

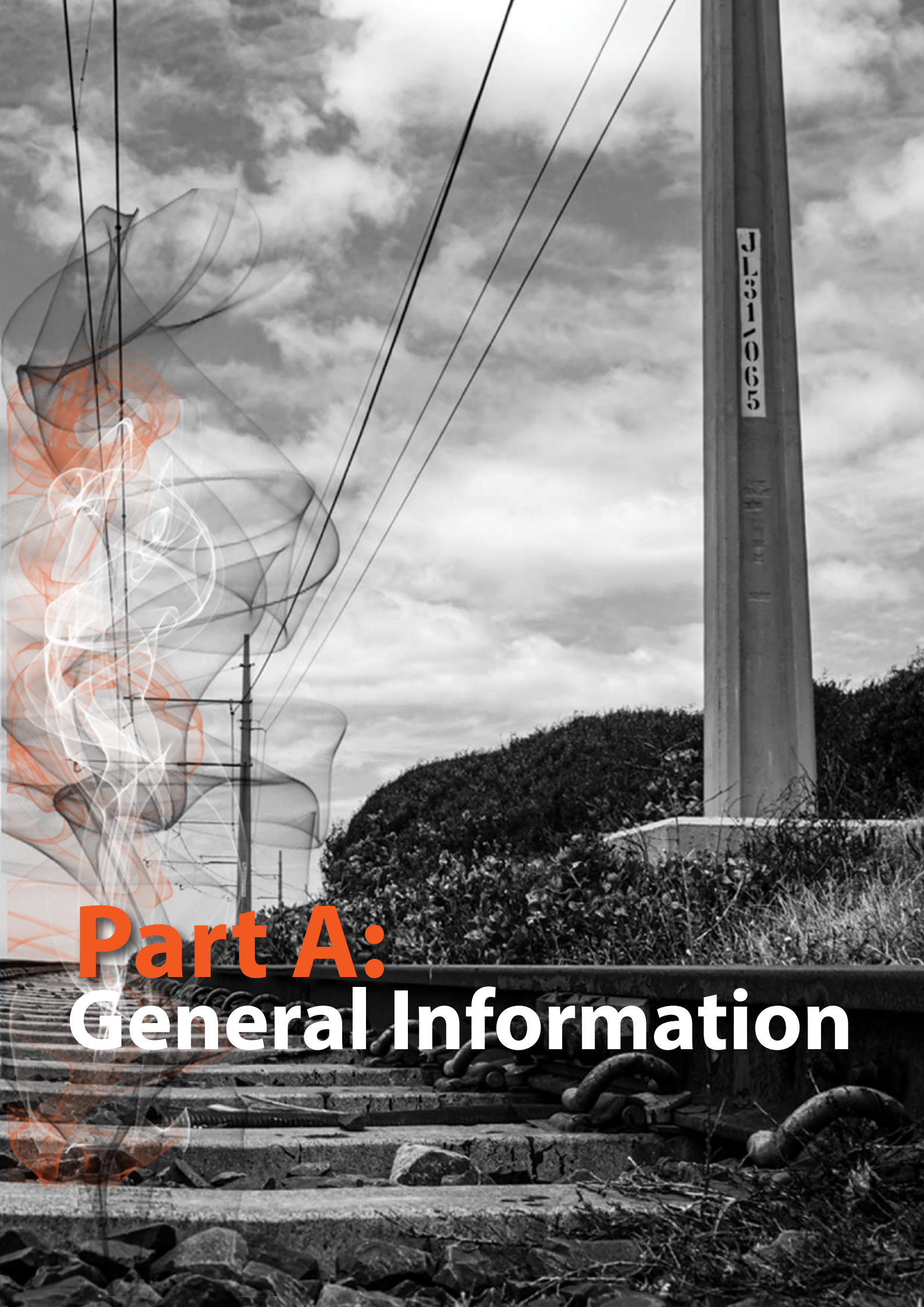
Annual Report 2021/22



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Part A: **General Information**



Public entity's General Information

Registered Name:	Railway Safety Regulator
Registration Number:	N/A
Registered Office Address:	Building 4, Waterfall Point Office Park, Cnr. Waterfall and Woodmead Drive, Waterfall City, Midrand, 1685, South Africa
Postal Address:	P.O Box 11202, Centurion, 0051, South Africa
Contact Telephone Number/s:	+27 10 495 5291
Email Address:	comms@rsr.org.za
Website Address:	https://www.rsr.org.za
External Auditors:	Auditor General of South Africa 4 Daventry Street, Lynwood Bridge Office Park, Lynwood Manor
Banker:	ABSA
Company/Board Secretary:	Cheryl Walters Acting Company Secretary

List of Abbreviations/Acronyms

A
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AFS	Annual Financial Statements
AGSA	Auditor General of South Africa
APP	Annual Performance Plan
ASB	Accounting Standards Board
BBBEE	Broad Based Black Economic Empowerment
CCMA	Commission for Conciliation Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
CSM CA	Common Safety Method Conformity Assessment
CSM RA	Common Safety Method Risk Assessment
DoT	Department of Transport
ERM	Enterprise-Wide Risk Management
FY	Financial Year
GRAP	Generally Recognised Accounting Practice
HFM	Human Factor Management
IAA	Internal Audit Activity
ICT	Information Communication Technology
IGRAP	Interpretation of Generally Recognised Accounting Practice
IIMS	Integrated Information Management System
KPI	Key Performance Indicator
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework

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NATMAP	National Transport Master Plan 2050
NDP	National Development Plan 2030
NIMS	National Information Monitoring System
NRSRA	Nationally Recognised Statistical Rating Agency
PFMA	Public Finance Management Act
PRASA	Passenger Rail Agency of South Africa
REPUBLIC	Republic of South Africa
RIA	Regulatory Impact Assessment
RM3	Railway Management Maturity Model
RSR	Railway Safety Regulator
SADC	Southern Africa Development Community
SALGA	South African Local Government Association
SANS	South African National Standards
SARA	Southern Africa Railways Association
SATAWU	South African Transport and Allied Workers
SCM	Supply Chain Management
SMME	Small Medium and Micro Enterprises
SMS	Safety Management System
SMSR	Safety Management System Report
SOP	Standard Operating Procedure
TETA	Transport, Education and Training Authority
TFR	Transnet Freight Rail
TR	Treasury Regulations
UNTU	United National Transport Union
VSCC	Verbal Safety Critical Communication



The 2021/22 Annual Report of the Railway Safety Regulator is tabled at a time when the rail sector is stepping up its efforts to address the severe impact of theft and vandalism on rail infrastructure. Simultaneously, the National Rail Policy White Paper which aims to regenerate the rail industry has been launched and promises a new dawn for the rail sector. The Minister of Transport, Fikile Mbalula, has been referring to this as the renaissance epoch, a period that is both challenging and filled with possibilities.

It gives me great pleasure to announce that despite the Regulator's hybrid working approach during the 2021/22 financial year, the organisation efficaciously achieved a 93 per cent overall performance score at the end the financial year and has attained a clean audit for a consecutive year.

The organisation continues to forge a path towards safer railways for all our stakeholders passengers, operators, including communities living adjacent to railway lines and the general society by aiding economic growth. In addition, the Regulator supports government's priorities, in particular building a capable, ethical and developmental state by executing the RSR mandate in a financially stable manner. To this effect, progress has been made in the development of a new Safety Permit Fee model that will be presented to the Department of Transport (DOT) in the coming months.

In the year under review, we have strengthened our strategic relationship with the South African Local Government Association (SALGA) as a key point to municipalities. Emphasis was put on the Rail Reserve Regulation, education and awareness campaigns and community

involvement. In addition, the RSR is a member of the Southern African Railways Association (SARA), an association that aims to foster harmonisation of the railway safety regime in the Southern African Development Community (SADC) railway operations. The Regulator plays a key role in ensuring that common Standards are adopted at a regional level, thus ensuring interoperability among member states.

In the upcoming financial year, the Regulator will be positioning itself with the evolution of rail through reviewing the elements of the Railway Management Maturity Model (RM3), Safety Permit Conformity Assessments (SPCAM), Common Safety Method for Risk Assessments Methodology (CSM-RA) and the Common Safety Method for Supervision. These efforts will fortify safety within the national rail environment.

Allow me to extend my heartfelt appreciation to our political principles, the Minister and Deputy Minister of Transport for supporting the Regulator in fulfilling its mandate. Thank you to my fellow Board members for the commitment shown in the last year. To the RSR Executives and staff, your zeal in bringing the organisation's plans to fruition has not gone unnoticed. To our stakeholders from all corners of the rail landscape, we are looking forward to continuing to partner with you so that we can make our railways safer for all.



Mr Boy Johannes Nobunga

CHAIRPERSON: RSR BOARD



Chief Executive Officer's Overview

South Africa's rail landscape is about to experience a total overhaul owing to the recently approved White Paper on the National Rail Policy. This White Paper will not only play a critical role in the development of our economy, but it will create an efficient transport system that will parallel no other in the continent. As the Transport Minister, Fikile Mbalula, elucidated, the White Paper will be a major step towards rehabilitating South Africa's ailing rail network and it represents a new era and a decisive break with the past, which saw the railways being used as an instrument to segregate society.

One of the key components of reforming the network will be the introduction of long distance, highspeed trains between Durban and Johannesburg – a profitable route that will allow rail to compete with commercial airlines. The launch of bullet trains will create job opportunities which speaks to the main objective of the National Development Plan, which is to eliminate poverty and reduce inequality by 2030. By creating job opportunities, people will be able to provide for themselves which will in turn build a stable economy where people will feel empowered. While on the subject of eliminating poverty, the RSR has immersed itself in the creation and pursuit of achieving economic transformation and job creation in the sector. This has been done through our insistence on utilizing designated groups including women, youth and small enterprises for all our projects. The RSR spent a total amount of R35.2 million of which 95 per cent equates to R33.3 million on B-BBEE compliant suppliers, 36,4 per

cent which equates to R12.1 million was spent on women-owned companies, while 7,51 per cent of which equates to R2.5 million was spent on youth-owned companies. Out of the total 272 companies utilised, 170 (63%) were EMEs, 46 (17%) were QSEs and the remaining 56 (21%) were large companies. Furthermore, the organisation is slowly making headway with recruitment plans. Over the past year, crucial vacancies were filled, some of which had been vacant for prolonged periods.

The last financial year saw us working hard and smart to maintain the momentum we gained during the previous financial year. In compliance to the government's restrictions put in place to manage the spread of COVID-19, the RSR operated on a hybrid working arrangement and notwithstanding the continuation of the new way of working, the organisation successfully achieved 93 per cent overall performance at the end the 2021/22 financial year. Riding the wave of our first clean audit for the 2020/21 financial year, coupled with a 100 per cent achievement of our Annual Performance Plan targets and our drive to be an excellent organisation, the tone has been set for future performance. All these achievements can only be attributed to the employees' hard work, the Board members' leadership, and our stakeholders' commitment to the RSR and the country in our collaborative effort to keep South Africa's rail network as safe as possible.



Ms Tshepo Kgare

CHIEF EXECUTIVE OFFICER

Statement of Responsibility and Confirmation of Accuracy for the Annual Report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor General.

The Annual Report is complete, accurate and is free from any material errors and omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.

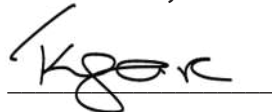
The accounting authority is responsible for the preparation of the Annual Financial Statements and the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control by providing reasonable assurance as to the integrity and reliability of the performance information, human resources information and the Annual Financial Statements.


The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, performance information, human resources information and the financial affairs of the public entity for the Financial Year (FY) ended 31 March 2022.

Yours faithfully



Ms Tshepo Kgare
Chief Executive Officer



Mr Boy Johannes Nobunga
Chairperson of the Board

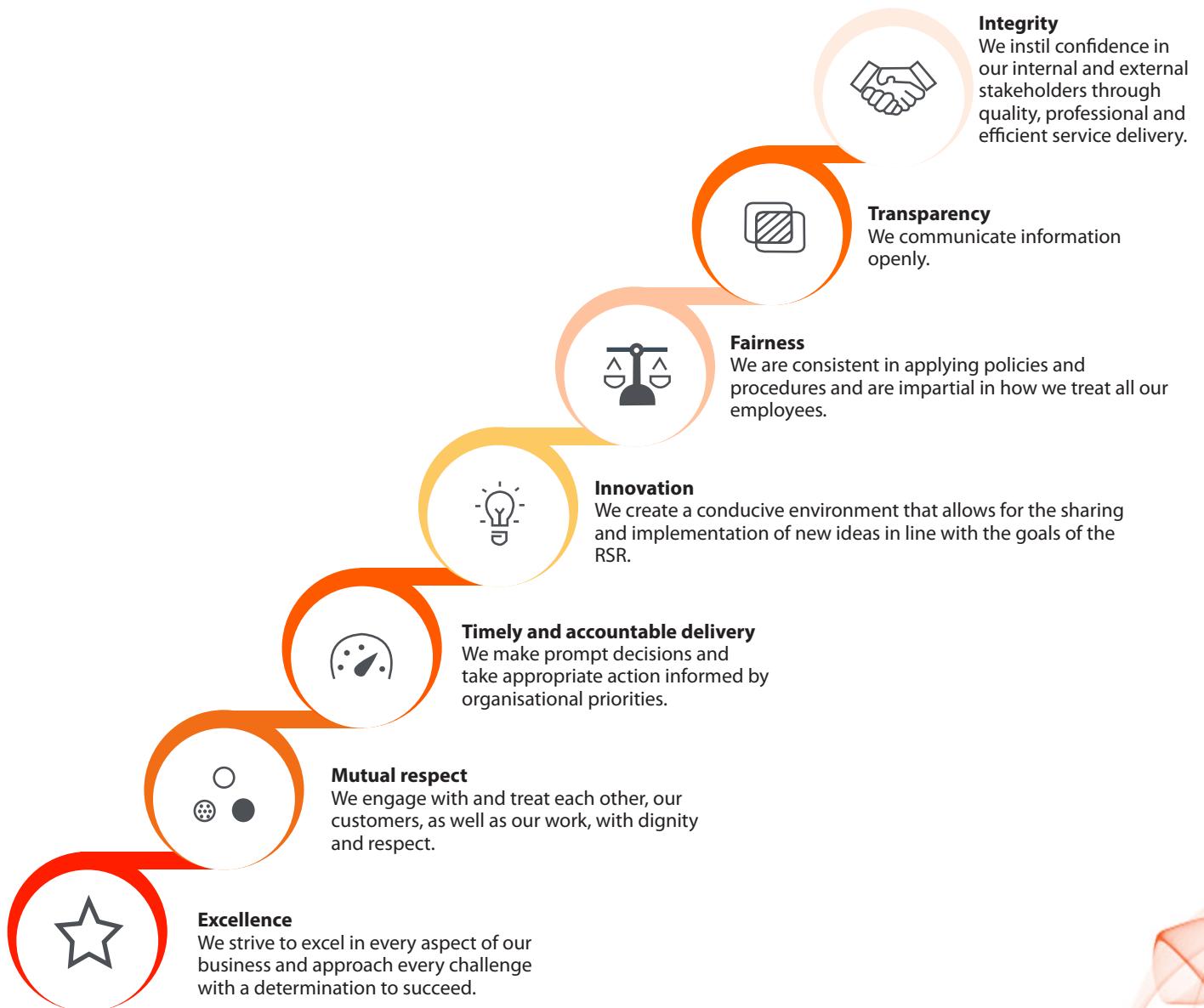
Vision

Safe, reliable, and sustainable railway operations recognised globally.

Mission

To oversee and promote safe railway operations through appropriate support, monitoring and enforcement, guided by an enabling regulatory framework.

Values



Legislative and other Mandates

CONSTITUTIONAL MANDATE

The Constitution identifies the legislative responsibilities of different levels of government with regards to airports, roads, traffic management, and public transport. Transport is a function that is legislated and executed at all levels of government. The implementation of transport functions at the national level takes place through public entities which are overseen by the Department of Transport. The RSR is responsible for ensuring compliance with elements relevant to the Regulator and three corporate governance aspects of the Constitution of the Republic of South Africa as it relates to the following:

- The RSR observes and adheres to the principles of co-operative government and intergovernmental relations which is supported by its work on the rail reserve regulations and harmonisation of the Southern African Development Community (SADC) railways through common safety methods.
- Promotion of the rights of people in South Africa affirms the democratic values of human dignity, equality and freedom. The achievement of safer railways reinforces the values contained in the Bill of Rights.

LEGISLATIVE AND POLICY MANDATES

Our railway safety functions are driven by legislation. We are accountable to Parliament and the public to:

- Provide for and promote safe railway operations;
- Encourage the collaboration and participation of interested and affected parties in improving railway safety;
- Recognise the prime responsibility and accountability of operators in ensuring the safety of railway operations;
- Facilitate a modern flexible and efficient regulatory regime that ensures the continuing enhancement of safe railway operations; and
- Promote the harmonisation of the railway safety regime of the Republic with the objectives and requirements of SADC for the operation of railways.

Legislative mandate

The RSR was established in terms of the National Railway Safety Regulator Act No. 16 of 2002 as amended, to establish a national regulatory framework for South Africa and to monitor and enforce compliance in the rail sector. The primary legislative mandate of the RSR Act is to oversee and enforce safety performance by all railway operators in South Africa including those of neighbouring states whose rail operations enter South Africa. In terms of the Act, all operators are primarily responsible and accountable for ensuring the safety of their railway operations.

Other legislative mandates

The RSR is a statutory organisation and primarily derives its mandate from its constitutive legislation, the National Railway Safety Regulator Act No. 16 of 2002 as amended. Furthermore, the RSR must comply with legislative prescripts that have an impact on the RSR's business operations, including but not limited to the:

- Occupational Health and Safety Act (OHSA), 1993 (Act no 85 of 1993) (as amended);
- Legal Succession to the South African Transport Services Act, 1989 (Act no 9 of 1989) (as amended);
- Public Finance Management Act, 1999 (Act no 1 of 1999) (as amended);
- National Environmental Management Act, 1988 (Act no 107 of 1988) (as amended);
- National Disaster Management Act, 2002 (Act no 57 of 2002) (as amended);
- Protection of Personal Information Act, 2013 (Act 4 of 2013);
- Promotion of Access to Information Act, 2000 (Act no 2 of 2000);
- Various labour legislation, including the Labour Relations Act, 1995 (Act no 66 of 1995), Basic Conditions of Employment Act 1997 (Act no 75 of 1997), Skills Development Act, 1998 (Act no 97 of 1998), Employment Equity Act, 1998 (Act no 55 of 1998);
- Prevention and combating of Corruption Activity Act, 2004 (at 12 of 2004);
- Protected Disclosures Act, 2000 (Act no 26 of 2000); and
- Promotion of Administrative Justice Act, 2000 (Act no 3 of 2000).

Policy mandate

The RSR as a state entity is also governed and directed by various policies developed and approved by the South African government at varying spheres. The following are some of the policy mandates that guide the work of the RSR:

- The National Development Plan 2030 (NDP);
- The National Transport Master Plan 2050 (NATMAP);
- The Revised White Paper on National Transport Policy, 2018;
- The New Growth Path Framework; and
- Various national and international policies within the railway sector.

Alignment to the Medium-Term Strategic Framework

The Medium-Term Strategic Framework (MTSF) is the government's high-level strategic document to guide the five-year implementation and monitoring of the NDP 2030. The MTSF flows from the 2019 electoral mandate of the governing party and identifies the priorities to be undertaken during the 2020-2025 financial years to put the country on a positive trajectory towards the achievement of the 2030 vision. It sets targets for implementation of the priorities and interventions for the five-year period and states the outcomes and indicators to be monitored.

The National Development Plan 2030

The National Development Plan (NDP) is a plan for the country to eliminate poverty and reduce inequality by 2030 through uniting South Africans, unleashing the energies of its citizens, growing an inclusive economy, building capabilities, enhancing the capability of the state and leaders working together to solve complex problems.

High-level objectives to be achieved by 2030

The high-level objectives of the NDP are to:

- Reduce the number of people who live in households with a monthly income below R419 per person (in 2009 prices) from 39 per cent to zero; and
- Reduce inequality, as measured by the Gini Coefficient, from 0.69 to 0.60.

Enabling milestones

Of the 19 enabling milestones listed in the NDP 2030, the RSR contributes to the six milestones listed below:

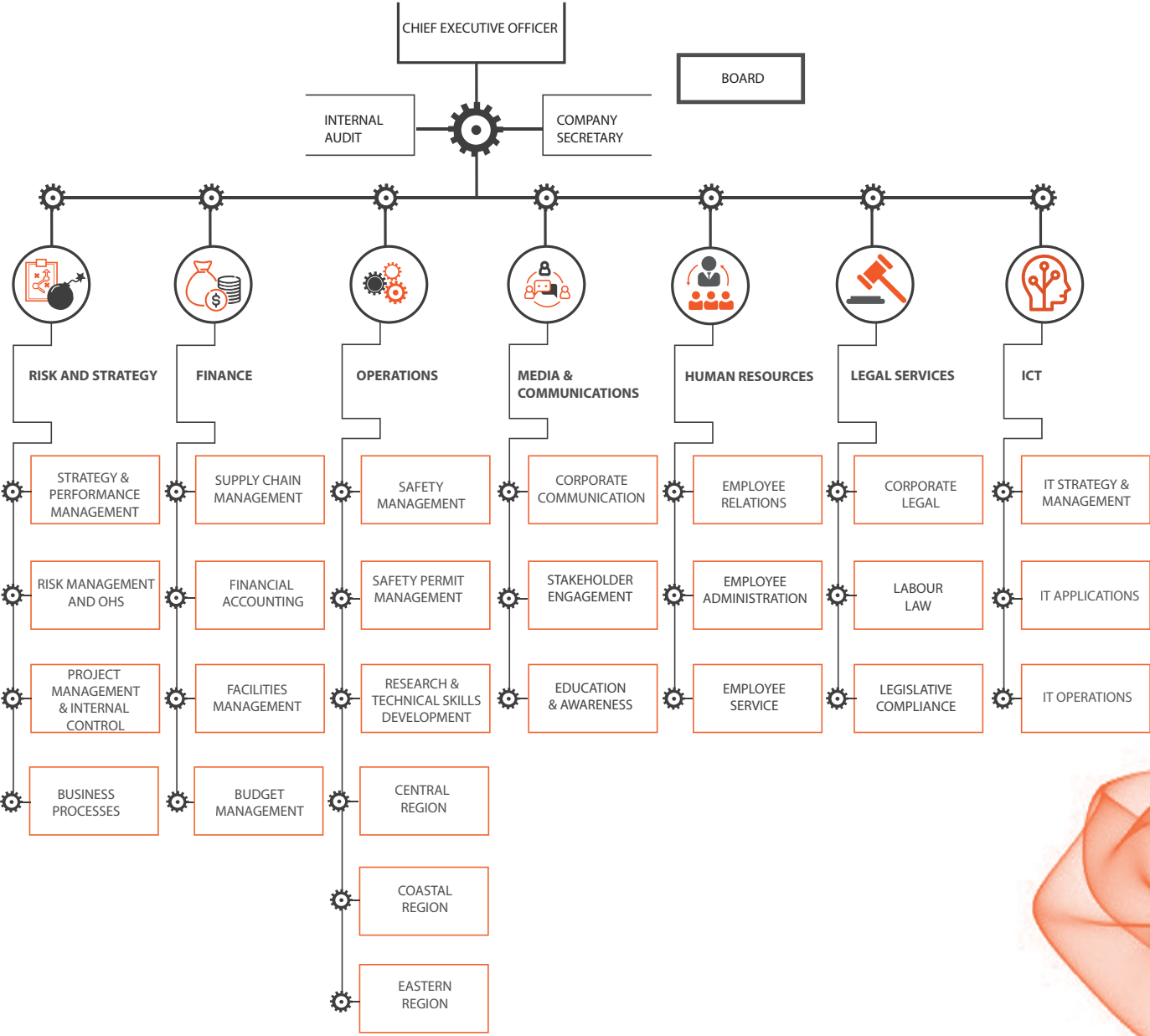
1. Increase employment from 13 million in 2010 to 24 million in 2030.
2. Establish a competitive base of infrastructure, human resources and regulatory frameworks.
3. Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup.
4. Establish effective, safe and affordable public transport.
5. Realise a developmental, capable and ethical state that treats citizens with dignity.
6. Play a leading role in continental development, economic integration, and human rights.

