 989	69	2 487
Oct 2016	8 103	890	4 690	59	2 325
Nov 2016	9 039	963	6 490	56	1 691
Dec 2016	7 108	776	3 876	50	990
Jan 2017	6 764	932	5 593	98	2 047
Feb 2017	5 000	585	2 379	30	1 129
Mar 2017	6 239	1 345	4 252	54	1 239
<b>Year Total</b>	<b>96 310</b>	<b>11 784</b>	<b>61 890</b>	<b>710</b>	<b>25 449</b>

The information in the table above shows the following:

A total number of 96 310 applications for representations were received; of which 11 784 (12%) were cancelled, 61 890 (64%) were successful on all charges, 710 (1%) were successful on the main charge only, and 25 449 (26%) were unsuccessful on all charges.

Charges on which representations are based in comparison with the previous year are also reflected in the table below.

## PERFORMANCE INFORMATION CONTINUED

SOME CHARGES ON WHICH REPRESENTATIONS ARE BASED		
Infringement Category	2015/16	2016/17
Vehicle registration & licensing	2 161	4 380
Vehicle number plates	85	97
Learner & driving licences	1 127	1 697
Professional driving permits	406	667
Vehicle roadworthiness - general	636	1 140
Vehicle - Brakes	103	163
Vehicle - Lights	369	604
Vehicle - Tyres	261	380
Seatbelts	904	1 426
Passenger carrying vehicles	218	571
Road signs, signals & markings	3 792	4 441
Exceeding speed limits	71 736	72 603
Rules of the road & driving signals	3 149	4 242
Driving under the influence	22	37

The information in the table above shows among others:

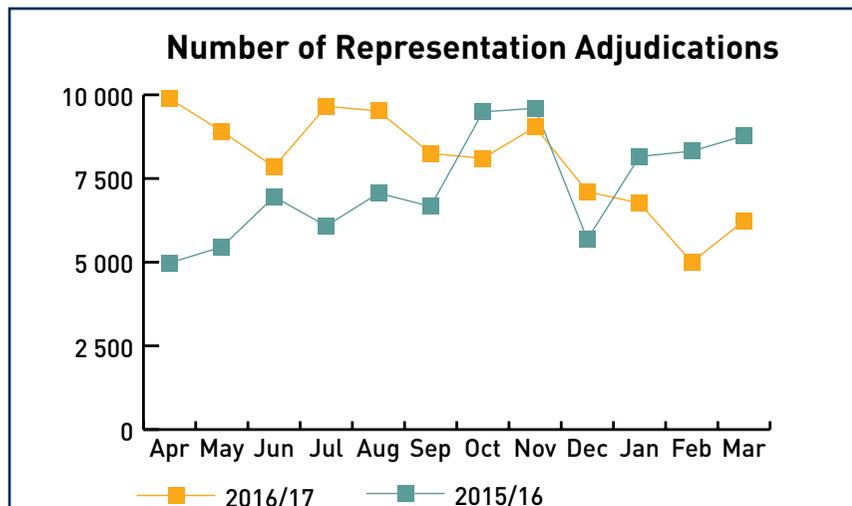
- Rules of the road and driving signal infringements represented 4 242 applications submitted in 2016/17, which have increased as compared to 3 149 in the previous year;
- There were 1 426 representations submitted on the non-wearing of seatbelt infringements;
- There were 4 380 representations submitted on which vehicle registration & licensing is over 100% increase from the last financial year; and
- In terms of exceeding speed limits, representations there were 72 603 in 2016/17, which was 887 more than in the 2015/16 period.

The number of representations adjudicated per month during 2015/16 in comparison with the 2016/17 financial year is given in the table and reflected in the graph below.

<b>NUMBER OF REPRESENTATION ADJUDICATIONS</b>				
<b>Month</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Change</b>	<b>% Change</b>
Apr	4 980	9 881	4 901	98%
May	5 454	8 911	3 457	63%
Jun	6 955	7 846	891	13%
Jul	6 082	9 655	3 573	59%
Aug	7 061	9 517	2 456	35%
Sep	6 667	8 247	1 580	24%
Oct	9 489	8 103	-1 386	-15%
Nov	9 600	9 039	-561	-6%
Dec	5 685	7 108	1 423	25%
Jan	8 158	6 764	-1 394	-17%
Feb	8 317	5 000	-3 317	-40%
Mar	8 775	6 239	-2 536	-29%
<b>Year Total</b>	<b>87 223</b>	<b>96 310</b>	<b>9087</b>	<b>10%</b>

The information in the table and graph above shows that:

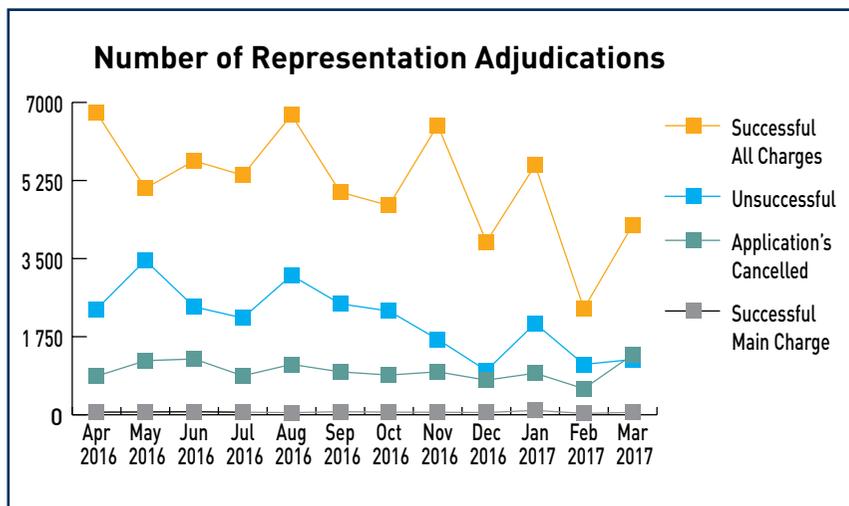
## PERFORMANCE INFORMATION CONTINUED



- During the 2016/17 financial year the months when the highest number of representations were adjudicated were in July 2015 and April 2016;
- During the 2015/16 financial year the months when the highest number of representations were adjudicated were in October and November 2015; and
- The monthly average in 2015/16 was 7 269 in comparison with 8 026 in 2016/17.

The number of representations adjudicated per month during the year in terms of the various outcome categories is shown in the graph below.

The information in the graph above shows that there are more successful representations, followed by unsuccessful representations, then applications cancelled and lastly, successful on main charge.



### 1.1.5 Courtesy Letters Issued

With regard to the serving of Courtesy Letters and Enforcement Orders (sub-section 1.1.15), note must be taken of the following facts that impact heavily on the status of basically all AARTO documents in the registered/secure mailing process, as well as the information available on the NCR:

- some Courtesy Letters and Enforcement Orders may never be posted due to incomplete and incorrect postal addresses and postal codes not correlating to the name and code of the receiving post office, which incorrect/incomplete information in this regard is that as contained in the e-NaTIS;
- although it may be delivered to the intended receiving post office, some mailed items may never be collected by infringers due to wrong and incorrect postal addresses; or the previous owner to whom the Courtesy Letter or Enforcement Order is addressed may no longer be the owner of the address;
- the negligence of SAPO to upload and update the NCR on the posting status of registered/secure mail items;

## PERFORMANCE INFORMATION CONTINUED

- the negligence of SAPO to upload and update the NCR on the delivery and collected status of mailed items; and
- the failure of SAPO to post and deliver documents within the required time frames.

The information given below on the number of Courtesy Letters and Enforcement Orders issued to SAPO for posting should be read keeping the above constraints in mind.

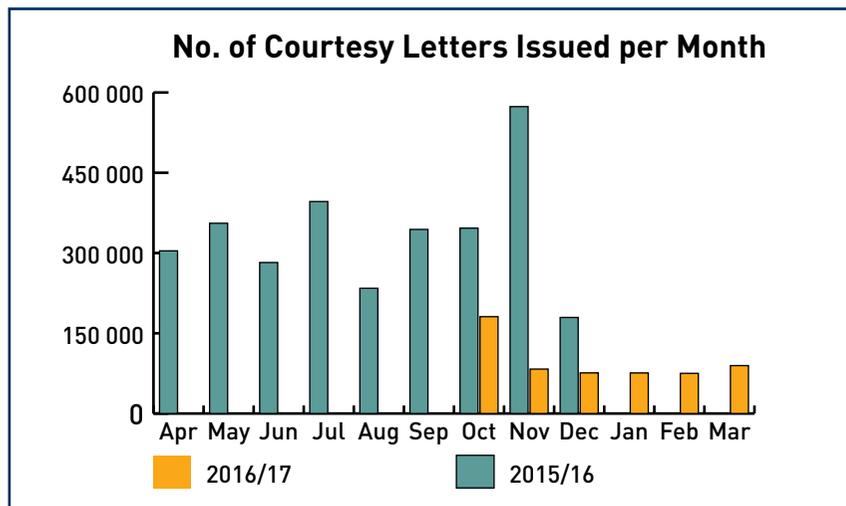
The number of Courtesy Letters issued during the year under review is given in the table below and is based on the type of infringement notices served on which none of the elective options were exercised by infringers.

NUMBER OF COURTESY LETTERS ISSUED PER MONTH				
Month	2015/16	2016/17	Change	% change
Apr	304 023	21	-304 002	-99.99%
May	355 590	0	-355 590	-100.00%
Jun	282 227	10	-282 217	-100.00%
Jul	396 197	0	-396 197	-100.00%
Aug	234 213	0	-234 213	-100.00%
Sep	344 100	0	-344 100	-100.00%
Oct	346 488	181 032	-165 456	-47.75%
Nov	573 607	83 025	-490 582	-85.53%
Dec	179 605	75 941	-103 664	-57.72%
Jan	0	75 841	75 841	-
Feb	0	75 056	75 056	-
Mar	0	89 578	89 578	-
Year Total	3 016 050	580 504	-2 435 546	-80.75%

The information in the table above shows that:

- A total of 3 016 050 Courtesy Letters were issued in 2015/16 and the total number dropped in 2016/17 to 580 504, which is an 80.75% change between the two financial years.
- The failure by SAPO to serve the related documents timeously rendered those documents null and void, thus the absence and significantly minimal number of courtesy letters issued during February to September 2016.

The number of Courtesy Letters issued per month during 2015/16 in comparison with the 2016/17 is reflected in the graph below.



## PERFORMANCE INFORMATION CONTINUED

The information in the graph above, amongst others, shows the month with the highest number of Courtesy Letters issued during the year under review was November 2015/16 with a total of 573 607 and in the 2016/17 year it is October 2016/17 with a total of 181 032.

The number of Courtesy Letters issued during the year under review per notice type is given in the table below:

NUMBER OF COURTESY LETTERS ISSUED PER NOTICE TYPE						
Month	AARTO 01	AARTO 02	AARTO 03	AARTO 03a	AARTO 03b	Total
Apr 2016	0	0	21	0	0	21
May 2016	0	0	0	0	0	0
Jun 2016	0	0	9	0	1	10
Jul 2016	0	0	0	0	0	0
Aug 2016	0	0	0	0	0	0
Sep 2016	0	0	0	0	0	0
Oct 2016	179 595	143	976	0	318	181 032
Nov 2016	82 981	44	0	0	0	83 025
Dec 2016	75 869	72	0	0	0	75 941
Jan 2017	75 785	56	0	0	0	75 841
Feb 2017	75 026	30	0	0	0	75 056
Mar 2017	89 529	49	0	0	0	89 578
<b>Year Total</b>	<b>578 785</b>	<b>394</b>	<b>1 006</b>	<b>0</b>	<b>319</b>	<b>580 504</b>
<b>% of Total</b>	<b>99.70%</b>	<b>0.07%</b>	<b>0.17%</b>	<b>0.00%</b>	<b>0.05%</b>	<b>100.00%</b>

- The number and percentage of Courtesy Letters issued per infringement notice type are as follows:
  - AARTO 01: 578 785, which is 99.7% of the total;
  - AARTO 02: 394, which is 0.07% of the total;
  - AARTO 03: 1 006, which is 0.1% of the total;
  - AARTO 03a: No Courtesy Letters were issued for this period; and
  - AARTO 03b: 319, which is 0.05% of the total issued.

The change in the Number of Courtesy Letters served from the previous year is shown in the table below.

<b>CHANGE IN NUMBER OF COURTESY LETTERS ISSUED PER NOTICE TYPE</b>						
Year	AARTO 01	AARTO 02	AARTO 03	AARTO 03a	AARTO 03b	Total
2015-2016	428 760	623	2 400 956	18 870	166 841	3 016 050
2016-2017	578 785	394	1 006	0	319	580 504
Change	150 025	-229	-2 399 950	-18 870	-166 522	-2 435 546
% change	34.99%	-36.76%	-99.96%	-100.00%	-99.81%	-80.75%

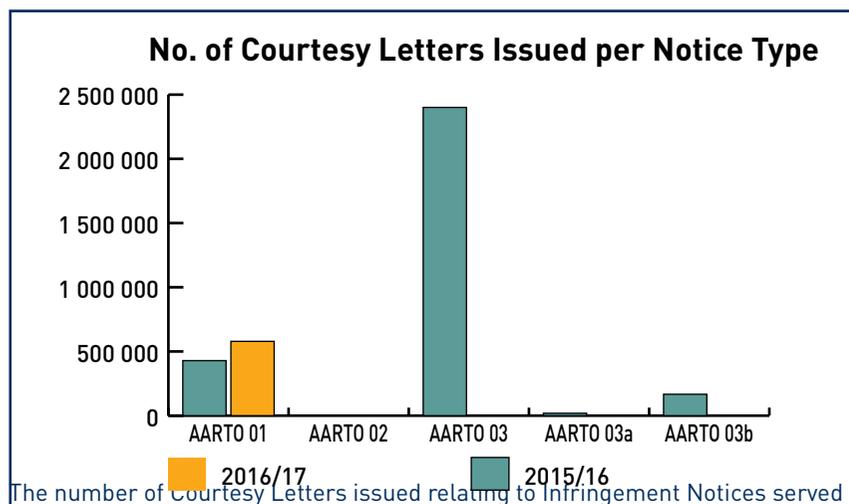
The information in the table above shows as follows:

- the total number of Courtesy Letters issued has decreased by 2 435 546 from 3 016 050 in 2015/16 to 580 504 in 2016/17;
- the change in the number of Courtesy Letters issued per infringement notice type are as follows:
  - AARTO 01: The number of Courtesy Letters issued in 2016/17 has increased by 34.99% from 428 760 in 2015/16 to 578 785 in 2016/17;
  - AARTO 02: The number of Courtesy Letters issued has decreased in 2016/17 by 36.76% from 623 in 2015/16 to 394 in 2016/17;
  - AARTO 03: There is a decrease of 99.96% in 2016/17 from 2 400 956 in 2015/16 to 1 006 in 2016/17.
  - AARTO 03a: There were no Courtesy Letters issued in 2016/17 and 18 870 in 2015/16. This is a 100% decline; and

## PERFORMANCE INFORMATION CONTINUED

- AARTO 03b: From 166 841 in 2015/16 to 319 in 2016/17, the number of Courtesy Letters issued has decreased by 99.81%.

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



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

NUMBER OF COURTESY LETTERS ISSUED PER IA						
Month	JMPD	TMPD	GDoCS	RTMC	Total	
Apr 2016	21	0	0	0	21	
May 2016	0	0	0	0	0	
Jun 2016	10	0	0	0	10	
Jul 2016	0	0	0	0	0	
Aug 2016	0	0	0	0	0	
Sep 2016	0	0	0	0	0	
Oct 2016	88 587	64 493	26 041	1 911	181 032	
Nov 2016	41 376	32 194	9 082	373	83 025	

<b>NUMBER OF COURTESY LETTERS ISSUED PER IA</b>						
<b>Month</b>	<b>JMPD</b>	<b>TMPD</b>	<b>GDoCS</b>	<b>RTMC</b>	<b>Total</b>	
Dec 2016	38 879	25 936	10 335	791	75 941	
Jan 2017	34 057	27 163	13 742	879	75 841	
Feb 2017	30 725	25 771	16 844	1 716	75 056	
Mar 2017	28 701	45 221	13 241	2 415	89 578	
<b>Year Total</b>	<b>262 356</b>	<b>220 778</b>	<b>89 285</b>	<b>8 085</b>	<b>580 504</b>	
<b>% of Total</b>	<b>45.19%</b>	<b>38.03%</b>	<b>15.38%</b>	<b>1.39%</b>	<b>100.00%</b>	

The information in the table above indicates the number of 580 504 Courtesy Letters issued per Issuing Authority are as follows:

- JMPD: 262 356, which is 45.19% of the total;
- TMPD: 220 778, which is 38.03% of the total;
- GDoCS: 89 285, which is 15.38% of the total; and
- RTMC: 8 085, which is 1.39% of the total.

