

RTIA

Road Traffic Infringement Agency

Justice in Adjudication

ANNUAL REPORT 2025/26

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RTIA
Road Traffic Infringement Agency
Justice in Adjudication

ROAD TRAFFIC INFRINGEMENT AGENCY

ANNUAL REPORT

2025/26


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OUR MISSION
RTIA
Dashboard
Infringements
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Users
Settings
Infringements Overview
Total Infringements
1,248

CHAIRPERSON'S FOREWORD



Mr Bonolo Ramokhele
Chairperson of the Board

The 2025/26 financial year was a significant period in the Road Traffic Infringement Agency's preparation for the national implementation of the Administrative Adjudication of Road Traffic Offences framework.

The planned national rollout was deferred from 1 December 2025 to 1 July 2026, the Agency remained focused on institutional readiness, stakeholder engagement, public education and the continued administration of its existing adjudication responsibilities.

The Board exercised strategic oversight during a year in which the Agency achieved 15 of the 18 annual targets in its revised and re-tabled Annual Performance Plan, resulting in an overall achievement rate of 83%. This was slightly below the 85% reported in the previous financial year but reflected sustained delivery across the Agency's core adjudication, education and information technology functions.

The Board welcomed the strong performance in the issuing and serving of courtesy letters and enforcement orders, the adjudication of representations and applications for the revocation of enforcement orders, and the implementation of the Rehabilitation Programme Strategy. The Agency also exceeded all targets under Programme 2: AARTO Administration & Education and implemented eight ICT Strategy initiatives against a target of six.

The Board nevertheless noted three areas of underperformance. Engagements were completed with 138 issuing authorities against a target of 213; 57% of the 2024/25 audit action plan was implemented against a target of 100%; and 79% of valid supplier invoices were paid within 30 days against a target of 100%. Management has been directed to strengthen stakeholder coordination, audit action monitoring and invoice-processing controls.

The approval of the revised organisational structure towards the end of the financial year was an important institutional development. Its phased implementation is expected to address capacity constraints and better align the Agency's human resources with the demands of national AARTO implementation.

The Board remains committed to ethical leadership, accountable stewardship and effective oversight. It will continue to support the Agency in preparing for phased national implementation, strengthening the control environment and ensuring that road users receive fair, accessible and timely administrative services.

I thank the Minister of Transport and the Department of Transport for their guidance, my fellow Board members for their commitment, and the Registrar, executive management and employees of RTIA for their contribution during the year.

Mr Bonolo Ramokhele
Chairperson of the Board

REGISTRAR/CHIEF EXECUTIVE OFFICER'S OVERVIEW



Mr Matsemela Moloi
Registrar / Chief Executive Officer

The RTIA achieved 15 of the 18 targets set out in the revised and re-tabled Annual Performance Plan.

As we reflect on the past year in the Road Traffic Infringement Agency's (RTIA) 2025/26 Annual Report, I am immensely proud of the Agency's unwavering commitment to fulfilling its mandate, with the support of the Board and the Executive Authority.

During the year under review, we worked more efficiently across all areas of the Agency's operations and strengthened compliance in support of the economic and social well-being of all South Africans. In doing so, we continued to reinforce public trust and contribute meaningfully to nation-building.

This report provides an overview of the Agency's performance during the year under review against the targets set in the Annual Performance Plan approved by the Minister of Transport. It also reflects performance in line with the Performance Agreement between the Minister of Transport, the RTIA Board and the Registrar of the Road Traffic Infringement Agency.

Institutional Performance for 2025/26

The RTIA achieved 15 of the 18 targets set out in the revised and re-tabled Annual Performance Plan. In Programme 1: Adjudication & AARTO Support, which the Auditor-General audited, 88% of targets were achieved (seven of eight), with no material findings on the reported performance information. The three targets not achieved related to engagement with issuing authorities, implementation of the audit action plan and payment of supplier invoices within 30 days. I am pleased to report that, in December 2025, the Minister of Transport approved the RTIA's revised organisational structure. The phased process of filling the approved positions has begun and is expected to provide significant relief while strengthening the delivery of the Agency's mandate.

The Board has brought considerable stability and strengthened compliance, supporting the implementation of sound corporate-governance standards while restoring the workforce's confidence and focus on achieving the Agency's performance targets. At the RTIA, our people are our most valuable resource—the foundation on which we build organisational success and fulfil our Higher Purpose.

The results delivered during the year under review reflect sustained delivery across the Agency's core adjudication, education and ICT functions. The AARTO National Rollout remains a key priority, notwithstanding the announcement at the end of November 2025 that the rollout would be postponed from 1 December 2025 to 1 July 2026. In making this decision, the Executive Authority considered requests from certain issuing authorities (IAs) for additional time to address matters affecting their readiness to implement the amended AARTO Act within their respective municipalities.

Consequently, the AARTO Readiness Programme received increased attention through expanded stakeholder consultation and training.

These results were achieved amid challenging economic, social and budgetary conditions. Notable outcomes include the following:

- The RTIA finalised its inputs to the proclamation of the AARTO Amendment Act and the AARTO Regulations for consideration and approval by the Minister of Transport before the proposed AARTO National Rollout date of 1 July 2026.
- The Agency is ready to implement the AARTO National Rollout project in phases, in accordance with the approved rollout plan.
- Overall, 15 of the 18 targets (83%) were achieved, compared with 85% in the previous financial year. Programme 1, audited by the Auditor-General, achieved 88% of its targets.
- 99.88% of representations and 78.58% of applications for the revocation of enforcement orders were adjudicated within 21 days of receipt, against a target of 70%.
- 138 of the planned 213 issuing authorities were engaged and advised on readiness; the deferment of the national rollout contributed to the shortfall.
- The Agency spent 91% of its budget.
- During the year under review, the Agency deployed 804 AARTO education and awareness social-media messages against a target of 700, exceeding the target by 104.
- A total of 747 traditional-media and awareness activities were delivered under the AARTO Education and Awareness Programme against a target of 500, exceeding the target by 247.
- Seventeen member-based stakeholder groups were workshopped on AARTO legislation, against a target of nine, including key stakeholders such as the AARTO National Steering Committee.
- The RTIA is strengthening its ICT infrastructure to digitise the entire AARTO process and make elective options easily accessible to all citizens through the AARTO.gov.za website.
- The Agency expanded its payment platforms, making it easier for members of the public to exercise their elective options.
- Our AARTO service outlets continue to operate across the provinces, making AARTO services accessible in line with the values upheld by the RTIA.

Audit Outcomes

- Agency management continued to strengthen internal controls and governance and risk-management systems, which the Audit and Risk Committee assessed as adequate and partially effective.
- It is commendable that the Agency paid its liabilities to the issuing authorities within the stipulated timeframes.
- The Agency was assessed as operating from a strong going-concern position.
- Although the Agency received a qualified audit opinion, the Auditor-General reported no material findings on the selected performance indicators, reflecting the significant efforts of management and staff.
- The qualified opinion relates to AARTO liabilities, receivables from exchange transactions, infringement fees, property, plant and equipment, net cash flows from operating activities and prior-year adjustments. Management has developed a Financial Reporting and Audit Improvement Turnaround Plan to address these matters.

Corporate Governance and Ethical Standards

The RTIA maintains an independent fraud-reporting service, the Vuvuzela Whistleblowing Hotline, in compliance with the Protected Disclosures Act, 2000 (Act No. 26 of 2000). All reports received are formally logged and investigated, with quarterly reports submitted to the Board through the Audit and Risk Committee. I am pleased to report that no major incidents of fraud or corruption were reported through the hotline during the year under review. An independent investigation into allegations of fraud and corruption in the AARTO cashier services, covering January to December 2025, was concluded in April 2026 and recommended criminal proceedings against the employees implicated; these proceedings are in progress.

Since establishing the Social, Ethics and Transformation Committee, the RTIA has made significant progress in addressing stakeholder perceptions, promoting fair and equitable employment practices, fostering a sound ethical culture and strengthening governance. The Board committees continue to play a pivotal role in ensuring adherence to sound corporate-governance practices across the organisation and in applying consequence management to improve performance and build a resilient organisational culture.

In keeping with sound ethical governance, the Agency continues to report biannually, as required, on the status of every reported corruption case in accordance with the RTIA Fraud Prevention Policy and Fraud Prevention Plan.

Phase 2 AARTO National Rollout Programme

As noted earlier, the deferment of Phase 2 of the AARTO National Rollout provided the RTIA with an opportunity to continue extensive engagement with stakeholders and to ensure that the AARTO National Readiness Assessment Report presents a comprehensive picture of readiness across the country.

All issuing authorities (IAs)—provincial, metropolitan and local municipal—were engaged in preparation for the nationwide rollout of the AARTO Amendment Act. The Agency also conducted extensive readiness-verification activities, supported by a portfolio of evidence comprising reports from meetings with the IAs. These engagements took place through platforms such as the AARTO National Steering Committee (ANSC), the AARTO Provincial Coordinating Committees (APCCs) and other physical, virtual and hybrid forums. The process will continue throughout the remainder of the phased rollout and into the next financial year.

Conclusion and Acknowledgements

The performance reported for this period demonstrates the resilience and determination of our management and staff. Approval of the organisational structure will provide much-needed relief to an overstretched team that continues to perform beyond expectations, supported by the Board and the Department of Transport.

I take this opportunity to thank the Honourable Minister of Transport, Ms Barbara Creecy (MP), and the Honourable Deputy Minister of Transport, Mr Mkhuleko Hlengwa (MP), for their immeasurable support. I also appreciate the continued support of the entire Department of Transport under the leadership of the Acting Director-General, Mr Mathabatha Mokonyama.

To the RTIA Executive Management and staff, your support has been exceptional. The achievements recorded in this Annual Report would not have been possible without your dedication and hard work. I also extend my sincere appreciation to the RTIA Board, whose stewardship has guided the Agency towards its current successes. These results reflect your collective guidance, commitment and support.



Mr Matsemela Moloi
Registrar / Chief Executive Officer

ABOUT THIS REPORT

This Annual Report presents RTIA's performance for the financial year from 1 April 2025 to 31 March 2026. It explains the Agency's mandate and strategic context, reports performance against the revised and re-tabled 2025/26 Annual Performance Plan, identifies achievements and areas of underperformance, and sets out the corrective actions required to strengthen future delivery.

The report is intended for Parliament, the Executive Authority, the Auditor-General of South Africa, issuing authorities, road users, employees and other stakeholders. It should be read together with the approved Strategic Plan 2025–2030, the revised and re-tabled 2025/26 APP, the Annual Financial Statements and the Auditor-General's report.

Reporting principles

- **Accuracy and completeness:** information must be supported by approved records and portfolios of evidence.
- **Comparability:** current-year performance is presented against planned targets and, where available, prior-year performance.
- **Materiality:** significant achievements, variances, risks and corrective actions are disclosed.
- **Accountability:** responsibility for reported information rests with management and the Accounting Authority.
- **Accessibility:** technical information is supported by concise explanations of public value and operational significance.

Basis of preparation

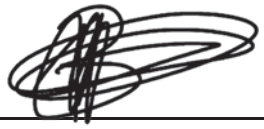
The performance information is based on the revised and re-tabled 2025/26 APP. The original APP was revised after alignment concerns were identified between the APP and the related Strategic Plan. The revised programme structure was used for quarterly reporting throughout the year under review.

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

To the best of our knowledge and belief, the information contained in this Annual Report fairly reflects the operations, performance information, human-resource information, governance matters and financial affairs of the Road Traffic Infringement Agency for the financial year ended 31 March 2026.

Management is responsible for establishing and maintaining appropriate systems, processes and internal controls for the collection, verification, review and reporting of performance and financial information. The Board is responsible for oversight of the integrity of the report and for ensuring that material matters are appropriately disclosed.

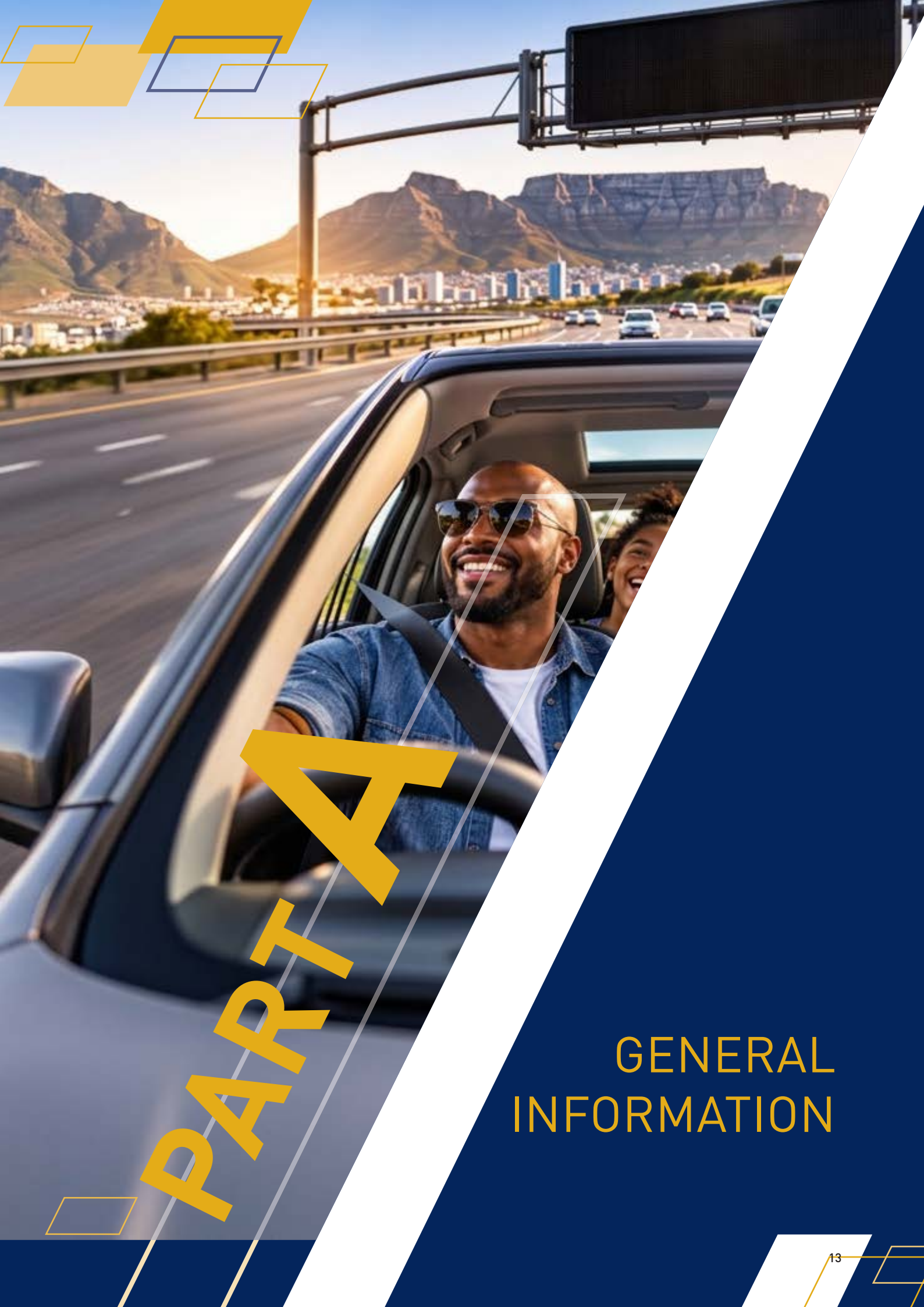
The Annual Report has been prepared in accordance with the applicable legislative and regulatory requirements governing public entities. The annual financial statements have been audited by the Auditor-General of South Africa, whose report is included in Part F



Mr Bonolo Ramokhele
Chairperson of the Board



Mr Matsemela Moloi
Registrar / Accounting Officer



PART A

GENERAL INFORMATION

1. Public Entity Information

Registered name	Road Traffic Infringement Agency
Acronym	RTIA
Nature of entity	National public entity responsible to the Minister of Transport
Founding legislation	Administrative Adjudication of Road Traffic Offences Act, 46 of 1998
Executive Authority	Minister of Transport
Accounting Authority	RTIA Board, chaired by Mr Bonolo Ramokhele
Accounting Officer / Registrar	Mr Matsemela Moloi
Physical address	New Road Office Park, 10 Matuka Close, Midrand
Postal address	PO Box 6341, Halfway House, 1685
Website and contact details	www.rtia.co.za | +27 87 285 0500

The Road Traffic Infringement Agency (RTIA) is a national public entity responsible to the Minister of Transport. The Agency was established in terms of the Administrative Adjudication of Road Traffic Offences Act, 1998 (Act No. 46 of 1998). The Minister of Transport is the Executive Authority, while the RTIA Board, chaired by Mr Bonolo Ramokhele, is the Accounting Authority. Mr Matsemela Moloi serves as the Registrar and Accounting Officer. The Agency operates from New Road Office Park, 10 Matuka Close, Midrand, and may be contacted through its website at www.rtia.co.za or by telephone on +27 87 285 0500.



2. Strategic Overview



2.1 Vision

Road traffic contravention-free South Africa.

2.2 Mission

To implement a centralised and standardised road traffic infringement system by administering procedures that discourage the contravention of road traffic laws, supporting the fair adjudication of infringements, undertaking community education and awareness programmes, and administering the points demerit system and driver rehabilitation programme.



2.3 Values

Value	Meaning in the RTIA context
Fairness	Approaching every case or incident with respect and impartiality, on morally acceptable grounds and for the public good.
Accessibility	Being available and reachable to stakeholders across the country in support of service excellence.
Accountability	Being responsible and answerable for actions and decisions.
Transparency	Being open with stakeholders and communicating the basis for decisions and actions.
Integrity	Acting truthfully and impartially, without fear or favour.
Innovation	Embracing improved ways of providing services in the internal and external environment.
Timeliness	Complying with statutory and administrative timeframes in performing the Agency's functions.

2.4 Strategic impact

RTIA's strategic impact is a reduction in road traffic contraventions through fair adjudication, effective administration, road-user education, driver accountability, a points demerit system and rehabilitation interventions. The Agency's work is intended to influence compliant road-user behaviour and contribute to safer roads.

3. Constitutional and Legislative Mandate

RTIA's constitutional context is rooted in section 33 of the Constitution, which protects the right to administrative action that is lawful, reasonable and procedurally fair, and the right to written reasons where rights are adversely affected. RTIA gives practical effect to these principles through the administrative adjudication of road traffic infringements.

The AARTO Act establishes RTIA as a juristic person responsible to the Minister of Transport. The objects of the Act include encouraging compliance with road traffic laws, promoting road safety, facilitating effective and expeditious adjudication, alleviating the burden on courts, administering penalties and demerit points, rewarding law-abiding behaviour and strengthening cooperation between law-enforcement and prosecuting authorities.

3.1 Core statutory functions

- Administer procedures that discourage contraventions of road traffic laws.
- Support the adjudication of infringements, including representations and applications for revocation of enforcement orders.
- Issue and serve courtesy letters and enforcement orders in accordance with prescribed processes.
- Maintain the relevant national information system and records.
- Administer and manage the points demerit system when the relevant provisions are brought into operation.
- Establish and administer rehabilitation programmes for habitual infringers when the relevant provisions are brought into operation.
- Undertake community education and awareness so that individuals understand their rights and options.
- Support road-safety awareness and provide appropriate support to issuing authorities.

3.2 Legislative and policy framework

- Constitution of the Republic of South Africa, 1996
- Administrative Adjudication of Road Traffic Offences Act, 46 of 1998
- Administrative Adjudication of Road Traffic Offences Amendment Act, 4 of 2019
- Promotion of Administrative Justice Act, 3 of 2000
- Promotion of Access to Information Act, 2 of 2000
- Public Finance Management Act, 1 of 1999
- National Road Traffic Act, 93 of 1996
- Criminal Procedure Act, 51 of 1977
- Prevention and Combating of Corrupt Activities Act, 12 of 2004
- Electronic Communications and Transactions Act, 25 of 2002
- Protection of Personal Information Act, 4 of 2013
- Applicable procurement, employment-equity and broad-based black economic empowerment legislation.

4. Institutional Policies and Strategies

- AMIP Rebaseline Plan 2025
- AARTO Communication Strategy
- Adjudications Framework
- Points Demerit Framework
- Disbursement Policy
- Revenue Collection Policy
- Driver Rehabilitation Programme Framework

These institutional instruments provide the basis for RTIA's adjudication, national-rollout, communication, points-demerit, revenue, disbursement and rehabilitation functions. The Disbursement Policy and Revenue Collection Policy guide revenue collection and disbursement to issuing authorities. The AMIP Rebaseline Plan sets out practical steps for national rollout, while the Communication Strategy guides stakeholder engagement and the communication of RTIA services and the benefits of AARTO.

5. Relevant Court Rulings

Not applicable, as stated in the approved Strategic Plan 2025–2030.

6. Organisational Structure

The approved high-level organisational structure provides for the Board and the Registrar/CEO, supported by the Executive: Office of the Registrar, Deputy Registrar: Traffic Infringement Management, Chief Financial Officer, Executive Manager: Corporate Services, Executive Manager: Legal Services, Compliance and Ethics, Chief Information and Strategy Development Officer, Chief Audit Executive and Company Secretary. As at the date of drafting the annual report, four positions were filled: Registrar/CEO, Chief Financial Officer, Executive Manager: Legal Services, Compliance and Ethics, and Chief Audit Executive. The Executive: Office of the Registrar, Deputy Registrar: Traffic Infringement Management, Executive Manager: Corporate Services, Chief Information and Strategy Development Officer and Company Secretary positions were vacant; Adv Mncedisi Bilikwana acted as Company Secretary. The Chief Audit Executive reports functionally to the Audit and Risk Committee and administratively to the Registrar/CEO.

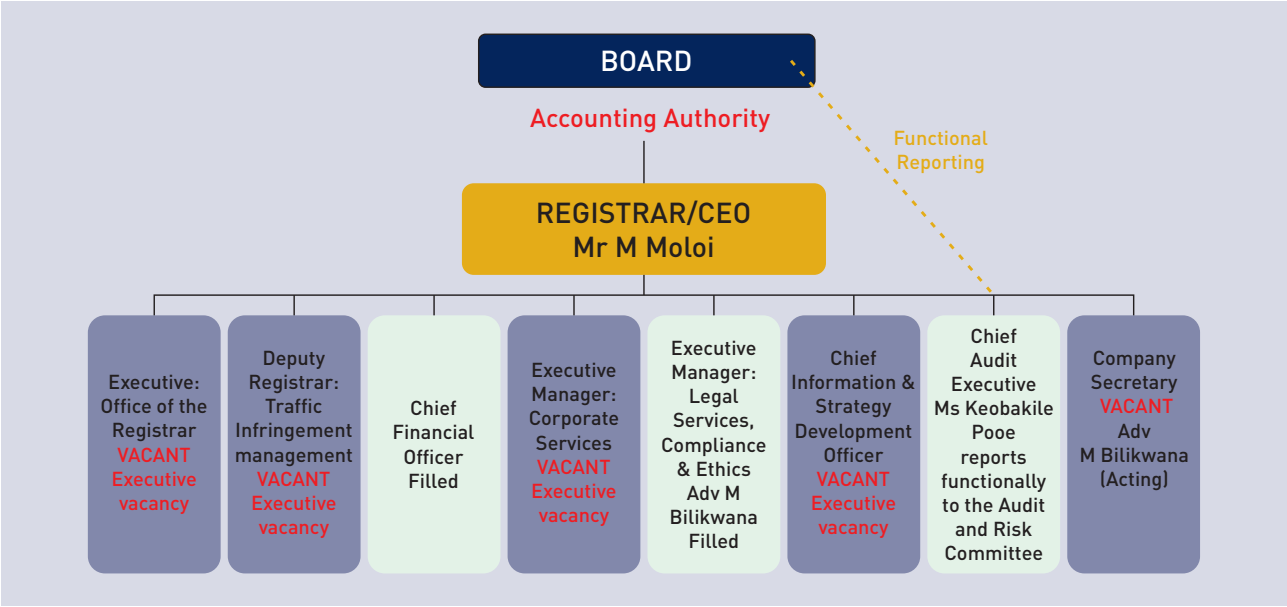


Figure 1: RTIA high-level approved organisational structure and executive vacancy status

The Minister of Transport approved the revised RTIA organisational structure in December 2025. The approved structure is intended to align the Agency's operating model and capacity with its legislative mandate and the requirements of national AARTO implementation. Detailed implementation planning was undertaken during the 2026/27 financial year and is therefore not reported as a 2025/26 achievement.