Critical actions

Of the 10 critical actions listed in the NDP 2030, the five listed below are the actions that the RSR contributes to:

1. A social compact to reduce poverty and inequality and raise employment and investment.
2. A strategy to address poverty and its impacts by broadening access to employment, strengthening the social wage, improving public transport and raising rural incomes.
3. Public infrastructure investment at 10 per cent of the gross domestic product (GDP), financed through tariffs, public-private partnerships, taxes and loans, and focused on transport, energy and water.
4. Interventions to ensure environmental sustainability and resilience to future shocks.
5. New spatial norms and standards – densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps.

Organisational Structure



Board Of Directors



Ms Yongama Pamla
Deputy Chairperson



Mr Boy Johannes Nobunga
Board Chairperson



Ms Tshepo Kgare
Chief Executive Officer



Mr Sisa Lunga Mtwana



Ms Nompumelelo Ekeke



Ms Dineo Mathibedi



**Adv Frans Johannes
Van Der Westhuizen**



Mr Christiaan Johan de Vos



Mr Godfrey Maluleke



**Adv Johannes Collen
Weapond**



Ms Cheryl Walters
Acting Company Secretary

Executive Committee



Mr Suren Maharaj
Chief Financial Officer



Ms Tshepo Kgare
Chief Executive Officer



Mr Freddie Kgomari
Acting Chief Operations Officer



Ms Varsha Sewlal
Executive: Legal Services



Ms Madelein Williams
Executive:
Media and Communications /
Acting Executive: Human Resources



Mr Mmuso Selaledi
Executive: Risk and Strategy

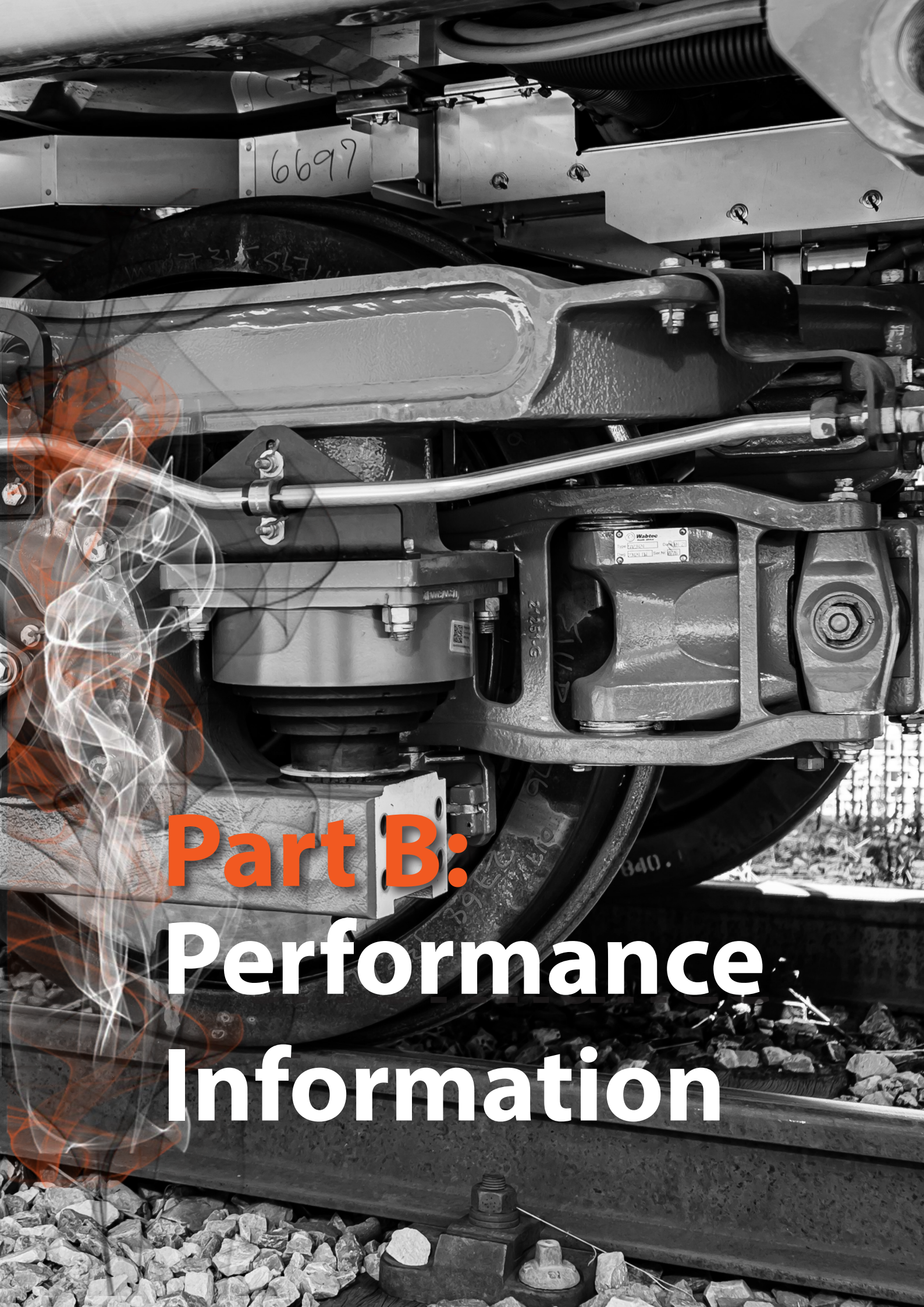


Ms Asanda Ntintelo
Chief Information Officer



Ms Malerato Kekana
Chief Audit Executive





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Wabtec

TYPE: EXHAUSTION

DATE: 10/15/11

BY: CROSSLAND

Part B: Performance Information

Auditor's Report:

PREDETERMINED OBJECTIVES

The Auditor General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance by means of an audit conclusion. The audit conclusion is included in the report to management and contains material findings under the Predetermined Objectives heading in other legal and regulatory requirements section of the Auditor's Report.

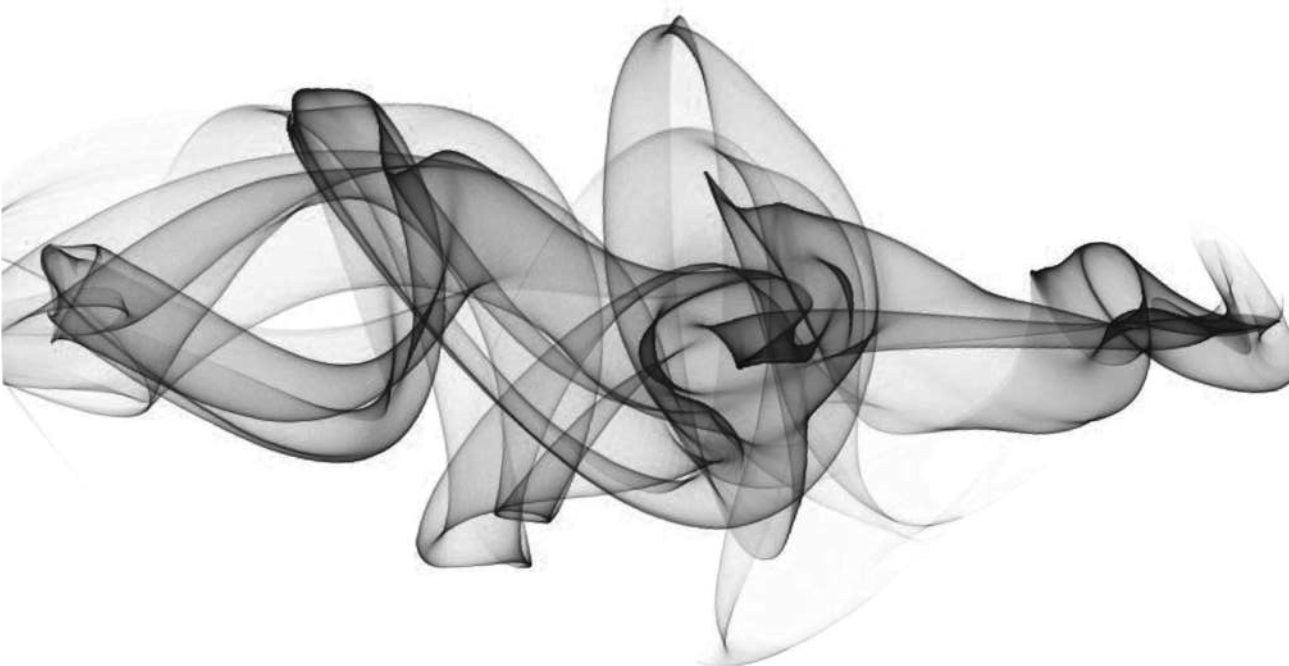
Refer to page 93 - 96 of the Auditors Report, published as Part E: Financial Information.

SITUATIONAL ANALYSIS

Service Delivery Environment

The RSR's contribution to the government's priorities

Over and above the legislation and policies stated, the RSR is expected to contribute to government's seven key priorities highlighted by President Cyril Ramaphosa in his 2019 State of the Nation Address. The priorities are based on the government's MTSF and articulate the fulfillment of the 2030 vision aimed at reducing inequality and eliminating poverty. Each tier of government, as well as public entities, are required to base their planning for the MTSF on these priorities and outcomes. The RSR's contribution can be described as follows:



PRIORITY 1	BUILDING A CAPABLE, ETHICAL AND DEVELOPMENTAL STATE
RSR contribution	Executing the RSR mandate in an independent, financially sustainable manner while maintaining the highest standards of good and ethical corporate governance.
Progress	<p>Financial Sustainability Plan</p> <p>The Railway Safety Regulator’s (RSR) Medium Term Strategic Framework (MTEF) Budget projects that the year-on-year expenditure growth will exceed projected revenue growth by 1 per cent per annum. It is envisaged that the projected deficit for the 2023/24 (FY) will have a material impact on the RSR operations and hinder its ability to deliver on its mandate. It is on this basis that the organisation developed the Financial Sustainability Plan that will enable the RSR to sustain itself on a long-term going concern basis. This is important as public sector finances are expected to come under significant pressure over the next decade with the National Treasury increasingly unable or reluctant to bail out SOEs that are in financial distress. All the targets in the plan for the 2021/22 FY were actioned. These were:</p> <ol style="list-style-type: none"> 1. Submit a request to the Department of Transport for the Minister to approve additional services that the RSR may perform as part of revenue enhancement (based on the new Rail Safety Bill). 2. Submit a request to National Treasury and the Department of Transport for the establishment of an investment account. 3. The RSR’s Cost of Employment at 65 per cent of fixed revenue. 4. Develop a new Safety Permit Fee Model for submission to the Department of Transport.
Progress	<p>Permit Fee Model</p> <p>The new Safety Permit Fee Model has been developed to calculate the annual safety permit fees to be charged to rail operators in South Africa by the RSR. The RSR has a legislated mandate to oversee the safety performance by all railway operators in South Africa, including those of neighbouring states whose rail operations enter South Africa. As such, the RSR maintains a leading role in facilitating safe railway operations and is legally established as the instrument through which the objects of its enacting legislation are achieved.</p> <p>Prior to the construction of the new Safety Permit Fee Model, a market review was performed to understand the South African rail landscape as well as international rail safety conventions and operating environments. This research was supported by a desktop study on the main revenue and expense drivers of the RSR and activity trends in the South African rail industry which may impact these. The key findings from these exercises have been included in this report for reference. Analyses were performed on the merits and weaknesses of both the previous models used to calculate safety permit fees and the model proposed by the RSR in 2019. Reports were issued on the findings of these exercises. Key outcomes were subsequently used to inform the construction of the new model, ensuring that previous pain-points had been addressed. On conclusion of relevant research and model analysis, the railway operators were engaged through an online survey to better understand their perspectives on the safety permit fee calculation. Operator responses were consolidated and analysed, with an additional report on the findings being issued. The draft model was then demonstrated to railway operators in four in-person and virtual sessions in three cities within South Africa. This exercise was intended to allow operators to share their initial thoughts on the calculation and newly developed model.</p>

PRIORITY 2	ECONOMIC TRANSFORMATION AND JOB CREATION
RSR Contribution	The RSR utilises procurement spend to target designated groups such as women, youth and small enterprises.
Progress	The RSR spent a total amount of R35.2 million of which 95 per cent which equates to R33.3 million was spent on B-BBEE compliant suppliers, 36,4 per cent which equates to R12.1 million was spent on women-owned companies, while 7,51 per cent of which equates to R2.5 million was spent on youth-owned companies. Out of the total 272 companies utilised, 170 (63%) were EMEs, 46 (17%) were QSEs and the remaining 56 (21%) were large companies.
PRIORITY 3	EDUCATION, SKILLS AND HEALTH
RSR Contribution	The RSR sets aside budget for external bursaries for critical skills required in the rail sector. The RSR also employs interns to provide them with work experience and to increase their future employability in the job market.
Progress	A total of 17 students were awarded bursaries to the value of R1.6 million covering tuition, accommodation, and incidental expenses. This depicts an increase of 33 per cent from the previous financial year for external bursaries. The organisation further awarded 16 internal bursaries totalling R916 334 to staff members. Further to this, the organisation appointed 10 interns and they commenced on 1 March 2021 for a period of twelve months. Noting that the aim of the Internship Programme is to expose interns to real-work experience, the remote working caused by the COVID-19 pandemic at an early stage of their appointments, posed challenges as the interns could not be tasked with work as they needed more time to familiarise themselves with the organisation, internal processes and they required supervision to carry out the various tasks. Due to the impact of the pandemic and the changes in the work structure, interns were not afforded sufficient time to intensely engage with all units in the respective departments to ascertain that they have adequate working experience reflecting the nature of work done post the Internship Programme. It is on this basis that the organisation extended the internship program for the current interns by another 12 months to allow for effective training, development and work-related experience and exposure..
PRIORITY 4	CONSOLIDATING THE SOCIAL WAGE THROUGH RELIABLE AND QUALITY BASIC SERVICES
RSR Contribution	No direct RSR contribution



PRIORITY 5	SPATIAL INTERGRATION, HUMAN SETTLEMENTS AND LOCAL GOVERNMENT
RSR Contribution	<p>The RSR constantly engaged with the South Africa Local Government Association (SALGA) as a nodal point to municipalities. The Regulator contributed to this priority through the initiatives listed below:</p> <ul style="list-style-type: none"> • Rail Reserve Regulation • Education and awareness campaigns • Community involvement
Progress	<p>The RSR continues to engage with SALGA on possible collaboration across the provinces to heighten rail safety. SALGA serves as a link to rail active municipalities and create conducive platforms for the RSR to engage the municipalities. As part of the collaboration, the RSR partnered with SALGA and the Midvaal Municipality for back to school campaigns in the Vaal area. The students were educated on railway safety and sanitary pads were donated to the schools.</p>
PRIORITY 6:	SOCIAL COHESION AND SAFE COMMUNITIES
RSR Contribution	<p>The RSR is strengthening the rail regulatory framework through determinations, protocols and other industry tools aimed at building an industry safety risk profile to support critical risk mitigation decisions that will result in safer railway operations. These interventions include:</p> <ul style="list-style-type: none"> • Occurrence Reporting Categories published; • Industry-wide Hazard Log; • Railway Management Maturity Model; • Human Factor Management Capacity Building Framework; • Verbal Safety Communication Determination development; • Interface Agreements Framework; and • National Rail Communicators Forum.

Progress	<p>During the 2021/22 FY, the RSR conducted the following:</p> <ul style="list-style-type: none"> • Industry-wide hazard log validated: The hazard log is a structured tool that is used to capture and reference safety risk evaluations and other information that relate to a railway system. The validation of this tool was conducted during the 2021/22 financial year. The validation is performed to detect other hazards or accident sequences related to the hazard in question. This will ensure a complete view of the chain of events that lead to each identified accident. • CSM-RA was tested with 8 Class A and 1 Class B operators. The purpose of this, is for operators to prepare satisfactory/comprehensive risk assessment submissions to the RSR when requesting to introduce major/significant changes in the operational system. • RM3 assessments were conducted on 7 Class A dangerous goods operators. The assessments were aimed at carrying out an evaluation to gain a good understanding of the operators to establish if their SMS can deliver excellence in risk control, across all activities. • Interface Agreement stakeholder sessions were held with 4 Metropolitan Municipalities. The municipalities are required to enter into Interface Agreements with those operators with whom they interface, in accordance with the Regulator’s regulatory tools. The South African National Standards (SANS) 3000 and the Determination on the Safety Management System and Safety Management System Report provides a common approach to the management of the interfaces between operators and other relevant parties affecting the safety of the railway operations, including the intra-faces within an operator’s activities. These are crucial for ensuring interoperability, safety and integrity of railway operations, systems, subsystems and components. • Research was conducted on level crossings as well as on personal safety on trains. The research was a continuation of the research conducted in the 2020/21 FY due to the increasing accidents in the two categories.
PRIORITY 7	A BETTER AFRICA AND WORLD
RSR Contribution	<p>The RSR is a member of the Southern African Railways Association (SARA), an association that aims to promote the harmonisation of the railway safety regime in the Southern African Development Community (SADC) railway operations.</p> <p>The Regulator plays a pivotal role in ensuring that the common Standards are adopted at a regional level, thus ensuring interoperability among member states.</p>
Progress	<p>The RSR took up the role of the Secretariat for the establishment of the Regional Railway Regulatory Association (RRASA) for a period of two years, from September 2019 to September 2022. RSR then handed over to Land and Transport Regulatory Authority (LATRA) of Tanzania on the 14th March 2022. The RSR is appointed as a Task Team member for the development of Regional Occupational Health and Safety and Environmental Management Policy and we continue to provide an advisory support with regards to the adopted Regional Railway Safety Management Standard – SARA SADC HT Standards. The RSR continuous to participate, provide risk and safety support in the SARA Technical Committees, Conferences, and Railway Sub Committees (Railway SCOM). Lastly, RSR participated in the SARA Human Resources Committee and the appointment of a service provider (Commerce Edge RSA) for the provision of a Regional Railway Training.</p>

The table below depicts the RSR's response to the State of the National priorities of government.

PRIORITY	RSR CONTRIBUTIONS
Defeating the COVID-19 Pandemic	The RSR continued to monitor the COVID-19 Rail Directives issued to operators to manage the prevention and monitoring measures to curtail the spread of COVID-19 through conducting inspections of operations.
Accelerate economic recovery	The RSR has developed the Interface Agreement Framework and streamlined its permit assessment processes to enable and assist third party access of rail operators where it relates to safe railway operations.
Implement economic reforms to create sustainable jobs and drive inclusive growth	The RSR is developing a new Safety Permit Fee model to ensure more cost effective tariffs charged to operators on a transparent, consistent and equitable basis
Fight corruption and strengthen the state	The RSR has developed and implemented a Financial Sustainability Plan and continues to sustaining the clean audit outcome as a strategic priority.

The table below depicts the organisations alignment to the DoT priorities for the year under review.

OUTCOME	INTERVENTION	INDICATOR	RSR CONTRIBUTION
Increase access to affordable and reliable transport systems.	Implement comprehensive rail modernisation and upgrade programme	Rolling stock expansion and upgrade	Technology reviews conducted and no-objection approvals granted to operators
	Plan to facilitate transition from road freight to rail and the participation of private sector	Private Sector Participation Framework	Interface agreement Standard developed and piloted with operators and SALGA
Affordable, safe and reliable public transport	Percentage of national usage of public transport	Modernisation of the existing rail network and system through Station Modernisation Programme	Technology reviews conducted and no-objection approvals granted to operators
Increase access to affordable and reliable transport systems.	Implement comprehensive rail modernisation and upgrade programme	Rolling stock expansion and upgrade	Technology reviews conducted and no-objection approvals granted to operators
	Plan to facilitate transition from road freight to rail and the participation of private sector	Private Sector Participation Framework	Interface agreement Standard developed and piloted with operators and SALGA

Organisational environment

In compliance to the government's restrictions put in place to manage the spread of COVID-19, the RSR operated on a hybrid working arrangement in the 2021/22 FY. Notwithstanding the continuation of the new way of working, the organisation successfully achieved 93 per cent overall performance score at the end the 2021/22 FY.

In line with international best practices regarding railway safety management, the RSR must guide the railway industry towards excellence in the management of safety to reduce operational risks in the railway environment to as low as reasonably practical. The strategic aspirations of the RSR to achieve the reduction of risk are documented in the RSR Strategic Plan, which sets out the specific strategic objectives to be achieved during this period.

While the RSR's responsibilities are designed to protect the interests of rail users, the Regulator strives to be transparent in its work. Data and evidence must drive decisions; clear processes and governance must guide the delivery of the work. The RSR, as an enforcing authority for safety legislation on South Africa's railways, plays an advisory and training role to other regulators and operators in the SADC region on various safety regulatory tools and techniques. The following functions were undertaken to ensure the successful execution of the RSR's mandate:

- **Issues and manages safety permits:** The SMS and concomitant safety permit provide the legal interface between the RSR and railway operators. This relationship enables and promotes continuous improvement in safe railway operations. Annually, the RSR evaluates the Safety Improvement Plans and the SMSR submitted by operators, which outline directives and/or interventions to improve safety in the operational environment.
- **Conducts inspections and audits:** The RSR is mandated to provide safety oversight across the railway industry. This role is undertaken through various strategic initiatives such as conducting safety-related audits and inspections of operators' activities. The key objectives of safety audits and inspections are to critically assess the safety management systems and processes of operators. These assessments provide in-depth knowledge and understanding of required interventions to promote the attainment of safe rail operations.
- **Conducts safety assessments:** The RSR fulfils its safety oversight mandate on new railway works and technology developments by conducting safety assessments on the SMSR submitted by the operators. Furthermore, the RSR provide approvals on all lifecycle phases of railway projects to ensure that safety is not compromised in the revitalisation of the local rail industry. These regulatory safety assessments ensure that the impact of the intended changes is considered within the immediate environment of its application and from a systemic perspective encompassing the asset/ system life cycle.
- **Investigates railway occurrences:** To achieve safety improvement and a reduction of occurrences, the RSR conducts investigations of occurrences that have led to major loss including fatalities, injuries, and damage to property to identify the root cause and to prevent recurrences. Operators are obligated to report all occurrences to the RSR to ensure that analysis and review of incidences and the causes thereof are consolidated to assist the Regulator in providing tools and strategic direction in addressing safe rail operations.

- **Develops regulations, safety standards and regulatory prescripts:** In line with sections 29, 30 and 50 of the Act, the RSR is mandated to develop regulations, safety standards and related regulatory prescripts which form an integral part of the regulatory regime adopted for the oversight and enforcement of safe railway operations.
- **Issues notices of non-conformance and non-compliance:** The RSR issues operators with such notices to indicate conditions within the operators' system that are deemed to be sub-standard or not in compliance with regulatory prescripts that ensure safe rail operations in terms of the adopted regulatory regime and continues to impose penalties for non-compliance with the Act and safety standards adopted by the Board of Directors of the RSR.
- **Supports and promotes occupational health and safety and security:** To address OHS and security issues that impact on railway safety, OHS legal requirements are included in the Human Factors Management (HFM) Standard and the RSR conducts audits, inspections, and investigations in line with provision of this standard. Occupational health and safety legal requirements are included in the HFM Standard and are, therefore, continuously promoted during technical workshops conducted by the RSR.
- **Co-operates with relevant organs of state to improve safety performance and oversight functions:** In compliance with the Act, the RSR must conclude appropriate co-operative agreements with relevant state organs to give effect to co-operative government and inter-governmental relations as contemplated in Chapter 3 of the Constitution. To this end, the RSR has concluded 12 co-operative agreements, nine with various government departments and three with industry associations. The Memorandums of Understanding (MoU) with government departments aim to eradicate duplication where there is dual jurisdiction and promote collaboration. The agreements with

industry associations aim to share best practices and maintain an interactive approach in enforcing compliance. The 12 agreements focus on different issues, while the common denominator is ensuring safer railways.

- **Plays a leading role in the alignment of the railway safety regime of South Africa with those of the Southern African Development Community:** The RSR plays a significant role in harmonising the rail safety regime within the SADC. The RSR, through SARA, conducts workshops on its South African standards, with the vision of adapting the standards at SADC level once approved by the SARA Board.
- **Conducts research:** The RSR promotes and facilitates research in areas related to its strategic goals.
- **Data management and analysis:** In support of sections 37 and 39 of the Act which requires that all occurrences be reported to the RSR and in turn, requires the RSR to establish the National Management Monitoring System (NIMS). In relation to risk identification and management as well as strategic and operational planning, the RSR must maintain an accurate data management system. The data must be reliable and analysed for risks regularly. This enables the RSR to accurately identify major safety-relevant risks that will require actions such as inspections, audits, investigations, and awareness campaigns to increase the level of operational safety within the South African rail environment. The Annual State of Safety Report, which is tabled in Parliament, remains the highlight of the data management and analysis function and provides insight into the current state of rail safety, areas of concern as well as the RSR's actions and activities towards addressing challenges and root causes of occurrences. To achieve its objectives in terms of the Act, the RSR may conduct several other activities relating to safe railway operations. This provision allows the RSR to go beyond that which is expressly contained in the Act to achieve its objectives.