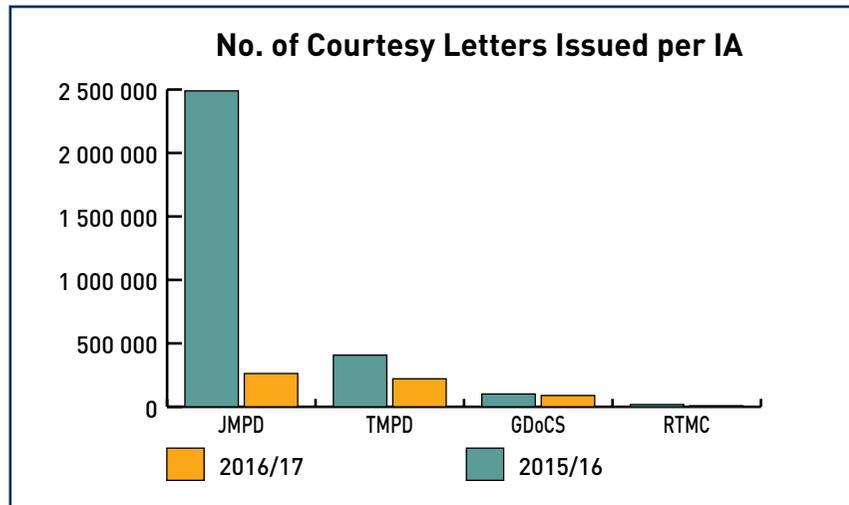
The change in the number of Courtesy Letters per Issuing Authority during the year under review in comparison with the previous year is given in the table and reflected in the graph below.

## PERFORMANCE INFORMATION CONTINUED

CHANGE IN NUMBER OF COURTESY LETTERS ISSUED PER IA						
Year	JMPD	TMPD	GDoCS	RTMC	Total	
2015-2016	2 489 624	407 263	101 175	17 988	3 016 050	
2016-2017	262 356	220 778	89 285	8 085	580 504	
Change	-2 227 268	-186 485	-11 890	-9 903	-2 435 546	
% change	-89.46%	-45.79%	-11.75%	-55.05%	-80.75%	

### 1.1.6 Enforcement Orders Issued

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



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

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

As indicated under the section on Courtesy Letters above, due to the continued failure of SAPO to deliver AARTO documents within the required time frame, the issuing of Enforcement Orders to SAPO for posting resumed in January 2017 since the termination in September 2015.

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

NUMBER OF ENFORCEMENT ORDERS ISSUED PER IA						
Month	JMPD	TMPD	GDoCS	RTMC	Total	
Apr 2016	0	0	0	0	0	
May 2016	0	0	0	0	0	
Jun 2016	0	0	0	0	0	
Jul 2016	0	0	0	0	0	
Aug 2016	0	0	0	0	0	
Sep 2016	0	0	0	0	0	
Oct 2016	0	0	0	0	0	
Nov 2016	0	0	0	0	0	
Dec 2016	0	0	0	0	0	
Jan 2017	86 673	74 876	24 084	1 622	187 255	

## PERFORMANCE INFORMATION CONTINUED

NUMBER OF ENFORCEMENT ORDERS ISSUED PER IA						
Month	JMPD	TMPD	GDoCS	RTMC	Total	
Feb 2017	38 341	27 912	10 855	873	77 981	
Mar 2017	12 491	6 133	3 504	139	22 267	
<b>Year Total</b>	<b>137 505</b>	<b>108 921</b>	<b>38 443</b>	<b>2 634</b>	<b>287 503</b>	

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

- JMPD: 137 505, which is 47.83% of the total;
- TMPD: 108 921, which is 37.89% of the total;
- GDoCS: 38 443, which is 13.37% of the total; and
- RTMC: 2 634, which is 0.92% of the total.

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

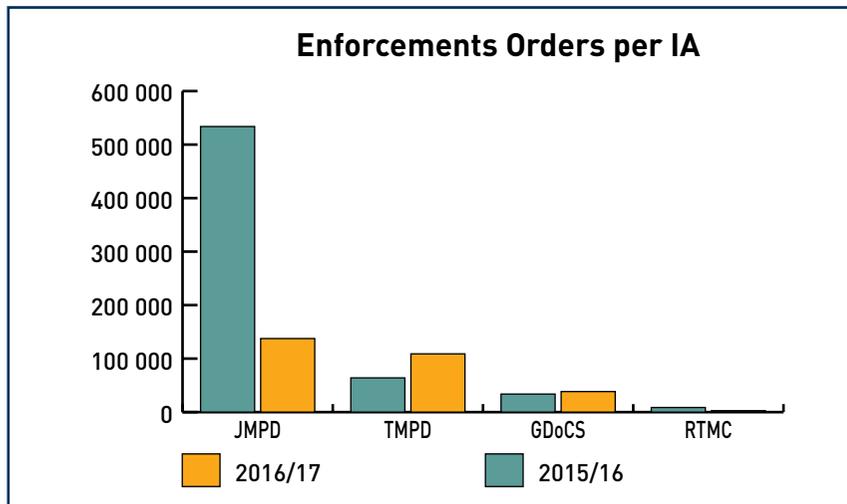
CHANGE IN NO. OF ENFORCEMENT ORDERS ISSUED						
Year	JMPD	TMPD	GDoCS	RTMC	Total	
2015-2016	533 778	63 994	33 764	8 633	640 169	
2016-2017	137 505	108 921	38 443	2 634	287 503	
Change	-396 273	44 927	4 679	-5 999	-352 666	
<b>% change</b>	<b>-74.24%</b>	<b>70.21%</b>	<b>13.86%</b>	<b>-69.49%</b>	<b>-55.09%</b>	

The information in the table above shows as follows:

- The total number of Enforcement Orders issued decreased by 352 666 (55.09%) from 640 169 in 2015/16 to 287 503 in 2016/17;

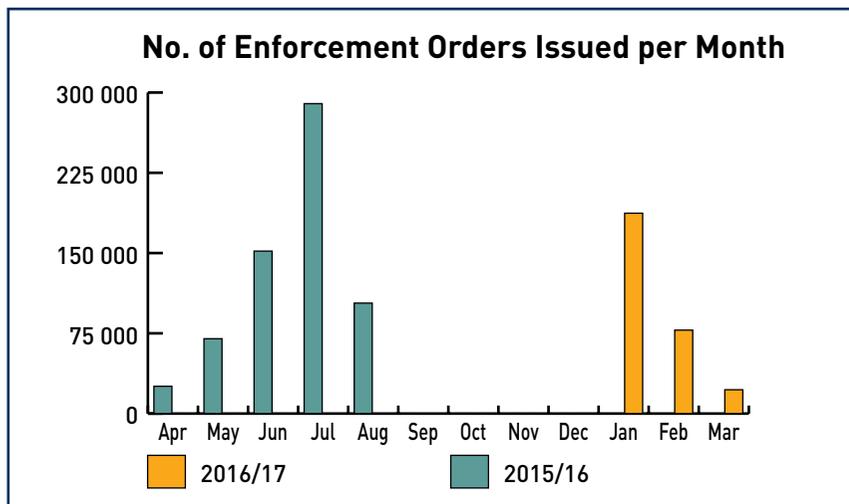
- JMPD decreased by 396 273 (74.24%) from 533 778 in 2015/16 to 139 505 in 2016/17;
- TMPD increased by 44 927 (70.21%) from 63 994 in 2015/16 to 137 505 in 2016/17;
- GDoCS increased by 4 670 (13.86%) from 33 764 in 2015/16 to 38 443 in 2016/17; and
- RTMC decreased by 5 999 (64.49%) from 8 633 in 2015/16 to 2 634 in 2016/17.

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



## PERFORMANCE INFORMATION CONTINUED

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



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

NUMBER OF ENFORCEMENT ORDERS ISSUED				ALL IA'S
Month	Sec18(7)(b)	Sec19(2)(b)	Sec22(3)(a)	Total
Apr 2016	0	0	0	0
May 2016	0	0	0	0
Jun 2016	0	0	0	0
Jul 2016	0	0	0	0
Aug 2016	0	0	0	0

NUMBER OF ENFORCEMENT ORDERS ISSUED				ALL IA'S
Month	Sec18(7)(b)	Sec19(2)(b)	Sec22(3)(a)	Total
Sep 2016	0	0	0	0
Oct 2016	0	0	0	0
Nov 2016	0	0	0	0
Dec 2016	0	0	0	0
Jan 2017	0	187 117	138	187 255
Feb 2017	0	77 896	85	77 981
Mar 2017	0	22 219	48	22 267
<b>Year Total</b>	<b>0</b>	<b>287 232</b>	<b>271</b>	<b>287 503</b>

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

- Section 18(7)(b): None in the 2016/17 financial year;
- Section 19(2)(b): a total of 287 232 were issued in the 2016/17 period; and
- Section 22(3)(a): a total of 271 were issued in the 2016/17 period.

## PERFORMANCE INFORMATION CONTINUED

### 1.1.7 Applications for the Revocation of Enforcement Orders

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

NUMBER OF REVOCATION OF ENFORCEMENT ORDERS APPLICATIONS					
Month	2015/16	2016/17	Change	% Change	
Apr	1 349	831	-518	-38.40%	
May	867	1 109	242	27.91%	
Jun	925	794	-131	-14.16%	
Jul	1 673	890	-783	-46.80%	
Aug	1 436	1 250	-186	-12.95%	
Sep	2 307	1 200	-1107	-47.98%	
Oct	1 565	755	-810	-51.76%	
Nov	1 510	981	-529	-35.03%	
Dec	929	826	-103	-11.09%	
Jan	1 348	910	-438	-32.49%	
Feb	1 329	1 351	22	1.66%	
Mar	997	1 495	498	49.95%	
<b>Total</b>	<b>16 235</b>	<b>12 392</b>	<b>-3 843</b>	<b>-23.67%</b>	

The information above shows as follows:

- The number of revocation applications has declined by 3 843 (23.67%) from 16 235 in 2015/16 to 12 392 in the 2016/17 financial year;
- During the 2016/17 period, the highest number of applications were recorded in March 2017 with a total of 1 495 followed by February with 1 351 applications.

The number of applications considered during 2016/17 is given in the table below.

<b>TOTAL NUMBER OF ENFORCEMENT ORDERS REVOCATION APPLICATIONS</b>			
<b>Month</b>	<b>Applications Received</b>	<b>Successful</b>	<b>Unsuccessful</b>
Apr 2016	831	323	213
May 2016	1109	558	160
Jun 2016	794	225	127
Jul 2016	890	369	237
Aug 2016	1250	498	304
Sep 2016	1200	604	315
Oct 2016	755	402	178
Nov 2016	981	577	214
Dec 2016	826	317	345
Jan 2017	910	487	222
Feb 2017	1351	565	479
Mar 2017	1495	981	254
<b>Total</b>	<b>12 392</b>	<b>5 906</b>	<b>3 048</b>

The information in the table above shows the total number of revocation applications recorded in 2016/17 to be 12 392, with a total of 5 906 (42%) being successful and a total of 3 048 (25%) being unsuccessful.

## PERFORMANCE INFORMATION CONTINUED

The reasons for applications being successful during 2016/17 in comparison with the number in 2015/16 are given in the table below.

REASONS FOR SUCCESSFUL ENFORCEMENT ORDER REVOCATION APPLICATIONS		
Reasons	2015/16	2016/17
Proof of payment received	12	6
Instalment application proof received	0	1
Representation proof received	1 162	576
Proof of nomination received	119	144
Court election notice received	51	82
Proof of court appearance received	2	4
Affidavit received	414	32
Other:	3 417	5 061
<b>Total</b>	<b>5 177</b>	<b>5 906</b>

The information in the table above shows as follows:

- The number of applications that were successful based on the submission of proof of representations submitted has declined by 586 from 1 162 in 2015/16 to 576 in 2016/17;
- The number of applications that were successful based on the submission of proof that elections to be tried in court were submitted increased by 31 from 51 in 2015/16 to 82 in the 2016/17 financial year; and
- The number of applications that were successful based on the submission of an affidavit has decreased by 382 from 414 to 32, which is a 92% decline in 2016/17.

The reasons for revocation applications being unsuccessful during 2016/17 in comparison with the number during the previous year are given in the table below.

<b>REASONS FOR UNSUCCESSFUL ENFORCEMENT ORDER REVOCATION APPLICATIONS</b>		
<b>Reasons</b>	<b>2015/16</b>	<b>2016/17</b>
Applied for representation	0	0
No proof for not appearing in court	23	1
No proof of new driver/person in control	609	367
No proof of representation application	540	118
AARTO 14 form not completed	5	73
No proof of non service of infr. notice	1 348	1 098
No proof of court option	772	9
No proof of payment	15	9
Other	1 940	1 373
<b>Total</b>	<b>5 252</b>	<b>3 048</b>

The information in the table above shows as follows:

- The number of applications that were unsuccessful based on no proof of submitting a representation application decreased from 540 in 2015/16 to 118 in 2016/17;
- The number of applications that were unsuccessful based on no proof submitted of the court option elected decreased by 763 from 772 in 2015/16 to 9 in 2016/17; and
- The number of applications that were unsuccessful based on “other” reasons decreased from 1 940 in 2015/16 to 1 373 in 2016/17.

In summary, all the number of reasons for unsuccessful EO revocation applications has declined per reason, from a total of 5 252 in 2015/16 to 3 048 in 2016/17.

## PERFORMANCE INFORMATION CONTINUED

### THE AGENCY 2016/17 PERFORMANCE INFORMATION

#### 1. Strategic Outcome Oriented Goals

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

<b>Strategic objective 1</b>	<b>Discourage the contravention of road traffic laws</b>
<b>Objective statement</b>	To ensure compliance with Road Traffic Laws
<b>Baseline</b>	High fatality rates on the roads and non-compliance to the road traffic laws
<b>Justification</b>	Commitment for the 50% reduction of road crashes and fatalities made in terms of the United Nations Decade of Action For Road Safety 2011 - 2020
<b>Links</b>	Reduction of fatalities and increased compliance to road traffic laws
<b>Strategic objective 2</b>	<b>Co-ordinate and facilitate readiness for national implementation of AARTO</b>
<b>Objective statement</b>	To ensure full readiness of all key stakeholders prior to full implementation of AARTO countrywide
<b>Baseline</b>	Average 80% readiness by key stakeholders upon implementation of AARTO
<b>Justification</b>	Empower stakeholders in ensuring their readiness in preparation for full implementation of AARTO
<b>Links</b>	Department of Transport, broader Transport Sector, Pillar 4 (Safer road users) of the Global Plan for the Decade of Action for Road Safety 2011 - 2020 and the National Development Plan (Chapter 10: Health care for all and Chapter 13: Building a capable and developmental state)
<b>Strategic objective 3</b>	<b>Influence change in road user behaviour</b>
<b>Objective statement</b>	To change the non-compliant culture of road users through education and empowerment
<b>Baseline</b>	Average 20% compliance rate for traffic laws
<b>Justification</b>	Empowerment of road users about their responsibilities of road safety in line with the National Development Plan Chapter 10 (Health care for all) objective to reduce injury, accidents and violence by 50% from 2010 levels and by developing the requisite skills as per Chapter 11 (Social Protection) objective of addressing the skills deficit in the social welfare sector and Chapter 13 (Building a capable and developmental state) objective to ensure that staff at all levels have the authority, experience, competence and support they need to do their jobs. This also creates a platform for the development of comprehensive programmes to improve road user behaviour as per Pillar 4 (Safer road users) of the Global Plan for the Decade of Action for Road Safety 2011 - 2020.
<b>Links</b>	Department of Transport, broader Transport Sector, Pillar 4 (Safer road users) of the Global Plan for the Decade of Action for Road Safety 2011 - 2020 and the National Development Plan (Chapter 10: Health care for all and Chapter 13: Building a capable and developmental state)

<b>Strategic objective 4</b>	Effective administration and resourcing of the Agency to deliver on its mandate
<b>Objective statement</b>	Alignment of resources to ensure efficiency and implementation of AARTO objectives
<b>Baseline</b>	As at the end of October 2015, the Road Traffic Infringement Agency had 95 employees and 12 interns
<b>Justification</b>	In line with Chapters 3 and 13 of the National Development Plan, contribute towards the reduction of the national unemployment rate from 24.9% in June 2012 to 14% by 2020 and 6% by 2030 and facilitate improved performance in delivery of service by ensuring that staff at all levels have the authority, experience, competence and support they need to do their jobs, respectively
<b>Links</b>	National Development Plan: Chapter 3 (Economy and Employment) to contribute towards reducing the national unemployment rate from 24.9% in June 2012 to 14% by 2020 and to 6% by 2030 and Chapter 13 (Building a capable and developmental state) particularly by meeting the objective intended to ensure that staff at all levels have the authority, experience, competence and support they need to do their jobs