7. Stakeholder Environment

RTIA operates within a multi-institutional road-traffic environment. Effective delivery depends on coordinated action with the Department of Transport, provincial administrations, metropolitan and local municipalities, the Road Traffic Management Corporation, law-enforcement institutions, registering authorities, driving licence testing centres, road-user organisations, organised transport bodies and communities.

Stakeholder readiness is a critical dependency for national implementation. During 2025/26, RTIA used national and provincial coordinating platforms, physical and virtual engagements, training and awareness interventions to prepare issuing authorities and affected groups for AARTO implementation.

8. Performance at a Glance

Targets	Achieved	Not achieved	Achievement rate	Prior year
18	15	3	83%	85%

Key achievements

- 99.79% of courtesy letters were issued within the prescribed performance window against a target of 70%.
- 100% of enforcement orders were issued after the applicable 32-day period against a target of 70%.
- 99.88% of representations were adjudicated within 21 days against a target of 70%. 78.58% of applications for the revocation of enforcement orders were adjudicated within 21 days against a target of 70%.
- 100% of courtesy letters and enforcement orders were served or presumed served within 40 days of issue.
- The Rehabilitation Programme Strategy was developed and approved.
- 804 social-media education and awareness messages were deployed against a target of 700.
- 747 traditional-media and awareness activities were delivered against a target of 500.
- Seventeen member-based groups were workshopped against a target of nine.
- Eight ICT Strategy initiatives were implemented against a target of six.

Areas requiring management attention

- Issuing-authority engagements: 138 achieved against 213 planned.
- Audit action plan: 57% implemented against a target of 100%.
- Valid supplier invoices paid within 30 days: 79% against a target of 100%.



PART B

PERFORMANCE INFORMATION

1. Auditor-General's Report on Predetermined Objectives

The Auditor-General's report on the annual performance report is included in the Report of the Auditor-General in Part F (paragraphs 16 to 25)

2. Overview of Performance

2.1 Service delivery environment

The national rollout of the AARTO Amendment Act remained the Agency's principal strategic priority. The planned rollout date was deferred from 1 December 2025 to 1 July 2026 after some issuing authorities requested additional time to address readiness matters. RTIA accordingly intensified stakeholder consultation, readiness support and training while continuing to deliver existing adjudication services.

The Agency achieved 15 of 18 annual targets, equivalent to 83%. Strong operational results were recorded in core adjudication processes, education and awareness, and ICT implementation. Underperformance was concentrated on issuing-authority engagement and two governance and administration indicators.

2.2 Organisational environment

Human-resource capacity remained a constraint during the year. The approval of the revised organisational structure and the commencement of phased recruitment are expected to provide additional capacity. The Board also strengthened strategic oversight and governance focus during the reporting period.

2.3 Key policy and legislative developments

RTIA finalised inputs relating to the proclamation of the AARTO Amendment Act and the AARTO Regulations for consideration by the Minister of Transport. The consolidated Act records that the 2019 amendments remained uncommenced as at 28 November 2025 after the relevant proclamations were withdrawn.

2.4 Progress towards institutional impact and outcomes

Performance during 2025/26 contributed to the Agency's intended impact of reducing road traffic contraventions. Timely adjudication supported procedural fairness; the issuing and serving of statutory notifications supported effective administration; education and awareness promoted understanding and voluntary compliance; ICT initiatives strengthened enabling systems; and the Rehabilitation Programme Strategy prepared the Agency for future rehabilitation interventions.

3. Performance Summary by Programme

Programme	Targets	Achieved	Not achieved	Achievement rate
Programme 1: Adjudication & AARTO Support	8	7	1	88%
Programme 2: AARTO Administration & Education	3	3	0	100%
Programme 3: AARTO Information & Analytics	1	1	0	100%
Programme 4: Governance & Sustainability	6	4	2	67%
TOTAL	**18**	**15**	**3**	**83%**

4. Programme Performance Information

4.1 Programme 1: Adjudication & AARTO Support

Purpose: The programme exists to ensure adjudication and AARTO stakeholder management activities in line with the provisions of the AARTO Act.

Sub-programme 1.1: To successfully roll out AARTO Amendment Act Nationally

Purpose: The programme exists to ensure strategic support to all Issuing Authorities in preparation for the seamless implementation of the AARTO Act nationally.

Outcome	Output	Output indicator	2025/26 target	Actual achievement	Deviation	Status	Reason for deviation	Corrective/forward action	Target revision
AARTO Amendment Act rolled out nationally	Number of IAs implementing AARTO Amendment Act	AARTO Amendment Act Implemented	213 IAs (Provincial, Metros, and Local Municipal IAs) engaged & advised on key areas of readiness for implementation of the AARTO Amendment Act	138 IAs	-75 IAs	Not achieved	The deferment of AARTO implementation to July 2026 resulted in monthly scheduled meeting with IAs to be cancelled.	Implement a prioritised engagement schedule for the outstanding issuing authorities, supported by provincial coordinating structures, readiness assessments and monthly progress monitoring. Engagements will be sequenced according to implementation readiness and confirmed national rollout milestones.	None

Sub-programme 1.2: To Administer a procedure to discourage contravention of road traffic laws

Purpose: To ensure adherence to Sec 17 and 19 of the AARTO Act when issuing courtesy letters and to ensure adherence to the provisions of Sec 20 of Aarto Act when issuing Enforcement Orders.

Outcome	Output	Output indicator	2025/26 target	Actual achievement	Deviation	Status	Reason for deviation	Corrective/forward action	Target revision
Efficient & fair Adjudication process	Issue courtesy letters	% of courtesy letters issued between 33 days and 96 days from the infringement notice served date	70% of courtesy letters issued between 33 days and 96 days from the infringement notice served date	99.79%	+29.79% points	Achieved	These targets were adjusted to 70% based on the assumption that the AARTO rollout would commence on 1 December 2025 and expand implementation from 2 to 64 municipalities. Management anticipated that the resulting increase in volumes, together with existing human-resource capacity constraints, would affect the Agency's ability to maintain the 100% performance level achieved during the pilot phase, hence the 70% target. The planned rollout was subsequently postponed, and implementation remained limited to the two pilot municipalities. The expected increase in volumes therefore did not occur and consequently there was no anticipated human resources constraints, resulting in over performance	Future targets will be aligned with confirmed rollout milestones.	None
Efficient & fair Adjudication process	Issue enforcement orders	% of enforcement orders issued after 32 days from the applicable notification served date	70% of enforcement orders issued after 32 days from the applicable notification served date	100%	+30% points	Achieved			None

Sub-programme 1.3: To establish a procedure for the effective and expeditious adjudication of infringements

Purpose: To ensure adherence to Sec 18 and 20 when adjudicating on Representations and applications for revocation of Enforcement Orders

Outcome	Output	Output indicator	2025/26 target	Actual achievement	Deviation	Status	Reason for deviation	Corrective/forward action	Target revision
Efficient & fair Adjudication process	Improved & Efficient AARTO system & Processes	% of representations adjudicated within 21 days of date of receipt by the Agency	70% of representations adjudicated within 21 days of date of receipt by the Agency	99.88%	+29.88% points	Achieved	These targets were adjusted to 70% target based on the assumption that the AARTO rollout would commence on 1 December 2025 and expand implementation from 2 to 64 municipalities. Management anticipated that the resulting increase in volumes, together with existing human-resource capacity constraints, would affect the Agency's ability to maintain the 100% performance level achieved during the pilot phase, hence the 70% target. The planned rollout was subsequently postponed, and implementation remained limited to the two pilot municipalities. The expected increase in volumes therefore did not occur and consequently there was no anticipated human resources constraints, resulting in over performance.	Future targets will be aligned with confirmed rollout milestones.	None
Efficient & fair Adjudication process	Improved & Efficient AARTO system & Processes	% of applications for revocation of enforcement orders adjudicated within 21 days of date of receipt by the Agency	70% of applications of revocation of enforcement orders adjudicated within 21 days of date of receipt by the Agency	78.58%	+8.58% points	Achieved			None

Sub-programme 1.4: To enforce penalties imposed against persons contravening road traffic laws

Purpose: The programme exists to ensure compliance with the AARTO Act through the serving of issued courtesy letters and enforcement orders within the prescribed timeline

Outcome	Output	Output indicator	2025/26 target	Actual achievement	Deviation	Status	Reason for deviation	Corrective/forward action	Target revision
Efficient & fair Adjudication process	Serve courtesy letters	% of courtesy letters served/ presumed served within 40 days from date of issue	70% of courtesy letters served/ presumed served within 40 days from date of issue	100%	+30% points	Achieved	These targets were adjusted to 70% target based on the assumption that the AARTO rollout would commence on 1 December 2025 and expand implementation from 2 to 64 municipalities. Management anticipated that the resulting increase in volumes, together with existing human-resource capacity constraints, would affect the Agency's ability to maintain the 100% performance level achieved during the pilot phase, hence the 70% target. The planned rollout was subsequently postponed, and implementation remained limited to the two pilot municipalities. The expected increase in volumes therefore did not occur and consequently there was no anticipated human resources constraints, resulting in over performance.	Future targets will be aligned with confirmed rollout milestones.	None
Efficient & fair Adjudication process	Serve enforcement orders	% of enforcement orders served/ presumed served within 40 days from date of issue	70% of enforce-ment orders served/presumed served within 40 days from date of issue	100%	+30% points				None

Sub-programme 1.6: To establish and administer rehabilitation programmes

Purpose: To assist infringers to reduce demerit points and be rehabilitated.

Outcome	Output	Output indicator	2025/26 target	Actual achievement	Deviation	Status	Reason for deviation	Corrective/forward action	Target revision
Rehabilitation programme	Approval of the Rehabilitation Programme Strategy	Approved Strategy for Rehabilitation Programme	Rehabilitation Programme Strategy approved (approved strategy, syllabus, accreditation)	Strategy developed and approved	None	Achieved	Planned development and approval processes were completed.		None

Performance analysis

Programme 1 achieved seven of eight targets. Operational adjudication and notification indicators substantially exceeded their planned levels, demonstrating strong turnaround performance. The single target not achieved related to engagement with issuing authorities. Since national implementation depends on readiness across a large and diverse stakeholder network, this shortfall remains strategically significant even though the Programme's overall achievement rate was high.

Changes to planned targets

None reported in the Annual Performance Information Report.

Linking performance with budgets

Expenditure items	2025/26 Budget	2025/26 Actual expenditure	2025/26 (Over)/under expenditure	2024/25 Budget	2024/25 Actual expenditure	2024/25 (Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	26 113	21 840	4 273	45 931	17 063	28 868
Operating expenses	39 526	37 955	1 571	53 580	8 529	45 051
Total	**65 638**	**59 795**	**5 843**	**99 511**	**25 592**	**73 019**

Reason for variance (2025/26): Underspending on employee costs is attributed to delays in filling critical positions, caused by the late approval of the organisational structure and the delay in the roll-out of Phase 2 of AARTO. This also resulted in lower spending on general expenditure, as expenditure planned to support the AARTO Phase 2 roll-out was not incurred in the reporting period, including the setting up of AARTO Phase 2 structures in terms of the amended legislation, depreciation of new assets, media costs and other expenditure attributable to the AARTO Phase 2 roll-out.

4.2 Programme 2: AARTO Administration & Education

Sub-programme 2.1: To undertake community education and awareness programs

Purpose: The programme exists to facilitate and ensure systems and processes for responsive AARTO administration, education, and awareness interventions.

Outcome	Output	Output indicator	2025/26 target	Actual achievement	Deviation	Status	Reason for deviation	Corrective/forward action	Target revision
Proportion of drivers understanding their rights, options and obligations in relation to AARTO	Social media messages produced	Number of road users reached through AARTO education and awareness social media programmes	700 Road users reached through AARTO education and awareness social media programme messages	804	+104	Achieved	Education and awareness activity was intensified in preparation for national rollout.	Maintain an evidence-based content calendar and measure reach and engagement.	None
Proportion of drivers understanding their rights, options and obligations in relation to AARTO	AARTO education material developed and shared	Number of road users reached through traditional media AARTO education awareness programmes	500 road users reached through traditional media AARTO education awareness programme activities	747	+247	Achieved	Education and awareness activity was intensified in preparation for national rollout.	Sustain targeted community and media interventions.	None
Outcome	**Output**	**Output indicator**	**2025/26 target**	**Actual achievement**	**Deviation**	**Status**	**Reason for deviation**	**Corrective/forward action**	**Target revision**
Proportion of drivers understanding their rights, options and obligations in relation to AARTO	Stakeholder groups workshopped on AARTO legislation	Number of member based groups workshopped on AARTO legislation	9 member based groups workshopped on AARTO legislation	17	+8	Achieved	Stakeholder workshops were intensified in preparation for national rollout.	Continue sector-specific workshops and retain verifiable attendance and content records.	None

Performance analysis

All three education and awareness targets were exceeded. The results indicate a deliberate increase in communication and stakeholder activity in anticipation of national implementation. Future reporting should distinguish clearly between messages, activities, people reached and engagement outcomes so that the public value of communication interventions can be assessed consistently.

Changes to planned targets

None reported in the Annual Performance Information Report.

Linking performance with budgets

Expenditure items	2025/26 Budget	2025/26 Actual expenditure	2025/26 (Over)/under expenditure	2024/25 Budget	2024/25 Actual expenditure	2024/25 (Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	60 097	50 264	9 833	28 868	18 330	19 907
Operating expenses	99 328	95 382	3 946	45 051	79 220	54 780
Total	**159 425**	**145 646**	**13 779**	**73 019**	**97 550**	**74 687**

Reason for variance (2025/26): Underspending on employee costs is attributed to delays in filling critical positions, caused by the late approval of the organisational structure and the delay in the roll-out of Phase 2 of AARTO. This also resulted in lower spending on general expenditure, as expenditure planned to support the AARTO Phase 2 roll-out was not incurred in the reporting period, including the setting up of AARTO Phase 2 structures in terms of the amended legislation, depreciation of new assets, media costs and other expenditure attributable to the AARTO Phase 2 roll-out.

4.3 Programme 3: AARTO Information & Analytics

Sub-programme 3.1: ICT & Analytics

Purpose: The programme supports the institutionalization of information management in line with the provisions of the AARTO legislative framework. Key functions and outputs include but are not limited to digital technologies and data management.

Outcome	Output	Output indicator	2025/26 target	Actual achievement	Deviation	Status	Reason for deviation	Corrective/forward action	Target revision
ICT environment enabled	ICT Strategy Implemented	Number of approved ICT Strategy Initiatives Implemented	Implementation of 6 ICT Strategy initiatives identified for year 3	8	+2	Achieved	Two additional approved initiatives were completed.	Track benefits realisation, information security and system readiness.	None

Performance analysis

The programme exceeded its target by implementing eight initiatives against six planned. The next phase should focus not only on completion of initiatives but also on benefits realisation, system availability, cybersecurity, data quality and readiness of the National Road Traffic Offences Register environment.

Changes to planned targets

None reported in the Annual Performance Information Report.

Linking performance with budgets

Expenditure items	2025/26 Budget	2025/26 Actual expenditure	2025/26 (Over)/under expenditure	2024/25 Budget	2024/25 Actual expenditure	2024/25 (Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	19 084	15 962	3 122	11 632	6 008	5 624
Operating expenses	10 477	10 061	416	58 265	4 356	53 909
Total	**29 561**	**26 023**	**3 538**	**69 897**	**10 364**	**59 533**

Reason for variance (2025/26): Underspending on employee costs is attributed to delays in filling critical positions, caused by the late approval of the organisational structure and the delay in the roll-out of Phase 2 of AARTO. This also resulted in lower spending on general expenditure, as expenditure planned to support the AARTO Phase 2 roll-out was not incurred in the reporting period, including the setting up of AARTO Phase 2 structures in terms of the amended legislation, depreciation of new assets, media costs and other expenditure attributable to the AARTO Phase 2 roll-out.

4.4 Programme 4: Governance & Sustainability

Sub-programme 4.1: Governance & Sustainability

Purpose: The programme exists to provide strategic leadership and support to the RTIA for the successful implementation of its legislative mandate through the efficient and sustainable provision of resource solutions and services. The programme consists of the office of the Registrar, Financial Management, Corporate Services, ICT, Legal Services, Compliance, and Risk Management.

Outcome	Output	Output indicator	2025/26 target	Actual achievement	Deviation	Status	Reason for deviation	Corrective/forward action	Target revision
Improved Governance & strengthened control environment	100% of AG Recommendations Implemented	% Implementation of the Audit Action Plan	100% implementation of an audit action plan based on 2024/25 AGSA report to achieve Unqualified Audit Opinion	57%	-43% points	Not achieved	Corrective actions for some 2024/25 findings were not fully implemented, and closure evidence for others had not been validated by year-end.	Assign accountable owners and due dates, validate closure evidence and report progress monthly to executive and oversight structures.	None
Improved Governance & strengthened control environment	Adequate & timeous responses to Parliamentary Questions	% Responses to Parliamentary questions within the stipulated timeframes	100 % Responses to Parliamentary questions done within the stipulated timeframes	100%	None	Achieved	All responses were submitted within the prescribed timeframes.	Maintain central tracking and quality assurance	None
Improved Governance & strengthened control environment	Resolution of reported incidents of corruption	% Resolution (Investigation Stage) of reported incidents of corruption	95% resolution (Investigation Stage) of reported incidents of corruption within 90 days	95%	None	Achieved	The planned performance level was attained.	Maintain fraud-prevention, case-management and reporting controls.	None
Improved Governance & strengthened control environment	Elimination of wasteful and fruitless expenditure	% reduction of cases of wasteful & fruitless expenditure	100% reduction of cases of Wasteful and Fruitless Expenditure	100%	None	Achieved	The planned performance level was attained.	Maintain preventive and detective financial controls.	None
Improved Governance & strengthened control environment	Reduction of irregular expenditure	% reduction of cases of irregular expenditure	95% reduction of cases of irregular expenditure	100%	+5 %	Achieved	The target was exceeded.	Maintain procurement compliance and consequence-management controls.	None
Outcome	Output	Output indicator	2025/26 target	Actual achievement	Deviation	Status	Reason for deviation	Corrective/forward action	Target revision

Improved Governance & strengthened control environment	Compliance to 30 days payment of valid invoices	% valid Supplier Invoices Paid within 30 days	100% valid Supplier Invoices Paid within 30 days	79%	-21%	Not achieved	Some valid invoices were paid after 30 days.	Implement invoice registers, workflow escalation, weekly ageing reviews and accountability for delayed certification or processing.	None

Performance analysis

Four of six Programme 4: Governance & Sustainability targets were achieved. Underperformance in audit action implementation and supplier-payment timeliness requires focused management intervention because these indicators reflect the reliability of the control environment, compliance culture and support provided to suppliers. Corrective actions should be monitored through defined owners, deadlines and evidence of closure.

Changes to planned targets

None reported in the Annual Performance Information Report.

Linking performance with budgets

Expenditure items	2025/26 Budget	2025/26 Actual expenditure	2025/26 (Over)/under expenditure	2024/25 Budget	2024/25 Actual expenditure	2024/25 (Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	73 246	61 260	11 986	53 118	60 606	-7 488
Operating expenses	44 641	42 869	1 772	121 764	148 238	-26 474
Total	**117 887**	**104 129**	**13 758**	**174 882**	**208 844**	**-33 962**

Reason for variance (2025/26): Underspending on employee costs is attributed to delays in filling critical positions, caused by the late approval of the organisational structure and the delay in the roll-out of Phase 2 of AARTO. This also resulted in lower spending on general expenditure, as expenditure planned to support the AARTO Phase 2 roll-out was not incurred in the reporting period, including the setting up of AARTO Phase 2 structures n terms of the amended legislation, depreciation of new assets, media costs and other expenditure attributable to the AARTO Phase 2 roll-out.

PROGRAMME FINANCIAL INFORMATION

Financial year ended 31 March 2026						
Amounts in R'000						
Programme	2025/26 Final budget	2025/26 Actual expenditure	Variance	Expenditure as % of final budget	2024/25 Actual expenditure	Explanation of material variance
Programme 1: Adjudication & AARTO Support	65 638	59 795	5 843	91%	25 592	Under-spending: see the reason for variance under each programme.
Programme 2: AARTO Administration & Education	159 425	145 646	13 779	91%	97 550	Under-spending: see the reason for variance under each programme.
Programme 3: AARTO Information & Analytics	29 561	26 023	3 538	88%	10 364	Under-spending: see the reason for variance under each programme.
Programme 4: Governance & Sustainability	117 887	104 129	13 758	88%	208 844	Under-spending: see the reason for variance under each programme.
TOTAL	**372 511**	**335 593**	**36 918**	**90%**	**342 350**	

Note: The budget and expenditure figures agree to the Statement of Comparison of Budget and Actual Amounts in the audited annual financial statements (final budget R372 510 720). The revised APP 2025/26 presented a budget of R372 827 810 across five budget lines, including a separate AARTO rollout allocation; the final budget was reduced by R317 080 (government grant adjustment) and allocated to the four approved programmes. Actual expenditure excludes non-cash items (depreciation and amortisation, and impairment reversals).

5. Consolidated Strategy to Address Underperformance

Area	Root cause reported	Corrective action	Accountable executive	Due date	Monitoring evidence
Issuing-authority engagement	Rollout deferment and reprioritisation by some IAs	Reinforce engagement capacity; prioritise outstanding IAs; monitor readiness through coordinating structures.	Head of Communications	Ongoing	Engagement schedule, minutes, attendance records and readiness dashboard
Audit action plan	Incomplete closure and/ or review of supporting files	Monthly executive monitoring; assign finding owners and deadlines; independently validate closure evidence.	Chief Audit Executive	Ongoing	Audit action dashboard and validated evidence files
Supplier invoices	Invoices processed or paid beyond 30 days	Central invoice register; workflow escalation; weekly ageing reviews; accountability for certification delays.	Chief Financial Officer	Ongoing	Invoice ageing report and monthly compliance dashboard

6. Outlook for 2026/27

Customer service and stakeholder experience

The year-end Social, Ethics and Transformation Committee report identified significant call-centre challenges. The reported customer service level was 26% against an 80% benchmark, with high levels of abandoned and incorrectly dispositioned calls. Payment-status enquiries were prominent because the NCR did not always update payment information timeously. Management strengthened the service-level agreement, integrating e-mail with the customer-relationship-management system and planning CRM, interactive voice response and omnichannel improvements. The Committee requested clear remediation timelines and alignment between employee-performance ratings and customer-service outcomes.

The Agency's immediate strategic priority is readiness for phased national implementation from 1 July 2026, subject to the applicable proclamation and regulatory approvals. Priority actions include completing engagement with outstanding issuing authorities, strengthening readiness monitoring, maintaining adjudication turnaround times, implementing the revised organisational structure, advancing enabling ICT initiatives, sustaining public education and closing governance and financial-control gaps.

The Agency should report progress against a concise set of readiness milestones covering legislation, regulations, stakeholder capability, systems, data, service channels, communication, human resources, funding and governance. This will enable the Board and Executive Authority to assess implementation risk and intervene early where dependencies threaten delivery.



PART C

GOVERNANCE

1. Introduction

The Road Traffic Infringement Agency is committed to maintaining sound governance, ethical leadership, effective oversight and accountable management of public resources.

The Agency's governance arrangements are informed by the Administrative Adjudication of Road Traffic Offences Act, 1998, the Public Finance Management Act, 1999, applicable Treasury Regulations, the Board Charter and recognised principles of good corporate governance.

The Board is the Accounting Authority of RTIA and is accountable to the Minister of Transport for the Agency's governance, strategic direction and performance. The Board exercises oversight over the implementation of RTIA's legislative mandate, approved strategy, Annual Performance Plan, budget, financial management, risk management, internal controls, ethics and organisational sustainability.

During 2025/26, the Board exercised its responsibilities directly and through its committees. The Board received reports from management and its oversight committees and considered matters relating to organisational performance, financial management, audit findings, strategic and operational risks, business continuity, combined assurance, social and ethical performance, organisational capacity and preparations for national AARTO implementation.

2. The Accounting Authority

2.1 Role of the Board

The Board provides strategic direction and exercises oversight over the performance and affairs of RTIA. Its responsibilities include:

- Approving and monitoring the Agency's strategic and operational plans;
- Monitoring performance against the approved Annual Performance Plan and budget;
- Ensuring that the Agency maintains effective governance, risk-management and internal-control systems;
- Overseeing financial management and the safeguarding of the Agency's assets;
- Monitoring compliance with applicable legislation, regulations and policies;
- Overseeing the prevention and management of irregular, fruitless and wasteful expenditure;
- Monitoring audit findings and management's corrective actions;
- Ensuring that material risks are identified, assessed and appropriately managed;
- Overseeing ethics, fraud prevention, organisational culture and stakeholder accountability;
- Ensuring that Board members receive accurate, relevant and timely information;
- Maintaining objective and independent oversight of management; and
- Accounting to the Executive Authority for the Agency's performance.