Key policy developments and legislative changes

No changes in relevant policies or legislation that may have an impact on operations occurred during the period under review.

Progress towards achievement of institutional Impacts and Outcomes

The RSR is an agency of the Department of Transport that regulates and oversees railway safety, conducts audits and inspections, and investigates accidents and incidents related to railways to ensure safe railway operations in South Africa and neighbouring countries.

Institutional Programme Performance Information

The RSR set the following targets to be achieved over the MTSF 2020-2025.

MTSF PRIORITY	Establish effective, safe and affordable public transport.		
NDP FIVE YEAR IMPLEMENTATION PLAN AND INTERVENTION	New spatial norms and standards – densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps.		
MEASURE OF SUCCESS	Industry risk profile		
OUTCOME	OUTCOME INDICATOR	BASELINE	5-YEAR TARGET
Railways are safer	The following indicators will be utilised to mitigate risks of occurrences by establishing a collaborative risk-based regulatory approach to oversee, monitor and enforce railway safety: <ul style="list-style-type: none"> • State of Safety Report • Audit and inspection reports • Regulatory instruments issued 	Safety risk model scope developed	Safety risk model deployed

MTSF PRIORITY	Realise a developmental, capable and ethical state that treats citizens with dignity.		
NDP FIVE YEAR IMPLEMENTATION PLAN AND INTERVENTION	New spatial norms and standards – densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps.		
MEASURE OF SUCCESS	Clean audit		
OUTCOME	OUTCOME INDICATOR	BASELINE	5-YEAR TARGET
Good governance and clean administration	<p>We strive for excellence by enriching our governance processes, ensuring compliance with laws and regulations. This will be achieved through developing an excellent organisation that is financially sustainable, by means of these indicators:</p> <ul style="list-style-type: none"> • Effective internal audit mechanisms • Effective risk management practices • Monitoring and reporting practices 	Unqualified audit opinion	Clean audit

MTSF PRIORITY	Establish effective, safe and affordable public transport		
NDP FIVE YEAR IMPLEMENTATION PLAN AND INTERVENTION	New spatial norms and standards – densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps		
MEASURE OF SUCCESS	Improved stakeholder satisfaction		
OUTCOME	OUTCOME INDICATOR	BASELINE	5-YEAR TARGET
Improved stakeholder service	Targeted campaigns, awareness, promotion initiatives and collaboration between stakeholders.	22 safety promotion initiatives conducted	180 safety promotion initiatives conducted

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS TABLE

NO	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/22	REASONS FOR DEVIATIONS
1.1	Railways are safer	Industry safety risk profiling towards increased critical risk mitigation decisions	Industry safety risk profile developed	Safety risk model scope developed	Industry-wide hazard log developed	Industry-wide hazard log validated	Industry-wide hazard log validated	None	None
1.2	Railways are safer	Industry-consulted risk assessment tools and methodologies	Common Safety Methods developed and tested	CSM-RA tested with 3 Class A Operators	CSM RA tested with 3 Class A and 3 Class B operators	CSM-RA tested with 9 selected Class A or Class B operators	CSM-RA tested with 9 selected Class A or Class B operators	None	None
1.3	Railways are safer	Industry-consulted risk assessment tools and methodologies	Common Safety Methods developed and tested (Supervision)*	-	Common Safety Method for Supervision framework developed	-	-	None	None
1.4	Railways are safer	Industry-consulted risk assessment tools and methodologies	Implementation of railway management maturity assessments	Railway Management Maturity Assessment Report for Transnet	Railway Management Maturity Assessment Report for PRASA and BOC	Railway Management Maturity Assessment Reports for 7 Class A dangerous goods operators	Railway Management Maturity Assessment Reports for 8 Class A dangerous goods operators	An additional assessment was conducted by the Central Region due to the spread of operators and more operators within the responsibility of the Central Region	None

NO	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/22	REASONS FOR DEVIATIONS
1.5	Railways are safer	Industry consulted risk assessment tools and methodologies	Interface Agreements aligned with operational risks	Interface Agreement Audit Report	Interface Agreements stakeholder engagement on IA gaps with Transnet and PRASA	Interface Agreements stakeholder engagement on IA gaps with 4 metropolitan municipalities	Interface Agreements stakeholder engagement on IA gaps with 4 metropolitan municipalities	None	None
1.6	Railways are safer	Industry consulted risk assessment tools and methodologies	Developed and implemented RSR Standard on Verbal Safety Critical Communications	Determination on Verbal Safety Critical Communication published by 31 March 2020	-	Draft Verbal Safety Critical Communications RSR Standard published for public comments	Draft Verbal Safety Critical Communications RSR Standard published for public comments	None	None
1.7	Railways are safer	Industry consulted risk assessment tools and methodologies	State of safety interventions	-	Level crossing research paper published Personal safety on trains and stations research paper published	Two topical research papers published	Two topical research papers published	None	None
2.1	Good governance and clean administration	To secure an adequate operational financial base	Progress made in revising the permit fee model developed in 2014/15	Annual permit fee model submitted	Board approved financial Sustainability plan	Implementation of financial sustainability plan actions due by year-end	Implementation of financial sustainability plan actions due by year-end	None	None
2.2	Good governance and clean administration	To monitor and track the effectiveness of RSR compliance initiatives	New NIIMS build and maintained	Business requirements for the NIIMS developed	50 % of NIIMS developed	100 % of NIIMS developed and available for use	Not achieved	The service providers system could not accommodate the RSR's business requirements	The procurement of a new service provider will commence in the 2022/23 financial year

NO	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/22	REASONS FOR DEVIATIONS
2.3	Good governance and clean administration	Organisational Excellence improved	Employee engagement improved	-	Framework for assessing culture of excellence developed and baseline employee satisfaction survey conducted	Employee engagement action plan developed and implemented	Employee engagement action plan developed and implemented	None	None
2.4	Good governance and clean administration	Surplus funds	Growing investment	-	Current ratio of 1,32:1	Current ratio of 1,1:1	Current ratio 1,56:1	Cancellation of non-responsive tenders Cancellation of major contracts Overcollection of interest Delayed payments of disputed creditors Certain expenses locked in commitments for the year	None
2.5	Good governance and clean administration	ISO (QMS) related policies ISO (QMS) Audit Reports	ISO 9001:2015 Certification	-	QMS Policy approved	Pre-certification audit conducted	Pre-certification audit conducted	None	None

NO	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/22	REASONS FOR DEVIATIONS
2.6	Good governance and clean administration	Clean administration	Number of material audit findings	Unqualified audit with less findings by 31 March 2020	Unqualified audit outcome with other matters	Clean audit	Clean audit	None	None
3.1	Improved stakeholder service	To influence safe railway behaviour	Number of safety awareness initiatives conducted	23 Railway safety promotion initiatives conducted by 31 March 2020	22 Railway safety awareness initiatives conducted	30 Railway safety awareness initiatives conducted	30 Railway safety awareness initiatives conducted	None	None
3.2	Improved stakeholder service	To promote safety consideration during new investments through annual industry safety thematic interventions	Annual industry safety interventions conducted	Annual Railway Safety conference conducted by 31 March 2020	-	Annual Rail Safety Conference conducted	Annual Rail Safety Conference conducted	None	None
3.3	Improved stakeholder service	Regular engagement with organised labour and interested parties to encourage collaboration towards improved railway safety of employees, commuters and the public	Stakeholder forums implemented	Four stakeholder forums discussions conducted by 31 March 2020	Eight stakeholder forum discussions conducted	Eight stakeholder forum discussions conducted	Eight stakeholder forum discussions conducted	None	None

*No 2021/22 target

Strategy to overcome areas of under performance

TARGET NOT ACHIEVED	STRATEGY
2.2 100 % NIIMS developed and available for use	<ul style="list-style-type: none">• Termination of the current contract with the service provider• Commence with procurement process for the appointment of a new service provider• Enhance all business processes in-house



RSR'S RESPONSE TO COVID-19

1.1.1 Progress on institutional response to the COVID-19 pandemic

Programme/ sub- programme	Intervention	Geographic location (Province/District/ Local Municipality where possible)	No. of beneficiaries (where possible)	Disaggregation of beneficiaries (where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

In response to the COVID-19 pandemic which the world has been grappling with since 2019, after the first case was reported in Wuhan in November 2019 South Africa, thereafter had its first case reported on 5 March 2020 and subsequently the national state of disaster was declared in South Africa. The RSR developed a COVID-19 Response Plan in an effort to respond to the pandemic effectively and efficiently in order to safeguard the health and safety of employees and stakeholders and ensure the continuation of business operations in line with the government Risk-Adjusted Strategy to manage the pandemic.

The COVID-19 Response Plan made provision for the deployment of an array of relevant mitigations depending on the national positivity rate of COVID-19 cases.

The following provisions were also made in support of the COVID-19 Response Plan to ensure business continuity and overall support to staff members:

1. Provision of applicable Personal Protective Equipment (PPE) to all staff members.
2. Provision of cellphone and data allowance enable working from home.
3. Employees over the age of 55 were allowed to work from home.
4. Employees with co-morbidities were allowed to work from home.
5. Appointment of laboratory services provider to conduct COVID-19 tests.
6. Office disinfection.
7. Inspectors conducting virtual audits.

Permit fees

Since the beginning of the COVID-19 lockdown restrictions, the RSR has provided relief to certain operators in the form of settlement discounts on the permit fee invoices. These operators were mainly operating in the tourism industry. The settlement discounts granted to operators amounted to R1.3 million. The RSR has also granted relief to other operators in the form of extended payment arrangements allowing the operators to pay their permit fees over a longer period.

COVID-19 impact on the railway environment

The South African railway environment was severely and negatively impacted by various challenges over the years yet remained functional and delivered a service. The COVID-19 pandemic heightened the challenges in the railway industry, including cable theft which became rampant during the pandemic, collapsing the merely surviving railway operations characterised by ailing railway stock and infrastructure. As is, the South African train network is functional in parts while in others it has become a completely defunct operation.

There are various essential components on the network which disappeared at a whim as soon as the Disaster Management Lockdowns were activated. Due to these amplified challenges, the railway industry experienced loss of revenue and an impact on access to railway services by passengers. The RSR Act purports for

safe railway operations, however, without train movements, there is no safety to be monitored. It therefore becomes incumbent of railway authorities to review and prioritise railways functionality within the Republic. Only will this yield positive results for the society but on the South African economy as a whole.

Work from Home Policy

The remote working arrangements brought about through the management of the CoVID-19 Pandemic, resulted in the organisation exploring new ways of ensuring organisational efficiency as well as continuity of operations. To that end, a Work from Home Policy was developed to leverage on the success of the working from home arrangement. The policy was aimed at providing a conducive working environment whereby the achievements of the organisation's objectives could be met while cognisant of the developing world and the tools which enabled work to be conducted remotely. The introduction of this policy not only acted and still acts as a benefit to employees as it promotes incentives such as flexible working hours, but it can also be seen as a retention strategy for employees.

Gender responsiveness

The RSR endeavours to expand the visibility of the Regulator among stakeholders, industry role players and raise awareness to enhance understanding of rail safety and promote safe railway behaviour. In light of the Gender Based Violence (GBV) incidents in the country, the RSR saw it prudent to join forces with like-minded stakeholders such as the South African Police Services, rail operators and community fora, to embark on safety awareness campaigns against GBV. Such campaigns were conducted as a direct result of engagements with stakeholders and are rolled out at high density areas such as train stations and taxi ranks.

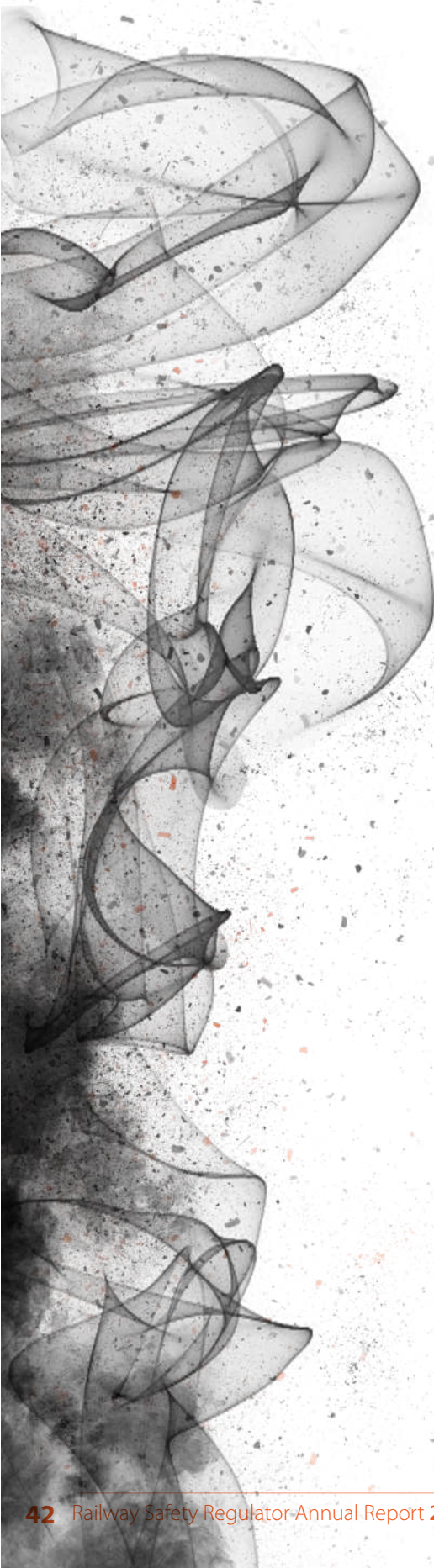


Linking performance with budgets

In assessing the achievement of the outputs in comparison with the planned targets, the Regulator must consider the linkages and the relation to the resources available to it, particularly the financial resources. Therefore, the following financial information is presented. The financial information must agree with the information in the Annual Financial Statements.

To be completed

No	Output Indicator	Annual Target	2020/21			2021/22		
			Budget	Actual Expenditure	Over/(Under) expenditure	Budget	Actual Expenditure	Over/(Under) expenditure
			R	R	R	R	R	R
1.1	Industry safety risk profile developed	Industry-wide hazard log developed	6,139,082	2,707,755	3,431,327	5,533,911	3,614,292	1,919,619
1.2	Common Safety Methods developed and tested	CSM RA tested with 3 Class A and 3 Class B operators	6,139,082	2,707,755	3,431,327	5,533,911	3,614,292	1,919,619
1.3	Common Safety Methods developed and tested (Supervision)*	-	6,139,082	2,707,755	3,431,327	-	-	-
1.4	Implementation of railway management maturity assessments	Railway Management Maturity Assessment Reports for 7 Class A dangerous goods operators	6,139,082	2,707,755	3,431,327	5,533,911	3,614,292	1,919,619
1.5	Interface Agreements aligned with operational risks	Interface Agreements stakeholder engagement on IA gaps with 4 metropolitan municipalities	6,139,082	2,707,755	3,431,327	5,533,911	3,614,292	1,919,619
1.6	Developed and implemented RSR Standard on Verbal Safety Critical Communications	Draft Verbal Safety Critical Communications RSR Standard published for public comments	-	-	-	5,533,911	3,614,292	1,919,619
1.7	State of safety interventions	Two topical research papers published	6,139,082	2,707,755	3,431,327	5,533,911	3,614,292	1,919,619
2.1	Progress made in revising the permit fee model developed in 2014/15	Implementation of financial sustainability plan actions due by year-end	11,647,179	7,787,908	3,859,270	10,687,380	8,064,700	2,622,680



No	Output Indicator	Annual Target	2020/21			2021/22		
			Budget	Actual Expenditure	Over/ (Under) expenditure	Budget	Actual Expenditure	Over/(Under) expenditure
			R	R	R	R	R	R
2.2	New NIIMS build and maintained	100 % of NIIMS developed and available for use	11,647,179	7,787,908	3,859,270	10,687,380	8,064,700	2,622,680
2.3	Employee engagement improved	Employee engagement action plan developed and implemented	11,647,179	7,787,908	3,859,270	10,687,380	8,064,700	2,622,680
2.4	Growing investment	Current ratio of 1,1:1	11,647,179	7,787,908	3,859,270	10,687,380	8,064,700	2,622,680
2.5	ISO 9001: 2015 Certification	Pre-certification audit conducted	11,647,179	7,787,908	3,859,270	10,687,380	8,064,700	2,622,680
2.6	Number of material audit findings	Clean audit	11,647,179	7,787,908	3,859,270	10,687,380	8,064,700	2,622,680
3.1	Number of safety awareness initiatives conducted	30 Railway safety awareness initiatives conducted	5,618,150	3,155,083	2,463,066	5,203,177	3,970,371	1,232,807
3.2	Annual industry safety interventions conducted	Annual Rail Safety Conference conducted	-	-	-	5,203,177	3,970,371	1,232,807
3.3	Stakeholder forums implemented	Eight stakeholder forum discussions conducted	5,618,150	3,155,083	2,463,066	5,203,177	3,970,371	1,232,807

Sources of revenue	2020/21			2021/22		
	Estimate	Actual amount collected	Over/(Under) Collection	Estimate	Actual amount collected	Over/(Under) Collection
	R	R	R	R	R	R
Permit Fees	156 851 698	170 943 602	14 091 904	179 825 974	178 883 567	(942 407)
Investment Income	4 057 735	5 005 329	947 594	4 385 864	6 880 368	2 494 505
Penalties	0	800 000	800 000	1 197 500	1 197 500	0
Grant Income	79 517 000	82 045 000	2 528 000	69 657 000	69 657 000	0
Other income	0	1 051 567	1 051 567	0	2 103 522	2 103 522
Total	240 426 433	259 845 498	19 419 065	255 066 338	258 721 957	3 655 620

2021/22 FY

- Investment income:** The RSR invests its surplus cash balances with the Corporation for Public Deposits (CPD) which is held by the South African Reserve Bank. More interest was generated compared to the budget due to unpaid long outstanding disputed creditors, cancellation of non-responsive tenders and increase in interest rates at the CPD during the 2021/22 financial year.
- Penalty income:** Penalties were imposed on four operators for various contraventions including operating without a valid safety permit and failure to inform the Regulator of significant changes impacting on their SMS. RSR does not budget for penalties.
- Other income:** The RSR does not budget for other variable revenue. This revenue line includes insurance proceeds for loss of assets, proceeds from the sale of old RSR assets no longer in use, recovery for fruitless expenditure and prescribed liabilities.

Capital Investment

The RSR is a PFMA Schedule 3A Public Entity with the DoT as its only shareholder. Assets are managed in line with the RSR's Asset Management Policy. Furthermore, the Regulator has not embarked on any infrastructure projects nor has it closed or downgraded facilities during the year.

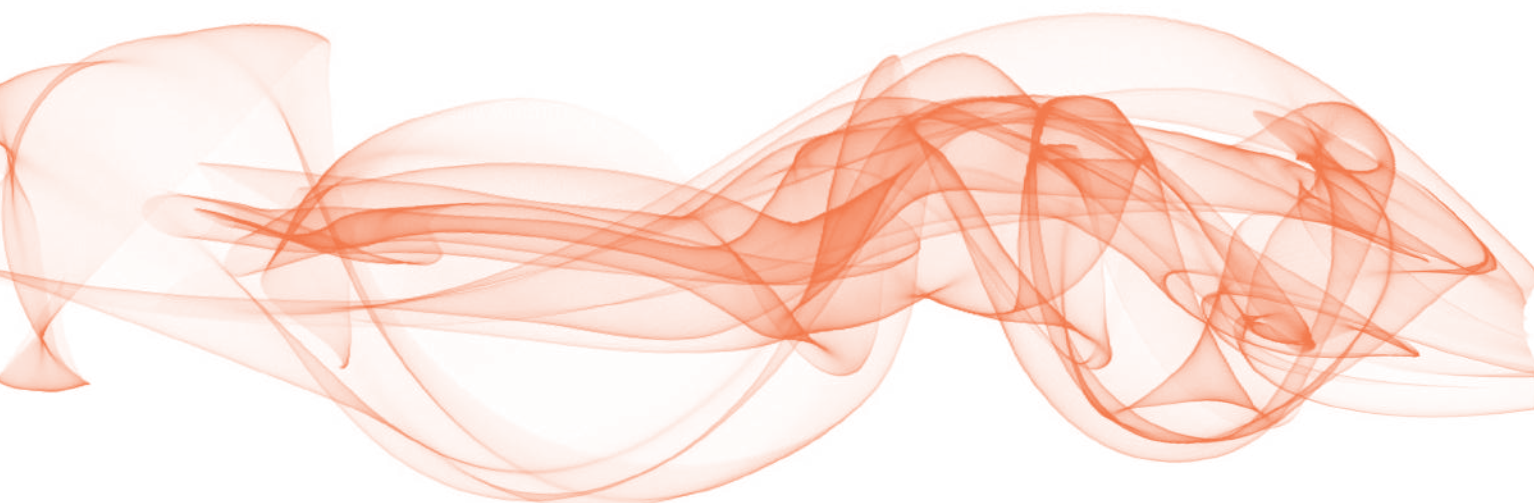
The RSR does not own significant infrastructure nor moveable assets that require continuous maintenance. The RSR incurred repairs and maintenance related to motor vehicles, furniture and equipment.

A small number of the organisation's fixed assets at 31 March 2022 comprise of newly acquired assets. These acquisitions account for 12 per cent of the carrying amount of the RSR's assets. The new acquisitions include motor vehicles (37%), office equipment (32%), computer equipment (20%), furniture (4%) and leasehold improvements (7%).

The RSR has an Asset Management unit located in its Finance Department that is responsible for updating the asset register with all asset transactions such as receipts, movements, disposals, useful life assessments and other changes. In line with the RSR's approved Asset Management Policy, the unit conducts asset verifications at least twice a year and is complemented by the Disposal Committee which deals with the voluntary disposal of assets. All employees are required to report stolen assets to the South African Polices Services within 24 hours and to furnish the Asset Management unit with the case number to ensure that the unit updates the asset register.

A limited number of the organisation's fixed assets at 31 March 2022 comprise of newly acquired assets. A total of 87 per cent of the RSR's assets are in a good condition and the remaining 13 per cent are in a satisfactory condition.

Infrastructure projects	2020/21			2021/22		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A





Part C:
Governance

Introduction

Corporate governance embodies processes and systems that public entities are directed, controlled and held to account by. In addition to legislative requirements based on a public entity's enabling legislation and the Companies Act, corporate governance as it relates to public entities, is applied through the precepts of the PFMA in tandem with the principles contained in the King Report on Corporate Governance.

Parliament, the Executive, and the Accounting Authority of the public entity are responsible for corporate governance.

Portfolio Committees

The RSR appeared before the Portfolio Committee on Transport on 11 November 2021 where the Annual Report and State of Safety Report were presented to the members of the Committee. The organisation briefed the Committee on challenges encountered with compliance by the industry and the measures it has adopted to mitigate the challenges.

Executive Authority

The organisation submits all quarterly reports to the Executive Authority and National Treasury (NT) in compliance with the NT frameworks. All quarterly reports for the 2021/22 FY were submitted within 30 days after the end of each quarter.

The Accounting Authority / Board

Introduction

The Board of the Railway Safety Regulator is committed to ensuring that it complies with the letter and spirit of the legislative prescripts applicable to the Railway Safety Regulator (hereinafter referred to as "RSR").

To the extent applicable and relevant to the RSR, the Board subscribes to the principles of good governance as set out in the King Report on Governance in South Africa, 2016 (King IV) and recognises these as fundamentally important to the success and continued sustainability of the organisation. Good Governance, among others, ensures that resources and business activities throughout the organisation are focused on attaining the objectives of the organisation. It is because of this commitment that:

- All Board members are expected to act in a professional manner.
- All Board members are responsible for the organisation achieving the highest levels of business conduct.
- The Board is the focal point of the organisation's corporate governance system. Corporate Governance being the policies, processes, structures and controls to be applied and adhered to within the organisation by all involved (Board of Directors, Management, employees, auditors, and other service providers).
- The Minister of Transport is the Sole Shareholder of the RSR.

Board Charter

The purpose of this Charter is to provide guidance to the Directors of the RSR (Board members) in the discharge of their duties and responsibilities, and ensure a consistent corporate governance practice and culture within the organisation.