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

<b>SUMMARY OF STRATEGIC OBJECTIVE ACHIEVEMENTS</b>					
No.	Programme	Target	Achieved	% Target Achieved	% Objective Achieved
<b>1</b>	<b>Discourage the contravention of road traffic laws</b>				91.87%
1.1	% of received representations adjudicated within 21 days	99.96% of representations adjudicated within 21 days of receipt	100% representations adjudicated within 21 days	100%	
1.2	Amount of outstanding penalties collected	R458m revenue penalties collected	R346.3m revenue penalties collected	75.61%	
1.3	South African Rehabilitation Model for road traffic offenders developed and implemented	South African Rehabilitation Model for road traffic offenders developed	South African Rehabilitation Model for road traffic offenders developed	100%	

## PERFORMANCE INFORMATION CONTINUED

SUMMARY OF STRATEGIC OBJECTIVE ACHIEVEMENTS					
No.	Programme	Target	Achieved	% Target Achieved	% Objective Achieved
<b>2</b>	<b>Co-ordinate and facilitate readiness for national implementation of AARTO</b>				<b>100%</b>
2.1	Assessment of the state of readiness for national implementation of AARTO	State of readiness reports released	State of readiness report released	100%	
2.2	Number of AARTO support workshops conducted at provincial level	27 AARTO support workshops conducted at provincial level	38 AARTO support workshops conducted at provincial level	140%	
2.3	Number of IA's assessed for Roll-Out readiness	224 IA's verified for Roll-Out readiness	382 IA's verified for Roll-Out readiness	170%	
<b>3</b>	<b>Influence change in road user behaviour</b>				<b>82.22%</b>
3.1	Enhanced ease of access to the Agency and AARTO services	An integrated customer enhancement and marketing strategy developed and implemented	An integrated customer enhancement and marketing strategy developed and implemented	100%	
3.2	Expansion of the Agency footprint and increased access to AARTO services	20 self-help kiosks distributed for ease of access to AARTO and the Agency	No kiosks distributed by the end of the financial year	0%	
		service offering 05 mobile AARTO offices established and functional	5 Mobile Offices acquired and 2 were functional	40%	
		20 legislative education and advocacy campaigns undertaken per annum	43 legislative education and advocacy campaigns undertaken	190%	
3.3	No. of communities impacted through the Agency programmes	20 communities impacted through the Agency's CSI programme	26 communities impacted through the Agency's programmes	130%	
<b>4</b>	<b>Effective administration and resourcing of the Agency to deliver on its mandate</b>				<b>66.67%</b>

## SUMMARY OF STRATEGIC OBJECTIVE ACHIEVEMENTS

No.	Programme	Target	Achieved	% Target Achieved	% Objective Achieved
4.1	Institutional operating model in place	100% implementation of organisational re-engineering programme	Organisational re-engineering programme completed and institutional operating model in place	100%	
4.2	HR strategy developed	The Agency's Strategy developed and implemented	ED integrated as part of the Agency's operating environment	100%	
4.3	Enterprise Resource Plan developed and implemented	ERP system and infrastructure acquired	Struck off by Treasury Directive, Circular 10 of 2016/17 dated 6 December 2016	N/A	
4.4	No. of ED projects implemented for relevant designated groups	05 ED projects established and implemented (mobile AARTO & exhibitions, back-office support, trace and collect, kiosks, driver simulation)	ED projects not yet established and implemented	0%	

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

## PERFORMANCE INFORMATION CONTINUED

SUMMARY OF STRATEGIC OBJECTIVE ACHIEVEMENTS		
No.	Main programmes	% Achieved
1	Discourage the contravention of road traffic laws	91.87%
2	Co-ordinate and facilitate readiness for national implementation of AARTO	100%
3	Influence change in road user behaviour	82.22%
4	Effective administration and resourcing of the Agency to deliver on its mandate	66.67%
<b>Total</b>	<b>Overall Agency Performance</b>	<b>85.19%</b>

### Notes:

1. The overall Agency performance achievement of 85.19% shown in the table above excludes sub-programme 4.3, which was struck off as a result of National Treasury Directive through Circular 10 of 2016/17 dated 6 December 2016.
2. The overall performance rating provided in the table above depicts the rating of targets up to 100% despite other areas exceeding the total of 100% when scored individually. Thus the cumulative performance has been tabulated at 85.19% on an aggregated basis of the individual strategic objectives.

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

## 2. PERFORMANCE INFORMATION BY PROGRAMME

### 2.1 Programme 1: Discourage the contravention of road traffic laws

<b>Strategic objective 1</b>	Discourage the contravention of road traffic laws
<b>Objective statement</b>	To ensure compliance with Road Traffic Laws
<b>Baseline</b>	High fatality rates on the roads and non-compliance to the road traffic laws
<b>Justification</b>	Commitment for the 50% reduction of road crashes and fatalities made in terms of the United Nations Decade of Action For Road Safety 2011 – 2020
<b>Links</b>	Reduction of fatalities and increased compliance to road traffic laws

## Sub-programmes

This programme consists of three sub-programmes, namely:

- 2.1.1 % of received representations adjudicated within 21 days.
- 2.1.2 Amount of outstanding penalties collected.
- 2.1.3 South African Rehabilitation Model for road traffic offenders developed.

## Description of each sub-programme

### **2.1.1 % of received representations adjudicated within 21 days**

The Agency was established to play a critical role in forging a closer, more effective and efficient link between the enforcement and adjudication processes. It is intended to play the role of an independent adjudicator, overseeing and enforcing the provisions of the Act in increasing compliance to road traffic laws, as well as inculcating a new habit of voluntary compliance to traffic laws through educational programmes and law enforcement, amongst other interventions. This is one of the core functions performed by the Agency and its strategic intent is to efficiently adjudicate over all representations within the times stipulated in the legislation.

### **2.1.2 Amount of outstanding penalties collected**

The Agency has put in place alternative payment platforms that are easily accessible to the general public to maximise collection and to encourage payments. The main objective thereto is that infringers must have access to as many payment points as possible where they can pay their infringements with ease and convenience. This objective has however suffered a terrible negative impact as it is completely dependent on the performance of IAs, who are responsible for the origination of all infringements. If the levels of enforcement through the citation declines, or the quality of the citations are such that representations are successful, then the amount of revenue collected will consequently reduce, as has been the case during this period.

### **2.1.3 South African Rehabilitation Model for road traffic offenders developed**

A report on the South African Traffic Rehabilitation Model has been completed. Consultations were held with various stakeholders to finalise the report. The model will furthermore be updated to conform to the provisions of the AARTO Amendment Bill that is currently in the final stages of promulgation by Parliament.

## PERFORMANCE INFORMATION CONTINUED

### Strategic objectives, performance indicators, planned targets and actual achievements

PROGRAMME 1 STRATEGIC OBJECTIVE: ENFORCE COMPLIANCE BY PENALISING THE CONTRAVENTION OF ROAD TRAFFIC LAWS					
Key Performance Indicators (KPIs)	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
2.1.1 % of received representations adjudicated within 21 days	87 635	100% of representations adjudicated within 21 days of receipt	99.96% of representations adjudicated within 21 days of receipt	0.4%	The percentage of matters that were pending outside 21 days is 0.4% when compared to the total number of representations adjudicated for the financial year. Therefore, 99.96% of representations were adjudicated within 21 days as per the APP target.
2.1.2 Amount of outstanding penalties collected	R555m infringement penalties and fees collected	R458m	R346.3m	-R111.7m	Low volumes of service of AARTO documents (courtesy letters and enforcement orders) Termination of Collecting Agents' contracts at IA's
2.1.3 South African Rehabilitation Model for road traffic offenders developed and implemented	N/A	South African Rehabilitation Model for road traffic offenders developed	South African Rehabilitation Model for road traffic offenders developed	None	None

## Strategy to overcome areas of underperformance

Embark on continuous engagements with IA's to increase volumes of service for AARTO documents and the quality of citations, which would lead to a concomitant increase in the number of courtesy letters and enforcement orders served for non-compliant infringers.

## Changes to planned targets

The request for change to the Strategic Plan and Annual Performance Plan targets for this sub-programme was approved by the Minister, due to their complete dependency on the actions of the IA's where infringements originate from. These targets were subsequently removed from the APP as listed below:

- number of courtesy letters served within 40 days – annual target 1,348,295; and
- number of enforcement orders served within 40 days – annual target 1,280,880.

## Linking performance with budgets

Programme 1 Expenditure Items	2016/17			2015/16		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	48 014	16 087	31 927	26 972	18 166	8 806
Operating expenses	18 050	2 542	15 508	16 468	1 084	15 384
Postage of AARTO notices	83 224	19 617	63 607	79 563	52 080	27 483
<b>Total</b>	<b>149 288</b>	<b>38 246</b>	<b>111 042</b>	123 003	71 330	51 673

## PERFORMANCE INFORMATION CONTINUED

### 2. PROGRAMME 2: CO-ORDINATE AND FACILITATE READINESS FOR NATIONAL IMPLEMENTATION OF AARTO

<b>Strategic objective 2</b>	Co-ordinate and facilitate readiness for national implementation of AARTO
<b>Objective statement</b>	To ensure full readiness of all key stakeholders prior to full implementation of AARTO countrywide
<b>Baseline</b>	Average 80% readiness by key stakeholders upon implementation of AARTO
<b>Justification</b>	Empower stakeholders in ensuring their readiness in preparation for full implementation of AARTO
<b>Links</b>	Department of Transport, broader Transport Sector, Pillar 4 (Safer road users) of the Global Plan for the Decade of Action for Road Safety 2011 - 2020 and the National Development Plan (Chapter 10: Health care for all and Chapter 13: Building a capable and developmental state)

#### Sub-programmes

This programme consists of three sub-programmes, namely:

- 2.2.1 Assessment of the state of readiness for national implementation of AARTO.
- 2.2.2 Number of AARTO support workshops conducted at provincial level.
- 2.2.3 Number of IA's assessed for Roll-Out readiness.

#### Description of each sub-programme

- 2.2.1 Assessment of the state of readiness for national implementation of AARTO

This sub-programme has to ensure that all operational activities in line with the provisions of the AARTO Act are implemented. It is directly responsible for delivery of outputs that contribute to preparations for AARTO national Roll-Out.

- 2.2.2 Number of AARTO support workshops conducted at provincial level

The provincial support workshops were conducted mainly to deliberate on business related to effectiveness of traffic law enforcement and compatibility of systems to eNatis and AARTO with a view to assess overall readiness for AARTO national implementation.

### 2.2.3 Number of IA's assessed for Roll-Out readiness

As part of the AARTO Roll-Out readiness assessment, the Agency conducted verifications throughout the country to establish whether IA's are well resourced to execute the implementation of AARTO in their respective jurisdictions.

### Strategic objectives, performance indicators, planned targets and actual achievements

PROGRAMME 2 STRATEGIC OBJECTIVE: ENFORCE PAYMENT OF PENALTIES					
Key Performance Indicators (KPIs)	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
2.2.1 Assessment of the state of readiness for national implementation of AARTO	3 AARTO National Task Team meetings held	State of readiness reports released	State of readiness report released	None	None
2.2.2 Number of AARTO support workshops conducted at provincial level	8 Provincial AARTO readiness meetings held	27 AARTO support workshops conducted at provincial level	38 AARTO support workshops conducted at provincial level	+11	Due to large numbers of delegates attending workshops, the groups were broken down into districts
2.2.3 Number of IA's assessed for Roll-Out readiness	N/A	224 IA's verified for Roll-Out readiness	382 verifications conducted	+158	Due to multiple offices of IA's and different circumstances prevailing at each, verifications were eventually conducted at the IA offices

## PERFORMANCE INFORMATION CONTINUED

### Strategy to overcome areas of underperformance

None.

### Changes to planned targets

The request for changes to the Strategic Plan and Annual Performance Plan targets for sub-programmes were approved by the Minister. The following targets were subsequently removed:

- number of officers trained on AARTO – annual targets: 12 000 authorised officers trained on AARTO and 6 000 Back Office Personnel trained on NCR.
- % of NCR Transactions Assessed and Ready for AARTO Implementation – annual targets 90% of NCR Transactions Assessed and 90% NCR Transactions Enhanced and Functional.

### Linking performance with budgets

Programme 2 Expenditure Items	2016/2017			2015/2016		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	5 163	5 795	(634)	4 453	4 564	(111)
Roll-out expenses	14 000	1 066	13 334	557	130	427
Operating expenses	8 841	636	8 205	1 300	836	464
Total	28 404	7 497	20 905	6 310	5 530	780

### 3. PROGRAMME 3: INFLUENCE CHANGE IN ROAD USER BEHAVIOUR

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

#### Sub-programmes

This programme consists of four sub-programmes, namely:

- 2.3.1 Enhanced ease of access to the Agency and AARTO services.
- 2.3.2 Expansion of the Agency footprint and increased access to AARTO services.
- 2.3.3 Number of communities impacted through Agency programmes.

## PERFORMANCE INFORMATION CONTINUED

### Description of each sub-programme

#### **2.3.1 Enhanced ease of access to the Agency and AARTO services**

The Agency will be empowering South African citizens to be responsible road users through implementation of marketing and educational programmes to ensure that road users are aware of their rights and responsibilities as they use public roads. Furthermore, these serve as public awareness programmes to educate the public on the implications of any risky driver behaviour as well as the available avenues should they feel an infringement notice was unfairly issued to them.

#### **2. Expansion of the Agency footprint and increased access to AARTO services**

This programme seeks to facilitate greater awareness of the Agency's mandate and ensures that there are regular, structured opportunities for engagement with key stakeholders. This will ensure that the Agency operates in an environment where all internal and external stakeholders are well informed and in which the activities of stakeholders may be effectively aligned to those of the Agency.

#### **2.3.3. No. of communities impacted through the Agency programmes**

One of the benefits that flow from partnerships is financial resources that corporate partners could contribute as part of their corporate social responsibility. Joint marketing and educational programmes will be explored with the Department of Transport and sister agencies to ensure a widespread awareness on road safety and AARTO programmes across all segments of societal formations. These could free some financial resources for use in other competing priorities of the Agency.

## Strategic objectives, performance indicators, planned targets and actual achievements

PROGRAMME 3 STRATEGIC OBJECTIVE: CHANGE THE BEHAVIOUR OF ROAD USERS					
Key Performance Indicators (KPIs)	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
2.3.1 Enhanced ease of access to RTIA and AARTO services	N/A	An integrated customer enhancement and marketing strategy developed and implemented	An integrated customer enhancement and marketing strategy developed and implemented	None	None
2.3.2 Expansion of the RTIA footprint and increased access to AARTO services	N/A	20 self-help kiosks distributed for ease of access to AARTO and RTIA service offering	No kiosks distributed by the end of the financial year	-20 self-help kiosks	Inordinate amount of time was taken to negotiate the transacting sites for the Kiosks with the DLTC's as well as the Issuing Authorities.
		05 mobile AARTO office and 40 kiosks acquired	5 Mobile Offices acquired and 2 were delivered	-3 AARTO Mobile Offices	Delayed schedule of production
		20 legislative education and advocacy campaigns undertaken per annum	43 legislative education and advocacy campaigns undertaken	+23	None
2.3.3 No of communities impacted through RTIA programmes	8 Community empowerment projects done	20 communities impacted through RTIA's CSI programme	26 communities impacted through RTIA's programmes	+ 6 communities impacted	None

## PERFORMANCE INFORMATION CONTINUED

### Strategy to overcome areas of underperformance

The use of transversal contracts resident within the National Treasury assisted in the prompt procurement of products required for the delivery of the programmes.

### Changes to planned targets

None.

### Linking performance with budgets

Programme 3 Expenditure Items	2016/17			2015/16		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	15 869	9 042	6 827	6 100	5 234	866
Marketing and communications	47 000	15 970	31 030	12 000	8 784	3 216
Consultants and Interfaith	6 345	496	4 643	3 433	2 185	1 248
Conferences and events	12 500	5 725	11 246	2 000	1 748	252
Travel costs local	491	172	319	1 414	1 048	366
<b>Total</b>	<b>82 205</b>	<b>31 405</b>	<b>54 065</b>	<b>24 947</b>	<b>18 999</b>	<b>5 948</b>

#### 4. PROGRAMME 4: EFFECTIVE ADMINISTRATION AND RESOURCING OF THE AGENCY TO DELIVER ON ITS MANDATE

<b>Strategic objective 4</b>	Effective administration and resourcing of the Agency to deliver on its mandate
<b>Objective statement</b>	Alignment of resources to ensure efficiency and implementation of AARTO objectives
<b>Baseline</b>	As at the end of 2015/16 financial year the Road Traffic Infringement Agency had 104 employees
<b>Justification</b>	In line with Chapters 3 and 13 of the National Development Plan contribute towards the reduction of the national unemployment rate from 24.9% in June 2012 to 14% by 2020 and 6% by 2030 and facilitate improved performance in delivery of service by ensuring that staff at all levels have the authority, experience, competence and support they need to do their jobs, respectively
<b>Links</b>	National Development Plan: Chapter 3 (Economy and Employment) to contribute towards reducing the national unemployment rate from 24.9% in June 2012 to 14% by 2020 and to 6% by 2030 and Chapter 13 (Building a capable and developmental state) particularly by meeting the objective intended to ensure that staff at all levels have the authority, experience, competence and support they need to do their jobs

#### Sub-programmes

This programme consists of four sub-programmes, namely:

- 2.4.1 Institutional operating model in place.
- 2.4.2 HR strategy developed.
- 2.4.3 Enterprise Resource Plan developed and implemented.
- 2.4.4 No. of ED projects implemented for designated groups.