The Board may obtain independent professional advice where this is necessary for the proper performance of its functions, subject to the Agency's approved procurement framework and governance processes.

2.2 Board access to information

Board and committee members are entitled to unrestricted access to accurate, relevant and timely information required to discharge their responsibilities.

The Board effectiveness assessment conducted during the reporting period identified late circulation of meeting papers as an area requiring improvement. The Board directed management to standardise submission timelines and align the annual meeting calendar with the requirements of the Board and committee charters.

The timely circulation of quality information remains important to ensure that members can prepare adequately, exercise informed judgement and provide effective strategic oversight.

3. Board Charter

The Board Charter defines the authority, roles and responsibilities of the Board, individual Board members, the Chairperson, the Registrar, management and the Company Secretary.

The Charter addresses:

- The fiduciary responsibilities of Board members;
- The role and mandate of the Board;
- The responsibilities of the Chairperson;
- The appointment and responsibilities of the Registrar;
- The responsibilities of executive and non-executive members;
- The responsibilities of management;
- The role of the Company Secretary;
- Board and committee composition;
- Board and committee procedures;
- Remuneration of members;
- Conflicts of interest;
- Access to independent professional advice;
- Board and committee evaluation;
- The relationship between the Board and the Executive Authority; and
- The establishment and functioning of Board committees.

The Board and its committees operated in accordance with the approved governance framework during the financial year. Areas identified for improvement through the Board effectiveness assessment are being addressed through action plans and strengthened governance processes.



BOARD MEMBERS



Mr Bonolo Ramokhele
Chairperson



Prof Dorcas Khosa
Board Member



Mr Sandile Keswa
Board Member



Mr Matsemela Moloi
Registrar



Dr Mpostol Mashinini
Board Member



Adv Nomonde January
Board Member



Mr Livingstone Sakata
Board Member

EXECUTIVE MEMBERS



Mr Matsemela Moloi
Registrar



Mr Caiphus Matjie
Chief Financial Officer



Adv Mncedisi Bilikwana
Executive: Legal, Governance and Compliance
Acting Company Secretary



Ms Keobakile Pooe
Chief Audit Executive

4. Composition of the Board

The Board comprised members with experience in finance, accounting, auditing, law, compliance, strategy, business leadership, policing, traffic law enforcement, information and communication technology, litigation and prosecution.

Table 1: Board composition

Name	Designation	Appointment date	Qualifications	Principal area of expertise
Mr Bonolo Ramokhele	Chairperson and non-executive Board member	December 2023	Bachelor of Accounting Science; Higher Diploma in Accounting; CA(SA)	Finance and auditing
Mr Matsemela Moloi	Registrar and executive Board member	1 March 2022	BA Honours; MA in Applied Linguistics; MBA	Leadership, administration and law-enforcement environment
Adv Nomonde January	Non-executive Board member	6 February 2024	BProc; LLB; Project Management; Conveyancing	Legal services, contracting and compliance
Mr Sandile Keswa	Non-executive Board member	6 February 2024	Bachelor of Administration; Diploma in Management; MBA	Strategy and business leadership
Prof Dorcas Khosa	Non-executive Board member	December 2023	BTech and Master's Degree in Policing; DLitt et Phil in Police Science	Policing and traffic law enforcement
Dr Mpostol Mashinini	Non-executive Board member	6 February 2024	Master's Degree in Information Technology; National Diploma in Computer Data Processing	Information and communication technology
Mr Livingstone Sakata	National Prosecuting Authority representative	18 March 2025	BProc	Legal services, litigation and prosecution

The Board was supported by Adv Mncedisi Bilikwana, Acting Company Secretary, in the company-secretarial function.

5. Board Committees

The Board assigned specific oversight responsibilities to committees while retaining ultimate accountability for all matters delegated.

The committees considered detailed reports and made recommendations to the Board. Each committee operated in accordance with approved terms of reference.

Table 2: Board committee composition

Committee	Members
Audit and Risk Committee	Mr Sandile Keswa, Chairperson; Adv Nomonde January; Ms Clarinda Simpson; Ms Margaret Phiri
Human Resources and Remuneration Committee	Prof Dorcas Khosa, Chairperson; Adv Nomonde January; Mr Charley Cain
Social, Ethics and Transformation Committee	Adv Nomonde January, Chairperson; Mr Sandile Keswa; Prof Dorcas Khosa; Dr Mpostol Mashinini
Technical Committee	Dr Mpostol Mashinini, Chairperson; Mr Sandile Keswa; Prof. Dorcas Khosa; Ms Andiswa Dlanga

5.1 Audit and Risk Committee

The Audit and Risk Committee assists the Board in overseeing:

- Financial reporting;
- Internal control;
- Internal audit;
- External audit;
- Risk management;
- Combined assurance;
- ICT governance;
- Compliance;
- Fraud-risk management;
- Business continuity;
- Performance information; and
- Management's implementation of audit actions.

During the year-end governance cycle, the Committee considered the Internal Audit Charter, Strategic Internal Audit Plan, Risk Management Implementation Plan, Risk Appetite and Tolerance Framework, Business Continuity Plan, Combined Assurance Plan, Audit Implementation Plan, Unallocated Receipts Policy and Debt Management Policy.

The Committee reported that the Agency's system of internal control, governance and risk management was adequate and partially effective. Areas requiring continued management attention included the quality of the annual financial statements, monitoring of corrective actions arising from audit reports, daily and monthly processing and reconciliation of transactions, record keeping and internal-audit capacity.

5.2 Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee assists the Board in overseeing:

- Human-resource strategy and governance;
- Organisational design;
- Executive appointments;
- Remuneration;
- Performance management;
- Employment equity;
- Labour relations;
- Skills development;
- Succession planning; and
- Organisational capacity.

The Board effectiveness assessment found that the Committee was appropriately constituted and that members' skills were aligned with its mandate. The assessment identified opportunities to strengthen human-resource analytics and workforce digitisation.

The assessment also recommended clearer differentiation between the responsibilities of the Human Resources and Remuneration Committee and those of the Social, Ethics and Transformation Committee in relation to employment equity, organisational culture, employee conduct and transformation.

5.3 Social, Ethics and Transformation Committee

The Social, Ethics and Transformation Committee oversees:

- Organisational ethics;
- Social and environmental matters;
- Transformation;
- Employment-equity assurance;
- Stakeholder matters;
- Fraud-prevention oversight;
- Organisational culture;
- Corporate social responsibility; and
- Relevant sustainability matters.

During the final quarter of 2025/26, the Committee considered the environmental, social and governance report, the policy universe, frequently asked questions relating to AARTO, stakeholder engagement, customer-service challenges, transformation matters and employee-culture concerns.

The Committee directed management to improve milestone-based reporting, strengthen change management, increase employee engagement and implement clear corrective actions for recurring customer-service challenges.

5.4 Technical Committee

The Technical Committee assists the Board in overseeing technical and operational matters relating to:

- Traffic Infringement Management;
- AARTO implementation;
- Adjudication;
- Issuing-authority readiness;
- ICT systems supporting AARTO;
- Legal and legislative developments;
- Communication and stakeholder readiness; and
- The AARTO implementation dashboard.

The Board effectiveness assessment found that the Committee had strong governance and sector knowledge. The assessment identified an opportunity to strengthen expertise in ICT systems integration and information governance.

6. Board and Committee Meetings

The Board and its committees met in accordance with the approved annual governance calendar, with additional special meetings and other engagements convened where necessary.

Table 3: Attendance across scheduled and additional governance activities

Member	Total meetings and activities attended
Mr Bonolo Ramokhele	23
Adv. Nomonde January	40
Mr Sandile Keswa	38
Prof. Dorcas Khosa	38
Dr Mpostol Mashinini	28
Mr Livingstone Sakata	14
Ms Clarinda Simpson	7
Ms Margaret Phiri	11
Mr Charley Cain	6
Ms Andiswa Dlanga	3

The reported totals cover Board meetings, special Board meetings, committee meetings, special committee meetings, the Annual General Meeting and other approved governance engagements.

Board appraisal evaluated attendance across seven Board meetings and reported an overall attendance rate of 86%. Two Board members attended all seven meetings included in the assessment.

7. Board Effectiveness Assessment

An independent Board and committee effectiveness assessment was conducted during the reporting period. The assessment covered:

- Board composition;
- Roles and responsibilities;
- Ethical leadership;
- Board processes and decision-making;
- Committee oversight;
- Risk governance;
- Compliance governance;
- Technology and information governance;
- Stakeholder relationships; and
- Interaction between the Board and management.

Five of the six eligible Board members responded to the assessment. The seventh member was not eligible because the appointment took place towards the end of the assessment period.

Table 4: Selected Board assessment results

Governance area	Score out of 5
Board processes and decision-making	4.4
Risk governance	4.2
Compliance governance	4.2

Governance area	Score out of 5
Technology and information governance	4.2
Stakeholder relationships and engagement	4.0

The assessment found that the Board demonstrated integrity, independence, accountability and effective conflict-of-interest management. It also found that the Board had a strong mix of qualifications and experience and exercised robust oversight over strategy, financial performance, audit outcomes, risk management and compliance.

Areas identified for improvement included:

- Earlier circulation of meeting papers;
- Stronger attendance accountability;
- Annual Board and committee self-assessments;
- Clearer committee mandates;
- Stronger action tracking and consequence management;
- Structured development relating to ICT, environmental, social and governance matters, and analytics;
- Improved ICT governance;
- Stronger human-resource analytics and workforce digitisation; and
- Better coordination of cross-cutting matters between committees.

8. Board and Committee Remuneration

Board and independent committee members were remunerated in accordance with rates approved by National Treasury.

Table 5: Approved remuneration rates

Category	Daily rate	Hourly rate
Chairperson	R4 880	R608
Member	R3 852	R481

The applicable fee arrangements distinguish between ordinary meetings, special meetings, workshops, strategic sessions, other approved engagements and compulsory training.

The remuneration framework also provides for:

- Preparation fees linked to the nature of the meeting;
- Attendance fees;
- Treatment of successive meetings taking place on the same day;
- Reimbursement for approved travel;
- Payment for compulsory training; and
- Limited preparation fees where a member cannot attend but submits written input in accordance with the approved requirements.

Actual remuneration paid to Board members (R2 141 324; 2025: R2 114 396) and independent committee members (R288 900; 2025: R508 736) is disclosed in note 21 to the annual financial statements.

9. Risk Management

RTIA maintains an enterprise-wide risk-management approach to identify, assess, manage, monitor and report risks that may affect the achievement of its strategic and operational objectives.

The Audit and Risk Committee provides oversight of risk management, while management and designated risk owners remain responsible for managing risks and implementing controls.

The risk-management portfolio includes:

- Strategic risk management;
- Operational risk management;
- Project risk management;
- Fraud-risk management;
- Combined assurance; and
- Business continuity management.

During 2025/26, the Agency conducted a strategic-risk assessment. The resulting risks were incorporated into the strategic risk register and mapped to the Combined Assurance Plan. The strategic risk register was monitored and reported quarterly through the Audit and Risk Committee.

9.1 Principal risks

The principal risks identified included:

- Failure by municipalities to transfer collected AARTO fees;
- Threats to the Agency's financial sustainability;
- Exposure to cyberattacks and data breaches;
- Dependence on external stakeholders in the AARTO value chain;
- Failure to influence infringer attitudes towards AARTO options;
- Ineffective ICT enablement;
- Failure to implement ICT Strategy targets; and
- Negative stakeholder perceptions regarding the Agency's ability to achieve its objectives.

Risk treatments and control measures were assigned to responsible management functions and monitored through the Agency's governance and assurance processes.

9.2 Risk appetite and tolerance

The Risk Appetite and Tolerance Framework was developed in consultation with management and aligned with the Agency's materiality framework.

The year-end Audit and Risk Committee report recorded a financial risk-appetite range of zero to R1.5 million. The Agency maintained zero tolerance for fraud and corruption.

10. Combined Assurance

RTIA applies a combined-assurance model to coordinate assurance activities, reduce unnecessary duplication and provide the Board with an integrated view of the effectiveness of governance, risk management and internal controls.

The Agency's model assigns responsibilities across the following assurance levels:

1. Management, which owns and manages risks and controls;
2. Risk Management, Compliance and Occupational Health and Safety, which provide monitoring and support;

3. Internal Audit, which provides independent assurance;
4. The Auditor-General of South Africa, which provides external assurance; and
5. The Board and its committees, which exercise ultimate oversight and accountability.

During the year-end governance cycle, the Audit and Risk Committee considered a Combined Assurance Plan covering:

- Governance;
- Risk management;
- Financial management;
- Performance information;
- Supply chain management;
- Compliance;
- ICT governance;
- Fraud-risk management; and
- Management action plans.

The plan prioritised recurring audit findings and high-risk PFMA areas and was intended to support improved external-audit outcomes.

11. Business Continuity Management

Business continuity management supports the Agency's resilience and ability to maintain or restore critical services following a disruptive event.

The Business Continuity Plan addresses incidents that may interrupt the Agency's activities and incorporates disaster-recovery arrangements. The plan is reviewed annually, and progress is monitored through the Audit and Risk Committee.

Implementation of business-continuity arrangements continued across the Agency, supported by employee-awareness activities and oversight of identified business-continuity risks.

12. Internal Control

Management is responsible for establishing and maintaining an effective internal-control environment. Internal-control activities include:

- Management supervision and review;
- Financial and operational controls;
- Reconciliations;
- Segregation of duties;
- Policy and procedure implementation;
- Performance-information controls;
- Control self-assessments;
- Risk treatments;
- Compliance monitoring; and
- Internal and external assurance.

Significant findings identified through internal assurance processes were reported to the Audit and Risk Committee for monitoring.

At year-end, certain audit-action and financial-control matters remained in progress. These included matters relating to unallocated receipts, AARTO liabilities, statutory receivables, disbursement reconciliations and the alignment of supporting financial records. Management continued implementing corrective actions under the oversight of the Audit and Risk Committee.

13. Internal Audit

Internal Audit provides independent and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls.

Internal Audit operates in accordance with an approved Charter and a risk-based audit plan. The function reports administratively to the Registrar and functionally to the Audit and Risk Committee.

The 2025/26 Internal Audit Charter was reviewed to align with the Global Internal Audit Standards. The Strategic Internal Audit Plan was informed by strategic and operational risks and included assurance and advisory activities.

The year-end Audit and Risk Committee report identified a resource constraint in implementing the plan. The plan required 9,040 audit hours against 6,869 available hours, resulting in a shortfall of 2,171 hours. Specialist ICT audit work was to be supported through co-sourcing because the internal function did not have the required specialist capability.

14. Compliance with Laws and Regulations

RTIA maintains a compliance universe covering the legislative and regulatory requirements that affect its activities.

Compliance is monitored through management and governance committees and reported to the Audit and Risk Committee and Board.

The policy universe provides a mechanism for monitoring the implementation and review status of approved policies. The year-end Social, Ethics and Transformation Committee noted that certain policies had not yet been fully institutionalised because the systems and processes needed to support implementation were still being developed.

The Agency registered its Information Officer and Deputy Information Officers with the Information Regulator and continued monitoring compliance with applicable information-management and privacy obligations.

15. Fraud and Corruption

RTIA maintains zero tolerance for fraud and corruption.

Fraud-prevention and detection measures include:

- An approved fraud-prevention framework;
- A fraud-risk register;
- Logging and investigation of reported incidents;
- An externally managed whistle-blowing hotline;
- Ethics and awareness interventions;
- Financial and operational controls; and
- Oversight by the Audit and Risk Committee and Social, Ethics and Transformation Committee.

The performance report recorded achievement of the annual target relating to the resolution of reported corruption incidents. The year-end Social, Ethics and Transformation Committee report referred to two staff-related fraud cases at a service outlet that were subject to forensic investigation. Management indicated that reconciliation capacity would be strengthened to support daily review of service-outlet transactions and related NCR updates.

An independent investigation into allegations of fraud and corruption in the AARTO cashier services, covering January to December 2025, was concluded in April 2026 and recommended criminal proceedings against the employees implicated. These proceedings were in progress at the date of the auditor's report.

16. Management of Conflicts of Interest

Conflicts of interest are managed through:

- Declarations at the beginning of Board and committee meetings;
- Annual written declarations by Board members, committee members and management;
- Recusal where an actual or potential conflict exists;
- Maintenance of a declaration-of-interest register; and
- Maintenance of a gifts register.

Employees are required to declare gifts above the threshold prescribed by the Agency's approved policy. The submitted governance information records a threshold of R350.

17. Code of Conduct and Ethics

The Agency maintains an approved Code of Conduct and Ethics Policy.

These instruments provide standards for:

- Ethical conduct;
- Integrity;
- Accountability;
- Conflicts of interest;
- Confidentiality;
- Responsible use of organisational resources; and
- Management of misconduct.

The Social, Ethics and Transformation Committee monitored organisational-culture and employee-conduct matters and directed management to improve employee engagement, change management and communication of organisational performance and challenges.

18. Health, Safety and Environmental Governance

RTIA continued implementing measures to comply with the Occupational Health and Safety Act and to maintain a safe working environment.

An improvement process was implemented following a workplace inspection and notice issued by the relevant labour authority.

Environmental-governance activities reported to the Social, Ethics and Transformation Committee included improved energy-consumption reporting and the introduction of structured recycling processes.

19. Social Responsibility

RTIA has an approved corporate social-investment strategy, policy and terms of reference.

Implementation must comply with the AARTO Act, applicable National Treasury instructions and the Agency's approved governance and financial-management framework.

20. B-BBEE Compliance Performance

RTIA applies the relevant B-BBEE and preferential-procurement requirements to its procurement and partnership activities.

The year-end Social, Ethics and Transformation Committee report recorded that, during the quarter under review, the Agency procured non-strategic goods and services valued at R3.9 million from 19 black-owned businesses, seven of which were women-owned.

21. Audit and Risk Committee Report

The Road Traffic Infringement Agency (RTIA) Audit and Risk Committee (ARC) is pleased to present its report for the financial year ended 31 March 2026.

Audit and Risk Committee Responsibility

The ARC reports that it has complied with its responsibilities arising from sections 51(1)(a)(ii), 76(4)(d) and 77 of the Public Finance Management Act (PFMA) as well as Treasury Regulation 27.1. Furthermore, the ARC has adopted an ARC Charter and has regulated its affairs in compliance with this Charter as well as discharged all its responsibilities as contained therein.

Membership

During the reporting period, the Audit and Risk Committee (ARC) comprised four members, consisting of two members of the RTIA Board and two independent members.

The composition of the Committee was intended to provide an appropriate balance of institutional knowledge, independence, and financial and governance expertise required to effectively discharge its oversight responsibilities.

Details of the ARC members, including their respective qualifications, areas of expertise and attendance at Committee meetings, are provided in the Governance section of this Annual Report.

The Effectiveness of Internal Control

The overall assessment of the control environment by internal audit as well as the management and audit reports presented to the ARC by the Auditor-General of South Africa (AGSA), reveals that the control environment requires some improvement.

Accordingly, the ARC can report that the system of internal control, governance and risk management was adequate and partially effective and has identified the following key areas of concern that should be addressed:

- Poor quality of the annual financial statements.
- Inadequate monitoring of corrective actions arising from the audit reports.
- Controls over daily, monthly processing and reconciling of transactions were not effective.
- Record keeping and management thereof.

Internal Audit

The ARC exercised oversight over the Internal Audit Function in accordance with its approved Charter and applicable professional requirements.

The Committee considered and approved:

- the Internal Audit Charter;
- the Internal Audit Strategy;
- the risk-based Internal Audit Plan;
- the Internal Audit budget and resource requirements; and
- the annual Internal Audit performance framework.

The Committee received regular reports on:

- progress against the approved Internal Audit Plan;
- significant audit findings;
- overdue recommendations;
- management action plans;
- control deficiencies;
- emerging risks; and
- performance against the Internal Audit Plan.

The Committee also considered the independence and objectivity of Internal Audit.

Risk Management

The Committee considered:

- the strategic risk profile;
- operational risks;
- emerging risks;
- fraud and corruption risks;
- ICT risks;
- business continuity risks; and
- risks affecting achievement of strategic and annual performance objectives.

The Committee monitored the implementation of risk mitigation strategies and required management to report on significant changes to the risk profile.

Combined Assurance

The Committee continued to monitor the implementation of the Agency's 2025/26 Combined Assurance Plan.

The Committee considered whether appropriate assurance was obtained from:

- management;
- Internal Audit;
- Risk Management;
- compliance functions;

- external audit;
- other independent assurance providers; and
- relevant oversight structures.

The Committee also monitored whether assurance activities were appropriately coordinated and whether significant risks were subject to sufficient and appropriate assurance coverage.

In-Year Management and Monthly/Quarterly Reports

The RTIA submitted all monthly and quarterly management reports to the National Treasury and the Department of Transport in accordance with the requirements of the PFMA. The ARC provided recommendations on the management reports in order to improve the quality of performance information and financial reporting.

Evaluation of Financial Statements

The ARC:

- Reviewed the unaudited financial statements with consideration to the assurance provided by the management that the AFS were compiled in compliance with the Generally Recognised Accounting Practice (GRAP) and reviewed by the external service provider as well as the independent assurance from Internal Audit which included a scope limitation.
- During the review, the ARC raised concerns about the financial position, recurring audit findings and the quality of the unaudited annual financial statements.
- The following were reviewed and discussed by the ARC:
- Changes in accounting policies and practices.
- The AGSA audit and management reports.
- The audited annual financial statements to be included in the annual report, which were discussed with management and reported to the Accounting Authority.
- Information on predetermined objectives to be included in the annual report.
- Compliance with legal and regulatory provisions.
- Audited financial statements for any significant adjustments resulting from the audit.
- The ARC recommended the unaudited annual financial statements and annual performance report to the Board for approval on 12 June 2026.

AGSA Audit Report

Audit Outcome and Financial Reporting

The Audit and Risk Committee (ARC) notes with concern the continuation of a qualified audit opinion issued by the Auditor-General of South Africa (AGSA), particularly in relation to matters affecting the AARTO liabilities and related financial reporting balances.

The Committee noted that the qualified opinion relates mainly to AARTO liabilities. AARTO payables and receivables were offset without a demonstrable legally enforceable right and intention to settle the balances on a net basis, contrary to GRAP 104, Financial Instruments, and sufficient appropriate audit evidence could not be obtained for AARTO liabilities of R721.4 million (2025: R377.5 million) owing to the status of record keeping.

The Committee further noted other material financial reporting matters identified during the audit where Management was unable to provide sufficient appropriate supporting evidence, including matters relating to the completeness and verification of the Fixed Asset Register and the recognition of infringement revenue associated with notices where the required service requirements under the AARTO Act were not adequately supported. The qualification also related to receivables from exchange

transactions, net cash flows from operating activities and prior-year adjustments. The ARC recognises that these matters have contributed to the recurrence of the qualified audit outcome. At the same time, the Committee noted improvements achieved in other areas, particularly Information Technology and Performance Information, and acknowledged the measures being implemented by Management to strengthen the overall control and financial reporting environment.

Management has developed a Financial Reporting and Audit Improvement Turnaround Plan aimed at addressing both the current audit findings and the underlying root causes. Key interventions include:

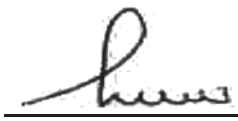
- strengthening the internal control environment and financial reporting processes;
- developing and implementing a formal policy and control framework for unallocated receipts;
- implementing a robust audit action plan addressing each outstanding finding, with progress subject to review by Internal Audit and monitoring by the ARC;
- strengthening the reconciliation and supporting-documentation processes for AARTO receivables and liabilities;
- improving the Fixed Asset Register and asset verification processes;
- strengthening revenue recognition and supporting evidence for infringement revenue;
- enhancing technical accounting and financial reporting review processes;
- filling critical Finance vacancies and strengthening the competency and capacity of the Finance function; and
- expanding the pool/panel of suitably qualified and experienced service providers available to support AFS compilation, technical accounting and other specialised financial reporting requirements.

The ARC has further recommended that Management strengthen the quality assurance and review process preceding the preparation and submission of the Annual Financial Statements, including appropriate technical review of significant accounting judgements, reconciliations and supporting schedules.

