



**The Road Transport and Safety Agency**

**ROAD TRANSPORT AND SAFETY AGENCY**  
**BE ROAD SMART — LIFE IS PRECIOUS**

## **Annual Report - 2019**









**The Road Transport and Safety Agency**

# **2019 ANNUAL REPORT**

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## Glossary

BRTA	Bilateral Road Transport Agreement
CBP	Cross Border Permit
CDC	Curriculum Development Centre
DPP	Director of Public Prosecutions
E-ZamTIS	Electronic Zambia Transport Information System
GRSP	Global Road Safety Partnership
IDP	International Driving Permit
MDVL	Motor Dealer Vehicle Licence
MLGH	Ministry of Local Government and Housing
MoU	Memorandum of Understanding
NRFA	National Road Fund Agency
PSV	Public Service Vehicle
RDA	Road Development Agency
RISDP	Regional Infrastructure Strategic Development Plan
RMI	Road Management Initiative
RSA	Road Safety Audit
RSI	Road Safety Inspection
RSL	Road Service Licence
RTC	Road Traffic Crashes
RTI	Road Traffic Inspector
RTSA	Road Transport and Safety Agency
SADC	Southern African Development Community
SCCM	System Centre Configuration Manager
SCOM	System Centre Operations Manager
SI	Statutory Instrument
ZamTIS	Zambia Transport Information System
ZITF	Zambia International Trade Fair
ZP	Zambia Police





# Board Chairman's Message

## Board Chairman's Message



**F**ellow citizens and valued stakeholders. It is my pleasure, on behalf of the Board of Directors, to present you the Road Transport and Safety Agency (RTSA) Annual Report for the financial year ended 31<sup>st</sup> December 2019. Certainly, 2019 has been a milestone year with many changes to how the Agency delivers its mandate. It also marked the beginning of our mandate as RTSA's Governing Board.

Our work is inspired by the broader national aspiration, to create a better life for all Zambians. The Agency has evolved in a quest to deliver a safer, inclusive and economically enabling road transport system. Mr. Gladwell Banda, the Chief Executive Officer and Director provides details of the key developments in 2019 which are underpinned by our mission statement.

The 2019 financial year proved to be a period of transformation for the RTSA. Key changes took place in the transport sector during the period under review. Notably, the President, Dr. Edgar Chagwa Lungu appointed Hon. Mutotwe Kafwaya to drive operational and service improvements in the sector as Minister of Transport and Communications. With the support of the Ministry of Transport and Communications, the RTSA responded to the new expectations through its legislated functions reducing road crashes by creating a safer transportation environment.

### Strategy and Execution

The financial year 2019 was critical in revising and shaping a robust strategic direction for the Agency. We launched a Strategic Plan for the period 2019-2021 which spells out the direction the Agency is taking to rapidly raise the quality and reach of our safety and service delivery mandate. We adopted a new vision; *"A safer, inclusive and economically enabling road transport system"* and realigned our mission; *"to deliver a safe, efficient and inclusive road transport system that supports socioeconomic development"*

The strategy is based on the six focus areas namely: Improve Road Transport & Safety; Improve Agency brand; Enhance service delivery; Enhanced stakeholder collaboration; increased revenue collection; and Strengthened organizational capability.

The financial year 2019 set the Agency trajectory in improving the road safety profile of the country by enhancing road safety education as the driving principal in the reduction of road crashes complemented with better road safety engineering, effective speed reduction measures and traffic enforcement.



The RTSA is dedicated to enhancing its mandate and is committed to offering the best customer experience in our service centres and all its operations. We are getting positive feedback from the public, and are strongly encouraged by it to make even more improvements. During the period under review, the Agency normalised the printing of Driving Licence cards and cleared the backlog by end of the year 2019.

The Agency also commenced development of an online service portal through the Government Service Bus (GSB) operated by the Ministry of Finance and Smart Zambia. The online service has started on a pilot basis with the provision of Motor Vehicle Licencing (Road Tax/CES) and Applications for Roadworthiness Examinations. The portal will facilitate online payment through debit/credit cards, and mobile money.

### **Governance**

The RTSA aims to embed sound corporate values into every day decisions, processes and operations in order to ultimately build a culture of efficiency, transparent, accountability, fairness, confidentiality, integrity and service excellence. Working and acting with integrity at all times is integral to our continued execution of all RTSA functions. RTSA's Governing Board, Management and frontline staff are committed to the highest level of accountability to ensure that organization of the country's transportation system serves the equitable movement of goods, services and all citizens including poor people in remote rural areas, poor women, young children, and people living with disabilities and generates socioeconomic multiplier effects.

### **Outlook**

Our focus over the next two years is executing the Agency strategy to achieve sustainable performance, by undertaking institutional reforms and promoting road safety and regulating the road transport sector. This will be enabled by implementing sound road

safety strategies and adherence to sound governance principles and actions, effectively mitigating our risks, and engaging with all our stakeholders successfully. RTSA will, in 2020, launch of the online payments solution and roll out electronic platforms, extending the Agency footprint print by creating new stations, rolling-out a driver mentorship programme in the RTSA stations and Driving Schools in a bid to enhance the quality of driver training and enactment of the Road Traffic Amendment Act to address the disjoint, given an evolving operational environment in the road transport sector.

### **Words of Appreciation**

I am grateful to my fellow directors saving on the current board under this period or their invaluable contributions and active participation in setting the agency strategy in the past year. And on behalf of the Board, I would like to extend a sincere word of gratitude to the Minister of Transport and Communications Hon. Mutotwe Kafwaya, the Permanent Secretary Eng. Misheck Lungu and the Government in general for setting high expectations and their continued guidance and support to assist us achieve and implement the mandate of the Agency.

I also recognise the hard work, and dedication of the Director and Chief Executive Officer, his management team and frontline staff. I congratulate them for delivering on the RTSA Strategic Plan and for presiding over the improvements in the road safety profile of the country, financial contribution to the treasury, operational and social performance recorded in the reporting period. I thank all our stakeholders for showing their continued confidence in us.



**Dr. Cornelius Chipoma**  
**Board Chairperson**

*Road Transport and Safety Agency*





# Director and CEO's message

## Director and CEO's Message



I am delighted to share with you the Road Transport and Safety Agency (RTSA) Annual report with audited financial statements for the year ended 31<sup>st</sup> December, 2019.

The Agency continued to perform its function in the road sector as outlined in Road Traffic ACT No. 11 of 2002. The year 2019 was distinct as it marked the first year of implementing the 2019-2021 strategic plan whose aspiration is a safe, inclusive and economically enabling road transport system.

The importance of road transport to the economy and road safety for all road users cannot be overemphasised. Road transport

plays a crucial role in urban and rural development. It has dominated the transport sector in Zambia and accounts for over 80 percent of passenger and freight traffic.

Road safety has been recognised as a public health concern and developmental problem worldwide. This recognition puts road traffic safety on the same level of global criticality as climate, health, education and equity issues. This means that road safety can no longer be traded off in order to promote other needs. The inclusion of road safety among the Sustainable Development Goals (SDGs) means that road safety is the responsibility of a wide range of stakeholders, both public and private.

The 2019 edition has highlighted performance of the Agency by outlining a number of successes met and unaccomplished targets. In 2019, a number of innovations in the manner the Agency conducted its business were made in the 2019 – 2021 strategic plan. The aspirations of the Agency stipulated in the strategic plan objectives are anchored on six focus areas namely; improving road transport and safety, improving agency brand, improving service delivery, enhancing stakeholders, Collaboration improved revenue collection and strengthening Organizational capacity.

During the year under review, the Agency under the licensing module recorded an increase in licencing transactions. In 2019, a total of 860,953 licensing transactions were recorded compared to 612,015 in 2018. The driver licensing printing backlog that was created in 2016 and 2017 was cleared. Clients are getting licenses on print on demand basis. This remarkable improvement is without doubt attributed to latest innovations

the Agency introduced during the year of conducting its business differently with an objective of satisfying and addressing its clients. The Agency initiated plans of opening three news stations in Serenje, Petauke and Mukambo. These stations will be fully operational in 2020, further the function of motor vehicle and trailer examination will be devolved to selected local authorities in order to increase access to RTSA services.

The RTSA in collaboration with the Ministry of Finance and Smart Zambia will unveil an online payment solution under an integrated system called the Government Service Bus (GSB) and Payment Gateway System. The online payment platform will minimise time spent by clients queuing to access RTSA services particularly road tax. Road tax and motor fitness form will be bought through an online payment option.

Road traffic crashes are a growing public health concern globally. They disproportionately affect the poor and vulnerable sections of society. Most road traffic crashes (RTCs) are both predictable and preventable. There is now considerable evidence suggesting that various measures and interventions being put in place by the lead Agency, RTSA and various stake-holders in the road safety are making our roads safer.

Data collected by the Zambia Police Service revealed that a total of 30,648 road traffic crashes were recorded countrywide in 2019. This number represents a 0.013% decline from the 30,652 crashes which occurred in the year in 2018. The number of fatalities declined by 4% from the 1,817 deaths recorded in 2018 to 1,746 in 2019. Of these fatalities, 59% were recorded in inter-urban roads (rural areas) while urban roads accounted for 41%. Although we recorded a reduction in fatalities, road fatalities are still unacceptably higher. In addition to the existing road safety interventions, during the year under review, the Agency introduced Global Positioning System (GPS) on long distance buses to monitor speed.

In 2019, the Agency collected a total of K1,177,513,611 compared to the Yellow Book Government target of K1,020,774,288 non-tax revenue. The Agency has continued to expand its base on cash less transactions in order to minimise revenue losses and delayed banking.

My gratitude goes to the Government of the Republic of Zambia, through the Ministry of Transport and Communications and RTSA Board of Directors for the continued support and mentoring. Let me also give special tribute to the entire RTSA staff and stakeholders for the unrelenting support during the year under review.

I now invite you to pleasantly read the Road Transport and Safety Agency 2019 Annual report.



**Director and Chief Executive Officer**  
*Road Transport and Safety Agency*



## The New RTSA Board of Directors



DR. Cornelius Chipoma  
Board Chairperson



Mr. Daniel Kampilimba  
Vice Board Chairperson



Eng. Misheck Lungu  
Director



Ms. Mumeka Walumweya  
Director



Mr. Henry Nkhoma  
Director



Ms. Lombe Kamukoshi  
Director



Ms. Mwenya Bwalya  
Director



Mr. Patrick Malindi  
Director



Eng. Wallece Mumba  
Director



Eng. Elias Mwape  
Director



Mr. Aaron Kamuti  
Director



Gladwell Banda  
Board Secretary

## Senior Management



Gladwell Banda  
Director and CEO



Christopher Lesa  
Acting Deputy Director  
Safety



Joseph Mumba  
Acting Deputy Director  
Transport



Brian Sikute,  
Head Information and  
Communication Technology



Given Mazimba  
Acting Head Internal Audit  
& Risk



Emmanuel Longwe  
Acting Head Human Resource  
and Administration



Progress Saiwana,  
Head Finance



Janet Mumba,  
Acting Procurement Specialist



Aaron Tembo,  
Legal Council



Mr. Chuncky Kanchele  
Head Statistics and Research



Fredrick Mubanga,  
Head Public Relations

# Corporate Governance





## 1.0 Introduction

The Road Transport and Safety Agency (RTSA) was established by the Road Traffic Act No. 11 of 2002 as a body corporate with perpetual succession and a common seal. The Agency is mandated by the Road Traffic Act No. 11 of 2002 to implement and coordinate road safety programmes that are aimed at reducing the likelihood and impact of road crashes. The Agency is also mandated to undertake activities relating to road transport and traffic management. Further, the RTSA has become a substantial contributor of Government revenue to the Road Fund being the highest non-tax revenue collector in the country.

### 1.1 Corporate Governance

The Agency's corporate governance structures are premised on transparency, responsibility, accountability and integrity. The roles of Government, the Board, Management and staff are well defined to avoid any possible conflict of interests.

#### 1.1.1 Committee of Ministers on Road Maintenance Initiatives

The Agency reports to the Committee of Ministers on Road Maintenance Initiatives (RMI) which comprises of the Ministers responsible for:

- i. Transport and Communications;
- ii. Finance;
- iii. Justice;
- iv. Local Government;
- v. Housing and Infrastructure;
- vi. Mines, Energy and Water Development;
- vii. Agriculture; and
- viii. Tourism and Arts.

These Ministers are assisted by Permanent Secretaries in their respective ministries.

#### 1.1.2 The RTSA Board

The new Board was inaugurated in August 2019 after the term of office for the previous Board came to an end. The RTSA Board is appointed by the Minister of Transport and Communications under Section 5 of the Road Traffic Act No. 11 of 2002. The Board reports to the Committee of Ministers on RMI whose Chairperson is the Minister of Transport and Communications. The Board, in line with Section 5 of the Road Traffic Act No. 11 of 2002, consists of;

- i. A representative of the Pensions and Insurance Authority (PIA);
- ii. A representative of the Passengers, Pedestrians and Cyclists Association;
- iii. A representative of persons with disabilities recommended by the Ministry responsible for community development and social welfare;

- iv. A representative of the Chartered Institute of Logistics and Transport;
- v. A representative of the Passengers Transport Association;
- vi. A representative of the Truckers Association;
- vii. A representative of the Health Professionals Council of Zambia;
- viii. A representative of the Attorney-General;
- ix. A representative of the Ministry responsible for Transport and Communications;
- x. A representative of the Ministry responsible for Home Affairs;
- xi. Director of the Road Development Agency;
- xii. Director of the National Road Fund Agency;
- xiii. One other person.

The Director and Chief Executive Officer (CEO) of the Agency is the Secretary to the Board. The Board is responsible for providing strategic direction to the Agency.

### **1.1.3 Audit and Risk Management Committee**

The Audit and Risk Management Committee is chaired by a non-executive Director and consists of five other non-executive Directors. The composition of the Committee conforms to the requirement of the Public Finance Management Act No. 1 of 2018 of 2004. The Committee is responsible for reviewing the system of internal controls and procedures and ensuring that they are adequate. The Committee further ensures that a system of identifying and evaluating critical risk is in place and is frequently reviewed.

### **1.1.4 Technical Committee**

The Technical Committee is chaired by a non-executive Director and consists of five other non-executive Directors. The Committee provides direction to the Agency on matters of road safety and coordination of safety programmes with stakeholders. The Committee also oversees the implementation of regulations relating to registration, examination and licencing of motor vehicles, trailers and drivers. It recommends to the Board for approval of short, medium and long term road transport and safety strategies. It also reviews proposed amendments to legislation before consideration of the Board.

### **1.1.5 Finance and Administration Committee**

The Finance and Administration Committee is chaired by a non-executive Director and consists of four other non-executive Directors. The Committee oversees financial reporting, administration and procurement matters of the Agency and recommends improvements. The Committee also oversees processes of employee resourcing, remuneration, development and separations.

### 1.1.6 Senior Management

The Board, with the approval of the Minister of Transport and Communications, appoints the Director, who is the Chief Executive Officer of the Agency. The Board also appoints Deputy Directors responsible for road safety and road transport. The Director is assisted by other senior management staff who include the Head Finance, Head Internal Audit and Risk Assurance, Head Information Communications and Technology, Legal Counsel, Head Statistics and Research, Head Human Resource and Administration, Head Public Relations and Procurement Specialist.

The offices of the Deputy Directors are assisted by Principals responsible for road safety engineering, road safety education and publicity and road traffic inspection. Others are Principals responsible for registration, licencing and examinations.

## 1.2 Corporate Plan

The Corporate Plan sets the Agency's strategic direction, priorities and enables the Agency to focus its energies and resources towards achieving set goals. The corporate plan consists of decisions, responsibilities, deadlines and key performance indicators that are aimed at shaping and guiding the Agency's day to day decisions with a focus on the future. The current Corporate Plan runs from 2019 – 2021 and centres on the following key areas:

### 1.2.1 Vision Statement

A safe, inclusive and economically enabling road transport system.

### 1.2.2 Mission Statement

To deliver a safe, efficient, client focused and inclusive road transport system which supports socio-economic development.

### 1.2.3 Core Values

The Road Transport and Safety Agency will conduct its business with the following values:

**Service excellence:** Endeavour to do better always.

**Accountability:** Taking ownership in all situations involved.

**Fairness:** Impartial and just treatment or behaviour to others.

**Efficiency:** Timely desired work output.

**Confidentiality:** Non-disclosure of private Information.

**Integrity:** A quality of honesty and strong moral principles.

**Transparency:** Openness/confident to share with clarity to others.

**CORE VALUE ACRONYM- SAFE CIT**

The six focus areas for the period 2019 – 2021 are:

- i. Road Transport and Safety;
- ii. Agency branding;
- iii. Service delivery;
- iv. Stakeholder collaboration
- v. Revenue collection and
- vi. Organisational capability.

#### **1.2.4 Strategic Objectives**

The following are the strategic objectives for the period 2019 – 2021:

- i. Improving road transport and safety
- ii. Improving agency brand
- iii. Improving service delivery
- iv. Enhancing stake holders collaboration
- v. Improved revenue collection
- vi. Strengthening Organizational capacity





# Road Safety Department



## 2.0 Road Safety Department

The primary objective of road safety is to protect the lives of all road users and their property through the appropriate screening of drivers and vehicles going on public roads, the introduction of road safety engineering measures, road safety education, publicity and enforcement of road traffic regulations.

The United Nations proclaimed 2011 – 2020 a Decade of Action for Road Safety. The guiding principles underlying the Global Plan for the Decade of Action are those included in the 'Safe System' approach. This approach aims to develop a road transport system that is better able to accommodate human error and take into consideration the vulnerability of the human body.

Recognising the importance of the decade, the Road Transport and Safety Agency (RTSA) through the Road Safety Department is implementing measures as stipulated in the decade of action to complement the Road Safety Action Plan (2009 – 2013) which the Agency has been implementing.

The five pillars for the Global Plan for the Decade of Action are as follows:

- ❖ **Pillar 1:** Road Safety Management
- ❖ **Pillar 2:** Safer Roads
- ❖ **Pillar 3:** Safer Vehicles
- ❖ **Pillar 4:** Safer Road Users
- ❖ **Pillar 5:** Post Crash Care

### 2.1 Road Safety Management

Pillar 1 of the United Nations Decade of Action for Road Safety 2011 -2020 focuses on the institutional framework needed to implement road safety activities, and thereby sets the oversight of all other pillars. It provides an opportunity to intensify or to develop activities towards building their institutional capacity as well as focusing on targets such as capacity building at local government level, developing local research and road safety monitoring.

The limits to improved road safety performance are shaped by a road safety management system which determines the results being sought and produces the interventions to achieve them. During the year under review, the Agency through the Road Safety Engineering Unit carried out the following road safety management activities.

#### 2.1.1 Road Traffic Safety Policy

During the year under review, the Agency in collaboration with the Ministry of Transport and Communications and Cabinet office concluded the drafting process of the Road Traffic Safety Policy and its Implementation Plan. It was submitted to Cabinet for approval.

## 2.1.2 Rural Roads Safety Strategy

The consultancy services for the development of a Rural Roads Safety Strategy was being funded under the Improved Rural Connectivity Project supported by the World Bank.

During year under review, the Consultant Messrs Innovative Transport Solutions submitted the Final Draft Strategy after incorporation of stakeholder comments. It is anticipated that the strategy will be finalised in the 1<sup>st</sup> quarter of 2020.

## 2.1.3 Fleet Safety Management

### 2.1.3.1 Fleet Risk Assessments

During the year under review, the Agency with technical assistance from the Global Road Safety Partnership (GRSP) Zambia conducted Fleet Risk Assessments on nineteen transporters as indicated in figure 1 below.

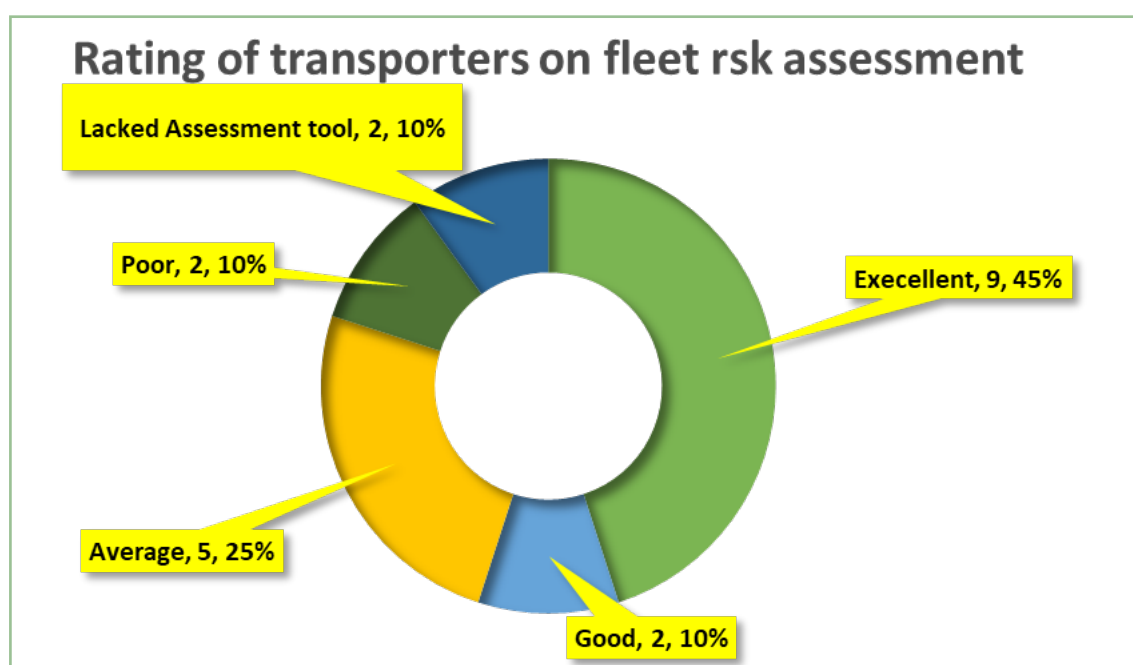


Figure 2-1: Fleet risk assessment ratings

### 2.1.3.2 Revision of Speed Limits

During the year under review the Agency through the Road Safety Engineering Committee revised the general speed limits for paved and unpaved roads as tabulated below.