## PERFORMANCE INFORMATION CONTINUED

### Description of each sub-programme

#### 2.4.1 Institutional operating model in place

In order to effectively deliver on its HR services amidst the current Agency organisational changes, it was important for the Agency to find a service delivery model that fits its current operational needs that is appropriate for its structure and various goals that it has set. The Agency's HR Unit has thus developed the institutional operating model during the year under review.

#### 2.4.2 HR strategy developed

The Agency developed and approved an HR Strategy that defines value creation through utilisation of the Agency's human capital. A number of initiatives that are in line with the HR Strategy Framework will be implemented over the current Medium Term Strategic Framework period.

#### 2.4.3 Enterprise Resource Plan developed and implemented

The Agency's Enterprise Resource Plan will ensure that there is a strong and clear relationship between ICT investment decisions, the operational focus of the ICT team and the achievement of the Agency's overall organisational strategies, goals and objectives. Through ERP, the Agency will:

- Improve stakeholder access to the Agency's services;
- Increase operational efficiency and productivity, contributing to significant reductions in expenditure;
- Increase strategic and operational effectiveness, ensuring consistent approaches to work and intelligent reporting and decision-making;
- Enable collaboration, learning and the sharing of information; and
- Enhance the accuracy and integrity of data, systems, processes and people.

#### 2.4.4 No. of ED projects implemented for designated groups

The rationale behind the conceptualisation of the Enterprise Development programme was to utilise external service providers as a mechanism to:

- create new jobs through the enterprises that would be selected to participate in the scheme; and
- expand its programmes in a cost-efficient business model rather than an organic growth model, which, in many instances, proves to be costly and is not as performance/results-driven as the enterprise model.

#### Strategic objectives, performance indicators, planned targets and actual achievements

PROGRAMME 4 STRATEGIC OBJECTIVE: ADMINISTRATION AND RESOURCING OF THE AGENCY					
Key Performance Indicators (KPIs)	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
2.4.1 % Institutional operating model in place	N/A	100% implementation of organisational re-engineering programme	Institutional operating model in place	None	None
2.4.2 HR strategy developed	N/A	HR Strategy developed and implemented	HR Strategy developed and implemented	None	None
2.4.3 Enterprise Resource Plan developed and implemented	N/A	ERP system and infrastructure acquired	Struck off by Treasury Directive, Circular 10 of 2016/17 dated 6 December 2016	N/A	N/A

## PERFORMANCE INFORMATION CONTINUED

2.4.4 No. of ED projects implemented for designated	N/A	05 ED projects established and implemented (mobile AARTO & exhibitions, back-office support, trace and collect, kiosks, driver simulation)	05 ED projects not established and implemented (AARTO & exhibitions, back-office support)	-05 ED projects	Delayed capacity building of Entrepreneurs
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### Strategy to overcome areas of underperformance

Procurement process in progress to procure services of Enterprises.

### Changes to planned targets

None

## Linking performance with budgets

Expenditure Items	2016/17			2015/16		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	61 968	39 540	22 428	37 653	29 055	8 597
Operating expenses	58 559	12 710	45 849	19 474	4 090	15 383
IT support costs	1 241	840	401	1 905	625	1 280
Bursaries & training	4 055	2 522	1 533	2 740	1 991	749
Consultants	9 200	3 541	5 659			
Legal fees	5 000	2 206	2 794	2 750	1 875	875
Office rental	10 910	2 947	7 963	4 023	3 582	441
Board fees	2 500	3 105	(605)	2 500	1 903	597
Audit fees	3 360	2 088	1 272	2 000	2 047	(47)
Travel costs	6 602	5 692	910	2 496	2 315	182
Depreciation	8 994	3 214	5 780	4 200	4 647	(447)
<b>Total</b>	<b>172 389</b>	<b>78 405</b>	<b>93 984</b>	<b>79 741</b>	<b>52 131</b>	<b>27 610</b>

## RTIA EXCO



Ms Palesa Moalusi, CA (SA)  
Chief Financial Officer



Mr Thabo Tsholetsane  
Chief Operations Officer



Mr Jacob Mmekoa  
Head: Corporate Strategy  
& Reporting



Ms Lulekwa Ngcwabe  
Senior Executive Manager:  
Corporate Services



Mr Peter Baloyi  
Acting-Senior Executive  
Manager:  
Information Management



Ms Zukisa Nduneni  
Senior Executive Manager:  
Communications



Ms Keobakile Pooe  
Executive Manager:  
Audit & Risk



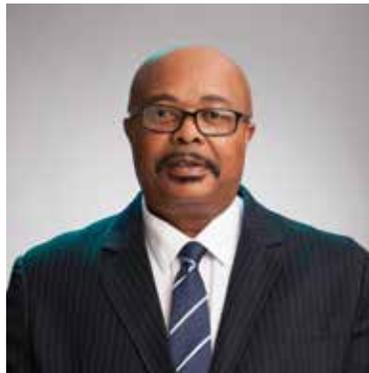
<sup>1</sup> Mr Leonard Masango  
Senior Manager:  
Information Technology

<sup>1</sup>Mr Masango only joined EXCO in the current financial year

## BOARD MEMBERS



Ms Nomini Rapoo  
Chairperson



Mr Japh Chuwe  
Registrar/Chief Executive  
Officer



Prof. Job Mokgoro  
Member of the Board



Mr Bryan Chaplog, CA (SA)  
Member of the Board



Mr Benedict Matinise  
Member of the Board



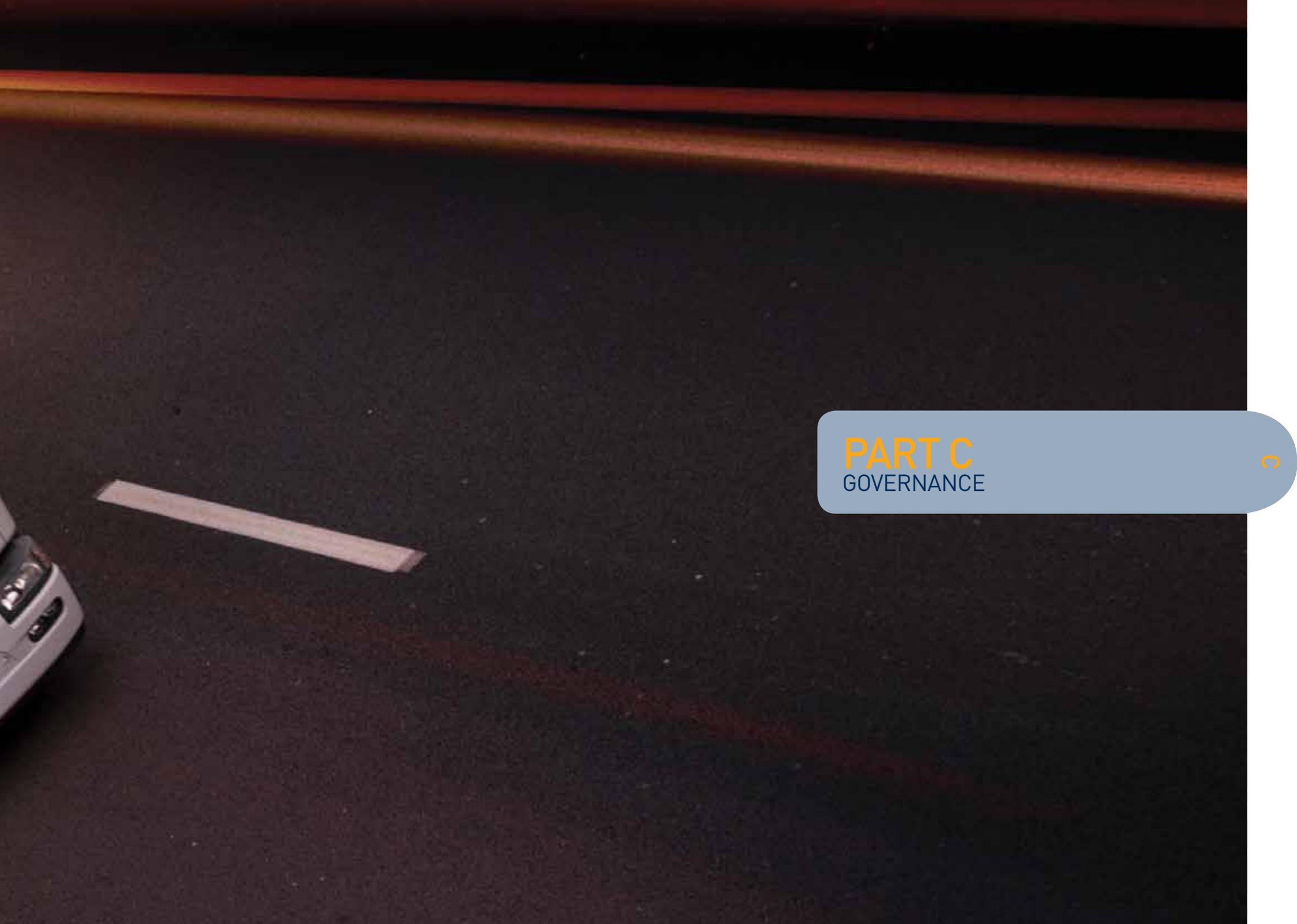
Dr Zethu Qunta  
Member of the Board



Adv. Mncedisi Bilikwana  
Company Secretary

Adv. Xolisile Khanyile  
Member of the Board





**PART C**  
GOVERNANCE

# GOVERNANCE

## 1. INTRODUCTION

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

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

## 2. PORTFOLIO COMMITTEES ON TRANSPORT

The Agency appeared before the Portfolio Committee on Transport on eight occasions to deliberate on the Strategic Plan and Annual Performance Plan as well as, together with the Department of Transport, to respond to Public Comments on the AARTO Amendment Bill.

The breakdown and dates of such meetings is as follows:

Presentation of the Annual Performance Plan –

- 07 April 2016

AARTO Amendment Bill –

- 17 August 2016.
- 25 October 2016.
- 02 November 2016.
- 11 November 2016.
- 31 January 2017.
- 22 – 24 March 2017.
- 27 – 30 March 2017.

### **3. EXECUTIVE AUTHORITY**

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

- The first quarter underperformance by the Agency at 22% against the targets.

The Department of Transport and the Agency subsequently convened a meeting to seek ways to remedy the underperformance of the Agency. It was established during such meeting that some of the targets of the Agency did not comply with the SMART principles and thus created a reporting problem. It was then agreed that such targets needed to be revised.

Pursuant to the above meeting, the Agency revised its Annual Performance Plan and subsequently granted the request to Amend such by the Minister.

### **4. THE ACCOUNTING AUTHORITY/BOARD**

#### **Introduction**

The Board of the Agency is the Accounting Authority and is responsible for providing strategic direction and leadership to the Agency. The Board provided leadership in the development of the annual performance plan and strategy of the Agency during its sessions on 12 - 13 August 2016 as well as 13 - 14 January 2017.

The Board also continued to work co-operatively with all its Committees and ensured that it timeously received all the Committee reports on the functions assigned to them. It also ensured that all the Committees develop their independent workplans in order to guide their scope of operations.

#### **The role of the Board is as follows:**

- the Board constitutes the fundamental base of corporate governance within the Agency. Accordingly, the Agency's constituent structures are headed and controlled by an effective and efficient Board, comprising of executive and non-executive Directors, of whom the majority are non-executive Directors in order to ensure independence and objectivity in decision-making.
- as the Accounting Authority, the Board has the absolute responsibility for the effective performance of the Agency and is accountable to the Executive Authority for such performance. As a result, the Board gives strategic direction to the Agency and, in concurrence with the Minister or Executive Authority, ensures that an effective continuity plan is in place and adhered to for all Directors and key executives.

## GOVERNANCE CONTINUED

The Board:

- retains full and effective control over the Agency and monitors management in implementing Board decisions, plans and strategies;
- ensures that the Agency has and maintains a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of the Companies Act and sections 76 and 77 of the PMFA;
- ensures that the Agency is fully aware of and complies with applicable laws, regulations, government policies and codes of business practice and communicates with its shareholder and relevant stakeholders openly and promptly with substance prevailing over form; and
- has developed and implements an ICT Governance Framework aligned with the performance and sustainability objectives of the Agency. The Board therefore delegates its responsibilities to implement IT requirements to the Technical Committee; however, this delegation has subsequently been moved to the audit and risk committee from the 2015/16 financial year onwards;
- neither the appointment nor the duties of the Audit and Risk Committee reduces the functions and duties of the Board or the Directors of the Agency, except with respect to the appointment, fees and terms of engagement of the auditor;
- all Board members ensure that they have unrestricted access to accurate, relevant and timely information concerning or held by the Agency and act on a fully informed basis, in good faith, with diligence, skill and care and in the best interest of the Agency, whilst taking account of the interests of the Shareholder and other stakeholders, including employees, creditors, suppliers and local communities. To this end, the Board must monitor the process of disclosure and communication and exercise objective judgement on the affairs of the Agency, independent of management. In so doing, each individual member of the Board must keep confidential all confidential matters of the Agency;
- the Board, as a whole and/or individual Board members may, if necessary, solicit independent professional advice at the expense of the Agency. This process is followed in accordance with the Agency's Procurement Processes and Procedures except in cases where it would prove untenable to do so. The Chairman of the Board ensures that all Board members are familiar with such procedure and comply with it;
- without derogating from its fiduciary duties, the Board ensures that the Shareholder's performance objectives are achieved and that same can be measured in terms of the performance of the Agency. In addition, the Board ensures that the Agency prepares annual budgets against which its performance can be measured.

The Board takes appropriate and effective steps to –

- prevent irregular, fruitless and wasteful expenditure, losses resulting from criminal conduct and expenditure not complying with the operational policies of the Agency;
- manage available working capital efficiently and economically;

- institute disciplinary steps against any employee of the Agency who: –
  - contravenes or fails to comply with a provision of the PMFA;
  - commits an act which undermines the financial management and internal control system of the Agency; or
  - makes or permits an irregular expenditure or a fruitless and wasteful expenditure.
- the Board develops a clear definition of the levels of materiality or sensitivity in order to determine the scope of delegation of authority and ensures that it reserves specific powers and authority to itself. Delegated authority is in writing and evaluated on a regular basis;
- Board members attend annual general meetings and ensure that all items prescribed by the Companies Act and the PFMA are tabled for discussion at such meetings;
- the Board ensures that financial statements are prepared for each financial year, which fairly presents the affairs of the Agency. In addition, must maintain adequate accounting records, ensure that suitable accounting policies are consistently applied and supported by reasonable and prudent judgement and estimates, as well as having been used in the preparation of the financial statements and that relevant accounting standards are applied;
- the Board appraises its performance and that of the Chairman on an annual basis. The Board has also considered, reviewed and evaluated its required mix of skills and experience and other qualities in order to assess its effectiveness and that of its committees and the contribution of each individual Director during the entire term of office. This is done through a confidential Board appraisal and the report submitted to the Minister as the Shareholder;
- the Board has ensured that there are appropriate and effective induction, education and training programmes offered to new and existing Board members;
- the Board has always maintained the highest standard of integrity, responsibility and accountability and endeavoured to find a fair balance between conforming to corporate governance principles and the performance of the Agency.

## Board Charter

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

- Fiduciary responsibilities;
- Role of the Board;
- Role of the Chairman;
- Appointment of the Registrar;
- Roles and Responsibilities of the Registrar and Management;

## GOVERNANCE CONTINUED

- Role of Executive and Non-Executive Directors;
- Role of the Company Secretary;
- Remuneration of Directors;
- Committees of the Board;
- Formal Evaluation of Board Committees;
- Mandate of the Board;
- Board and Shareholder Relationship.