The Committee will continue to monitor implementation of the turnaround plan and expects Management to demonstrate measurable progress in addressing the root causes of the audit findings, strengthening the control environment and improving the quality and reliability of financial reporting.

Conclusion

The ARC confirms that the system of internal control, governance and risk management in the Agency is adequate and partially effective in managing risks and allowing the management to understand the management of such risks.



Mr Sandile Keswa
Audit and Risk Committee Chairperson

22. Company Secretary's Certification

I certify that, for the financial year ended 31 March 2026, the Board and its committees operated in accordance with the applicable governance framework, and that the required governance records, minutes and registers were maintained.

Adv Mncedisi Bilikwana
Acting Company Secretary







PART D

HUMAN RESOURCE MANAGEMENT

1. Human Resource Management Overview

Human-resource capacity remained a significant institutional constraint during the 2025/26 financial year. The Agency operated with a substantial number of vacancies across executive, management, professional, skilled and frontline operational levels. These vacancies placed pressure on service-delivery capacity, assurance functions and preparations for the national implementation of AARTO.

A significant development during the year was the approval by the Minister of Transport of the revised RTIA organisational structure in December 2025. The approved structure provides an establishment of 458 positions and is intended to align the Agency's operating model and workforce capacity with its legislative mandate. The structure strengthens frontline operations, adjudication, enforcement, customer service, provincial support, financial management, information technology, legal and compliance services, internal audit, risk management and other enabling functions.

Against the approved establishment, 178 positions were filled at the beginning of the financial year. By 31 March 2026, 4 employees had terminated their employment, leaving a total of 174 active employees. A total of 284 positions were vacant, representing an occupancy rate of 38% and a vacancy rate of 62%. The vacancy position reflects the expanded capacity requirements of the approved structure. It should therefore be interpreted in the context of the phased implementation of the structure rather than as a reduction in the existing workforce.

1.1 Human-resource priorities during the year

- Securing approval of an organisational structure aligned with the Agency's mandate and national AARTO requirements.
- Maintaining critical operational and enabling capacity while the organisational structure was being finalised.
- Strengthening workforce planning, employment equity, performance management, skills development and employee wellness.
- Managing labour-relations matters in accordance with applicable legislation and internal policies.
- Improving human-resource information, payroll administration and workforce reporting.

1.2 Workforce planning and organisational capacity

The approved establishment reflects the workforce required to implement the Agency's full operating model. Of the 458 approved positions, 174 were filled at 31 March 2026, comprising 95 permanent employees and 79 contract employees. occupation categories were skilled positions, with 100 employees, followed by professionally qualified at 52, senior management at 14, then semi-skilled at 4 and top management at 4.

The highest numerical vacancy levels were recorded in the semi-skilled category, with 156 vacant posts, followed by professionally qualified positions, with 76 vacancies, and skilled positions, with 35 vacancies. These categories contain a significant proportion of the Agency's operational, customer service, adjudication, enforcement and administrative capacity. The vacancy profile therefore represents a material service-delivery and implementation risk.

1.3 Approved organisational structure

The approved structure establishes dedicated capacity in the Office of the Registrar, Traffic Infringement Management, AARTO Operations, AARTO Education and Stakeholder Management, Adjudication, Driver Rehabilitation Standards and the Points Demerit System, Financial Management, Corporate Services, Legal Services, Compliance and Ethics, Information Technology, Strategy, Internal Audit, Risk Management and Company Secretariat functions.

Detailed implementation planning, job grading, recruitment, matching and placement activities were undertaken after the end of the reporting period. These activities are consequently treated as subsequent implementation measures and not as 2025/26 performance achievements.

1.4 Employee performance management

The Agency continued to implement its performance-management and development system to align individual performance with institutional objectives. Performance agreements, assessments, moderation, calibration and Personal Development Plans form part of the performance-management cycle. At the date of preparation of the Annual Report, the final completion and moderation status for the 2025/26 cycle was still being consolidated.

1.5 Skills development

The Agency implemented learning and development interventions through its Workplace Skills Plan. Training was provided across business units to address identified technical, professional, governance and operational skills requirements.

1.6 Employment equity and transformation

RTIA remained committed to building a representative and inclusive workforce. The workforce remained predominantly African, with strong representation of women at overall organisational level. Representation at senior and top-management levels, and the representation of persons with disabilities, require continued attention as vacancies in the approved structure are filled. Recruitment and development interventions will be aligned with the Employment Equity Plan and approved numerical goals.

1.7 Labour relations and employee conduct

Labour-relations matters were managed in accordance with applicable labour legislation, collective arrangements and internal policies. Disciplinary action during the year included written warnings, precautionary suspensions and dismissal.

1.8 Employee wellness

The Agency continued to provide employee health and wellness support, taking into account the organisational capacity pressures, the employee-relations environment and the anticipated change associated with implementation of the approved structure.

1.9 HR challenges and future priorities

- Implementation of the approved organisational structure in a phased and affordable manner.
- Prioritisation of critical executive, management, operational and specialist vacancies.
- Improved employment-equity representation, particularly at leadership levels and among persons with disabilities.
- Completion and strengthening of the performance-management, moderation and calibration processes.
- Improved workforce analytics, HR data integrity and alignment between HR and payroll records.
- Strengthened change management, employee engagement and leadership development.

2. Human Resource Oversight Statistics

The following statistics present the Agency's workforce and human-resource information.

2.1 Employee profile based on the approved organisational structure

Table 2.1 below shows the employee profile at 31 March 2026, with an occupancy rate of 38% and a vacancy rate of 62%. The approved structure materially increases the establishment and therefore the reported number of vacancies. The prioritised recruitment figure relates to the phased implementation programme developed after year-end and is included to indicate the planned response to the capacity gap.

Table 2.1: Employee profile based on the approved organisational structure at 31 March 2026.

Salary band	Approved positions	Permanent	Contract	Total filled	Vacant	Prioritised
Top Management (Levels 15-16)	9	2	2	4	5	0
Senior Management (Levels 13-14)	26	12	2	14	12	3
Professionally Qualified (Levels 9-12)	128	30	22	52	76	68
Skilled (Levels 6-8)	135	47	53	100	35	18
Semi-skilled (Levels 3-5)	160	4	0	4	156	107
Unskilled (Levels 1-2)	0	0	0	0	0	0
TOTAL	**458**	**95**	**79**	**174**	**284**	**196**

2.2 Employment changes by salary band

Table 2.2 shows employment changes during the reporting period. The Agency began the year with 178 employees. Four employees left the Agency and three were promoted from the Skilled to the Professionally Qualified category, resulting in a closing workforce of 174 employees.

There were no appointments or terminations within Top Management, and the category remained unchanged at four employees. Senior Management decreased from 15 to 14 employees following one termination.

The professionally qualified category increased from 49 to 52 employees following three internal promotions. This increase supported the Agency's need for professional and specialist capacity across its operational and enabling functions.

The skilled occupational category decreased from 106 to 100 employees following three exits and three internal promotions. This category recorded the largest workforce reduction during the year. As skilled employees form a significant component of the Agency's operational workforce, vacancies arising within this category require close monitoring to manage potential effects on service delivery and workload distribution.

The semi-skilled category remained unchanged at four employees, while no employees were recorded in the unskilled category. Overall, the Agency experienced a net reduction of four employees during the year. Recruitment and retention measures will continue to focus on critical operational, professional and specialist positions, taking account of affordability, employment-equity objectives and the phased implementation of the approved organisational structure.

As shown in Table 2.3, a total of four employees left the Agency during the reporting period. The terminations comprised one resignation, one dismissal and two contracts that reached their expiry dates. The remaining three movements were internal promotions.

Table 2.2: Employment changes by salary band

Salary band	Employees at beginning	Appointments / promotions in	Exits / promotions out	Employees at year-end
Top Management	4	0	0	4
Senior Management	15	0	1	14
Professionally Qualified	49	3	0	52
Skilled	106	0	6	100
Semi-skilled	4	0	0	4
Unskilled	0	0	0	0
TOTAL	**178**	**3**	**7**	**174**

Table 2.3: Reasons for staff movements

Reason	Number	% of total movements
Death	0	0%
Resignation	1	14.3%
Dismissal	1	14.3%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	2	28.6%
Internal promotion	3	42.9%
TOTAL	**7**	**100%**

2.3 Personnel cost by programme

Table 2.4 shows personnel costs for the Agency. Personnel expenditure for the year amounted to R149.326 million across the Agency's four programmes, including Board and committee remuneration of R2.430 million (notes 12 and 13 to the annual financial statements). Programme 4 accounted for the largest share of personnel expenditure at R61.260 million, representing 41% of total personnel costs. The differences in average personnel costs across programmes reflect variations in workforce composition, occupational levels, specialist requirements and the distribution of management positions.

Personnel expenditure by programme should be read together with the Agency's staffing model and vacancy profile. Although the approved organisational structure provides for a substantially larger establishment, the expenditure reflected in the table relates to employees who were remunerated during the reporting period. Personnel expenditure includes the salaries of all employees paid during the year, including the four employees who left before 31 March 2026. The number of employees (178) and the average cost per employee in Tables 2.4 and 2.5 are therefore based on employees paid during the year, while Tables 2.1, 2.9 and 2.10 reflect the 174 employees in service at 31 March 2026.

Table 2.4: Personnel cost by programme

Programme	Personnel expenditure R'000	% of personnel expenditure	Employees	Average cost per employee R'000
Programme 1: Adjudication & AARTO Support	21 840	14.6%	43	508
Programme 2: AARTO Administration & Education	50 264	33.7%	74	679
Programme 3: AARTO Information & Analytics	15 962	10.7%	16	998

Programme	Personnel expenditure R'000	% of personnel expenditure	Employees	Average cost per employee R'000
Programme 4: Governance & Sustainability	61 260	41.0%	45	1 361
TOTAL	**149 326**	**100%**	**178**	**839**

2.4. Personnel cost by salary band

Table 2.5 provides personnel cost by salary band. The distribution of personnel costs reflects the concentration of the Agency's workforce within the skilled and professionally qualified occupational categories.

The skilled occupational category accounted for the largest share of personnel expenditure at R54.801 million, representing 37% of total personnel costs. This category also had the largest number of employees, with 103 employees, and an average personnel cost of approximately R532 000 per employee. Professionally qualified employees accounted for R52.952 million, or 36%, of total personnel expenditure. The category comprised 52 employees and recorded an average personnel cost of approximately R1.018 million per employee.

The expenditure reflects the Agency's reliance on professional, technical and specialist capacity to perform adjudication, legal, financial, assurance, information-management and other mandate-related functions.

Senior Management accounted for R25.680 million, representing 18% of total personnel costs. The category comprised 15 employees, with an average personnel cost of approximately R1.712 million per employee. Top Management accounted for R11.597 million, or 8%, of total personnel expenditure. Four employees were reflected in this category, resulting in an average personnel cost of approximately R2.899 million per employee.

Semi-skilled employees accounted for R1.514 million, representing 1% of total personnel expenditure. The category comprised four employees, with an average personnel cost of approximately R379 000 per employee. Overall, 73% of personnel expenditure was attributable to skilled and professionally qualified employees. This reflects the specialist and operational nature of the Agency's mandate. The average personnel cost increases progressively at higher occupational levels because of differences in job complexity, accountability, qualifications and remuneration levels.

Table 2.5: Personnel cost by salary band

Salary band	Personnel expenditure R'000	% of total personnel cost	Employees	Average cost per employee R'000
Top Management	11 702	8%	4	2 926
Senior Management	25 913	18%	15	1 728
Professionally Qualified	52 952	36%	52	1 018
Skilled	54 801	37%	103	532
Semi-skilled	1 528	1%	4	382
Unskilled	0	0%	0	0
TOTAL	**146 896**	**100%**	**178**	**825**

2.5. Performance rewards by occupational category

Table 2.6 shows the distribution of performance rewards by occupational categories. Performance rewards amounting to R16.726 million were recorded for the year under review, representing approximately 11.4% of total personnel expenditure.

Professionally qualified employees received the largest portion of performance rewards at R6.146 million, followed by skilled employees at R6.041 million. Together, these two categories accounted for approximately R12.187 million, or about 73% of the total performance rewards.

Senior Management received performance rewards of R2.952 million, while Top Management received R1.406 million. Semi-skilled employees received performance rewards of R181 153.

Table 2.6: Performance rewards by occupational category

Salary band	Performance rewards R'000	Personnel expenditure R'000	Rewards as % of personnel cost
Top Management	1 406	11 702	12.0%
Senior Management	2 952	25 913	11.4%
Professionally Qualified	6 146	52 952	11.6%
Skilled	6 041	54 801	11.0%
Semi-skilled	181	1 528	11.8%
Unskilled	0	0	0%
TOTAL	**16 726**	**146 896**	**11.4%**

2.6. Training expenditure by business unit

The Agency continued to implement employee learning and development interventions through its Workplace Skills Plan. Table 2.7 shows the Agency's training expenditure during the reporting period. A total of 100 employees participated in training interventions across the business units reflected in the table, at a reported cost of approximately R370 393.

Finance recorded the highest number of employees trained, with 20 employees participating in learning and development interventions at a cost of approximately R59 416. Representation and Adjudication recorded 14 employees trained, while Operations and Information Management trained 12 employees.

Internal Audit and Risk Management and Enterprise Development each trained 10 employees. Back Office trained eight employees, Legal, Governance and Compliance trained seven employees, and Human Resources trained six employees. Corporate and Strategy Reporting and Communications each trained five employees, while Information Technology trained three employees.

Table 2.7: Training expenditure by business unit

Business unit	Training expenditure R'000	Employees trained	Average cost per employee R'000
Internal Audit and Risk Management	20	10	2
Enterprise Development	19	10	2
Back Office	42	8	5
Finance	59	20	3
Representation and Adjudication	44	14	3
Operations and Information Management	49	12	4
Legal, Governance and Compliance	26	7	4
Corporate and Strategy Reporting	34	5	7
Human Resources	26	6	4
Information Technology	30	3	10
Communications	19	5	4
TOTAL	**370**	**100**	**4**

2.7. Labour relations: misconduct and disciplinary action

The Agency continued to manage employee-conduct and disciplinary matters in accordance with applicable labour legislation, collective arrangements and approved internal policies.

During the reporting period, one written warning and one dismissal were recorded. Four employees were also placed on precautionary suspension pending the finalisation of the relevant processes.

The Agency continued to monitor outstanding disciplinary matters to support timely resolution, fair treatment and compliance with its disciplinary framework. Management also continued to promote ethical conduct, accountability and awareness of the standards expected of employees.

Table 2.8: Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	1
Final written warning	0
Precautionary suspension	4
Dismissal	1
TOTAL	**6**

2.8. Employment-equity summary

Of the 174 employees reflected in the employment-equity schedule, 161 were African, nine were Coloured, one was Indian or Asian and three were White. The schedule reflected 76 men and 98 women. Representation at leadership levels and the achievement of approved numerical goals require continued attention.

Table 2.9: Employment-equity summary

Population group	Current employees	% of reported workforce
African	161	92.5%
Coloured	9	5.2%
Indian or Asian	1	0.6%
White	3	1.7%
TOTAL	**174**	**100%**

2.9. Employees with disabilities

The Agency recorded one employee with a disability during the year under review, against an overall employment-equity target of eight employees. The employee was represented within the semi-skilled occupational category. No employees with disabilities were recorded at top management, senior management, professionally qualified, skilled or unskilled occupational levels.

This represents approximately 0.6% of the 174 employees at 31 March 2026 and indicates that the Agency remained below its approved representation target. The underrepresentation of persons with disabilities requires focused attention as the Agency implements the approved organisational structure and fills vacant positions. The Agency will also continue to encourage the voluntary and confidential disclosure of disability information so that reliable workforce data can be maintained and appropriate reasonable accommodation can be provided.

Table 2.10: Employees with disabilities

Occupational level	Current employees with disabilities	Target
Top Management	0	0
Senior Management	0	0
Professionally Qualified	0	1
Skilled	1	1
Semi-skilled	0	6
Unskilled	0	0
TOTAL	1	8




MABOPANE TAXI RANK
RTIA
Road Traffic Infringement Authority
Justice in Adjudication
BUTCHERY EXPRESS
MABOPANE CASH STORE
MASH PRRICA CASH PRODUCE



PART E

PFMA COMPLIANCE REPORT

1. Information on Irregular, Fruitless and Wasteful Expenditure and Material Losses

1.1 Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2025/2026	2024/2025
Figures in Rand	R	R
Opening balance	39 951 542	209 324 596
Add: Irregular expenditure confirmed	40 674	9 763 575
Add: Irregular expenditure under assessment in the prior year and confirmed	-	1 133 059
Less: Irregular expenditure condoned	-	(152 961 578)
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	(27 308 110)
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**39 992 216**	**39 951 542**

Irregular expenditure of R40 674 was confirmed in 2025/2026, and no amounts were condoned, removed, recovered or written off during the year. The closing balance therefore increased from R39 951 542 to R39 992 216. The significant reduction in 2024/2025 resulted mainly from the condonation of R152 961 578 and the transfer of R27 308 110, relating to an unapproved remuneration framework, to recoverable.

Amounts are in rand, consistent with the annual financial statements.

Reconciling notes

Description	2025/2026	2024/2025
Figures in Rand	R	R
Irregular expenditure that was under assessment in the prior year and confirmed in the current year	-	1 133 059
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	40 674	9 763 575
Total	**40 674**	**10 896 634**

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

Description	2025/2026	2024/2025
Figures in Rand	R	R
Irregular expenditure under assessment	7 725 338	7 342 524
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	27 308 109
Total	**7 725 338**	**34 650 634**

Irregular expenditure under assessment at 31 March 2026 relates to the following non-compliance, most of which was identified during the 2025/2026 audit:

Nature of non-compliance	R
Uneconomical procurement incurred in excess of procurement plan approved amount - Security services	2 735 333
Failure to obtain minimum quotations	916 120
Declaration of interest deficiencies	2 296 974
Unjustifiable deviation and tax matters not confirmed before award	32 629
Tax compliance status not verified before award	200 000
Delegation of authority exceeded	861 840
Uneconomical procurement and value-for-money concerns	682 442
Total	**7 725 338**

c) Details of current and previous year irregular expenditure condoned

Description	2025/2026	2024/2025
Figures in Rand	R	R
Irregular expenditure condoned	-	152 961 578
Total	**-**	**152 961 578**

d) Details of current and previous year irregular expenditure removed - not condoned

Description	2025/2026	2024/2025
Figures in Rand	R	R
Irregular expenditure not condoned and removed	-	-
Total	**-**	**-**

e) Details of current and previous year irregular expenditure recovered / recoverable

Description	2025/2026	2024/2025
Figures in Rand	R	R
Unapproved remuneration framework - recoverable*	-	27 308 110
Total	**-**	**27 308 110**

* To be recovered through the appointed legal representative; the recovery process is in progress.

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

Description	2025/2026	2024/2025
Figures in Rand	R	R
Irregular expenditure written off	-	-
Total	**-**	**-**

g) Inter-institutional arrangements

The Agency was not involved in any inter-institutional arrangements that resulted in irregular expenditure.

h) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken	R	Status
Unapproved remuneration framework (2024/2025)	27 308 110	Recovery through legal process in progress
Fraudulent contract extensions: Mutual & Federal, PIC, Itec and Telkom (2024/2025)	30 261 072	Matter reported to the law enforcement agency
Total	**57 569 182**	

1.2 Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2025/2026	2024/2025
Figures in Rand	R	R
Opening balance	237 484	1 756 012
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure recoverable	(237 484)	(56 000)
Less: Fruitless and wasteful expenditure not recovered and written off	-	(1 462 528)
Closing balance	**-**	**237 484**

No fruitless and wasteful expenditure was incurred in 2025/2026, consistent with AFS note 23. The opening balance of R237 484 was transferred to recoverable during the year, which leaves a nil closing balance.

Reconciling notes

Description	2025/2026	2024/2025
Figures in Rand	R	R
Fruitless and wasteful expenditure that was under assessment in the prior year	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	**-**	**-**

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

Description	2025/2026	2024/2025
Figures in Rand	R	R
Fruitless and wasteful expenditure under assessment*	2 225 056	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	**2 225 056**	**-**

* Relates to the ineffective use or under-utilisation of the e-procurement module (CCG contract), identified by the AG; the matter is under dispute.

c) Details of current and previous year fruitless and wasteful expenditure recovered / recoverable

Description	2025/2026	2024/2025
Figures in Rand	R	R
Board pack contract - early termination	156 000	-
Department of Labour penalty	50 392	-
Violation of patent rights	26 691	-
Traffic fine violations	4 401	-
Prior-year recoverable amounts	-	56 000
Total	**237 484**	**56 000**

Note: These amounts were identified as recoverable in 2024/25 and transferred from the fruitless and wasteful expenditure balance in 2025/26.

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

Description	2025/2026	2024/2025
Figures in Rand	R	R
Fruitless and wasteful expenditure written off	-	1 462 528
Total	**-**	**1 462 528**

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken	2025/2026	2024/2025
Figures in Rand	R	R
Disciplinary procedures	-	-
Criminal charges	-	-
Total	**-**	**-**

1.3 Material losses through criminal conduct

Details of material losses through criminal conduct (PFMA section 55(2)(b)(i))

Material losses through criminal conduct	2025/2026	2024/2025
Figures in Rand	R	R
Theft	-	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recoverable and written off	-	-
Total	**-**	**-**

An independent investigation into allegations of fraud and corruption relating to AARTO cashier services for the period January to December 2025 was concluded in April 2026. Following the initial investigation, the scope was extended to cover the entire financial year. The related proceedings were still in progress as at the date of the Auditor-General's report, and the financial impact or potential loss could not be reliably estimated at that stage.

1.4 Other material losses

The Auditor-General did not report any findings on losses in 2025/2026.

1.5 Disposal and recovery of irregular expenditure

Irregular Expenditure

Irregular expenditure is managed in accordance with the National Treasury PFMA Compliance and Reporting Framework (Instruction No. 4 of 2022/2023). Each identified case is assessed and, where irregular expenditure is confirmed, a determination test is performed to establish the appropriate course of action, including condonation, removal, recovery or write-off, as applicable.

During the 2025/26 financial year, no irregular expenditure was condoned, removed or written off.

In 2024/25, irregular expenditure amounting to R152 961 578 was condoned, while R27 308 110 relating to an unapproved remuneration framework was classified as recoverable. The Agency has appointed a legal representative to facilitate recovery of the recoverable amount.

In addition, the Agency, through its appointed legal representatives, has instituted civil proceedings to recover damages and losses arising from irregular expenditure relating to contraventions of section 11(2) of the AARTO Act. The recoverable amount is estimated at R14 207 900, as disclosed in AFS Note 20 – Contingent Assets. The matter has been lodged with the Johannesburg High Court, and the parties have commenced mediation proceedings prior to the matter proceeding to trial.

Fruitless and Wasteful Expenditure

During the 2025/26 financial year, fruitless and wasteful expenditure amounting to R237 484 was transferred to recoverable following the applicable assessment and determination process.

In 2024/25, fruitless and wasteful expenditure amounting to R1 462 528 was written off as irrecoverable. The supplier has entered a settlement arrangement, and recovery is currently in progress.

The Agency continues to strengthen its expenditure management, internal controls and consequence management processes to prevent recurrence and ensure that identified losses are appropriately assessed, accounted for and recovered where applicable.

1.6 Consequence management

The Agency applies consequence management where officials are found responsible for irregular, fruitless and wasteful expenditure, in line with the PFMA, the Disciplinary Code and the National Treasury framework.

To strengthen consequence management, management is developing a standard operating procedure that sets timelines for determination tests and investigations, and requires each case to record the root cause, the official responsible, whether a loss was suffered and whether controls failed. Roles and responsibilities for consequence management will be assigned to specific committees.

1.7 Investigations and disciplinary action

The extended investigation into allegations of fraud and corruption in the AARTO cashier services (see section 1.3) is currently in progress. Upon conclusion of the investigation and subject to the findings, appropriate criminal proceedings will be instituted where warranted, and disciplinary proceedings will be initiated in accordance with the RTIA Disciplinary Code and Procedure.

2. Information on Late and/or Non-Payment of Suppliers

The Agency is committed to paying valid and undisputed supplier invoices within the prescribed 30-day period. During 2025/2026, 79% of valid supplier invoices were paid within 30 days, against a target of 100% (Programme 4: Governance & Sustainability). The AG noted that the Agency's average creditor-payment period continued to improve, at 15 days. Supplier payments were monitored through monthly reviews of outstanding invoices and engagements with responsible business units.