**Table 2.1: Speed Limits on Paved Roads**

	Category	Urban Roads km/h	Built up area along Highways km/h	Highways km/h
1	Public service passenger vehicle, whether drawing a trailer or not	30 - 50	80	100
2	Public service goods vehicle, heavy vehicle or trailer	30 - 50	60	80
3	Motor vehicles other than public service vehicle, or heavy vehicle or trailer	30 - 60	80	110

**Table 2.2: Speed Limits on Unpaved Roads**

	Category	Unpaved Urban Roads. km/h	Unpaved Roads Along Built up Area. km/h	Unpaved Roads Outside Built up Area. km/h
1	Public service passenger vehicle, whether drawing a trailer or not	30 - 40	50	60
2	Public service goods vehicle, heavy vehicle or trailer	30 - 40	50	60
3	Motor vehicles other than public service vehicle, or heavy vehicle or trailer	30 - 40	60	70

The Road Safety Engineering Unit, working with Road Development Agency and Lusaka City Council installed speed limit signs on Great East Road and Kafue Road.

## 2.2 Safer Roads and Mobility

**Pillar 2** of the United Nations Decade of Action for Road Safety 2011 - 2020 highlights the need to improve the safety of road networks for the benefit of all road users, especially the most vulnerable: pedestrians, bicyclists and motorcyclists. Activities include improving the safety-conscious planning, design, construction and operation of roads; making sure that roads are regularly assessed for safety; and encouraging relevant authorities to consider all forms of transport and types of safe infrastructure when they respond to the mobility needs of road users.

In order to contribute to the attainment of safer roads and mobility, the Road Transport and Safety Agency (RTSA), through the Safety Department, carries out Road Safety Audits (RSAs) and Road Safety Inspections (RSIs).

### 2.2.1 Road Safety Audits and Inspections

In the year under review No.3 RSAs undertaken for Roads for Projects in Northern, Luapula and Eastern Provinces, and No.49 RSIs were conducted under Improved Rural Connectivity Project, Crash prone section of the T3 Road between Mpongwe Turnoff and Ndola and on Toll Stations along a corridor from Lusaka to Solwezi. The Agency participated in hand-over inspections of various roads under the L400 Project



## 2.2.2 Remedial Engineering Measures

The Agency handed over road signs and marking paint to LCC - ZMW514, 460.00, and funded the closure of the median opening at Central Street/Great East Road junction, the cost of the project amounted to ZMW49, 823.75.

Further, the Agency Procured signs for T2 and T3 between Kabwe and Ndola ZMW112, 392.00. The installation will be completed in the first quarter of 2020.

## 2.3 Safer Vehicles

### 2.3.1 Traffic Law Enforcement

In the year under review 70, 975 traffic offences recorded countrywide, with 11,126 traffic Offences attended to at Lusaka Fast Track Court, 6,131 secured convictions. The Agency towed 103 motor vehicles causing road obstruction to safety. At Intercity Bus Terminus 36,996 buses were inspected. The Global Position System recorded the installation of 392 buses representing 130 operators.

## 2.4 Safer Road Users

### 2.4.1 Sensitisation in schools

In the year under review 237 schools were monitored in terms of road safety clubs and traffic warden schemes, and curricula. Total number of 9 Traffic Wardens were trained at Pakachele and Crown of Life schools, in addition 25 schools were sensitised with 8,531 learners.

**Table 2.3: Schools sensitized**

SN	Quarter	Number of Schools	Number of learners Reached out to
1.	First	04	1, 640
2.	Second	09	2, 250
3.	Third	07	2, 449
4.	Fourth	05	2, 192
Total		<b>25</b>	<b>8, 531</b>

### 2.4.2 Sensitization at Intercity Bus Terminus

A total of buses 14,440 buses reached out, with 559,619 passengers were sensitised as they exit inter city buses terminus.

**Table 2.4: Number of Busses sensitised at Intercity**

SN	Quarter	Number of Buses	Number of Passengers Reached out
1	First	3,939	149,832
2	Second	3,244	139,465
3	Third	3, 271	128, 590
4	Fourth	3, 986	141, 732
	Total	<b>14,440</b>	<b>559,619</b>

### 2.4.3 Road Safety School Park

The Road Safety School Park was visited by the **63** schools enabling RTSA to reach out to **2,964** learners;

**Table 2.5: School Park Statistics**

SN	Quarter	Number of Schools	Number of learners Reached out to
	First	17	917
	Second	14	591
	Third	16	572
	Fourth	16	884
	Total	<b>63</b>	<b>2, 964</b>

### 2.4.4 Road Safety Awareness during Annual Events

The Agency attended four Traditional ceremonies, and donated material support to two others through RTSA Provincial Managers. RTSA Chipata office policed Chova Cycling Contest - 20th July, 2019 .



### 2.4.5 Launch of the Revised Highway Code – 6<sup>th</sup> Edition

The Agency facilitated for the launch of the revised Zambian Highway Code. The revised Highway Code was launched on 9<sup>th</sup> July, 2019 at Mulungushi International conference Centre. The occasion was graced by Honourable Dr. Brian Mushimba, MP, then Minister of Transport and Communications. The launch was aimed at publicizing the revised Highway Code which encompasses the inclusion of technological advances that meet international standards.



*Honourable Dr. Brian Mushimba, MP and senior officials during a photo session after launching the revised Highway Code – 6<sup>th</sup> Edition*

#### **2.4.6 Commemorations**

The Agency participated in United Nations Road Safety Week – May, 2019, and held World Day of Remembrance for Road Traffic Victims – November, 2019, and Road Safety Week – December, 2019.



*The RTSA Board Chairperson, Dr Cornelius Chipoma, during the church service to remember road traffic victims at the Cathedral of the Holy Cross.*





# Road Transport Department



## 3.0 Road Transport Department

### 3.1a Introduction

This section details the performance of the Road Transport Department (RTD) for the year 2019.

The report presents the following:

- 1.1 Routine functions- Examinations, registration and licensing;
- 1.2 Other activities, and
- 1.3 Outlook for 2020.

### 3.1b Examinations

The following transactions were recorded under examinations of motor vehicles, trailers and drivers using the Electronic Zambia Transport Information System (E-ZamTIS) and the manual registers.

The total number of transactions for period under review for examinations were 564,898. The highest number of transactions recorded was that of roadworthiness (test certificates) at 267,223 (47.3%); followed by driver practical test which accounted for 104,074 (18.4%), Driver theory test at 78,610 (13.9%); physical inspections at 73,781 (13.0%); roadworthiness (Certificate of fitness) at 40,401 (7.2%), and Road Traffic Accident examinations at 685 (0.1%). The lowest number was that of mobile examinations and instructor competency test at 95 (0.02%) and 29 (0.01%) respectively.

#### 3.1.1 Driver examinations

This examination is conducted on applicants wishing to drive motor vehicles on a public road. The examination is conducted in twofold: theory and practical.

#### 3.1.2 Theory test

The theory test is conducted to ascertain an applicants' driving knowledge. Table 3.1 shows number of applicants who were tested, passed and failed the test during the period under review.

**Table 3.1: Number of applicants tested in theory for issuance of provisional driving license for the period under review**

Quarter	Total tested	Passed	Failed
1 <sup>st</sup> Quarter 2019	18,917	14,123	4,794
2 <sup>nd</sup> Quarter 2019	18,254	13,663	4,591
3 <sup>rd</sup> Quarter 2019	23,696	18,154	5,542
4 <sup>th</sup> Quarter 2019	17,743	13,596	4,147
Total 2019	78,610	59,536	19,074

During the period under review, a total of 78,610 learner drivers, in any preferred class and category, were examined and 59,535 candidates were issued with provisional drivers' licenses whilst 19,074 failed.

It is envisaged that once the driver mentorship program is implemented, the number of learner drivers sitting and passing theory examinations with good desired values will improve significantly. Further the new revised Highway Code will be translated in all the seven major local languages.

### 3.1.3 Practical driving test

This was conducted to assess the driving skills and competences of a learner driver to safely and confidently operate a vehicle. The applicants were subjected to pre-drive inspections, docking or barrel and road tests. Table 3.2 below shows the number of applicants who undertook practical driving tests and their respective outcome.

**Table 3.2: Shows the annual national statistics for driver practical tests**

Quarter	Total tested	Passed	Failed
1 <sup>st</sup> Quarter 2019	23,486	11,488	11,998
2 <sup>nd</sup> Quarter 2019	24,778	12,077	12,701
3 <sup>rd</sup> Quarter 2019	30,250	15,115	15,135
4 <sup>th</sup> Quarter 2019	25,560	14,262	11,298
Total 2019	<b>104,074</b>	<b>52,942</b>	<b>51,132</b>
Total 2018	92,325	45,389	46,936

During the period under review, 104,074 learner drivers were tested in different classes and categories across the country of which 52,942 passed while 51,132 failed. Comparatively, in 2018, 92,325 learner drivers were tested, 45,389 passed while 46,936 failed.

Further, the total number of learner drivers tested increased from 92,325 to 104,074 representing 12.7% increment. This is mainly due to the reduction in the system down time in the year 2019 as compared to the year 2018.

For the period under review, the pass rate stood at 50.8 % compared to 49.2% in 2018. It is envisioned that, once the driver mentoring programme is implemented and rolled-out to all the RTSA stations and driving schools, the average national pass rate at practical stage of the driver examination will significantly increase and enhance good driver behaviour values.

### 3.1.4 Examination of motor vehicles and trailers (Roadworthiness examination)

This was conducted in order to ensure that all vehicles that were driven on public roads were roadworthy and to deter the use of unsafe vehicles. It is aimed at ensuring that vehicles have no technical faults and is in twofold namely Private and Public Service Vehicle (PSV) examinations in which Test Certificate and Certification of fitness are issued respectively.

#### 3.1.4.1 Private vehicle examinations

Table 3.3 shows the number of transactions for roadworthiness examinations conducted on private vehicles for issuance of Test Certificates (TC).

**Table 3.3: Shows the annual comparative national statistics for test certificates**

Quarter	Total vehicles examined	Passed	Failed
<b>1<sup>st</sup> Quarter 2019</b>	67,210	63,272	3,938
<b>2<sup>nd</sup> Quarter 2019</b>	65,181	61,710	3,471
<b>3<sup>rd</sup> Quarter 2019</b>	68,260	64,353	3,907
<b>4<sup>th</sup> Quarter 2019</b>	66,572	62,606	3,966
<b>Total 2019</b>	<b>267,223</b>	<b>251,941</b>	<b>15,282</b>
Total 2018	275,667	261,872	13,795

During the year under review, a total number of 267,223 private motor vehicles and trailers were examined for road worthiness for issuance of test certificates of which 251,941 passed while 15,282 failed. Comparatively, in 2018, 275,667 motor vehicles and trailers were examined and 261,872 passed while 13,795 failed.

For the period under review, there was a decrease in number of motor vehicles and trailers examined for issuance of test certificate from 275,667 to 267,223 by 3.1% compared to the year 2018. This is attributed to a decrease in the number of imported vehicles.

### 3.1.4.2 Public Service vehicle (PSV) examinations

Table 3.4 shows the number of transactions for roadworthiness examinations conducted on Public Service Vehicles (PSV) for issuance of Certificate of Fitness (CoF).

**Table 3.4: Shows the annual comparative national statistics for Certificate of Fitness**

Quarter	Total vehicles examined	Passed	Failed
<b>1<sup>st</sup> Quarter 2019</b>	9,606	8,661	945
<b>2<sup>nd</sup> Quarter 2019</b>	9,778	8,811	967
<b>3<sup>rd</sup> Quarter 2019</b>	9,570	8,799	771
<b>4<sup>th</sup> Quarter 2019</b>	11,447	10,337	1,100
<b>Total 2019</b>	<b>40,401</b>	<b>36,608</b>	<b>3,783</b>
Total 2018	37,850	34,226	3,624

During the period under review, 40,401 Public Service Vehicles (PSV) were examined for issuance of Certificate of Fitness of which 36,608 passed while 3,783 failed. Comparatively, in 2018, 37,850 Public Service Vehicles (PSV) were examined and 34,226 passed while 3,624 failed.

The increase in number of vehicles tested for COF is attributed to focussed enforcement activities on the Public Service Vehicles (PSV).

### 3.1.4.3 Motor vehicle physical inspection

Table 3.5 shows the number of transactions for vehicle physical inspections conducted on for various registration functions.

**Table 3.5: Shows the comparative annual national statistics for physical inspections**

Quarter	Total Physical Inspections
1 <sup>st</sup> Quarter 2019	14,217
2 <sup>nd</sup> Quarter 2019	16,946
3 <sup>rd</sup> Quarter 2019	22,975
4 <sup>th</sup> Quarter 2019	19,643
Total 2019	73,781
Total 2018	54,483

During the period under review, a total number of 73,781 motor vehicles were physically inspected for various purposes compared to 54,483 in the year 2018. 40,746 physical inspections representing 54.7% were first registration purposes while 26,119 physical inspections representing 35.5% were for change of ownership transactions and 9.8% were for other physical inspections such as change of vehicle particulars.

The reason for the increase in number of vehicles inspected was mainly due to an increase in number of import vehicles and to facilitate change of ownership transaction for locally purchased vehicles. Further, there was also increased enforcement activities on non-registered vehicles and exceeding speed limits infringement notifications.

#### 3.1.4.4 Road Traffic Crashes (RTC) examinations

1,624 motor vehicles involved in Road Traffic Crashes (RTC) were examined of which 685 were fatal, 544 serious injuries, 150 slight injuries and 245 damages only. Table 3.6 shows the number of vehicles examined after crashes.

**Table 3.6: Shows the annual national statistics for Road Traffic Crashes (RTC) examined**

Quarter	Vehicles examined	Nature of crash			
		Fatal	Serious injuries	Slight injuries	Damages only
1st Quarter	413	170	136	44	63
2nd Quarter	406	157	150	30	69
3rd Quarter	412	171	134	40	67
4th Quarter	393	187	124	36	46
Total 2019	1,624	685	544	150	245

With values which will be inculcated in drivers through the mentorship programme, it is anticipated that the number of crashes will significantly be reduced.

#### 3.1.4.5 Mobile Licensing and Examination

This is an activity that is conducted by the Agency in far flung areas of the country where the Agency has no physical presence to offer services to the public. Therefore, the provision of mobile services in remote areas enables examination and licensing of motor vehicles and drivers. This results into enhanced road safety profile, compliance to statutory requirements and a corresponding increase in revenue collection.

During the period under review, 95 mobile activities were conducted compared to 65 mobile activities conducted in 2018.



### 3.1.4.6 Instructor competency test

This test is conducted on applicants wishing to obtain an instructors' license and for the period under review, Twenty-nine (29) Instructors were tested for Competency and issued with Instructor's Licences during the period under review.

It is envisioned that Instructors Training Institutions will be established to spearhead Training of Instructors in 2020. Currently, there are no institutions providing Instructors Training.

## 3.2 Registration

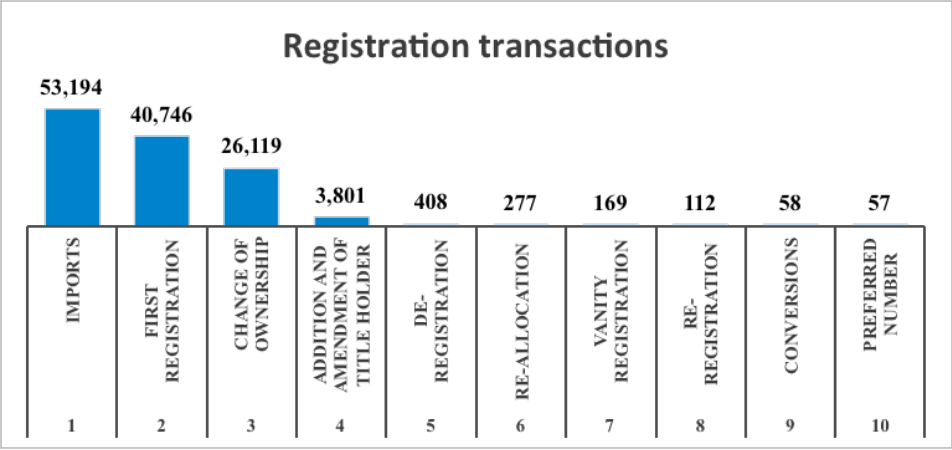
The section recorded a total of 124,941 transactions in 2019 under registration of motor vehicles and trailers in comparison to 128,209 in 2018. There was a significant reduction by 3,268 (2.55%) transactions as recorded both on the electronic Zambia Transport Information System (e-ZamTIS) and the manual registers.

**Table 3.7: shows total number of transactions during the period under review.**

S/n	Annual registration transactions						
	Type of transaction	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total annual	Percentage (%)
1	Imports	14,206	13,163	12,571	13,254	53,194	42.58
2	First registration	10,409	10,594	10,061	9,682	40,746	32.61
3	Change of ownership	6,213	7,233	6,339	6,334	26,119	20.91
4	Addition and amendment of title holder	637	1,321	777	1066	3,801	3
5	De-registration	63	106	173	66	408	0.33
6	Re-allocation	63	105	26	83	277	0.22
7	Vanity registration	36	37	51	45	169	0.14
8	Re-registration	57	2	33	20	112	0.09
9	Conversions	6	2	22	28	58	0.05
10	Preferred number	0	0	0	57	57	0.05
<b>Total 2019</b>		<b>31,690</b>	<b>32,563</b>	<b>30,053</b>	<b>30,635</b>	<b>124,941</b>	<b>100</b>
<b>Total 2018</b>		<b>29,533</b>	<b>30,204</b>	<b>33,671</b>	<b>34,801</b>	<b>128,209</b>	<b>100</b>

The highest number of transactions recorded was imports at 53,194 transactions (42.6%), first registration accounted for 40,746 transactions (32.6%) and Change of ownership at 26,119 (20.9%). The lowest number of transaction recorded was conversion and preferred number registration at 58 and 57 respectively at 0.05%.

Given the information generated from registration transactions, most staff spent more time on first registration and figure 3.1 shows a comparative number of transactions for the period under review.



**Figure 3.1: Shows comparative number of transactions for period under review**

Regarding performance by region as shown in table 3.8 below, Lusaka Province recorded the highest number of transactions, followed by Copper-belt Province while Western Province had the lowest number of transactions.

Table 3.8: Shows number of registration transactions for each province for period under review

S/N	Province	First registration	Change of ownership	Addition/amend title holder	Conversion	Vanity	Re-registration	Re-allocation	De-registration
1	Lusaka	22,684	19,397	2904	26	112	102	232	334
2	Copperbelt	8,862	4,314	586	19	15	1	3	38
3	Muchinga	3,534	54	15	0	2	0	1	1
4	Southern	2,429	990	84	1	1	2	5	12
5	Eastern	907	193	87	0	6	4	2	2
6	Central	775	342	44	0	2	2	2	7
7	North Western	736	430	25	0	1	0	0	2
8	Northern	329	116	13	0	1	0	0	0
9	Luapula	253	148	2	4	0	1	1	0
10	Western	237	135	41	0	7	0	4	2
Total 2019		40,746	26,119	3,801	50	147	112	250	398
Total 2018		44,465	18,758	2,341	16	110	43	97	139

### 3.2.1 Imports

The Agency recorded 53,194 imports of vehicles for the period under review as compared to 62,240 in 2018. This is according to the Zambia Revenue Authority, ZRA records since RTSA has an arrangement with ZRA to carry import transaction on its' behalf at border stations.

**Table 3.9: Shows imports for various point of entry for period under review**

S/N	Station	1st Quarter 2019	2nd Quarter 2019	3rd Quarter 2019	4th Quarter 2019	Total annual	Percentage (%)
1	Nakonde	7,580	8,017	7,543	7,153	30,293	56.9%
2	Livingstone	1,580	1,023	1,233	1,285	5,121	9.6%
3	Katima Mulilo	1,486	1,301	1,094	1,202	5,083	9.5%
4	Lusaka	1,218	1,353	1,255	1,161	4,987	9.3%
5	Chirundu	1,176	1,149	978	1,015	4,318	8.1%
6	Mwami	627	97	272	704	1,700	3.2%
7	Chanida	372	6	16	527	921	1.7%
8	Kazungula	56	109	92	87	344	0.6%
9	Ndola	54	49	34	30	167	0.3%
10	Kitwe	17	36	33	41	127	0.23%
11	Chingola	9	6	13	19	47	0.08%
12	Kariba	9	9	0	10	28	0.05%
13	Kasumbalesa	8	8	4	7	27	0.05%
14	Kapiri Mposhi	8	0	4	4	16	0.03%
15	Nchelenge	5	0	2	0	7	0.013%
16	Mpulungu	1	0	0	0	1	---
Total 2019		14,211	13,163	12,575	13,245	53,194	100.00
Total 2018		13,831	14,368	16,624	17,417	62,240	100

Nakonde recorded highest number of motor vehicles and trailers with 30,293 while Mpulungu had the lowest with 1 which implies that many vehicles were imported through the Port of Dar-es-salaam, Tanzania. The significant reduction in imports in 2019 by 9,046 (14%) was due to high exchange rates against major currencies and hence less disposable income.

### 3.2.2 First registration

A total of 40,746 motor vehicles and trailers were registered for the period under review as compared to 44,465 trailers registered in 2018 on the electronic Zambian Transport Information System (e-ZamTIS). There was a reduction of 3,719 (8.3%) in the number of motor vehicles and trailers registered.

The Agency recorded the highest number of first registration during the 2<sup>nd</sup> quarter of



2019 in which 10,594 motor vehicles and trailers were registered and was followed by 1<sup>st</sup> Quarter, 2019 with 10,409. The least number of motor vehicles registered was recorded during 3<sup>rd</sup> Quarter 2019 and 4<sup>th</sup> Quarter, 2019 with 10,061 and 9,682 respectively.

**Table 3.10: Shows number of vehicles registered during the period under review**

Registered motor vehicles and trailers			
S/n	Period	Frequency	Percentage (%)
1	1 <sup>st</sup> Quarter 2019	10,409	25.5%
2	2 <sup>nd</sup> Quarter 2019	10,594	26%
3	3 <sup>rd</sup> Quarter 2019	10,061	24.69%
4	4 <sup>th</sup> Quarter 2019	9,682	23.76%
Total 2019		<b>40,746</b>	<b>100.00</b>
Total 2018		44,465	100%

The difference between imported and registered motor vehicles and trailers is mainly due to the longer periods that franchise holders and motor dealers keep the vehicles before registration. Registration is done only after a sale has been effected.