### Composition of the Board

Name	Designation (in terms of the Public Agency Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees (e.g: Audit committee)	No. of Meetings attended
<b>Ms NE Rapoo</b>	Non-Executive Chairperson	01 August 2010	N/A	BCom (Law); LLB degree; Certificate in Corporate Governance;	Corporate Governance Legal Advisory; Internal Audit, risk and compliance management	N/A		19

Name	Designation (in terms of the Public Agency Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees (e.g: Audit committee)	No. of Meetings attended
<b>Mr JR Chuwe</b>	Registrar & Executive Director	March 2010	N/A	BA Law; BA (Honours); Certificate Programme in Project Management	Strategic management; Operational management; Transport Information Systems, including eNaTIS, Project management, Legislation	Global Road Safety Partnerships (GRSP-ZA)	Technical Committee	17
<b>Dr ZN Qunta</b>	Non-Executive Director	31 December 2014	N/A	BAdmin, BCom (Hons), MCom (Economics), MBA, Cert (Corp Governance) PhD (Public Entity Governance)	Strategy Development and Finance	ZBQ Consulting, HR & Audit Committee (Parliament)	Remuneration Committee, Audit & Risk Committee	30
<b>Mr B Matinise</b>	Non-Executive Director	31 December 2014	N/A	BCom, BCom (Hons), MBL	Strategy Development	None	Technical committee	25

## GOVERNANCE CONTINUED

Name	Designation (in terms of the Public Agency Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees (e.g: Audit committee)	No. of Meetings attended
<b>Adv. XN Khanyile</b>	(Ex-officio) Non-Executive Director	31 December 2014	N/A	B. Iuris; LLB degree (Part LLM), MDP	Public Prosecutions and Traffic Law	N/A	Technical committee	10
<b>Mr BS Chaplog</b>	Non-Executive Director	31 December 2014	N/A	CA (SA)	Accounting & Taxation	N/A	Audit & Risk Committee	23
<b>Prof. JT Mokgoro</b>	Non-Executive Director	31 December 2014	N/A	BSC (Chemistry), MA (Public Admin), PhD (Public Admin)	Strategy Development	N/A	Technical Committee, HR & Remuneration Committee	25

- The total number of Board meetings were 10, these included 3 special Board meetings and 4 Board strategic planning sessions.

### Committees

Committee	No. of meetings held	No. of Members	Names of Members	No. of Attendance
<b>Board</b>	13 meetings (inclusive of 4 strategic planning sessions and 3 special Board meetings and AGM)	7	Ms NE Rapoo Mr JR Chuwe Mr BS Chaplog Dr NZ Qunta Adv. XN Khanyile Mr B Matinise Prof. JT Mokgoro	13 12 9 12 6 13 11

Committee	No. of meetings held	No. of Members	Names of Members	No. of Attendance
<b>Audit and Risk Committee</b>	12 meetings (inclusive of two-day strategic session and 5 AG Meetings)	5	Mr BS Chaplog	8
			Ms S Thomas	12
			Ms T Mjoli	12
			Dr NZ Qunta	10
			Ms H Makhathini	10
<b>Technical Committee</b>	7 meetings (inclusive of 4 scheduled meetings and 3 special meetings)	7	Mr B Matinise	6
			Prof. JT Mokgoro	2
			Ms N Lugisani	2
			Mr D Lekota	0
			Adv. XN Khanyile	4
			Ms N Ramabulana	1
			Mr K Mayedwa	6
			Mr K Mashugane	5
			<b>HR and Remuneration Committee</b>	9 Meetings (inclusive of 4 scheduled meetings and 5 special meetings that were dealing with the contract renewal of the Registrar and performance)
Dr NZ Qunta	8			
Mr CM Manzini	5			
Adv. L Madikizela	8			
Ms S Hlapolosa	9			

## GOVERNANCE CONTINUED

Committee	No. of meetings held	No. of Members	Names of Members	No. of Attendance
<b>Chairpersons</b>	6 Meetings (inclusive of 4 scheduled meetings and 2 other special meetings that were dealing with the contract renewal of the Registrar and performance)	4	Ms NE Rapoo	6
<b>Committee</b>			Mr B Matinise	6
			Mr B Chaplog	6
			Prof. JT Mokgoro	6
			Mr J Chuwe	6
			Ms S Hlapolosa (By Invitation)	5
			Adv. L Madikizela (By invitation)	3

❖ Adv. Madikizela and Ms Hlapolosa joined the HR Committee after its first committee meeting.

# Ms Makhathini joined the Audit & Risk Committee after three sessions.

X Mr Chaplog, Prof. Mokgoro, Ms Lugisani, Adv. Khanyile and Ms Rapoo all tendered apologies for the meetings they did not attend.

### Legend:

X Absent with apology

❖ Engaged in activities outside the formal meeting

# Only joined after first three meetings

= Resigned from Committee

## Remuneration of Board and Committee Members

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

## GOVERNANCE CONTINUED

### Board and Committees

	Board	Audit Risk Committee	Technical Committee	Human Resource and Remuneration Committee	Chairpersons Committee	Total
<b>2017</b>						
NE Rapoo	371,215	-	-	-	92,994	464,209
NZ Qunta	177,578	93,280	-	87,500	-	358,358
TJ Mokgoro	203,094	-	20,334	118,828	109,798	452,054
BS Chaplog	103,709	109,782	-	-	113,370	326,861
B Matinise	166,475	-	55,536	-	139,303	361,314
X Khanyile	20,515	-	5,349	-	-	25,864
S Thomas	-	162,850	-	-	-	162,850
T Mjoli	-	133,969	-	-	-	133,969
H Makhathini	-	102,688	-	-	-	102,688
KC Mashugane	-	-	67,389	-	-	67,389
K Mayedwa	-	-	84,234	-	-	84,234
N Lugisani	-	-	15,236	-	-	15,236
N Ramalibana	-	-	9,627	-	-	9,627
CM Manzini	-	-	-	57,762	-	57,762
S Hlapolosa	-	-	-	212,585	-	212,585
L Madikizela	-	-	-	236,820	-	236,820
	<b>1,042,586</b>	<b>602,569</b>	<b>257,705</b>	<b>713,495</b>	<b>455,465</b>	<b>3,071,820</b>

## 5. RISK MANAGEMENT

The Agency is a public entity as per the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), and therefore has to comply with the requirements of this Act. In compliance with the requirements of the PFMA, the Agency's Board approved a Risk Management Policy for the organisation. As part of the requirements of the approved Risk Management Policy, a complete risk identification and ranking exercise is conducted every three years in order to determine and rank the risks facing the organisation. In the two years in between the new risk identification and ranking, the strategic Risk Register is reviewed and a revised register is considered and approved by the Agency's Board. This risk identification is carried out as part of the strategic planning process within the organisation. Risks are identified at different levels, namely:

- Strategic risks;
- Preventable risks; and
- External risks.

The ranking of the risks, based on the impact that the occurrence of the risk would have on the organisation as well as the likelihood of the risk happening, is done, taking into account all current strategies to mitigate against the occurrence of the identified risks. The Agency has adopted ISO3100 standard as a risk management framework.

There is constant communication between the risk management and the internal audit functions to ensure that risks identified are utilised by internal audit during audit planning and execution in order to provide assurance that mitigation strategies and controls are implemented by management. Once the risks have been identified and ranked, the risk appetite (the broad-based amount of risk an organisation is willing to accept in pursuit of its mission and vision) and risk tolerance (the acceptable variation relative to the achievement of objectives) for every risk is determined. In line with the risk appetite and risk tolerance, additional strategies are identified to mitigate against the occurrence of the risks. In accordance with the recommendations from the King III Report on Good Governance, primary risk owners as well as secondary risk owners (assurance providers) are also identified. The Agency's Risk management framework ranks the risks in terms of the following:

Priority I – Risks that require Board's attention

Priority II – Risks that require Executive Managements' attention

Priority III – Risks that require Executive Management and Risk Champions

Priority IV – Risks that require managers and all staff's attention.

## GOVERNANCE CONTINUED

As identified and ranked on the strategic risk register, the following are the priority I and II risks facing the organisation:

- Lack of validity of the AARTO notices;
- Inability of the Agency to change behaviour of road users;
- Failure to enforce compliance for payment of penalties;
- Resistance to the implementation of AARTO;
- Endangered sustainability of the Agency;
- Minimal impact in changing the behaviour of habitual infringers;
- Inability of the stakeholders to access the NCR;
- Integrity of data lost on NCR.

### 6. INTERNAL CONTROL UNIT

Detailed internal audit reviews and testing was undertaken in order to assess the adequacy and effectiveness of controls relating to the specific audit activities. The objective was to ensure that management's control strategies are consistent with the organisation's activities and objectives. Recommendations relating to the adequacy and effectiveness of controls were made where required. All significant findings were reported to the Audit and Risk Committee for monitoring. There is constant communication between the risk management and the internal audit functions to ensure that risks identified are utilised by internal audit during audit planning and execution in order to provide assurance that mitigation strategies and controls are implemented by management.

## 7. INTERNAL AUDIT AND AUDIT COMMITTEES

### 7.1. Internal Audit

In accordance with the definition of internal auditing and the authority to establish and maintain an internal audit function as contained in the Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended by Act No. 29 of 1999) (PFMA) and its Treasury Regulations, the objective of the Agency's internal audit function is to:

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

The key activities of Internal Audit are:

- to develop and implement a rolling three-year annual audit plan based on Agency's key areas of risk, including any risks or control concerns identified by management, and submit the plan to the Audit and Risk Committee for review and approval, as well as periodic updates;
- to build a professional audit staff with sufficient knowledge, skill, experience and professionalism;
- certifications to meet the requirements of the Internal Audit Charter;
- to consider the scope of work of the external auditors and other assurance providers, as appropriate, for the purpose of providing optimal audit coverage;
- to provide independent assurance over governance, risk management and systems of internal control, as well as over combined assurance framework;
- to provide a written assessment of the effectiveness of the company's system of internal control, performance and risk management to the Agency's Board; and
- to perform an objective assessment of the adequacy and effectiveness of risk management and all other elements of the internal control framework.

The Internal Audit Unit has completed all 15 audits planned for the period under review.

## GOVERNANCE CONTINUED

### 7.2. Audit and Risk Committee

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

The key activities of the Audit and Risk Committee are:

- to obtain and review the annual financial statements;
- to ensure that the annual financial statements are prepared in accordance with the reporting requirements as set out in the PFMA and related Treasury Regulations or applicable accounting framework;
- to review the Risk Management Policy and ensure it complies with Best Practice;
- to review the risk management process to ensure it is effective and efficient and identifies priority risks;
- to review the Institution's compliance with all relevant legislation as well as the performance management and reporting systems;
- to review and approve the Internal Audit Plan, its scope and any major changes to it, ensuring that it covers the key risks and that there is appropriate coordination with the External Auditor (the Auditor- General of South Africa); and
- to review and approve the External Auditors' proposed audit scope, approach and audit fees for the year.

## **8. COMPLIANCE WITH LAWS AND REGULATIONS**

The Agency developed the compliance universe and action list, which is managed with the different units on a quarterly basis.

## **9. FRAUD AND CORRUPTION**

The Agency maintains a zero tolerance approach to unethical or dishonest behaviour and any employee found to be acting unethically is subject to disciplinary action. Fraud policy and a fraud prevention plan are in place and were approved by the Agency's Board. A fraud hotline is in place, which is operated by an external service provider and guarantees the anonymity of any person calling in to report suspected fraud, corruption or misuse of public resources. Anonymous tip-offs are investigated by the Internal Audit Unit. Fraud awareness workshops were conducted to inform all staff on how to report fraud cases and what actions would be taken.

## **10. MINIMISING CONFLICT OF INTEREST**

At the commencement of every meeting of the Board and Committees, members are provided with the declaration of interest register on which they are required to indicate any possible conflict in respect of the Agenda items tabled. Should there be any conflictual declaration members would recuse themselves in order to protect the integrity of the deliberations as well as the reputation of the Agency.

## **11. CODE OF CONDUCT**

The Code of Conduct Policy has been approved and is currently being implemented in the organisation. Consultations and workshops have been conducted to familiarise all employees with the policy to ensure maximum compliance.

## **GOVERNANCE** CONTINUED

### **12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES**

The Agency is in the process of implementing the Occupational Health Safety and Environmental issues audit.

### **13. SOCIAL RESPONSIBILITY**

The policy on Corporate Social Responsibility has been developed and approved. The Agency has through its strategic objective target on CSI implemented 26 community programmes against a set target of 20 CSI programmes. Throughout the process of executing this objective, the Agency maintained strategic partnerships with various stakeholders including the Department of Transport and its entities.

## COMPANY SECRETARY/HEAD: CORPORATE GOVERNANCE & LEGAL SERVICES

### CERTIFICATE OF ASSURANCE

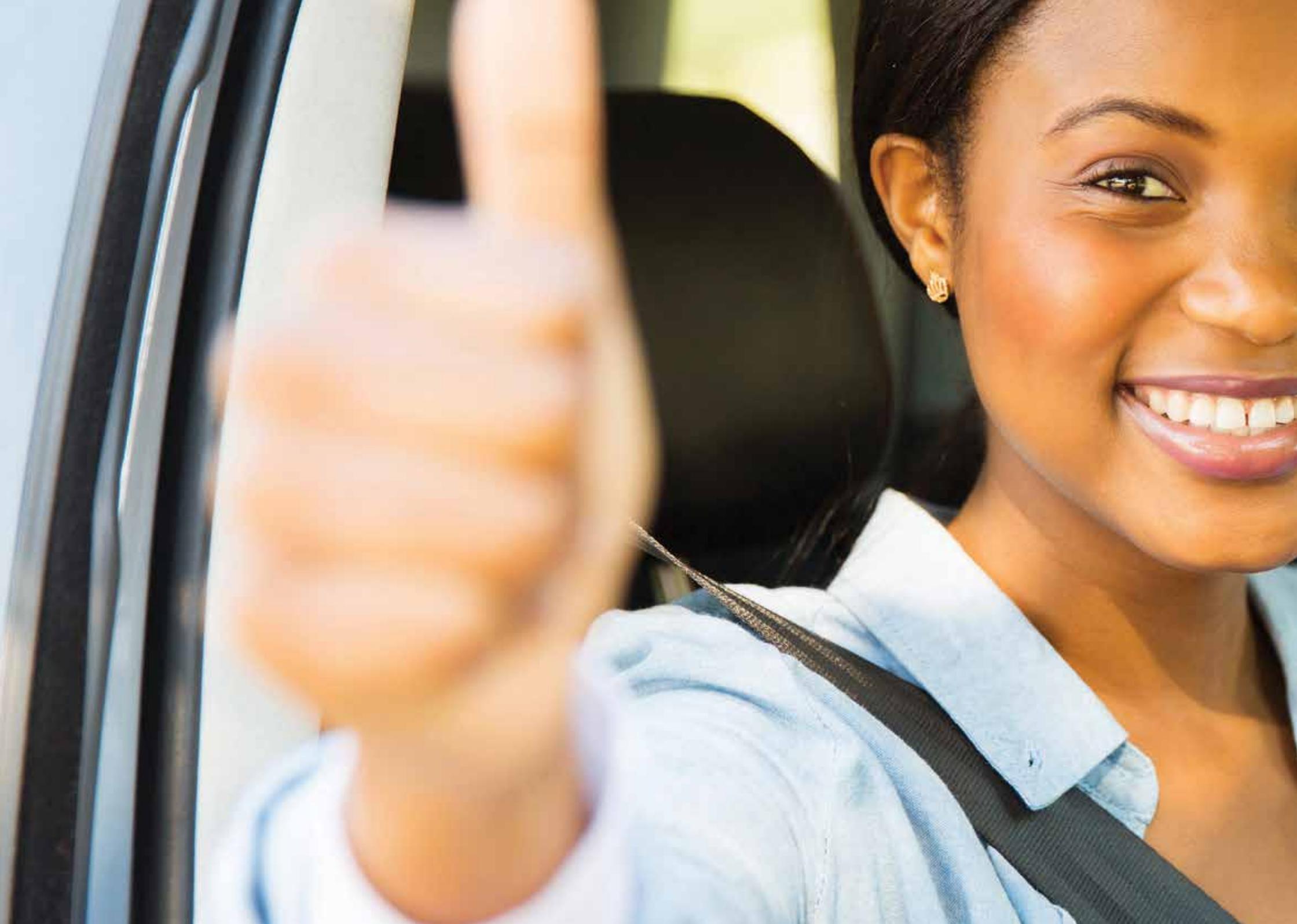
In terms of section 14(1) and (3) of the Administrative Adjudication of Road Traffic Offences Act, 1998 (Act No. 46 of 1998) and section 40(1)(c) and (d) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), I certify that for the financial year ended 31 March 2017, the Road Traffic Infringement Agency has lodged with the Minister of Transport and the National Treasury, the required audited annual financial statements, audited performance information and the annual report as prescribed.



**Adv. MLT Bilikwana**

Company Secretary

Date: 31 July 2017





**PART D**  
HUMAN RESOURCE MANAGEMENT

## HUMAN RESOURCE MANAGEMENT

### HUMAN RESOURCES OVERSIGHT STATISTICS

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

The table below depicts the personnel cost per programme during the year under review. The information below shows that personnel expenditure on Programme 2 and 4 was greater than the total expenditure for the programmes.