This Charter is not intended to, and does not, replace any other document, legislation, regulation or law of general application that regulates or applies to the RSR and/or the Board. The Charter must be read together with the National Railway Safety Act No.16 of 2002 (as amended).

Board Committees

During the 2021/22 FY, two additional board committees were instituted, namely the ICT Committee and Social and Ethics Committee. The ICT Committee is chaired by an independent chairperson and has an external committee member while the Social and Ethics Committee are constituted with Board members.

The main function of the ICT Committee is to promote and support the effective and efficient use of information and communications technology in the RSR underpinned by the relevant ICT frameworks and legislation.

The Social and Ethics Committee's function is to monitor the RSR's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of common practice, regarding matters relating to social, economic development and ethical behaviour, good citizenship, the environment, health and public safety, consumer relationships, labour and employment and ethical behaviour of employees and Board members.

Compliance to KING IV

The South African government, through the National Development Plan 2030 (NDP), has a common theme of value creation that is accomplished in a sustainable manner and this is a fundamental concept of King IV. It is now accepted that organisations operate in the triple context of the economy, society and the environment. It is in this context that governing bodies, in the RSR's context, the Board's responsibility is to steer the organisation to create value in a sustainable manner.

The RSR's Code of Ethics and Conduct advocates and ensures that everyone involved with the RSR conducts business with the highest standards of ethics, desired business conduct and professional behavior. To fully implement the RSR's Code of Ethics and Conduct to ensure good corporate governance. The implementation and the adoption of principles set out in the KING IV report became imperative.

During the 2021/22 FY, a compliance assessment to the principles of KING IV was conducted and the results indicated that for most part, the organisation is compliant to the relevant principles. The non-compliant elements are monitored through an implementation plan and reported on a quarterly basis to the Board.

Board Evaluation

The Board Performance review was conducted between 28 October and 3 December 2021. The conclusion of the evaluation is that overall, the RSR has an effective governance framework already in place, however, there is room for improvement in certain areas which, if attended to, can move the RSR from a rating of "meeting expectations" to "exceeding expectations" and "outstanding performance". The evaluation implementation plan is monitored quarterly through the Human Resources and Remuneration Committee to ensure that all recommendations of the evaluation are finalised.

Composition of the Board

Name	Designation (In terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Mr Boy Johannes Nobunga	Non-executive director and Board Chairperson	06/08/2021(re-appointment)	N/A	<ul style="list-style-type: none"> BCom Hons (UWC) Diploma in Public Relations (IAC) Certificate in Economic and Public Finance (UNISA) Advanced Diploma in Economic Policy (UWC) 	<ul style="list-style-type: none"> Governance and legislation 	<ul style="list-style-type: none"> RSR Chairperson Mpumalanga Tourism and Parks Agency 	N/A	11



Name	Designation (In terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Ms Yongama Pamla	Non-executive director and Deputy Chairperson/	06/08/2020	N/A	<ul style="list-style-type: none"> Chartered Accountant (South Africa) Postgraduate Diploma in Accounting (UCT) Postgraduate Diploma in Management Financial Accounting (UCT) Bachelor of Commerce (University of Fort Hare) 	<ul style="list-style-type: none"> Strategy development Financial management Enterprise risk and compliance management Policy development Corporate governance 	<ul style="list-style-type: none"> Pamla Financial Solutions (Pty) Ltd POYA Investments (Pty) Ltd Workers Life Direct (Pty) Ltd Johannesburg Metropolitan Bus Services SOC Ltd (RF) 	<ul style="list-style-type: none"> RSR Board Procurement Committee Chairperson RSR ARC Member RSR Social and Ethic Committee Member: PGC Group Investment Committee Member South African National Energy Development Institute Audit and Risk Committee Member Health and Welfare Sector Education and Training Authority Finance, Remuneration and Tender Standing Committee Member Lepelle Northern Water Co-opted Finance Committee Member South African Health Products Regulatory Authority Risk, Audit and Governance Committee Member 	10

Name	Designation (In terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Adv Johannes Collen Weapond	Non-executive director	06/08/2021	N/A	<ul style="list-style-type: none"> • B.Luris – UNISA • Bachelor of Laws (LLB) (UNISA) • B.Tech Policing (TUT) • Post Graduate Certificate in Computer Forensics (UNISA) • BCom Honours Information Technology (UCT) • Diploma in Compliance Management (UP) • Programme in Fraud Management (RCE) • Diploma in Education, SP III • Business Management Training College of Southern Africa (BMTCSA) • Diploma in Business Management (UNISA) • Masters in Forensics (Coursework completed) (CPUT) • Masters in IT (Coursework completed) • Masters in Business Systems (coursework completed) (Wismar Hochschule University) 	<ul style="list-style-type: none"> • Corporate governance • Strategic management • Monitoring the implementation of action plans • Development and implementation of risk mitigation measures • Risk management oversight • Monitoring the implementation of strategic and operational risk • Legal and information technology management • Criminal profiling and investigation; corporate investigation; compliance and fraud management. • Forensic and fraud investigation 	<ul style="list-style-type: none"> • Chairperson: Department of Communication and Digital Technologies • Chairperson: Free State Department of Education • Chairperson: Gauteng Provincial Audit Committee Cluster (5) 	<ul style="list-style-type: none"> • Member: Audit and Risk Committee • Member: Ad Hoc Procurement Committee • Member: ICT Member: Audit Committee of the Department of Correctional Service • Member: Mining Qualifications Authority 	10

Name	Designation (In terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Sisa Lunga Mitwa	Non-executive director	06/08/2021	N/A	<ul style="list-style-type: none"> • BSc (Fort Hare) BSc (Chem Eng.) (UCT) • Global Executive Development Programme (GIBS) • Certificate in Directorship (IoDSA) • Fellow membership (IoDSA) • Strategic Leadership Coaching (UCT - GSB) 	<ul style="list-style-type: none"> • Business leadership and direction • Business strategy development and execution • Business transformation and turnaround • Corporate governance, risk management and compliance • Engineering and technical management • Management systems development • Manufacturing operations management • Transport and logistics business leadership • Strategic leadership coaching and mentoring 	<ul style="list-style-type: none"> • Non-executive: Africa Rising & Leadership Practitioners • Principal Member: Terbilogix cc 	<ul style="list-style-type: none"> • Chairperson: Safety Committee • Member: Ad Hoc Procurement Committee • Member: Human Resource & Remuneration Committee 	11

Name	Designation (In terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Salome Nwabueze*	Non-executive director	06/08/2020	N/A	<ul style="list-style-type: none"> MBA (UNW) Master of Science in Civil Engineering (WITS) Bachelor of Science Honours (University of Limpopo) Bachelor of Science in Water and Sanitation (University of Limpopo) Certificate OHSAS Facilitation and Training Certificate 	<ul style="list-style-type: none"> Risk management. Governance project management Civil engineering services; water, sanitation, roads and transport management. Research specialists Management strategic advisory Stakeholder management Environmental and impact assessment Transport management (meter taxis and minibus taxis) 	-	<ul style="list-style-type: none"> Member: Safety Committee Member: ICT Committee 	08
Ms Ningi Khumalo**	Non-executive director	06/08/2020	N/A	<ul style="list-style-type: none"> BA (UKZN) Postgraduate Diploma: Marketing and Supply Chain Management LLB (UNISA) Commissioner Training Course (CCMA) Admitted Attorney High Court 	<ul style="list-style-type: none"> Maintenance of rolling stock. Logistics Management Customer service management Marketing management 	<ul style="list-style-type: none"> Non-executive director: Leratong Hospital 	<ul style="list-style-type: none"> Member: Human Resource and Remuneration Committee Member: Ad Hoc Procurement Committee Member: ICT Member: Audit and Risk Committee Gert Sibande District Municipality Council Member: TVET College 	10

Name	Designation (In terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Adv Frans Johannes Van Der Westhuizen	Non-executive director	06/08/2020	N/A	<ul style="list-style-type: none"> Diploma IURIS (UNISA) BJURIS (UNISA) LLB (UNISA) 	<ul style="list-style-type: none"> Adjudicator: housing disputes. Specialists Board of Enquiry 	<ul style="list-style-type: none"> Chairperson: Appeals Committee South Africa Nursing Council Member: Local Committee Gauteng Liquor Board 	<ul style="list-style-type: none"> Chairperson: Social and Ethics Committee Member: Human Resource and Remuneration Committee Member: Safety Committee Member: Audit and Risk Committee: Boxing South Africa 	10
Ms Dineo Mathibedi	Non-executive director	06/08/2020	N/A	<ul style="list-style-type: none"> MBA (Regenesys Business School) Global Executive Development Program (GIBS) Advanced Diploma Organisational Development (UNISA) BSc Honours in Psychology (UNISA) Management Development Program (University of Pretoria) B Cur Degree (MEDUNSA) 	<ul style="list-style-type: none"> Chartered Human Resources Professional HR Auditor Organisational Strategy Governance Strategic risk management Rewards and recognition Knowledge management Human resource management. Organisational development 	<ul style="list-style-type: none"> Member: Human Resource and Remuneration Committee (ICASA) Member: Professional Registration Committee (South African Board of People Practices) 	<ul style="list-style-type: none"> Chairperson: Human Resource and Committee Member: Social and Ethics Committee 	11

Name	Designation (In terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Nompumelelo Sibongile Ekeke	Non-Executive Director	06/08/2021	N/A	<ul style="list-style-type: none"> • Master's Degree in Disaster Management (UFS) • Advance Diploma Disaster Management (UFS) • BEd Adult and Community Education (UJ) • BA English and Geography (UNISA) • Teachers Diploma (Transvaal Teachers College) • Diploma Human Resource and Management (Varsity College) 	<ul style="list-style-type: none"> • Design and implementation of strategic planning • Communications plans; disaster management • Project management • Strategic stakeholder engagement and planning • Occupational health and safety • Training and capacity building • Development and implementation • disaster assessment and strategy • Writing research papers • Moderating academic work on the following: <ul style="list-style-type: none"> - Pre-moderation of examination papers and memorandum - Moderation of examination and special examination answer scripts 	-	<ul style="list-style-type: none"> • Member: Safety Committee • Member: Social and Ethics Committee 	11

Name	Designation (In terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Mr Chris De Vos	Non-executive director	01/03/2021 (re-appointment)	N/A	<ul style="list-style-type: none"> • Certificate: Labour Relations (UP) • Advanced Labour Law Diploma (RAU) • Certificate Labour Relations Trade Unions (UP) • Diploma: Conciliation and Mediation (CCMA) 	<ul style="list-style-type: none"> • Rail operations • Railway incidents investigations • Human relations • Basic Conditions of Employment Act • Labour Relations Act • Act 85 Investigations 	-	<ul style="list-style-type: none"> • Member: Human Resource and Remuneration Committee • Member: Safety Committee 	11



Name	Designation (In terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Mr Mkhacani Maluleke		19/11/2021		<ul style="list-style-type: none"> Bachelor of Arts: University of the North High Education Diploma: University of the North Certificate: Managing integrated development for service delivery: University of Witwatersrand Certificate: Project Management: University of Pretoria Presidential Strategic Leadership Development programme: North-West University Bachelor: Education and Traffic Safety: North West University Certificate: PFMA Supply Chain Management: University of Pretoria Master of Development and Management: North West University 	<ul style="list-style-type: none"> Labour Relations Financial Management Government Procurement Oversight of Entities Monitoring & Evaluation and Transport Safety 	-	<ul style="list-style-type: none"> Member: ICT Committee Member: Safety Committee 	03

Name	Designation (In terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
***Ms Tshepo Kgare	CEO	01/05/2022	N/A	<ul style="list-style-type: none"> Masters in Business Administration Edinburgh Business School, UK, 2021 Certificate: Enterprise Risk Management University of Cape Town, South Africa 2015 Diploma in Road Safety Lund University, Sweden, 2009 P.G. Dip European Traffic and Transportation Nottingham Trent University, UK, 2008 N. Dip Civil Engineering Vaal University of Technology, South Africa, 2000) 	<ul style="list-style-type: none"> Strategic leadership: strategy formulation and execution Organisational design and performance management General management: operations, finance, and human resources Regulatory management: compliance Corporate governance Project/programme management Policy development Transport management and planning 	N/A	<ul style="list-style-type: none"> Member: Human Resources and Remuneration Committee Member: Safety Committee Member: Audit and Risk Committee Member: Social and Ethics Committee 	N/A

*Resigned on 2 September 2021

**Resigned on 16 March 2022

*** New CEO was appointed on 1 May 2022

There are no alternate members of the Board.

Committees

Committee	No. of meetings held	No. of members	Name of members
Audit and Risk Committee	20/04/2021	05	Margaret Phiri (Chairperson) Prittish Dala Masaccha Mbonambi Collen Johannes Weapond Mmuso Sealedi
	22/05/2021	06	Margaret Phiri (Chairperson) Prittish Dala Masaccha Mbonambi Yongama Pamla Collen Johannes Weapond Mmuso Sealedi
	20/07/2021	06	Margaret Phiri (Chairperson) Prittish Dala Masaccha Mbonambi Yongama Pamla Collen Johannes Weapond Mmuso Sealedi
	26/07/2021	06	Margaret Phiri (Chairperson) Prittish Dala Masaccha Mbonambi Yongama Pamla Collen Johannes Weapond Mmuso Sealedi
	20/10/2021	06	Margaret Phiri (Chairperson) Prittish Dala Masaccha Mbonambi Yongama Pamla Collen Johannes Weapond Mmuso Sealedi
	18/01/2022	06	Margaret Phiri (Chairperson) Prittish Dala Masaccha Mbonambi Yongama Pamla Collen Johannes Weapond Mmuso Sealedi
	01/03/2021	03	Margaret Phiri (Chairperson) Yongama Pamla Mmuso Sealedi

Committee	No. of meetings held	No. of members	Name of members
Human Resource and Committee	06/04/2021	06	Dineo Mathibedi (Chairperson) Chris De Vos Sisa Lunga Mtwā Ningi Khumalo Frans Van Der Westhuizen Mmuso Sealedi
	12/04/2021	06	Dineo Mathibedi (Chairperson) Chris De Vos Sisa Lunga Mtwā Ningi Khumalo Frans Van Der Westhuizen Mmuso Sealedi
	03/06/2021	06	Dineo Mathibedi (Chairperson) Chris De Vos Sisa Lunga Mtwā Ningi Khumalo Frans Van Der Westhuizen Mmuso Sealedi
	06/07/2021	06	Dineo Mathibedi (Chairperson) Chris De Vos Sisa Lunga Mtwā Ningi Khumalo Frans Van Der Westhuizen Mmuso Sealedi
	12/07/2021	06	Dineo Mathibedi (Chairperson) Chris De Vos Sisa Lunga Mtwā Ningi Khumalo Frans Van Der Westhuizen Mmuso Sealedi
	19/07/2021	06	Dineo Mathibedi (Chairperson) Chris De Vos Sisa Lunga Mtwā Ningi Khumalo Frans Van Der Westhuizen Mmuso Sealedi
	30/08/2021	06	Dineo Mathibedi (Chairperson) Chris De Vos Sisa Lunga Mtwā Ningi Khumalo Frans Van Der Westhuizen Mmuso Sealedi
	12/10/2021	05	Dineo Mathibedi (Chairperson) Chris De Vos Sisa Lunga Mtwā Ningi Khumalo Mmuso Sealedi
	12/01/2022	04	Dineo Mathibedi (Chairperson) Chris De Vos Sisa Lunga Mtwā Frans Van Der Westhuizen Ningi Khumalo Mmuso Sealedi

Committee	No. of meetings held	No. of members	Name of members
Safety Committee	13/04/2021	06	Sisa Lunga Mtwa (Chairperson) Chris De Vos Nompumelelo Ekeke Salome Nwabueza Frans Van Der Westhuizen Mmuso Sealedi
	13/07/2021	06	Sisa Lunga Mtwa (Chairperson) Chris De Vos Nompumelelo Ekeke Salome Nwabueza Frans Van Der Westhuizen Mmuso Sealedi
	31/08/2020	06	Sisa Lunga Mtwa (Chairperson) Frans Van Der Westhuizen Salome Nwabueze Chris De Vos Nompumelelo Ekeke Mmuso Sealedi
	13/10/2021	05	Sisa Lunga Mtwa (Chairperson) Salome Nwabueze Chris De Vos Nompumelelo Ekeke Mmuso Sealedi
	13/01/2022	06	Sisa Lunga Mtwa (Chairperson) Frans Van Der Westhuizen Nompumelelo Ekeke Chris De Vos Mkhacani Maluleke Mmuso Sealedi

Committee	No. of meetings held	No. of members	Name of members
ICT Committee	14/01/2022	05	Annah Badimo (Chairperson) Denisha Jairum Ningi Khumalo Collen Johannes Weapond Mmuso Sealedi

Committee	No. of meetings held	No. of members	Name of members
Social and Ethics Committee	15/07/2021	05	Frans Van Der Westhuizen (Chairperson) Yongama Pamla Dineo Mathibedi Mpumi Ekeke Mmuso Sealedi
	17/01/2022	05	Frans Van Der Westhuizen (Chairperson) Yongama Pamla Dineo Mathibedi Mpumi Ekeke Mmuso Sealedi

Committee	No. of meetings held	No. of members	Name of members
Procurement Committee	02/06/2021	05	Yongama Pamla (Chairperson) Collen Johannes Weapond Ningi Khumalo Sisa Lunga Mtwana Mmuso Sealedi
	20/10/2021	05	Yongama Pamla (Chairperson) Collen Johannes Weapond Ningi Khumalo Sisa Lunga Mtwana Mmuso Sealedi
	28/02/2022	04	Yongama Pamla (Chairperson) Collen Johannes Weapond Ningi Khumalo Mmuso Sealedi

Remuneration of Board Members

How Board members' remuneration is determined

In terms of the National Treasury Circular on the service benefits package for office bearers of certain institutions, the remuneration of the RSR Board and committee members are classified under Category S. The Circular provides a schedule of pre-determined fees payable to board members on an annual basis. The DoT annually confirms the rates prescribed in terms of the National Treasury Circular.

In addition, External Audit and Risk Committee Members are remunerated in terms of the rates prescribed by the South African Institute of Chartered Accountants (SAICA).

The following members are not remunerated:

1. A person from a specified office in the National Department of Transport.
2. A person delegated by the Minister of Labour; and
3. A person delegated by the Minister of Safety and Security.

Name	Remuneration	Other allowance	Other re-imbursments	Total
Mr. Boy Johannes Nobunga (Chairperson)	0	18 000	34 759	52 759
Ms. Yongama Pamla (Deputy Chairperson)	351 677	18 000	3 096	372 773
Mr. Chris de Vos	276 779	18 000	4 158	298 937
Ms Dineo Mathibedi	296 329	18 000	729	315 058
Ms Ningi Khumalo	193 450	16 500	0	209 950
Adv Frans Van Der Westhuizen	238 396	18 000	0	256 396
Adv Collen Johannes Weapond	255 208	18 000	0	273 208
Mr Sisa Lunga Mtwla	250 416	18 000	610	269 026
Ms Nompumelelo Ekeke	220 099	18 000	0	238 099
Ms Salome Nwabueze	141 386	10 500	187	152 073
Mr Godfrey Maluleke	0	0	0	0
TOTAL	2 223 740	171 000	43 539	2 438 279

Risk Management

The RSR is a Public Finance Management Act (PFMA) Schedule 3(a) Public Entity, and therefore complies with the requirements of the Act. In compliance with the PFMA requirement, the RSR has approved an Enterprise Risk Management (ERM) Framework which comprises of the Risk Management Policy and Strategy for the Regulator.

The ERM Framework outlines roles and responsibilities for risk identification, assessment and the overall risk management process. Strategic and operational risks are identified, assessed and reviewed annually with the involvement of all relevant stakeholders. Operational risks are assessed on an annual basis and monitored quarterly. Risk management is fully embedded in the processes of the RSR and plays a critical role in decision making.

Responsibilities of Audit and Risk Committee

The Audit and Risk Committee (ARC) is an independent function of the Board, delegated with the responsibility to provide oversight on risk management processes, and significant risks facing the RSR. The ARC has complied with its responsibilities arising from section 51(1)(a)(ii) of the PFMA along with Treasury regulation 27.1. The ARC is regulated by approved terms of reference aligned with the PFMA requirements.

Integrated Risk Management

The Board bears the overall responsibility of governance for risk management implemented through effective leadership. Management is accountable to the Board for design, implementation and continuous monitoring of risk management and integration of risk process into daily operations.

The RSR has implemented an integrated risk management strategy through which it ensures risks and opportunities are identified on an ongoing basis.

Governance of Risk Management

The Board has established the Audit and Risk Committee (ARC) to oversee risks associated with the RSR. The Risk Management Unit reports to the ARC on the management of risks and advises management on best practices and including monitoring the progress on the implementation of planned mitigations as a form of assurance towards the RSR's management of risks.

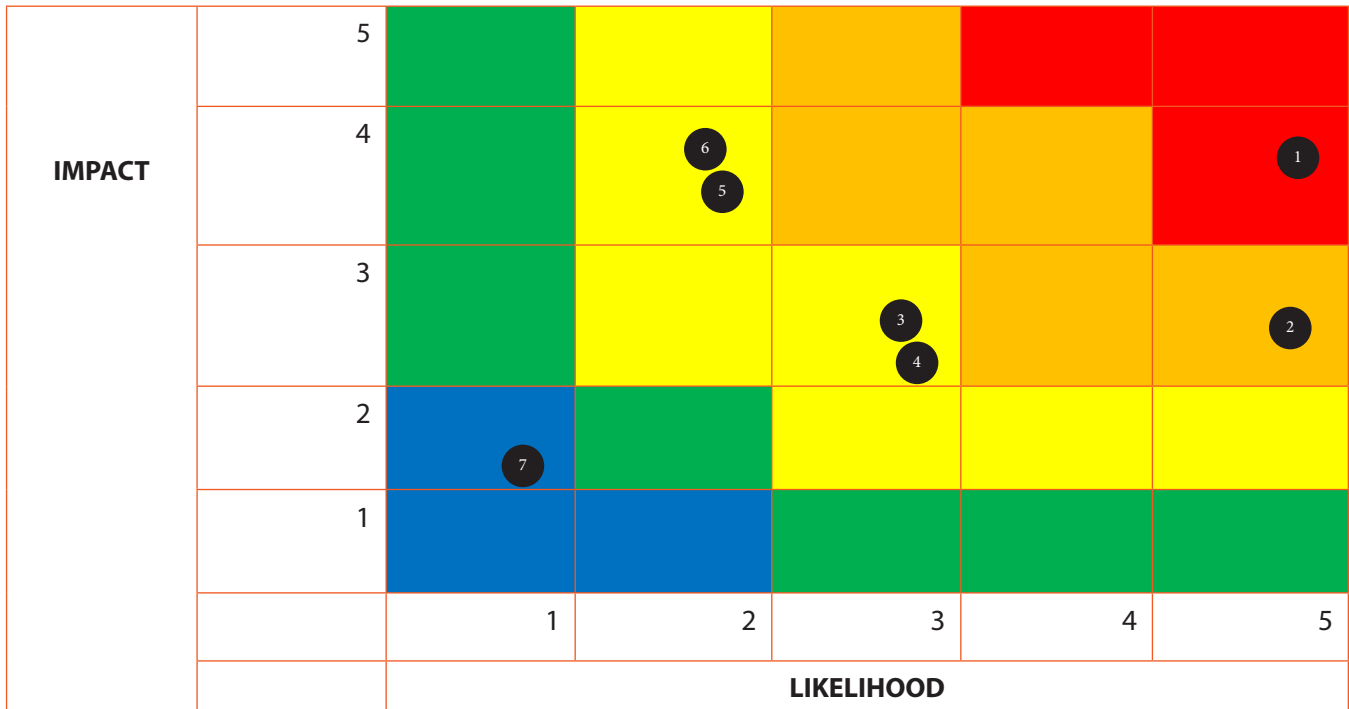
The ARC has reviewed the strategic, operational, business continuity, project-specific, including new and emerging risks. The committee further satisfies itself of the implementation of mitigation plans employed to ensure that risks are within the organisation's tolerable levels.