**Table 3.11: Number of vehicles registered during the period under review per province**

S/n	Province	1st Quarter 2019	2nd Quarter 2019	3rd Quarter 2019	4th Quarter 2019	Total annual	Percentage (%)
1	Lusaka	5,548	5,804	5,674	5,758	22,784	55.9%
2	Copperbelt	2,438	2,355	2,204	1,865	8,862	21.75
3	Muchinga	864	927	864	879	3,534	8.6%
4	Southern	637	651	619	522	2,429	5.9%
5	Central	213	153	246	163	775	1.9%
6	Eastern	193	253	167	194	807	1.97%
7	North Western	278	231	126	101	736	1.8%
8	Northern	123	84	68	54	329	0.8%
9	Luapula	59	83	52	59	253	0.58%
10	Western	56	53	41	87	237	0.55%
Total 2019		10,409	10,594	10,061	9,682	40,746	100
Total 2018		10,797	10,848	11,526	11,294	44,465	100

In terms of regional performance, Lusaka province registered 22,784 vehicles followed by Copper belt province with 8,862. Western province was the lowest with 237 vehicles registered. Figure 3.1 shows the proportion of first registration that was undertaken per province for period under review.

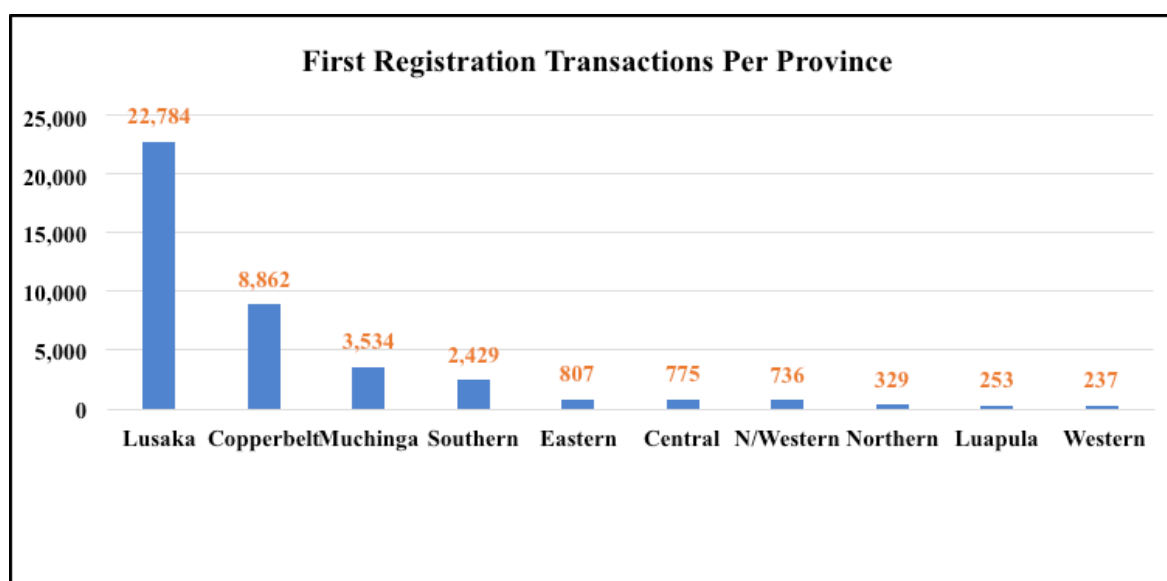


Figure 3.2: Proportion of first registration that was undertaken per province in 2019

### 3.2.3 De-registration

During the period under review, 398 motor vehicles and trailers were deregistered in comparison to 139 in 2018. The highest number of motor vehicles and trailers de-registered was in 3<sup>rd</sup> Quarter 2019 with 173, followed by the 2<sup>nd</sup> Quarter 2019 with 106, 4<sup>th</sup> Quarter 2019 had 63 while 1<sup>st</sup> Quarter 2019 had the least with 56.

Table 3.12: Number of motor vehicles and trailers de-registered during the period under review

De- registered Motor Vehicles and Trailers			
S/n	Period	Frequency	Percentage (%)
1	1 <sup>st</sup> Quarter 2019	56	14%
2	2 <sup>nd</sup> Quarter 2019	106	26.6%
3	3 <sup>rd</sup> Quarter 2019	173	43.46%
4	4 <sup>th</sup> Quarter 2019	63	15.8%
Total 2019		398	100
Total 2018		139	100%

### 3.2.4 Conversions

A total of 58 manual registration books for motor vehicles and trailers were converted to registration certificates compared to 16 in 2018. During the period under review, the highest number of transactions recorded was in 4<sup>th</sup> Quarter 2019, with 28 transactions followed by 3<sup>rd</sup> Quarter 2019 at 22 while 1<sup>st</sup> and 2<sup>nd</sup> Quarter 2019 had 6 and 2 transactions respectively.

**Table 3.13: Number of Conversion transactions in 2019**

Conversions			
S/n	Period	Frequency	Percentage (%)
1	1 <sup>st</sup> Quarter 2019	6	10.34
2	2 <sup>nd</sup> Quarter 2019	2	3.45
3	3 <sup>rd</sup> Quarter 2019	22	37.93
4	4 <sup>th</sup> Quarter 2019	28	48.28
Total 2019		<b>58</b>	<b>100%</b>
Total 2018		16	100

### 3.2.5 Change of ownership

A total of 3,801 transactions for additional and amendment of title of holder were recorded for the period under review compared to 2,341 for 2018. This increase in transactions by 1,460 (62%) was due to many people using their vehicles as collateral in accessing loan facilities.

**Table 3.14: Number of change of ownership transactions during the year 2019**

Change of Ownership			
S/n	Period	Frequency	Percentage
1	1 <sup>st</sup> Quarter 2019	7,233	27.6%
2	2 <sup>nd</sup> Quarter 2019	6,213	23.78%
3	3 <sup>rd</sup> Quarter 2019	6,339	24.2%
4	4 <sup>th</sup> Quarter 2019	6,334	24%
Total 2019		<b>26,119</b>	<b>100</b>
Total 2018		18,758	100%

### 3.2.6 Addition and amendment of title holder

A total of 3,801 transactions for additional and amendment of title of holder were recorded for the period under review compared to 2,341 for 2018. This increase in transactions by 1,460 (62%) was due to many people using their vehicles as collateral in loan securities.

**Table 3.15: Number of addition and amendment of title holder in 2019**

Add title holder and amend or removal absolute owner			
S/n	Period	Frequency	Percentage (%)
1	1 <sup>st</sup> Quarter 2019	637	16.7%
2	2 <sup>nd</sup> Quarter 2019	1,321	34.7%
3	3 <sup>rd</sup> Quarter 2019	777	20.4%
4	4 <sup>th</sup> Quarter 2019	1,066	28%
Total 2019		<b>3,801</b>	<b>100</b>
Total 2018		2,341	100

### 3.2.7 Personalised (Vanity) registration

A total of 147 new personalised registration marks and number were registered for the period under review as compared to 110 for 2018. An increase of these transactions by 37 (33.6%) was due to the fact that some people had a lot of disposable income and therefore, preferred to have their vehicles bear personalised marks and numbers to show status.

**Table 3.16: Shows number of vanity registration in 2019**

Vanity registration			
S/n	Period	Frequency	Percentage (%)
1	1 <sup>st</sup> Quarter 2019	14	9.5%
2	2 <sup>nd</sup> Quarter 2019	37	25.3%
3	3 <sup>rd</sup> Quarter 2019	51	34.6%
4	4 <sup>th</sup> Quarter 2019	45	30.6%
Total 2019		<b>147</b>	<b>100</b>
Total 2018		110	100

### 3.2.8 Re-allocation of registration marks and numbers

Re-allocation (or retention) of registration marks and number is a process of reverting to the originally assigned one during first registration. This takes place when registration marks and number of a particular motor vehicle or trailer changes at any particular time during its life time through vanity registration or re-registration process.

A total of 250 motor vehicles and trailers had their registration marks and number re-allocated during the year 2019 as compared to 97 in 2018. This implies that more vehicles which were under diplomatic immunities and personalised changed ownership after sale in 2019 than 2018.

**Table 3.17: Number of re-allocation of registration marks transactions.**

Re-allocation			
S/n	Period	Frequency	Percentage (%)
1	1 <sup>st</sup> Quarter 2019	36	14.4%
2	2 <sup>nd</sup> Quarter 2019	105	42%
3	3 <sup>rd</sup> Quarter 2019	26	10.4%
4	4 <sup>th</sup> Quarter 2019	83	33.2%
Total 2019		<b>250</b>	<b>100</b>
Total 2018		97	100

### 3.2.9 Re-registration of motor vehicles and trailers

Re-registration of motor vehicles and trailers is provided for to allow owners of motor vehicles and trailers change their registration mark and number from old one to a current series.



During the period under review, 112 transactions were recorded as compared to 43 in 2018. The significant increase of re-registration transactions is due to the fact that this function was administered correctly in line with the provisions of Section 8 (1) and (2) of the Road Traffic Act No.11 of 2002.

**Table 3.18: Number of re-registration transactions**

Re-registration			
S/n	Period	Frequency	Percentage (%)
1	1 <sup>st</sup> Quarter 2019	57	50.8%
2	2 <sup>nd</sup> Quarter 2019	2	1.78%
3	3 <sup>rd</sup> Quarter 2019	33	29.4%
4	4 <sup>th</sup> Quarter 2019	20	17.8%
Total 2019		<b>112</b>	<b>100</b>
Total 2018		43	100

### 3.2.10 Cumulative motor vehicle and trailer population

A total of 40,746 motor vehicles and trailers were registered bringing the cumulative population to 822,882 excluding Government of the Republic of Zambia (GRZ) owned motor vehicles and trailers. Comparatively, in 2018, the cumulative motor vehicle and trailers population size stood at 782,136 after having registered 44,465 motor vehicles and trailers.

**Table 3.19: Shows cumulative motor vehicle and trailer population**

Quarter	1 <sup>st</sup> Quarter 2019	2 <sup>nd</sup> Quarter 2019	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
Registered Vehicles	10,409	10,594	10,061	9,682
Cumulative vehicle population	<b>792,545</b>	<b>803,139</b>	<b>813,136</b>	<b>822,882</b>

## 3.3 Licensing

During the period under review, a total of 860,953 licensing transactions were conducted compared to 612,015 transactions in 2018. The highest number of transactions carried out were road tax at 33% followed by Driving Licenses Printed at 26%, while provisional drivers' licenses stood at 10%. Motor Dealers' Vehicle Licence (MDVL) transactions were the least with 97 (0.01%). The increase in the number of licensing transactions can be attributed to among other factors, the continuous availability of consumables required for the printing of driving licenses. Table 3.20 shows various licensing transactions conducted during the period under review.

**Table 3.20: Number of licensing transactions conducted in 2019**

S/n	Type of transactions	1 <sup>st</sup> Qtr. 2019	2 <sup>nd</sup> Qtr. 2019	3 <sup>rd</sup> Qtr. 2019	4 <sup>th</sup> Qtr. 2019	Annual Total	Per-centage (%)
1	Road Tax	78,836	67,126	70,355	70,771	<b>287,088</b>	33
2	Driving Licenses Printed	12,126	1,253	128,407	85,252	<b>227,308</b>	26
3	Road Service Licenses	27,550	25,916	25,879	28,351	<b>107,696</b>	13
4	Provisional Driving License	30,314	18,816	16,822	16,554	<b>82,506</b>	10
5	Driving License Renewal	21,580	17,647	21,001	16,225	<b>76,453</b>	9
6	Temporal Driving License	13,895	11,484	9,249	13,604	<b>48,232</b>	6
7	PSV Driving License Renewal	5,246	4,125	5,606	5,023	<b>20,000</b>	2
8	Cross Border Permits	2,433	1,677	2,903	2,989	<b>10,002</b>	1
9	International Driving Permits	369	390	522	290	<b>1,571</b>	0.2
10	Motor Dealers' Vehicle License	26	28	32	11	<b>97</b>	0.01
11	<b>Total</b>	<b>192,,375</b>	<b>148,732</b>	<b>280,776</b>	<b>239,070</b>	<b>860,953</b>	<b>100</b>

### 3.3.1 Road Tax

Cumulative aggregate of road tax compliance attained during the year 2019 stood at 35%. Out of the total vehicle and trailer population size of 822,882, there were 287,088 motor vehicles and trailers which were licenced.

In comparison on annual compliance, the years 2017 and 2018 were higher compared to 2019. Table 3.21 Shows road tax compliance during the year 2019 in comparison with 2018 and 2017.

**Table 3.21: Shows road tax compliance rate from 2017 to 2019**

2017			2018			2019		
Vehicle Population	Total Licensed	% of Vehicle Population	Vehicle Population	Total Licensed	% of Vehicle Population	Vehicle Population	Total Licensed	% of Vehicle Population
737,671	593,424	63	782,136	248,869	41	822,882	287,088	35

### 3.3.2 Road Service Licences

During the period under review, a total of 107,696 Road Service License (RSLs) were issued both for long and short term trading purposes compared to 115,384 and 82,861 that were issued during the year 2018 and 2017 respectively.

However, piracy is still a big challenge which needs to be approached from all angles such as political, regulatory, stakeholder engagements, participation and enforcement.

### 3.3.3 Issuance of Driving Licenses

The Agency printed a total of 227,308 driving licenses in the period under review compared to 71,886 driving licenses printed in 2018 and 95,010 in 2017. The backlog of driving licenses that was created in 2016 and 2017 before the launch of the e-ZamTIS was cleared by 1<sup>st</sup> Quarter, 2019. The upward trend in the printing of driving licenses has continued in the quarter under review due to the continuous supply and availability of printing consumables.

Further, the card printing function which was previously centralized under the ZamTIS system was decentralized in 2017 under the newly implemented e-ZamTIS with on-demand printing services being offered to the public. The current driving license card is electronic in nature, enabling verification of information at a particular given point away from the RTSA offices.

### 3.3.4 Cross Border Permits

During the year under review, the Agency issued a total of 10,002 Cross Border Permits (CBPs) to transport operators doing business in countries that have signed Bilateral Road Transport Agreements (BRTAs) with Zambia and recognize and implement a single permit system. The highest number of CBPs were recorded during the 4<sup>th</sup> Quarter of 2019 with 2,989 permits issued followed by the 3<sup>rd</sup> Quarter with 2,903 CBPs. Table 3.22 shows the number of CBPs issued during the year 2019.

**Table 3.22: Showing number of Cross Border Permits issued in 2019**

S/n	Cross border road permits issued in the year 2019		
	Period	Frequency	Percentage (%)
1	1 <sup>st</sup> Quarter 2019	2,433	24
2	2 <sup>nd</sup> Quarter 2019	1,677	17
3	3 <sup>rd</sup> Quarter 2019	2,903	29
4	4 <sup>th</sup> Quarter 2019	2,989	30
Total 2019		10,002	100
Total 2018		6,911	100

### 3.3.5 Issuance of Motor Dealers' Vehicle Licences

A Motor Dealer Vehicle Licence (MDVL), in accordance with Section 45 of the Road Traffic Act No. 11 of 2002, is issued to a dealer in or manufacturer of motor vehicles and trailers. The licence so issued authorizes the holder to use any motor vehicle or trailer under such licence for the purpose of being driven to motor dealers' place of business after delivery to motor dealer or being tested by motor dealer or being tested or used for the purpose of effecting a sale, or such other purposes as may be prescribed.

A total number of 97 MDVLs were issued during the period under review. There was an increase by 26 in the number of MDVLs issued which translated into 70% increase in 2019 compared to 2018. The above difference indicates that there were more dealers requiring the said licenses during the year under review compared to the previous year. This increase can be attributed to the change in legislation by the Zambia Revenue Authority who demand for MDVL from individuals importing vehicles on behalf of other people before issuing Customs Clearance Certificates. Table 3.23 illustrates the quarterly number of MDVLs issued during the year 2019.

**Table 3.23: Number of MDVLs issued during the year 2019**

S/n	Motor Dealers Vehicle License		
	Period	Frequency	Percentage (%)
1	1 <sup>st</sup> Quarter 2019	26	27
2	2 <sup>nd</sup> Quarter 2019	28	29
3	3 <sup>rd</sup> Quarter 2019	32	33
4	4 <sup>th</sup> Quarter 2019	11	11
Total 2019		97	100
Total 2018		71	100

### 3.3.6 Other Activities Conducted in 2019

#### 3.3.6.1 Public sittings

Public Sittings were held in all provincial centres to award the Long Term Road Service Licences to transporters. (Report on the results still been compiled. Challenges to registered operators especially in the passenger sector due to fierce competition from the pirate taxi and minibus operators still remained prominent in the year under review. Legislative measures, which will be implemented in 2019, have been put in place to address the challenge of piracy.

#### 3.3.6.2 Opening of new Registration Centers

Registration was devolved to Silverest and Mimosa in Lusaka. This has reduced time taken for clients to register vehicles and have a wider choice of registration centers. Premium House has remained as Corporate Office for bulk registration transactions.



### 3.3.6.3 *Bilateral and Multilateral Meetings*

The Agency held and participated in bilateral and multilateral meetings in order to evaluate bilateral agreements and performance of individual countries. Meetings were held with Namibia, South Africa, Zimbabwe, Malawi, Mozambique and Angola. Key highlights from the meetings were:

- ❖ Formation of the Cross Border Road Transport Forum to attend to issues affecting the North- South and Nacala Corridors;
- ❖ Revival of the Nacala Corridor Development Agreement with Malawi and Mozambique;
- ❖ Tour of the Kasumbalesa Border Post by the Walvis Bay – Ndola - Lubumbashi Corridor Technical Committee to assess challenges at the border post;
- ❖ Tour of the new Cross Border bus facility in Johannesburg South Africa;
- ❖ Proposal to establish the Vic Falls One Stop Border Post after the JPC meeting with Zimbabwe;
- ❖ Finalisation of the establishment of the One Stop Border Post at Mwami;
- ❖ Attended SADCSTAN Technical Committee (TC 2) Meeting in Zimbabwe and Mauritius to validate the TTTFP draft standards on roadworthiness of vehicles and transportation of dangerous goods;
- ❖ Progress on the Harmonisation and domestication of standards under the SADC (TTTFP).



# Planning, Research and Development Department

## 4.0 Planning, Research and Development Department

### 4.1 Road traffic crash statistics

Road traffic crashes are a growing public health concern globally and they disproportionality affect the poor and vulnerable sections of society. Most road traffic crashes (RTCs) are both predictable and preventable. There is considerable evidence that various measures and interventions being put in place by the Agency and various stake-holders in the road sector are making our roads safer.

Data collected by the Zambia Police Service revealed that a total 30,648 road traffic crashes were recorded countrywide. This number represents a 0.013% decline from the 30,652 crashes which occurred in the year in 2018. Lusaka province contributed 16,596 RTCs accounting for 54% of the total crashes recorded. Copperbelt province contributed 17% while the rest of the country contributed 29%.

A total of 1,746 lives were lost on our roads in the year 2019. The number of fatalities in 2019 declined by 4% from the 1,817 deaths recorded in 2018. Of these fatalities, 59% were recorded in rural areas while urban areas accounted for 41%. It is worth pointing out that the risk of being in a fatal collision in a rural area is significantly higher than it is in urban areas. The data also revealed that almost half of all fatalities were among pedestrians. The data further highlights that 39% of RTCs in 2019 occurred at night between 18:00hrs and 07:00hrs and 48% occur on Fridays, Saturdays and Sundays.

The factors which contributed to the RTCs fall into five categories: human error (87.7%), wandering animals (1.4%), motor vehicle defects (1.2%), road defects (0.3%) and weather condition (0.1%). The top five driver errors were excessive speed, misjudging clearance distance, failing to keep to near side, cutting in and reversing negligently. Driver errors continues to be the leading factor, accounting for 81% of all RTC's. Top drivers' errors include; failing to keep to the near side of the lane, excessive speed, misjudging clearance distance, cutting in and reversing negligently. There is need for more research, education and awareness campaigns targeted at changing driver behaviour if we are to reduce the number of crashes on our roads and achieve the 2030 agenda of reducing fatalities by 50%.

#### 4.1.1 Road traffic crashes by month

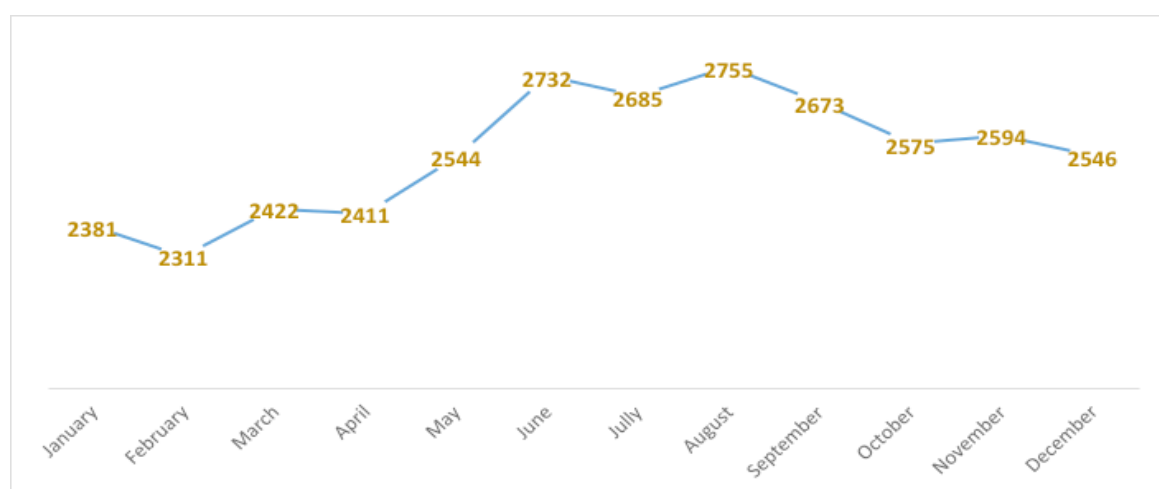


Figure 4.1: Road traffic crashes by Month

Figure above shows the number of road traffic crashes recorded by month in 2019. The highest number of accidents occurred in the third quarter of the year. The month of February recorded the smallest number of road traffic crashes and August recorded the highest number.

