

To: Editor - *TimesLive*

Date: 01 February 2023

## **RTIA'S RIGHT OF REPLY – "RTIA SENIOR OFFICIALS CONTINUE TO PULL IN THE BIG BUCKS."**

The Road Traffic Infringement Agency (RTIA) has taken note of the article which was written by Ms Gill Gillford, one of your senior journalists, and published on *TimesLive* on 29 January 2023. The article was entitled "*RTIA senior officials continue to pull in the big bucks.*"

In the article, the journalist highlighted a number of issues contained in the RTIA's 2021/22 Annual Report, which was tabled in Parliament towards the end of 2022. Some of the issues she raised are: alleged 20% salary increment for executive management, perceived high number of Board meetings which were held during the 2021/2022 financial year, issues of corporate governance, particularly in the supply chain environment, and the R111.47 million in irregular expenditure raised by the Auditor-General South Africa (AGSA).

In view of the above, the RTIA would like to respond as follows:

### **Alleged 20% salary increment for executive management**

It is incorrect that senior executive management were paid 20% salary increment, indicating that the journalist failed to check executive salary packages as published in the Annual Report. The 20% increment referred to in the article includes costs for secondment of resources from the Department of Transport and our sister agency, the Road Traffic Management Corporation (RTMC), to assist the Agency during the time when the previous Registrar and the CFO were on precautionary suspension and ultimately dismissed. The Agency would like to put it on record that all the executives' remuneration packages were subsequently reduced by 25% in line with the recommendations from the investigations.

In fact, the current Board, as a result of the investigations has reverted all executives' salaries to the DPSA scales to prevent incurring irregular expenditure in this regard. Therefore, the salary increases for all employees, including executives, were in accordance with the DPSA salary increases which were not at 20% as reported.

## **Perceived high number of Board meetings**

These meetings had to be convened more frequently to enable the Board to deal decisively with critical issues from the past which were left neglected for too long. As re-iterated by the Chairperson of the Board, Ms Bongekile Zulu: "Much of the Board's time was spent in the finalisation of the investigation, disciplinary and other related corrective processes for the members of Executive Management, some of whom were suspended on charges of maladministration, and the Board had to strive to ensure proper finalisation of these disciplinary processes. The Board further spent an inordinate amount of time in overseeing the development and correction of control weaknesses, which led to the breach of governance systems in the past. One of the biggest challenges, which affected the systems of control, was caused by lack of finalisation of the organisational structure as well as the related capacitation in vital areas of the control environment. The non-implementation or slow implementation of Board and oversight committees' resolutions remained a cause for concern, for which the Acting Registrar has committed to address with the same vigour as was the case with regards to implementing recommendations emanating from investigation reports."

The Board therefore had to be closely involved from an oversight perspective to ensure that decisive action was taken in addressing all these issues, and to bring about the much-needed stability within the organisation. As alluded to above, this required the Board to have regular meetings to ensure speedy implementation of all corrective interventions, which included, among other things, consequence management for everyone who was found guilty of any misconduct.

What looked like an unusual number of Board meetings was actually a strategic intervention by the Board to address governance issues which had been left unattended for a long time. It was not a ploy by the Board to extract more fees from the Agency, as suggested by the journalist in the current article as well as the previous article for which the Agency had released a media statement to address the inaccurate reporting and unjustified criticism of the Board without due consideration of the abnormal circumstances that presented itself at the Agency.

## **Issues of corporate governance**

Furthermore, concerted efforts were also made to rectify weaknesses in the control environment, especially in finance and supply chain management, which unfortunately had resulted in cases of non-compliance, reported cases of irregular expenditure, fruitless and wasteful expenditure. As indicated in the Annual Report, significant strides were made in strengthening the supply chain management environment to ensure that everything was done according to the National Treasury's guidelines and practices, in order to avoid malpractices of the past.

The RTIA acknowledges that the above were indeed fundamental issues that the Board and the Executives of the agency had to deal with during the course of the year, as part of its renewal and turn-around strategy. However, the article failed to take into account the context in which the RTIA operated

during the period under review and that there was no Board in place for an extended period of time at the Agency.

### **R111.47 million in irregular expenditure**

The irregular expenditure of R111,47 million mentioned in the article was incurred in the prior year, before the term of the current Board. It was actually uncovered during the investigation which was commissioned by the current Board. Measures have also been put in place to ensure that such irregularities do not recur in the future. The Agency is currently implementing the National Treasury irregular expenditure framework requirements in order to address the irregular expenditure from prior years. In the current year that was audited there was no new irregular expenditure (only the expenditure from prior year contracts). In addition, the AGSA acknowledged that there has been an improvement in the supply chain and contract management control environment, which was a major concern for the Board given the outcomes of investigations.

The Acting Registrar of the RTIA, Mr Matsemela Moloji, says that the RTIA is in a much better position than it was a few years ago. “The control environment has improved quite significantly, and good corporate governance is at the core of what we do. As attested in the Annual Report, our operational performance and internal capacity have been improved, and RTIA remains in a sound financial position with pending Constitutional Court appeal decision. We are indeed an organisation undergoing a rigorous yet exciting process of renewal, ready to deliver on its mandate.”

### **Conclusion**

This is not the first time that the Agency has had to issue a media statement to correct the inaccurate information published by *TimesLive* relating to the Agency. Before the article that was published on 29 January 2023, the request made by the journalist was to understand and report on the reasons for improvement at RTIA, which is clearly not the case based on what was published. As part of that request a question was posed in terms of salary increases and it was clarified that salary increases were in accordance with the DPSA salary scales. In fact, the current Board as a result of the investigations have reverted all executives' salaries to the DPSA scales to prevent incurring irregular expenditure in this regard. The same matter was also taken by the Executives to the CCMA who ruled in favour of the Agency. Therefore, the salary increases for all employees were in accordance with the DPSA salary increases which were not at 20% as reported. In addition, the Board fees have not increased because the prior year amount was not for a full financial year and the revised Board remuneration policy reduced the fees earned as reflected in the annual report. There has also not been a single instance of Board overreach. As such, the inaccurate reporting intended to bring the Agency into disrepute with the focus on discrediting AARTO will be reported to the Press Ombudsman, Editor and further legal action considered for the continued unwarranted smear campaign against the Agency.

The RTIA will be pleased to further engage with you to discuss any matters you may want to clarify.

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