Strategic Risks

Strategic risks during the 2021/22 financial year faced by the RSR are as follows:

NO.	RISKS DETAIL
1.	Cyber security vulnerability – Hackers may gain access to the RSR systems and corrupt data or share sensitive operators’ information.
2.	Inaccurate and incomplete safety information – The National Information Management System (NIMS) may have design faults, be inaccessible or data inputted on NIMS by operators may be incomplete or inaccurate resulting in non-compliance with the requirements of the RSR Act.
3.	Inadequate regulatory framework and competencies – The RSR implementing an incomplete, inconsistent, or incoherent mix of regulations, determinations, standards, or protocols.
4.	Lack of independence – The RSR may fail to fully utilise its regulatory instruments and authority due to internal inefficiencies, political interferences from or familiarity with operators.
5.	Loss of key skilled personnel – The RSR may struggle to effectively execute its mandate due to the departure of key personnel.
6.	Financial sustainability – The financial position may deteriorate to the extent that the RSR is unable to continue as a going concern, unable to render regulatory services or unable to pay salaries and creditors.
7.	Inadequate stakeholders buy-in and support (RSR initiatives) – The RSR initiatives may experience poor attendance, repeated objections or receive an insufficient number of public comments thereby diminishing their value or delaying their implementation.

The Strategic risks are plotted as follows on the residual risk heatmap:



Business Continuity Management (BCM)

ISO 22301

Following the process from the previous financial year as reported in the 2020/21 Annual Report, in which the RSR undertook to acquire certification against the ISO 22301 Business Continuity Management Standard, the RSR addressed all gaps identified in the pre-certification audit stage. The gaps identified included augmenting the training of the BCM Committee to equip the committee members with adequate skills to lead processes of Business Continuity Management. Subsequently, the BCM Committee reviewed the Business Continuity Management System (BCMS) which included the development of BCMS plans.

The milestones for the ISO 22301 included conducting Business Impact Analysis exercises across the RSR, alignment of Business Continuity Plans to the requirements of the ISO 22301 standard and review of the Business Continuity Management Policy.

To ensure maintenance of the certification once acquired and for continuous improvement, the Internal Audit team attended training in BCM.

The RSR maturity scoring for the BCM programme measured against the ISO 22301 Standard, now sits at 3,6 which is an indication of work undertaken to close gaps in the BCM programme in pursuit of a level 4 rating for certification.

Combined Assurance

In line with the provisions of KING IV report on Corporate Governance, the RSR has adopted a combined assurance model that incorporates and optimizes all assurance services and functions so that, taken as a whole, it enables an effective control environment; support the integrity of information used for internal decision making by management, the governing body and its committees.

The RSR has developed a Combined Assurance Framework, through which management has adopted

a five (5) level of defence approach with assurance being provided by management, risk management, internal and external audit as well as the Audit and Risk Committee. The assurance providers ensure provision of assurance on the implementation of strategies to mitigate against the risks and assess the effectiveness for assurance to EXCO, ARC and the Board. To date, this approach has resulted in close monitoring of significant risks in the organisation by different assurance providers working towards a common goal.

During the year under review, a combined assurance model was compiled from risk analysis performance translated into the strategic risk register. The combined assurance model for the RSR focused on high-risk areas and the related assurance to be provided by line management, risk management, internal audit, external audit, and other Regulatory assurance providers. All efforts by the different assurance providers were coordinated and these enabled management to assign resources efficiently to mitigate the risks to an acceptable level.

Fraud and Corruption

The RSR has developed a Fraud and Corruption Prevention Framework which outlines the governance of fraud and corruption matters. The Fraud and Corruption Framework includes the protected disclosure assurance by the organisation in line with the responsibility that the RSR bears in terms of the Protected Disclosures Act 26 of 2000 to ensure the protection of whistle blowers and all employees who report fraud and corruption activities at the RSR. The Fraud and Corruption Prevention Framework further outlines processes such as identification and reporting of fraud and corruption in the RSR.

In addition, the RSR has an ethics whistleblowing hotline, which is independent to the organisation and reports directly to the ARC. The purpose is to ensure and guarantee anonymity of the person reporting suspected fraud related issues. No fraud and corruption cases were reported during the period under review.

2021/22 Fraud Prevention Plan

The Fraud and Corruption Plan is developed annually to action provisions of the Fraud and Corruption Framework. During the period under review, the following activities of the approved Fraud and Prevention Plan were implemented:

NO.	ACTIVITY	FREQUENCY
1.	Annual staff independence declaration	Annually
2.	Annual Board Independence declaration	Annually
3.	Maintenance of register of gifts and donations	Monthly
4.	Vetting and security clearance for applicable employees	Ongoing
5.	Fraud questionnaire	Annually
6.	Fraud tests and audit procedures	Annually
7.	Fraud awareness workshops	Ongoing
8.	Fraud risk assessments	Quarterly
9.	Monitoring of whistleblowing hotline and investigation of reported matters.	Ongoing
10.	Investigation of matters referred to Security Department	Ongoing

Internal Controls

The effectiveness of internal control

The system of controls within the RSR is designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are properly managed in line with the PFMA and the protocol on corporate governance. This is achieved by a risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks, and the Audit and Risk Committee monitoring and providing oversight of the implementation of corrective actions.

The Audit and Risk Committee has reviewed the reports of the Annual Financial Statements and the Management Report from the Auditor-General of South Africa (AGSA) and is satisfied that the system of internal controls is applied over financial and non-financial matters and enterprise risk management. The Committee has noted Management's commitment to address the lack of control effectiveness where they exist. The Committee will monitor Management's progress in resolving these issues regularly.

Internal Audit and Audit Committees

The RSR has established an in-house Internal Audit function under the direction of the Chief Audit Executive. The function has provided the RSR with value-added services to ensure that financial, compliance, environmental, operational and performance objectives are achieved. The Audit and Risk Committee has successfully approved and monitored the implementation of the 2021/22 Internal Audit Plan with 30 planned internal audit reviews which were as follows:

1. AFS and Performance Information
2. Deviations 2021/22
3. Contract Management
4. Performance Management- Contracting
5. NIMS Next Generation
6. Permit Management
7. Management of Safety Information
8. Asset Management
9. Revenue Management
10. Audits, Inspection, and Directives
11. Litigation and Penalties
12. Planning Review
13. Recruitment and Selection
14. Supply Chain Management
15. Corporate Governance
16. IT Governance
17. IT Applications
18. IT General Controls
19. ICT Governance

20. Data Management and Information System
21. BCM and Disaster Recovery
22. Risk Management
23. Training and Development
24. Payroll Management
25. POPIA Readiness Assessment
26. Budget & Expenditure Management
27. Performance Management -Incentives
28. Employee Relations
29. Leave Management
30. NIMS Enhancement

Key activities and objectives of the Audit and Risk Committee

The primary purpose of the Audit and Risk Committee is to assist the Board in fulfilling the oversight responsibility required in terms of the PFMA, Treasury Regulations and corporate governance and has authority to:

- Conduct or authorise investigations into any matters within its scope of responsibility;
- Access information, records, and personnel as it requires to fulfil its responsibilities;
- Provide oversight over the Internal Audit and ICT function;
- Request the attendance of any executive or employee at Committee meetings;
- Conduct meetings with external auditors (Auditor-General) and internal auditors, as deemed necessary;
- Obtain advice from external parties, as necessary;
- Resolve any disagreements between management and the auditor regarding financial reporting; and
- Pre-approve all auditing and non-audit services.

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	No. of meetings attended
Margaret Phiri	<ul style="list-style-type: none"> BCom. Accounting CTA/BCompt Honours Chartered Accountant Registered auditor and Registered tax practitioner 	External	No	01/05/2020	Active	7
Ms Yongama Pamla	<ul style="list-style-type: none"> Chartered Accountant (South Africa) Postgraduate Diploma in Accounting Postgraduate Diploma in Management (Financial Accounting) Bachelor of Commerce 	Board Member	No	06/08/2020	Active	6
Adv Collen Weapond	<ul style="list-style-type: none"> MTech Information Technology (Cape Peninsula University of Technology) Current. Master's in Business Systems (Wismar University of Germany) BCom Honours Information Technology (UCT) MTech Forensic Investigation (UNISA) Bachelor of Laws (LLB) (UNISA) BTech (Policing and Investigation) Tshwane University of Technology Diploma Business Management (Business Management Training College) Certificate Policing (Tshwane University of Technology) Certificate in Leadership Development (WITS) 	Board Member	No	06/08/2020	Active	6
Prittish Dala	<ul style="list-style-type: none"> Bachelor of Information and Technology (Bond University) Bachelor of Science (Computer Science) Honours (UJ) Master of Information Technology Doctorate Information Technology 	External Member	No	01/02/2019	Contract expired on 31/01/2022	6
Masaccha Mbonambi	<ul style="list-style-type: none"> B. Accounting BCom Honours (Accounting) Certificate in Board Governance Certificate in Enterprise-wide 	External Member	No	01/05/2020	Contract expired on 31/01/2022	6

Compliance with Laws and Regulations

The Board is committed to advance and maintain a strong compliance management capability and culture. The Board regularly reviews compliance related matters including policies and procedures, ensuring a holistic view of compliance management across the RSR. The organisation strives in doing the right thing in the right way in a timely, inclusive, open, and accountable manner to promote good governance.

The Audit and Risk Committee is assigned with a responsibility for overseeing risk management and to enforce and monitor compliance to ensure that monitoring behaviour is persistent.

The role played by the Compliance function as mandated by the Committee is to ensure that the organisation supports the business activities in their duty to comply with relevant laws, regulations, and internal controls. This is accomplished by identifying, mitigating, continually monitoring and reporting on the operational effectiveness of the internal controls.

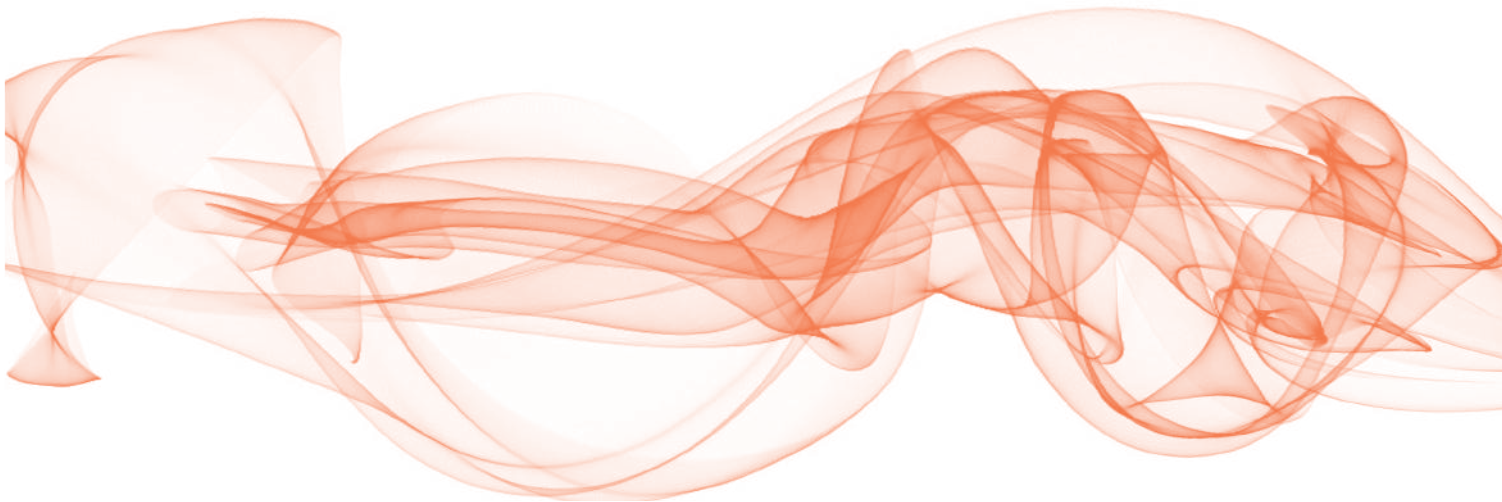
The organisation's compliance function performed and covered the following areas;

- Maintaining the Legislative requirements register
- Managing the Policy developments highlights
- Manage the Policy Compliance Review
- ISO 9001: 2015 Quality Management System (QMS) certification
- Maintain Records Management System

Legislative Compliance Register

This function is designed to provide reasonable assurance regarding the achievement of the organization's objectives in categories of effectiveness and efficiency of operations, compliance to applicable Laws and Regulations as well as policies.

During the reporting period under review, the organisation complied with laws and regulations. Monitoring of the Legislative requirements register has significantly improved. The organisation transitioned to an automated compliance monitoring system which is an automated system that allows the organisation to set workflows and reminders to route it to the appropriate employees who need to review and make changes. This is one of the benefits of the compliance software the RSR has invested in.



Policy development

The RSR understands the importance of regularly reviewing its policies and continuously ensures that policies kept up to date with latest developments in legislation and industry best practices. It also ensures that policies are consistently up to date with latest regulations and industry best practices.

During the reporting period under review, the following policies were approved:

Policies	Status
Policy Development and Review Guide	Reviewed and approved
Revenue and Receivable	Reviewed and approved
Financial Delegation of Authority	Reviewed and approved
Supply Chain Management & Contract Management Policy	Reviewed and approved
Acting Policy	Reviewed and approved
Restructuring Policy	Reviewed and approved
Corporate Governance ICT Framework	Reviewed and approved
Information Security	Reviewed and approved
Mobile Device Policy	Reviewed and approved
Occurrence Investigation Policy	Reviewed and approved
Injury on Duty Policy	Reviewed and approved
Employee Recognition Award	New policy
POPI Manual	New policy
Medical Surveillance	New policy

Policy Compliance

Furthermore, the RSR has closely looked at reviewing compliance to all the approved policies. The purpose of the review is to identify compliance risks issues and identify root causes as well as mitigation measures to ensure compliance.

Continuous monitoring is one of the RSR's cornerstones and it will continue to intensify its risk management processes by working collaboratively with business units. This process provides management with information on key performance matrices in close to real-time, allowing them to have better insight into issues as they arise.

The policies below were successfully reviewed for compliance during the last financial year:

- Substance Abuse Policy;
- Smoking Policy;
- Security Policy;
- OHS Policy;
- Injury on duty Policy; and
- Fleet Management Policy.

ISO 9001: 2015 Quality Management System (QMS)

The RSR is undergoing a process of applying for the ISO 9001: 2015 QMS certification. This process is facilitated and co-ordinated by the Compliance unit continuing from the last financial year. During the reporting period under review, the RSR has successfully made significant progress on this project. Below is the list of milestones successfully achieved by the organisation, with only two certification audit stages left to complete the project, to which we will continue in the next financial year.

Milestones accomplished includes:

- Quality Management Policy developed and approved;
- Quality Management System Manual developed and approved;
- Quality Statement developed and approved;
- Awareness sessions conducted for the entire organisation;
- ISO 9001:2015 QMS requirements training conducted;
- Gap assessments sessions completed, and gaps implemented;
- Departmental representative (Quality Champions) trained on how to conduct ISO Audits;
- Risk assessments completed;
- Internal audit pre-certification audits conducted, and findings closed;
- Management review report developed and approved; and
- Independent certification service provider appointed.

Records Management

The RSR continues to adhere to the National Archives and Records Service Act. This is done by ensuring that activities and functions are documented to provide adequate evidence of compliance and to ensure compliance with the provisions of the promotion of the Administrative Justice Act (Act No. 2 of 2002). The provisions require that organisations ensure that administrative action is lawful, reasonable, fair, and properly documented.

Minimising Conflict of Interest

A conflict occurs when a person's or entity's vested interests raise a question of whether their actions, judgment, and/or decision-making can be unbiased. The RSR endeavours to mitigate conflict of interest by avoiding it.

The RSR is guided by its approved Code of Conduct and Ethics, as approved by the Board, to uphold the highest ethical standards, norms, and certain professional behaviour. Every employee is expected to:

- Declare financial interests at the beginning of every financial year as required by the RSR Conditions of Service.
- Take personal responsibility for their actions and comply with all legal obligations, policies, and procedures.
- Act honestly and in good faith.
- Perform their duties conscientiously and in the best interest of the RSR; and
- Exercise reasonable care and diligence in the performance of their duties.

Code of Conduct

The purpose of the RSR's Code of Conduct and Ethics is to:

- Establish standards that would promote and encourage ethical behaviour and decision making by all RSR employees, Board members and stakeholders.
- Ensure that ethics and desirable business conduct are communicated as an integral part of the RSR's corporate identity, culture, and purpose.
- Ensure that a good ethical foundation informs the RSR's policies, procedures, practices, conduct and business processes.
- Relay a clear message that failure to live up to the desired ethics and conduct could undermine the RSR's objectives and will not be tolerated.

The RSR deems contravention of this Code as a serious matter and those who violate the Code or similar policies will be subjected to disciplinary measures, which may include the termination of services. Disciplinary measures may also be imposed for conduct that is considered unethical or improper, even if the conduct is not specifically covered in the Code.

In all cases and where applicable, the RSR's Employee Relations Policy, Disciplinary Code and Procedure and the National Railway Safety Regulator Act No. 16 of 2002, as amended, will be followed. Contraventions may also lead to civil action or criminal charges. Approval must be sought in advance for any action that may be non-compliant with the Code. Such approvals may only be granted by the CEO in consultation with the Board. Only the Board may grant waivers of this Code for directors and executive officers of the RSR. When a waiver is granted, the Board shall ensure that appropriate controls are in place to protect the RSR and its stakeholders.

Health Safety and Environmental Issues

The management of Occupational Health and Safety (OHS) risks, and the implementation of controls remain crucial and integral to the activities of the RSR. The RSR further continues to support and ensure compliance to the OHS legislative framework, by facilitating the integration of these legislations into the Railway Safety Regulatory Framework.

During the 2021/22 financial year, the following milestones were achieved:

Policy Development

As part of providing and maintaining, as far as is reasonably practicable, a working environment that is safe and without risk to the health of its employees, a Medical Surveillance Policy was developed and approved during the year under review.

The Policy was drafted and implemented in line with the Occupational Health and Safety Act No. 85 of 1993 as amended and the Compensation for Occupational Injuries and Diseases Act, No. 130 of 1993 as well as the RSR OHS Policy.

Furthermore, the Policy considered the health risk assessment that was conducted in all job categories of the RSR, the assessment considered the risk exposures. Mitigating factors were then incorporated into the Medical Surveillance Policy. The Policy will be implemented moving forward.

Emergency Preparedness

Emergency simulation exercises were conducted across RSR offices to test the effectiveness of the emergency plans and procedures. Emergency plans and procedures were found to be effective and were adhered to during simulations. The simulations considered the COVID-19 preventative measures such as social distancing.

OHS Governance Structures

The RSR has established Occupational Health and Safety Committees at the Head Office and the regional offices.

The purpose of the Occupational Health and Safety Committee is to initiate, develop, promote, maintain, and review measures to ensure the health and safety of employees at the workplace. The Committees further ensures that health and safety matters are discussed at the correct level and escalated through proper channels to the management of the RSR for implementation of corrective measures. The table below depicts Committee meetings held in all offices during 21/22 FY.

RSR OFFICE	PLANNED MEETINGS	MEETINGS HELD
Head Office	4	4
Eastern Region	4	4
Central Region	4	4
Coastal Region	4	4

To enhance and strengthen governance, the RSR Executives are responsible and accountable for the management of OHS risks in their respective areas of responsibility and appointed in terms of section 16.2 of the OHS Act. The functions of Health and Safety representatives, Fire Marshals, First Aiders and Evacuation Marshals were added to their performance agreements to ensure enhanced participation, monitoring and implementation of the OHS activities.

Protective Personal Equipment

Protective Personal Equipment (PPE) which included masks, sanitisers, and gloves in response to the COVID-19 pandemic was/were provided to employees.

Statistics for 2021/22

In the year under review, 29 positive cases of COVID-19 were recorded 28 individuals have since recovered and tested negative and one person sadly passed way.

Compliance to Government COVID-19 Directives

The RSR conducted on a quarterly basis compliance reviews were conducted against issued Government directives in relation to the management of COVID_19 , this review assisted the organisation to determine the level of compliance on an on-going basis as well as areas of improvement.

OHS Compliance audits

To ensure operational excellence, compliance audits were conducted at all the RSR offices to assess the level of compliance to minimum requirements of the Occupational Health and Safety Act No. 85 of 1993 as amended. Table 2 below presents the level of compliance for RSR:

LEVEL OF COMPLIANCE		
2019/20	2020/21	2021/22
94%	94%	98.5%

The RSR continuously monitor compliance and corrective measures are implemented to ensure full compliance with the Occupational Health and Safety Act.

Company Secretary

The primary purpose of the role of the Company Secretary is to ensure that the RSR complies with standard financial and legal practices and maintains high standards of corporate governance. The role also ensures and manages corporate governance within the Board and the RSR in accordance with legislative prescripts and best practice. Furthermore, this role proactively manages the required stakeholder relations to ensure the effective functioning of the Board of Directors and its committees and ensures compliance with good corporate governance and other legislative and statutory requirements.

Social Responsibility

Through education and awareness initiatives, the RSR identified schools located near the rail line and donated uniforms and sanitary pads to underprivileged learners. The initiatives were conducted in Rustenburg, North West and Matsulu, Mpumalanga and were led by the Deputy Minister of Transport, Ms Sindisiwe Chikunga supported by the RSR Board and Management.



Audit And Risk Committee Report

The Audit and Risk Committee is pleased to present the report for the financial year ended 31 March 2022.

Audit Committee Responsibility

The Audit and Risk Committee has complied with its responsibilities arising from Section 51(1) (a) (ii) of the Public Finance Management Act (PFMA) and the National Treasury Regulations, paragraph 27.1. The Audit and Risk Committee also adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Controls

The system of controls within the RSR is designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are properly managed in line with the PFMA and the protocol on corporate governance. This is achieved through a risk-based internal audit plan, Internal Audit assessing the adequacy and effectiveness of controls mitigating the risks and the Audit and Risk Committee monitoring management's implementation of corrective actions.

From the Committee's review of the reports of the Internal Auditors, the Audit Report on the review of the 2021/22 Annual Financial Statements and the Management Report from the AGSA, it can be concluded that the system of internal control as applied over financial and non-financial matters and enterprise risk

management and governance at the RSR are generally satisfactory. However, improvements are required within the ICT environment. The Committee has noted management's commitment to address the lack of control effectiveness where they exist, in such areas relating to ICT. There is continuing effort to improve the overall status of the internal controls within the ICT environment. This view is based on the results of the ICT audit reviews conducted and the commitment demonstrated by management in resolving the issues identified. The Committee will monitor management's progress in resolving these issues regularly.

The Effectiveness of the Internal Audit Function

The Committee reviewed and approved the 2021/22 Internal Audit Charter. The Committee approved the Internal Audit Plan with thirty (30) planned audits. The Committee evaluated the independence, effectiveness and performance of the internal audit function and compliance with its mandate. The Committee is satisfied with the level of independence and effectiveness of internal audit function.

Enterprise Risk Management

The Committee considers reports on the effectiveness of risk management activities. A strategic and operational risk assessment for the year under review was conducted. The Audit Committee has reviewed the risk registers on a quarterly basis. The Committee ensured that the assurance functions of management, internal and external audit are sufficiently integrated. The Committee is satisfied with the risk management processes and the level of risk maturity within the RSR.



The quality of in-year management quarterly reports submitted in terms of the PFMA

The Committee is satisfied that the RSR has established appropriate financial reporting procedures for quarterly reporting. Consequently, the Committee is satisfied with the quality of the In-year Management and Monthly/Quarterly Report.

Evaluation of Financial Statements

The Committee reviewed the Annual Financial Statements prepared by the public entity.

Auditor's Report

The Committee applauds the entity for obtaining a clean audit for the financial year ended 31 March 2022 and for maintaining the status.

The Committee have reviewed the public entity's implementation plan for audit issues raised in the prior year and were satisfied that the matters have been adequately resolved except for ICT related findings.

On a quarterly basis, the Audit and Risk Committee review the RSR's implementation plan of audit issues raised in the prior year. The Committee met with the AGSA to ensure that there were no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings raised by the AGSA will continue to be monitored by the Audit and Risk Committee. The Audit and Risk Committee concurs and accepts the conclusions of the AGSA on the Annual Financial Statements and believes that the audited Annual Financial Statements must be accepted and read together with the report of the AGSA.

Appreciation

The Committee wishes to acknowledge the dedication and work performed by the Chief Executive Officer, Management and Officials of the RSR. The Audit and Risk Committee further wishes to express its appreciation to management, the AGSA and the Internal Audit Department for the co-operation and information they have provided to enable the Committee to discharge its responsibilities.