#### 4.1.2 Road traffic crashes trend from 2006 to 2019

The figure below show the trends in road traffic crashes from 2006 to 2019. The trends in have had shown a decrease in 2008 from the previous year 2007. The year 2009 recorded an increase in the number of crashes from 2008. The years 2011 and 2010 recorded a lower number of crashes that 2009 and then an increasing trend was recorded in the four years with a peak being experienced in the year 2015. The year 2019 has recorded a minor decline in crashes compared to the previous year

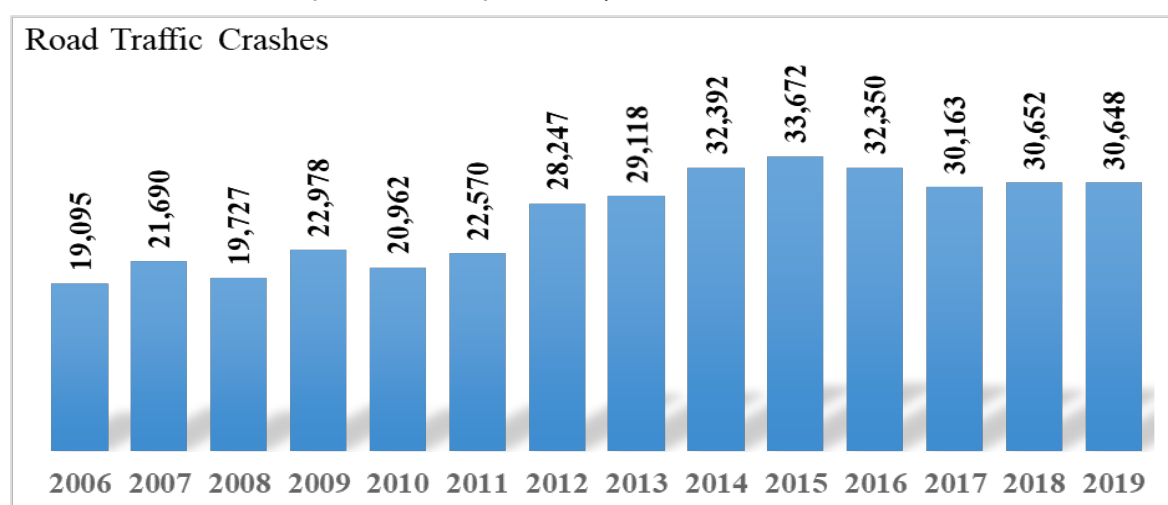


Figure 4.2: Trends in Road Traffic Crashes from 2006 to 2019

#### 4.1.3 Road traffic fatalities from 2006 to 2019

The figure below shows the trends in road traffic fatalities from 2006 to 2019. Traffic fatalities have been on the rise from 2006 through to 2012. The year 2012 recorded a peak in the number of crashes. Fatalities have shown a steady decline from 2016 and this trend has continued as seen from the fewer number of crashes recorded in 2019.

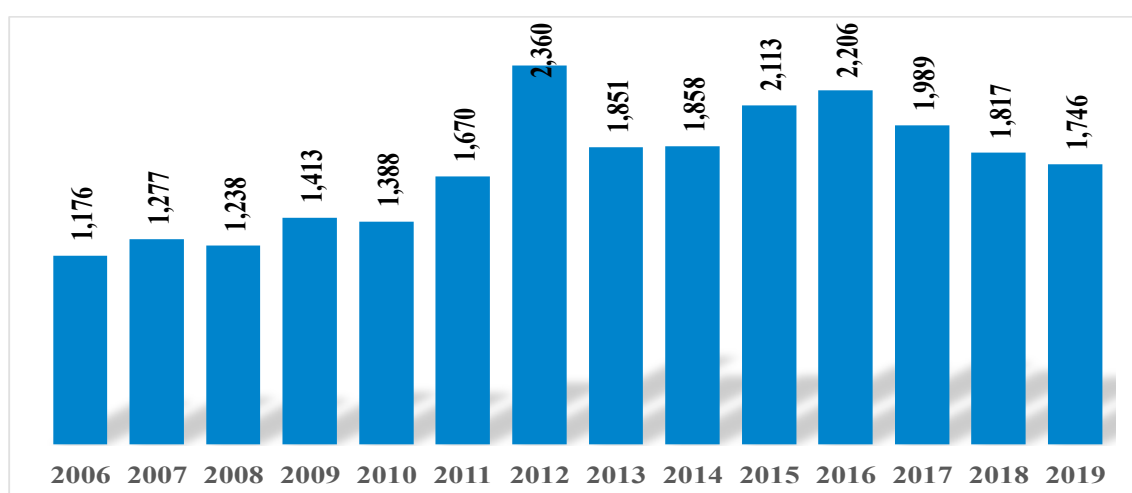


Figure 4.3; Trends in fatalities from 2006 to 2019



#### 4.1.4 Road traffic crashes per 100,000 human and 10,000 vehicle population

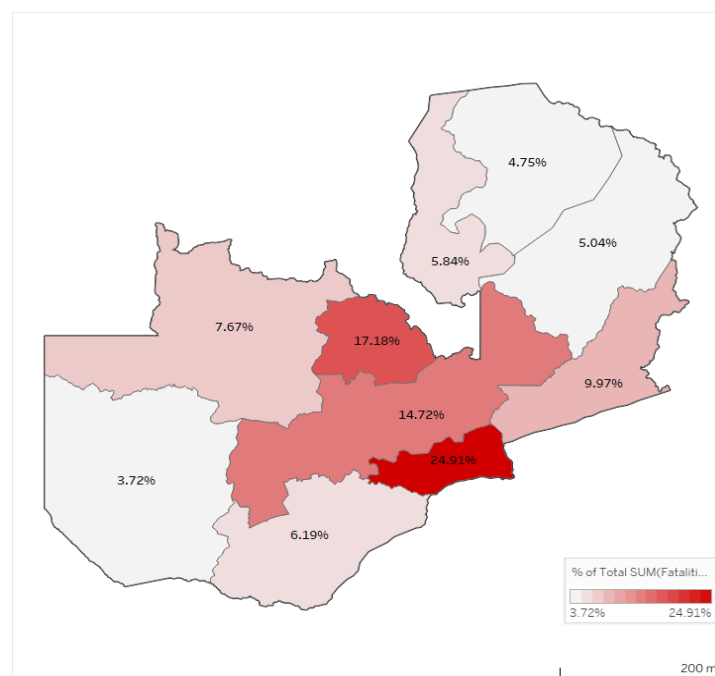
Table 4-1 below shows relative road traffic accident fatality rates as calculated by the number of fatalities per 10,000 vehicles and the number of fatalities per 100,000 population. Both of these rates show a declining trend in fatalities from the year 2016. Progress is being made in the fight against road carnage. There is however still for more concerted efforts among stakeholders in the fight if this progress is to be sustained.

**Table 4.1: Crash rates from 2012**

Year	No. of Registered Motor Vehicles	Zambia Population	No. of Accidents	No. of Fatalities	No. of severe injuries	No. of Accidents per 10,000 Vehicles	No. of accidents per 100,000 population	No. of fatalities per 10,000 vehicles	No. of fatalities per 100,000 population
2012	452,574	14,300,000	28,247	2,360	5,790	624	198	52	17
2013	534,532	14,800,000	29,118	1,851	5,489	545	197	35	13
2014	605,635	15,200,000	32,392	1,858	5,371	535	213	31	12
2015	663,529	15,500,000	33,672	2,113	6,236	507	217	32	14
2016	696,474	16,040,000	32,350	2,206	6,432	464	202	31.7	13.8
2017	737,671	16,405,229	30,163	1,989	5,500	409	184	27	12
2018	782,136	16,887,720	30,652	1,817	5,266	392	182	23	11
2019	822,882	17,381,168	30,648	1,746	5,012	372	176	21	10

#### 4.1.5 Distribution of fatalities by province in 2019

A total of 1,746 lives were lost as a result of road traffic accidents in 2019. This figure represents a 4% reduction from the 1,817 fatalities recorded in the year 2018. Lusaka Province recorded the highest (25%) number of fatalities, followed by Copperbelt, Central, Eastern, North-Western, Southern, Luapula, Muchinga and Western Provinces as shown in the chart below.



**Figure 4.4: Fatalities by province**

#### 4.1.6 4.1.6 Distribution of serious injuries by province in 2019

The distribution of Serious Injuries throughout the country follows a similar trend to the distribution of fatalities with Lusaka province recording the highest number and Western Province recorded the least number.

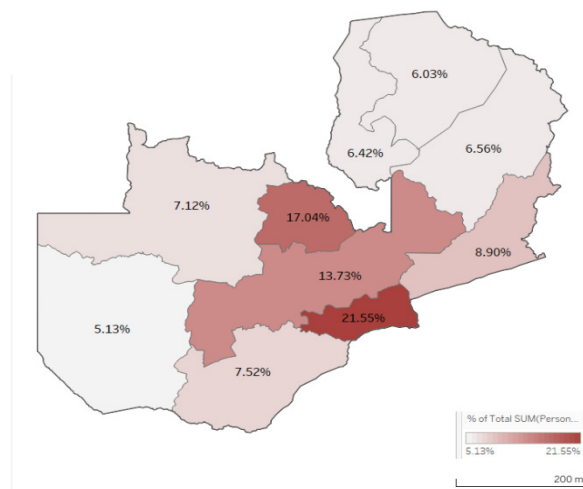


Figure 4.5: Distribution of serious injuries by province

#### 4.1.7 Distribution of slight injuries by Province in 2019

The seemingly is a similar trend in the distribution of slight injuries per province. Lusaka province recorded the highest number and Western Province recorded the least number

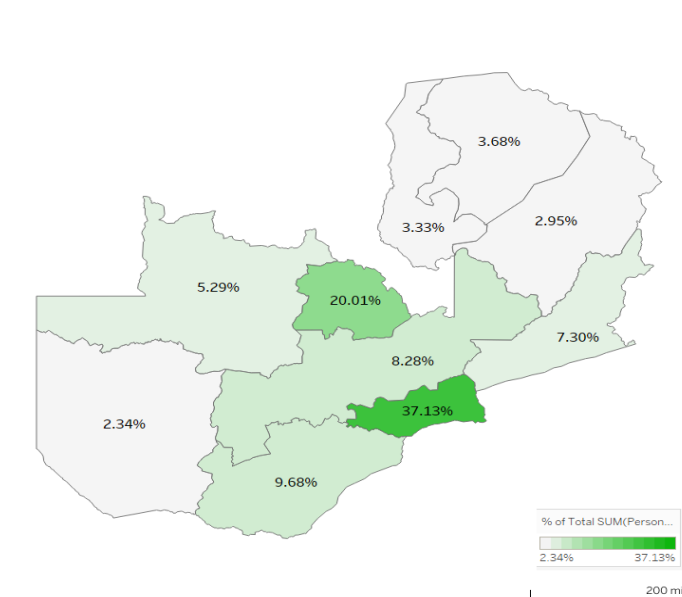
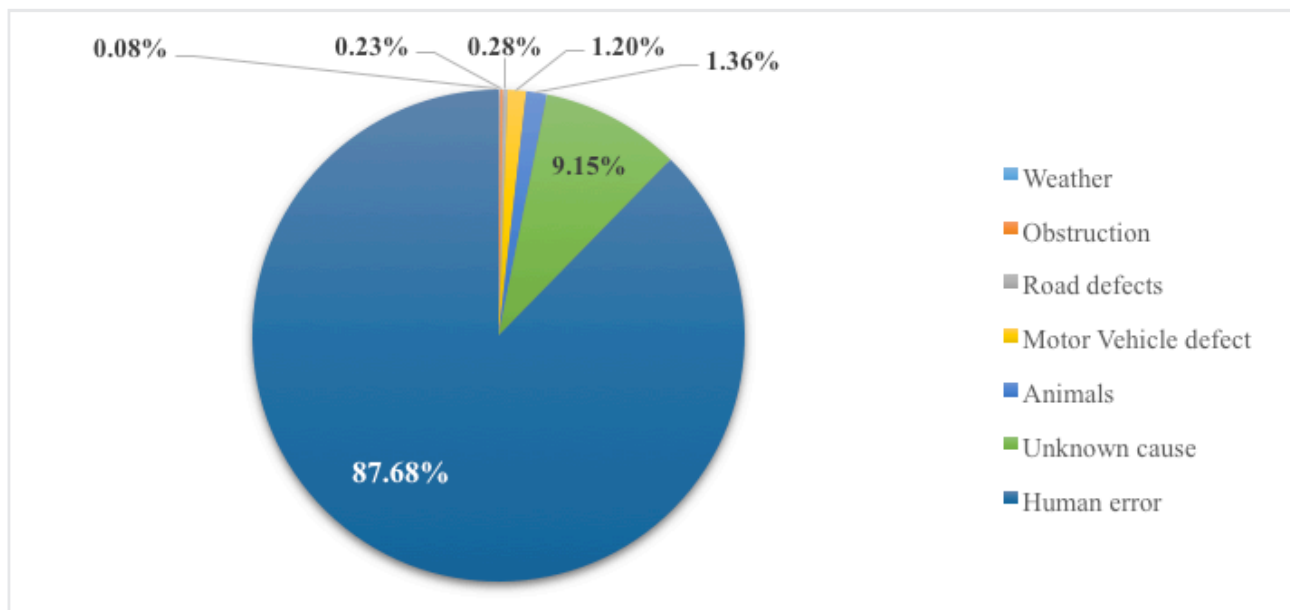


Figure 4.6: Slight injuries by province

#### 4.1.8 Factors that contributed to road traffic crashes in 2019

Road Traffic Crashes are caused by a number of factors - human, vehicle and environmental factors all play vital roles before, during and after a crash. The important factors are : human error (87.7%), wandering animals (1.4%), motor vehicle defects (1.2%), road defects (0.3%) and weather conditions (0.1%). The chart below show that the vast majority of crashes are caused by human error.



**Figure 4.7: Crash Contributory Factors**

## 4.2 Baseline Studies On Key Risk Factors

### 4.2.1 Study on Seatbelt and Motor Cycle Helmet Adherence

This study was conducted to determine the prevalence of seatbelts and motorcycle helmet use among vehicle occupants in Zambia

The study was observational by nature and the data was collected from various locations throughout each town. A total of 10,028 vehicles were observed in seven main towns in Zambia. The data was analysed using descriptive techniques and the chi-square test of independence was used to establish association between variables.

The study revealed that Seatbelt adherence stands at 49% among drivers, 36% among front passengers and 7% among rear passengers. Adherence rates among women drivers stands at 71% while the adherence rates among men is 45%. Furthermore, seatbelt adherence is higher in low-density areas and shopping malls than in the Central Business District (CBD) and in high density residential areas. People are more likely to wear a seat belt in fast moving traffic than in slow moving traffic. The data also reveals that probability of the front and rear passengers are more likely to wear a seatbelt if the driver is also wearing a seatbelt. Motorcycle helmet usage stands at 93% for drivers and 87% passengers.

### 4.2.2 Baseline Study on Child Restraints

The lack of child restraint use is a primary contributor to child injuries and fatalities in the event of a Road traffic crash. Understanding the extent of child restraint use among child occupants is necessary for the development of road safety campaigns targeted at children. The aim of this study was to collect baseline Child Restraint System (CRS) usage rates for drivers in Zambia broken down by gender, vehicle occupancy, town and location.

An observational study was employed in which a total of 8,953 cars were observed in seven main towns in Zambia. Of these, 463 vehicles were carrying children and only 28 (6%) were using adequate child restraint systems. These findings indicate that child restraint policies and educational approaches are urgently needed in Zambia. There is need to implement child safety campaigns and other measures to inform and motivate members of the public to use CRS.

### 4.2.3 Base line study on Handheld Mobile devices

This observational study was conducted to establish the prevalence of handheld mobile devices while driving.

A total of 9,715 vehicles were observed in seven main towns in Zambia. Results of the study show that 943 (9.6%) were observed to be using hand held mobile phones while driving.

Lusaka City has the highest rates of mobile phone use by drivers in the country. The study further revealed that people were more likely to use a mobile phone while the vehicle is in a traffic Jam (56%) than in fast (11%) or moderate (10%) moving traffic. The data also revealed that drivers of commercial vehicles had a lower rate of mobile phone usage (7%) than drivers of private vehicles (11%).

Other forms of driver distraction observed during the study include eating or drinking, applying makeup, combing hair, reading a newspaper, texting while driving adjusting temperature controls or radio, moving an object in the vehicle, talking to other vehicle occupants, smoking, using devices such laptop computers or tablets.

## 4.3 Baseline Studies on road transport

### 4.3.1 Study on Road Service License Compliance

This study was conducted to establish the compliance rates among public bus operators servicing local routes in Lusaka.

Estimates on the number of buses operating from the four main stations in Lusaka were collected and the figures were compared to the number of RSL's issued by the RTSA to establish compliance rates. The study has revealed that only 55% of buses in Lusaka City are compliant and the remaining 45% are non-compliant with the Road Service Licence. Levels of compliance are as low as 26% among operators of minibuses.

The study further revealed that there has been a 20 percent decrease in the number of buses operating from the four main station from last year. This has been attributed to the increase in the number of undesignated bus stations operating in Lusaka City. There is need to conduct lots of sensitisation and enforcement activities to encourage more operators to comply with the RSL in order to increase revenue collections and to improve the road safety Profile of the country.

### 4.3.2 Study on Illegal Bus Stations in Lusaka

The study was conducted to investigate the reasons why illegal stations are mushrooming and explore ways in which the problem can be addressed. A qualitative research design used employing in-depth interviews and focused group discussions as data collection instruments. The study was conducted in Lusaka City.

The study revealed that undesignated stations are forming because of supply and demand forces. Other factors which can be attributed to the formation of these stations include, lack of enforcement, congestion and overcrowding in bus stations and the high cost of loading and unloading fees.





# Finance Department

## 5.0 Finance Department

### 5.1 Revenue Collection

The three main streams of revenues at RTSA are Toll Fees which are transit fees chargeable to foreign trucks using Zambian roads. The fees are charged in United States Dollars. Registration, licensing, examination and related road user fees collected in Zambian Kwacha and carbon tax which is charged based on the GVM of vehicle.

#### 5.1.1 Revenue collection Performance for 2019

The main streams of revenue collected by the Agency continued to be fees collected under the Road Traffic Act No. 11 of 2002 and that of the Tolls Act of 2011. The Agency's overall revenue performance for 2019 was favourable as compared to the overall revenue performance of 2018.

The Road Transport and Safety Agency collected a total of K1, 182 million in 2019 as compared to the Yellow Book Government target of K1, 021 million. This represented a 16% over collection of the targeted total revenue.

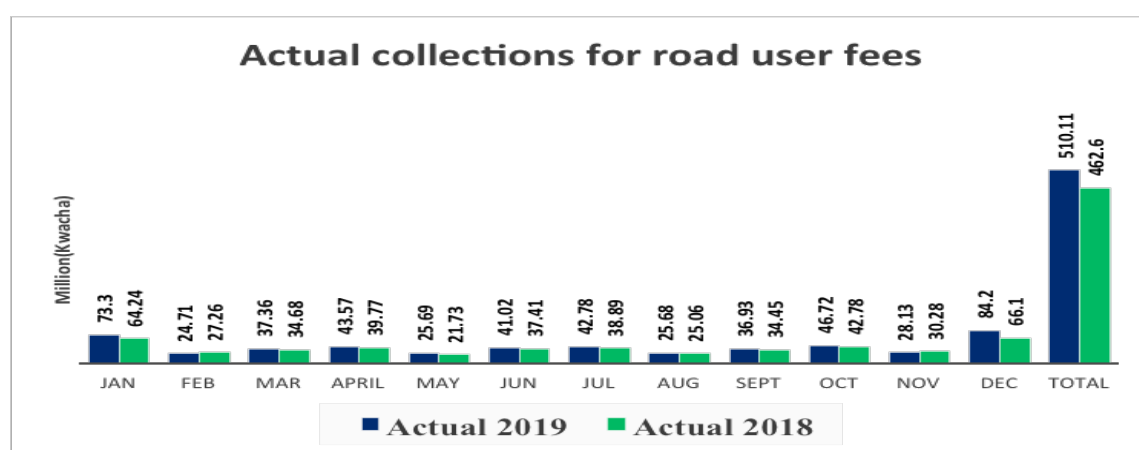
The total revenue collected of K1, 182 million in 2019 represented a growth of 15% against revenue collected in 2018 which was K1, 027 million. Table 5.1 below shows actual revenue collected against target revenues.

**Table 5.1: Actual Revenue Collections against Target Revenue in 2018 and 2019.**

	Actual 2019	Target 2019	Actual 2018	Target 2018	Actual Vs. Target	Actual Collections Growth
	ZMW	ZMW	ZMW	ZMW	ZMW	%
Road User Fees	510,106,129	509,608,038	462,599,979	458,750,000	100%	10%
Kwacha TOLL	5,633,692	7,877,460	8,389,503	4,122,763	72%	-33%
Foreign TOLL	665,987,873	503,288,790	556,004,229	44,532,492	132%	20%
<b>TOTAL</b>	<b>1,181,727,694</b>	<b>1,020,774,288</b>	<b>1,026,993,711</b>	<b>507,405,255</b>	<b>116%</b>	<b>15%</b>

#### 5.1.2 Collections Under The Road Traffic Act No.11 Of 2002

Revenue collected under the Road Traffic Act No.11 of 2002 comprised of fees from registration, licensing and examination. These types of fees were called the road user fees. The total revenue collected in 2019 was K510 million while in 2018 it was K462.6 million. This represented a growth of 10%. Figure 5.1 below shows monthly revenue collected under the Road Traffic Act No.11 of 2002.



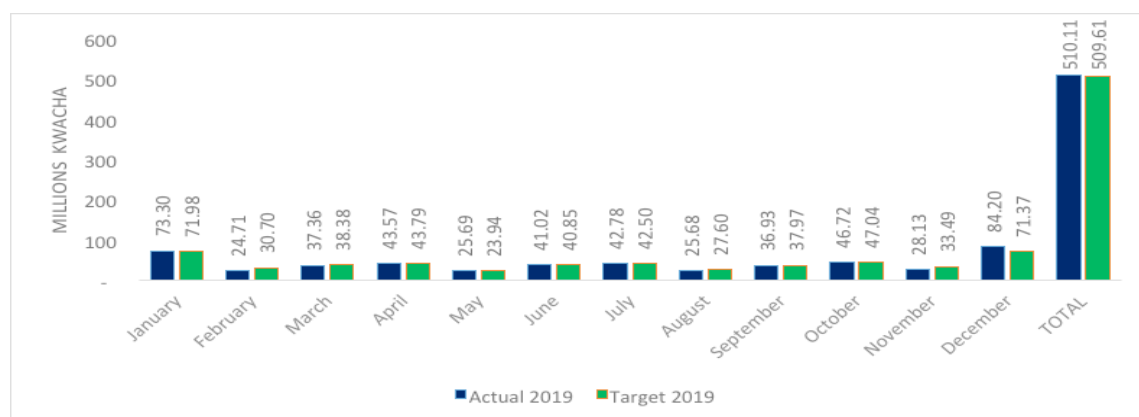
**Figure 5.1: Road User Fees collected in 2019 against Monthly Targets**

All RTSA stations collected revenue under road user fees to the sum of K345 million in 2019 while in 2018 the total revenue collected was K298.8 million. This represented a growth rate of 13.4%.