Description	2025/26 (R)	2024/25 (R)	Variance
Total invoices processed	191 796 809	166 519 312	15%
Invoices paid within 30 days	151 519 479	134 880 643	12%
Invoices paid after 30 days	40 277 330	17 704 988	127%
Invoices outstanding at year-end	7 904 196	5 379 491	47%
Value of invoices paid late	40 277 330	17 704 988	127%
Value of invoices outstanding at year-end	7 904 196	5 379 491	47%
Percentage paid within 30 days	**79%**	**81%**	**-2 percentage points**

Reasons for late or non-payment

- incomplete or incorrect supporting documentation submitted with invoices;
- invoices under verification or dispute relating to goods or services rendered;
- delays in obtaining confirmation of service delivery from responsible business units;
- purchase order or procurement-related discrepancies requiring resolution before payment;
- liquidity constraints under the restrained funding model;
- supplier banking or master-data verification issues; and
- invoices submitted outside the prescribed invoicing process.

Management interventions

- monthly monitoring of invoices approaching the 30-day payment deadline, with weekly ageing reviews;
- escalation of overdue invoices to responsible executives and business units;
- reconciliation of outstanding supplier balances;
- improved coordination between Supply Chain Management, Finance and end-user departments;
- follow-up of disputed and incomplete invoices and engagement with suppliers where documentation was outstanding; and
- a central invoice register and workflow escalation, with accountability for delayed certification or processing.

3. Information on Supply Chain Management

The Agency implements its Supply Chain Management (SCM) processes in accordance with applicable legislation, National Treasury prescripts and its approved SCM policy. Training is provided to employees and Bid Committee members, and corrective and consequence-management measures are applied where non-compliance is identified.

During 2025/2026, 89 purchase orders amounting to R10 736 335 were issued through normal procurement processes, supported by quotations or bids and subjected to the prescribed evaluation and approval processes.

3.1 Procurement by other means

During 2025/2026, 21 transactions amounting to R10 160 117 were procured through other means (direct sourcing, sole providers and fewer than three quotations). These were supported by motivations and approved by the Registrar or CFO in line with delegations.

Project description	Type of procurement by other means	Value (R)
Training for SCM team	Direct sourcing	55 614
Training for developing HRD implementation plan	Direct sourcing	17 368
Renewal of the Microsoft License	Sole provider	7 212 283
Licensing of 3 vehicles	Sole provider	2 865
GovTech Annual Conference	Direct sourcing	51 000
Procurement of photocopying paper	Direct sourcing	79 580
Point of sale devices	Fewer than 3 quotations	861 840
SCM Membership Renewals	Direct sourcing	8 734
HR Technical Summit	Direct sourcing	19 998
Renewal of membership	Direct sourcing	22 239
Training services for HR & HRD Artificial Intelligence Data Analysis	Direct sourcing	21 000
Renewal of licence	Direct sourcing	529 909
Internal Audit training	Direct sourcing	32 629
Monitoring and Evaluation Training	Direct sourcing	120 660
Advanced Acquisition Training	Direct sourcing	222 456
Sage 200 Training	Sole provider	183 080
Facilities Management Workshop	Direct sourcing	40 500
Legal opinion and court appearance	Direct sourcing	200 000
Security infrastructure enhancement following cctv system failure & supply	Direct sourcing	233 376
Developing HRD implementation strategy	Fewer than 3 quotations	170 001
Budget Training	Fewer than 3 quotations	74 985
Total		**10 160 117**

3.2 Contract variations and expansions

During 2025/2026, 8 contract variations and expansions of scope amounting to R2 856 383 were approved, mainly to meet operational requirements, additional services and changes in scope. The AG noted an increase in contract variations, one contract extension (R635 462) that was not in line with the SCM policy, and contract modifications of R1 100 000 for which the monthly reports to National Treasury were not retained.

Project description	Modification type	Current variation (R)
Internal Audit services for reviewing Financial statements	Expansion of scope	235 462
Compilation of financial statements	Expansion of scope	380 000
Labour relations services	Expansion of scope	400 000
Provision of NATIS data line	Expansion of scope	130 921
Legal Opinion extension on remuneration dispensation	Expansion of scope	600 000
Legal opinion of SAPO and appeals Tribunal	Expansion of scope	60 000
Extension of Cellphone allowances- for the period of 6 months	Expansion of scope	350 000
Extension of scope on SCM module	Expansion of scope	700 000
Total		**2 856 383**

3.3 Deviations from normal procurement processes

In total, 29 deviations amounting to R13 016 500 were recorded in the 2025/2026 deviation register, approved by the Registrar or the CFO. They are summarised by type below and listed in sections 3.1 and 3.2.

Type of deviation	Number	Value (R)
Sole provider	3	7 398 228
Direct sourcing	15	1 655 063
Fewer than 3 quotations	3	1 106 826
Expansion of scope	8	2 856 383
Total	**29**	**13 016 500**

The AG reported findings on four deviations, none of which was material non-compliance: the Microsoft licence renewal (R7 212 283) was not reported to National Treasury within 14 days; the reasons for the internal audit training deviation (R32 629) were not justifiable and tax matters were not confirmed at award; the tax compliance status for the legal opinion and court appearance (R200 000) was not verified before award; and the ABSA point-of-sale deviation (R861 840) exceeded the CFO's delegated approval limit. Management will introduce a standard deviation memo that assesses all legislative requirements for each deviation.

3.4 Unsolicited proposals

Controls are in place to ensure that unsolicited proposals are considered through a transparent and properly authorised process and do not circumvent prescribed procurement processes. The Agency did not receive or accept any unsolicited proposals during 2025/2026.


Road Traffic Infring
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PART F

FINANCIAL INFORMATION

Report of the auditor-general to parliament on the Road Traffic Infringement Agency

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Road Traffic Infringement Agency set out on pages xx to xx, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Road Traffic Infringement Agency as at 31 March 2026 and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for qualified opinion

AARTO liabilities

3. AARTO payables and receivables were offset without a demonstrable legally enforceable right and intention to settle balances on a net basis by both parties, in contravention of GRAP 104, *Financial Instruments*. I was unable to determine the full extent of the misstatement in the absence of proper reconciliations and supporting evidence. Furthermore, I was unable to obtain sufficient appropriate audit evidence for AARTO liabilities for the current and previous years due to the status of record keeping. I was unable to confirm the AARTO liabilities by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to AARTO liabilities stated at R721 440 942 (2025: R377 547 241). Additionally, there was an impact on AARTO receivables stated at R590 406 757 (2025: R262 293 441) in note 5 to the financial statements.

Receivables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for receivables from exchange transactions, due to the non-submission of information in support of these receivables. I was unable to confirm the receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to receivables from exchange transactions stated at R104 400 027 in note 4 to the financial statements. Additionally, there was an impact on the impairment (loss)/reversal for the period.

Infringement fees

5. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for revenue from exchange transactions in accordance with GRAP 9, *Revenue from exchange transactions*, as management did not provide sufficient information to enable an assessment of whether the recognised amounts met the definition of revenue and were measured in accordance with the requirements of the standard. I was unable to confirm the revenue from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to infringement fees stated at R362 282 755 in note 10 to the financial statements.

Property plant and equipment

6. Adequate systems were not in place to properly record assets in accordance with GRAP 17, *Property plant and equipment*. The entity's controls over the assignment, maintenance and reconciliation of unique asset identification numbers did not operate effectively and, as a result, we were unable to satisfactorily trace selected assets from their physical location to the corresponding records in the asset register. This resulted in property, plant and equipment being understated by R8 161 207.

Net cash flows from operating activities

7. Net cash flows from operating activities was not correctly prepared and disclosed as required Standards of GRAP 2, *Cash flow statements.* This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R166 719 978 in the financial statements were necessary.

Prior-year adjustments

8. Not all prior period errors were disclosed in note 26 to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for some financial statement items affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for those prior period errors disclosed in note 26 to the financial statements, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in the financial statements.

Context for opinion

9. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

10. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Responsibilities of the accounting authority for the financial statements

12. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

14. 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.

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page X forms part of my auditor's report.

Report on the annual performance report

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

17. I selected the following material performance indicators related to *Programme 1: Adjudication and Support* presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

    - % of representations adjudicated within 21 days of date of receipt by the Agency
    - % of applications for revocation of enforcement orders adjudicated within 21 days of date of receipt by the Agency
    - % of courtesy letters issued between 33 days and 96 days from the infringement notice served date
    - % of enforcement orders issue after 32 days from the applicable notification served date
    - % of courtesy letters served/presumed served within 40 days from date of issue
    - % of enforcement orders served/presumed served within 40 days from date of issue
    - Approved strategy for rehabilitation programme
    - AARTO Amendment Act implemented

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

19. I performed procedures to test whether:

    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner

- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

21. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

22. I draw attention to the matter below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements.

24. The table that follows provides information on the achievement of planned targets and lists the key indicator that was not achieved as reported in the annual performance report. The reason for underachievement of the target is included in the annual performance report on page xx.

Adjudication and support

Targets achieved: 88%		
Key indicator not achieved	**Planned target**	**Reported achievement**
AARTO Amendment Act implemented	213 IAs (Provincial, Metros and Local Municipal IAs) engaged &advised on key areas of readiness for implementation of the AARTO Amendment Act	138 IAs (Provincial, Metros and Local Municipal IAs) engaged &advised on key areas of readiness for implementation of the AARTO Amendment Act

Material misstatements

25. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for *Programme 1: Adjudication and support*. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

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

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

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

29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance report and annual report

30. Financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

31. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of current assets, liabilities, revenue and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Asset management

32. I was unable to obtain sufficient appropriate audit evidence that the disposal of movable assets was done in a manner most advantageous to the state, as required by treasury regulation 16A.7.1.

Expenditure management

33. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with laws and regulations pertaining to procurement of goods and services.

Revenue management

34. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Procurement and contract management

35. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1 and paragraph 3.2.1 of SCM instruction note 2 of 2021/22.

Other information in the annual report

36. The accounting authority is responsible for the other information included in the annual report which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

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

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

39. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

40. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

42. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.

43. Management did not exercise adequate oversight responsibility regarding financial reporting, compliance with laws and regulations and the related internal controls.

44. Deficiencies in the implementation of controls over the daily and monthly processing and reconciliation of transactions continued to persist during the period under review. Although management developed an action plan to address the identified control weaknesses, the plan was not implemented effectively or within an appropriate timeframe. Consequently, the underlying deficiencies remained unresolved, resulting in the continued breakdown of key financial controls.

45. Failure to prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Other reports

46. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

47. An independent consultant was investigating an allegation of fraud and corruption in the AARTO cashier services of the public entity at the request of the public entity, which covered the period January 2025 to December 2025. The investigation was concluded in April 2026 and resulted in recommendations for institution of criminal proceedings against employees implicated. These proceedings were in progress at the date of this auditor's report.

Auditor - General

Pretoria

8 October 2026

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, 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.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(2)(c); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Road Traffic Infringement Agency
Annual Financial Statements
for the year ended 31 March 2026

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Adjudication of road traffic infringements
Members	Mr MLB Moloi Mr BM Ramokhele CA (SA) Adv. NN January Mr. SJ Keswa Prof. D Khosa Dr. MJ Mashinini Mr. L Sakata
Registered office	New Road Office Park 10 Matuka Close Midrand 1685
Controlling entity	Department of Transport
Bankers	Standard Bank South Africa
Auditors	Auditor General of South Africa Registered Auditors
Secretary	Adv. MLT Bilikwana

Road Traffic Infringement Agency

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Road Traffic Infringement Agency

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Abbreviations used:

AARTO/(Act)	Administrative Adjudication of Road Traffic Offences (Act)
AG	Auditor General
Agency	Refers to the RTIA
EFT	Electronic Funds Transfer
AT	Appeals Tribunal
NaTIS	National Traffic Information System
EXCO	Executive Committee of the Agency
FAR	Fixed Asset Register
GRAP	Generally Recognised Accounting Practice
GDoCS	Gauteng Department of Community Safety
IA/s	Issuing Authority/ies
IT	Information Technology
JMPD	Johannesburg Metropolitan Police Department
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NCR	National Contraventions Register
NDOT/DoT	National Department of Transport
NRTA	National Road Traffic Act
PFMA	Public Finance Management Act
RTIA	Road Traffic Infringement Agency
RSA	Republic of South Africa
SLA	Service Level Agreement
SAPO	South African Post Office
TMPD	Tshwane Metropolitan Police Department
DPSA	Department of Public Service and Administration

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

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 entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The 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.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2027 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the accounting authority are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 5.

The annual financial statements set out from page 5, which have been prepared on the going concern basis, were approved by the accounting authority and were signed on its behalf by:

Mr BM Ramokhele CA (SA)
Chairperson of the Board

Mr MLB Moloi
Chief Executive Officer

Road Traffic Infringement Agency

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Statement of Financial Position as at 31 March 2026

Figures in Rand	Note(s)	2026	2025 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	360 058 491	201 004 786
Receivables from exchange transactions	4	104 400 027	69 531 902
AARTO assets	5	721 440 942	377 547 241
		1 185 899 460	**648 083 929**
Non-Current Assets			
Property, Plant and Equipment	6	17 343 201	19 058 391
Intangible assets	7	4 110 976	4 484 166
		21 454 177	**23 542 557**
Total Assets		**1 207 353 637**	**671 626 486**
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	9 288 146	19 401 445
AARTO liabilities	5	721 440 942	377 547 241
Employee benefit obligation	9	4 961 818	5 131 690
Operating lease liability	11	1 116 463	-
		736 807 369	**402 080 376**
Total Liabilities		**736 807 369**	**402 080 376**
Net Assets		**470 546 268**	**269 546 110**
Accumulated surplus		470 546 268	269 546 110
Total Net Assets		**470 546 268**	**269 546 110**

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

Statement of Financial Performance

Figures in Rand	Note(s)	2026	2025 Restated*
Revenue			
Revenue from exchange transactions			
Infringement fees	10	362 282 755	230 666 369
Interest received		13 751 018	4 487 121
Sundry income	28	382 347	1 109 633
Total revenue from exchange transactions		**376 416 120**	**236 263 123**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants	29	167 030 000	159 868 000
Total revenue	27	**543 446 120**	**396 131 123**
Expenditure			
Employee related costs	12	(146 895 727)	(150 816 873)
Remuneration - Board members and other committees	13	(2 430 224)	(2 623 131)
Depreciation and amortisation	14	(9 361 021)	(9 168 242)
Impairment (loss)/reversals		2 437 723	2 513 151
Other operating expenses	15	(186 267 068)	(148 561 028)
Total expenditure		**(342 516 317)**	**(308 656 123)**
Surplus for the year		**200 929 803**	**87 475 000**

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2024	**182 071 110**	**182 071 110**
Changes in net assets		
Surplus for the year	87 475 000	87 475 000
Total changes	87 475 000	87 475 000
Restated* Balance at 01 April 2025	**269 616 465**	**269 616 465**
Changes in net assets		
Surplus for the year	200 929 803	200 929 803
Total changes	200 929 803	200 929 803
Balance at 31 March 2026	**470 546 268**	**470 546 268**

Note(s)

The accounting policies on pages 11 to 38 and the notes on pages 39 to 66 form an integral part of the annual financial statements.

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

Cash Flow Statement

Figures in Rand	Note(s)	2026	2025 Restated*
Cash flows from operating activities			
Receipts			
Infringement receipts		332 026 445	198 194 066
Grants		167 030 000	231 632 000
Interest income		12 637 871	4 487 121
Other receipts		552 218	31 377
AARTO collections		570 906 317	328 124 189
		1 083 152 851	762 468 753
Payments			
Employee costs		(153 729 747)	(147 384 386)
Suppliers		(191 796 809)	(166 519 312)
AARTO Disbursements		(570 906 317)	(328 124 189)
		(916 432 873)	(642 027 887)
Net cash flows from operating activities	17	**166 719 978**	**120 440 866**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(1 701 511)	(20 670 654)
Proceeds from sale of property, plant and equipment		-	933 264
Purchase of other intangible assets	7	(5 964 762)	(8 343 634)
Net cash flows from investing activities		**(7 666 273)**	**(28 081 024)**
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**159 053 705**	**92 359 842**
Cash and cash equivalents at the beginning of the year		201 004 786	108 644 944
Cash and cash equivalents at the end of the year	3	**360 058 491**	**201 004 786**

The accounting policies on pages 11 to 38 and the notes on pages 39 to 66 form an integral part of the annual financial statements.

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Infringement fees	356 077 000	(150 596 280)	**205 480 720**	362 282 755	**156 802 035**	N1
Interest received (trading)	-	-	**-**	13 751 018	**13 751 018**	N4
Sundry income	-	-	**-**	382 347	**382 347**	N5
Total revenue from exchange transactions	**356 077 000**	**(150 596 280)**	**205 480 720**	**376 416 120**	**170 935 400**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants	167 347 080	(317 080)	**167 030 000**	167 030 000	**-**	
Total revenue	**523 424 080**	**(150 913 360)**	**372 510 720**	**543 446 120**	**170 935 400**	
Expenditure						
Employment costs	(218 801 760)	40 262 880	**(178 538 880)**	(149 325 951)	**29 212 929**	N2
Administrative & other expenses	(304 622 320)	110 650 480	**(193 971 840)**	(186 267 068)	**7 704 772**	N2
Depreciation and amortisation	-	-	**-**	(9 361 021)	**(9 361 021)**	N3
Impairment loss/ Reversal of impairments	-	-	**-**	2 437 723	**2 437 723**	N3
Total expenditure	**(523 424 080)**	**150 913 360**	**(372 510 720)**	**(342 516 317)**	**29 994 403**	
Surplus	**-**	**-**	**-**	**200 929 803**	**200 929 803**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**200 929 803**	**200 929 803**	
Capital expenditure and Balance sheet						
Non-Current Assets						
Property, Plant and Equipment	25 916 800	-	**25 916 800**	7 666 273	**(18 250 527)**	N6
Total Assets	**25 916 800**	**-**	**25 916 800**	**7 666 273**	**(18 250 527)**	
			-			

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

The approved original budget was submitted to the Executive Authority in accordance with the Public Finance Management Act of 1999, specifically Chapter 6, Public Entities, Part 2, Paragraph 53. The differences between the approved and final budget are attributable to a reduction in infringement collections, which resulted from a decline in the number of infringement notices issued. The Accounting Authority has granted approval for the revised budget.

N1 - Actual Revenue collected exceeds the Budgeted Revenue by 76%. This is due to the effective collection method applied by RTIA. This is due to the large number of issued infringements resulting in improvement in collected revenue.

N2 -Underspending in employee costs is attributed to delays in filling critical positions, caused by the late approval of the organisational structure and the delay in the roll out of Phase 2 of AARTO, this also resulted in less spending on general expenditure due to expenditure having been planned to support AARTO phase 2 roll out not being spent in the reporting period, costs such as setting up of AARTO Phase 2 structures as per amended legislation and depreciation of new assets, media costs as well as other expenditure attributable to AARTO Phase 2 Roll out

N3 - Non-cash items included in the surplus.

N4 - Interest income was due to positive bank balances in the RTIA environment due to capital grants received

N5 - The sundry income received was not budgeted for..

N6 – Acquired less PPE due to AARTO roll out date changing from 1 December 2025 to 1 July 2026.

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

Figures in Rand	Note(s)	2026	2025

1. Significant accounting policies

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

1.1 Basis of preparation

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). The ASB Directive 5, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

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.

1.2 Budget information

The approved budget is prepared on an accrual basis.

The approved budget covers the fiscal period from 2025/04/01 to 2026/03/31.

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

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

1.3 Comparative figures

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

1.4 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.

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 annual financial statements.

Determination of useful lives for property, plant and equipment

The nature of the RTIA's operations results in difficulties in determining the useful lives of items of property, plant and equipment. The asset lives exceed industry norms for similar assets. In re-assessing useful lives, the depreciation charge in the Statement of Financial Performance is adjusted.

Adequacy of the leave pay provision

The leave provision is based on actual leave days due to employees at their rate of remuneration. Remuneration increases take effect at the discretion of the negotiated rates with the bargaining council of the DPSA and these are announced by the Minister of Finance as and when negotiations have been concluded. In determining the provision, it is assumed that no leave will be forfeited and the assumption is based on past history.

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.

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

The preparation of annual 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.

The following significant areas of judgements and sources of estimation uncertainty were used during the current or prior financial period:

Impairment testing

Key assumptions, judgements and/or estimates are 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, where the component is situated in a larger economic unit and the viability of the unit itself.

Future cashflows 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.

Employees' entitlement to annual leave is recognised when it accrues from 1 January to 31 December which will be forfeited on the 30 June of the following year. A provision is raised on the estimated liability for annual leave arising from the obligation to honour the services rendered by employees at reporting date.

A provision is raised on the estimated liability for annual leave arising from the obligation to honour the services rendered by employees at the reporting date. The leave pay provision is calculated based on the actual days accrued at the rate of remuneration set according to the approved policy of the entity. Any changes in the rate of remuneration are determined on an annual basis. According to the Agency's policy, employees can accrue annual leave in excess of 15 working days. However, any excess leave that is not taken within six months after the leave cycle will be forfeited unless the employee can demonstrate that operational requirements prevented them from taking the leave. Leave that is not taken will not be compensated unless the employee's contract of employment is terminated. In this case, timing is certain (within six months after the annual leave cycle has expired), but the amount may be uncertain (i.e. an estimate of the leave that will be forfeited should be made in measuring the liability). Management will use its judgement in deciding whether the uncertainty is more or less in measuring the liability.

The bonus provision is based on the approved estimates in terms of the Performance Management Framework of the entity. The provision becomes due and payable provided the performance bonus qualification criteria is met, subject to the performance measurement assessments or at the discretion of the Board based on the outcome of the investigation. Payment of performance bonuses is at the sole discretion of the Board. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date assuming that all employees qualify in terms of the performance measurement criteria. These estimates are based on judgements made by management and these judgements are supported by experience of similar transactions in the past.

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Assets - Useful 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 management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity'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.

Intangible assets are amortised 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.

Accounting by principals and agent

RTIA 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)(b) of the AARTO Act. RTIA is not responsible for issuing infringement notices, the only responsibility it has is to collect infringement penalties on behalf of the Issuing Authorities.

RTIA is a principal to the Collecting Agents for the purposes of the collection of the penalties on behalf of the Issuing Authorities in terms of Section 5(1) of the AARTO Act. The role of the relationship is managed through the legislation or binding agreements concluded between the RTIA and the collecting agents in terms of the subcontracting relationship. Where a binding agreement is not concluded which is the case mainly for the municipalities in which the legislation prevails. The collecting agents provide a payment platform facility to collect all AARTO notices and as such the funds collected are required to be deposited into the AARTO accounts by a legislated timeframe of which all collecting agents are required to conform. Not all collecting agents meet the definition of an agent in terms of the standard, therefore will be excluded from the provisions of this standard. Those collecting agents who do meet the definition will be treated in terms of this standard.

Additional information is disclosed in Note 5.

Impairment of statutory receivables

On receivables, an impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment loss is measured as the difference between the carrying amount and the present value of estimated future expected cash flows. Where the time value of money is material the future expected cash flows will be discounted using the risk-free interest rate, computed at initial recognition The measurement of receivables is derived after consideration of the allowance for receivables. Management makes certain assumptions regarding the categorisation of receivables into groups with similar risk profiles so that the effect of any impairment loss on a group of receivables would not differ materially from the impairment that would have been determined had each receivable been assessed for impairment loss 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 receivables based on their past payment history and risk profile. The entity assesses its receivables for impairment loss at each reporting date. In determining whether impairment for receivables should be recognised, management will make judgements as to whether there is objective evidence indicating that the receivable may be impaired.

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Statutory receivables

Statutory receivables arise from legislation or an equivalent means, such as regulations that require settlement by another entity in cash or another financial asset. Transactions will be regarded as statutory where they are undertaken because of specific legislative requirements requiring or permitting an entity to enter into those transactions. RTIA receivables generated arise by virtue of its mandate and legislation viz, the Administrative Adjudication of Road Traffic Offences Act No. 46 of 1998. Statutory receivables arise from exchange transactions of the infringement fees.

The initial measurement is at the amount specified in the legislation or similar means, with reference to specific fees basis. Statutory 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, statutory receivable is impaired if there is evidence that the collection of the receivable has decreased as a result of the debtor being credit impaired (ie. financial difficulty or default). Impairment adjustments are made through the use of an allowance account.