Ms Margaret Phiri CA(SA)

CHAIRPERSON: AUDIT AND RISK COMMITTEE

Broad-Based Black Economic Empowerment Compliance Performance Information

The following table has been completed in accordance with the compliance to the Board-Based Black Economic Empowerment (B-BBEE) requirements of section 13(g)(1) of the B-BBEE Act of 2013 and as determined by the Department of Trade and Industry.

Name of sphere of government / Public entity / Organ of state:	The Railway Safety Regulator
Registration number (If applicable):	Not Applicable
Physical address:	Building 4, Waterfall Point Office Park, Cnr. Waterfall and Woodmead Drive, Waterfall City, Midrand, 1685
Type of sphere of government / Public entity / Organ of state:	Regulation
Organisation industry / Sector	Transportation sector

Has the sphere of government / Public entity / Organ of state applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

Criteria	RSR	Relevant Annexure
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law	No	The RSR has not set any qualification criteria for the issuing of operator permits
Developing and implementing a preferential procurement policy	No	No criteria applied during the year
Determining qualification criteria for the sale of state-owned enterprises	No	The RSR is a fully owned entity of the National Department of Transport
Developing criteria for entering into partnerships with the private sector	No	No criteria have been set by the RSR
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE	No	No incentives, grants and investment schemes were awarded by the RSR during the year

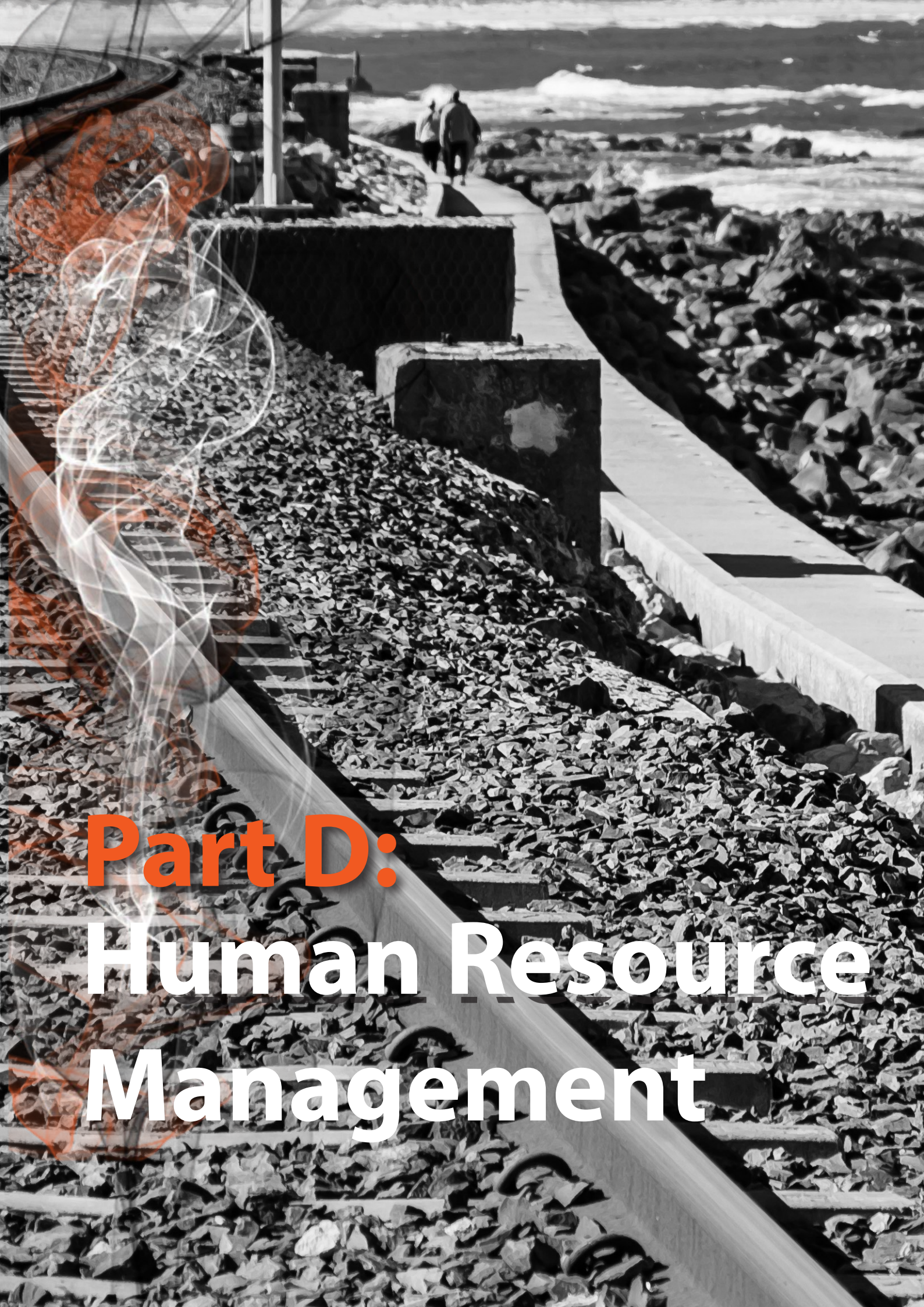
APPROVED BY:



Mr Boy Johannes Nobunga

CHAIRPERSON RSR BOARD OF DIRECTORS





Part D:
**Human Resource
Management**

Introduction

The strategic role of the Human Resources function which contributes to the overall organisational strategic objectives, aided by its operational capabilities to facilitate the acquisition and retention of human capital through the provision of competitive remuneration and benefits and the implementation of sound employee relations and wellness, contributes to the execution of the RSR's mandate.

RSR Organisational Structure

The period under review saw the approval of the revised organisational structure, the structure was due for review as it has reached its tenure of three years as per RSR policy structure. The new organisational structure was aimed at fulfilling the strategic direction of the Regulator requirements.

The new organisational structure has insignificantly increased and has been re-engineered by introducing a new department in the form of Research and Technical Skills Development in the Office of the COO and the unbundling of the Board and Governance department to be stand-alone Departments of Legal Services and Company Secretary.

Furthermore, the Human Resources department has been structured in order to fulfil the strategic mandate and direction of the organisation while the ICT department has been re-engineered to cater for all the needs of the organisation, especially fulfilling the operators needs and ensuring that the RSR has appropriate systems to bring about the much-needed decision making tools.

The Organisational structure has been partially implemented as it may attract financial adjustments, therefore strategic positions will instead be filled, and others continue in a phased approach to minimise impact.

Institutional Governance

The RSR made several changes and amendments in the policies guiding the organisation and amongst those is the improved Performance Management Policy that caters for an aligned actual performance against the set targets thereby rewarding exceptional employees accordingly and promoting excellence.

The SOP's in relation to the above mentioned policy have been updated to keep up to date with both gaps identified during implementation as well as ensuring legislative compliance is adhered to.

The following policies were revised during the period:

1. Performance Management;
2. Recruitment and Selection Policy;
3. Restructuring Policy;
4. Employee Recognition Awards Policy; and
5. Acting Allowance Policy.

Organisational Climate Survey

As the organisation continues to build a culture of excellence guided by the values it has adopted, it has become more prominent for continuous evaluation and assessment on the progress being made toward the attainment and maintenance of the desired organisational culture.

During the period under review, the organisation conducted an organisational culture survey at the backdrop of the previous assessment which indicated positive trajectory towards the attainment of the desired culture. It is with conviction that the desired culture will be attainable for the organisation given the positive trajectory displayed from the various surveys conducted during the period under review.

The prospects of a desired culture which is embodied by the values of the organisation will effectively develop the organisation and continue to sustain it as an excellent organisation.

Talent Management

Following the approval of the talent management strategy by the RSR Board of Directors in the 2021/22 period, management commenced with the effective implementation of the strategy, which is aimed and enhancing, retaining, promoting and recognising the organisations greatest assets which is its human resources. During the period under review, the organisation commenced with the competency framework

development and assessment to provide a blueprint of the acceptable competencies for the various levels of employment of the organisation and further ascertain the levels of competencies within the organisation in so far as it relates to developing the talent within the organisation.

As part of the process, phase 1 of the competence framework process saw the Operations section of the organisation commence and complete the process with encouraging outcomes which begins to effectively plot a positive approach for talent management for the organisation. Phase 2 of the project will commence with competency assessments being conducted on the Support departments of the organisation. This will provide the organisation with a good perspective and prospective in respect of developing and maintaining a talent management model and approach.

Human Resource Administration Management

During the period under review, the effective implementation of organisational policies and standard operating procedures has provided the organisation with stability and compliance with respective applicable legislative requirements. In this period, several misconduct matters have been successfully addressed in line with applicable policies and legislation. In this period the organisation continued to promote the organisational values and ensure that the policies are communicated and workshopped to all employees to promote compliance and awareness.

Human Resource Oversight Statistics

Personnel cost by programme/ activity/ objective

Department/ Region	Total expenditure for the entity	Personnel expenditure	Personnel expenditure. as a % of total expenditure	No. of employees	Average personnel cost per employee
OCEO	1,388,314	814,192	0.3%	1	814,192
Company Secretary	5,489,575	1,096,940	0.4%	2	548,470
OCCO	7,975,536	5,029,035	2.0%	2	2,514,518
<i>Research & Technical Skills Development</i>	14,623,610	14,623,610	5.7%	10	1,462,361
<i>Safety Permit Management</i>	4,975,413	4,593,508	1.8%	5	918,702
<i>Safety Management</i>	18,981,442	16,767,174	6.5%	15	1,117,812
<i>Coastal Region</i>	12,335,327	11,635,823	4.5%	15	775,722
<i>Central Region</i>	25,012,765	22,471,291	8.8%	20	1,123,565
<i>Eastern Region</i>	12,669,122	12,391,457	4.8%	14	885,104
ICT	15,383,600	5,863,467	2.3%	9	651,496
Legal Services	7,717,938	4,764,776	1.9%	6	794,129
Internal Audit	7,037,867	5,701,193	2.2%	6	950,199
Strategy and Risk Management	15,691,385	13,191,631	5.1%	11	1,199,239
Finance	67,757,522	26,896,358	10.5%	32	840,511
Human Resources	17,009,849	9,688,982	3.8%	18	538,277
Media and Communications	22,108,793	10,194,926	4.0%	10	1,019,493
Total	256,158,057	165,724,363	64.7%	176	941,616

Personnel cost by salary band

Level	Personnel expenditure	% of personnel expenditure to total personnel cost	No. of employees	Average personnel cost per employee
Top Management	-	-	-	-
Senior Management	21,842,289	13.2%	13	1,680,176
Professionally qualified and experienced	97,773,548	59.0%	77	1,269,786
Skilled technical and academically qualified workers,	39,120,340	23.6%	55	711,279
Semi-skilled	6,988,186	4.2%	31	225,425
Unskilled	-	-	-	-
TOTAL	165,724,363	100%	176	941,616

Performance Rewards

Level	Performance rewards	Personnel expenditure	Percentage of performance rewards to total personnel cost
Top Management	-	-	-
Senior Management	1,821,750	21,842,289	8.3%
Professionally qualified and experienced	6,748,139	97,773,548	6.9%
Skilled technical and academically qualified workers,	1,835,201	39,120,340	4.7%
Semi-skilled	107,257	6,988,186	1.5%
Unskilled	-	-	-
TOTAL	10,512,347	165,724,363	6.3%

Training costs

Programme/ activity/ objective	Personnel expenditure (R'000)	Training expenditure	Training expenditure as a % of Personnel Cost	No. of employees trained	Average training cost per employee
Internship	1 448 309	192 533	13,3%	10	19 253
Staff Training	102 718 902	1 479 241	1,4%	15	98 616
Staff Bursary	7 872 883	354 165	4,5%	11	32 197
TOTAL	112 040 094	2 025 939	1,8%	36	56 276

The training costs reflect training undertaken by employees as part of the approved RSR Training Plan. The Training Plan is a culmination of the employees' Personnel Development Plans (PDP) as captured in the performance agreements of all the employees including the Interns currently undertaking job experience training.

Employment and vacancies

Department	2021/22 No. of employees	2021/22 Approved posts	2021/22 Vacancies	Percentage of vacancies
OCEO	1	2	1	50%
Company Secretary	2	2	1	50%
OCCO	2	2	0	0%
• <i>Research & Technical Skills Development</i>	10	13	3	23%
• <i>Safety Permit Management</i>	5	12	7	58%
• <i>Safety Management</i>	15	14	1	7%
• <i>Coastal Region</i>	15	16	2	13%
• <i>Central Region</i>	20	20	3	15%
• <i>Eastern Region</i>	14	14	0	0%
ICT	9	10	6	60%
Legal Services	6	6	1	17%
Internal Audit	6	6	0	0%
Risk and Strategy	11	13	1	8%
Finance	32	31	2	6%
Human Resources	18	12	4	33%
Media & Communications	10	12	1	8%
TOTAL	176	185	33	18%

There are two posts factored in the calculations although they were not actively employed during the period, CCMA ruling and correction of GEPF payment.

Employment changes

The employment changes reflect employee movements during the period under review and the appointments made include 10 interns as of 31 March 2022.

Salary band	Employment at beginning of the period	Appointments	Terminations	Employment at end of the period
Top Management	-	-	-	-
Senior Management	11	3	3	11
Professionally qualified and experienced	69	7	7	69
Skilled technical and academically qualified workers,	53	-	-	53
Semi-skilled	30	2	3	29
Unskilled	-	-	-	-
TOTAL	163	12	13	162

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Resigned	5	38%
Retired	1	8%
Discharged	1	8%
Deceased	1	8%
Voluntary Severance Package	2	15%
End of Contract	3	23%
Termination	-	-
Total	13	100%

The overall number of terminations may be attributed to normal attrition as well as the contract terminations and Voluntary Severance Package that was effected due to the Organisational review process.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	-
Written Warning	3
Final Written Warning	1
Dismissal	1*

* Appeal in process

Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	1	-	-	-	-	-	-
Senior Management	5	5	1	1	1	-	-	1
Professional qualified	39	38	1	3	-	2	2	4
Skilled	20	20	-	1	-	1	-	1
Semi-skilled	9	5	-	1	-	1	-	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	73	69	2	6	1	4	2	6

The full implementation of the Employment Equity Plan should be achieved by 31 May 2024. The variance between the current and the target figure is due to the implementation of the EE Plan.

Levels	Female							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	3	4	-	-	1	-	-	-
Professional qualified	25	21	3	3	-	-	-	1
Skilled	34	34	-	2	-	1	-	2
Semi-skilled	16	11	1	1	-	-	1	1
Unskilled	-	-	-	-	-	-	-	-
TOTAL	78	70	4	6	1	1	1	4

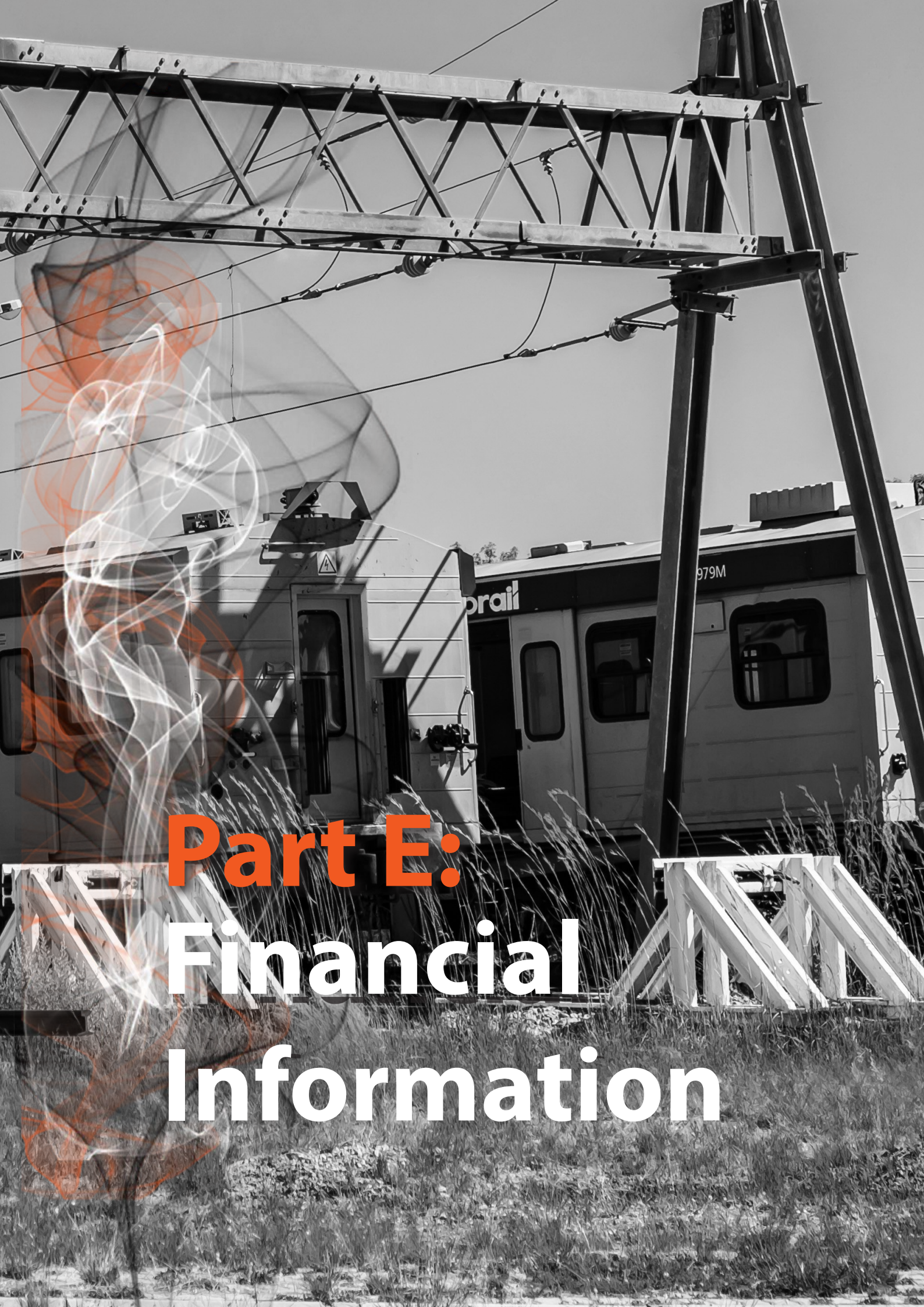
The full implementation of the Employment Equity Plan should be achieved by 31 May 2024. The variance between the current and the target figure is due to the implementation of the EE Plan.

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional qualified	-	-	-	-
Skilled	-	-	1	-
Semi-skilled	-	-	-	-
Unskilled	-	-	-	-
TOTAL	-	-	1	-

The full implementation of the Employment Equity Plan should be achieved by 31 May 2024. The variance between the current and the target figure is due to the implementation of the EE Plan.



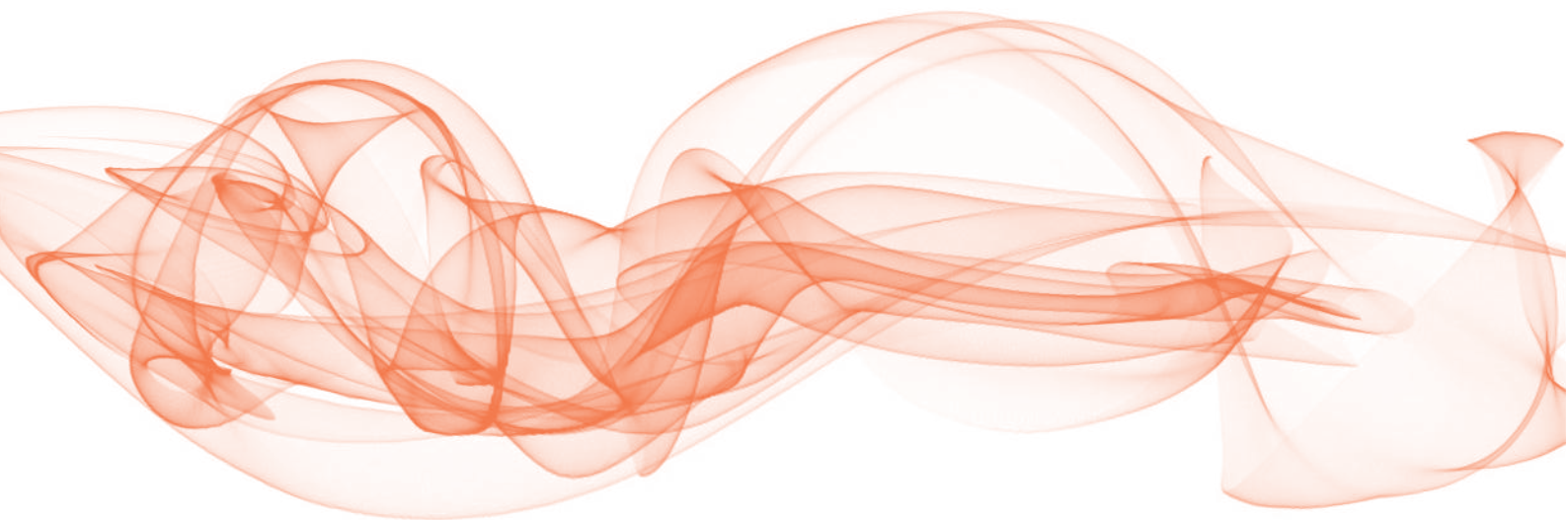




Part E:
Financial
Information

Public entity's General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Public Entity in terms of Schedule 3A of the Public Finance Management Act
Nature of business and principal activities	To oversee and enforce safety performance by all rail operators in South Africa including those of neighbouring states who enter South Africa.
Registered office	Building 4 Waterfall Point Office Park Cnr Waterfall and Woodmead Drive Midrand 1685
Postal address	PO Box 11202 Centurion 0051
Bankers	ABSA
Auditors	Auditor General of South Africa Registered Auditors



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114	NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Board Members' responsibilities and Approval

The members of the Board of the RSR are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records. The Board is also responsible for the content and integrity of the Annual Financial Statements and related members included in this report. It is the responsibility of the Board to ensure that the Annual Financial Statements fairly present the state of affairs of the RSR, the results of its operations and cash flows for the period ended 31 March 2022.

External Auditors had unrestricted access to all the financial records and related data to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice, including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgement and estimates.

The Board acknowledge they are ultimately responsible for the system of internal financial control established by the RSR, and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, they set standards for internal control to reduce the risk of misstatement or errors 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 RSR. All RSR employees are required to maintain the highest ethical standards to ensure the RSR's business is conducted in a manner that in all reasonable circumstances, is above reproach.

The focus of risk management in the RSR is therefore, on identifying, assessing, managing and monitoring all known forms of risk across the RSR. While operating risk cannot be fully eliminated, the RSR endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the assurance 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 errors.


The Board has reviewed and approved the budget of the RSR for the 2022/23 financial year and in light of this review and the current financial position, are satisfied that the RSR has access to adequate resources to continue its operational existence for the foreseeable future.

Though the Board is primarily responsible for the financial affairs of the RSR, they are supported by the RSR's Internal and External Auditors.

The Annual Financial Statements, which have been prepared on the going concern basis, were approved by the Board on 29 July 2022 and were signed on its behalf by:



Ms Tshepo Kgare
CHIEF EXECUTIVE OFFICER



Mr Boy Johannes Nobunga
CHAIRPERSON: RSR BOARD

Auditor-General Report

Report of the Auditor-General to Parliament on the Railway Safety Regulator

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Railway Safety Regulator set out on pages 97 to 138, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, 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, the financial statements present fairly, in all material respects, the financial position of the Railway Safety Regulator as at 31 March 2022, and its 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 of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

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

Responsibilities of the accounting authority for the financial statements

6. The Board of Directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

Auditor-General Report

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic outcome presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic outcome presented in the public entity's annual performance report for the year ended 31 March 2022:

Strategic Outcome	Pages in the annual performance report
Strategic Outcome 1 – Railways are safer	34 – 35

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for Strategic Objective 1 – Railways are safer.

Report on the audit of compliance with legislation

Introduction and scope

15. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
16. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

Introduction and scope

17. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected strategic objective presented in the annual performance report that has been specifically reported in this auditor's report.
18. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
19. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
20. 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. I have nothing to report in this regard.

Internal control deficiencies

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

Other reports

22. I draw attention to the following engagement which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
23. The audit committee commissioned an investigation by the National Treasury on reported allegations in terms of Treasury Regulation 27.1.9. The investigation is still in progress at the date of this report.