The highest revenue collecting station for road user fees in 2019 was Lumumba with a collection of K47.0 million, followed by Nakonde with K40 million and then Ndola with K36.7 million. This represented growth rates of 21%, 1% and 14% respectively. The increase at Lumumba station was mainly attributed towards the increased number of first registration and licencing of vehicles entering the country. However, the best performing station was Silverest, followed by Copperhill and then Chirundu with growth rates of 60%, 53% and then 44% respectively.

It should further be observed that Revenue collection at Nchelenge station has increased from K0.8 million in 2018 to K1.2 million in 2019 representing a growth rate of 28%. The increase has been attributed to the increased number of Trucks passing through Nchelenge town.

Figure 5.2 below shows road user fees collected in 2019 against collections in 2018.

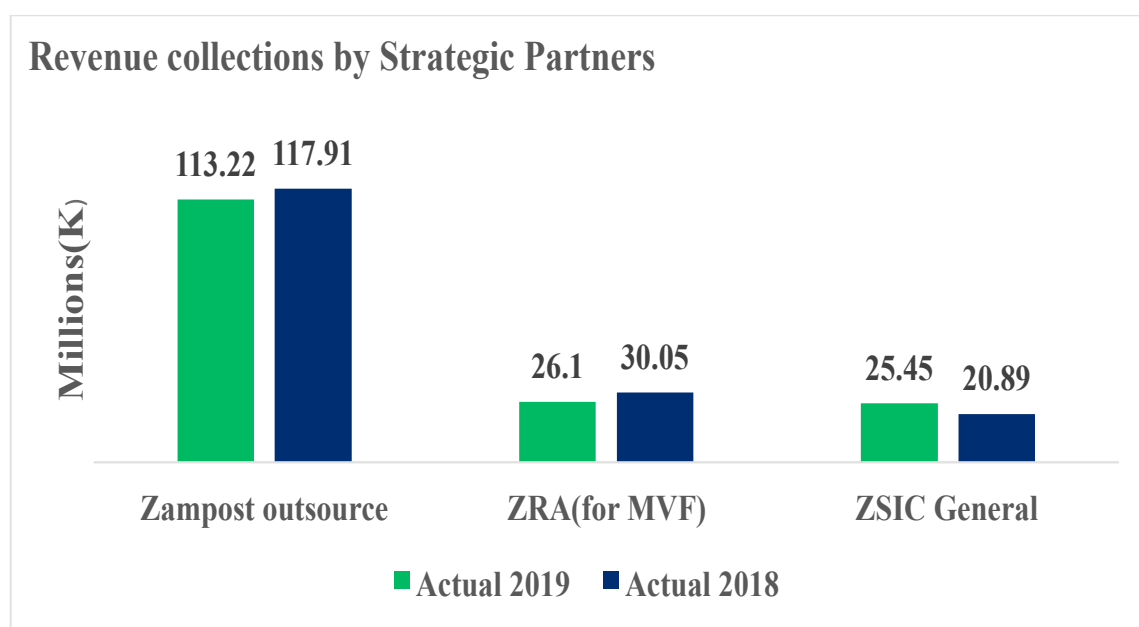


## 5.2 Outsourced revenue collections from strategic partners

In 2019 the Agency continued to collect revenues under road user fees through its strategic partners i.e. Zampost, ZSIC General and the Zambia Revenue Authority (ZRA).

The strategic partners collected a total of K165 million in the period under review as compared to K168.90 million in 2018. This resulted in a decrease of 3%.

Revenue collected by Zampost was K117.9 million; ZSIC was K20.9 million and K26.1 million by ZRA in the year under review. Zampost recorded a decrease of 4%, ZSIC a growth of 18% while ZRA recorded a decrease of 15%. The decrease in Zampost revenue collection was mainly attributable towards the strikes by workers the company has continued to experience. Figure 5.3 below shows details of the revenues collected by our strategic partners.



**Figure 5.3: Revenue collected under Road User fees by our Strategic Partners**

## 5.3 Collections under the tolls act of 2011

Toll fees are transit fees collected by the Agency on both foreign and locally registered vehicles using Zambian roads. These are collected on behalf of the National Road Fund Agency (NRFA) and Emerged Railways Properties (ERP) from stations situated at ports of entry and inland stations under the Tolls Act of 2011.

### 5.3.1 Toll fees from locally registered vehicles

The Road Transport and Safety Agency collects toll fees from locally registered vehicles on behalf of the NRFA. During the period under review, a total of K5.6 million was collected as revenue for tolls on locally registered vehicles. This represented a decrease of 33% over the revenue collected in 2018 of K8.4 million. However, Kasumbalesa has recorded a significant decline in revenue collection mainly due to the congestion of trucks that was experienced at that border during the year under review. An increased number of transporters began to use the Mikambo border post. It should be noted that the Agency does not have presence at this border and hence it is highly likely that some motorists may avoid paying toll fees resulting in a decrease in revenue collection.

Kasumbalesa recorded a decrease in Zamtoll revenue collection during the period under review of K2.3 million as compared to the revenue collected in 2018 of K5.5 million. The best performing station was Chanida followed by Nakonde and then Mwami with growth rates of 83%, 51% and then 45% respectively. Figure 5.4 below shows details of Toll fee collection for locally registered vehicles at ports of entry.



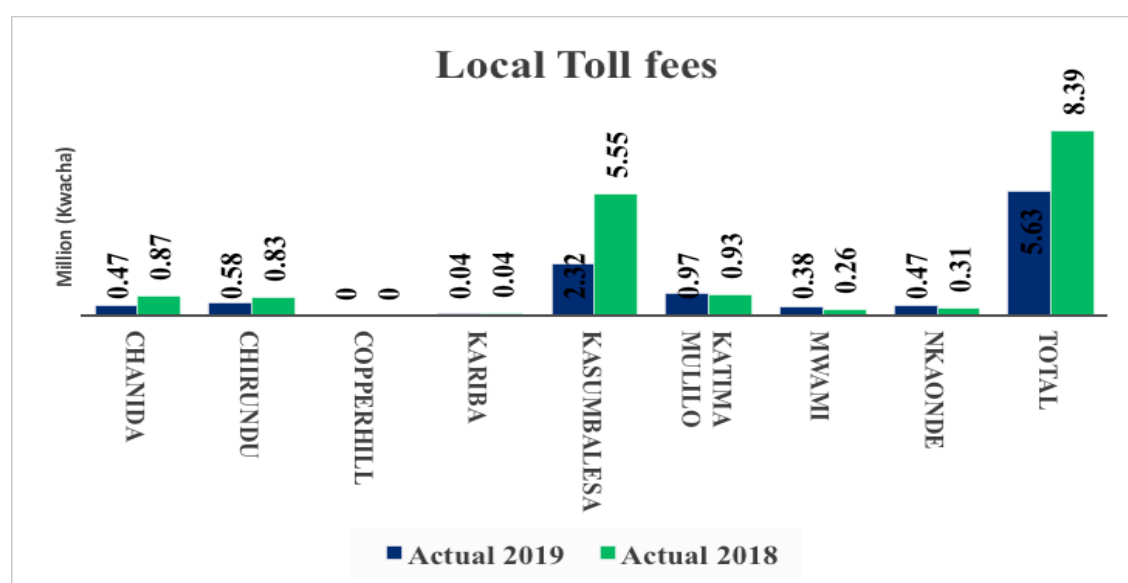


Figure 5.4: Toll fee collected from locally registered Vehicles in 2019 and 2018

### 5.3.2 Toll fees from foreign registered vehicles

The Road Transport and Safety Agency collects revenue through toll fees from foreign registered vehicles on behalf of the National Road Fund Agency (NRFA). The foreign toll fees collected were in United States Dollars (USD). The total revenue collected in 2019 was US\$51.4 million while in 2018 it was US\$53.7 million. This represented a decrease of 4% in US dollar revenue collections. This was attributable towards a decrease in the total number of foreign registered motor vehicles that transited the country in 2019. The depreciation of the local currency against the foreign currency between 2019 and 2018 resulted in the reported growth of kwacha equivalent revenues collected to be 17%. Figure 5.5 below shows details of the foreign toll fees.

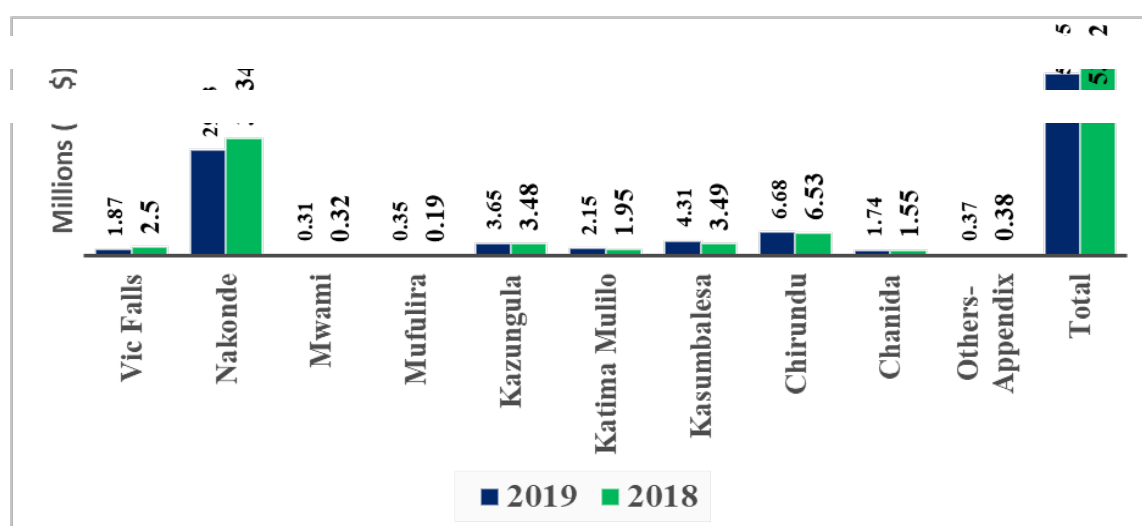


Figure 5.5: : Revenue Collected under foreign toll fees in 2019 and 2018.

Nakonde reported the highest revenue collections of foreign toll fees of US\$29.9 million in 2019 against US\$33.3 million in 2018. Chirundu was the second highest revenue collector with US\$6.7 million against US\$6.5 million and then Kasumbalesa with US\$4.3 million against US\$3.5 million in 2019 and 2018 respectively.

Most of the inland stations recorded a decline in revenue collection except for Mufulira, Mansa, Kasama and Nchelenge stations that recorded growth rates of 48%, 47%, 13% and 100% respectively. The decline was attributed towards the change in preference for foreign registered vehicles to pay for extension of toll fees at port of entry rather inland stations. However, Nchelenge Station has recorded a significant increase in Revenue collections of US\$55,094 during the period under review. An increased number of transporters began to use Nchelenge station.

### 5.3.3 Toll fees from Victoria falls bridge

In 2019 the Agency continued to collect toll fees at the Victoria Falls Bridge on behalf of Emerged Railway Properties (ERP). A commission of 5% per cent of revenue collected was retained by the Agency. The total revenue collected in 2019 was US\$1,017,264 while in 2018 it was US\$1,102,694.00. This represented a decrease of 8% in US dollar revenue collections. The total commissions due and retained by the Agency in 2019 was US\$50,673 while in 2018 it was US\$55,879.00. Table 5.2 below shows revenue collected from bridge tolling at Victoria Falls Bridge and Table 5.3 shows RTSA Commissions.

**Table 5.2: Revenue Collected from bridge tolling in 2019 and 2018**

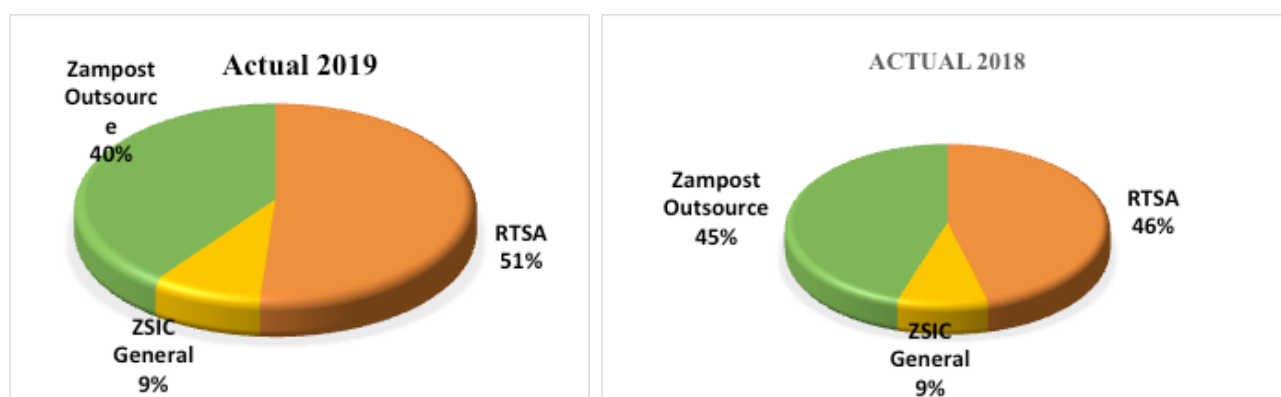
	TOTAL COLLECTIONS		
MONTH	2018 - Total	2019 - Total	Percentage
	USD	USD	
JANUARY	-	77,964	100%
February	36,936	70,306	47%
March	111,811	80,869	-38%
April	119,839	82,242	-46%
May	115,571	83,140	-39%
June	98,900	84,599	-17%
July	98,857	86,327	-15%
August	114,620	89,239	-28%
September	87,574	94,306	7%
October	110,086	89,143	-23%
November	104,706	95,457	-10%
December	103,794	83,672	-24%
TOTAL	1,102,694	1,017,264	

**Table 5.3: RTSA Commissions Collected from bridge tolling in 2019 and 2018**

RTSA COMMISSIONS			
MONTH	2018 - TOTAL	2019 - TOTAL	PERCENTAGE
	USD	USD	
January	-	3,898	100%
February	1,847	3,515	47%
March	5,591	4,043	-38%
April	5,992	4,112	-46%
May	5,779	4,157	-39%
June	5,690	4,249	-34%
July	4,943	4,317	-15%
August	5,731	4,462	-28%
September	4,379	4,717	7%
October	5,504	4,487	-23%
November	5,235	4,731	-11%
December	5,190	3,984	-30%
TOTAL	55,879	50,673	

## 5.4 Carbon Emission Surtax (CES)

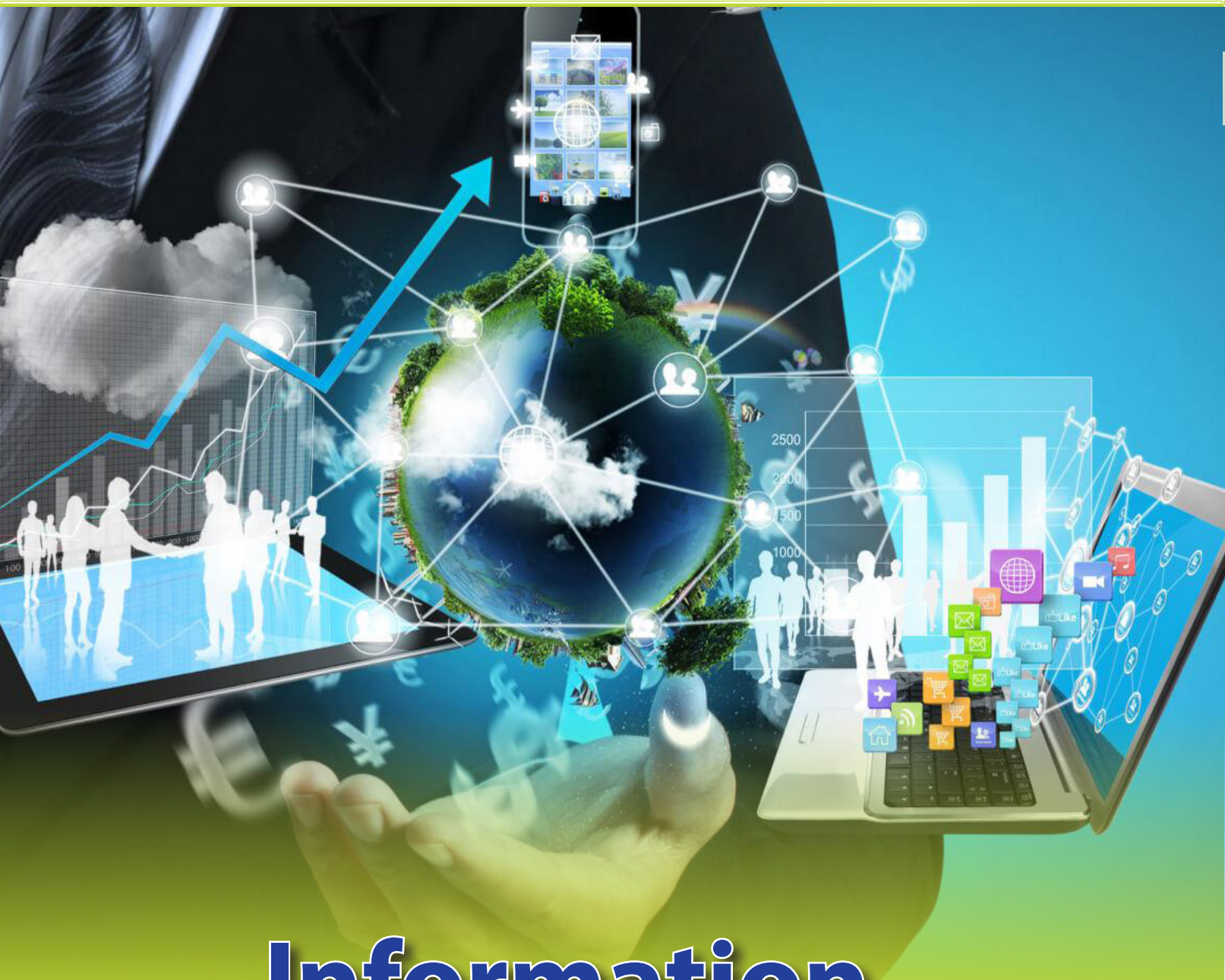
The Road Transport and Safety Agency also collected carbon emission surtax on behalf of the Zambia Revenue Authority (ZRA) from motor vehicles. The Agency collected a total of K51.8 million of Carbon Emission Surtax (CES) in 2019 compared to K46.8 million in 2018. This reflected a growth in revenue collected of 11%.


**Figure 5.6: Carbon Emissions Surtax**

## 5.5 REVENUE REFORMS

The Agency managed to implement an electronic payment solution with Investrust Bank and First Capital Bank. The payment solution were a teller inplant at Ridgeway station and electronic payment options for transporters transiting our port of entry stations in Mwami and Chanida.

The Agency further managed to enhance the service provision with Nakonde, Chirundu, Kazungula, Victoria Falls and KatimaMulilo by introducing improved electronic payment devices provided through First Capital Bank. This was an option used to mitigate the connectivity challenges that were experienced through Ecobank.



# Information Communication and Technology Department



## 6.0 Information Communication and Technology Department

During the period under review, the Agency ensured the availability of the its core applications in order to guarantee improved service delivery. Among the activities done included works to improve connectivity within the Agency with reduce system downtime. The goal was to consolidate all data links to a limited number of providers and simplify the network.

The Agency also explored the development and implementation of new Driving License Card personalization and Identity application modules for transport management information system which enhanced service delivery particularly in the printing of driver licence cards.

The year ended with the commencement of the development and implementation of the online services portal through the Government Service Bus (GSB).

### 6.1 Service Delivery

The ICT team together with Transport and Finance departments engaged with various online payment solution providers to assess the online payment system options for the Agency services which were planned for launch in the second quarter of 2019. The providers included and payment enablers. The meetings explored various possible workflows in the provision of services online. Prototypes were also presented by different solution providers.

Development of the online service portal through the GSB commenced in October 2019 with a target deployment of December 2019 / January 2020. The portal which was being developed through the Ministry of Finance / Smart Zambia would initially start with the provision of Motor Vehicle Licencing (Road Tax/CES) and Applications for Roadworthiness Examinations. The portal would first include online payment through debit/credit cards, mobile money and later incorporate other payment options.

### 6.2 Driver Licensing

During the period under review, deliver license renewals and duplicate service was introduced at the Silverest station to allow clients to access driver licencing services including the on demand printing and issuance of the driver licence cards.

The department continued to provide critical support to the Driver Licence printing processes. This included development and implementing of additional features that allowed Driver Licence applicants to apply for a licence at any station and have the flexibility of having it printed and collected from another station.

### 6.3 Motor Vehicle Registration

During the period under review, motor vehicle registration was introduced at Silverest and Mimosa stations with the introduction of two new plate prefixes (BBA and BLA). This process allows clients to register Motor Vehicles at both stations and also allow for all motor vehicle administration functions including change of ownership.



## **6.4 Mobile Licencing**

The Agency recorded a first in that for the first time, online service delivery was provided during the mobile licencing activities. Full complement services for Driver Licencing and Motor Vehicle Licencing were provided during the mobile licensing exercise in Nyimba, Petauke, Chadiza and Lundazi.

The provision builds upon the successful implementation and deployment of the new wide area network via wireless 4G devices. The new devices have continued to provide exceptional quality of service with their ease of use and mobility.

## **6.5 Data Links**

The redesign of station data links was completed during the year under review. This resulted in improved link and service uptime and major reduction in downtime with a highly responsive and quick resolution time on link failures. The new links would also result in a reduction in monthly bandwidth rental fees.

The Agency also deployed a new cost effective Access Point Name network (APN) with use of low cost 4G/LTE modems.

## **6.6 Disaster Recovery (DR) Site**

The Agency successful acquired and setup DR site services from the Zambia National Data Centre (ZNDC). The deployment further improved data security in the event of loss on the primary and secondary sites.



# Legal Department

## 7.0 Legal Department

The Legal Department provides legal services to the Road Transport and Safety Agency (RTSA), and assists the Director in dealing with Board matters as Secretary to the Board of RTSA. This report briefly outlines the tasks undertaken by the Legal Department in 2019.

In addition, the Department performs two other functions in the Agency namely prosecution of road traffic offenders and investigations.

### 7.1 Litigation and Administrative Duties

#### 7.1.1 Court Cases

The Legal Department handled litigation on behalf of the Agency before various courts of law. The majority of the cases were handled in-house while a few were outsourced to law firms. The table below shows a summary of active cases in 2019 compared to 2018.