1.5 Provisions and contingencies

Provisions are recognised when the entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Provision for Restructuring Cost

A provision for Restructuring Costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met. The entity has a detailed formal plan for the restructuring, identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken;
- when the plan will be implemented; and;
- the entity has raised a valid expectation in those affected that it.

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Significant Accounting Policies

1.5 Provisions and contingencies (continued)

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20 unless the possibility of flow of resources is remote. If the disclosures of contingencies may seriously prejudice the entity then the general nature of the contingency is disclosed, together with the reason as to why further information is not disclosed. Management considers the existence of possible obligations which may arise from legal action. The estimation of the amounts disclosed is based on the expected possible outflows of economic benefits should there be a present obligation.

1.6 Property, Plant and Equipment

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

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

Property, Plant and Equipment is initially measured at cost.

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

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 changes in accounting estimates. The entity re-assesses the useful lives and residual values of property, plant and equipment on an annual basis and in doing so considers the condition in use of the individual assets to determine the remaining period over which the asset will be used.

Property, Plant and Equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, Plant and Equipment is carried at cost less accumulated depreciation and any impairment losses. Depreciation on all property, plant and equipment commences when the items are available for use.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	5 - 12 years
Motor vehicles	Straight-line	5 - 10 years
Office equipment	Straight-line	1 - 7 years
IT equipment	Straight-line	3 - 5 years
Leasehold improvements	Straight-line	lease term or 25 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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Significant Accounting Policies

1.6 Property, Plant and Equipment (continued)

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 on 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.

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	Amortisation method	Average useful life
Computer software and licenses	Straight-line	1 - 4 years
Intangible assets under development	Straight-line	1 - 4 years

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

1.8 Financial instruments

Applied from the effective date prescribed for the entity by regulation of the Minister of Finance and the applicable

Directive (see note “Changes in accounting policy”). Any references to paragraph numbers in this accounting policy relates to paragraphs in GRAP 104 (revised 2019), relating Appendices or relating Basis for Conclusions.

Definitions

Financial assets include:

cash;

residual interests of another entity; or

contractual rights to receive or exchange cash or another financial asset.

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Significant Accounting Policies

1.8 Financial instruments (continued)

Financial liabilities are contractual obligations to deliver cash or another financial asset, or to exchange financial assets or liabilities under conditions that are potentially unfavourable to the entity.

Residual interests represent a claim on the entity's net assets after deducting all liabilities and include contributions from owners, equity instruments such as shares, or formal arrangements establishing an interest in the net assets of the entity.

The **amortised cost** of a financial asset or liability is the amount at which it is measured initially, minus principal

repayments, plus or minus cumulative amortisation using the effective-interest rate method, and less any loss allowance.

12 month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

A **concessionary loan** is a loan granted to or received by an entity on terms that are not market related.

Credit-adjusted effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset. When calculating the credit-adjusted effective interest rate, an entity shall estimate the expected cash flows by considering all contractual terms of the financial asset (for example, prepayment, extension, call and similar options) and expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can

be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the remaining life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Credit-impaired financial asset is a financial asset that is credit-impaired when one or more events that have a

detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). An entity shall estimate cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. The cash flows that are considered shall include cash flows from the sale of collateral held (where applicable) or other credit enhancements that are integral to the contractual terms. There is a presumption that the expected life of a financial instrument can be estimated reliably.

However, in those rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the entity shall use the remaining contractual term of the financial instrument.

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

Road Traffic Infringement Agency

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Significant Accounting Policies

1.8 Financial instruments (continued)

Credit risk rating grades are the ratings of credit risk based on the risk of default occurring on the financial instrument.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract within the scope of GRAP 104 (revised 2019) (see paragraphs 1.2 to 1.12) with all three of the following characteristics:

(a)Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the "underlying").

(b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

(c) It is settled at a future date.

The effective interest method is the method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of interest revenue or interest expense in surplus or deficit in the relevant period.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but shall not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

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

A **financial asset** is:

(a) cash;

(b) a residual interest of another entity; or

(c) a contractual right to:

(i) receive cash or another financial asset from another entity; or

(ii) exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A **financial guarantee contract** is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

Road Traffic Infringement Agency

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Significant Accounting Policies

1.8 Financial instruments (continued)

A **financial liability** is any liability that is a contractual obligation to:

(a) deliver cash or another financial asset to another entity; or

(b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial liability at fair value through surplus or deficit is a financial liability that meets one of the following

conditions:

(a) It meets the definition of held for trading.

(b) Upon initial recognition it is designated by the entity as at fair value through surplus or deficit in accordance with paragraph 4.8 or 4.13.

Firm commitment is a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Forecast transaction is an uncommitted but anticipated future transaction.

Gross carrying amount of a financial asset is the amortised cost of a financial asset, before adjusting for any loss allowance.

A financial asset or financial liability that is **held for trading:**

(a) is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

(b) on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(c) is a derivative (except for a derivative that is a financial guarantee contract).

Impairment gain or loss is a gain or loss that is recognised in surplus or deficit in accordance with paragraph 5.23 and 5.36.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Loss allowance is the allowance for expected credit losses on financial assets measured in accordance with paragraph 4.2, lease receivables and the provision for expected credit losses on loan commitments and financial guarantee contracts.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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Significant Accounting Policies

1.8 Financial instruments (continued)

Modification gain or loss is the amount arising from adjusting the gross carrying amount of a financial asset to reflect the renegotiated or modified contractual cash flows. The entity recalculates the gross carrying amount of a financial asset as the present value of the estimated future cash payments or receipts through the expected life of the renegotiated or modified financial asset that are discounted at the financial asset's original effective interest rate (or the original credit adjusted effective interest rate for purchased or originated credit-impaired financial assets). When estimating the expected cash flows of a financial asset, an entity shall consider all contractual terms of the financial asset (for example, prepayment, call and similar options) but shall not consider the expected credit losses, unless the financial asset is a purchased or originated credit-impaired financial asset, in which case an entity shall also consider the initial expected credit losses that were considered when calculating the original credit-adjusted effective interest rate.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is **past due** when a counterparty has failed to make a payment when that payment was contractually due.

Purchased or originated credit impaired financial asset is a purchased or originated financial asset(s), other than a receivable, that is credit-impaired on initial recognition.

Reclassification date is:

(a) the first day of the first reporting period following the change in management model that results in an entity

reclassifying financial assets; and

(b) the date on which a reliable measure of fair value ceases to be, or becomes, available for an investment in a residual interest that meets the criteria in paragraph 4.5.

A **residual interest** is any contract that represents an interest in the assets of an entity after deducting all of its liabilities.

A residual interest includes contributions from owners, which may be shown as:

(a) equity instruments or similar forms of unitised capital;

(b) a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or

(c) a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability (see Appendix A paragraph AG5.57). An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Initial Recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

The entity applies the simplified approach in determining expected credit losses, whereby lifetime expected credit losses are recognised for the relevant financial assets.

A provision for impairment of accounts receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics.

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Significant Accounting Policies

1.8 Financial instruments (continued)

The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flow in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Classification

Classification of Financial Assets

The entity classifies financial assets as subsequently measured at amortised cost or fair value through surplus or deficit on the basis of both:

(a) the entity's management model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

A financial asset is measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the purpose of applying (b) above:

✍✍Principal is the fair value of the financial asset at initial recognition

✍✍Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin (where applicable).

A financial asset is measured at fair value through surplus or deficit unless it is measured at amortised cost or cost. Investments in residual interests are measured at fair value through surplus or deficit. As a practical expedient, an investment in a residual interest whose fair value cannot be reliably measured is measured at cost. If a reliable measure of fair value becomes available, the investment is measured at fair value through surplus or deficit.

Classification of Financial Liabilities

The entity classifies all financial liabilities as subsequently measured at amortised cost, except for:

(a) Financial liabilities at fair value through surplus or deficit. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

(b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition.

(c) Financial guarantee contracts. After initial recognition, the issuer of such a contract (unless paragraph 4.7(a) or (b) applies) subsequently measures it at the higher of:

(i) the amount of the loss allowance determined in accordance with paragraphs 5.17 to 5.35; and

(ii)the amount initially recognised less, when appropriate, the cumulative amount of revenue recognised in accordance with the principles of the Standard of GRAP on Revenue from Exchange Transactions (GRAP 9) (where applicable).

(d) Commitments to provide a loan at a below-market interest rate. The issuer of such a commitment (unless paragraph

4.7(a) applies) subsequently measures it at the higher of:

(i) the amount of the loss allowance determined in accordance with paragraphs 5.17 to 5.35 plus, for concessionary loans, any social benefit provided; and

Road Traffic Infringement Agency

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Significant Accounting Policies

1.8 Financial instruments (continued)

(ii) the amount initially recognised less, when appropriate, the cumulative amount of revenue recognised in accordance with the principles of GRAP 9 (where applicable).

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.

Assets and liabilities, revenue and expenses are not permitted to be offset but rather reported separately. Offsetting for RTIA in only in respect of the AARTO assets and liabilities where the substance of the transaction is reflected. Offsetting is only allowed if RTIA has the intention to settle on a net basis and has a legally enforceable right to set off the amounts. The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or collectability.

Financial instruments are derecognised upon disposal or when it is evident that no future economic benefits or service potential are expected from its use or disposal. The carrying amount of the assets is the portion that is derecognised.

Note

Changes in accounting estimates

As a result of uncertainties inherent in delivering services, conducting trading or other activities, many items in financial statements cannot be measured with precision but can only be estimated. The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimates was based or as a result on new information or more experience. By its nature, the revision of an estimates does not relate to prior periods and is not the correction of an error.

The effect of a change in accounting estimate shall be recognised prospectively by including it in surplus or deficit in:

??The period of the change, if the change affects that period only; or

??The period of the change and future periods, if the change affects both.Applied from the effective date prescribed for the entity by regulation of the Minister of Finance and the applicable

Directive (see note “Changes in accounting policy”). Any references to paragraph numbers in this accounting policy relates to paragraphs in GRAP 104 (revised 2019), relating Appendices or relating Basis for Conclusions.

Definitions

Financial assets include:

✍✍cash;

✍✍residual interests of another entity; or

✍✍contractual rights to receive or exchange cash or another financial asset.

Financial liabilities are contractual obligations to deliver cash or another financial asset, or to exchange financial assets or liabilities under conditions that are potentially unfavourable to the entity.

Residual interests represent a claim on the entity’s net assets after deducting all liabilities and include contributions from owners, equity instruments such as shares, or formal arrangements establishing an interest in the net assets of the entity.

The **amortised cost** of a financial asset or liability is the amount at which it is measured initially, minus principal

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Significant Accounting Policies

1.8 Financial instruments (continued)

repayments, plus or minus cumulative amortisation using the effective-interest rate method, and less any loss allowance.

12 month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

A **concessionary loan** is a loan granted to or received by an entity on terms that are not market related.

Credit-adjusted effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset. When calculating the credit-adjusted effective interest rate, an entity shall estimate the expected cash flows by considering all contractual terms of the financial asset (for example, prepayment, extension, call and similar options) and expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can

be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the remaining life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Credit-impaired financial asset is a financial asset that is credit-impaired when one or more events that have a

detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). An entity shall estimate cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. The cash flows that are considered shall include cash flows from the sale of collateral held (where applicable) or other credit enhancements that are integral to the contractual terms. There is a presumption that the expected life of a financial instrument can be estimated reliably.

However, in those rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the entity shall use the remaining contractual term of the financial instrument.

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

Credit risk rating grades are the ratings of credit risk based on the risk of default occurring on the financial instrument.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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Significant Accounting Policies

1.8 Financial instruments (continued)

A derivative is a financial instrument or other contract within the scope of GRAP 104 (revised 2019) (see paragraphs 1.2 to 1.12) with all three of the following characteristics:

(a)Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the “underlying”).

(b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

(c) It is settled at a future date.

The effective interest method is the method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of interest revenue or interest expense in surplus or deficit in the relevant period.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but shall not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

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

A **financial asset** is:

(a) cash;

(b) a residual interest of another entity; or

(c) a contractual right to:

(i) receive cash or another financial asset from another entity; or

(ii) exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A **financial guarantee contract** is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

A **financial liability** is any liability that is a contractual obligation to:

(a) deliver cash or another financial asset to another entity; or

(b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial liability at fair value through surplus or deficit is a financial liability that meets one of the following

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Significant Accounting Policies

1.8 Financial instruments (continued)

conditions:

(a) It meets the definition of held for trading.

(b) Upon initial recognition it is designated by the entity as at fair value through surplus or deficit in accordance with paragraph 4.8 or 4.13.

Firm commitment is a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Forecast transaction is an uncommitted but anticipated future transaction.

Gross carrying amount of a financial asset is the amortised cost of a financial asset, before adjusting for any loss allowance.

A financial asset or financial liability that is **held for trading:**

(a) is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

(b) on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(c) is a derivative (except for a derivative that is a financial guarantee contract).

Impairment gain or loss is a gain or loss that is recognised in surplus or deficit in accordance with paragraph 5.23 and 5.36.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Loss allowance is the allowance for expected credit losses on financial assets measured in accordance with paragraph 4.2, lease receivables and the provision for expected credit losses on loan commitments and financial guarantee contracts.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Modification gain or loss is the amount arising from adjusting the gross carrying amount of a financial asset to reflect the renegotiated or modified contractual cash flows. The entity recalculates the gross carrying amount of a financial asset as the present value of the estimated future cash payments or receipts through the expected life of the renegotiated or modified financial asset that are discounted at the financial asset's original effective interest rate (or the original credit adjusted effective interest rate for purchased or originated credit-impaired financial assets). When estimating the expected cash flows of a financial asset, an entity shall consider all contractual terms of the financial asset (for example, prepayment, call and similar options) but shall not consider the expected credit losses, unless the financial asset is a purchased or originated credit-impaired financial asset, in which case an entity shall also consider the initial expected credit losses that were considered when calculating the original credit-adjusted effective interest rate.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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1.8 Financial instruments (continued)

A financial asset is **past due** when a counterparty has failed to make a payment when that payment was contractually due.

Purchased or originated credit impaired financial asset is a purchased or originated financial asset(s), other than a receivable, that is credit-impaired on initial recognition.

Reclassification date is:

(a) the first day of the first reporting period following the change in management model that results in an entity

reclassifying financial assets; and

(b) the date on which a reliable measure of fair value ceases to be, or becomes, available for an investment in a residual interest that meets the criteria in paragraph 4.5.

A **residual interest** is any contract that represents an interest in the assets of an entity after deducting all of its liabilities.

A residual interest includes contributions from owners, which may be shown as:

(a) equity instruments or similar forms of unitised capital;

(b) a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or

(c) a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability (see Appendix A paragraph AG5.57). An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Initial Recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

The entity applies the simplified approach in determining expected credit losses, whereby lifetime expected credit losses are recognised for the relevant financial assets.

A provision for impairment of accounts receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics.

The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flow in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Classification

Classification of Financial Assets

The entity classifies financial assets as subsequently measured at amortised cost or fair value through surplus or deficit on the basis of both:

(a) the entity's management model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

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Significant Accounting Policies

1.8 Financial instruments (continued)

A financial asset is measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the purpose of applying (b) above:

✍✍Principal is the fair value of the financial asset at initial recognition

✍✍Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin (where applicable).

A financial asset is measured at fair value through surplus or deficit unless it is measured at amortised cost or cost. Investments in residual interests are measured at fair value through surplus or deficit. As a practical expedient, an investment in a residual interest whose fair value cannot be reliably measured is measured at cost. If a reliable measure of fair value becomes available, the investment is measured at fair value through surplus or deficit.

Classification of Financial Liabilities

The entity classifies all financial liabilities as subsequently measured at amortised cost, except for:

(a) Financial liabilities at fair value through surplus or deficit. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

(b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition.

(c) Financial guarantee contracts. After initial recognition, the issuer of such a contract (unless paragraph 4.7(a) or (b) applies) subsequently measures it at the higher of:

(i) the amount of the loss allowance determined in accordance with paragraphs 5.17 to 5.35; and

(ii)the amount initially recognised less, when appropriate, the cumulative amount of revenue recognised in accordance with the principles of the Standard of GRAP on Revenue from Exchange Transactions (GRAP 9) (where applicable).

(d) Commitments to provide a loan at a below-market interest rate. The issuer of such a commitment (unless paragraph

4.7(a) applies) subsequently measures it at the higher of:

(i) the amount of the loss allowance determined in accordance with paragraphs 5.17 to 5.35 plus, for concessionary loans, any social benefit provided; and

(ii) the amount initially recognised less, when appropriate, the cumulative amount of revenue recognised in accordance with the principles of GRAP 9 (where applicable).

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.

Assets and liabilities, revenue and expenses are not permitted to be offset but rather reported separately. Offsetting for RTIA in only in respect of the AARTO assets and liabilities where the substance of the transaction is reflected. Offsetting is only allowed if RTIA has the intention to settle on a net basis and has a legally enforceable right to set off the amounts. The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or collectability.

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Significant Accounting Policies

1.8 Financial instruments (continued)

Financial instruments are derecognised upon disposal or when it is evident that no future economic benefits or service potential are expected from its use or disposal. The carrying amount of the assets is the portion that is derecognised.

Note

Changes in accounting estimates

As a result of uncertainties inherent in delivering services, conducting trading or other activities, many items in financial statements cannot be measured with precision but can only be estimated. The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimates was based or as a result on new information or more experience. By its nature, the revision of an estimates does not relate to prior periods and is not the correction of an error.

The effect of a change in accounting estimate shall be recognised prospectively by including it in surplus or deficit in:

The period of the change, if the change affects that period only; or

The period of the change and future periods, if the change affects both..

1.9 Tax

Current tax assets and liabilities

RTIA 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 No. 89 of 1991). The RTIA is exempt from the payment of Value Added Tax (VAT) on the transfer received. However, the RTIA is liable to pay VAT on imported services received. VAT paid by the RTIA for other goods and services is not refundable by SARS. As a result, some of the items of revenue and expenditure and assets and liabilities include VAT.

1.10 Leases

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

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

Finance leases - lessee

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

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

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

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

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Significant Accounting Policies

1.10 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

Leases where the lessor retains the risk and rewards of ownership of the underlying asset are classified as operating leases. Lessee operating lease payments are recognised as an expense on a straight-line basis over the term of the lease where these leases are multi-year and subject to price escalations. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability in the Statement of Financial Position. The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset. The objective of the annual financial statements is to provide relevant and reliable information and therefore materiality is considered in the disclosure of such transactions.

1.11 Impairment

Financial assets

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

Impairment of Cash Generating Assets

RTIA assesses at each reporting date whether there is any indication that a cash generating asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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Significant Accounting Policies

1.11 Impairment (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit. Reversal of impairment loss

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

RTIA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

Impairment of Non-cash Generating Assets

RTIA assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

RTIA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

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Significant Accounting Policies

1.12 Employee benefits

Identification

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 plan

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 entity and members. The entity has no legal or constructive obligation to pay any further contributions other than these fixed contributions.

Termination benefits

Recognition

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for this benefit. The entity recognises termination benefits when the employment of an employee has been terminated.

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Significant Accounting Policies

1.13 Revenue from exchange transactions

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Revenue includes only the gross inflow of economic benefits or service potential that are received or receivable by the entity on its own account. Revenue is not intended to include amounts collected on behalf of others.

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

Infringement fees

Infringement fees comprise 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 entity 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 service outcome is binary, thus these conditions are met at the point where fees are collected from the infringers. RTIA 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 entity earns is predetermined by virtue of the fact that the Agency is entitled to 50% of the amounts collected from infringers.

Interest

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

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Road Traffic Infringement Agency

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Significant Accounting Policies

1.14 Revenue from non-exchange transactions

Non exchange transaction is any transaction other than an exchange transaction. In a non-exchange transaction, the entity received value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Grants and virements received

Government grants are recognised when there is reasonable assurance that:

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

Government grants are recognised as income in the period 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 entity with no future related costs is recognised as income in the period in which it becomes receivable.

RTIA does not receive conditional grants in terms of the vote received from the Department of Transport except where there is a national key program that the public entity is required to deliver upon on behalf of the Minister of Transport. Such a grant will be appropriated according through the Act of Parliament by the Minister of Finance and National Treasury will make a provision for such in their budget vote allocation to the DOT. Stipulations are enforceable through administrative processes. Stipulations can either be in the form of conditions or in the form of restrictions. For conditions, a recipient may be required to use the transferred asset for a particular purpose. However, a condition has an additional requirement which states that the asset or its future economic benefits or service potential should be returned to the transferor should the recipient not use the asset for the particular purpose stipulated. A condition imposes on the recipient a performance obligation, this performance obligation should be a consequence of the condition itself. Performance obligations requires the recipient to consume the future economic benefits or service potential embedded in the transferred asset as specified, or return the asset or other future economic benefits or service potential to the transferor

Non-refundable transactions

When services are being delivered over a period of time and the agreement includes a clause stipulating that the fee payable is non-refundable, the entity should defer the revenue to be recognised, therefore the revenue will be recognised based on a percentage of completion basis (or other method as appropriate). The revenue should be recognised in surplus and deficit as the service is provided.

Unclaimed liabilities

Liabilities that are unclaimed for a period of 5 years are written off and recognised as revenue.

Services received in-kind

An entity must recognise significant services in-kind that contribute to its operations and/or service delivery objectives when they fulfil the definition of an asset and meet the criteria for asset recognition. Additionally, the entity should recognise the associated revenue. Suppose the services in-kind are not significant to the entity's operations and/or service delivery objectives, or do not meet the recognition criteria. In that case, the entity is still required to disclose the nature and type of services in-kind received during the period.

1.15 Accumulated surplus/deficit

The accumulated surplus/deficit represents the net difference between the total assets and the total liabilities of RTIA. Any surplus or deficit realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are credited/debited against accumulated surplus/deficit when retrospective adjustments are made:

1.16 Borrowing costs

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

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

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Significant Accounting Policies

1.17 Repairs and maintenance

GRAP standard requires that information regarding the repairs and maintenance be presented either on the face of the statement of financial performance or in the notes. Where, an entity incurs material repairs and maintenance, it may not be appropriate to present a separate line item in the statement of financial performance, thus it will be appropriate to disclose the information in the notes.

1.18 Other operating expense

Expenses are decreases in the net financial position of the entity, other than decreases arising from ownership distributions. Expenses may arise from exchange and non-exchange transactions or from individual transactions or groups of transactions. Expenses are recognised on the accrual basis of accounting when the transactions, other events and conditions occur, not when cash is paid or received. Expenses are measured at the historical cost which measures using information derived from the price of the transaction or other event that gave rise to them.

1.19 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.

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

Fruitless and wasteful expenditure for the previous financial year must be recognised in the period in which it relates to by including:

- fruitless and wasteful expenditure incurred and confirmed in the previous financial year;
- fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.

Fruitless and wasteful expenditure must be recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the value of fruitless and wasteful expenditure incurred and confirmed in that current financial year unless it is impractical to determine, in which case reasons must be provided in the annual report.

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (Act No 1 of 1999), or is in contravention of Supply Chain Manangement Policies.

Irregular expenditure excludes Unauthorised expenditure.

Irregular expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

Irregular expenditure for the previous financial year (comparative amounts) must be recognised in the period in which they occurred:

(a) irregular expenditure incurred and confirmed in the previous financial year;

(b) irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and

(c) irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year;

(d) irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

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

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Significant Accounting Policies

1.20 Irregular expenditure (continued)

Condonation

There must be confirmation that the loss control function conducted a determination test; confirmation that the matter is free of fraudulent, corrupt, or other criminal conduct; confirmation of a case number indicating that a case was opened with the South African Police Services; and confirmation that disciplinary action was taken or is being taken against the responsible official or officials. The accounting authority must confirm the corrective efforts taken to prevent similar irregular expenditure in the future.

Removal

The accounting authority may remove irregular expenditure only if the recommendations of the loss control function that conducted the determination indicate that: confirmation that the matter is free of fraudulent, corrupt, or other criminal conduct; confirmation of a case number indicating that a case was opened with the South African Police Services if the matter contains fraudulent, corrupt, or other criminal conduct; confirmation that the responsible official or officials have been disciplined; confirmation that no loss occurred; noncompliance that resulted in irregular expenditure has been rectified; and comparable transactions are examined on a regular basis to ensure compliance with the relevant prescripts.

1.21 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

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

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

RTIA 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. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

The South African Post Office ("SAPO") is a key related party in the service of AARTO documents in terms of section 30 of the AARTO Act, read in conjunction with regulation 21 of the AARTO Regulations.

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

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

Remuneration of management includes remuneration derived for services provided to RTIA in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the entity for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the entity.