Auditor-General

Pretoria

30 July 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-General’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

Annual Financial Statements

Statement of Financial Position at 31 March 2022

Description	Note(s)	2022	2021
Assets			
Current Assets			
Receivables from exchange transactions	3	6,159,991	6,244,042
Receivables from non-exchange transactions	4	-	800,000
Cash and cash equivalents	5	93,298,461	121,067,656
		99,458,452	128,111,698
Non-Current Assets			
Property, plant and equipment	6	28,652,858	29,599,765
Intangible assets	7	968,728	1,588,765
		29,621,586	31,188,530
Total Assets		129,080,038	159,300,228
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	46,641,275	41,432,446
Provisions	9	17,319,081	55,312,001
		63,960,356	96,744,447
Total Liabilities		63,960,356	96,744,447
Net Assets		65,119,682	62,555,781
Accumulated surplus		65,119,682	62,555,781

Statement of Financial Performance for the year ended 31 March 2022

Description	Note(s)	2022	2021
Revenue			
Revenue from exchange transactions			
Safety permit fees	10	178,883,567	170,943,602
Interest received	11	6,880,368	5,005,329
Total revenue from exchange transactions		185,763,935	175,948,931
Revenue from non-exchange transactions			
Administration grant		69,657,000	82,045,000
Penalties		1,197,500	800,000
Other income		2,103,522	1,051,567
Total revenue from non-exchange transactions		72,958,022	83,896,567
Total revenue		258,721,957	259,845,498
Expenditure			
Employee related costs	12	(165,724,363)	(142,873,059)
Transfer payments - surplus funds		(7,737,454)	(49,644,848)
Depreciation, amortisation and impairment		(4,856,661)	(5,702,393)
Debt impairment and write - off	13	(183,761)	(603,900)
Loss on disposal of assets		(123,232)	(320,556)
General expenses	14	(77,532,585)	(58,087,448)
Total expenditure		(256,158,056)	(257,232,204)
Surplus for the year		2,563,901	2,613,294

Statement of Changes in Net Assets for the year ended 31 March 2022

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2020	59,942,487	59,942,487
Changes in net assets		
Surplus for the year	2,613,294	2,613,294
Total changes	2,613,294	2,613,294
Balance at 01 April 2021	62,555,781	62,555,781
Changes in net assets		
Surplus for the year	2,563,901	2,563,901
Total changes	2,563,901	2,563,901
Balance at 31 March 2022	65,119,682	65,119,682

Cash Flow Statement for the year ended 31 March 2022

Description	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
Sale of goods and services		182,567,056	175,684,858
Grants		69,657,000	82,045,000
Interest income		6,880,369	5,005,329
		259,104,425	262,735,187
Payments			
Employee costs		(160,470,892)	(142,319,477)
Suppliers.		(123,404,436)	(59,849,367)
		(283,875,328)	(202,168,844)
Net cash flows from operating activities	15	(24,770,903)	60,566,343
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(3,216,211)	(4,239,286)
Proceeds from sale of property, plant and equipment	6	217,919	68,888
Purchase of other intangible assets	7	-	(381,300)
Net cash flows from investing activities		(2,998,292)	(4,551,698)
Net increase/(decrease) in cash and cash equivalents		(27,769,195)	56,014,645
Cash and cash equivalents at the beginning of the year		121,067,656	65,053,011
Cash and cash equivalents at the end of the year	5	93,298,461	121,067,656

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2022

Budget on Cash Basis

Description	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						
Safety permit fees	176,710,565	2,892,298	179,602,863	178,403,236	(1,199,627)	N1
Safety application fees	-	223,111	223,111	480,331	257,220	N2
Interest received - investment	3,796,498	589,366	4,385,864	6,880,368	2,494,504	N3
Total revenue from exchange transactions	180,507,063	3,704,775	184,211,838	185,763,935	1,552,097	
Revenue from non-exchange transactions						
Transfer revenue						
Administration grant	69,657,000	-	69,657,000	69,657,000	-	
Penalties	-	1,197,500	1,197,500	1,197,500	-	
Other Income	-	-	-	2,103,522	2,103,522	N4
Total revenue from non-exchange transactions	69,657,000	1,197,500	70,854,500	72,958,022	2,103,522	
Total revenue	250,164,063	4,902,275	255,066,338	258,721,957	3,655,619	
Expenditure						
Employee cost	(164,768,834)	-	(164,768,834)	(165,724,363)	(955,529)	
Non - executive directors	(3,306,364)	(210,273)	(3,516,637)	(3,556,241)	(39,604)	
Transfer payment -surplus fund	-	-	-	(7,737,454)	(7,737,454)	N5
Depreciation and amortisation	-	-	-	(4,856,661)	(4,856,661)	N6
Loss on disposal of assets	-	-	-	(123,232)	(123,232)	N6
General expenses	(42,241,737)	(70,765)	(42,312,502)	(33,119,066)	9,193,436	N7
Office Rental	(12,413,993)	131,544	(12,282,449)	(15,018,458)	(2,736,009)	N8
Debt impairment and write - off	-	-	-	(183,761)	(183,761)	N9
Repairs and maintenance	617,520)	39,154	(578,366)	(610,474)	(32,108)	
External audit fee	(2,915,117)	392,902	(2,522,215)	(2,509,996)	12,219	
Consulting and professional fees	(20,290,498)	(23,364,387)	(43,654,885)	(22,718,350)	20,936,535	N10
Total expenditure	(246,554,063)	(23,081,825)	(269,635,888)	(256,158,056)	13,477,832	
Budget Surplus	3,610,000	(18,179,550)	(14,569,550)	2,563,901	17,133,451	
Surplus for the year from continuing operations	3,610,000	(18,179,550)	(14,569,550)	2,563,901	17,133,451	
Capital expenditure	(3,610,000)	(7,976,860)	(11,586,860)	(3,412,952)	8,173,908	N11

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2022

Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual amount on comparable basis as presented in the budget and actual comparative statement		- (26,156,410)	(26,156,410)	(849,051)	25,307,359	
Reconciliation						
Basis difference						
Capital expenditure				3,412,952		
Actual Amount in the Statement of Financial Performance				2,563,901		

Variance of 10% or more between the budget and actual amounts are regarded as material and all material differences are explained.

N1. Safety Permit fee - R1 199 627

The reasons for not meeting the budget include, loss of revenue due to operators which are no longer operating, operators which have not applied, operators whose temporary permit still valid and delayed permit assessments.

N2. Safety Permit - Application Fees R257 220

A budget adjustment of R223 111 was made during the year. The actual revenue generated from application fees resulted from new applications which were not budgeted for. No application fees were expected this year since the introduction of the new permit life cycle being three(3) and five (5) years. Application fees were charged based on the approved permit fee determination.

N3. Interest Received - R2 494 504

The RSR deposits its surplus funds with the Corporation of Public Funds (CPD). More interest was generated compared to the budget due to unpaid long outstanding disputed creditors, cancelation of non-responsive tenders and increase in the interest rates at CPD during 2021/22.

N4. Other Income from non - exchange transactions- R2 103 522

The RSR does not budget for variable income. The reason for not budgeting for this type of income is that it is not certain to be raised. Therefore, the RSR does not want to increase its budget for revenue that may not be collected. This amount includes insurance proceeds for lost assets, proceeds from sale of old RSR assets no longer in use, staff debt, derecognition of prescribed liabilities and recoverable income for expenditure incurred in the previous periods.

N5. Transfer payments : Surplus - R7 737 454

This amount was not budgeted for. It represents the provision for surrendering of surplus funds to the National Revenue Fund in terms of National Treasury Instruction No.12 of 2020/21.

N6. Depreciation and amortisation ,Loss on disposal of assets - R4 979 893

RSR does not budget for non cash items.

N7. General expenses - R9 193 436

This variance is as a result of planned for expenditure not invoiced by year-end. Due to under expenditure or purchase order issued, but services have not been delivered by year - end. A portion of this amount represents commitments at year - end.

N8. Office Rental - R2 736 009

This variance resulted from the recognition of the operating lease liability movement (Smoothing of R2.6 million) in respect of the lease of the RSR regional offices which is a non-cash item not budgeted for.

N9. Debt impairment and write-off - R183 761

The RSR does not budget for bad debts and debt impairment.

N10. Consulting and professional fees - R20 936 535

This variance is as a result of planned expenditure not incurred before year - end. The significant amount of this variance represents commitments at year- end.

N11. Capital Expenditure - R8 173 908

The total budget was R11.6 million and R3.4 million was incurred, resulting in a variance of R8.2 million. Of the R8.2 million variance, R2.7 million represents commitments at year - end. The remaining R5.5 million represents unspent

Accounting Policies

1. Presentation of Financial Statements

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice, issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (Act 1 of 1999).

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified. They are presented in South African Rands.

Assets, liabilities, revenues and expenses were not offset, except when offsetting is either required or permitted by a Standard of GRAP.

A summary of significant accounting policies, that have been consistently applied in the preparation of these Annual Financial Statements, is disclosed below.

Comparative information

When the presentation or classification of items in the Annual Financial Statements are amended, prior period comparative amounts are restated if material. The nature and reason for the reclassification is disclosed. Where the accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable, and the prior year comparatives are restated accordingly.

Significant accounting judgements and estimates

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts presented in the Annual Financial Statements and related disclosures. Use of available information and application of judgement is inherent in the formation of estimates. Significant judgements include the following:

Budget variance

Variances of 10% or more between budget and actual amounts are regarded as material. All material differences are explained.

Useful life assessment

In determining the useful life and residual values of each property, plant and equipment and intangible assets, management took the nature and condition of each asset type and the usage of assets into consideration.

The accounting policies are consistent with the previous period.

1.1 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 RSR; and
- The cost of the item can be measured reliably.

Property, plant and equipment are 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. Trade discounts and rebates are deducted to arrive at the cost.

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.

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

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. The residual value will be applied if there is an intention to sell the asset at the end of its useful life.

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	10 - 20 years
Motor vehicles	Straight line	12 - 15 years
Office equipment	Straight line	6 - 20 years
IT equipment	Straight line	6 - 12 years
Leasehold improvements	Straight line	5 - 10 years
Leased assets	Straight line	3 - 6 years

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the RSR. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

At each reporting date, the RSR assesses whether there is any indication that its expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the RSR revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate or an error if it is deemed that the useful lives were assessed incorrectly.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the Annual Financial Statements.

1.2 Intangible assets

An asset is identifiable if it is:

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

A binding arrangement describes contracts and other arrangements that confer similar rights and obligations the parties as if it were in the form of a contract.

Accounting Policies

An intangible asset is recognised when:

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

The RSR assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	3 - 11 years

1.3 Financial instruments

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

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

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.

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

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:

- Cash;
- Residual interest of another entity; or
- A contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the RSR.

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 in accordance with the original or modified terms of a debt instrument.

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

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the RSR.

Liquidity risk is the risk encountered by the RSR in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

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

Initial recognition

The RSR 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 RSR recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The RSR measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The RSR measures a financial asset and financial liability initially at its fair value.

Subsequent measurement of financial assets and financial liabilities

The RSR measures all financial assets and financial liabilities after initial recognition at amortised cost.

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

Gains and losses

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

1.4 Statutory receivables

Identification

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

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

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Accounting Policies

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The RSR recognises statutory receivables as follows:

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

Initial measurement

The RSR initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

- Interest or other charges that may have accrued on the receivable (where applicable);
- Impairment losses; and
- Amounts derecognised.

Impairment losses

Derecognition

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

- The rights to the cash flows from the receivable are settled, expire or are waived;

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The RSR considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.5 Taxation

Income tax

The RSR has obtained income tax exemption from the Commissioner of the South African Revenue Services under Section 10(1)(a) of the Income Tax Act, 1962 as amended.

Value Added Tax

The RSR is exempt from the Value Added Tax.

1.6 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 RSR 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 RSR's incremental borrowing rate if it is impractical to determine the interest rate implicit in the lease.

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

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

The present value of the lease is considered to amount to "substantially all of the fair value" when it exceeds 95% of the fair value of the leased assets.

Operating leases - lessee

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

1.7 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Accounting Policies

Identification

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

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

Irrespective of whether there is any indication of impairment, the RSR also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

1.8 Segment information

The RSR is organised and reports based on the basis of two programmes namely : Administrative support and Operations. These programmes are treated as cost centres for the purpose of cost control and resources allocation, the existing set up and operations do not warrant segment reporting.

1.9 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- Wages, salaries and social security contributions;
- Short-term compensated absences (such as paid annual leave and paid sick leave) for which the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- Bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

The expected cost of compensated absences is recognised as an expense because the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The RSR measure the expected cost of accumulating compensated absences as the additional amount that the RSR expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The RSR recognise the expected cost of bonus, incentive and performance related payments when the RSR has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the RSR has no realistic alternative but to make the payments.

1.10 Provisions and contingencies

Provisions are recognised when:

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the RSR settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 17.

Where a fee is charged and the RSR considers that an outflow of economic resources is probable, the RSR recognises the obligation at the higher of:

- The amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- The amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.11 Revenue from exchange transactions

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

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

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

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

Measurement

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 RSR, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method. Accounting for adjustments to revenue

The adjustments to revenue charged in terms of legislation or similar means resulting from the completion of a review, appeal or objection process are accounted for in terms of IGRAP 20. The impact of the IGRAP 20 has been assessed in the current and previous financial year and no material adjustments were identified.

Accounting Policies

Revenue comprises of:

Safety permit application and permit fee

Revenue arising from permit fees as published in the Government Gazette by the Minister of Transport on an annual basis is recognised on an accrual basis, when economic benefit is probable. This is presented in the statement of financial performance.

Interest received

Interest received comprises interest charged on operator's late payments and favourable bank balances. Interest income is recognised using the effective interest rate..

Technology audits

The RSR conducts technology audits and recovers costs in accordance with section 17(1) (bB) of the National Railway Safety Regulator Act No. 16 of 2002 as amended. The RSR does not charge for technology audits as the current legislation is being reviewed.

When the outcome of the technology review transaction can be estimated reliably, revenue will be recognised by reference to the stage of completion of the transaction at reporting date. Stage of completion will be determined using the life cycle phases as indicated in the published Gazette.

1.12 Revenue from non-exchange transactions

Non-exchange transaction are defined as transactions where RSR receives value from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transaction is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. Revenue from administration grant is considered to be revenue from non-exchange transactions.

Revenue from non-exchange transactions is recognised when there is reasonable assurance that the amount will be received and the value thereof can be reliably measured.

Fines and penalties

Revenue from fines and penalties is recognised when:

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

This comprise of revenue arising from penalties charged as a result of failure by operators to comply with any provisions of the National Railway Safety Regulator Act No. 16 of 2002 as amended, the regulations and the standards that inhibit or prevent the Regulator's ability to perform its mandate.

Unconditional grant

Administration grants received or receivable from the Department of Transport represent unconditional government grants and are recognised as revenue when:

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

The RSR recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. Transferred assets are measured at their fair value as at the date of acquisition.

To the extent that an asset has not been recognised, a deferred income will be recognised as a liability. The deferred income will be transferred to revenue as and when the conditions attached to the grant are satisfied.

1.13 Borrowing costs

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

1.14 Fruitless and wasteful expenditure

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

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

1.15 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) This Act; or
- (b) The State Tender Board Act, No. 86 of 1968, or any regulations made in terms of the Act; or
- (c) Any provincial legislation providing for procurement procedures in that provincial government.

National Treasury Instruction no 02 of 2019/20 effective from 17 May 2019 which was issued in terms of sections 76(2)(e) to 76(4)(a) of the PFMA applies.

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.

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

1.16 Budget information

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

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

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

The approved budget covers the fiscal period from 2021/04/01 to 2022/03/31.

The Annual Financial Statement and the budget are not 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.

1.17 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.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The RSR 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 that it is reasonable to expect the RSR to have adopted when dealing with that individual entity or person in the same circumstances. The terms conditions must also be within the normal operating parameters established by that reporting entity's legal mandate.

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

Notes to the Financial Statements

Description	2022	2021
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2. New standards and interpretation

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	Not known	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	Not known	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2025	Unlikely there will be a material impact

3. Receivables from exchange transactions

Trade debtors	1,483,035	1,390,869
Prepayments	1,310,233	1,318,013
Deposits	3,880,899	3,973,022
Staff debts	36,175	30,438
Impairment allowance	(550,351)	(468,300)
	6,159,991	6,244,042

Statutory receivables included in receivables from exchange transactions above are as follows:

Safety permit fees	956,029	863,863
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Other non-financial asset receivables included in receivables from exchange transactions above are as follows:

Prepayments	1,310,233	1,318,013
Deposits	3,880,899	3,973,022
Staff debt	36,175	30,438
Other debtors	527,006	527,006
Impairment allowance - non statutory receivables	(550,351)	(468,300)
	5,203,962	5,380,179
Total receivables from exchange transactions	6,159,991	6,244,042

Notes to the Financial Statements

Description

2022

2021

Statutory receivables general information

Transaction(s) arising from statute

The statutory receivables of the RSR comprises safety permit fees charged to the rail operators. The safety permit fees and penalties are charged to rail operators in terms of sections 23(2) of the National Railway Safety Regulator Act of 2002 as amended.

Determination of transaction amount

Safety permit fees

The Minister of Transport annually determines in terms of section 23(2)(a), fees that the Railway Safety Regulator must charge for the safety permit. The safety permit fees are published for compliance and general information in the Government Gazette. The fees are determined for each category of operators.

Technology audits

The Minister of Transport may in terms of section 17(1)(bB) determine in consultation with Minister of Finance by notice in the Gazette, fees for providing services by the Railway Safety Regulator. The legislation is currently under review and RSR did not charge for technology audits during the year.

Interest or other charges levied/charged

The Interest was charged on the statutory receivable arising from exchange receivable transactions at 31 March 2022 in line with RSR revenue and receivable policy.

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

In terms of the RSR's revenue and receivable policy, an invoice is overdue when it is more than 30 days. The RSR assesses receivables for impairment based on the receivable age analysis.

Notes to the Financial Statements

Description	2022	2021
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Receivables past due but not impaired

Relating specifically to statutory receivables

Statutory receivables which are less than 30 days past due are not considered to be impaired. At 31 (2021: R604,412) were past due but not impaired due to confirmation obtained for future payment.

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

Age	2022	2021
31- 60 Days	23,437	13,517
61-90 Days	-	590,895
91-120 Days	38,907	-
Over 120 Days	407,723	-
	470,067	604,412

Total trade and other receivables impaired

As on 31 March 2022, the trade and other receivables relating to receivables from exchange transactions were impaired and provided for. The amount of the provision was R550 351 as of 31 March 2022 (2021: R468 300). These amounts were impaired because they were overdue. RSR does not have collateral held against these amounts.

Age	2022	2021
Over 120 Days	550,351	468,300

Reconciliation of provision for impairment of total trade and other receivables

Opening balance	468,300	160,415
Provision for impairment	82,051	348,685
Amounts written off as uncollectible	-	(9,600)
Unused amounts reversed	-	(31,200)
	550,351	468,300

Notes to the Financial Statements

Description	2022	2021
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4. Receivables from non-exchange transactions

Trade debtors	-	800,000
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Penalties	-	800,000
Total receivables from non-exchange transactions	-	800,000

Statutory receivables general information

Transaction(s) arising from statute

The statutory receivables from non - exchange receivables arise from the charging of penalties by the RSR to the rail operators which contravened the provisions of the National Railway Safety Regulator Act of 2002 as amended. The fees are charged in terms of section 45A of the act.

Determination of transaction amount

The penalties fees are charged in terms of section 45A of the National Railway Safety Regulator Act of 2002 as amended and penalty fee model developed in terms of the Penalty Fee Regulation of 2011. The penalty fees are approved by the Minister of Transport and published in the Government Gazette.

Interest or other charges levied/charged

There was no interest charged on the statutory receivable arising from the non - exchange receivable transactions at 31 March 2022.

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

In terms of the RSR's Revenue and receivable policy, an invoice is overdue when it is more than 30 days. The RSR assesses receivables for impairment based on the receivable age analysis.

Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2022 R0, (2021: R0) were past due but not impaired.

Factors the entity considered in assessing statutory receivables past due but not impaired

- The operator permits expiry dates.
- The financial status of the debtor.
- Payment agreement with the debtor.
- Settlement discounts granted to the operator

Notes to the Financial Statements

Description	2022	2021
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Statutory receivables impaired

As of 31 March 2022, no statutory receivables relating to receivables from non - exchange were impaired as payment was received after year end.

Total trade and other receivables past due but not impaired

The receivables were not pledged as security for any liabilities of the RSR.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4,845	6,705
Bank balances	890,953	1,306,407
Short-term deposits	92,402,663	119,754,544
	93,298,461	121,067,656

6. Property, plant and equipment

	2022			2021		
	Cost / valuation	Accumulated depreciation and impairment losses	Carrying value	Cost/ valuation	Accumulated depreciation and impairment losses	Carrying value
Furniture and fixtures	6,554,686	(2,048,891)	4,505,795	6,246,039	(1,724,879)	4,521,160
Motor vehicles	6,394,133	(1,446,470)	4,947,663	6,394,133	(934,303)	5,459,830
Office equipment	6,145,726	(1,519,819)	4,625,907	4,272,967	(881,743)	3,391,224
IT equipment	7,833,161	(4,246,599)	3,586,562	7,407,234	(3,994,402)	3,412,832
Leasehold improvements	15,110,327	(4,123,847)	10,986,480	15,110,327	(2,314,507)	12,795,820
Leased assets	563,838	(563,387)	451	658,511	(639,612)	18,899
Total	42,601,871	(13,949,013)	28,652,858	40,089,211	(10,489,446)	29,599,765

Notes to the Financial Statements

Description	2022	2021
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Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	4,521,160	308,646	-	(324,011)	4,505,795
Motor vehicles	5,459,830	-	-	(512,167)	4,947,663
Office equipment	3,391,224	1,925,761	(47,073)	(644,005)	4,625,907
IT equipment	3,412,832	1,178,542	(74,892)	(929,920)	3,586,562
Leasehold improvements	12,795,820	-	-	(1,809,340)	10,986,480
Finance leases	18,899	-	(1,267)	(17,181)	451
	29,599,765	3,412,949	(123,232)	(4,236,624)	28,652,858

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	5,002,086	156,304	(39,927)	(340,250)	(257,053)	4,521,160
Motor vehicles	4,355,521	1,574,269	-	(469,960)	-	5,459,830
Office equipment	2,654,651	1,347,074	(155,835)	(445,494)	(9,172)	3,391,224
IT equipment	3,748,220	847,909	(120,144)	(1,063,153)	-	3,412,832
Leasehold improvements	14,260,627	313,732	-	(1,778,539)	-	12,795,820
Finance leases	60,620	-	(4,650)	(37,071)	-	18,899
	30,081,725	4,239,288	(320,556)	(4,134,467)	(266,225)	29,599,765

Notes to the Financial Statements

Description	2022	2021
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7. Intangible assets

	2022			2021		
	Cost / valuation	Accumulated amortisation and impairment losses	Carrying value	Cost/ valuation	Accumulated amortisation and impairment losses	Carrying value
Computer software, other	18,378,972	(17,410,244)	968,728	20,253,957	(18,665,192)	1,588,765

Reconciliation of intangible assets - 2022

	Opening Balance	Amortisation	Total
Computer software, other	1,588,765	(620,037)	968,728

Reconciliation of intangible assets - 2021

	Opening Balance	Additions	Amortisation	Total
Computer software, other	2,509,166	381,300	(1,301,701)	1,588,765

8. Payables from exchange transactions

Trade payables	10,971,404	9,780,682
Revenue received in advance	7,508,000	7,508,500
Other payables and accruals	12,954,627	12,898,754
Operating lease payables ¹	7,872,880	5,249,143
13th cheque accrual	104,341	222,284
Accrued Leave Pay	7,230,023	5,773,083
	46,641,275	41,432,446

¹ This liability relates to smoothing of operating lease rentals in respect of the RSR offices.

Notes to the Financial Statements

Description	2022	2021
Analysis of trade and other payables		
0 to 30 Days	4,740,097	1,681,241
31 to 60 Days	300,076	-
Over 90 Days	5,931,231	8,099,441
	10,971,404	9,780,682

9. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus ¹	5,667,153	9,581,627	(5,667,153)	9,581,627
Surplus funds surrender ²	49,644,848	7,737,454	(49,644,848)	7,737,454
	55,312,001	17,319,081	(55,312,001)	17,319,081

¹ Provision for performance bonus for the 2021/22 financial year of which the exact amount is uncertain due to outstanding moderation and final approval.

² Surplus fund for the 2020/21 financial year of R49.6 million has been surrendered to the Revenue Fund during the year. R7.7 million has been provided for the 2021/22 financial year in terms of National Treasury instruction No 12 of 2020/2021.