**Table 7.1: Summary of all cases that are still pending before the Courts of law.**

Court	2018	2019
Cases in the Supreme Court	3	2
Cases in the Court of Appeal	2	3
Cases in the High Court	6	10
Cases in the Industrial Relations Court	6	5
Cases in the Subordinate Court		2
Cases in the Road Service Tribunal	1	Nil
<b>TOTAL</b>	<b>18</b>	<b>22</b>

#### 7.1.2 Board Meetings

The Legal Department assists the Director and Chief Executive Officer in dealing with Board matters as Secretary to the Board of RTSA. The following Board and Committee Meetings were held during the year under review:

**Table 7.2: Board and Committee Meetings**

Board Meetings	Finance and Admin. Comm. Meetings	Technical Comm. Meetings	Audit and Risk Management Comm. Meetings
39 <sup>th</sup> Board Meeting held on 21 <sup>st</sup> August, 2019	34 <sup>th</sup> Finance and Administration Committee Meeting held on 2 <sup>nd</sup> September, 2019	34 <sup>th</sup> Technical Committee Meeting held on 3 <sup>rd</sup> September, 2019	34 <sup>th</sup> Audit Committee Meeting held on 10 <sup>th</sup> September, 2019
Corporate Governance Training held on 5 <sup>th</sup> and 6 <sup>th</sup> September, 2019	35 <sup>th</sup> Finance and Administration Committee Meeting held on 22 <sup>nd</sup> October, 2019	35 <sup>th</sup> Technical Committee Meeting held on 23 <sup>rd</sup> October, 2019	35 <sup>th</sup> Audit and Risk Management Committee Meeting held on 29 <sup>th</sup> October, 2019
37 <sup>th</sup> Extra-Ordinary Board Meeting held on 6 <sup>th</sup> September, 2019			
40 <sup>th</sup> Board Meeting held on 2 <sup>nd</sup> and 3 <sup>rd</sup> October, 2019			
41 <sup>st</sup> Board Meeting held on 21 <sup>st</sup> November, 2019			

### 7.1.3 Review of Agreements

The Legal Department drafted or reviewed agreements as follows:

- |    |                              |    |
|----|------------------------------|----|
| 1. | Procurement contracts        | 28 |
| 2. | Memorandums of Understanding | 15 |
| 3. | Lease Agreements             | 9  |

### 7.1.4 Prosecution of Road Traffic Offenders

The Agency prosecutes road traffic offences through the Fast Track Court at Lusaka Civic Centre and other subordinate courts countrywide.

The most prevalent offences handled by the Fast Track Court during the quarter under review comprised of: expired road tax **272 cases**; expired test certificate **195 cases**; unlicensed driver **112 cases**, Expired insurance **99 cases**; **133 cases** dangerous driving.

The table below shows a comparison of cases handled in the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2019, and the revenue collected by the Lusaka Fast Track Court. It will be noted there was a reduction in terms of cases taken to the Fast Track Court in the course of the year. This is because most of the cases under 1500 penalty units were dealt with using the admission of guilty process under Section 221 of the Criminal Procedures Code Cap 88 of the Laws of Zambia. Table 7.3 shows the cases that were handled by the Fast Track Court and the revenue that was collected

**Table 7.3: Cases handled by the Fast Track Court**

1 <sup>ST</sup> QUARTER - 2019		2 <sup>ND</sup> QUARTER - 2019		3 <sup>RD</sup> QUARTER - 2019		4 <sup>TH</sup> QUARTER - 2019	
Cases	Revenue	Cases	Revenue	Cases	Revenue	Cases	Revenue
1816	K1,286,960	1726	K1,174,690	1451	K840,588	1383	K829,593

### 7.1.5 Engagement of National Prosecutions Authority to prosecute RTSA cases

The Agency during the year under review engaged the National Prosecution Authority (NPA) to assist the Agency prosecute road traffic offences before courts outside Lusaka. The Prosecution Unit for the Agency is small having two prosecutors only based in Lusaka. To ensure countrywide prosecution of traffic offences therefore, the Agency decided to collaborate with the NPA which has prosecutors in nearly all the districts in Zambia. Implementation of the initiative is still work in progress as there is need to build capacity among the Road Traffic Inspectors to process cases and submit them to NPA for prosecution. A total of 64 cases were handled by NPA during the period under review with **K4, 131,831** paid as fines. The bulk of the 64 cases were facilitated by the Mongu RTSA office.

### 7.1.6 Investigations

The Agency has an Investigations Unit that is responsible for investigating criminal cases and cases emanating from the Disciplinary and Grievance Procedures Code.

**Table 7.4: Cases handled**

1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total
Handled 29 cases	Handled 33 cases	Handled 34 cases	Handled 27 cases	123 M/V cases handled

### 7.1.7 Meeting with PACRA, Bank of Zambia and Ministry of Commerce

The Legal Department was part of a meeting on the proposed integration of Movable Property and motor vehicles registers.

The rationale for the proposal is to facilitate registration of interests on motor vehicles in line with provisions of the Movable Property (Security Interest) Act No. 3 of 2016.



## **7.2 Law Review**

### **7.2.1 Road Traffic Amendment Bill**

In June 2018, Cabinet directed the Minister of Transport and Communications and the Minister of Home Affairs to co-sponsor the Cabinet Memorandum (Cab Memo) on the Road Traffic Amendment Bill. Following that directive, Ministry of Transport and Communications, Ministry of Home Affairs, Road Transport and Safety Agency and Zambia Police held several meetings in 2019 to agree on the content of the Bill. As of fourth quarter 2019, consensus was reached and the Cab Memo was uploaded to the Cabinet portal for comments.

### **7.2.2 Meetings attended by the Legal Department**

The Legal Department attended the following meetings during the year under review:

- 1) BRRA Seminar on the Trainer of Trainers workshop on the importance of conducting Regulatory Impact Assessment held in Livingstone, Zambia 12<sup>th</sup> to 16<sup>th</sup> April, 2019.
- 2) Stakeholder Consultative Meeting on the evaluation of the Chirundu OSBP held on the 18<sup>th</sup> September, 2019 in Livingstone Zambia.
- 3) BRRA Seminar on In-House Counsel held on the 26<sup>th</sup> September, 2019 at Raddison Blu Hotel in Lusaka.
- 4) Third Joint Tripartite Nacala Development Corridor Technical Committee Meeting held from 25<sup>th</sup> to 27<sup>th</sup> September, 2019 at Mbingu International Conference Centre, Lilongwe, Malawi
- 5) Legal Scrubbing Meeting of the Nacala Development Corridor held.



# Public Relations Department

## 8.0 Public Relations Department

Among the Key activities undertaken by the PR department during the year was the enhancement of the customer relation management through the Call Centre with over 3,500,000 inbound queries and reports attend to through the toll free line 983 and social media.

The PR improved its reach by undertaking media publicity campaigns through TV, radio, newspapers and social media platforms with over 110 press statements and public notices circulated and published through the media.

The department continued to enhance the Agency's road safety and service delivery mandate through exhibitions. The PR department conducted road safety education and publicity at the Copperbelt Investment Expo, Zambia International Trade Fair (ZITF), North-Western Province Investment Expo, Southern Province Investment and Tourism Expo and successfully held the RTSA open day in October 2019, which attracted over 1,000 clients.

During the period under review, the RTSA won the first position in Best Event Management and second position in the following categories; Best Publication, Best Social Media Campaign and Best Crisis Management at the Zambia Public Relations Association (ZAPRA) Annual General Conference and Communications and PR Awards. The Agency also won first prize for Local exhibitors in Transport Services and Allied Industry at the 2019 Zambia International Trade Fair (ZITF).

The PR department continued to leverage on the growing social media space in reaching out to a wide range of road users. During the period under review, the departments utilized the RTSA facebook Page and grew its followers to over 100,000. Subsequently clients complaints rate reduced by over 25% through calls received at the National Call Centre from 3000 complaints in the first quarter to 700 complaints in the fourth quarter.

In the coming year, the PR department will continue to implement the 2019-2021 Strategic Plan and deliver on its primary mandate to identify appropriate corporate messages and communicate such messages through accessible channels to target audiences in a bid to raise public awareness on the RTSA policies, programmes and services through implementing media campaigns on various road transport and safety programmes and services, marketing the Agency brand, stakeholder management and provision of corporate communication support.

### 8.1 Improved road transport and safety

During the period under review, the Public Relations department carried out activities that focused on RTSA's safety and transport mandates. A key focus of the activities undertaken were to ensure that safety programmes result in improved road safety practices the development of sustainable transport systems. The PR department publicized all road transport and safety related activities under the departments of Transport and Safety respectively.

## 8.2 RTSA branding

In the year 2019, the Public Relations Department spearheaded the branding of selected RTSA service centre. A total of five stations were branded namely:

- a. Kitwe Copper Hill Mall;
- b. Kitwe Main;
- c. Chipata;
- d. Cosmopolitan Mall ; and
- e. Serenje.



## 8.3 Management of Queues during peak period

During the period under review, the PR department constantly issued Public notices and adverts through the media to remind the public to renew or obtain road tax in time to avoid panic at the end of the quarter.

## 8.4 Customer Relation Management through the Call Centre

During the period under review, the PR department improved the customer relation management through the Call Centre with over 3,500,000 inbound queries and reports attend to through the toll free line 983 and social media. All queries advanced to the call centre were resolved.

## 8.5 Marketing Agency Brand

The PR department continued to implement effectively, a new strategy focused on creating a good corporate image, trust, reputation and goodwill for RTSA. The PR department continued advocating for sustainable transport, road safety and service delivery by profiling how clients are experiencing the RTSA brand through word-of-mouth. This culminated in people slowly beginning to gain trust in the Agency and appreciating RTSA services.

## 8.6 Corporate Social Responsibility

As part of its Corporate Social Responsibility activities, the Department undertook the following activities;

- a. donated medical consumables to the University Teaching Hospital support road traffic accident victims;
- b. Support towards Ncwala traditional Ceremony; and
- c. Support towards Mutomboko traditional ceremony.

## 8.7 Service Delivery

During the period under review, the department publicized activities aimed at improving quality and reach of RTSA's safety and service delivery mandate. The programme areas that were publicized during this period include:

- a. Devolution of services leveraging other stakeholder delivery systems;
- b. Deploying of effective digital platforms;
- c. Publicity of all business process flows;
- d. In collaboration with the IT department, the RTSA website is now functional; and
- e. Dissemination of information on "my road safety promise through bulk sms sent through ZICTA.

## 8.8 Stakeholder collaboration

With focus on problem solving and working collaboratively with various stakeholders to achieve a high level adherence to service standards, the Public Relations department took part in several activities that were organized as a means of identifying and strengthening road safety partnerships with other organisations and companies holding similar interests as the Agency.



*Minister of Transport and Communications Honourable Mutotwe Kafwaya during the launch of the 2019 - 2021 Strategic Plan*



### 8.8.1 Zambia Public Relations Association (ZAPRA) Annual General Conference

The RTSA won the first position in Best Event Management and second position in the following categories;

1. Best Publication
2. Best Social Media Campaign
3. Best Crisis Management

### 8.8.2 Inter-Company Relay - 2019

The RTSA participated in the 2019 Inter-Company Relay held at the Heroes stadium in Lusaka on 22<sup>nd</sup> June 2019. The theme for this year's event was "The Key to New Health Life Style Walk and Run". The RTSA emerged first in the Director's Race 100 metres. The Agency was also awarded 2<sup>nd</sup> Prize in the Regulatory Institution Category.



*RTSA staff during the 2019 Inter-Company Relay*

### 8.8.3 Copperbelt Investment Expo

The Public Relations department exhibited at the Copperbelt Investment Expo which was held from 24<sup>th</sup> to 28<sup>th</sup> June 2019 at Levy Mwanawasa Stadium in Ndola under the theme "Broadening the Copperbelt Economy through Diversified Investment". The department in collaboration with the Education and Publicity Department conducted road safety campaigns and education through one on one interaction with the public and provision of various road safety materials.

### 8.8.4 Zambia International Trade Fair

During the period under review, the Public Relations Department whilst engaging other departments, exhibited at the 2019 Zambia International Trade Fair (ZITF) from 28<sup>th</sup> June 2019 to 2<sup>nd</sup> July 2019. The event was held under the theme, "Inclusive Growth through Entrepreneurship". As part of the exhibition, the RTSA offered services such as payment for road tax, acquisition of provisional driver's licenses renewal and replacement of driver's licenses. The RTSA won first prize for Local exhibitors in "Transport Services and Allied Industry".

### 8.8.5 North-Western Province Investment Expo

The Public Relations Department facilitated for the Agency's exhibition at the North- Western Province Investment Expo which was held from 18<sup>th</sup> to 24<sup>th</sup> August 2019, at Solwezi City Mall. The theme for the event was *"Unveiling the Hidden Treasures"*.

The PR department in collaboration Safety departments conducted awareness activities on RTSA services and road safety sensitisation through one-on-one interaction with the public as well as provided various road safety materials. To leverage on the number of people attending the Likumbi – Lyamize Traditional Ceremony held at Mize Palace in Zambezi, RTSA utilized the platform to carry out road safety awareness activities.



2019 Zambia International Trade Fair

### 8.8.6 Southern Province Investment and Tourism Expo

During the period under review, the Public Relations departments participated in the Southern Province Investment and Tourism Expo, held from 14<sup>th</sup> to 21<sup>st</sup> September 2019 at the Royal Livingstone Golf Club under the theme *"Accelerating Development through Value Addition and Diversification"*. The exposition attracted stakeholders from various institutions and was officially opened by his Excellency President Edgar Chagwa Lungu on 20<sup>th</sup> September 2019. The Agency undertook activities to explain RTSA services to the public and conducted road safety education and traffic law enforcement throughout the entire period of the expo.



Regional Educational Officer Mr. Kabika Songolo interacting with members of the public and delegates at the Southern Province Expo.



### 8.8.7 RTSA Open Day

During the period under review the department organized the RTSA Open Day, an event held annually since 2017. The event has become the beacon of premier events to showcase road transport and safety management services and programmes to the general public in a bid to bridge the gap with our stakeholders and market the RTSA brand.

This year's Open Day was held on 28<sup>th</sup> September at the Cosmopolitan Shopping Mall in Lusaka under the theme: **"Towards Service Excellence"** in line with the goal of the Agency which is to provide quality services to the general public.

The Open Day was officially opened by the RTSA Acting Board Chairperson Dr. Cornelius Chipoma. A number of services were offered to showcase operations of the Agency to include; Printing of Drivers' Licence cards (on demand), Motor Vehicle Physical Inspection, Motor Vehicle Examination both physical and automated Road Safety Publicity and Education, Payment for Road Tax, Payment for Certificate of Fitness, Issuance of Provisional Driver' Licence and Practical Driver' testing.



*Road Traffic Inspector Ms. Chembe Nkonde explaining to the RTSA Acting Board Chairperson Dr. Cornelius Chipoma equipment utilised by the Enforcement Department during operations.*

## 8.9 Media Publicity Campaigns as Cross Cutting

The Public Relations Department utilised all forms of media to ensure road safety messages are disseminated to road users. A critical milestone during the period under review was the ***“My road safety promise campaign”***, based on the philosophy that road safety starts with every one of us. The campaign was publicised on through various media platforms and requires all road users to make a pledge to play an active role in upholding the road safety profile of the country by adhering to road safety regulations.

### 8.9.1 Television

During the period under review, the Public Relations department continued the broadcasting of the “Happy Patrol” television programme aired on ZNBC TV1 with multiple appearances on various TV programmes and news bullet-ins

### 8.9.2 Radio

During the period under review, the Public Relations department continued to prioritize the use of radio to spread road safety messages across the country. This was attained through public notices and other adverts bearing road safety messages. Further the department assigned officers countrywide to feature on various radio programmes with over ten community radio stations in all provinces broadcasting programs on RTSA services and road safety in general. Additionally, the department publicized “My Road Safety Promise Campaign” on Millennium Radio, Radio Phoenix and Hot FM and ZNBC radio 4.



# Procurement Department



## 9.0 Procurement Department

The Agency receives funding from GRZ for administrative activities and for implementation of the Annual Work Plan from the National Road Fund Agency (NRFA). The planned procurements that were to be implemented under the procurement plan for the year under review amounted to K106,157,613.10 (One hundred and six million one hundred and fifty seven thousand six hundred and thirteen Kwacha ten ngwee) and total commitments amounted to K78,509,689.64 (Seventy eight million five hundred and nine thousand six hundred and eighty nine Kwacha sixty four ngwee).

### 9.1 Tenders

The major open, selective and direct bid tenders floated in the year under review are tabulated below.

**Table 9.1: Major Procurements in the year 2019**

S/N	Description	Status
1.	Tender for the supply and delivery of 8 No. motor vehicles	Six (6No.) out of the eight (No.) have been delivered
2.	Tender for the supply and delivery of various furniture for RTSA Offices	Delivery to be completed by end of Q1 2020
3.	Provision Of Security Services On A One (1No.) Year Running Contract for RTSA Stations	Contract to commence on 1 <sup>st</sup> February, 2020
4.	Tender For The Supply And Delivery Of Various ICT Equipment	Contract signed and delivery to be completed by end of Q1 2020
5.	Tender for the supply and delivery of two (2No.) tow trucks	Contract signed and delivery to be completed by end of Q2 2020
6.	Tender For The maintenance of air conditioners in all RTSA Stations	Contract to be awarded by Q1 2020.
7.	Tender for the Printing of Road Safety Supplementary Books	Delivery to be completed by end of Q1 2020
8.	Tender for the provision of Insurance Brokerage Services for Group Life Assurance and Travel Insurance	Contract to commence in Q1 2020
9.	Tender for the supply and delivery of 4No. motor vehicles for Administration	Delivery to be completed by end of Q1 2020

## 9.2 Procurements under the Improved Rural Connectivity Project (IRCP)

The Government of the Republic of Zambia (GRZ) received financing from the International Development Association (IDA) in the form of a credit for the Improved Rural Connectivity Project (IRCP).

The objectives of this project are to:

- i. Improve Zambia's rural roads accessibility for communities in selected areas;
- ii. Strengthen institutional capacity for sustainable management of rural roads; and;
- iii. Respond promptly and effectively to Eligible Crisis or Emergency.

The RTSA is responsible for road safety activities that include awareness and audits.

In the period under review some of the procurements under the Improved Rural Connectivity Project (IRCP) not finalized by the close of the period are tabulated below:

**Table 9.2: Procurements under IRCP**

S/N	Description	Status
1.	Provision of Consultancy Services for the development of a Rural Road Safety Strategy	Draft Rural Road Safety Strategy has been submitted.
2.	Consultancy services to conduct Road Safety Audits	Contract was signed in the Q3 2019.
3.	Supply and delivery of a Motor vehicle for Road Safety awareness Campaigns	To be delivered by end of Q2 2020.

## 9.3 Carried over procurements

There were procurements mainly of a construction nature that were carried over from the 2019 financial year with anticipation of funding in the ended year. Tabulated below are the carried over procurements:

**Table 9.3: Carried Forward Procurements**

No.	Description	Status
1.	Construction of Motor Vehicle Inspection Centre in Silverest	Awaiting advance payment
2.	Motor Vehicle Inspection Centre in Luanshya	Building is at lental level
3.	Motor Vehicle Inspection Centre in Mufulira	15% of works
4.	Supply and delivery of Security paper and consumables	Delivery was 98% complete
5.	Supply and delivery of 22No. Toyota Camrys	Delivery was completed



# Internal Audits and Risk Management Department

## 10.0 Internal Audits and Risk Management Department

The Internal Audit adopted the Risk Based Approach (RBA) in 2019 in developing its annual work which was approved by the Audit Committee. This Plan is reviewed every quarter to ensure that all critical aspects of the Agency systems and operations are examined and appropriate recommendations made for improved performance and adherence to all relevant accounting standards, laws and regulations.

The approach to each review depends on the following:

- a) Risks inherent in the achievement of the objectives
- b) Level of confidence required that controls are well designed and operating as intended.
- c) Level of Assurance required.

### 10.1 Quality Control

Our aim in 2019 was to provide a service that remained responsive to the needs of the Agency and maintain consistently high standards. This process was achieved through the following internal processes:

- a) Liaison with Management to ascertain the Risk Management, Control and governance processes
- b) A tailored audit approach using a defined methodology.
- c) Review and quality control of all internal audit work carried out.

### 10.2 Main Activities undertaken during the year.

#### 10.2.1 Compliance Audits

The main objective of this type of audits was to ensure that the Agency is in compliance to the requirement of the new Public Finance Management Act, of 2018 and the Financial Regulation of 2006 in relation to the collection and banking of government revenue. Further, the Internal Audit also checked whether the Agency has been in compliance in relation to the requirement of the Road Traffic Act, the Driver License manual, Finance and Administration Manual, Motor Vehicle examination Manual and Motor Vehicle Registration Manual in Carrying out its Mandate.

#### 10.2.2 Financial and Controls Audit

The Objective of this type of the audit was to check that the internal controls put in place by management in relation to the financial transactions were in place and operating effectively.



### 10.2.2.1 Information Systems Audits

The main objectives of this audits were to check the integrity, reliability and confidentiality of the financial information in the system and any lapses are corrected on time. The Agency's aim was to ensure our operational efficiencies so as to meet and satisfy the services demand requirements. This vision is adversely affected by the unstable and unreliable ICT systems that have recorded long system outages leading to both customer un-satisfaction and loss of revenue.

### 10.2.2.2 Audits conducted in 2019

The below table shows the audits that were conducted during the period

**Table 10.1: Audits conducted**

Types of Audits	Department	Audit Area
First Quarter Audits		
E- Zamtis Inventory and reports Audit		
Second Quarter Audits		
Special Audits	Finance –Revenue unit	Audit of Revenue baking and Accountable documents at Kitwe, Dedan Kimathi, Premium House, Mimosa, Ridegeway and Lumumba Stations.
Special Audits	Finance – Expenditure unit	Internal Audit Report on the Review of Staff Debtors.
Special Audits	Finance –Revenue unit	Fraud investigations Audit at Chipata Station
Special Audits	Transport	Special audit review of the Driver Licenses under Enforcement custody.