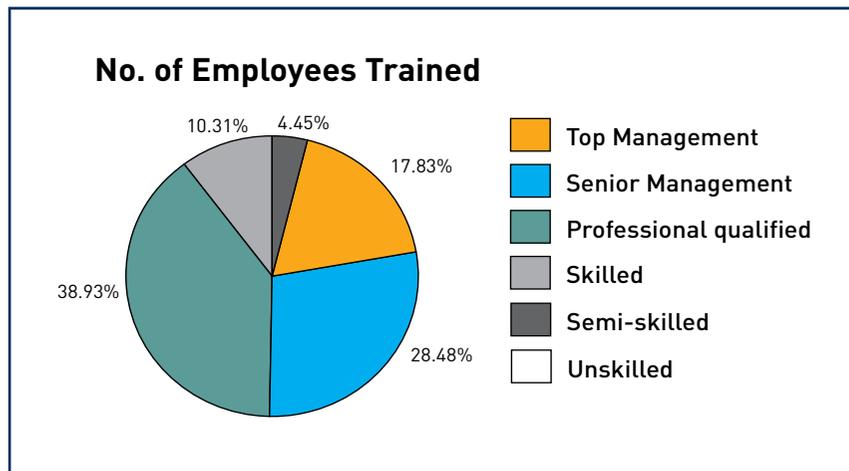
<b>TABLE 2.1 PERSONNEL COST BY PROGRAMME</b>						
Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)	
1	R 22 159	R 16 087	72.60%	34	R 473	
2	R 1 702	R 5 795	340.48%	7	R 828	
3	R 22 363	R 9 042	40.43%	13	R 696	
4	R 38 865	R 39 540	101.74%	57	R 694	
<b>TOTAL</b>	<b>R 85 089</b>	<b>R 70 464</b>	<b>82.81%</b>	<b>111</b>	<b>R 635</b>	

### Table 2.2: Employee Costs by Salary Band

The personnel cost per salary band during the year under review is shown in Table 2.2. The table displays employee costs across occupational classes within the Agency. The employee costs grew from R65 319 503 in 2015/16 to R70 464 227,00 for the period under review. The cost is made out of all total earnings and company contributions. The number of employees in the above column represents the total head count from April 2016 to March 2017.

<b>TABLE 2.2 PERFORMANCE REWARDS PER OCCUPATIONAL BAND</b>					
Salary Bands	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)	
Top Management (Levels 15–16)	R12 566	17.83%	7	R1 795	
Senior Management (Levels 13–14)	R20 065	28.48%	18	R1 115	
Professional qualified (Levels 9–12)	R27 434	38.93%	47	R584	
Skilled (Levels 6–8)	R7 264	10.31%	25	R291	
Semi-skilled (Levels 3–5)	R3 135	4.45%	14	R224	
Unskilled (Levels 1–2)	R0	0.00%	0	R0	
<b>TOTAL</b>	<b>R70 464</b>	<b>100.00%</b>	<b>111</b>	<b>R635</b>	

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



## HUMAN RESOURCE MANAGEMENT CONTINUED

**Table 2.3: Performance Rewards per Occupational Category**

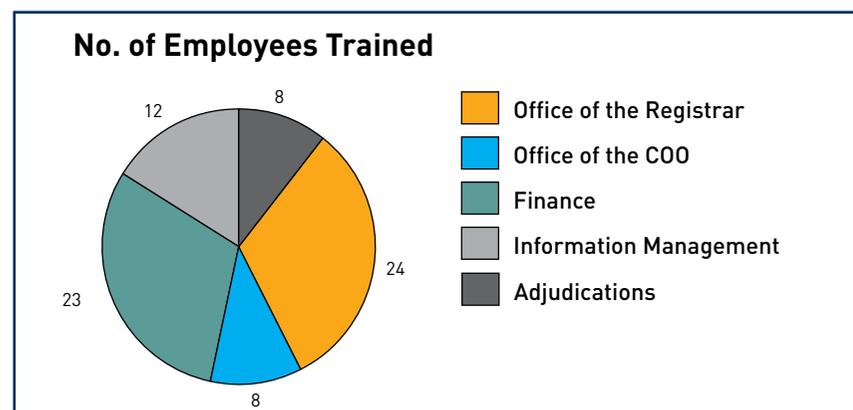
For the period under review, the Agency implemented a new performance management framework and performance bonuses were paid to employees for the 2015/16 financial year based on the framework and paid in the subsequent year. Similarly, the performance bonuses for the 2016/17 period are budgeted for in that period but eventually paid out during the 2017/18 period. The framework enables a high performance culture among the employees and ultimately the organisation. Employees are encouraged to ensure that their individual performance is aligned to organisational strategy. The implementation of this framework is one step closer to the retention strategy that the Agency plans to implement to ensure retention of high performers. The cost of performance incentives for 2015/16 was R8 334 233. Table 2.3 provides an outline of performance rewards per occupational level.

<b>TABLE 2.3 PERFORMANCE REWARDS PER OCCUPATIONAL BAND</b>			
<b>Occupational Bands</b>	<b>Performance rewards (R'000)</b>	<b>Personnel Expenditure (R'000)</b>	<b>% of performance rewards to total personnel cost (R'000)</b>
Top Management	R 2 029 629	R 12 566 433	24.35%
Senior Management	R 2 726 299	R 20 065 283	32.71%
Professional qualified	R 2 536 005	R 27 434 364	30.43%
Skilled	R 676 355	R 7 263 881	8.12%
Semi-skilled	R 365 945	R 3 134 267	4.39%
Unskilled	R 0	R 0	0.00%
<b>TOTAL</b>	<b>R 8 334 233</b>	<b>R 70 464 228</b>	<b>100.00%</b>

**Table 2.4: Training Costs per Business Unit**

Personnel training cost per Business Unit during the year under review are shown below in Table 2.4. The table below depicts that the Agency’s training and development initiatives improved significantly. For the period under review 75 employees were trained, against 51 trained in 2015/16.

<b>TABLE 2.4 TRAINING COSTS PER BUSINESS UNIT</b>						
<b>Business Unit</b>	<b>Personnel Expenditure (R'000)</b>	<b>Training Expenditure (R'000)</b>	<b>Training Expenditure as a % of Personnel Cost.</b>	<b>No. of Employees Trained</b>	<b>Avg Training Cost per Employee</b>	
Office of the Registrar	R 34 827	R 1 052	3.02%	24	R 43 833	
Office of the COO	R 5 795	R 5	0.09%	8	R 625	
Finance	R 13 755	R 431	3.13%	23	R 18 739	
Information Management	R 3 411	R 64	1.88%	12	R 5 333	
Adjudications	R 12 676	R 75	0.59%	8	R 9 375	
<b>TOTAL</b>	<b>R 70 464</b>	<b>R 1 627</b>	<b>8.71%</b>	<b>75</b>	<b>R 21 693.33</b>	



## HUMAN RESOURCE MANAGEMENT CONTINUED

### Table 2.5 provides the number of staff employees and vacancies per programme

The Agency filled 13 positions for the period under review, which were vacancies available for the financial year. One employee was accounted for in the last quarter of the financial year (March 2016) and terminated on the first month of the 2016/17 financial year.

TABLE 2.5 EMPLOYMENT AND VACANCIES PER PROGRAMME						
Programme	2015/2016	2016/17 Approved Posts	2016/17 No. of Employees	2016/17 Vacancies	% of vacancies	
1	34	34	34	0	0.00%	
2	7	7	7	0	0.00%	
3	7	11	13	4	36.36%	
4	56	65	57	9	13.85%	
<b>TOTAL</b>	<b>104</b>	<b>117</b>	<b>111</b>	<b>13</b>	<b>11.11%</b>	

### The Number of staff employed and vacancies per occupational band is given in Table 2.6

The Agency opened the year with 98 employees as per the above narration in table 2.5 and appointed 13 employees on different occupational classes. This information can be read with table 2.7 below, which indicates that 8 employees left the employ of the Agency, which resulted in 103 employees at the end of the financial year.

TABLE 2.6 EMPLOYMENT AND VACANCIES PER OCCUPATIONAL BAND						
Occupational Bands	2015/16 No. of Employees	2016/17 Approved Posts	2016/17 No. of Employees	2016/17 Vacancies	% of vacancies	
Top Management	7	0	5	0	0.00%	
Senior Management	17	1	17	1	100.00%	
Professional qualified	41	7	44	7	100.00%	
Skilled	20	5	23	5	100.00%	
Semi-skilled	14	0	14	0	0.00%	
Unskilled	0	0	0	0	-	
<b>TOTAL</b>	<b>99</b>	<b>13</b>	<b>103</b>	<b>13</b>	<b>100%</b>	

### Table 2.7: Changes in Employee Numbers and Movements

Although the Agency closed the year with 99 employees in the 2015/2016 financial year, one (1) employee left on the 1st April 2016, which translated to 98 employees at the beginning of the period. This table shows that 13 new appointments were made for the period under review, which amounted to 111 employees, and eight (8) employees left the employ of the Agency, leaving a total staff complement of 103 employees. Table 2.8 below indicates the number and the reasons for leaving.

<b>TABLE 2.7 EMPLOYMENT CHANGES PER SALARY BAND</b>					
<b>Salary Bands</b>	<b>Employment at beginning of period</b>	<b>Appointments</b>	<b>Terminations</b>	<b>Employment at end of the period</b>	
Top Management (Levels 15-16)	7	0	2	5	
Senior Management (Levels 13-14)	17	1	1	17	
Professional qualified (Levels 9-12)	40	7	4	44	
Skilled (Levels 6-8)	20	5	2	23	
Semi-skilled (Levels 3-5)	14	0	0	14	
Unskilled (Levels 1-2)	0	0	0	0	
<b>TOTAL</b>	<b>98</b>	<b>13</b>	<b>9</b>	<b>103</b>	

## HUMAN RESOURCE MANAGEMENT CONTINUED

**Table 2.8: Reasons for staff leaving**

This table indicates the number of employees that exited the Agency during the 2016/17 financial year based on the reasons as outlined in the table.

TABLE 2.8		STAFF TURNOVER	
Reason	Number	% of total no. of staff turnover	
Death	0	0.00%	
Resignation	8	7.21%	
Dismissal	0	0.00%	
Retirement	0	0.00%	
Ill health	0	0.00%	
Expiry of contract	1	0.90%	
Other	0	0.00%	
<b>Total</b>	<b>9</b>	<b>8.11%</b>	

**Table 2.9: Labour Relations: Misconduct and Disciplinary Action**

**For the year under review there was one (1) precautionary suspension that was instituted.**

TABLE 2.9		LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION	
Nature of Disciplinary Action		and Disciplinary Action	
Verbal Warning		0	
Written Warning		0	
Final Written Warning		0	
Leave Without Pay		1	
Suspension		1	
Dismissal		0	
<b>Total</b>	<b>2</b>	<b>2</b>	

**Table 2.10(a) Employment Equity and Targets**

**Labour Relations: Equity Target and Employment Equity Status - Male**

The below table indicates the number of male employees across different races and occupational groups. It is depicted that there is over-representation of African Males within the Agency and severe under-representation of Coloured Males, Asian Males as well as White Males. The Agency is struggling to attract the above-mentioned designated groups to improve the Economically Employed Persons within those groups.

<b>TABLE 2.10A LABOUR RELATIONS : EQUITY TARGET AND EMPLOYMENT EQUITY STATUS - MALE</b>										
<b>Race Group</b>	<b>African</b>		<b>Coloured</b>		<b>Asian</b>		<b>White</b>		<b>Total Male</b>	
<b>Occupational Bands</b>	<b>Current</b>	<b>Target</b>	<b>Current</b>	<b>Target</b>	<b>Current</b>	<b>Target</b>	<b>Current</b>	<b>Target</b>	<b>Current</b>	<b>Target</b>
Top Management	2	0	0	1	0	1	0	1	2	3
Senior Management	11	0	1	1	0	1	1	1	13	3
Professional qualified	24	0	1	1	0	1	0	1	25	3
Skilled	12	0	0	1	0	1	0	1	12	3
Semi-skilled	5	0	0	2	0	2	0	0	5	4
Unskilled	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>54</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>1</b>	<b>4</b>	<b>57</b>	<b>16</b>

## HUMAN RESOURCE MANAGEMENT CONTINUED

Table 2.10(b) Employment Equity and Targets

**Labour Relations: Equity Target and Employment Equity Status - Female**

The table below depicts the number of female employees in the Agency. It is key to note that although the total number is 56, there is a lack of female representation in Management and Senior Management positions as well as a lack of representation from other racial groups such as Coloureds, Asians and Whites.

TABLE 2.10B LABOUR RELATIONS : EQUITY TARGET AND EMPLOYMENT EQUITY STATUS - FEMALE										
Race Group	African		Coloured		Asian		White		Total Female	
Occupational Bands	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	0	0	1	0	1	0	1	3	3
Senior Management	4	0	0	1	0	1	0	1	4	3
Professional qualified	16	0	2	1	0	1	1	2	19	4
Skilled	11	0	0	1	0	1	0	1	11	3
Semi-skilled	8	0	1	2	0	2	0	0	9	4
Unskilled	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>42</b>	<b>0</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>1</b>	<b>5</b>	<b>46</b>	<b>17</b>

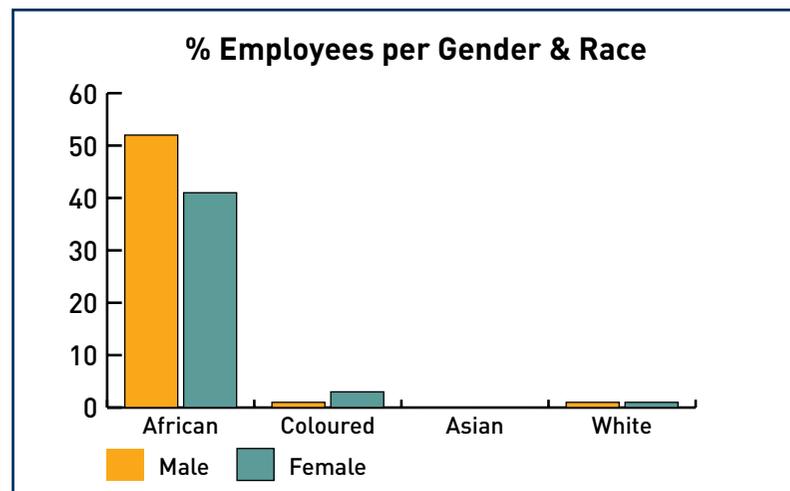
**Table 2.10(c) Employment Equity and Targets**

**Labour Relations: Equity Target and Employment Equity Status - Total**

The table below shows the total number of personnel employed by the Agency in accordance with occupational band and race group at the end of the financial year.

<b>TABLE 2.10C LABOUR RELATIONS : EQUITY TARGET AND EMPLOYMENT EQUITY STATUS - TOTAL</b>										
Race Group	African		Coloured		Asian		White		Total	
Occupational Bands	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	5	0	0	2	0	2	0	2	5	6
Senior Management	15	0	1	2	0	2	1	2	17	7
Professional qualified	40	0	3	2	0	2	1	3	44	8
Skilled	23	0	0	2	0	2	0	2	23	6
Semi-skilled	13	0	1	4	0	4	0	0	14	8
Unskilled	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>96</b>	<b>0</b>	<b>5</b>	<b>12</b>	<b>0</b>	<b>12</b>	<b>2</b>	<b>9</b>	<b>103</b>	<b>35</b>

The information in the table above is also summarised in the graph below







**PART E**  
FINANCIALS

## FINANCIAL CONTENTS

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

Index	Page
Accounting Authority's Responsibilities and Approval	131
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Statement of Financial Position	143
Statement of Financial Performance	144
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## ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the Agency 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 were given unrestricted access to all financial records and related data.

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

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the Agency and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Board members set 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 Agency and all employees are required to maintain the highest ethical standards in ensuring the Agency's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Agency is on identifying, assessing, managing and monitoring all known forms of risk across the Agency. While operating risk cannot be fully eliminated, the Agency endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

## ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL **CONTINUED**

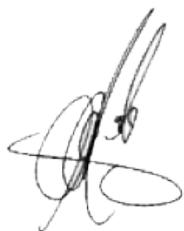
The members have reviewed the Agency's cash flow forecast for the year to 31 March, 2018 and, in the light of this review and the current financial position, they are satisfied that the Agency has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the Board members are primarily responsible for the financial affairs of the Agency, they are supported by the Agency's external auditors.

The external auditors are responsible for independently reviewing and reporting on the Agency's annual financial statements. The annual financial statements have been examined by the Agency's external auditors and their report is presented on pages 135 to 141.

The annual financial statements set out on pages 131 to 181, which have been prepared on the going concern basis, were approved by the Board members on 28 July, 2017 and were signed on its behalf by:



**NE Rapoo**

Chairperson

Accounting Authority



**BS Chaplog CA(SA)**

Chairperson

Audit and Risk Committee

## AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March, 2017.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 12 meetings were held.

Name of member	Number of meetings attended
Mr B Chaplog, CA(SA) (Chairperson)	8
Ms H Makhathini, CA(SA)	10
Ms S Thomas, CA(SA)	12
Ms T Mjoli	12
Dr Z Qunta	10

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

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

### The effectiveness of internal control

The system of internal controls applied by the Agency over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

## AUDIT AND RISK COMMITTEE REPORT CONTINUED

The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Board members of the Agency during the year under review.

### Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the Board members;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the Agency's compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concurs with and accepts the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

### Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Agency and its audits.

### Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

**BS Chaplog CA(SA)**

Chairperson of the Audit and Risk Committee

Date: 28 July 2017

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE ROAD TRAFFIC INFRINGEMENT AGENCY

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

1. I have audited the financial statements of the Road Traffic Infringement Agency as set out on pages 130 to 181 which comprise the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget information with actual information for the year then ended, as well as the 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 Infringement Agency as at 31 March 2017 and financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA) code and the 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.

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

6. The Board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP, 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.

## **REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE ROAD TRAFFIC INFRINGEMENT AGENCY CONTINUED**

7. In preparing the financial statements, the accounting authority is responsible for assessing the Road Traffic Infringement Agency's ability to continue as a going concern, disclosing, as applicable, matters relating to a going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public Agency or to cease operations, or has no realistic alternative but to do so.

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

8. 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.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

## **REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT**

### **Introduction and scope**

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2017

## OBJECTIVES

## PAGES IN THE ANNUAL PERFORMANCE REPORT

Objective 1: discourage the contravention of road traffic laws	78 to 81
Objective 2: coordinate and facilitate readiness for the national implementation of AARTO Act	82 to 84
Objective 3: influence change in road user behaviour	85 to 88
Objective 4: effective administration and resourcing of the agency to deliver on its mandate	89 to 93

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives

- Objective 1: discourage the contravention of road traffic law.
- Objective 2: coordinate and facilitate readiness for national implementation of Administrative Adjudication of Road Traffic Offences Act (AARTO Act).
- Objective 3: influence change in road user behaviour.
- Objective 4: effective administration and resourcing of the agency to deliver on its mandate.

### Other matters

15. I draw attention to the matter below.

Achievement of planned targets.

16. Refer to the annual performance report on pages 78 to 93 for information on the achievement of planned targets for the year and explanations provided for the over- and underachievement of targets.

## **REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE ROAD TRAFFIC INFRINGEMENT AGENCY CONTINUED**

### **Adjustment of material misstatements**

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of objective 1: discourage the contravention of road traffic laws and objective 2: coordinate and facilitate readiness for the national implementation of AARTO. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

### **REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION**

#### **Introduction and scope**

18. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

### **OTHER INFORMATION**

19. The Road Traffic Infringement Agency accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the corporate governance report, human resource management report, accounting authority report and the audit committee report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.

20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **INTERNAL CONTROL DEFICIENCIES**

22. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

## OTHER REPORTS

23. I draw attention to the following engagements conducted by various parties that have, or could potentially have, an impact on the public Agency's financial statements, reported performance information, compliance with applicable legislation and other related matters. The reports noted do not form part of my opinion on the financial statements, or my findings on the reported performance information or compliance with legislation.
24. At the date of this report, the Public Protector was carrying out an investigation. The impact, if any, on the financial statements of the Agency can only be determined once the investigation has been concluded.
25. At the date of this report an external firm had also been appointed by the accounting authority to investigate a service provider on procurement services.

*Auditor-General*

Pretoria

31 July 2017



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

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

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

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of directors, which constitutes the accounting authority.
  - conclude on the appropriateness of the Board of directors, which constitutes the accounting authority 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 related to events or conditions that may cast significant doubt on the public entity's ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause the public entity to cease operating as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
  
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## ACCOUNTING AUTHORITY'S REPORT

The members submit their report for the year ended 31 March, 2017.

### 1. Going concern

We draw attention to the fact that as at 31 March, 2017, the Agency had accumulated a surplus of R194,685,046 and that the Agency's total assets exceeded its liabilities by R194,685,046.

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

The ability of the Agency to continue as a going concern is dependent on a number of factors. The most significant of these is that the members continue to source funding for the ongoing operations of the Agency.

### 2. Subsequent events

The members are not aware of any matter or circumstance arising since the end of the financial year.

### 3. Board members'/Accounting authority

The members of the Agency during the year and to the date of this report are as follows:

Ms NE Rapoo	Non-executive
Dr NZ Qunta	Non-executive
Prof. JT Mokgoro	Non-executive
Mr BS Chaplog, CA(SA)	Non-executive
Mr B Matinise	Non-executive
Adv. XN Khanyile	Non-executive
Mr JR Chuwe	Executive

### 4. Company secretary

The company secretary of the Agency is Advocate MLT Bilikwana.

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH, 2017

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Receivables	3	57,769,725	64,441,940
AARTO assets	8	22,220,295	41,969,606
Cash and cash equivalents	4	176,978,094	167,158,759
		<b>256,968,114</b>	<b>273,570,305</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	6,141,564	7,700,061
Intangible assets	6	626,926	196,592
		<b>6,768,490</b>	<b>7,896,653</b>
<b>Total Assets</b>		<b>263,736,604</b>	<b>281,466,958</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	7	46,831,263	60,917,692
AARTO liabilities	8	22,220,295	41,969,606
		<b>69,051,558</b>	<b>102,887,298</b>
<b>Total Liabilities</b>		<b>69,051,558</b>	<b>102,887,298</b>
<b>Net Assets</b>		<b>194,685,046</b>	<b>178,579,660</b>
Accumulated surplus		<b>194,685,046</b>	<b>178,579,660</b>

See note 28

## STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Revenue</b>			
Infringement fees	9	140,906,187	242,243,813
Government grants	9	10,092,000	11,497,000
		<b>150,998,187</b>	<b>253,740,813</b>
<b>Other income</b>			
Sundry income		151,291	40,392
<b>Operating expenses</b>			
Impairment loss on receivables	3	-	(4,558,407)
Depreciation and amortisation on assets	5, 6	(4,169,115)	(4,553,560)
Employment costs		(76,703,476)	(65,319,503)
Rental mobile buses		(957,600)	-
Other operating expenses		(62,790,228)	(94,376,489)
Assets written off		-	(23,308)
Repairs and maintenance		(353,225)	(64,355)
		<b>(144,973,644)</b>	<b>(168,895,622)</b>
<b>Operating surplus</b>	10	<b>6,175,834</b>	<b>84,885,583</b>
Finance income		9,929,552	1,745,351
<b>Surplus for the year</b>		<b>16,105,386</b>	<b>86,630,934</b>

## STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 April, 2015</b>	<b>91,948,726</b>	91,948,726
Surplus for the year	<b>86,630,934</b>	86,630,934
Total changes	<b>86,630,934</b>	86,630,934
Opening balance as previously reported	<b>178,579,660</b>	178,579,660
Prior year adjustments	<b>282,225</b>	282,225
<b>Restated* Balance at 01 April, 2016 as restated*</b>	<b>178,579,660</b>	178,579,660
Surplus for the year	<b>16,105,386</b>	16,105,386
Total changes	<b>16,105,386</b>	16,105,386
<b>Balance at 31 March, 2017</b>	<b>194,685,046</b>	194,685,046

Note(s)

\*See Note 28

## CASH FLOW STATEMENT

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Infringement receipts		158,517,401	224,628,726
Grants allocated		10,092,000	11,497,000
Interest income		9,929,552	1,745,351
AARTO collections		197,640,475	264,261,091
		<b>376,179,428</b>	<b>502,132,168</b>
<b>Payments</b>			
Employee costs		(76,703,476)	(65,319,503)
Suppliers		(88,975,188)	(46,016,755)
AARTO disbursements		(197,640,475)	(264,261,091)
		<b>(363,319,139)</b>	<b>(375,597,349)</b>
<b>Net cash flows from operating activities</b>	11	<b>12,860,289</b>	<b>126,534,819</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(1,655,619)	(2,043,105)
Purchase of other intangible assets	6	(1,385,335)	(507,057)
<b>Net cash flows from investing activities</b>		<b>(3,040,954)</b>	<b>(2,550,162)</b>
<b>Cash flows from financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>9,819,335</b>	<b>123,984,657</b>
Cash and cash equivalents at the beginning of the year		167,158,759	43,174,102
<b>Cash and cash equivalents at the end of the year</b>	4	<b>176,978,094</b>	<b>167,158,759</b>

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis			
Figures in Rand	Actual	Budget	Variance
<b>Statement of Financial Performance</b>			
<b>Revenue</b>			
<b>Income</b>			
Infringement fees	140,906,187	291,263,000	(150,356,813)
MTEF Allocation	10,092,000	10,092,000	-
<b>Cash reserves</b>			
Cash reserves 2015/16	-	126,535,000	(126,535,000)
<b>Other income</b>			
<b>Interest income</b>	9,929,552	1,850,072	8,079,480
<b>Sundry income</b>	151,291	-	151,291
<b>Total income</b>	161,079,030	429,740,072	(268,661,042)
<b>Expenditure</b>			
Employee costs	76,703,476	131,699,936	54,996,459
Operating expenses	27,749,061	79,770,558	52,021,497
Entrepreneurial development projects	11,491,200	41,000,000	29,508,800
Postage	19,617,461	83,226,546	63,609,085
AARTO Roll-Out	233,121	26,603,000	26,369,879
Communication and stakeholder projects	5,540,903	23,500,000	17,959,097
HR projects	2,955,529	10,650,000	7,694,471
Capital expenditure spending	682,893	33,290,032	32,607,139
<b>Total expenditure</b>	144,973,644	429,740,072	284,766,427
<b>Net profit</b>	16,105,386	-	(16,105,386)

# ACCOUNTING POLICIES

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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.

During the year, a number of standards of GRAP became effective for the current financial period. A brief description of these standards as well as an estimate of the impact is contained in note 2.

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

These accounting policies are consistent with the previous period.

### 1.1 Reporting Agency

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

### 1.2 Basis of measurement

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

### 1.3 Functional and presentation currency

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

## **1.4 Comparative information**

### **Budget**

The Budget information presented in accordance with GRAP 1 and 24 has been disclosed separately in the Statement of Budget and Actual Amounts. The approved budget is prepared on an accrual basis and it covers the financial period from 1 April 2016 to 31 March 2017. The financial statements and budget are prepared on the same basis of accounting, comparative information is not required.

### **Prior year comparatives**

The presentation and classification of items in the current year is consistent with prior years, unless otherwise specified.

The current year financial statements have been presented in accordance with industry standards, the information content has remained the same.

## **1.5 Significant judgements and sources of estimation uncertainty**

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

### **Judgements**

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

### **Estimates**

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

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

## ACCOUNTING POLICIES

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

### **Impairment testing**

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

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available.

### **Impairment for doubtful debts**

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtor's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

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

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

### **Asset lives and residual values**

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on managements' estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the Agency's expectations about 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.

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

For uncertainties that result from the assessment of useful lives and residual values on property, plant and equipment and intangible assets, see note 1.6 and 1.7.

### **Adequacy of leave provision**

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

### **The Agency acts as an agent to the Issuing Authorities**

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

### **1.6 Property, plant and equipment**

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

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

Property, plant and equipment is initially measured at cost.

## ACCOUNTING POLICIES 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.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

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

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

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

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

Item	Average useful life
Furniture and fixtures	5 - 10 years
Motor vehicles	5 - 6 years
Office equipment and appliances	1 - 5 years
Computer equipment	3 - 5 years
Leasehold improvements	shorter of lease term or 25 years

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### **1.7 Intangible assets**

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

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

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

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

## ACCOUNTING POLICIES CONTINUED

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. If expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimates.

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

Item	useful life
Computer software and licences	1 – 4 years
Web development costs	1 – 4 years

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

## **1.8 Financial instruments**

### **Initial recognition**

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

### **Trade and other receivables**

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

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

### **Trade and other payables**

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

### **Cash and cash equivalents**

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

### **Offsetting**

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

## ACCOUNTING POLICIES CONTINUED

### 1.9 Taxation

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

### 1.10. Operating leases

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

### 1.11 Impairment Financial assets

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

#### Assets carried at amortised cost

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

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

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

## **Non-financial assets**

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

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

### **1.12 Employee benefits**

#### **Short-term employee benefits**

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

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

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

#### **Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

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

### **1.13 Provisions**

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

## ACCOUNTING POLICIES CONTINUED

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

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

### **1.14 Revenue recognition**

#### **Grants and virements received**

Government grants are recognised when there is reasonable assurance that:

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

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

#### **Infringement fees**

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

Infringement fees are recognised when the outcome of the transaction involving the collection of infringement fees can be estimated reliably, revenue associated with these transactions is recognised by reference to the stage of completion of the transaction. The outcome of these transactions can be reliably measured when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transactions will flow to the Agency after legal entitlement under the AARTO Act has been established;

- The stage of completion of the transaction can be measured reliably once the amount collected on behalf of the Issuing Authorities has been established; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

### **1.15 Financing costs**

Borrowing costs are interest and other expenses incurred by an Agency in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

### **1.16 Fruitless and wasteful expenditure**

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

## ACCOUNTING POLICIES CONTINUED

### 1.17 Irregular expenditure

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

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons for that must be provided in the notes. Irregular expenditure receivables are measured at the amount that is expected to be recovered and are de-recognised when settled or written off as irrecoverable.

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

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

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

### **1.18 Related parties**

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

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

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

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

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

### **1.19 Services received in kind**

The Agency receives services in kind from the Department of Transport for the shared utilisation of the e-Natis system. The value of the services cannot be reliably measured.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 2. NEW STANDARDS AND INTERPRETATIONS

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Agency has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
● GRAP 32: Service Concession Arrangements: Grantor	01 April, 2016
● GRAP 108: Statutory Receivables	01 April, 2016
● IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April, 2016
● GRAP 16 (as amended 2015): Investment Property	01 April, 2016
● GRAP 17 (as amended 2015): Property, Plant and Equipment	01 April, 2016

#### 2.2 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after
● GRAP 18: Segment Reporting	01 April, 2017
● GRAP 20: Related parties	01 April, 2017
● GRAP 109: Accounting by Principals and Agents	01 April, 2017
● GRAP 21 (as amended 2015): Impairment of non-cash-generating assets	01 April, 2017
● GRAP 26 (as amended 2015): Impairment of cash-generating assets	01 April, 2017
● Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April, 2018

### 3. RECEIVABLES

Figures in Rand	2017	2016
Deposits	1,426,128	1,426,128
Prepayments	13,074,268	2,460,782
Staff receivables	219,149	212,538
Other receivables AARTO Banks	42,644,770	59,956,797
Reclassified payables into receivables	254,119	385,695
Sundry receivables	151,291	-
	<b>57,769,725</b>	<b>64,441,940</b>

#### Other receivables past due but not impaired

Other receivables which are less than 90 days past due are not considered to be impaired. Management have assessed the recoverability of receivables and there are no indications that the balance is impaired, therefore no impairment has been provided for.

The ageing of amounts past due but not impaired is as follows:

Figures in Rand	2017	2016
0 - 60 days	11,978,003	21,507,799
60 - 90 days	179,303	2,346,970
90+ days	30,487,464	36,102,028
	<b>42,644,770</b>	<b>59,956,797</b>

#### Other receivables impaired

As of 31 March, 2017, trade and other receivables of R nil (2016: R 4,558,407) were impaired and provided for.

The amount of the provision was R 37,077,676 as of 31 March, 2017 (2016: R 37,077,676).