Notes to the Financial Statements

Description	2022	2021
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Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus	4,857,014	5,667,153	(4,857,014)	5,667,153
Surplus funds surrender	-	49,644,848	-	49,644,848
Provisions for back pay	590,504	-	(590,504)	-
	5,447,518	55,312,001	(5,447,518)	55,312,001

10. Safety permit fees

Safety permit fees	178,403,236	170,623,281
Application fees	480,331	320,321
	178,883,567	170,943,602

11. Interest received

Interest earned on bank balance	6,848,214	5,005,329
Interest earned on debtor's balances	32,155	-
	6,880,369	5,005,329

The increased interest income arose as a result of increase in the repo rate by the Reserve Bank and a higher bank balance during the year.

12. Employee related costs

Salaries	80,522,453	75,493,490
Performance bonus	14,426,821	7,306,495
Medical aid - company contributions	6,915,447	6,646,212
Unemployment insurance fund	656,823	537,119
Union Fees	99,758	105,014
Leave pay accrual	1,456,940	329,407
Pension fund	14,304,163	13,395,494
Salaries leave paid	2,227,919	265,936
13th cheque	405,743	519,273
Acting allowances	1,675,285	659,517
South African Revenue Service (PAYE)	43,033,011	37,615,102
	165,724,363	142,873,059

13. Debt impairment

Allowance for impairment	82,052	307,885
Bad debts written-off	101,709	296,015
	183,761	603,900

Notes to the Financial Statements

Description	2022	2021
14. General expenses		
External audit fees	2,509,996	2,125,159
Railway safety outreach and awareness	8,348,255	3,379,283
Bank charges	87,910	77,409
Cleaning	1,332,025	1,876,067
Computer expenses	2,182,448	1,997,132
External bursary	1,658,153	1,245,029
Postage and couriers	86,930	28,904
Catering - refreshments	531,369	151,111
Gifts	74,820	130,695
Insurance	970,209	847,098
Conferences and seminars	1,030,780	252,480
Placement fees	688,685	936,211
Printing and stationery	412,005	55,906
Protective clothing	284,333	-
Repairs and maintenance	610,474	613,083
Subscriptions and membership fees	647,867	577,774
Telephone and data	2,465,994	2,237,571
Training	2,358,814	818,934
Travel - local	3,337,321	900,818
Travel - International	5,923	3,901
Municipal services	5,264,471	4,603,828
Equipment rentals	76,940	27,600
Corporate stationery	539,703	482,553
Office rental and services	15,018,458	14,991,276
Workmens compensation	158,409	105,023
Library & literature	561,332	215,166
Non - executive directors remuneration	3,556,241	2,519,063
Consulting and professional fees	22,718,350	16,881,561
Relocation cost	14,370	6,813
	77,532,585	58,087,448

Notes to the Financial Statements

Description	2022	2021
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15. Cash (used in) generated from operations

Surplus	2,563,901	2,613,294
Adjustments for:		
Depreciation and amortisation	4,856,661	5,702,393
Loss on sale of assets	123,399	320,556
Proceeds from sale of assets	(217,919)	(68,888)
Changes in working capital:		
Receivables from exchange transactions	884,051	4,892,261
Payables from exchange transactions	(32,980,996)	47,106,727
	(24,770,903)	60,566,343

16. Commitments

Approved and contracted for

Capital commitments

• Property, plant and equipment	2,530,064	1,924,601
• Intangible assets	192,750	4,505,744
	2,722,814	6,430,345

Operational Commitments

• General expenditure	176,340,857	192,318,770
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Total commitments approved and contracted for

Capital expenditure	2,722,814	6,430,345
General expenditure	176,340,857	192,318,770
	179,063,671	198,749,115

Approved not contracted for

Operational expenditure	-	-
	-	3,448,818
	-	3,448,818

The RSR will utilise its own resources to fund the commitments for the 2021/22 financial year through available cash resources at year-end and the approved budget for the 2022/23 budget.

Notes to the Financial Statements

Description	2022	2021
Operating leases - as lessee (expense)		
Minimum lease payments due		
Within one year		
Building 2 Central office	2,688,057	2,512,203
Building 4 Head office	7,957,454	7,436,873
Building Eastern region	885,052	827,151
Building Coastal region	1,508,323	1,396,595
In second to fifth year		
Building 2 Central Office	16,540,396	11,934,820
Building 4 Head office	48,964,528	35,330,642
Building Eastern region	1,607,132	2,492,184
Building Coastal region	2,474,810	3,983,133
In sixth to tenth year		
Building 2 Central Office	6,846,057	14,139,690
Building 4 Head office	19,184,545	40,775,885
	108,656,354	120,829,176

Notes to the Financial Statements

Description	2022	2021
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17. Contingencies

1. Termination of employee contracts:

1.1 An unfair dismissal dispute was referred to the CCMA where the finding was in favour of the RSR. The matter has been referred to the Labour Court. A possible award equivalent to three months' salary in the sum of R412 970 is contingently provided for.

1.2. An unfair dismissal dispute was referred to the CCMA. The matter is before the Labour Court. A possible award equivalent to six month's salary is provided for on a contingent basis to the amount of R700 000.

2. Job grading

Various disputes relating to the implementation of job grading went to the CCMA and one dispute was subsequently escalated to the Labour Court. The estimated possible award is to the value of R327 505 based on salary grading differences calculated up to a maximum of 17 months.

3. Full Facilities Management vs RSR

In June 2018, the RSR terminated the contract for facilities management following a forensic audit. The matter has proceeded to arbitration and exchanged pleadings and the RSR has approached the High Court to set aside the agreement. An obligation will only be confirmed through the arbitration or High Court ruling. The RSR may be exposed to a possible obligation in the amount of R23 million. The claim against the RSR is for R31 million. The RSR's hopes to recover fruitless and wasteful expenditure to the value of R8 million.

4. Section 189

An employee is challenging the lawfulness of the section 189 process following his retrenchment. The matter is at the Labour Court with a possible liability that is estimated at 12 months' salary amounting to R1 million.

5. Unfair labour practice

5.1 An unfair labour practice dispute was referred to the CCMA challenging the "person to holder" principle. An Arbitration ruling was received on 02 March 2022 against the RSR with an estimated contingent liability to the value of R142 000.

5.2 An unfair labour practice matter whereby the applicant was employed by the RSR on 03 July 2020. The applicant was placed under a 12 month probation and her probation was not confirmed. The RSR received court papers on 06 September 2021 pertaining to the alleged harassment. The applicant alleges that the employer has committed acts of omissions directed at her which are unwelcoming, unwarranted and had destructive effect towards the Applicant. The relief sought by the Applicant in her prayers is that RSR pay the applicant R1 562 695 for harassment case. The RSR filed the notice of intention to defend on 20 September 2021 and also filed a notice of exception on 01 October 2021. A pre-trial was held on 16 March 2022 and the parties filed and signed minutes and awaiting court date.

5.3 An employee was dismissed following a disciplinary enquiry for misconduct. The matter was referred to the Labour court, where the court found that the dismissal to be unfair and for re-instatement of the employee. The RSR has filed a notice of appeal to the Labour Appeal Court. The estimated contingent liability is to the value of R4.4 million should the appeal fail

6. Application for retention of surplus funds

Section 53 (3) of the Public Finance management Act states that a public entity which must submit a budget in terms of subsection (1), may not budget for a deficit and may not accumulate surpluses unless the prior written approval of the National Treasury has been obtained.

The Railway Safety Regulator is a Schedule 3A public entity and has declared surplus funds to the amount of R38 million on 31 March 2022 in terms of National Treasury Instruction No.12 of 2020/21. Of the R38 million, R7.7 million has been recorded as a provision in the statement of financial position for the financial year ended 31 March 2022. The remaining balance of R30.3 million is disclosed as a contingent liability. The Railway Safety Regulator will apply to National Treasury to retain these funds to fund its commitments on 31 March 2022. The surplus funds of R30.3 million are disclosed as a contingent liability as it is subject to the National Treasury approval which is expected to be obtained during the period from August to November 2022.

7. Civil claim

A former employee of the RSR has lodged a civil claim against the RSR to the value of R4.4 million with interest at seven percent per annum. The RSR is opposing the matter before the High Court and is awaiting a trial date.

Notes to the Financial Statements

Description	2022	2021
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18. Related parties

Relationships

Executive authority	Honourable Minister of Transport: Mr F Mbalula (MP)
Controlling entity	National Department of Transport
Related entities	Entities reporting to the Department of Transport
Members of key management	Mr M Selaledi - Acting Chief Executive Officer Mr S Maharaj - Chief Financial Officer Ms T Kgare - Chief Operations Officer Ms M Kekana - Chief Audit Executive Ms M Williams - Executive Media and Communications Ms V Sewlal - Executive Legal services Ms A Ntintelo - Chief Information Officer Ms C Walters- Acting Company Secretary

Related party transactions and balances

National Department of Transport (Controlling entity)

Administration grant	69,657,000	82,045,000
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Amounts included in revenue relating to PRASA (Related entity)

Permit fees	34,231,607	32,792,737
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Notes to the Financial Statements

Description

2022

2021

Key management information

Remuneration of management

Management class: Executive management

2022

Name	Basic salary	Medical aid and Pension	Performance Bonus	Other Expenses	long-services awards	Total
Mr M Selaledi - Acting Chief Executive Officer ¹	2,293,654	95,280	184,120	139	-	2,573,193
Ms T Kgare - Chief Operations Officer ⁸	2,626,166	93,834	405,628	-	-	3,125,628
Mr K Madlwabinga - Executive Human Resources	1,174,313	88,769	237,428	120	-	1,500,630
Ms C Walters - Acting Company Secretary ³	1,005,069	179,857	164,753	-	15,000	1,364,679
Mr A Tjatji - Acting Chief Financial Officer ²	1,425,144	62,307	136,076	139	-	1,623,666
Ms M Williams - Executive Media and Communications	1,481,693	127,344	237,428	-	-	1,846,465
Ms MB Tabane - Executive Legal Services ⁷	358,398	48,052	-	-	-	406,450
Ms T Tenyane - Acting Chief Financial Officer ⁴	946,215	208,925	84,393	-	-	1,239,533
Mr S Maharaj - Chief Financial Officer ⁵	322,778	-	-	-	-	322,778
Ms M Kekana - Chief Audit Executive	1,298,230	477,103	259,891	-	15,000	2,050,224
Ms V Sewlal - Executive Legal Services ⁶	172,924	13,132	-	-	-	186,056
Ms A Ntintelo - Chief Information Officer ⁵	231,109	43,716	-	-	-	274,825
	13,335,693	1,438,319	1,709,717	398	30,000	16,514,127

¹Acting CEO from 21 April 2021.

²Acting CFO from 1 February 2021 to 31 October 2021.

³Acting from 16 July 2021.

⁴Acting from 1 November 2021 to 31 January 2022.

⁵Appointed on 1 February 2022.

⁶Appointed 18 February 2022.

⁷Probation extended from 16 April 2021 to 15 July 2021.

⁸Acting from 30 November 2017 to 20 April 2021.

Notes to the Financial Statements

Description	2022	2021
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2021

Name	Basic salary	Medical and Pension	Performance bonus	Total
Ms T Kgare Acting Chief Executive Officer ¹	2,831,604	85,704	356,235	3,273,543
Mr K Madlwabinga- Executive Human Resources	1,470,786	145,010	139,011	1,754,807
Mr R Gouws-Chief Financial Officer ²	1,541,854	194,873	175,519	1,912,246
Ms. M Williams- Executive Media and Communication	1,614,432	-	139,011	1,753,443
Ms MB Tabane - Executive Legal Services ³	815,529	112,122	-	927,651
Mr A Tjatji- Acting Chief Financial Officers ⁴	1,195,350	206,284	119,506	1,521,140
Mr F Kgomari- Acting Chief Operations Officers	1,998,949	118,080	171,313	2,288,342
Ms. M Kekana-Chief Audit Executive	1,242,945	438,308	-	1,681,253
Mr. M Selaledi-Acting Chief Executive Officer ⁵	1,854,632	86,448	242,550	2,183,630
	14,566,081	1,386,829	1,343,145	17,296,055

¹Acting CEO from 30 November 2017 to 20 April 2021

²Resigned on 31 January 2021.

³Appointed on 1 August 2020. Probation terminated on 31 January 2021.

⁴Acting since 1 February 2021

⁵Acting COO until 20 April 2021 and Acting CEO from 21 April 2021.

Board and committee members

2022

Name	Members' fees	Allowances	Expenses	Total
Mr BJ Nobunga (Chairperson)	-	18,000	34,759	52,759
Mr C.J De Vos	276,779	18,000	4,158	298,937
Mrs MP Mathibedi	296,329	18,000	729	315,058
Ms N Ekeke	220,099	18,000	-	238,099
Adv FJ Van Der Westhuizen	238,396	18,000	-	256,396
Mr SL Mtwla	250,416	18,000	610	269,026
Adv JC Weapond	255,208	18,000	-	273,208
Ms Y Pamla	351,677	18,000	3,096	372,773
Ms S Nwabueza ¹	141,386	10,500	187	152,073
Ms N Khumalo ²	193,450	16,500	-	209,950
Mr G Maluleke ³	-	-	-	-
	2,223,740	171,000	43,539	2,438,279

¹Resigned on 31 October 2021.

²Resigned on 16 March 2022.

³Delegate from the National Department of Transport - not remunerated.

Notes to the Financial Statements

Description	2022	2021		
2021				
Name	Members fee	Allowances	Expenses	Total
Dr N Zethu Qunta (Chairperson) ³	142,430	1,850	-	144,280
Mr BJ Nobunga (Chairperson) ⁵	103,744	10,700	17,515	131,959
Adv FJ Van Der Westhuisen	66,780	8,200	-	74,980
Mr SL Mtwana ⁴	110,995	9,700	-	120,695
Mr A Harrison ³	66,339	1,100	-	67,439
Adv JC Weapond ⁴	87,905	9,700	126	97,731
Ms N Khumalo ⁴	106,362	9,700	228	116,290
Mr R Dlamini ³	58,765	1,100	-	59,865
Ms N Mbiza ³	105,149	1,100	-	106,249
Ms DP Mathibedi ⁴	125,113	9,700	-	134,813
Mr NS Ekeke ⁴	96,137	9,700	185	106,022
Major General MM Motlhalo ²	-	-	-	-
Ms HT Thopola ³	76,152	1,100	-	77,252
Major General W Venter ³	59,401	1,100	-	60,501
Mr JD de Villiers ¹	-	-	-	-
Ms Y Pamla ⁴	135,466	9,700	569	145,735
Mr CJ De Vos ⁶	77,676	2,600	-	80,276
Ms S Nwabueze ⁴	96,138	9,700	382	106,220
	1,514,552	96,750	19,005	1,630,307

¹ Delegate from the National Department of Transport - not remunerated.

² Delegate from the South African Police Services- not remunerated

³ Contract term expired.

⁴ New Members appointed on 5 August 2020.

⁵ Appointed as Chairperson.

⁶ Re-instated on 10 March 2020

Notes to the Financial Statements

Description	2022	2021
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19. Related parties - Board members

Audit and Risk Committee

2022

Name	Members' fees	Allowances	Total
Ms M Mbonambi (Independent member) ¹	297,865	-	297,865
Mr P Dala (Independent member) ¹	325,507	-	325,507
Ms MM Phiri (Independent Member) ²	435,101	2,087	437,188
	1,058,473	2,087	1,060,560

¹Term ended on 31 January 2022.

²Reappointed on 31 January 2022.

2021

Name	Members' fees	Allowances	Total
Ms M Mbonambi (Independent member) ¹	243,999	750	244,749
Mr P Dala (Independent member)	325,344	1,150	326,494
Ms MM Phiri (Independent Member) ¹	316,762	750	317,512
	886,105	2,650	888,755

¹New Appointment 1 May 2020.

Information Communication Technology Committee

2022

Name	Members' fees	Total
Ms AMM Badimo ¹	31,890	31,890
Dr D Jairam-Owthar ¹	25,512	25,512
	57,402	57,402

¹Appointed 01 December 2021.

Notes to the Financial Statements

Description	2022	2021
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20. Change in accounting estimate

Intangible assets

At the beginning of the 2021/22 financial year, RSR assessed and revised the useful life of certain class of its intangible assets. The amortisation on these intangible assets was originally estimated at eight years and subsequently revised to eleven years. The effect of the change on the actual and expected amortisation expense in the current and future financial periods are as follows

Description	2021/22	2022/23	2023/24
Original estimate	1,061,344	-	-
Revised estimate	(353,781)	(353,781)	(353,781)
Change in estimate	707,563	(353,781)	(353,781)

21. Prior period errors

Financial risk management disclosure - Credit risk:

The Annual Financial Statements for the year ended 31 March 2021 incorrectly disclosed prepayments under credit risk exposure. The correction of the error was accounted for retrospectively.

Description	As previously reported	Correction	Restated
Receivables	7,044,042	(1,318,083)	5,726,029

21. Risk management

Financial risk management

The RSR manages its net assets to ensure that it will be able to continue as a going concern, while meeting its overall objectives. Funding is obtained primarily from grants and the administration of permit fees. The strategy is consistent with that applied in prior years.

From its use of financial instruments, the RSR has exposure to the following risks:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the RSR's exposure to each of the above risks. Further quantitative disclosures are included throughout these financial statements. The Board has the overall responsibility for the establishment and oversight of the RSR's risk management framework. The Board has established the Audit and Risk Committee which is responsible for the oversight on the development and monitoring the RSR's risk management policies.

RSR's risk management policies are established to identify and analyse the risks faced by the RSR to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the RSR's activities. RSR through its training and management standards and procedures aims to develop a disciplined and effective control environment in which all employees understand their roles and obligations. The Audit and Risk Committee oversees how management monitors compliance with RSR's risk policies and procedures, and review the adequacy of the risk management framework in relation to the risk faced by the RSR. The Audit and Risk Committee is assisted in its oversight role by the Internal Audit. The internal audit undertakes both regular and adhoc financial reviews of controls in place to mitigate the risk which are reported to the Audit and Risk Committee.

Debtors are assessed at year end for recoverability and the necessary provision for write off will be raised if deemed material.

The RSR's Annual Financial Statements consist mainly of cash and cash equivalents, receivable and payables. Bank deposits and balances, receivables and payables approximate their fair values due to the short term nature of these instruments. The fair values together with the carrying amounts have been determined by using available market information and are presented in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the RSR will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk is considered low as the current assets exceeded current liabilities at 31 March 2022. The total current assets reported in the statement of Financial Position has already taken account of the provision for credit losses. Furthermore, all the open order commitments of the RSR at 31 March 2022 were fully funded. Management monitors rolling forecast of the RSR's cash and cash equivalents on the basis of the expected cash flows. The RSR engages with the rail operators on a continuous basis to ensure that it has the cash flows to meet the expected payments as they fall due.

The table below analyses the RSR's 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.

Notes to the Financial Statements

Description	2022				2021
Maturity groupings	Not later than one month	Later than one month and no later than three months	Later than three month and no later than one year	Later than one year and no later than five years	Total
Trade payables	4,740,097	300,076	-	5,931,231	10,971,404
Revenue received in advance	-	-	-	7,508,000	7,508,000
Accrued leave pay	-	7,230,023	-	-	7,230,023
Other payables and accruals	658,887	-	-	12,295,740	12,954,627
Operating lease payables	-	-	-	7,872,880	7,872,880
13 th cheque accrual	-	-	104,341	-	104,341
	5,398,984	7,530,099	104,341	33,607,851	46,641,275

Notes to the Financial Statements

Description	2022	2021
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Credit risk

The risk that a counterparty will not meet its obligations under financial instruments, leading to a financial loss. The RSR is exposed to credit risk from its operating activities, primarily for receivables. The RSR's maximum exposure to credit risk as at 31 March 2022 was R4 849 758 (2021: R5 726 029).

Potential concentration of credit risk consist mainly of cash and cash equivalents and receivables. Financial institutions with an acceptable independent rating are accepted. The carrying amount of the receivables are recorded at net of impairment allowances which represents the RSR's maximum exposure to credit risk.

At 31 March 2022, the RSR did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

Market risk

Market risk is the risk that changes in market prices such as interest rates, will affect the RSR's income or the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return. The RSR is then exposed to one primary type of market risk namely, interest risk.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rate. The RSR's exposure to the risk of changes in market rates is limited to cash and cash equivalents that have floating interest rates which may fluctuate during a financial year. The sensitivity of the finance income to these changes are deemed negligible.

Cash and cash equivalent

The RSR only deposits cash with major banks with high quality credit standing. RSR, therefore, does not consider to be any significant exposure to credit risk.

The RSR utilised ABSA bank, for daily transactions which has a Ba1 rating as well as the reserve bank for investment purposes

Financial assets and Liabilities

RSR's principle financial assets are accounts receivables and cash and cash equivalents. At 31 March 2022, the carrying amounts of cash, accounts receivables and accounts payables at amortised cost approximate their fair values, due to the short term maturities of these assets and liabilities. Management has assessed the impact of COVID - 19 on outstanding balances and no further risks were identified. The available cash balances at year - end and collection rate after year - end to meet future obligations were assessed and no material risks has been identified. The net fair value of the assets and liabilities of the RSR are stated below:

The management has assessed the impact of COVID-19 on outstanding balances and no further risks were indentified. The collection rates after year-end and available cash balance at year-end to meet further obligations were assessed and no material risk has been identified.

Assets

Receivables	4,849,758	5,726,029
Cash and cash equivalents	93,298,461	121,067,656
	98,148,219	126,793,685

Liabilities

Payables from exchange transactions	46,641,275	41,432,446
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No financial instrument is carried at an amount in excess of its fair value.

Notes to the Financial Statements

Description	2022	2021
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23. Going concern

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Management has assessed the RSR's ability to continue as a going concern, including the effect of COVID - 19 and no material uncertainties were identified.

24. Events after the reporting date

On 25 May 2022 the RSR cancelled a significant contract. This contract related to the development of a new technology platform/solution (NIMS Next Generation). The contract had a remaining value of R12.4 million and the Annual Financial Statements have been adjusted to take account of this cancellation.

25. Fruitless and wasteful expenditure

Opening balance as previously reported	8,320,201	8,730,716
Opening balance as restated	8,320,201	8,730,716
Add: Expenditure identified - current	1,440	-
Less: Amounts recoverable	(864)	(348,726)
Less: Amount written-off - current	(576)	(61,789)
Closing balance	8,320,201	8,320,201

Details of Fruitless Expenditure - Current Year **1 440**

No-show for accommodation bookings

Details of Fruitless Expenditure - Recovered **864**

Write-off no shows for an accommodation booking- Garden court Hotel

Details of Fruitless Expenditure - Written - Off **576**

Recovery of no show for an accommodation booking - Garden court Hotel

Notes to the Financial Statements

Description	2022	2021
Fruitless and wasteful expenditure breakdown		
Recovery of expenditure incurred from purchase of goods that were never delivered	-	195,405
Write off of expenditure incurred for flight bookings which were subsequently cancelled	-	61,789
Recovery of expenditure incurred on legal opinion by former CEO	-	153,321
Recovery of expenditure incurred on accommodation expenditure which were never utilised	864	-
	864	410,515

26. Irregular expenditure

Opening balance as previously reported	556,667	3,073,517
Add: Irregular expenditure identified in the current year, relating to prior year	-	556,667
Opening balance as restated	556,667	3,630,184
Less: Irregular expenditure condoned ¹	(568,742)	(2,596,558)
Add: Irregular Expenditure - current year ²	181,641	-
Less: Amounts recoverable	-	(464,379)
Less: Amount written-off - current	-	(12,580)
Closing balance	169,566	556,667

Details of irregular expenditure - current year

Irregular expenditure relating to services rendered without a purchase order	26,520	-
Irregular expenditure relating to services rendered without an approved variation request	155,121	-
	181,641	-

Details of irregular expenditure condoned

	Total	Total
Irregular expenditure relating to variation on legal services	556,667	-
Irregular expenditure relating to services rendered without a purchase order	12,075	-
	568,742	-

¹ Condoned by National treasury.

² Under investigation.

Notes to the Financial Statements

Description	2022	2021
27. Consulting and professional fees		
Internal audit	1,179,180	92,460
Business consultancy	7,108,262	6,640,319
Risk Management	666,020	684,872
Board support	327,788	150,971
ICT Support and improvement	4,707,290	5,280,085
Security system	639,323	496,240
HR Training and development	3,078,260	881,170
Finance support	-	48,344
Legal fees	5,012,227	2,607,100
	22,718,350	16,881,561



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