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Significant Accounting Policies

1.22 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

Management will use its own judgement when determining commitments to be disclosed in the notes.

1.23 Transfer of functions between entities under common control

Definitions

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

1.24 Assets held for distribution

Recognition of assets

All assets held for disbursement and / or sale will be recognised and disclosed under current assets in the Statement of Financial Position as these items will most likely be disbursed and/or sold within a twelve-month period. These assets will be carried at their book value and depreciated in line with the Property, Plant and Equipment accounting policy, if in use. Should the assets not be in use, it will not be depreciated.

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.
- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, Plant and Equipment, Intangible assets, or Heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

1.25 Events after reporting date

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

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

Events after the end of the reporting period include all events up to the date when the annual financial statements are authorised for issue, even if those events occur after the public announcement of profit or loss or other selected financial information.

An entity shall adjust the amounts recognised in its financial statements, including related disclosures, to reflect adjusting events after the end of the reporting period.

An entity shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the end of the reporting period.

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.26 Statutory receivables

Initial measurement

The initial measurement is at the amount specified in the legislation or similar means, with reference to specific fees basis. Statutory 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, statutory receivable is impaired if there is evidence that the collection of the receivable has decreased as a result of the debtor being credit impaired (i.e. financial difficulty or default). Impairment adjustments are made through the use of an allowance account.

Subsequent measurement

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

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

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

1.27 Accounting by principals and agents

Identification

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

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

Road Traffic Infringement Agency

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Significant Accounting Policies

1.27 Accounting by principals and agents (continued)

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

Recognition

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

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

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

Road Traffic Infringement Agency

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity 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	Expected impact:
• GRAP 104 (as revised): Financial Instruments	01 April 2025	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balance - operational account	359 538 679	199 013 236
Bank balance - salaries account	519 812	1 991 550
	360 058 491	**201 004 786**

4. Receivables from exchange transactions

AARTO receivables	85 121 874	35 871 600
Staff receivables	600 768	636 670
Prepayments	209 622	15 729 625
Deposits	6 043 546	6 043 546
Reclassified payables into receivables	1 334 436	423 319
Sundry receivables	150 000	150 000
Interest Accrued	762 622	-
Suspense - AARTO*	589 066	-
Suspense - AARTO deposits	9 588 093	10 677 142
	104 400 027	**69 531 902**

Statutory receivables included in receivables from exchange transactions above are as follows:		
AARTO Receivables	86 081 414	37 518 978
Impairment of receivables	(959 540)	(1 647 378)
	85 121 874	**35 871 600**
Financial asset receivables included in receivables from exchange transactions above	**19 278 153**	**33 660 302**
Total receivables from exchange transactions	104 400 027	69 531 902

Road Traffic Infringement Agency

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4. Receivables from exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

The Road Traffic Infringement Agency (RTIA) is a national public entity established in terms of the Administrative Adjudication of Road Traffic Offences Act, 1998 (Act No. 46 of 1998) ("AARTO Act"). The RTIA's primary mandate is to administer and support the implementation of the administrative adjudication process for road traffic infringements in South Africa. In fulfilling its statutory responsibilities, the RTIA facilitates the issuing and processing of infringement notices, the adjudication and enforcement of road traffic infringements, the administration of representations and appeals processes, the maintenance of relevant infringement records, and the implementation of the demerit points system as prescribed by the AARTO Act. The RTIA contributes to the promotion of road safety, improved compliance with road traffic laws, and the effective and efficient administration of road traffic infringement management in accordance with its legislative mandate

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

AARTO statutory receivables which are less than 90 days past due and owing from collecting agencies are not considered to be impaired. Management have assessed the recoverability of receivables and there are indications that the balance is impaired. This is a result of the impact of the covid-19 pandemic on the collecting agents who are administered under the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), municipalities that have been placed under interventions in terms of sections 100 or 139 of the Constitution, and those that were implicated under the VBS Mutual Bank that was placed into final liquidation by the North Gauteng High Court on 13 November 2018. The impairment that has been provided for this year is R 959 539 (2025 R 1 647 378).

Reconciliation of provision for impairment

Relating specifically to Statutory Receivables		
Opening balance	1 647 378	4 160 529
Provision for impairment	2 114 790	1 647 378
Reversal of impairment	(2 802 629)	(4 160 529)
	959 539	**1 647 378**

Receivables past due but not impaired

Relating specifically to Statutory Receivables

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

1 month past due	10 815 524	15 783 938
2 month past due	35 944 548	15 497 333
3 month past due	38 361 802	4 590 329
	85 121 874	**35 871 600**

5. Accounting by principals and agents

The entity is a party to a principal-agent arrangements.

Details of the arrangments are as follows:

In terms of the Administrative Adjudication of Road Traffic Offences ("AARTO") Act, section 4(1), RTIA is mandated to administer a procedure to discourage the contravention of road traffic laws and support adjudication of infringements; to enforce penalties imposed. The entity will perform the respective section of section 4(1) by adherence to section 4(2) and section 4(3) respectively requirements of the AARTO Act. RTIA is the agent in this relationship and this was determined since the inception of RTIA.

RTIA manages this relationship through section 32 read together with section 13(1), therefore the entity is required to collect penalties as a service to the issuing authority for which RTIA is compensated by the retention of the commission which is disclosed as Infringement fees.

Road Traffic Infringement Agency

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5. Accounting by principals and agents (continued)

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

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 entity, therefore RTIA is an agent to the Issuing Authorities. In terms of section 32 read together with section 13 (1)(b) of the AARTO Act, any penalty received by the Agency must be paid to the Issuing Authority that originated or issued the infringement notice. The collection of penalties in terms of the AARTO Act is a service rendered to the Issuing Authority. The total AARTO collections for 2026 is R 571 million (2025: R 328 million).

AARTO Receivables		
Gauteng Department of Community Safety	86 630 181	31 339 808
Johannesburg Metropolitan Police Department	311 112 053	139 971 844
Payfine Syntel	-	29 239
Payfine	20 877 244	8 408 734
PayMyfineTMT	3 497 713	6 678 838
Other Collecting Agents	66 318 603	41 551 478
VevPay	235 092	2 839
Woosh	162 354	7 445
COJ Aartopay	8 653	-
TMPD	101 564 864	34 303 216
	590 406 757	**262 293 441**
AARTO Banks		
Standard Bank - Current A/C- 00000321888	3 467 894	4 558 490
Standard Bank Call A/C 0000588501891-004	1 981 652	1 856 598
ABSA Bank Current A/C 4076267008	91 965 232	84 102 136
First National Bank Current A/C 62161889	28 685 291	20 674 887
ABSA AARTO Disbursement A/C - 4082705939	4 933 938	4 039 173
	131 034 007	**115 231 284**
	721 440 942	**377 524 725**
AARTO Payables		
Payfine Syntel	401 297	-
Johannesburg Metropolitan Police Department	108 703 924	38 045 180
SAPO	375 551	28 387
Pay@	43 844	43 844
Road Traffic Infringement Agency	89 893 645	34 915 539
PayMyFine TMT	88 626	196 245
Road Traffic Management Corporation	1 700 264	540 400
TMPD	349 790 067	170 085 981
GDOCS	66 920 977	31 317 292
Pay@	486 705	486 705
	618 404 900	**275 659 573**
Other Payables		
Unallocated receipts	16 077 363	19 981 632
Other collecting agents	3 226 219	4 015 495

Road Traffic Infringement Agency

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5. Accounting by principals and agents (continued)		
Retained earnings	56 786 960	50 922 704
Balances Due to National Treasury	23 478 468	23 478 468
Balances Due to National Treasury	3 466 853	3 466 853
	103 035 863	**101 865 152**
	721 440 942	**377 524 725**

**

During the year ending 31 March 2026 a finding was identified that related to infringement items that are collected but have not been served in terms of the requirements of the AARTO act, this was due to AARTO documents not being served as prescribed, the RTIA then went back to determine the extent of the payments that were made that should not have been paid due to the non performance of service by our AARTO partner responsible for serving. The individuals then made full payments to the AARTO environment. Infringement fees, courtesy letters and enforcement order fees were determined to have a full value of R 14 218 600. The RTIA will gazette the above information to invite the relevant payers to then effect refunds to the infringers or allocate the payments to other infringements that the individual infringer may have.

Entity as principal

Principal-agent relationship

RTIA is a principal to all the Collecting Agents for the purposes of the collection of the AARTO penalties on behalf of the Issuing Authorities in terms of section 5(1) of the AARTO Act. These relationships are managed through the AARTO Act legislation and various legal forms such as service level agreement. In terms of the standard not all the collecting agents that are participating under the AARTO Act section 5(1) meet the definition of a principal agent arrangement. The collecting agents are entitled to a 3% collection fee only which is retained by the collecting agents as compensation fee for the services rendered, and the remaining funds collected are deposited onto the nominated AARTO bank account. The collecting agents are not entitled to the funds collected and therefore they do not have a right or recourse to the funds either than the collection fee which is due and payable after the collections of the funds. The purpose of the relationship is purely to manage the collection of funds in terms of section 5(1) of the AARTO Act. In the event that the relationship is terminated for whatsoever reason, such shall have no cost implications in this relationship.

These collecting agents that meet the definition of the principal-agent arrangement include the Road Traffic Management Corporation (“RTMC”) and the Gautrain Management Agency (“GMA”), both of which are public-entities in terms of the PFMA. The Agency has concluded an agreement with RTMC and is managing the relation with GMA through the provisions of the AARTO Act. Below is the impact of this relationship for the current year which reflects the compensation fee paid to the agent:

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5. Accounting by principals and agents (continued)

The Opening balance for the unallocated receipts was qualified due to the use of balancing figures for the unallocated bank receipts credit leg instead of having itemised listings of the amounts captured , in theory the balance is not misstated but we had to come up with a listing, we had to convert all the bank statements from the 2013/14 year into a data format where we could recreate the listings that is aligned to the opening balance of unallocated receipts. Items that could not be located on the disbursement reports that are in the bank statement form, part of the listing of unallocated receipts for AARTO banks The listings were done considering all data from banks and the full disbursement reports, this is how the lists were constructed and al supporting information in this regard is attached to the submission of this set of AFS.
Management derecognised liabilities that did not meet recognition criteria any longer and absorbed it into the operating surplus
NT provided guidance that due to the fact that RTIA and RTMC are not able to support these numbers by way of listings that are auditable, as well as that they do not meet the recognition criteria to be included as liabilities (amounts with no identifiable obligation), the corresponding moneys will be transferred on derecognition either to National Treasury or they will be included in our surplus retention request which will be finalised in line with PFMA requirements so then cash payments will be made to fully derecognise the liabilities the RTIA has the discretion and permission to derecognise these payables as detailed in the letter and this is the trajectory we are going to take in this regard to remove amounts transferred from the RTMC which we can not support and they are also unable to support although the funds were transferred, full balances will be considered in the operating surplus of the agency.
In line with NT's guidance (dated 29 July 2025), where no present obligation can be demonstrated and reasonable efforts to substantiate the liability have been unsuccessful, the balance may be derecognised as it no longer meets the GRAP definition of a liability, full balances will be considered in the operating surplus of the agency for the surplus retention request to be submitted to Treasury.
Should derecognition result in a surplus, RTIA will ensure full compliance with Section 53 of the PFMA and engage National Treasury's Public Finance Division for further guidance. Further details are provided in this disclosure note .

Fee paid

Road Traffic Management Corporation	853 091	920 655
Gautrain Management Agency	390 308	463 256
	1 243 399	**1 383 911**

The other collecting agents that are excluded from the standard that RTIA has in terms of the AARTO Act include the AARTO bank accounts; the South African Post Office; payment service channels (namely Payfine, Pay@ and Paymyfine);Issuing Authorities; municipalities; registering authorities; motor vehicle registration or licensing office and driver's testing centres. The following collecting agents are classified as service organisation due to the nature of the transactions that are undertaken for commercial trading purposes: AARTO bank accounts; the South African Post Office and payment service channels. All the above mentioned relationships are managed through concluded service level agreements and the AARTO Act legislation provisions. Below is the impact of this relationship for the current year which reflects the compensation fee paid to the agent:

Other collecting agents	13 157 720	3 118 717
	13 157 720	**3 118 717**

..

Road Traffic Infringement Agency

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Notes to the Annual Financial Statements

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5. Accounting by principals and agents (continued)

Disclosure Note: Derecognition of Unallocated Receipts Take On Balances

During the year ended 31 March 2026, the entity performed a detailed assessment of historical balances recorded as "Unallocated Receipts". The review was undertaken to determine whether these balances continued to meet the definition and recognition criteria of a liability in accordance with the applicable Standards of Generally Recognised Accounting Practice (GRAP), including GRAP 1 – Presentation of Financial Statements, GRAP 104 – Financial Instruments, and the Conceptual Framework for General Purpose Financial Reporting.

The liabilities stem from opening balance take-on amounts arising when the Road Traffic Infringement Agency (RTIA) officially assumed responsibility for the AARTO books from the Road Traffic Management Corporation (RTMC) during the 2013/14 financial year. Due to the historical nature of these balances, and as the transactions originated more than a decade ago during a period when digital information management systems were not sufficiently mature, detailed supporting breakdowns and underlying records for the liabilities could not be obtained.

Management performed a detailed assessment of the balances and concluded that certain amounts classified as unallocated receipts no longer met the recognition criteria of a liability at reporting date. This was due to the inability to identify:

(i) a present obligation arising from a past event;
(ii) a valid creditor or claimant;
(iii) a probable future outflow of economic benefits or service potential; or
(iv) sufficient reliable supporting documentation substantiating the continued recognition of the balances as liabilities.

The amounts to be derecognised were declared separately from of the RTIA surplus declaration for the 2025/26 financial year, which is declared annually to National Treasury in terms of the PFMA and Treasury Instructions. The separately declared amounts will be paid over to the National Treasury as soon as National Treasury approves the surplus surrender for unsupported AARTO take on balances, The write off is considered in line with Approved RTIA Policies.

The financial effect of the derecognition is summarised below:

Description		**31-Mar-26**
Take-on in unallocated receipts derecognised	R	23 478 468,00
Take-on balances derecognised	R	3 466 853,00
Total derecognition of unallocated receipts	**R**	**26 945 321,00**

Description		**31-Mar-25**
Take-on in unallocated receipts derecognised	R	23 478 468,00
Take-on balances derecognised	R	3 466 853,00
Total derecognition of unallocated receipts	**R**	**26 945 321,00**

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6. Property, Plant and Equipment

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	6 514 760	(841 261)	5 673 499	6 101 567	(302 079)	5 799 488
Motor vehicles	5 778 784	(951 010)	4 827 774	5 778 784	(373 132)	5 405 652
Office equipment	4 310 645	(1 669 531)	2 641 114	4 095 677	(960 089)	3 135 588
IT equipment	7 030 993	(2 830 179)	4 200 814	8 211 969	(3 494 306)	4 717 663
Total	**23 635 182**	**(6 291 981)**	**17 343 201**	**24 187 997**	**(5 129 606)**	**19 058 391**

Road Traffic Infringement Agency

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6. Property, Plant and Equipment (continued)

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Disposals	Depreciation	Carrying Value
Furniture and fixtures	5 799 488	413 193	-	(539 182)	5 673 499
Motor vehicles	5 405 652	-	-	(577 868)	4 827 774
Office equipment	3 135 588	223 376	(1 534)	(716 316)	2 641 114
IT equipment	4 717 663	1 064 942	(392 062)	(1 189 729)	4 200 814
	-	-	-		-
	19 058 391	**1 701 511**	**(393 596)**	**(3 023 095)**	**17 343 201**

Notes to the Annual Financial Statements

Figures in Rand

6. Property, Plant and Equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Carrying Value
Furniture and fixtures	198 734	6 101 567	(140 986)	(359 827)	5 799 488
Motor vehicles	-	5 777 201	-	(371 549)	5 405 652
Office equipment	264 993	3 341 950	(35 055)	(436 300)	3 135 588
IT equipment	1 103 282	4 739 558	(130 658)	(994 519)	4 717 663
	1 567 009	**19 960 276**	**(306 699)**	**(2 162 195)**	**19 058 391**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Repairs and maintenance	392 971	147 710

Road Traffic Infringement Agency
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7. Intangible assets

	2026			2025		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	8 950 302	(4 839 326)	4 110 976	8 343 635	(3 859 469)	4 484 166

Reconciliation of intangible assets - 2026

	Opening balance	Additions	Amortisation	Carrying Value
Computer software, other	4 484 166	5 964 762	(6 337 952)	4 110 976

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Carrying Value
Computer software, other	3 166 039	8 324 174	(7 006 047)	4 484 166

Road Traffic Infringement Agency

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8. Payables from exchange transactions

Trade payables	7 904 196	5 379 491
Clearing and suspense accounts	-	430
Suspense - AARTO*	-	296
Accrued expense	388 817	386 913
Payroll accrual	995 134	5 219 433
Reclassification from trade receivables	-	8 074 891
Accrued interest	(1)	339 991
	9 288 146	**19 401 445**

* The suspense account for AARTO relates to infringers paying into RTIA's bank account and not into the AARTO designated bank accounts, the amounts are required to be allocated first to the paid infringement notices. For the period under review, this account was a receivable and has been disclosed under receivables.

9. Employee benefit obligations

Employee Benefit Liabilities

Leave accrual		
Opening balance	5 131 690	4 040 308
Change in accrual	4 961 818	5 131 690
Reversal of accrual	(5 131 690)	(4 040 308)
	4 961 818	**5 131 690**

Defined contribution plans

RTIA belongs to a defined contribution plan. The percentage contribution by the employer is 13% and the employee is 7.5%. The amounts included in the employee costs are as follows.

The amount recognised as an expense for defined contribution plans is	5 634 447	10 721 124

10. Infringement fees

Collected Infringements	264 188 570	166 797 151
Courtesy Letter Fees	58 799 402	38 167 560
Enforcement Order Fees	38 805 025	25 381 252
Unsuccessful Representation Fees	400 028	258 214
Partial Payment Penalty Fees	89 730	62 192
	362 282 755	**230 666 369**

11. Operating lease liability

Current liabilities	1 116 463	-

The operating lease is for the rental of an office building including parking bays.

Refer to note 19 operating lease building.

Road Traffic Infringement Agency

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12. Employee related costs

Basic	95 020 015	79 814 847
Bonus	16 726 038	29 224 721
Medical aid - company contributions	243 084	262 314
Leave pay provision charge	(169 872)	1 091 382
Travel, subsistence and other allowances	357 109	157 442
Overtime payments	746 550	377 803
13th Cheques	4 265 009	3 722 445
Acting allowances	1 996 519	1 549 379
Car allowance	987 084	707 417
Housing benefits and allowances	14 682 768	20 825 051
Company contribution expenses	12 051 048	13 106 236
Leave without pay	(9 625)	(22 164)
	146 895 727	**150 816 873**

Remuneration of executive directors

Annual Remuneration		
MLB Moloi	3 600 552	3 581 468
MLT Bilikwana (Adv.)	2 670 729	2 706 191
K Pooe	2 655 842	2 710 076
C Matjie	2 667 141	2 640 900
	11 594 264	**11 638 635**

13. Remuneration - Board members and other committees

Board Members	2 141 324	2 114 395
Committees	288 900	508 736
	2 430 224	**2 623 131**

14. Depreciation and amortisation

Property, Plant and Equipment	3 023 105	2 162 195
Intangible assets	6 337 916	7 006 047
	9 361 021	**9 168 242**

Road Traffic Infringement Agency

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15. Other operating expenses

Advertising	2 234 205	8 042 515
Asset losses	393 596	21 657
Assets expensed	572 384	169 874
Auditors remuneration	7 532 756	7 710 171
Bank charges	43 772	48 841
Bursaries	112 005	82 382
Bus Diesel	-	38 500
Cleaning	1 381 848	738 527
Consulting and professional fees	4 360 906	15 097 321
Consumables	315 096	842 624
Courier	107 225	93 892
Delivery expenses	14 746	32 210
Catering expenses	171 187	76 597
Fleet	178 977	675 958
Fraud Hotline	59 570	59 394
IT expenses	3 112 047	4 468 026
Installation costs	57 300	2 598 914
Insurance	677 191	411 622
Legal costs	2 639 722	3 596 822
Municipal charges	4 208 517	3 827 901
Postage and courier	132 854 208	77 915 920
Premises	12 410 774	12 679 998
Printing and stationery	967 284	121 935
Rentals	603 377	923 808
Repairs and maintenance	392 971	147 710
OHS related cost	862 292	454 124
Security	2 197 167	1 650 480
Software expenses	1 305 431	120 388
Staff welfare and wellness	648 726	288 226
Subscriptions and membership fees	43 184	140 545
Sundry expenses	(108)	306 993
Telephone and fax	3 478 379	3 120 601
Training	1 294 209	1 197 973
Travel - local	1 036 124	658 313
Relocation expenses	-	200 266
	186 267 068	**148 561 028**

16. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Impairment on trade and other receivables	2 437 723	1 647 378
Reversal of impairment on trade and other receivables	(1 647 378)	4 160 529
Amortisation on intangible assets	6 337 916	7 006 047
Depreciation on property, plant and equipment	3 023 105	2 162 195
Employee costs	146 895 727	150 816 873

Road Traffic Infringement Agency

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17. Cash generated from operations

Surplus	200 929 803	87 475 000
Adjustments for:		
Depreciation and amortisation	9 361 021	10 021 480
Loss / (profit) on disposal of assets - PPE	393 596	(626 568)
Impairment loss (reversal)	70 391	(2 513 151)
Movements in operating lease assets and accruals	1 116 463	-
Movements in employee benefit obligation	(169 872)	1 091 382
Changes in working capital:		
Receivables from exchange transactions	(34 868 125)	(32 665 574)
Other receivables from non-exchange transactions	-	71 764 000
AARTO assets	(343 916 038)	(239 880 189)
Payables from exchange transactions	(10 113 299)	(14 105 703)
AARTO Liabilities	343 916 038	239 880 189
	166 719 978	**120 440 866**

18. Service in-kind

In terms of the AARTO Act section 4 (6), the Agency must establish an information management system and database which is connected to the national contraventions register to create, process and maintain records. Upon the establishment of the Agency, an arrangement was made by the Department of Transport that granted the right of use to the Agency to utilise the services of the Natis system as the national key point system for all the AARTO related transactions without establishing its own system. The RTIA continues to receive the benefit of the services in kind from the Road Traffic Management Corporation (RTMC) for the shared utilisation of the Natis system, the system was transferred to RTMC in terms of section 42 by the Department of Transport. Additional services that have been added include the AARTO Application and the AARTO website, both of which are utilised at no cost to the RTIA.

RTIA recognise services received in kind in its statement of financial performance at their fair value, provided these services are significant to its operations and their fair value can be reliably determined. If the services are not significant, or if a reliable fair value cannot be established, the nature and type of services received will be disclosed instead. For instance, the national contravention register provided by the Road Traffic Management Corporation, through the Department of Transport, constitutes a service received in kind that is significant to RTIA's operations. However, since a reliable fair value cannot be determined, it is not recognized in the financial statements. Additionally, RTIA has the right to utilize services from the Natis system, as well as the AARTO application and AARTO website.

Road Traffic Infringement Agency

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19. Commitments

Authorised capital expenditure

Authorised operational expenditure

Already contracted for but not provided for		
• SAPO	283 805 460	140 342 143
Total operational commitments		
Already contracted for but not provided for	283 805 460	140 342 143

For the year ended 2026, RTIA had a firm committed towards the serving of AARTO notices. The South African Post Office is a strategic key driver in serving of AARTO related documents by registered mail in terms of section 30 of the AARTO Act read in conjunction with regulation 21 of the AARTO Regulations. This relationship is managed through the renewable three-year service level agreement to serve all AARTO notices. The value of this agreement is forecasted at R284 million (2025: R140 million) (without AARTO roll-out) for the next twelve months based on infringement notices, courtesy letters and enforcement orders that will be issued.

Change in Accounting Estimate: SAPO Commitment

During the current financial year, management revised the methodology used to estimate the future commitment relating to services provided by the South African Post Office (SAPO).

In prior years, the estimate was determined based on the historical average expenditure incurred over a five-year period with an additional growth factor applied. During the current year, management reassessed the methodology and concluded that a more representative estimate could be obtained by using recent actual expenditure levels adjusted for expected inflation and anticipated operational requirements associated with the phased implementation of the AARTO National Rollout programme

The revised methodology was applied prospectively in accordance with GRAP 3 as it constitutes a change in accounting estimate.