Third Quarter Audits		
Special Audits	Finance –Revenue unit	Audit of Revenue baking and Accountable documents at Kitwe, Dedan Kimathi, Premium House, Mimosa, Ridgeway and Lumumba Stations.
Compliance Audit	Finance	Audit of Revenue banking and Accountable Documents at all 15 Lusaka Zampost outlets
ICT Audits	ICT	Audit of e-Zamtis inventory and user profile module at Ndola, Kitwe and Kasumbalesa Stations.
ICT Audits	ICT	Full ICT Audit with vast scope that include but not limited to: IT Governance ,Network operating centre, IT systems integration and licensing ,IT administration, ICT infrastructure, IT Operations, IT,IT business continuity, IT Security, IT Organogram and IT projects implementation
Fourth Quarter Audits		
Compliance Audits	Finance –Revenue unit	Audit of Revenue baking and Accountable documents at Livingstone ,Kazungula and Victoria Falls stations
Compliance Audit	Transport	Audit of driver License Issuance at Ridgeway Station
Compliance Audit	Transport	Audit of Motor Vehicle registration at Lumumba Stations
Financial Audit	Finance-Expenditure unit	Audit of submissions and reconciliations of Claims to NRFA
Financial Audit	Finance – Expenditure	Audit of Fixed Assets
ICT Audits	ICT	Full ICT Audit with a vast scope that included but not limited to:IT Governance ,Network operating centre, IT Systems integration and licensing, IT administration, ICT infrastructure, IT Operations, IT business continuity, IT security, IT Organogram and IT projects implementation

A hand in a blue suit jacket points towards a central, glowing yellow hexagon. The background is a grid of blue and green hexagons, each containing a white icon representing different business and HR concepts: a person with a question mark, a handshake, a person at a presentation board, a person with gears, a group of three people, and a computer monitor with a bar chart. The overall theme is professional and strategic.

# Human Resource & Administration Department

## 11.0 Human Resource & Administration Department

### 11.1 Staffing

The staff compliment of the RTSA as at 31<sup>st</sup> December 2019 stood at **606**. This number was made up of 597 long term contract and Permanent and Pensionable employees and 9 temporary employees against the approved establishment of 1559.

### 11.2 Commemoration of National events

The Agency participated in the commemoration of the International Women's Day, Labour Day, the Africa Public Service Day, World Aids Day and the International Anti-Corruption Day.



### 11.3 Ethics

The Integrity Committee (IC) is mandated to spearhead the prevention of corruption in the Agency's routine business. The Activities of the IC are spearheaded by the Ethics Section.

This is mainly done through the implementation of the Annual Corruption Prevention Action Plan (ACPAP) that is prepared by the IC and submitted to the Secretary to the Cabinet through the Anti-Corruption Commission (ACC). The RTSA submits quarterly progress reports to the Secretary to the Cabinet through the Anti-Corruption Commission.

The ACPAP has three areas of concern namely prevention, education and enforcement activities (PEE Model).



### 11.3.1 Activities Undertaken

During the period under review, the following Activities were undertaken;

#### 11.3.1.1 Prevention

In the period under review, integrity related documents were reviewed and developed. These were the Code of Ethics and the Fraud policy respectively. The two documents however still await Board approval.

In order to enhance capacity in the IC, all IC members were trained by the Anti-Corruption Commission (ACC). This was to enable the IC competently handle matters bordering on corruption and morals. The training took place from 20<sup>th</sup> May to 24<sup>th</sup> May 2019.

Further, in order to enhance collaborative partnerships with other Road Sector Institutions, the IC attended the annual Road Sector Integrity Committee (RSIC) workshop on 27<sup>th</sup> and 28<sup>th</sup> May 2019. Experiences were shared among the three Road Sector Agencies namely Road Development Agency (RDA), National Road Fund Agency (NRFA) and the Road Transport and Safety Agency (RTSA). Further, quarterly meetings were held on 12<sup>th</sup> July, 2019 and 4<sup>th</sup> October, 2019 with RTSA being the Chair of the RSIC.

As a way of reaching out to our external stakeholders, the Agency participated in a Joint Integrity Awareness Workshop alongside Zambia Revenue Authority (ZRA), Zambia Police Service (ZP), Zambia Bureau of Standards (ZABS), Drug Enforcement Commission (DEC) and the Immigration Department. The main objective was to receive feedback from our stakeholders on how better to offer our various services free from corruption. Recommendations from our stakeholders were submitted to management for consideration. The workshop was held in Lusaka on 7<sup>th</sup> June, 2019.

In furtherance of enhancing integrity in the Agency, a workshop for all Assistant Managers, Revenue Officers, Cashiers and Examiners was conducted with a view to streamline procedure in order to seal loopholes for corruption. Further, participants were taken through salient features of the AC Act No.3 of 2012 by the Anti-Corruption Commission (ACC) with an emphasis on upholding the Agency core values. A total of 218 members of staff attended the workshops which were held on the weekends of 10-11 August and 17-18 August 2019.

A one day workshop for Registry staff based at Head Office was also conducted on 7<sup>th</sup> September 2019 to remind them of the need for confidentiality among other Agency core values. This workshop was in collaboration with Human Resources and Administration Units.

Lastly under prevention, on 18<sup>th</sup> September 2019, the Agency attended the launch of the 2019 Zambia Bribe Payers Index (ZBPI) 2019 report. RTSA was found to be one of the institutions with a high probability of corruption taking place for a client to access a service. Arising from the report, a meeting is scheduled and held with Transparency International Zambia (TIZ) on 13<sup>th</sup> November 2019. It was agreed during the meeting that two institutions would collaborate in development various integrity tools and interventions.

### 11.3.1.2 Education

In an effort to publicize the Agency's complaints handling mechanism and the various mechanisms that are in place to prevent corruption in the acquisition of RTSA services, the Agency in the period under review undertook sensitization programmes at the Nc'wala ceremony in collaboration with the Safety Directorate (Education and Publicity).

Further, through a designated officer, the IC featured on five radio programs on Millenium Radio in the period under review. On 11<sup>th</sup> January 2019, 'Ethics and Integrity at RTSA' was aired and on 30<sup>th</sup> January, 2019, 'Procedures of Reporting Corruption at RTSA' was aired. On 5<sup>th</sup> April 2019, 'Ethics and Integrity at RTSA' was aired and on 3<sup>rd</sup> May, 2019, 'Procedures of Reporting Corruption at RTSA' was aired. The last program was aired on 7<sup>th</sup> October 2019.

Using already existing channels, integrity messages were quarterly circulated on the Intranet to all members of staff. This was done so as to constantly remind members of staff on the importance of the RTSA core values and to urge them to consistently apply the said values in the execution of their duties.

The IC also undertook sensitization programmes at the Zambia International Trade Fair in Ndola and the Agricultural and Commercial Show in Lusaka in collaboration with the Public Relations and Safety Directorate (Education and Publicity). Various Anti-Corruption messages were displayed and brochures and fliers were distributed to members of the public.

Lastly, the Agency in the period under review participated in the commemoration of the International Anti-Corruption Day on 9<sup>th</sup> December 2019 in Lusaka and Kasama. Prior to the commemoration, information displays were held at Inter-City Bus Terminals and Levy Mwanawasa Hospital in collaboration with Anti-Corruption Commission and other stakeholders. RTSA branded T-shirts, gift bags and pens with Anti-Corruption Messages were given to members of the public.



Some of the materials distributed to stakeholders

## 11.4 Maintenance and Construction

### 11.4.1 Head Office Construction

The construction of the Head Office at Dedan Kimathi was started on 21st January 2013. The total contract sum is K26, 164,721.15, so far a payment of K17, 389, 215. 76 has been made to the contractor. The construction of Head Office up to the completion point of 90% has been with challenges. The contractor ZAMCHIN was issued a payment of K372, 000 in September 2019 based on an ICP issued in June 2019. The major outstanding work is that of procurement and installation of Air-conditioning units.

### 11.4.2 Luanshya and Mufulira Motor Vehicle Construction Centers

Works at Luanshya and Mufulira Motor Vehicle Centres stalled during the year under review. This was so because of the outstanding balances on the contract sum. The payment due on the Luanshya Contract was K1, 752,315.53 and the Mufulira contractor was K1, 059,325.89. The construction of Luanshya Motor Vehicle Centre is at 80% completion of the superstructure while the works at Mufulira Motor Vehicle Centre are at 15% completion.

### 11.4.3 Kazungula Houses

In March 2019 the roofing of two (2) Agency houses in Kazungula was repaired after termites infested the timber holding the roof. Maintenance unit further treated all the house with anti- termite.

### 11.4.4 Ndola Renovation Works and installation of Aluminium Counters at Kitwe

Initially the minor renovation works at the two (2) RTSA offices in Ndola were scheduled to take place before the Copperbelt Expo which was set to run from 24th June to 28th June 2019. Unfortunately this could not happen as funds for the said works then were not available.

However, on 1st August 2019 monies were made available and the works scheduled. The Ndola painting works were combined with the demolition of the brick counters at Kitwe main office in preference for Aluminium counters. The installation of the counters were contracted to Dratchi Investments.





The background of the slide is a blurred photograph of a desk. In the foreground, a silver and black fountain pen lies diagonally across a document. The document features several blue bar charts and pie charts, suggesting financial data. In the background, a calculator is visible but out of focus.

# **Financial Statements**





**The Road Transport and Safety Agency**

# **Financial Statements**

**for the year ended 31st December, 2019**

**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**

**FINANCIAL STATEMENTS**

for the year ended 31 December 2019

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## REPORT OF THE DIRECTORS

for the year ended 31 December 2019

The Board of Directors present their report and the audited financial statements for the year ended 31 December 2019.

### PRINCIPAL ACTIVITIES

The Agency is mandated to register motor vehicles; issue licences and permits; conduct road safety for the benefit of all sections of the community; and collect all levies and revenues under the Road Traffic Act No. 11 of 2002 (the "Act") on Government's behalf.

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The address of the Agency's registered office and principal place of business is:

Plot 6956  
Dedan Kimathi Road  
P.O. Box 32167  
Lusaka, Zambia

### FINANCIAL RESULTS

The deficit for the year was **K64 861** (2018: Surplus of K4 096).

### BOARD OF DIRECTORS

The Directors who held office during the year were:

1	Dr. Cornelius Chipoma	Board Chairperson
2	Mr. Daniel Kampilimba	Board Member
3	Ms. Mwenya Bwalya	Board Member
4	Mr. Patrick Malindi	Board Member
5	Ms. Mumeka Walumweya	Board Member
6	Eng. Elias Mwape	Board Member
7	Mr. Henry Nkhoma	Board Member
8	Eng. Wallece Mumba	Board Member
9	Ms. Lombe Kamukoshi	Board Member
10	Eng. Misheck Lungu	Board Member

### SENIOR MANAGEMENT

During the year senior management comprised of:

1	Mr. Zindaba Soko	Director and CEO
2	Mr. Gladwell Banda	Director and CEO
3	Mr. Rodgers Nkandu	Deputy Director - Transport
4	Mr. Chunky Kanchele	Head - Research and Statistics
5	Mr. Fredrick Mubanga	Head - Public Relations
6	Mr. Brian Sikute	Head - ICT
7	Mr. Lawrence Sambwa	Head - Procurement
8	Mr. Progress Saiwana	Head - Finance
9	Mrs. Sandra Seleweka	Head- Audit
10	Mr. Aaron Tembo	Legal Counsel
11	Mr. Kamangula Wachata	Head Human Resource

### Changes during the Year

Contract ended on 21 September 2019  
Appointed on 3 October 2019  
  
Contract ended on 8 March 2019  
  
Contract ended on 8 March 2019  
  
Contract terminated on 21 September 2019

### PROPERTY AND EQUIPMENT

The following were the additions to property and equipment during the year:

	2019 K'000	2018 K'000
Motor vehicles	31,509	1,595
Capital work in progress	3,437	6,941
Office equipment	1,333	2,979
Office furniture and fittings	1,187	1,657
Leasehold buildings	238	447
Computer software	-	10
	<b>37,703</b>	<b>13,629</b>

## ROAD TRANSPORT AND SAFETY AGENCY

### REPORT OF THE DIRECTORS (CONTINUED)

for the year ended 31 December 2019

#### EMPLOYEES

The total remuneration paid to the employees during the year for the Agency was **K107 million** (2018: K116 Million). The average number of employees in each month for the year was as follows:

Month	Number	Month	Number
January	604	July	597
February	604	August	600
March	602	September	605
April	601	October	603
May	604	November	606
June	603	December	606

#### DONATIONS

The Agency made donations during the year of **nil** (2018:nil).

#### CORPORATE GOVERNANCE

The Directors are committed to high standards of corporate governance, which are fundamental to discharging their leadership responsibilities. The Board applies integrity, principles of good governance and accountability throughout its activities.

#### AUDITORS

Messrs Deloitte & Touche's term of office comes to an end at the next Annual General Meeting. A resolution proposing their re-appointment as auditors and authorising the Directors to determine their remuneration will be put to the Annual General Meeting.

By order of the Board.



#### SECRETARY

Lusaka, Zambia



**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**

**FINANCIAL STATEMENTS**

for the year ended 31 December 2019

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**STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS**

The Board members are responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Road Traffic Act No. 11 of 2002 (the "Act"). The responsibility includes; designing, implementation and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

**DIRECTORS' STATEMENT**

The Road Traffic Act No. 11 of 2002 requires the board members to prepare financial statements for each year which present fairly of the state of affairs of the Agency and of the surplus or deficit for the period.

In the opinion of the board members;

- (a) The statement of comprehensive income is drawn up so present fairly of the deficit for the year ended 31 December 2019;
- (b) The statement of financial position is drawn up so as to present fairly the state of affairs of the Agency as at 31 December 2019;
- (c) The financial statements have been prepared in accordance with the International Financial Reporting Standards and are in compliance with the Road Traffic Act No. 11 of 2002. Other records and registers required by the Act have been properly kept in accordance with the Act.

The financial statements of the Agency which were prepared on a going concern basis were approved by the board of Directors on *2nd October 2020* and are signed on its behalf by:



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**Dr. Cornelius Chipoma**  
Board Chairperson



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**Mr. Gladwell Banda**  
Director and CEO (Board Secretary)



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Zambia

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[www.deloitte.co.zm](http://www.deloitte.co.zm)

## **INDEPENDENT AUDITOR'S REPORT**

To the members of

**The Road Transport and Safety Agency (RTSA)**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Road Transport and Safety Agency (the "Agency"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in capital fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agency in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Revised July 2016), parts 1 and 3 of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018) and other independence requirements applicable to performing audits of financial statements in Zambia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

We draw attention to the following matters to note 8 and 14 of the financial statements:

a) Included in note 14 to the financial statements is a balance of K47 million owed to a supplier of which K15 million relates to interest charged by the supplier as a result of the Agency not settling the invoices on time. The Agency disputed these amounts and are now subject to an arbitration process.

b) During the year, the Agency carried out a full asset verification. The verification resulted in the Agency writing off assets worth K67 million which were either non existent or obsolete as explained in note 8 to the financial statements.

Our opinion is not modified in respect of these matters.

#### **Other information**

The Board members are responsible for the other information. The other information comprises the board members report and the statement of Directors responsibilities, as required by the Road Transport and Safety Agency Road Traffic Act No. 11 of 2002. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Statements**

Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

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

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

- 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 our 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 Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the Board members use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board members with a statement that we 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 our independence, and where applicable, related safeguards.

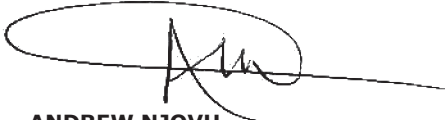
From the matters communicated with the Board members, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

The Road Transport and Safety Agency, Road Traffic Act No. 11 of 2002 (the "Act"), requires that in carrying out our audit we confirm the following:

In our opinion, the Road Transport and Safety Agency has maintained proper accounting records and other records as required by the Road Traffic Act No. 11 of 2002 (the "Act").

  
DELOITTE & TOUCHE

  
ANDREW NJOVU  
PARTNER  
AUD/F000802

DATE: 22.10.2020



**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**
**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2019

**Kwacha (K'000)**

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>INCOME</b>			
Government grants	5	<b>234,054</b>	253,161
Interest and other income	6	<b>492</b>	5,848
		<b>234,546</b>	259,009
<b>EXPENDITURE</b>			
Staff related expenses		<b>(106,617)</b>	(116,161)
Administration expenses		<b>(16,236)</b>	(41,356)
Operating expenses		<b>(176,554)</b>	(97,396)
<b>(Deficit)/surplus for the year</b>		<b>(64,861)</b>	4,096
<b>Other comprehensive income</b>			
Amortisation during the year	7	<b>(68)</b>	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(64,793)</b>	4,096

**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**
**STATEMENT OF FINANCIAL POSITION**

as at 31 December 2019

**Kwacha (K'000)**

	Notes	2019	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	8	<b>203,211</b>	264,094
Right of use asset	9	<b>4,012</b>	-
<b>Total non current assets</b>		<b>207,223</b>	264,094
<b>Current assets</b>			
Other receivables	11	<b>2,379</b>	8,059
Inventory	12	<b>58,757</b>	7,105
Cash and cash equivalents	13	<b>3,374</b>	16,711
<b>Total current assets</b>		<b>64,510</b>	31,875
<b>TOTAL ASSETS</b>		<b>271,733</b>	295,969
<b>CAPITAL AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Capital fund	7	<b>(82,249)</b>	(17,806)
Capital grant	7	<b>3,325</b>	3,393
Revaluation reserves	7	<b>17,119</b>	17,468
<b>Total capital and reserves</b>		<b>(61,805)</b>	3,055
<b>Non-current liabilities</b>			
Other payables and accruals	14	<b>117,730</b>	85,323
Lease liability	15	<b>607</b>	-
<b>Total non current liabilities</b>		<b>118,337</b>	85,323
<b>Current liabilities</b>			
Other payables and accruals	14	<b>213,289</b>	207,591
Lease liability	15	<b>1,913</b>	-
<b>Total current liabilities</b>		<b>215,202</b>	207,591
<b>TOTAL LIABILITIES</b>		<b>333,539</b>	292,914
<b>TOTAL CAPITAL FUNDS AND LIABILITIES</b>		<b>271,733</b>	295,969

The responsibility of the Agency's Directors with regard to the preparation of the financial statements are set out on page 3. The financial statements on pages 6 to 27 were approved by the Board of Directors on.....~~2nd October 2020~~.....and were signed on its behalf by:



**Dr. Cornelius Chipoma**  
Board Chairperson



**Mr. Gladwell Banda**  
Director and CEO (Board Secretary)

**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**
**STATEMENT OF CASH FLOWS**

for the year ended 31 December 2019

<b>Kwacha (K'000)</b>	<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>			
(Deficit) /Surplus		<b>(64,793)</b>	4,096
<b>Adjustments For:</b>			
Interest income	6	<b>(99)</b>	(63)
Interest on leases	9	<b>1,019</b>	-
CWIP written off	8	<b>32,654</b>	-
Impairment of receivables	11	<b>107</b>	-
Depreciation of right of use assets	9	<b>1,441</b>	-
Depreciation expense	8	<b>54,904</b>	17,113
Amortisation of capital grants	7	<b>(68)</b>	-
Loss on disposal of property and equipment		<b>4,116</b>	392
<b>Cash operating surplus</b>		<b>29,281</b>	21,538
<b>Working capital movements</b>		<b>(2,801)</b>	4,406
(Increase) decrease in inventory		<b>(51,652)</b>	585
Decrease (increase) in other receivables		<b>5,680</b>	(4,344)
Increase in other payables and accruals		<b>43,169</b>	8,165
		<b>26,480</b>	25,944
Interest paid	9	<b>(1,019)</b>	-
<b>Net cash generated from operating activities</b>		<b>(1,019)</b>	-
<b>Cash flows from investing activities</b>			
Payments for property and equipment	8	<b>(37,703)</b>	(13,629)
Proceeds from disposal of property and equipment		<b>1,739</b>	1,633
<b>Net cash outflows from investing activities</b>		<b>(35,965)</b>	(11,996)
<b>Cash Flows from financing activities</b>			
Interest income	6	<b>99</b>	63
Lease payments	15	<b>(2,933)</b>	-
<b>Net cash generated from financing activities</b>		<b>(2,834)</b>	63
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(13,337)</b>	14,011
Net cash and cash equivalents at the beginning of year	13	<b>16,711</b>	2,700
<b>Net cash and cash equivalents at the end of the year</b>	13	<b>3,374</b>	16,711
Comprising of:			
Cash and bank balances		<b>3,364</b>	16,701
Station imprest		<b>10</b>	10

**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**
**STATEMENT OF CHANGES IN CAPITAL RESERVES**

for the year ended 31 December 2019

**Kwacha (K'000)**

	<b>Capital fund</b>	<b>Capital grant</b>	<b>Revaluation reserves</b>	<b>Total</b>
<b>Balance at 1 January 2019</b>	(17,806)	3,393	17,468	3,055
Amortisation during the year	349	(68)	(349)	(68)
Deficit for the year	(64,793)	-	-	(64,793)
<b>Balance as at 31 December 2019</b>	<b>(82,249)</b>	<b>3,325</b>	<b>17,119</b>	<b>(61,805)</b>
<b>Balance at 1 January 2018</b>	(22,259)	-	17,825	(4,434)
Additions during the year	-	3,393	-	3,393
Amortisation during the year	357	-	(357)	-
Surplus for the year	4,096	-	-	4,096
<b>Balance as at 31 December 2018</b>	<b>(17,806)</b>	<b>3,393</b>	<b>17,468</b>	<b>3,055</b>



## **ROAD TRANSPORT & SAFETY AGENCY (RTSA)**

### **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2019

#### **1. GENERAL INFORMATION**

The Road Transport and Safety Agency (the "Agency") was enacted through Parliament by the Road Traffic Act No. 11 of 2002 to carry out the affairs of the former Road Traffic Commission and the National Safety Council. The Agency is mandated to register motor vehicles; issue licences and permits, conduct road safety for the benefit of all sections of the community; and collect all levies and revenues under this Act on Government's behalf.

These financial statements relate only to the operations funded under the Government Grants and the National Road Fund Agency funding as approved by the Ministry of Finance. These financial Statements have been prepared from 1 January 2019 to 31 December 2019.

#### **2. ADOPTION OF NEW AND REVISED STANDARDS**

##### **2.1 New and amended IFRS Standards that are effective for the current year**

##### **2.1.1 Impact of initial application of IFRS 16 Leases**

In the current year, the Agency has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 3. The impact of the adoption of IFRS 16 on the Agency's financial statements is described below.

The date of initial application of IFRS 16 for the Agency is 1 January 2019.

##### **(a) Impact of the new definition of a lease**

The Agency has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4. The Agency applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Agency has carried out an implementation project. The project has shown that the new definition in IFRS 16 will change the scope of some of its contracts that meet the definition of a lease for the Agency.