#### Reconciliation of provision for impairment of trade and other receivables

Opening balance	37,077,676	32,519,269
Increase in allowance recognised	-	4,558,407
	<b>37,077,676</b>	<b>37,077,676</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

### 4. CASH AND CASH EQUIVALENTS

Figures in Rand	2017	2016
Cash and cash equivalents consist of:		
Bank balance – operations account	176,974,549	167,130,072
Bank balance – salaries account	3,545	28,687
	<b>176,978,094</b>	<b>167,158,759</b>

### 5. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Furniture and fixtures	3,348,190	(1,741,985)	1,606,205	3,284,347	(1,320,373)	1,963,974
Motor vehicles	3,183,538	(1,370,715)	1,812,823	3,183,538	(730,297)	2,453,241
Office equipment	1,967,912	(852,410)	1,115,502	1,683,428	(550,878)	1,132,550
IT equipment	5,930,722	(4,343,972)	1,586,750	5,104,403	(3,395,407)	1,708,996
Leasehold improvements	2,282,921	(2,262,637)	20,284	2,282,921	(1,841,620)	441,301
<b>Total</b>	<b>16,713,283</b>	<b>(10,571,719)</b>	<b>6,141,564</b>	<b>15,538,637</b>	<b>(7,838,576)</b>	<b>7,700,061</b>

### Reconciliation of property, plant and equipment - 2017

	Opening balances	Additions	Retired cost	Retired accumulated depreciation	Depreciation	Total
Office equipment	1,132,550	332,808	48,324	(48,324)	(349,856)	1,115,502
Furniture and fixtures	1,963,974	77,192	13,349	(13,349)	(434,961)	1,606,205
IT equipment	1,708,996	1,245,619	419,300	(419,300)	(1,367,865)	1,586,750
Motor vehicles	2,453,239	-	-	-	(640,416)	1,812,823
Leasehold improvements	441,300	-	-	-	(421,016)	20,284
	<b>7,700,059</b>	<b>1,655,619</b>	<b>480,973</b>	<b>(480,973)</b>	<b>(3,214,114)</b>	<b>6,141,564</b>

### Reconciliation of property, plant and equipment - 2016

	Opening balances	Additions	Retired cost	Retired accumulated depreciation	Depreciation	Total
Office equipment	1,300,184	180,559	-	-	(348,193)	1,132,550
Furniture and fixtures	1,938,944	364,480	-	-	(339,450)	1,963,974
IT equipment	2,358,040	862,582	(52,771)	29,463	(1,488,318)	1,708,996
Motor vehicles	2,962,322	119,201	-	-	(628,283)	2,453,240
Leasehold improvements	1,253,415	516,283	-	-	(1,328,397)	441,301
	<b>9,812,905</b>	<b>2,043,105</b>	<b>(52,771)</b>	<b>29,463</b>	<b>(4,132,641)</b>	<b>7,700,061</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

### 6. INTANGIBLE ASSETS

	2017			2016		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
Computer software, other	1,539,845	(912,919)	626,926	1,258,574	(1,061,982)	196,592
Website development costs	-	-	-	20,000	(20,000)	-
<b>Total</b>	<b>1,539,845</b>	<b>(912,919)</b>	<b>626,926</b>	<b>1,278,574</b>	<b>(1,081,982)</b>	<b>196,592</b>

#### Reconciliation of intangible assets - 2017

	Opening balances	Additions	Amortisation	Retired accumulated depreciation	Amortisation	Total
Computer software, other	196,592	1,385,335	1,104,065	(1,104,065)	(955,001)	626,926
Website development costs	-	-	20,000	(20,000)	-	-
	196,592	1,385,335	1,124,065	(1,124,065)	(955,001)	626,926

#### Reconciliation of intangible assets - 2016

	Opening balances	Additions	Amortisation	Total
Computer software, other	110,421	507,057	(420,886)	196,592
Website development costs	33	-	(33)	-
	110,454	507,057	(420,919)	196,592

## 7. PAYABLES

Figures in Rand	2017	2016
Trade payables	26,639,876	46,378,856
General accruals	624,678	116,741
Leave pay accrual	1,889,170	1,751,982
Bonus accrual	16,361,068	12,203,370
Reclassified to trade receivables	254,119	385,899
Payroll accrual	1,062,352	-
Lease smoothing accrual	-	80,844
	<b>46,831,263</b>	<b>60,917,692</b>

## 8. AARTO ASSETS AND LIABILITIES

The assets and liabilities are managed in terms of the Administrative Adjudication of Road Traffic Offences (“AARTO”) Act. The AARTO Act requires the issuing authorities and collecting agencies to deposit all the money collected into the AARTO bank accounts managed by the Road Traffic Infringement Agency (“RTIA”) by the 7th of each following month. The deposits are in turn required to be appropriately disbursed to the issuing authorities within 21 days from the date of last receipt in accordance with the AARTO Act. The amounts collected are not for the benefit of the Agency. In terms of section 32 read together with section 13 (1) of the AARTO Act, any penalty received by the Agency must be paid to the Issuing Authority from whom the infringement notice was issued. The collection of penalties in terms of the AARTO Act is a service rendered to the Issuing Authority. The collective AARTO bank balance is R190 million.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Rand	2017	2016
AARTO assets due from:		
Other AARTO net assets	12,827,702	30,364,652
Other collecting agents	6,030,782	9,056,831
RTMC	1,084,094	1,084,094
The Agency	882,260	882,260
TMPD	892,256	581,769
JMPD	503,201	-
	<b>22,220,295</b>	<b>41,969,606</b>
AARTO liabilities due to Issuing Authorities:		
JMPD	-	2,736,195
GDOC	1,648,088	1,315,234
RTMC	341,206	375,145
The Agency	20,231,001	37,543,032
	<b>22,220,295</b>	<b>41,969,606</b>

### 9. REVENUE

Figures in Rand	2017	2016
Grants	10,092,000	11,497,000
Infringement fees	140,906,187	242,243,813
	<b>150,998,187</b>	<b>253,740,813</b>

## 10. OPERATING SURPLUS

Figures in Rand	2017	2016
Operating surplus for the year is stated after accounting for the following:		
<b>Marketing costs</b>		
Media monitoring	162,324	35,738
Marketing and promotional costs	5,540,903	5,001,722
	5,703,227	5,037,460
<b>Auditors' remuneration</b>		
Audit fee	2,087,552	1,720,670
Other services	-	326,124
	2,087,552	2,046,794
Postage	19,617,461	52,008,212
Consulting fees	3,542,114	643,538
Rental office space	3,285,748	3,162,132

## 11. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS

Figures in Rand	2017	2016
Surplus for the period	16,105,386	86,630,934
<b>Adjustments for non-cash items:</b>		
Depreciation and amortisation	4,169,115	4,553,560
Impairment loss on receivables	-	4,558,407
Assets written off	-	23,308
<b>Changes in working capital:</b>		
Receivables	6,672,215	(13,056,682)
Allowance for impairment	-	(4,558,407)
Payables	(14,086,427)	48,383,699
AARTO assets	(197,640,475)	(264,261,091)
AARTO liabilities	197,640,475	264,261,091
	12,860,289	126,534,819

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

### 12. FINANCIAL INSTRUMENTS DISCLOSURE

#### Categories of financial instruments

2017

Financial assets	Loans and receivables	Non-financial instruments	Total
Trade and other receivables	57,769,725	-	57,769,725
Cash and cash equivalents	176,978,094	-	176,978,094
Property, plant and equipment	-	6,141,564	6,141,564
Intangible asset	-	626,926	626,926
AARTO assets	22,220,295	-	22,220,295
	<b>256,968,114</b>	<b>6,768,490</b>	<b>263,736,604</b>

Financial liabilities	Financial instruments carried at amortised cost	Non-financial instruments	Total
Trade and other payables	46,831,263	-	46,831,263
Accumulated surplus	-	194,685,046	194,685,046
AARTO liabilities	22,220,295	-	22,220,295
	<b>69,051,558</b>	<b>194,685,046</b>	<b>263,736,604</b>

**2016**

<b>Financial assets</b>	Loans and receivables	Non-financial instruments	Total
Trade and other receivables	64,441,940	-	64,441,940
Cash and cash equivalents	167,158,759	-	167,158,759
AARTO assets	41,969,606	-	41,969,606
Property, plant and equipment	-	7,700,061	7,700,061
Intangible assets	-	196,592	196,592
	<b>273,570,305</b>	<b>7,896,653</b>	<b>281,466,958</b>

<b>Financial liabilities</b>	Financial instruments carried at amortised cost	Non-financial instruments	Total
Trade and other payables	60,917,692	-	60,917,692
AARTO liabilities	41,969,606	-	41,969,606
Accumulated surplus	-	178,579,660	178,579,660
	<b>102,887,298</b>	<b>178,579,660</b>	<b>281,466,958</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

### 13. OPERATING LEASE COMMITMENTS

Figures in Rand	2017	2016
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	13,099,968	1,020,442
- in second to fifth year inclusive	31,658,256	-
	<b>44,758,224</b>	<b>1,020,442</b>

Operating lease payments represent rentals payable by the Agency for office property, office equipment, offsite storage and mobile leases. The current office space lease is operating on a month-to-month basis, the lease ended on the 31<sup>st</sup> August 2016. Mobile lease is ending on the 30<sup>th</sup> August 2020.

### 14. CONTINGENCIES

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

#### Contingent Liabilities

##### FINES 4 U

This matter involved various representations that were made by Fines 4 U on behalf of its client. In its representations, Fines 4 U alleged that the infringement notices in respect of such representations were not issued within the ambits of the AARTO Act and as such requested the court to review and set aside the decision of the Agency to make such representations unsuccessful and apply additional fees thereon.

The judgement in this matter was handed down on the 24<sup>th</sup> February 2017 and the court decided in favour of Fines 4 U and ordered the Agency to pay legal costs.

Subsequent to this judgement, the Agency applied for relief to appeal this matter and the court dismissed the Agency's application with cost. The Agency will be liable to pay for legal costs in respect of the main judgement and the application for leave to appeal. The cost amount is still to be determined.

## JUSTICE PROJECT SOUTH AFRICA

JPSA lodged a review application at North Gauteng High Court against the Agency for an order to cancel all infringement orders issued to the infringers from 2008 and refund the penalties already paid in that regard on the basis that such infringement notices were allegedly not issued by registered mail as permitted by the AARTO Act.

This matter is still in the pleading stage and there has not been any order made in respect of legal costs.

## 15. RELATED PARTIES

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

Figures in Rand	2017	2016
<b>Related party balances</b>		
<b>Amounts owed to related parties</b>		
South African Post Office	24,401,697	39,011,177
<b>Related party transactions</b>		
<b>Revenue</b>		
Department of Transport	10,092,000	11,497,000
<b>Postage costs</b>		
South African Post Office	19,617,461	52,008,212
<b>MTEF repriorisation adjustment</b>		
Department of Transport	-	3,825,000
<b>Remuneration paid to related parties</b>		
Board and Executives	20,630,300	18,083,817

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

### 16. BOARD AND EXECUTIVES

	Earnings	Bonus	Total cost to company
<b>2017</b>			
JR Chuwe	3,495,999	524,329	4,020,328
<b>2016</b>			
JR Chuwe	1,809,943	1,570,254	3,380,197

#### Board and committees

	Board	Audit Risk Committee	Technical Committee	Human Resource and Remuneration Committee	Chairpersons Committee	Total
<b>2017</b>						
NE Rapoo	371,215	-	-	-	92,994	464,209
NZ Qunta	177,578	93,280	-	87,500	-	358,358
TJ Mokgoro	203,094	-	20,334	118,828	109,798	452,054
BS Chaplog	103,709	109,782	-	-	113,370	326,861
B Matinise	166,475	-	55,536	-	139,303	361,314
X Khanyile	20,515	-	5,349	-	-	25,864
S Thomas	-	162,850	-	-	-	162,850
T Mjoli	-	133,969	-	-	-	133,969
H Makhathini	-	102,688	-	-	-	102,688
KC Mashugane	-	-	67,389	-	-	67,389
K Mayedwa	-	-	84,234	-	-	84,234
N Lugisani	-	-	15,236	-	-	15,236
N Ramalibana	-	-	9,627	-	-	9,627
CM Manzini	-	-	-	57,762	-	57,762
S Hlapolosa	-	-	-	212,585	-	212,585
L Madikizela	-	-	-	236,820	-	236,820
	1,042,586	602,569	257,705	713,495	455,465	3,071,820

**2016**

	Board	Audit Risk Committee	Technical Committee	Human Resource and Remuneration Committee	Total
NE Rapoo	235,105	-	-	-	235,105
NZ Qunta	133,925	37,527	-	15,544	186,996
TJ Mokgoro	145,646	-	40,223	16,399	202,268
BS Chaplog	70,598	67,898	-	-	138,496
B Matinise	205,905	-	85,894	-	291,799
X Khanyile	23,009	-	-	-	23,009
S Thomas	-	46,880	-	-	46,880
T Mjoli	-	73,849	-	-	73,849
H Makhathini	-	19,275	-	-	19,275
N Ramalibana	-	-	83,490	-	83,490
DL Lekota	-	-	28,902	-	28,902
KC Mashugane	-	-	117,173	-	117,173
K Mayedwa	-	-	77,079	-	77,079
N Lugisani	-	-	9,126	-	9,126
L Ngcwabe	-	-	-	17,782	17,782
CM Manzini	-	-	-	9,627	9,627
S Hlapolosa	-	-	-	16,045	16,045
L Madikizela	-	-	-	83,434	83,434
	<b>814,188</b>	<b>245,429</b>	<b>441,887</b>	<b>158,831</b>	<b>1,660,335</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

### Executives

#### 2017

	Earnings	Bonus	Total cost to company
TA Tsholetsane	1,651,852	274,194	1,926,046
H Moyana*	342,640	-	342,640
P Moalusi	1,511,050	383,353	1,894,403
G Botha*	877,603	318,378	1,195,981
Z Nduneni	1,545,011	278,139	1,823,150
MLT Bilkwana	1,457,796	216,705	1,674,501
KF Pooe	1,430,378	183,045	1,613,423
J Mmekoa	1,190,302	133,571	1,323,873
L Ngcwabe	1,492,898	251,237	1,744,135
	<b>11,499,530</b>	<b>2,038,622</b>	<b>13,538,152</b>

#### 2016

TA Tsholetsane	1,504,133	175,497	1,679,630
H Moyana	1,468,377	172,914	1,641,291
P Moalusi	1,289,839	84,120	1,373,959
G Botha	1,295,230	84,120	1,379,350
Z Nduneni	974,599	-	974,599
A Matebese	1,060,892	69,171	1,130,063
MLT Bilkwana	1,064,136	69,171	1,133,307
KF Pooe	1,059,558	69,171	1,128,729
J Mmekoa	1,074,718	120,390	1,195,108
J Makgatho	457,126	81,470	538,596
L Ngcwabe	868,652	-	868,652
	<b>12,117,260</b>	<b>926,024</b>	<b>13,043,284</b>

\* During the year H Moyana resigned (31 May 2016) and G Botha end of service (31 October 2016).

## 17. RISK MANAGEMENT

### Financial risk management

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

Management is of the opinion that the carrying values of the financial instruments approximate their fair value.

### Liquidity risk

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

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

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

Figures in Rand	2017	2016
Trade and other payables	46,831,263	60,917,692
AARTO liabilities	22,220,205	41,969,606

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

### Credit risk

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

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

### Market risk

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

## 18. GOING CONCERN

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

## 19. EVENTS AFTER THE REPORTING DATE

The material matters have been detailed in note 14 and 15.

## 20. FRUITLESS AND WASTEFUL EXPENDITURE

Figures in Rand	2017	2016
Opening balance	37,794	37,794
Less: Amounts written off	(37,794)	-
	-	37,794

## 21. IRREGULAR EXPENDITURE

Figures in Rand	2017	2016
Opening balance	-	1,008,946
Add: Irregular Expenditure - current year	-	959,541
Less: Amounts condoned	-	(1,968,487)
	-	-

There was no irregular expenditure for the current year. Fruitless and wasteful expenditure was approved for write-off by the Board on 30 May 2017.

## **22. RETENTION OF SURPLUS FOR THE PERIOD**

The Agency has made an application to National Treasury for the retention of the surplus.

## **23. APPROVAL OF FINANCIAL STATEMENTS**

The audited annual financial statements were tabled for approval to the Accounting Authority on 28 July 2017.

## **24. BUDGET DIFFERENCES**

The 2016/2017 budget figures were compiled with the assumption of implementation of National Roll-out of AARTO; this strategic objective was not achieved during the year as it is pending the proclamation of the minister of Transport. As a result some of the budgeted expenditure costs could not be fully utilised, resulting in a cost saving in all line items as follows:

The employee costs resulted in a cost saving due to the vacant positions not filled during the year because of the organisational re-design undertaken by the Agency, which was not concluded by year end.

Postage costs resulted in a cost saving due to uplifting of the suspension to serve AARTO, notices resuming towards the later part of the third quarter.

Operating expenses resulted in a cost saving due to the implementation of National Treasury's cost containment initiative and the postponement to move into new building premises, which do not occur during the year.

## **25. COMMITMENTS**

The Agency did not have any firm commitments at 31<sup>st</sup> March 2017; however the Agency entered into a memorandum of understanding (MoU) with the Department of Small Business Development (DSBD) for the RTIA's Enterprise Development Programme over the next 36 months. In terms of the MoU, the parties shall each contribute 50% of the total budget.

Credit notes of R6.6 million are to be utilised against the outstanding debt of R24 million due to SAPO, this means that R17.4 will be the expected settlement amount. SAPO is due to issue credit notes.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

### 26. CHANGE IN ESTIMATE PROPERTY, PLANT AND EQUIPMENT

During the year, the useful life of furniture and fittings asset category was reviewed by management. The change in useful life was changed from 5 years to 10 years. This has been accounted for as a change in accounting estimate.

### 27. NON-ADJUSTING POST BALANCE EVENT

The Agency had a break-in after year end, which led to the theft of computer-related equipment at its premises. The matter is pending investigation.

### 28. PRIOR PERIOD ERRORS

The useful lives of property, plant and equipment still in use with zero carrying values were extended to adjust the carrying values. The comparative amounts relating to the statement of financial position and statement of changes in net assets is as follows:

The correction of the error(s) results in adjustments as follows:

Figures in Rand	2017	2016
Statement of financial position		(282,225)
Statement of Changes in Net Assets		282,225
Statement of Changes in Net Assets		
Increase in accumulated surplus	-	-

## GENERAL INFORMATION

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	To encourage compliance with road traffic laws.
<b>Accounting Authority members</b>	NE Rapoo NZ Qunta TJ Mokgoro BS Chaplog B Matinise X Khanyile JR Chuwe
<b>Business address</b>	Waterfall Edge B Howick Close Waterfall Office Park Midrand 1685
<b>Bankers</b>	Standard Bank South Africa
<b>Auditors</b>	Auditor-General of South Africa
<b>Company secretary</b>	MLT Bilikwana
<b>Preparer</b>	The annual financial statements were internally compiled.