Management considers the revised approach to provide a more reliable basis for estimating future expenditure, as it reflects current operating conditions, expected service requirements and planned rollout activities. The change affected the commitment disclosed in Note 19 for the year ended 31 March 2026. Owing to the nature of the estimate and the uncertainty surrounding future service volumes and rollout timelines, it is impracticable to quantify the effect of the change relative to the previous estimation methodology with sufficient reliability.

The commitment estimate includes assumptions relating to:

1. Anticipated AARTO Phase 2 implementation activities;
2. Expected SAPO service requirements;
3. Future operational volumes;
4. Inflationary increases; and
5. Implementation timelines.

These assumptions are reviewed annually and may change as additional information becomes available. Any future revisions will be accounted for prospectively as changes in accounting estimates

Total commitments

Total commitments		
Authorised operational expenditure	283 805 460	140 342 143

Road Traffic Infringement Agency

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19. Commitments (continued)

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

Operating lease - building rental

Minimum lease payments due		
- within one year	10 524 682	10 524 682
- in second to fifth year inclusive	24 557 592	35 082 274
	35 082 274	**45 606 956**

RTIA's operating lease contracts that were operational during the current year comprise of the office rental premises, office rental machines, rental of offsite storage, rental of standing breeze coolers, rental of hygiene services equipment, and CRM customer solution respectively.

Rental expenses relating to operating leases		
Minimum lease payments	10 596 472	4 485 000

Operating lease - Office Automation Solution		
- within one year	252 778	466 668
- in second to fifth year	-	252 778
	252 778	**719 446**

Operating lease - Cloud space CRM solution		
- within one year	380 000	380 000
- in second to fifth year	443 333	823 333
	823 333	**1 203 333**

Office rental premises

The previous office space lease rental of the premises for RTIA refers to the building together with the parking bays namely Waterfall Edge, Bekker Road, Midrand. The contract was on three to six monthly extension interval period pending the acquisition of the new office space. The last contract extension period was from the 14 December 2023 to 13 April 2024, was subsequently terminated.

During the reporting period under review, RTIA entered into a new lease agreement for the rental of an office building including parking bays located on the property referred to as New Road Corner Office Park, 10 Matuka Close, Midrand with an initial lease period of five years. The new contract came into effect from the 1st of August 2025.

Office Automation Solution (Printer machines)

The rental of printers is through a transversal contract of National Treasury, the contract commenced from 16 October 2023 for 36 months at a contract value of R1.4 million.

Integrated customer Relationship Management

The Agency concluded an agreement on 26 May 2023 with the service provider to deliver centralised CRM solution which iscloud based hosted. The contract is for a period of 5 years at a value of R1.9 million.

The value in respect of offsite storage, rental of standing breeze economy cooler, and the hygiene sanitiser equipment is not material to warrant a separate disclosure. This has not been included in the above disclosure. The lease contract has no escalation costs therefore it is not material.

Road Traffic Infringement Agency

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Notes to the Annual Financial Statements

Figures in Rand	2026	2025

20. Contingencies and contingent liabilities

Defamation Matter

The applicant has initiated legal proceedings against the Road Traffic Infringement Agency (RTIA) in the High Court of South Africa, Gauteng Local Division. The allegations made by the applicant pertain to a precautionary suspension and disciplinary hearing, which are claimed to be malicious, frivolous, and vexatious, based on purportedly fabricated charges of misrepresentation filed by the RTIA. Following certain irregularities noted in the applicant's submissions, the applicant's legal representatives submitted amended papers in November 2024. The Agency is currently in the process of reviewing and accepting these amended Particulars of Claim (POC), as the prior submissions lacked clarity and did not adequately present a viable case for response. The applicant is suing the Agency in a defamation claim for an amount of R3 million..

Unfair Dismissal

A former employee has referred the matter for private arbitration, however the plaintiff has not taken any action to have the matter heard at Private Arbitration. The estimated value is R23 240 198.

Bonus Pool

The Agency may under the approval of the board and the shareholder to compensate its employees with bonuses contingent upon meeting specific performance thresholds and approval of the board and minister. At the end of the financial year, the assessment of performance had not yet been concluded, resulting in the absence of a definitive determination regarding the actual bonus amount payable. This figure of R 41 625 429.45 serves as the best estimate for the potential liability, contingent upon the fulfillment of the requisite conditions set forth in the policy at the time the bonuses are ultimately determined. This approval is not wholly in the control of management.

Pay progression/Unfair conduct

The Agency’s representative trade union has applied for arbitration at the CCMA in respect of their demand to pay their seven members pay progression for the 2023/2024 financial year with an estimated amount of R156 077.

NUMSA obo Moloko K and 48 Others

This matter relates to the outstanding pay-progression payments from the past 4 financial years. NUMSA has submitted a review application to the Labour Court, and the RTIA is currently awaiting the court's decision regarding the opposition to this review. At this time, Managements best estimate for this contingent liability is R 7 221 622.47.

Disputed Performance Bonus

A dispute arose relating to performance bonuses paid during December 2025 in respect of the 2024/25 performance cycle. The matter was tabled before the Commission for Conciliation, Mediation and Arbitration (CCMA) for conciliation on 20 April 2026
Following the conciliation process, the matter will now proceed to arbitration at the CCMA on a date to be determined by the appointed CCMA Commissioner.
The estimated exposure relating to the disputed performance bonuses amounts to R22,420,825 based on calculations provided by the Payroll Unit. Due to the uncertainty relating to the outcome of the arbitration proceedings and the recoverability of the amounts paid, no asset or liability has been recognised in the annual financial statements at reporting date

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

20. Contingencies and contingent liabilities (continued)

CCMA Unfair Dismissal

Former employee dismissed during the year.Former employee is contesting dismissal as unfair and matter has been referred to CCMA for arbitration .

CCMA Unfair Conduct

The Agency's representative trade union has applied for arbitration at the CCMA in respect of matter relating to alleged unfair conduct on behalf of 58 Employees. The matter was set to be heard on 20 April 2026 .There is no reliable estimate of the amount and the CCMA processes are till happening even after reporting date

Total Value of Contingent Liabilities as at 31 March 2026 is R97 664 152.31

Contingent assets

Civil Litigation Process

Following the investigative processes carried out in 2020, a systematic approach was implemented to initiate civil proceedings aimed at recovering the damages and losses resulting from irregular expenditure in violation of section 11(2) of the AARTO Act. The Agency has commissioned the services of a distinguished law firm, known for its proficiency and reliability, to oversee this legal process, which remains ongoing. The total financial implications associated with this matter have been estimated at R 14 207 900.

Surrender of surpluses

RTIA annually declares all surpluses or deficits to the relevant Treasury from the period 1 August to 30 September of each year, using its audited annual financial statements as the basis for calculation of surpluses or deficits.

The entity submits requests to the relevant Treasury to retain surpluses in terms of section 53(3) of the PFMA, as and when appropriate. Unless exempted by the National Treasury, the entity invests surplus funds with the Corporation for Public Deposits.

The entity surrenders for re-depositing into the relevant Revenue Fund, all surpluses that were realised in a particular financial year –

(a) which were not approved for retention by the relevant Treasury in terms of section 53(3) of the PFMA; or

(b) where no application was made to the relevant Treasury to accumulate the surplus in terms of section 53(3) of the PFMA.

The surpluses are surrendered for re-depositing into the relevant Revenue by no later than 30 November of each year, as prescribed.

Failure by the entity to submit a surplus retention request to the relevant Treasury by 30 September each year will result in the entity having to surrender the surplus to the relevant Revenue Fund by 30 November, unless there has been a delay in the finalisation of the audit.

In the case of a delay in the finalisation of the audit –

(a) a letter is sent to the relevant Treasury by the 30th September explaining the delay.

(b) a surplus retention request is submitted to the relevant Treasury within 30 days of finalising the audit.

For the 2024/25 the RTIA realised a surplus of R248 853 742 and the matter was approved by National Treasury. The Agency estimates a surplus of R449 045 092 for the 2025/26 financial year . Approval for the cash in bank balance will be submitted to National Treasury by 30 September 2026.

Road Traffic Infringement Agency

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21. Related parties

Relationships

Members	Refer to members' report note
Controlling entity	Department of Transport

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

Related party balances

Loan accounts - Owing (to) by related parties		
South Africa Post Office	5 737 178	14 923 299

Related party transactions

Purchases from (sales to) related parties		
Department of Transport - Grant	(167 030 000)	(159 868 000)
South African Post Office - Postage	132 854 208	77 915 920

Key management information

Remuneration

Board members

2026

	Board	Audit and Risk	REMCO	Technical	Social and Ethics	Total
Name						
Prof. D Khosa-Shikwambana	228 556	-	136 640	61 632	61 632	488 460
BM Ramokhele CA(SA)	287 920	-	-	-	-	287 920
Adv. NN January	227 268	111 708	92 448	-	78 080	509 504
SJ Keswa	215 712	161 040	-	69 856	61 632	508 240
MJ Mashinini	215 712	-	-	69 856	61 632	347 200
	1 175 168	**272 748**	**229 088**	**201 344**	**262 976**	**2 141 324**

2025

	Board	Audit and Risk	REMCO	Technical	Social and Ethics	Total
Name						
Prof. D Khosa-Shikwambana	185 156	-	152 308	61 632	77 040	476 136
BM Ramokhele CA(SA)	263 520	-	-	-	97 600	361 120
Adv. NN January	165 636	-	107 856	-	97 600	371 092
SJ Keswa	227 020	203 932	-	61 632	77 040	569 624
MJ Mashinini	181 304	-	-	78 080	77 040	336 424
	1 022 636	**203 932**	**260 164**	**201 344**	**426 320**	**2 114 396**

The Board members serve as members of the Board and members of the board committees. The fees above include all services that were rendered by the Board in the various committees in which they served. The services of Mr L. Sakata who is the appointed representative from the National Prosecuting Authority are not remunerated.

Executive management

Road Traffic Infringement Agency

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Figures in Rand	2026	2025

21. Related parties (continued)

2026

Name	Basic salary	Performance bonus	Allowances and Other	Company Contributions	Bonus - 13th cheque	Total
MLB Moloi	1 635 101	393 344	1 189 396	247 780	134 930	3 600 551
MLT Bilikwana (Adv.)	1 290 530	313 605	875 305	191 289	-	2 670 729
K Pooe	1 290 530	298 628	875 305	191 379	-	2 655 842
C Matjie	1 262 067	284 151	829 610	187 654	103 659	2 667 141
	5 478 228	**1 289 728**	**3 769 616**	**818 102**	**238 589**	**11 594 263**

2025

Name	Basic salary	Performance bonus	Allowances and Other	Company Contributions	Bonus 13th cheque	Total
MLB Moloi	1 612 961	832 240	758 320	243 017	134 930	3 581 468
MLT Bilikwana (Adv.)	1 225 772	609 359	692 199	178 861	-	2 706 191
K Pooe	1 225 772	613 052	692 199	179 053	-	2 710 076
C Matjie	1 178 609	608 247	529 266	226 674	98 105	2 640 901
	5 243 114	**2 662 898**	**2 671 984**	**827 605**	**233 035**	**11 638 636**

Refer to note 12 employee related costs for detail executive directors.

Committees

2026

Name	Audit and Risk Committee	HR and REMCO	Technical committee	Total
CF Cain	-	69 336	-	69 336
MM Phiri CA(SA)	157 932	-	-	157 932
CE Simpson CA(SA)	15 408	-	-	15 408
A Dlanga	-	-	46 224	46 224
	173 340	**69 336**	**46 224**	**288 900**

2025

Name	Audit and Risk Committee	HR and REMCO	Technical committee	Total
CF Cain	-	107 856	-	107 856
MM Phiri CA(SA)	169 624	-	-	169 624
CE Simpson CA(SA)	169 624	-	-	169 624
A Dlanga	-	-	61 632	61 632
	339 248	**107 856**	**61 632**	**508 736**

22. Going concern

We draw attention to the fact that at 31 March 2026, the entity had an accumulated surplus of R 470 546 268 and that the entity's total assets exceed its liabilities by R 470 546 268.

Road Traffic Infringement Agency

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

22. Going concern (continued)

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.

23. Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure	-	10 896 635

***Refer to reconciling notes in the annual report**

Restatement of opening balances

Fruitles and wasteful expenditure

In the current year, no fruitless and wasteful expenditure was incurreed.

24. Financial instruments disclosure

Categories of financial instruments

2026

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	7 556 936	7 556 936
Cash and cash equivalents	360 058 492	360 058 492
	367 615 428	**367 615 428**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	8 293 013	8 293 013

2025

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	6 830 216	6 830 216
Cash and cash equivalents	201 004 786	201 004 786
	207 835 002	**207 835 002**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	5 766 404	5 766 404

Road Traffic Infringement Agency

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25. Risk management

Financial risk management

RTIA'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 day to day operations. RTIA is mainly exposed to the liquidity risk of the financial instruments.

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

Liquidity risk

Liquidity risk is the risk that RTIA will not be able to meet its financial obligations as they fall due. RTIA 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 its reputation. This implies maintaining sufficient cash resources and the availability of funding through Medium Term Expenditure Framework. RTIA receives a guaranteed subsidy from National Treasury through the Medium Term Expenditure Framework allocation process to meet all its current and future obligations.

RTIA 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 table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2026	Less than 1 year
Trade and other payables	9 288 146

At 31 March 2025	Less than 1 year
Trade and other payables	19 401 445

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, which will result in financial loss to RTIA. RTIA is exposed to minimal credit risk. The major 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 are recorded net of the impairment allowance. This represents RTIA's maximum exposure to credit risk.

RTIA limits its counterparty exposures by only dealing with well-established financial institutions of high credit standing.

Financial assets past due as at the end of the reporting period but not impaired;

-Staff receivables and sundry receivables related to staff debt. The amounts are past due but not impaired because they are fully recoverable from employees

-Deposits are past due but not impaired because they are collectable from third parties.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2026	2025
Standard Bank (Fitch) F1+	360 058 492	201 004 786
Receivables from exchange transactions	19 278 153	33 660 302

Market risk

Road Traffic Infringement Agency

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25. Risk management (continued)

Interest rate risk

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

26. Prior-year adjustments

During the reporting period an error was detected in the line items relating to PPE and Intangible assets where in depreciation charges, additions and disposals were reconciled from ledger to the Fixed assets registered, this reconciliation resulted in us identifying errors in the recording which ultimately affected the carrying values of the assets as at year end 2025. The AARTO Assets and Liabilities were also misstated and were corrected retrospectively. The amounts reflected in the 2025 Financial Position had to be rested retrospectively to reflect the correction.

Property Plant and Equipment

Property plant and equipment was overstated by R711 807.000 due to incorrect capturing of additions and disposals from the FAR, this had an impact on the financial year 2025 and correction was made retrospectively.

Intangible Assets

Intangible assets were overstated in the 2025 year by R19 460.00 this was due to incorrect capturing of the additions and disposals of intangible assets. The error was corrected retrospectively from 2025 with its cumulative differences effected on the correction.

Aarto Assets and Liabilities

AARTO Assets were overstated in the 2025 year 205 Million this was due to incorrect capturing or collecting agent receivables that exceeded the amounts due to the RTIA. The error was corrected retrospectively from 2025 with its cumulative differences effected on the correction. There was no impact for the above on the accumulated surplus The error also impacted the AARTO liabilities in the same manner and the retrospective correction was corrected in 2025 retrospectively in accordance with GRAP 3.

Payable and Receivables from Exchange Transactions

A prior period error was identified relating to the recognition, allocation and timing of receivables from exchange transactions, particularly AARTO receivables, arising from differences between bank receipts and accounting records, unallocated receipts, and misclassification between receivables, payables and revenue.
Payables were understated in 2025 by an amount of R 680 145,00 as detected in the reconciliation of the ledger accounts. These errors also impacted receivables from exchange transactions, as certain amounts were either incorrectly recognised or recorded in the wrong period. During the audit for the year the auditors picked up a misstatement relating to a quotation being captured as an invoice from a supplier, the amount of R 48 694.26 was corrected in the prior year relating to the error identified.
The errors were identified through a comprehensive bank-to-ledger reconciliation process. In accordance with GRAP 3, the errors have been corrected retrospectively by restating comparative figures, resulting in a decrease in receivables of R145 592 in 2025 financial periods and a reduction in previously reported revenue from exchange transactions. During this exercise management also had to reclassify negative payables to receivables, the reclassification amounted to R197 204 Corresponding adjustments were made to accumulated surplus and related balances. Management has strengthened reconciliation and revenue recognition controls to ensure accurate recording of receivables and revenue going forward.

Road Traffic Infringement Agency

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Notes to the Annual Financial Statements

Figures in Rand	2026	2025

26. Comparative figures (continued)

During the reporting period, management identified a prior period error relating to the recognition and measurement of lease liabilities. As part of a detailed reconciliation process, lease liability balances disclosed in the Annual Financial Statements (AFS) were reviewed against the underlying lease agreement. This review revealed that lease liabilities had been incorrectly recognised and disclosed in prior reporting periods.

In accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, material prior period errors are corrected retrospectively by restating the comparative amounts for the prior period/s presented and adjusting the opening balances of assets, liabilities and accumulated surplus or deficit, where applicable.

The correction of this error resulted in the restatement of the Statement of Financial Position and related note disclosures for the 2025 financial year..

During the preparation of the Annual Financial Statements for the year ended 31 March 2026, management identified a prior-period error relating to the accounting treatment of performance bonuses accrued in the 2024/25 financial year.

The performance bonuses amounting to R2 980 011.50 related to employee service rendered during the year ended 31 March 2025 and were paid on 3 April 2025. The obligation existed at the reporting date and should have been recognised as an employee benefits payable in terms of GRAP 25. However, the balance was incorrectly cleared through the Salary and Wages Control Account and no liability was recognised at 31 March 2025.

As a result, employee benefits expenditure and employee benefits payable were understated in the prior year, and a payroll receivable was incorrectly recognised during the 2025/26 financial year when the bonuses were paid.

Operating Lease Liability

The lease liability disclosed in the notes to the 2025 Annual Financial Statements amounted to R906,898. Following a re-assessment of the underlying lease arrangement, it was determined that no lease liability should have been recognised as at 31 March 2025. Accordingly, the balance of R906,898 was incorrectly included in the financial statements and should have been R0.00.

The comparative figures for the 2025 financial year have therefore been restated retrospectively to remove the erroneously recognised lease liability.

Incorrect Netting of AARTO Receivables and Payables

Management identified that AARTO receivables and payables were incorrectly offset and presented on a net basis in the prior period. The balances represent separate rights and obligations and did not meet the applicable requirements for offsetting.

Management therefore treated the matter as a prior-period error in terms of GRAP 3 and corrected the balances retrospectively by separately recognising the AARTO receivables and payables. The corrected balances were reconciled to supporting schedules and underlying records, with the receivables assessed for impairment in accordance with the applicable requirements of GRAP 108 and GRAP 104.

The comparative financial statements and related disclosures have been updated accordingly.

Statement of financial position

Road Traffic Infringement Agency

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26. Comparative figures (continued)

2025

	Note	Amount Previously Stated	Correction of error	Re-classification	Restated
Property, Plant and equipment	6	19 770 198	(711 807)	-	19 058 391
Intangible Assets	6	4 503 626	(19 460)	-	4 484 166
AARTO Assets		173 384 011	(1 451 637)	205 614 867	377 547 241
AARTO Liabilities		(173 384 011)	1 451 637	(205 614 867)	(377 547 241)
Trade and Other Payables		(15 987 186)	(3 611 463)	197 204	(19 401 445)
Trade and Other Receivables		69 874 728	(145 592)	(197 204)	69 531 932
Operating lease liability		906 898	(906 898)	-	-
Accumulated surplus		**79 068 264**	**(5 395 220)**	**-**	**73 673 044**

Cash flow statement

2025

	Note	Amount Previously Stated	Correction of error	Restated
Cash flow from operating activities				
Depreciation and amortisation		9 168 242	853 238	10 021 480
Movements in operating lease assets and accruals		906 898	(906 898)	-
Changes in working capital:		(32 811 162)	145 592	(32 665 570)
Receivables from exchange transactions				
Other 4		(16 038 191)	2 054 457	(13 983 734)
		(38 774 213)	**2 146 389**	**(36 627 824)**

Prior period errors

The following prior period errors adjustments occurred:

Road Traffic Infringement Agency

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Notes to the Annual Financial Statements

Figures in Rand	2026	2025

26. Comparative figures (continued)

Prior period error - Qualification Area

During the current financial year, the entity identified prior period errors relating to the accounting treatment and allocation of traffic fine collections, collecting agent balances, commission expenses, bank charges and interest transactions relating to the 2024 and earlier financial periods.

The errors were identified through a full reconciliation of the entity's bank accounts to the underlying financial records and supporting reconciliations. The reconciliation process identified differences between receipts reflected in the bank accounts and amounts recognised in the accounting records, resulting in unallocated receipts and related balances being incorrectly recognised in prior reporting periods. Consequently, certain asset and liability balances in the Statement of Financial Position were materially misstated.

In accordance with GRAP 3, the errors have been corrected retrospectively by restating the affected line items in the financial statements for the earliest period presented. Where the errors originated before the earliest period presented, the opening balances of assets, liabilities and accumulated surplus/(deficit) for the earliest comparative period presented were adjusted accordingly.

During the current financial year, management undertook a detailed analysis process to investigate the root causes of these differences. This review identified historical credit balances amounting to R1,749,885, originating from legacy system limitations, unallocated receipts, and incomplete transactional records dating back to early phases of AARTO implementation

Based on the outcome of this analysis, management concluded that these balances do not represent valid or enforceable claims and therefore do not meet the definition of a financial asset in terms of GRAP.

The effect of the correction of the prior period errors on the affected financial statement line items is as follows:

Financial statement line item	**Increase/(Decrease)**	**2024 and earlier periods**
Unallocated receipts	Decrease	7 987 390,58
PAYAT	Increase	1 675 055,16
Other collecting agents	Increase	145 696,35
Interest recognised in accumulated surplus/(deficit)	Increase	(36 560,43)
Bank charges recognised in accumulated surplus/(deficit)	Increase	195 470,81
Commission expense – FNB	Increase	5 890 138,69
PayMyFineTMT	Increase	117 590,00

There was also a reclassification of retained earning out of unallocated receipts

The effect of the correction of the prior period errors on the affected financial statement line items is as follows:

Retained earnings reclassification	**Increase/(Decrease)**	**2024 and earlier periods**
Retained earnings	Increase	32 637 063,63
Unallocated receipts	Decrease	32 637 063,63

Road Traffic Infringement Agency

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Figures in Rand	2026	2025

26. Comparative figures (continued)

The prior period error adjustments affected the Statement of Financial Position through the correction of asset and liability balances. The corrections did not have a material effect on the Statement of Financial Performance or the Statement of Cash Flows for the periods presented.
The correction of the prior period errors resulted in the restatement of comparative figures for the 2024 and earlier reporting periods. The cumulative effect of the errors relating to periods prior to those presented has been recognised through the adjustment of the opening accumulated surplus/(deficit) of the earliest period presented.
Management has implemented enhanced reconciliation and review controls over bank reconciliations, receipts allocation and collecting agent accounts to reduce the risk of similar errors occurring in future reporting periods.

Collectively, these matters resulted in a material misstatement of the AARTO liabilities, estimated at approximately R83 million. The qualification highlighted deficiencies in the historical accounting methodology, reconciliation processes, and supporting records used in determining the liability balance.

Irregular expenditure

Balance previously reported	-	9 768 671
Adjustments made	-	1 127 964
Restated opening balance	**-**	**10 896 635**

Adjustment made to the balance of irregular expenditure is due to an omission of irregular expenditure made in the 31 March 2025 financial statements.

Change in accounting policy

The following change in accounting policies occurred:

27. Revenue

Interest received	13 751 018	4 487 121
Infringement fees	362 282 755	230 666 369
Sundry income	382 347	1 109 633
Government grants & subsidies	167 030 000	159 868 000
	543 446 120	**396 131 123**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received (trading)	13 751 018	4 487 121
Agency services	362 282 755	230 666 369
Sundry income	382 347	1 109 633
	376 416 120	**236 263 123**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	167 030 000	159 868 000

28. Other revenue

Sundry Income	382 347	1 109 633

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Figures in Rand	2026	2025

29. Government grants & subsidies

Operating grants		
Government grant	167 030 000	159 868 000
Government Grants and Subsidies		
Current-year receipts	167 030 000	159 868 000
Conditions met - transferred to revenue	(167 030 000)	(159 868 000)
	-	-

Operatiional grants used to run the operation of the agency.

30. Comparative figures

Certain comparative figures have been restated.

NOTES

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