##### **(b) Impact on Lessee**

##### **(i) Former operating leases**

IFRS 16 changes how the Agency accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Agency:

- (a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- (c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

**2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)**

**2.1.1 New and amended IFRS Standards that are effective for the current year (Continued)**

(b) Impact on Lessee

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

(ii) Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Agency recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Agency's financial statements.

(c) Impact on Lessor

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts.

The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

(d) Financial impact of the initial application of IFRS 16

In the year ending 31 December 2019, the Agency had one major real estate lease and one hydro and civil lease.

In the current year, the Agency has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

*Amendments to IFRS 9  
Prepayment Features with  
Negative Compensation*

The Agency has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

*Annual Improvements to  
IFRS Standards 2015–2017  
Cycle Amendments to IAS  
12 Income Taxes*

The Agency has adopted the amendments included in the Annual Improvements to IFRS Standards 2015–2017 Cycle for the first time in the current year. The Annual Improvements include amendments to the following applicable standard:

**IAS 12 Income Taxes**

The amendments clarify that the Agency should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Agency originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

**2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)**

**2.1.1 New and amended IFRS Standards that are effective for the current year (Continued)**

*Amendments to IAS 19  
Employee Benefits Plan  
Amendment, Curtailment or  
Settlement*

The Agency has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Agency will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

*IFRIC 23 Uncertainty over  
Income Tax Treatments*

The Agency has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Agency to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the Agency should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, the Agency should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

**2.1.2 New and revised Standards in issue but not yet effective**

At the date of authorisation of these financial statements, the Agency has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Agency in future periods, except as noted below:

## **ROAD TRANSPORT & SAFETY AGENCY (RTSA)**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

## **2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)**

### **2.1.2 New and revised Standards in issue but not yet effective (continued)**

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

### **3.1 Statement of compliance**

The Agency's financial statements have been prepared in accordance with International Financial Reporting Standards.

### **3.2 Basis of preparation**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Agency takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Basis of preparation (continued)**

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Agency had a capital deficiency of **K82,250** (2018: K17,806) as at the reporting date, and as of that date its current liabilities exceeded its current assets by **K151million** (2018: K176 million). On the basis that the Agency is Grant aided and funding by the Government has continued in the subsequent period, the Board members are of the opinion that the preparation of these financial statements on the going concern basis remains appropriate.

**3.3 Interest income**

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**3.4 Provisions**

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, for which it is probable that the Agency will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**3.5 Foreign currencies**

In preparing the financial statements of the Agency, transactions in currencies other than the Agency's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming a part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

**3.6 Taxation**

The Agency is not subjected to income taxes in the Republic of Zambia.

**3.7 Property and equipment**

Plant and equipment are stated in the statement of financial position at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged to write off the cost of plant and equipment over their estimated useful lives on a straight line basis at the following rates:

Leasehold buildings	2%
Motor vehicles	25%
Office furniture, fittings and equipment	20%
Computer software	33%

Capital work in progress is not depreciated.



**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.7 Property and equipment (continued)**

The estimated useful lives, residual values and depreciation method are reviewed at each reporting date. The effect of any changes in estimate is accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**3.8 Impairment of tangible assets**

At each reporting date, the Agency reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Agency estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**3.9 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

**3.10 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost method, and includes all expenditure incurred in bringing the inventories to their present value and condition, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

The amount of any write down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write down or loss occurs.

**3.11 Share capital and premium**

Issued ordinary shares are classified as 'share capital' in equity when the Agency has an un-conditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the Agency and there is no contractual obligation whatsoever to that effect. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

## **ROAD TRANSPORT & SAFETY AGENCY (RTSA)**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

## **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **3.12 Financial instruments**

Financial assets and financial liabilities are recognised in the Agency's statement of financial position when the Agency becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Agency may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Agency may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Agency may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### *(i) Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

## **ROAD TRANSPORT & SAFETY AGENCY (RTSA)**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

## **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **3.12 Financial instruments (continued)**

#### ***Financial assets (continued)***

#### ***(i) Amortised cost and effective interest method (continued)***

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Agency recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss.

#### ***Foreign exchange gains and losses***

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

#### ***Impairment of financial assets***

The Agency recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Agency recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Agency measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

#### ***(i) Significant increase in credit risk***

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Agency compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Agency considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Agency's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Agency's core operations.

## **ROAD TRANSPORT & SAFETY AGENCY (RTSA)**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

## **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **3.12 Financial instruments (continued)**

#### ***Financial assets (continued)***

#### *(i) Significant increase in credit risk (continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligation.

Irrespective of the outcome of the above assessment, the Agency presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Agency has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Agency assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

#### *(ii) Definition of default*

The Agency considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Agency, in full (without taking into account any collateral held by the Agency)

Irrespective of the above analysis, the Agency considers that default has occurred when a financial asset is more than 90 days past due unless the Agency has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### *(iii) Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.12 Financial instruments (continued)**

***Financial assets (continued)***

(iv) *Write-off policy*

The Agency writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over law of limitation period past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Agency's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Agency's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Agency in accordance with the contract and all the cash flows that the Agency expects to receive, discounted at the original effective interest rate.

The Agency recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

*Derecognition of financial assets*

The Agency derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Agency neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Agency recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Agency retains substantially all the risks and rewards of ownership of a transferred financial asset, the Agency continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Agency has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

***Financial liabilities and equity***

*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.



## **ROAD TRANSPORT & SAFETY AGENCY (RTSA)**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

## **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **3.12 Financial instruments (continued)**

#### ***Financial liabilities and equity (continued)***

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Agency are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Agency's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Agency's own equity instruments.

##### **Financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

##### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

##### *Derecognition of financial liabilities*

The Agency derecognises financial liabilities when, and only when, the Agency's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

### **4.1 Critical judgments in applying accounting policies**

In the application of the Agency's accounting policies, which are described above, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### **4.1.1 Income taxes**

The Agency is not subjected to income taxes in the Republic of Zambia.

#### **4.1.2 Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables. The Agency does not have significant concentrations of credit risk. The Agency's credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

For cash and cash equivalent balances, the Agency's exposure and credit ratings of counterparties are regularly monitored and the aggregate value of transactions spread amongst approved financial institutions. The Agency actively seeks to limit the amount of credit exposure to any one financial institution and credit exposure is controlled by counterparty limits that are reviewed and approved by the Agency. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' for International and regional banks with a local presence are accepted.

## ROAD TRANSPORT & SAFETY AGENCY (RTSA)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

#### Kwacha (K'000)

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

##### 4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### 4.2.1 Useful lives of equipment

The Directors reviewed the estimated useful lives of property, plant and equipment at the end of each annual reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss. The Directors judged a residual value of zero as a result of the fact that plant and equipment are not held for trading and are normally scrapped at the end of their useful lives.

5 GOVERNMENT GRANTS	2019	2018
Through Ministry of Finance	103,314	86,845
Through the National Road Fund Agency (NRFA)	130,740	166,316
	<b>234,054</b>	<b>253,161</b>

Government grants comprise of two funding streams: the Ministry of Finance to support the Administration and National Road Fund Agency (NRFA) to support the Annual Work plan. No any other income was received during the year.

#### 6 INTEREST AND OTHER INCOME

Sundry income	393	5,785
Interest received	99	63
	<b>492</b>	<b>5,848</b>

Sundry income relates to income received from sales of tender documents. Interest received is on bank accounts.

#### 7 CAPITAL FUND AND RESERVES

##### Capital fund

The Capital fund represents surplus income which the Agency has retained from Government funding for the funding of its operations.

##### Capital grant

Capital grants are deferred and credited to the income and expenditure statement in equal annual installments over the expected useful lives of the related assets.

The movement on capital grants is made up as follows:

	2019	2018
Balance at the beginning of the year	3,393	-
Additions to capital grants	-	3,393
Amortisation during the year	(68)	-
	<b>3,325</b>	<b>3,393</b>

##### Capital revaluation

The leasehold property were revalued in 2015 by the department of Government valuation so as to reflect current market values.

Capital revaluation represents those amounts attributable to the revaluation on the property and equipment carried on the financial position of the Agency as at 31 December 2019.

**ROAD TRANSPORT & SAFETY AGENCY (RTSA)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 31 December 2019**Kwacha (K'000)****8 PROPERTY AND EQUIPMENT**

<b>Cost or valuation</b>	<b>Leasehold land and buildings</b>	<b>Office equipment</b>	<b>Motor vehicles</b>	<b>Fixtures and fittings</b>	<b>Computer software</b>	<b>Capital work in progress</b>	<b>Totals</b>
<b>At 1 January 2018</b>	<b>32,296</b>	<b>30,413</b>	<b>74,364</b>	<b>33,632</b>	<b>774</b>	<b>199,243</b>	<b>370,722</b>
Additions	447	2,979	1,595	1,657	10	6,941	13,629
Additions(Grant funded)	3,393	-	-	-	-	-	3,393
Transfers	2,300	-	-	-	-	(2,300)	-
Disposals	-	-	(10,299)	-	-	-	(10,299)
<b>At 31 December 2018</b>	<b>38,436</b>	<b>33,392</b>	<b>65,660</b>	<b>35,289</b>	<b>784</b>	<b>203,884</b>	<b>377,445</b>
Additions	238	1,333	31,509	1,187	-	3,437	37,703
Reclassification	415	13,687	-	(415)	114,020	(127,707)	-
Disposals	172	(9,725)	(10,650)	-	-	-	(10,650)
Adjustment*	-	-	(1,663)	(23,874)	-	(32,654)	(67,744)
<b>At 31 December 2019</b>	<b>39,261</b>	<b>38,687</b>	<b>84,855</b>	<b>12,187</b>	<b>114,804</b>	<b>46,959</b>	<b>336,754</b>
<b>Depreciation</b>							
At 1 January 2018	<b>2,688</b>	<b>26,742</b>	<b>51,764</b>	<b>22,542</b>	<b>774</b>	-	<b>104,510</b>
Charge for the year	749	1,822	11,106	3,435	1	-	17,113
Eliminated on disposals	-	-	(8,276)	-	-	-	(8,276)
<b>At 31 December 2018</b>	<b>3,437</b>	<b>28,564</b>	<b>54,594</b>	<b>25,977</b>	<b>775</b>	-	<b>113,347</b>
Charge for the year	801	4,769	10,109	1,215	38,010	-	54,904
Reclassification	232	-	-	(232)	-	-	-
Eliminated on disposals	-	-	(4,712)	-	-	-	(4,712)
Adjustment*	172	(10,301)	(1,663)	(18,206)	-	-	(29,998)
<b>At 31 December 2019</b>	<b>4,642</b>	<b>23,033</b>	<b>58,327</b>	<b>8,754</b>	<b>38,785</b>	-	<b>133,541</b>
<b>Carrying value</b>							
<b>At 31 December 2019</b>	<b>34,619</b>	<b>15,654</b>	<b>26,528</b>	<b>3,433</b>	<b>76,019</b>	<b>46,959</b>	<b>203,213</b>
<b>At 31 December 2018</b>	<b>34,999</b>	<b>4,828</b>	<b>11,066</b>	<b>9,312</b>	<b>9</b>	<b>203,884</b>	<b>264,094</b>

**ROAD TRANSPORT & SAFETY AGENCY (RTSA)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

**Kwacha (K'000)****8 PROPERTY AND EQUIPMENT (CONTINUED)**

As at 31 December 2019, the directors have reviewed the balances as reflected in the statement of financial position and are of the considered view that the amounts reflect the fair value of the assets as at the reporting date.

During the year, the Agency conducted a full asset verification of its property and equipment. Findings of this exercise revealed that there was need to make an overall adjustment of K35 264 worth of assets to reflect a true and fair view of the Agency's usable assets.

These errors were as a result of lack of fixed asset reconciliations being carried out between the ledger and the fixed asset register. Due to the nature of these errors it could not be established in which exact period these misstatements could have occurred. Assets that could not be verified were removed from the register, while assets that were fully depreciated but were not on the register were brought on the register at cost with full depreciation respectively. This been a big institution (Agency), regular verifications should have been performed to determine the condition and the existence of the asset in which case could not be ascertained and led to the findings that the some assets never existed or were fully depreciated.

The K35 264 has been recognised in the current year inline with the provisions of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The Agency was unable to determine which period these anomalies could have related to and as such provisions as per paragraph 44 were followed. This is because it is impractical to determine the period-specific effects of an error on comparative information for one or more period presented and therefore we have recognised the adjustments in the current year's statement of comprehensive income.

Due to the nature of assets and circumstances around this adjustment, it has proved impracticable for management to determine the period to which the assets could be attributed to.

The Capital work in progress adjustment amounting to K32 654 relates to the cost of E-Zamti project consumables which were incorrectly capitalized to CWIP instead of being expensed. This cost has since been expensed to the income statement accordingly.

The Agency's buildings are stated at their revalued amounts, being their fair value on being their date of revaluation. The revalued amount for some of the buildings as at 1 January 2019 were performed on 11 December 2015 by the Department of Government Valuation since RTSA is a government Agency.

The information below shows the valuation techniques used as well as the significant inputs used.

Property, plant and	Valuation technique	Description of valuation technique	Observable inputs
Buildings	Depreciated Current Replacement Value (DCRV)	The valuation was prepared in accordance with the current edition of the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual (2012), as recognised by the Surveyors Institute of Zambia, Valuation Chapter. The basis adopted is market value. This is an estimated amount for which a property is exchanged on the date of valuation between a buyer and a willing seller in an arms length transaction after proper marketing where the parties had acted knowledgeably, prudently and without compulsion.	Market Value - Direct Comparative method

Details of some of the Agency's buildings and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 1	Level 2	Level 3	Fairvalue as at 31 December 2019
Buildings	-	-	20,343	<b>20,343</b>

**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

**Kwacha (K'000)**

**8 PROPERTY AND EQUIPMENT (CONTINUED)**

The fair value measurements for some of the Agency's buildings have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

There were no transfers between fair value levels during the year.

Had the Agency's buildings been measured on a historical cost basis, their carrying amounts would have been as follows:

	2019	2018
Buildings	<b>6,119</b>	6,274

In the opinion of the Directors there are no major components of Property and Equipment which have different useful lives that would require to be depreciated separately and allocated separate residual values.

<b>9 RIGHT OF USE ASSETS</b>	<b>Leasehold building</b>	<b>2019</b>	<b>2018</b>
<b>Cost</b>			
At 1 January 2019	-	-	-
Additions	<b>5,453</b>	<b>5,453</b>	-
<b>At 31 December 2019</b>	<b>5,453</b>	<b>5,453</b>	-
<b>Accumulated depreciation</b>			
Charge for the year	<b>(1,441)</b>	<b>(1,441)</b>	-
<b>At 31 December 2019</b>	<b>(1,441)</b>	<b>(1,441)</b>	-
Carrying amount			
<b>At 31 December 2019</b>	<b>4,012</b>	<b>4,012</b>	-
<b>Amounts recognised in statement of of comprehensive income</b>		<b>2019</b>	<b>2018</b>
Depreciation		<b>1,441</b>	-
Interest expense on lease liabilities		<b>1,019</b>	-

**10 CAPITAL COMMITMENTS**

The Agency did not have any capital commitments for the year ended 31 December 2019.

**11 OTHER RECEIVABLES**

Receivables principally comprise amounts receivable in respect of employee advances, miscellaneous receivables and prepaid amounts.

	2019	2018
Employee advances	<b>2,145</b>	3,202
Impairment	<b>(107)</b>	-
Total	<b>2,038</b>	3,202
Other receivables	<b>341</b>	4,857
Total receivables	<b>2,379</b>	8,059

Employees loans and advances

Employee advances are considered to be non-derivative financial assets as they have fixed and determinable conditions attached to repayment, and are not quoted in an active market. No interest is charged on advances.

The make up of employee loan balances at the reporting date was as follows:

	2019	2018
Salary advances	<b>1,373</b>	1,141
Material loans	<b>586</b>	1,453
Retireable imprest	<b>182</b>	589
Other loans	<b>4</b>	19
	<b>2,145</b>	3,202



**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

**Kwacha (K'000)**

<b>11 OTHER RECEIVABLES</b>	<b>2019</b>	<b>2018</b>
<b>Movement in the impairment allowance</b>	<b>K</b>	<b>K</b>
At beginning of year	-	-
Impairment in the current year	(107)	-
Balance at end of the year	(107)	-

**12 INVENTORY**

Inventory	<b>58,757</b>	7,105
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Inventory mainly consists of security documents and forms which are held under custody with the Ministry of Finance. The cost of the requisitioned documents and forms is released to the income statement as and when required by stations for issuance of licences and toll permits, against the inventory balance held at Ministry of Finance.

Other items included in inventory include motor vehicle spares, law enforcement gear, IT equipment and administration stationary. Inventory is valued at weighted average cost.

<b>13 CASH AND CASH EQUIVALENTS</b>	<b>2019</b>	<b>2018</b>
	<b>K</b>	<b>K</b>
Bank balances	3,041	15,621
Station imprest	323	1,080
Petty cash	10	10
	<b>3,374</b>	16,711

**14 OTHER PAYABLES AND ACCRUALS**

Other payables principally comprise amounts outstanding in respect of Employee related accruals, purchases and on going costs, as well as amounts accrued in respect of operating costs.

The make up of the other payables at the balance sheet date was as follows:

	<b>2019</b>	<b>2018</b>
Employee related accruals	124,075	146,904
Local suppliers	122,200	35,172
Foreign suppliers*	46,862	28,493
Sundry payables and accrued expenses	28,422	74,834
Accrued penalties	9,462	7,511
	<b>331,021</b>	292,914
Less: Employee related accruals		
- included in non current liabilities	(117,730)	(85,323)
Included in current liabilities	<b>213,291</b>	207,591

\*Included in the payables (foreign suppliers) is an amount of K47 million owed to On Track Innovations (OTI) of which K15 million relates to interest subject to arbitration.

The make up of employee related accruals at the reporting date was as follows:

	<b>2019</b>	<b>2018</b>
Terminal benefits	76,244	75,208
Gratuity	20,207	28,626
Leave pay	13,683	13,896
Pay As You Earn payable	12,823	23,026
NAPSA	693	640
Employee bank loans	376	858
Personal levy	50	41
Insurance claims	-	263
Net pay control account	-	4,346

**Kwacha (K'000)**

<b>124,075</b>	146,904
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**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2019

**Kwacha (K'000)**
**14 OTHER PAYABLES AND ACCRUALS (CONTINUED)**

Included in employee related accruals are the following provisions :

	Gratuity	Leave Pay	Terminal benefits
Balance at the beginning of the year	28,626	13,896	75,208
Additional provisions for the year	2,490	22,041	1,767
Payments made during the year	(10,909)	(22,254)	(731)
<b>At end of the year</b>	<b>20,207</b>	<b>13,683</b>	<b>76,244</b>

**15 LEASE LIABILITIES**

	2019	2018
At the beginning of the year	-	-
Additions	5,453	-
Repayments during the year	(2,933)	-
<b>Net obligations under operating lease</b>	<b>2,520</b>	<b>-</b>

The Agency enters into leasing arrangements. The average term of leases entered into is two years.

<b>Analysed as:</b>	2019	2018
Non-current	2,520	-
Current	607	-
	<b>1,913</b>	<b>-</b>

**16 RELATED PARTY TRANSACTIONS**

In the context of the Agency, related party transactions include any transactions made by any of the following:

- The Government of the Republic of Zambia
- The Board of directors of the Agency
- Government ministries and parastatals.
- Senior management

The transactions to be reported are those that affect the Agency in making financial and operating decisions.

Examples of such transactions include:

- Funding
- Investments;
- Financial (loans);
- Procurement and investment contracts; and
- Disposal of assets.

The Agency undertakes to disclose the nature of related party relationships, types of transactions necessary for the understanding of the annual financial statements.

<b>Transactions</b>	2019	2018
The effect of related party transactions on the results for the year are as follows:		
- Government funding received	234,054	253,161

**Compensation of key management**

The remuneration of the directors and deputy directors and other members of key management is determined by the board of directors having regard to the Government funding received and market trends.

The remuneration of the Director and Deputy Directors and other members of key management during the year was as follows:

	2019	2018
Short term benefits	6,794	7,310
Post employment benefits (gratuity)	2,378	860
Board of Directors	827	99
<b>Total</b>	<b>9,999</b>	<b>8,269</b>

**17 EVENTS AFTER THE REPORTING PERIOD**

The new Covid-19 which has affected the global economy has also impacted the Agency in that operations are being taken at half capacity to avoid congestions in offices. This has affected revenue collection and subsequently affect future fundings to the Agency.

**ROAD TRANSPORT & SAFETY AGENCY (RTSA)**
**Appendix 1**
**Kwacha (K'000)**

	2019	2018
<b>Staff Related Expenses</b>		
Basic pay	74,913	74,103
Gratuity	9,836	21,024
Other allowances	9,460	8,801
Leave Pay	7,736	7,780
NAPSA: employer's contributions	3,987	3,879
Workers' Compensation	685	574
	<b>106,617</b>	<b>116,161</b>
<b>Administration Expenses</b>		
Depreciation	56,345	17,113
Other staff costs	6,303	6,085
Consultancy/Professional fees	2,869	947
Hire of goods and services/rentals	2,084	780
Audit expenses	1,521	3,950
Sundry expenses	1,724	421
Insurance - Life	1,541	1,071
Exchange losses	1,019	-
Staff welfare	931	1,624
Board expenses	827	99
Subscriptions and publications	334	208
Printing and stationery	238	727
Bank charges and interest	160	121
Cleaning expenses	121	16
Postage and telephones	89	227
Security	26	1
Computer consumables	11	6
Repairs and maintenance	2	33
Loss on disposal of assets	-	392
Electricity, water and rates	-	24
Insurance - Non Life	-	-
Bad debts expense	(107)	-
Other charges*	(59,802)	7,511
	<b>16,236</b>	<b>41,356</b>
<b>Operational Expenses</b>		
Registration, licensing and examination connectivity	85,945	33,843
Station running costs	25,711	21,234
Printing and stationery	25,679	8,718
Travel expenses	21,843	17,693
Fuel	8,529	5,923
Highway patrol costs	5,186	3,546
Advertising and public relations	2,673	5,228
Conferences and seminars	727	1,079
Repairs and consumables	262	132
	<b>176,554</b>	<b>97,396</b>
<b>Total expenses</b>	<b>299,407</b>	<b>254,913</b>

**NOTE:**

\*The Agency derecognised PAYE accrued penalties and interest which were accrued in 2015, 2016 and 2017 amounting to K73,080,016 This was after the Agency had paid off all the outstanding PAYE principle amounts and ZRA waived all the penalties and interests.

















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